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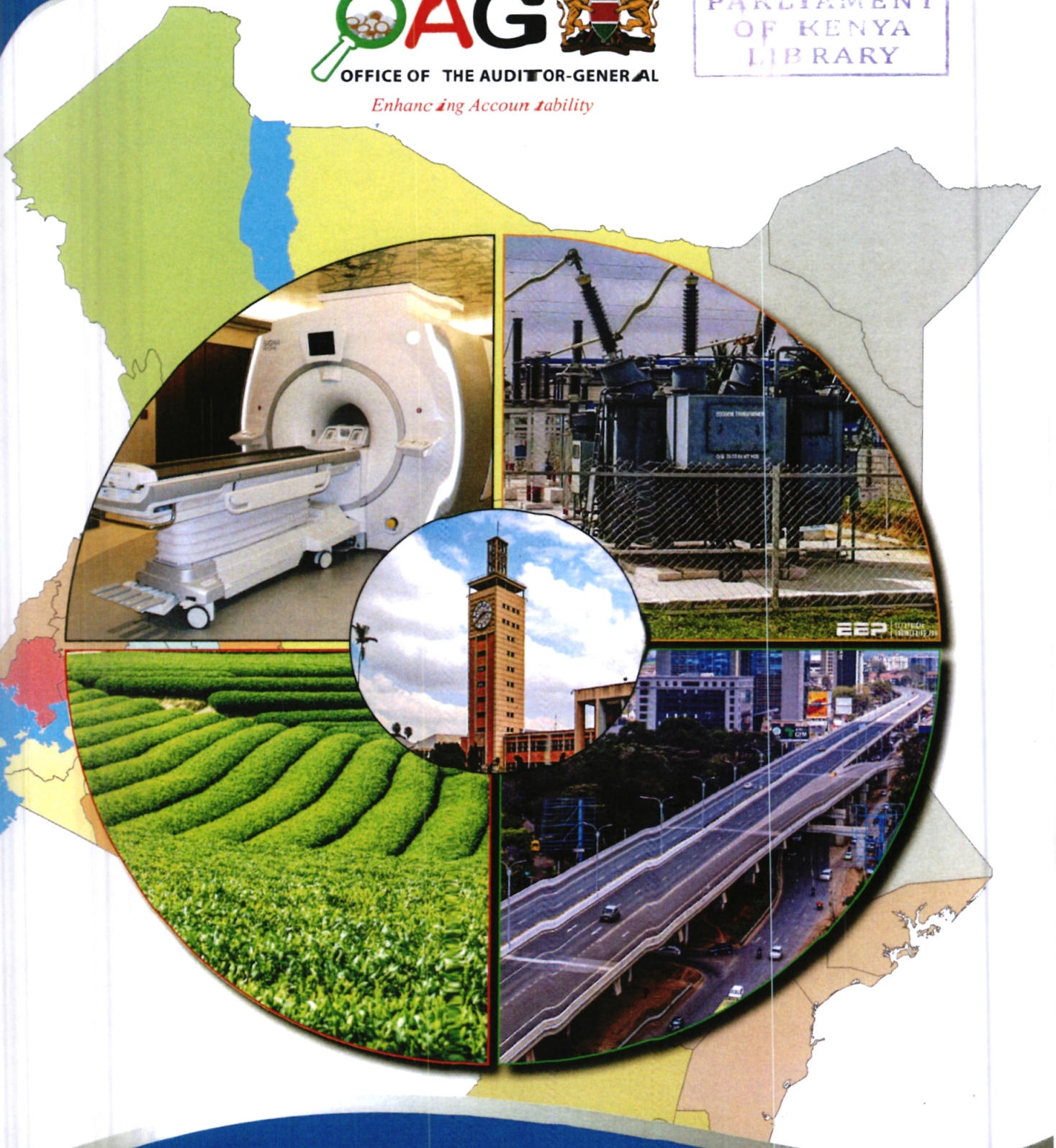

AUDITOR-GENERAL'S SUMMARY REPORT ON NATIONAL GOVERNMENT 2023/2024



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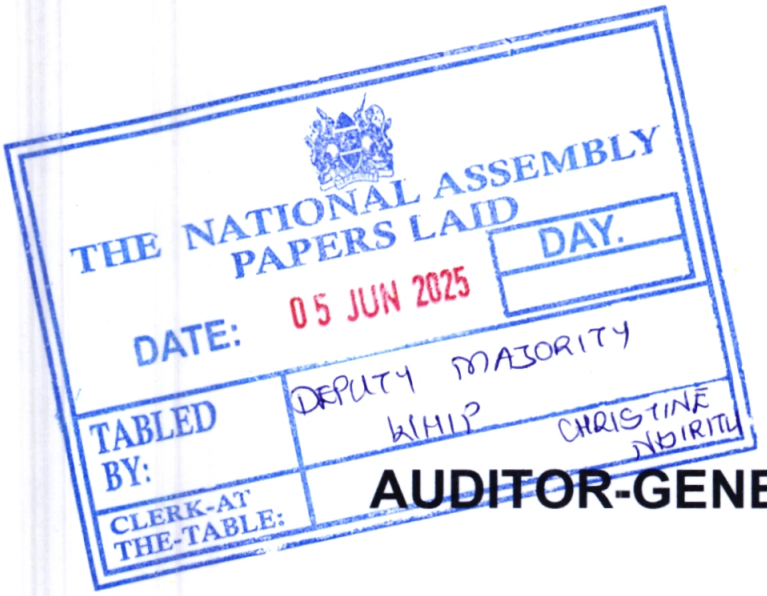

AUDITOR-GENERAL'S

SUMMARY REPORT

ON

NATIONAL GOVERNMENT

2023/2024

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Foreword

This report is a summary of cross-cutting audit findings reported in the audit reports of Ministries, Departments and Agencies including their respective Donor Funded Projects for the year ended 30 June, 2024. The detailed report for the National Government for the year ended 30 June, 2024 is contained in the Consolidated Audit Report, popularly referred to as the Blue Book and which have already been submitted to Parliament.

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

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

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

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

documents, several revisions of financial statements and, in some cases, lack of cooperation with the auditors during the audit process.

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

The Office continues to seek financial independence and support from Parliament and the Executive through The National Treasury for enhancement of resources to enable us build technical capacity, expand our presence in the counties, widen the scope and comprehensiveness of audit and motivate staff. We continue to devolve our services closer to the people through establishment of Regional Offices and construction of office premises to accommodate our staff in order to address the audit needs at the devolved level. We have established fifteen (15) Regional Offices and constructed office premises in Garissa, Kakamega, Eldoret and Embu. Plans for construction of a Regional Office in Mombasa and our Headquarters in Nairobi, which are currently at the design stage, have been delayed by lack of adequate funding. However, the Office will continue to appeal to Parliament and The National Treasury for adequate funds to enable us perform our functions and achieve our mandate in enhancing accountability across government, both at the national and county levels, and in all other entities funded from public funds.

The audit scope has been expanding over the years due to the expansion of Government programs to ensure sustainable development and delivery of continuous and quality services to the citizens. This has led to growth in the national budget and establishment of additional entities that I am required to audit and report on. In addition to Ministries, Departments and Agencies (MDAs), State Owned Enterprises and County Governments entities, all the over nine thousand (9,000) Public Secondary Schools were from 30 June, 2021 required to prepare and submit financial statements to the Auditor-General for audit and quite a number have complied. I am also required to audit and report on financial statements for all the three hundred and seventy-six (376) Level 4 hospitals and eighteen (18) Level 5 hospitals separately. Further, in the current financial year, I am required to audit a total of thirty-five (35) Teachers' Training Colleges, two hundred and thirty (230) Technical and Vocational Education and Training (TVET) Institutions funded by the Exchequer and Community Vocational Training Institutions estimated to be over one thousand and two hundred (1,200). In addition, implementation of new projects and establishment of new funds requires timely oversight.

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

Specific reports together with my opinion for each entity are contained in the respective MDA's audited financial statements for the year ended 30 June, 2024, which I have already submitted to Parliament and to each Accounting Officer.

I thank the entire staff of the Office of the Auditor-General for their commitment, passion and professionalism in carrying out their duties despite the challenges posed by lack of adequate funds and tight timelines. Special appreciation goes to the Team that compiled this Consolidated Audit Report.

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 March, 2025

Introduction

Constitutional Mandate of the Auditor-General

The Office of the Auditor-General (OAG) is an Independent Office established by Article 229 of the Constitution of Kenya. The Office is charged with the primary oversight role of ensuring accountability in the use of public resources within the three arms of government (the Legislature, the Judiciary and the Executive) as well as the Constitutional Commissions and Independent Offices. The mandate of the Auditor-General is further expounded by the Public Audit Act, 2015.

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

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibility

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

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

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

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

Reporting Structure

The structure of my report addresses the reporting requirements of Article 229 (4) of the Constitution of Kenya, which requires that I audit and report on preparation and fair presentation of financial statements in accordance with the International Public Sector Accounting Standards, as prescribed by the Public Sector Accounting Standards Board. Further, Article 229(6) of the Constitution requires that an audit report shall confirm whether or not public resources have been applied lawfully and in an effective way. In addition, Section 7(1) (a) of the Public Audit Act, 2015 requires that I provide assurance on the effectiveness of internal controls, risk management and overall governance.

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

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

i. **Report on Financial Statements**, in which I give an audit opinion on whether the financial statements present fairly, in all material respects, the financial position and performance of the entity.

ii. **Report on Lawfulness and Effectiveness in Use of Public Resources**, in which I give a conclusion on whether or not public resources have been applied lawfully and in an effective way.

iii. **Report on Effectiveness of Internal Controls, Risk Management and Governance**, in which I give a conclusion on whether internal controls, risk management and overall governance were effective.

iv. **Report on Other Legal and Regulatory Requirements** is included where applicable, especially for the entities that are registered under the Companies Act, 2015 and any other enabling legislation or authorities that require such disclosure.

Audit Opinions

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

i. Unmodified Opinion

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

ii. Qualified Opinion

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

iii. Adverse Opinion

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

iv. Disclaimer of Opinion

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

Resource Requirements for the Office of the Auditor-General

Article 229 (7) of the Constitution requires the Auditor-General to audit and submit reports to Parliament or the relevant County Assembly within six (6) months after the end of the financial year. However, Section 81(4) of the Public Finance Management Act, 2012, reduces the timeline to three (3) months by giving entities leeway up to the end of September to prepare and submit financial statements for audit.

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

Table 1: Analysis of Budget Requirement by OAG versus Allocation

Year	Requirement (Kshs. Billions)	Budget Allocation (Kshs. Billions)	Budget Shortfall (Kshs. Billions)	Actual Expenditure (Kshs. Billions)	OAG Budget Absorption %
2019/2020	8.880	5.505	**3.375**	5.425	99
2020/2021	8.900	5.525	**3.375**	5.348	96
2021/2022	8.333	6.083	**2.250**	5.613	92
2022/2023	8.700	6.532	**2.168**	6.058	93
2023/2024	11.381	8.119	**3.262**	7.486	92

Figure 1: OAG Budget Requirement Versus Budget Allocation

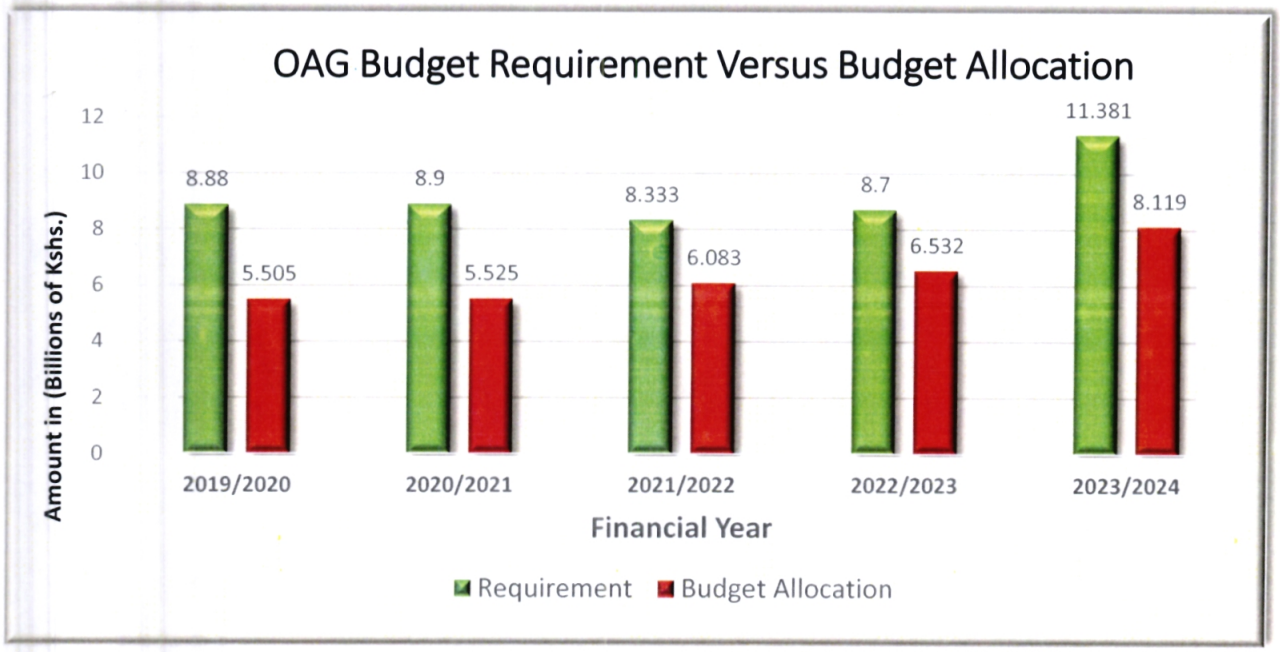
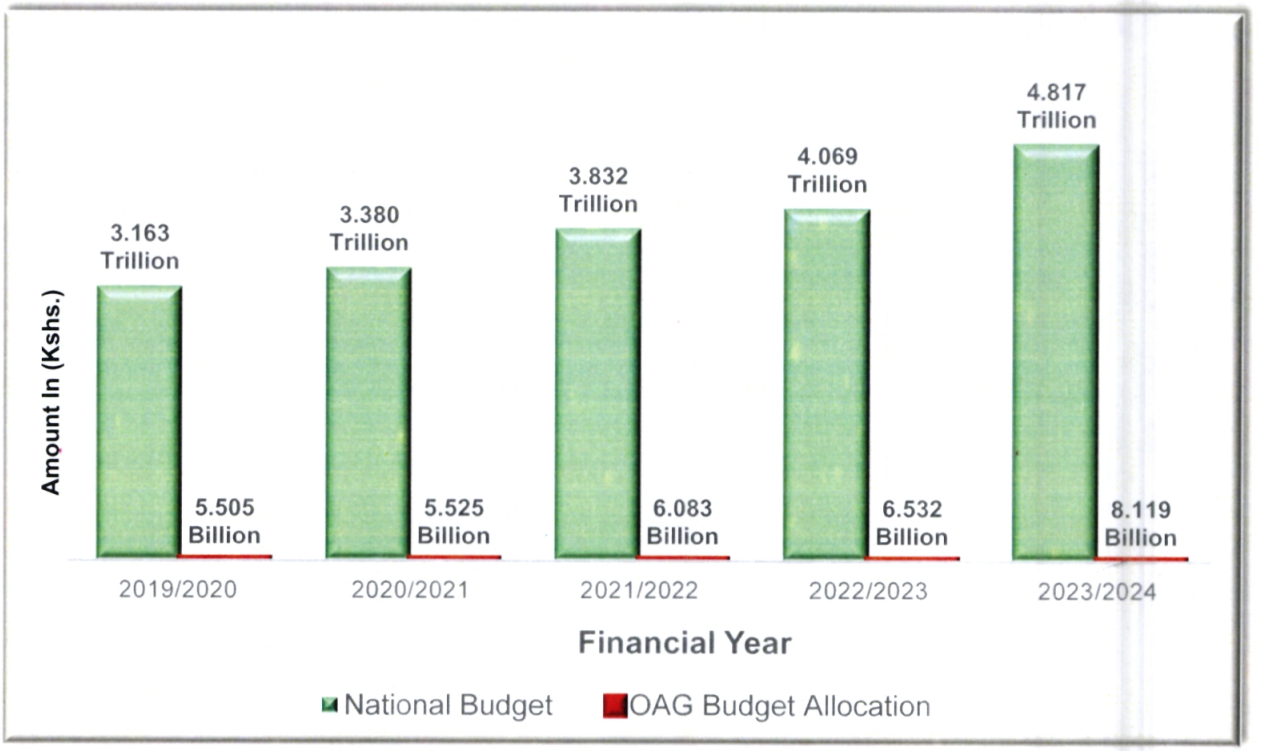


Table 2 and Figure 2 reflect the National Government budget against the allocation to the Office of the Auditor-General in the last five years.

Table 2: National Government Budget Versus Allocation to OAG

Financial Year	National Budget (Kshs. in Trillions)	OAG Budget Allocation (Kshs. in Billions)	% of Allocation to National Budget
2019/2020	3.163	5.505	0.17%
2020/2021	3.380	5.525	0.16%
2021/2022	3.832	6.083	0.16%
2022/2023	4.069	6.532	0.16%
2023/2024	4.817	8.119	0.17%

Figure 2: National Government Budget Versus Allocation to OAG



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

The key cross-cutting audit findings noted during the audit of the financial statements for the year ended 30 June, 2024 are highlighted in the ensuing pages.

1.0 Key Audit Findings

The sections below highlight key audit findings made during the audit of the financial statements for the National Government for the year ended 30 June, 2024.

1.1 Government Budgetary and Expenditure Review

1.1.1 Budget Credibility

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

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

I reviewed the Government budget for the financial year 2023/2024 for credibility by considering several factors that included assessing deviations in expenditure, both over and under-expenditure; deviations in revenue, and deviations in spending composition. The review of the Government's budget and expenditures for the year 2023/2024 revealed the following:

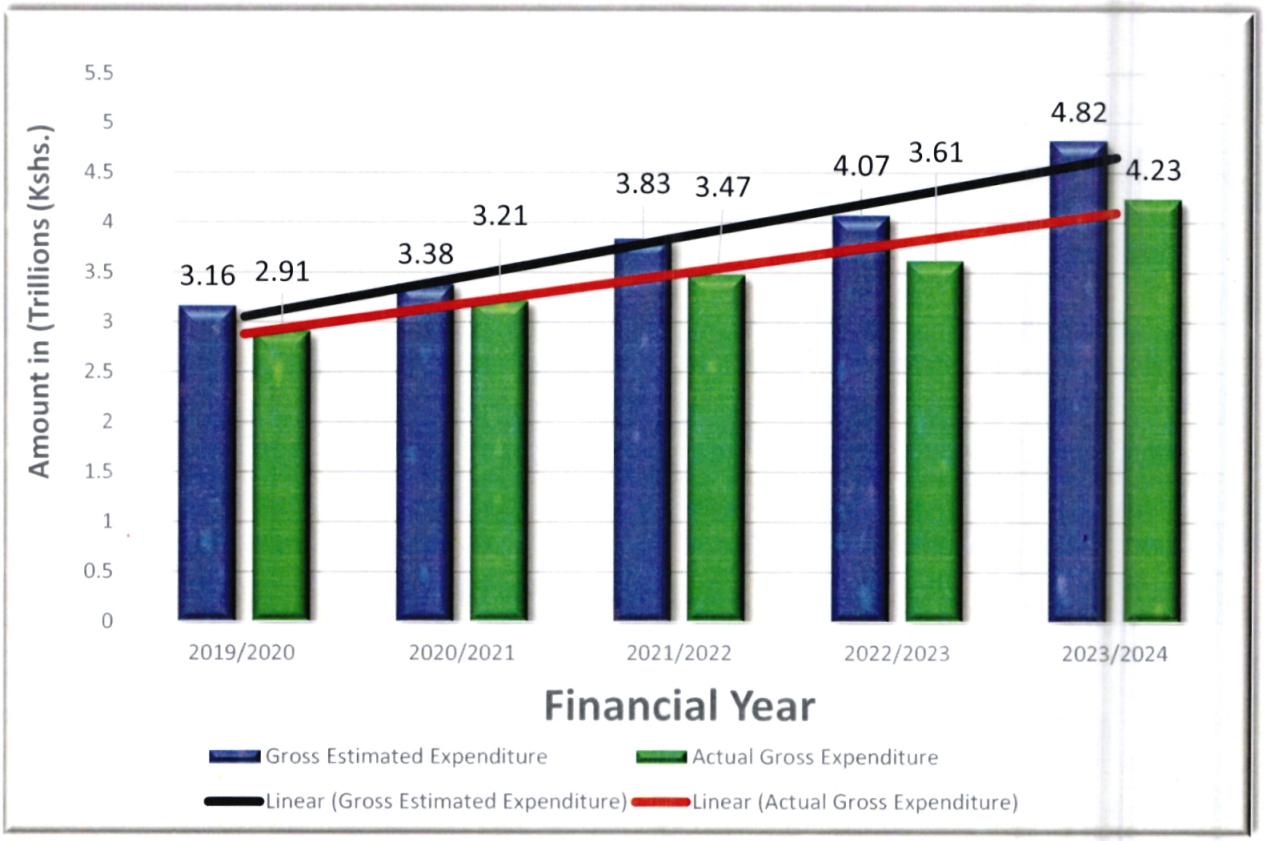
1.1.2 Budget Trend Analysis

The estimated gross expenditure has increased over the last five years from Kshs.3,162,976,512,141 in the year 2019/2020 to Kshs.4,817,179,208,837 in the year 2023/2024. This represented an increase of Kshs.1,654,202,696,696 or approximately 52% over the five-year period. Similarly, the actual gross expenditure increased from Kshs.2,908,327,356,465 in the year 2019/2020 to Kshs.4,233,280,793,260 in the year 2023/2024 representing an increase of Kshs.1,324,953,436,795 or approximately 46% over the period. This indicates that the increase in estimated expenditure was higher by 6% compared to the increase in actual expenditure. The scope of my audit has also increased considerably over the last five years. Table 3 and Figure 3 below depicts the expenditure trend for the last five years:

Table 3: Budget Trend Analysis

Year	Estimated Gross Expenditure (Kshs.)	Actual Gross Expenditure (Kshs.)	Under-Expenditure (Kshs.)	Percentage of Under-Expenditure %
2019/2020	3,162,976,512,141	2,908,327,356,465	254,649,155,676	8%
2020/2021	3,379,902,931,417	3,211,490,363,999	168,412,567,419	5%
2021/2022	3,832,087,729,957	3,473,135,105,212	358,952,624,745	9%
2022/2023	4,068,763,311,037	3,614,183,369,857	454,579,941,180	11%
2023/2024	4,817,179,208,837	4,233,280,793,260	583,898,415,577	12%

Figure 3: Budget Trend Analysis



The above analysis indicates that the under-expenditure of the budget has been averaging 9% of the estimated gross expenditure in the last five (5) years. The under-expenditure of the budget implies that;

i Some development programmes are not implemented as planned and some services are not delivered.

ii The estimated expenditure may not be comprehensively backed by complete or accurate data, resulting to overestimation.

iii The under-expenditure is also attributed to under-collection of revenue below the set targets leading to delays in Exchequer releases.

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

1.1.3 Budget for 2023/2024

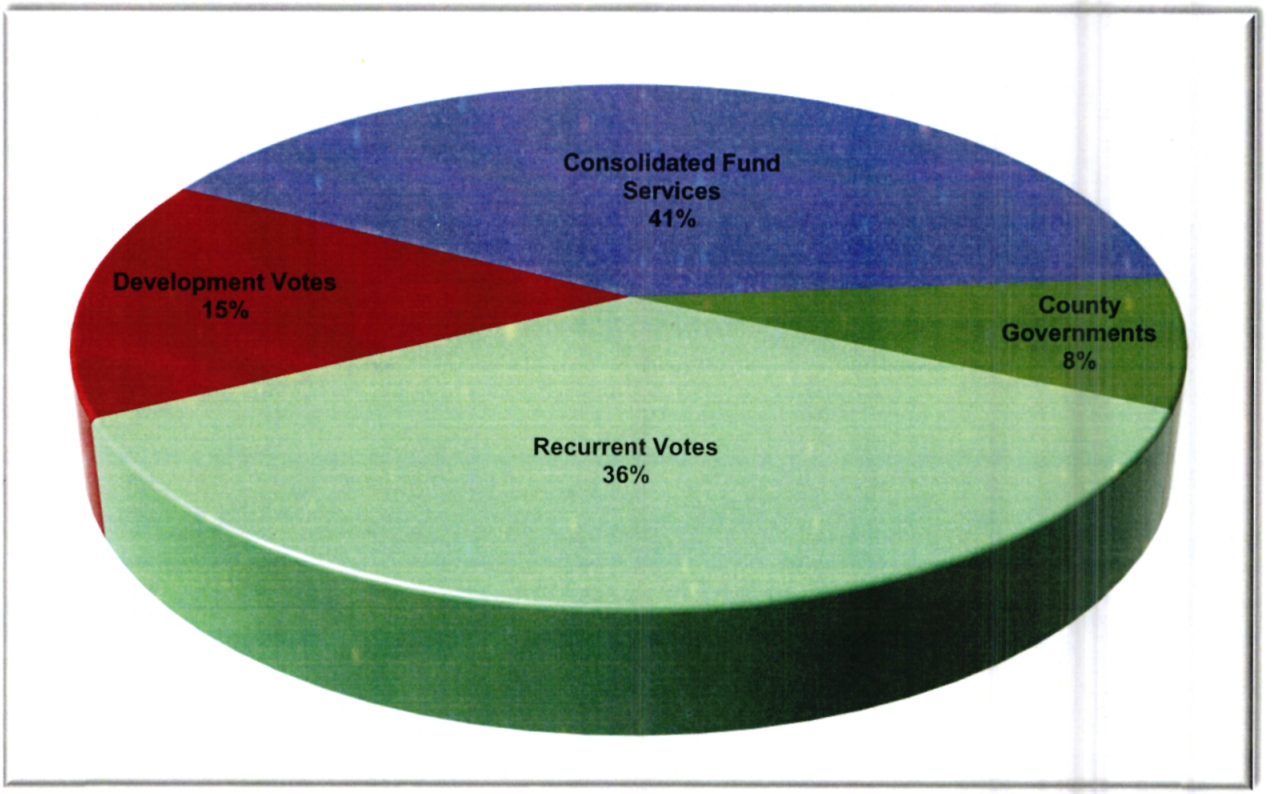
In the financial year 2023/2024, the Net Approved Expenditure was Kshs.4,263,948,445,993 while approved Appropriations-In-Aid (AIA) was Kshs.553,230,762,844 resulting in Approved Estimated Gross Expenditure of Kshs.4,817,179,208,837 as detailed in Table 4 below:

Table 4: Estimated Gross Expenditure

Description	Approved Net Expenditure (Kshs.)	A-I-A (Kshs.)	Estimated Gross Expenditure (Kshs.)	Percentage to Total Expenditure
Recurrent Votes	1,434,955,169,564	296,472,975,548	1,731,428,145,112	36%
Development Votes	452,091,374,880	256,757,787,296	708,849,162,176	15%
Consolidated Fund Services	1,991,477,285,482	-	1,991,477,285,482	41%
Sub-Total for National Government	**3,878,523,829,926**	**553,230,762,844**	**4,431,754,592,770**	**92%**
County Governments	385,424,616,067	-	385,424,616,067	8%
Total Expenditure	**4,263,948,445,993**	**553,230,762,844**	**4,817,179,208,837**	**100%**

As indicated in Table 4 above, 36% of the estimated gross expenditure was budgeted for recurrent expenditure and 15% for development expenditure. Consolidated Fund Services, including repayments of Public Debt accounted for 41%, while County Governments estimated expenditure accounted for 8% of the estimated gross expenditure as illustrated in Figure 4 below:

Figure 4: Estimated Gross Expenditure



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

The County Governments allocation of Kshs.385,424,616,067 for the year 2023/2024 was based on the approved audited revenue accounts for the year 2019/2020, which was the latest approved audited revenue accounts by the National Assembly as indicated in the Division of Revenue Act, 2023. However, as at the time of the approval of the budget for 2023/2024 in June 2023, the Auditor-General had submitted the audit reports for the subsequent two financial years including 2021/2022 financial year.

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

Further, the original estimated gross expenditure for the National Government of Kshs.4,336,227,713,960 was increased by Kshs.95,526,878,810 to Kshs.4,431,754,592,770 through Supplementary budgets as detailed in Table 5 below:

Table 5: Initial vs Final Approved Budget

	Final Approved Budget (Kshs.)	Supplementary 1 (November 2023) (Kshs.)	Supplementary 2 (June 2024) (Kshs.)	Original Budget (Kshs.)	Difference (Kshs.)
Recurrent (Including CFS)	3,722,905,430,594	231,500,376,842	(37,179,152,193)	3,528,584,205,945	194,321,224,649
Development	708,849,162,176	(24,423,810,722)	(74,370,535,117)	807,643,508,015	(98,794,345,839)
Total	**4,431,754,592,770**	**207,076,566,120**	**(111,549,687,310)**	**4,336,227,713,960**	**95,526,878,810**

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

1.1.4 Additional Funding and Withdrawals Under Article 223 of the Constitution

During the year under audit, additional funding under Article 223 of the Constitution to Ministries, Departments and Agencies (MDAs) amounted to Kshs.23,667,017,803 as analyzed in Table 6 below:

Table 6: Withdrawals Under Article 223 of the Constitution in 2023-2024

Vote	MDA	Purpose	Amount (Kshs.)
1017	State House	Other operating expenses	1,200,000,000
1025	National Police Service	Medical and GPA insurance	2,030,000,000
1026	State Department for Internal Security and National Administration	Security operations	3,000,000,000
1036	State Department for ASALs and Regional Development	Humanitarian emergency response interventions for people affected by floods and drought	4,300,000,000
1041	Ministry of Defence	Emergency response interventions on account of El-Nino	500,000,000
1065	State Department for Higher Education and Research	Donor funded project	177,000,000
1071	The National Treasury	Kenya Revenue Authority	4,000,000,000
		Donor funded project	1,077,353,803
1091	State Department for Roads	Emergency response interventions on account of El-Nino	1,000,000,000
1095	State Department for Public Works	Emergency response interventions on account of El-Nino	30,000,000
1104	State Department for Irrigation	Emergency response interventions on account of El-Nino	70,000,000
1162	State Department for Livestock Development	Emergency response interventions on account of El-Nino	35,000,000
1169	State Department for Crop Development	Emergency response interventions on account of El-Nino	65,000,000
		Fertilizer Subsidy	3,000,000,000
1173	State Department for Cooperatives	Emergency response interventions on account of El-Nino (Mopping of excess milk)	1,100,000,000
1108	State Department for Environment and Climate Change	Hosting the 6th United Nations Environmental Assembly (UNEA 6)	60,000,000
1332	State Department for Forestry	Salary shortfall in KFS	2,022,664,000
	Total		**23,667,017,803**

The total expenditure of Kshs.23,667,017,803 incurred under Article 223 was subsequently approved by the National Assembly. However, as reported in the previous year, an expenditure totalling Kshs.10,196,584,631 incurred in 2022/2023 financial year comprising of amounts of Kshs.4,000,000,000 and Kshs.6,196,584,631 incurred on maize flour subsidy programme and acquisition of Telkom (K) shares by the State Department for Crop Development and The National Treasury respectively, was not approved or appropriated as required by Article 223(4) of the Constitution. Further, there is no guideline in place on how unapproved withdrawals from the Consolidated Fund under Article 223 should be dealt with. The Public Finance Management Act, 2012 should therefore be amended to provide guidelines on the action to be taken where expenditure incurred under Article 223 is not approved by the National Assembly.

1.2 2023/2024 Net Actual Expenditure for the National Government

1.2.1 The National Government financial statements for the financial year 2023/2024 indicate total actual expenditure of Kshs.3,878,690,146,474 which comprise Kshs.1,608,064,924,135 or 41% for Recurrent Votes, Kshs.500,195,268,026 or 13% for Development Votes and Kshs.1,770,429,954,313 or 46% for Consolidated Fund Services respectively, as shown in Table 7 below:

Table 7: Actual Expenditure - National Government

Description	2023/2024 Actual Expenditure (Kshs.)	% of Total Expenditure
Recurrent Votes	1,608,064,924,135	41%
Development Votes	500,195,268,026	13%
Consolidated Fund Services	1,770,429,954,313	46%
Total	**3,878,690,146,474**	**100%**

1.2.2 Comparison of the estimated gross expenditure of Kshs.4,431,754,592,770 with the actual expenditure of Kshs.3,878,690,146,474 results in a gross under-expenditure of Kshs.553,064,446,296 or 12%. The under-expenditure of Kshs.553,064,446,296 comprised under-expenditure of Kshs.123,363,220,977 under Recurrent Votes, Kshs.208,653,894,150 under Development Votes and Kshs.221,047,331,169 for Consolidated Fund Services as shown in Table 8 below:

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

Description	Estimated Gross Expenditure 2023/2024 (Kshs.)	% of Estimated Gross Expenditure	Actual Expenditure 2023/2024 (Kshs.)	% of Actual Expenditure	Over/Under) Expenditure (Kshs.)	Under Expenditure %
Recurrent Votes	1,731,428,145,112	39%	1,608,064,924,135	41%	(123,363,220,977)	7%
Development Votes	708,849,162,176	16%	500,195,268,026	13%	(208,653,894,150)	29%
Consolidated Fund Services	1,991,477,285,482	45%	1,770,429,954,313	46%	(221,047,331,169)	11%
Total	**4,431,754,592,770**	**100%**	**3,878,690,146,474**	**100%**	**(553,064,446,296)**	12%

1.2.3 The under-expenditure of Kshs.123,363,220,977 and Kshs.208,653,894,150 under the Recurrent and Development Votes, respectively was mainly attributed to lack of adequate Exchequer issues. This was as a result of low revenue collections to finance all the budget requests by Ministries, Departments and Agencies (MDAs) and delayed disbursement of donor funds, which hampered implementation of various programmes that had been budgeted for. Table 9 below depicts the under-expenditure trend for the last five years:

Table 9: Under-Expenditure Trend for National Government MDAs

Year	Estimated Gross Expenditure (Kshs.)	Actual Expenditure (Kshs.)	Over/(Under) Expenditure (Kshs.)	Under Expenditure %
2019/2020	2,815,088,705,839	2,592,356,535,297	(222,732,170,541)	8%
2020/2021	2,997,300,191,733	2,831,978,180,561	(165,322,011,173)	6%
2021/2022	3,462,087,729,957	3,132,735,105,212	(329,352,624,745)	10%
2022/2023	3,669,163,311,037	3,214,583,369,857	(454,579,941,180)	12%
2023/2024	4,431,754,592,770	3,878,690,146,474	(553,064,446,296)	12%

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

1.3 Revenue Analysis

1.3.1 Estimated Receipts Versus Actual Receipts of Ordinary Revenue

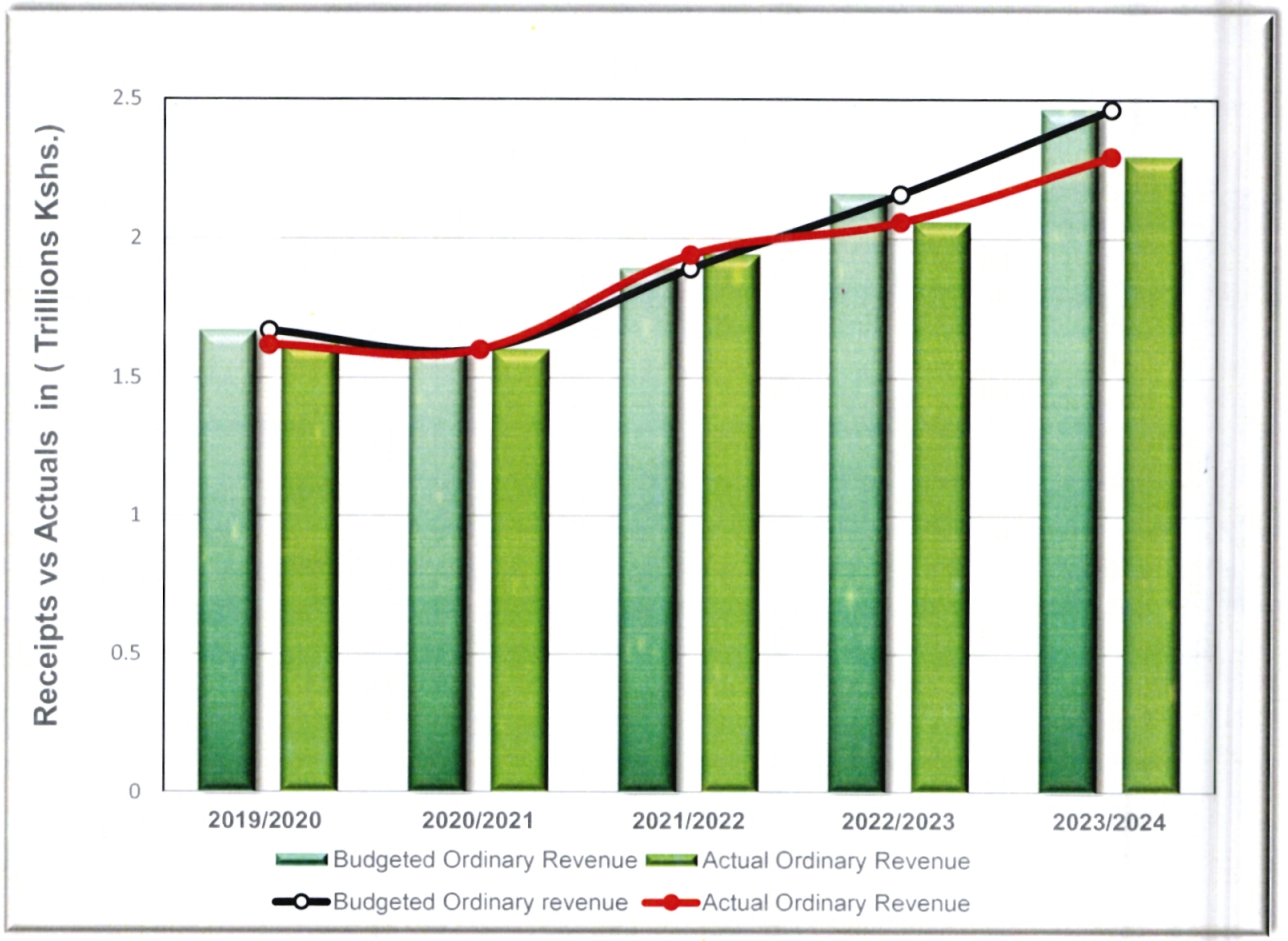
The estimated receipts from tax and non-tax receipts (ordinary revenue) have increased over the last five years from Kshs.1,669,701,355,816 in the year 2019/2020 to Kshs.2,464,287,804,187 in the year 2023/2024. This is an increase in estimated revenue of Kshs.794,586,448,371 or approximately 48%. Similarly, the actual receipts from tax and non-tax receipts increased over the same period from Kshs.1,618,797,777,894 in the year 2019/2020 to Kshs.2,293,893,380,062 in the year 2023/2024 representing an increase of Kshs.675,095,602,168 or approximately 42% as tabulated in Table 10 below:

Table 10: Estimated Revenue Versus Actual Receipts

Year	Budgeted Ordinary Revenue (Tax and Non-Tax Receipts) (Kshs.)	Actual Ordinary Revenue (Tax and Non-Tax Receipts) (Kshs.)	Revenue Surplus/ (Shortfall) (Kshs.)	Percentage of Surplus/(Shortfall)
2019/2020	1,669,701,355,816	1,618,797,777,894	(50,903,577,922)	(3%)
2020/2021	1,601,597,982,154	1,601,016,386,868	(581,595,286)	(0.04%)
2021/2022	1,891,602,330,060	1,940,971,132,408	101,497,970,074	5.5%
2022/2023	2,158,627,298,438	2,059,281,671,520	(99,345,626,918)	(4.6%)
2023/2024	2,464,287,804,187	2,293,893,380,062	(170,394,424,125)	(6.9%)

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

Figure 5: Estimated Receipts Versus Actual Receipts of Ordinary Revenue



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

1.3.2 Comparison of Ordinary Revenue to Expenditure

The proportion of projected ordinary revenue against the estimated gross expenditure fluctuated between 47% and 53% in the period 2019/2020 to 2023/2024. Similarly, the proportion of actual ordinary revenue against the actual gross expenditure fluctuated between 50% and 57% during the same period as tabulated in Table 11 and Table 12 below:

Table 11: Estimated Revenue Versus Estimated Expenditure

Year	Estimated Ordinary Revenue (Tax and Non-Tax Receipts) (Kshs.)	Estimated Gross Expenditure (Kshs.)	Percentage of Estimated Ordinary Revenue to Estimated Gross Expenditure
2019/2020	1,669,701,355,816	3,162,976,512,141	53%
2020/2021	1,601,597,982,154	3,379,902,931,417	47%
2021/2022	1,891,602,330,060	3,832,087,729,957	48%
2022/2023	2,158,627,298,438	4,068,763,311,037	53%
2023/2024	2,464,287,804,187	4,817,179,208,837	51%

Table 12: Actual Revenue Versus Actual Gross Expenditure

Year	Actual Ordinary Revenue/ (Tax and Non-Tax Receipts) (Kshs.)	Actual Gross Expenditure (Kshs.)	Percentage of Actual Ordinary Revenue to Actual Gross Expenditure
2019/2020	1,618,797,777,894	2,908,327,356,465	56%
2020/2021	1,601,016,386,868	3,211,490,363,999	50%
2021/2022	1,940,971,132,408	3,473,135,105,212	56%
2022/2023	2,059,281,671,520	3,614,183,369,857	57%
2023/2024	2,293,893,380,062	4,233,280,793,260	54%

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

1.3.3 Actual Revenue as per Audited Revenue Statements

During the 2023/2024 financial year, total revenue recorded under various revenue statements as received by the National Government amounted to Kshs.2,962,534,822,463 representing an increase of Kshs.795,622,891,997 or 37% compared to actual collections of Kshs.2,166,911,930,466 realized in the previous year. This is illustrated in Table 13 below:

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

Details	2023/2024 Actual Receipts (Kshs.)	2022/2023 Actual Receipts (Kshs.)	Increase/ (Decrease) (Kshs.)	Percentage of Increase/ (Decrease)
Recurrent Revenue	2,256,806,198,170	2,096,109,695,792	160,696,502,378	8%
Development Revenue	705,728,624,293	70,802,234,674	634,926,389,619	897%
Total	**2,962,534,822,463**	**2,166,911,930,466**	**795,622,891,997**	37%

The total revenue of Kshs.2,962,534,822,463 for the year 2023/2024 comprised of Kshs.2,256,806,198,170 and Kshs.705,728,624,293 relating to Recurrent and Development revenue, respectively. However, the actual ordinary revenue (tax and non-tax income receipts) of Kshs.2,962,534,822,463 reported in the audited revenue statements during the year differs with the ordinary revenue receipts of Kshs.2,293,893,380,062 reflected in the National Exchequer Account by Kshs.668,641,442,401.

The actual revenue of Kshs.2,962,534,822,463 transferred to the Exchequer and reported in the audited revenue statements during the year has been reconciled with the ordinary revenue receipts of Kshs.2,293,893,380,062 reflected in the National Exchequer Account as detailed in Table 14 below:

Table 14: Reconciliation of Ordinary Revenue

	Amount (Kshs.)	Amount (Kshs.)	Reason for Adjustment
Total Revenue Disbursed to Exchequer as per Revenue Statements		**2,962,534,822,463**	
Additions			
Miscellaneous Revenue received in NEA	4,842,415,019		Revenue received directly by the Exchequer
Unspent balances received in NEA	2,863,591,359		Revenue received directly by the Exchequer
Surplus funds from SOEs directly to NEA	27,669,330,541		Revenue received directly by the Exchequer
Ministry of Defence	23,187,830		Amount recorded in RoR in June 2023 but received in NEA in July 23
State Department for Lands and Physical Planning - Revenue Statement	1,250,000,000		Amount recorded in RoR in June 2023 but received and accounted in NEA in July 2023
Judiciary	245,551,960		Amount recognised in RoR in June 2023 but recognized in NEA in July 2023
Judiciary	193,105,182		Amount recorded in RoR in July 2024 but recognised in June 2024 in NEA
Sub-total		**37,087,181,892**	
Less:			
The National Treasury - Development Revenue			
Cash classified under miscellaneous in NEA	14,853,846		Amounts recorded as miscellaneous receipts in NEA but not yet accounted for in RoR
BRS receipts classified as miscellaneous receipts	8,844,292		Amounts recorded as miscellaneous receipts in NEA but not yet accounted for in RoR
Development Revenue -TNT	705,704,926,155		Included in proceeds from external borrowing in NEA
Sub-total		**705,728,624,293**	
Total Ordinary Revenue as per Exchequer Account		**2,293,893,380,062**	

Note: Abbreviations

NEA - National Exchequer Account

TNT - The National Treasury

SOEs - State Owned Enterprises

BRS - Business Revenue Services

RoR - Receiver of Revenue

Further, analysis of estimated receipts indicates that actual Recurrent Revenue collected during the year reflected an under-collection of Kshs.207,481,606,017 or 8% while there was a shortfall of Kshs.163,731,952,501 or 19% reported under Development Revenue as detailed in Table 15 below:

Table 15: Shortfall in Revenue Receipts

Details	Estimated Receipts (Kshs.)	Actual Receipts (Kshs.)	Revenue Shortfall/ (Overcollection) (Kshs.)	% Over (Shortfall)/ (Overcollection)
Recurrent Revenue	2,464,287,804,187	2,256,806,198,170	(207,481,606,017)	8%
Development Revenue	869,460,576,794	705,728,624,293	(163,731,952,501)	19%
Total	**3,333,748,380,981**	**2,962,534,822,463**	**(371,213,558,518)**	**11%**

1.4 The National Exchequer Account as at 30 June, 2024

1.4.1 The statement of receipts and payments for the National Exchequer Account for the year ended 30 June, 2024 reflects a deficit of Kshs.1,452,012,838 compared to a surplus of Kshs.2,000,936,532 reported as at 30 June, 2023. However, after taking into consideration the Exchequer balance of Kshs.2,617,485,484 brought forward from 2022/2023, the result is an overall net surplus of Kshs.1,165,472,645 as at 30 June, 2024 as follows:

	2023/2024 (Kshs.)	2022/2023 (Kshs.)
Total Receipts	3,794,624,482,198	3,244,791,327,712
Total Issues	3,796,076,495,036	3,242,790,391,180
Surplus/(Deficit) for the Year	**(1,452,012,838)**	**2,000,936,532**
Exchequer Balance Brought Forward	2,617,485,483	616,548,951
Exchequer Balance as at 30 June, 2024	**1,165,472,645**	**2,617,485,483**

1.4.2 The Exchequer balance of Kshs.1,165,472,645 as at 30 June, 2024 is arrived at as follows:

	Amount (Kshs.)
Exchequer Bank Balance as at 30 June, 2024	5,934,865,444
Add: Revenue in transit	44,681,914,570
Less: Uncleared items (Exchequer disbursements after 30 June, 2024)	(49,451,307,369)
Exchequer Cash Book Balance as at 30 June, 2024	**1,165,472,645**

1.4.3 As indicated above, the Exchequer balance of Kshs.1,165,472,645 excludes Kshs.49,451,307,369 relating to uncleared Exchequer releases to Ministries, Departments and Agencies, and Public Debt that were disbursed after the end of the financial year. This is contrary to Article 260 of the Constitution which states that financial year means the period of twelve months ending on the thirtieth day of June or other day prescribed by National legislation, and Regulation 97(4) of the Public Finance Management (National Government) Regulations, 2015, which states that an actual cash transaction taking place after the 30 June, shall not be treated as pertaining to the previous financial year. In addition, even though the financial statements are prepared in accordance with the cash basis of accounting method under the International Public Sector Accounting Standards (IPSAS), the transactions were recorded as if they related to the year ended 30 June, 2024 contrary to IPSAS cash accounting. Management explained that the late Exchequer releases were occasioned by late receipt of revenues.

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

1.4.4 Out of the total Exchequer issues of Kshs.3,796,076,495,036, an amount of Kshs.940,033,319,434 or 25% was issued in Quarter 1, Kshs.501,773,134,868 or 13% was issued in Quarter 2, Kshs.1,259,655,558,067 or 33% was issued in Quarter 3 while Kshs.1,094,614,482,667 or 29% was issued in Quarter 4 as detailed in Table 16 below:

Table 16: Exchequer Issues in 2023/2024

Type	Quarter 1 Exchequer Issues (Kshs.)	Quarter 2 Exchequer Issues (Kshs.)	Quarter 3 Exchequer Issues (Kshs.)	Quarter 4 Exchequer Issues (Kshs.)	Total (Kshs.)
Recurrent	349,594,739,798	211,390,661,972	344,792,463,328	454,283,951,824	1,360,061,816,922
Development	39,480,978,730	30,925,587,082	137,140,189,578	107,515,416,372	315,062,171,762
CFS	472,371,038,276	195,575,734,303	696,644,341,976	401,770,745,011	1,766,361,859,566
County Governments	78,586,562,630	63,881,151,511	81,078,563,185	131,044,369,460	354,590,646,786
Total Exchequer Issues	**940,033,319,434**	**501,773,134,868**	**1,259,655,558,067**	**1,094,614,482,667**	**3,796,076,495,036**
% of the Total Exchequer Issue	**25%**	**13%**	**33%**	**29%**	**100%**

1.4.5 Further, out of Kshs.1,094,614,482,667 issued in Quarter 4, Kshs.296,773,902,746 or 27% was issued in the month of April 2024, Kshs.257,303,671,840 or 24% was issued in May 2024 while Kshs.540,536,908,082 or 49% was issued in June, 2024. In addition, out of the amount of Kshs.540,536,908,082 indicated as issued in June 2024, only Kshs.491,085,600,713 or 91% was issued in June 2024 while the remaining balance of Kshs.49,451,307,369 or 9% was issued between 02 July, 2024 to 05 July, 2024 but backdated to 30 June, 2024.

1.4.6 Receipt of Kshs.3,794,624,482,198 into the National Exchequer Account during the year 2023/2024 comprised of Ordinary Revenue and Other Receipts in form of Loans and Grants, and Treasury Bonds as follows:

		Type of Receipt	Amount (Kshs.)	Total (Kshs.)
a		***Ordinary Revenue***		
		Tax Income	2,161,080,036,283	
		Non-Tax Income (Profits and Dividends, Immigration Visas, Fines, Penalties and Forfeitures, Miscellaneous Revenue, etc.)	132,813,343,779	2,293,893,380,062
b	(i)	***Loans and Grants***		
		External Grants	14,223,972,637	
		External Loans	691,480,953,518	705,704,926,155
	(ii)	***Domestic Borrowing***		
		Treasury Bills (Net)	-	
		Treasury Bonds	795,026,175,981	795,026,175,981
		Total Receipts		**3,794,624,482,198**

1.4.7 Issues from the National Exchequer Account during the year amounted to Kshs.3,796,076,495,036 and comprised of Exchequer transfers of Kshs.1,360,061,816,922, Kshs.315,062,171,762, Kshs.1,766,361,859,566 and Kshs.354,590,646,786 in respect of National Government Recurrent Votes, Development Votes, Consolidated Fund Services and County Governments, respectively. There was a total underfunding of the approved expenditure by an amount of Kshs.467,871,950,957 or 11% as tabulated in Table 17 below:

Table 17: Underfunding of Approved Expenditure

Details	Approved Net Expenditure (Kshs.)	Actual Issues (Kshs.)	Under Funding (Kshs.)	Percentage Variance
Recurrent Votes	1,434,955,169,564	1,360,061,816,922	74,893,352,642	5%
Development Votes	452,091,374,880	315,062,171,762	137,029,203,118	30%
Consolidated Fund Services	1,991,477,285,482	1,766,361,859,566	225,115,425,916	11%
County Governments	385,424,616,067	354,590,646,786	30,833,969,281	8%
Grand Total	**4,263,948,445,993**	**3,796,076,495,036**	**467,871,950,957**	**11%**

1.4.8 The underfunding of the development budget by 30% was attributed to delayed disbursement of donor funds and delayed counterpart funding from the Government. Low allocation of development budget and underfunding of development projects is likely to affect the rate of development in the Country as envisaged in the National Development Plan, Vision 2030 and achievement of critical Sustainable Development Goals (SDGs).

1.5 Management of Public Debt – Kshs.10,581,988,152,631

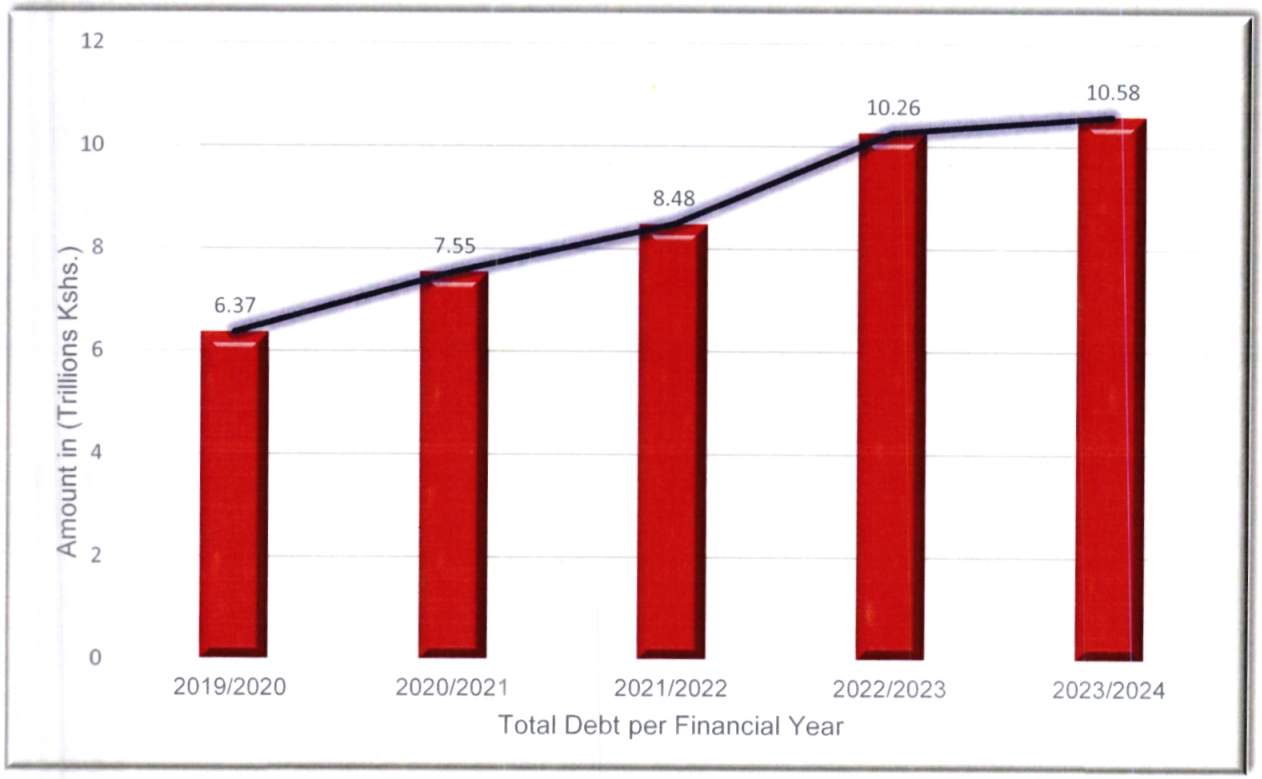
1.5.1 The outstanding amount of public debt has increased over the years from Kshs.6,368,793,827,633 reported in the year 2019/2020 to Kshs.10,581,988,152,631 reported in the year 2023/2024. This represents an increase of Kshs.4,213,194,324,998 or approximately 66% over the five (5) year period as tabulated in Table 18 below:

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

Financial Year	External Debt (Kshs.)	Internal Debt (Kshs.)	Guaranteed Loans (Kshs.)	Total Debt (Kshs.)
2019/2020	3,240,193,767,182	3,128,600,060,451	-	6,368,793,827,633
2020/2021	3,753,484,243,264	3,635,219,144,950	157,219,741,914	7,545,923,130,128
2021/2022	4,076,028,476,708	4,257,564,791,323	145,356,697,726	8,478,949,965,757
2022/2023	5,276,331,977,801	4,818,378,066,403	170,228,957,457	10,264,939,001,661
2023/2024	5,071,538,693,977	5,410,284,433,886	100,165,024,768	10,581,988,152,631

The findings are graphically presented below:

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



1.5.2 The outstanding amount of public debt of Kshs.10,581,988,152,631 was equivalent to 65.7% of Gross Domestic Product (GDP) of Kshs.16,106,042,000,000 (*Source: The National Treasury and Economic Planning Monthly Debt Bulletin June 2024*). The outstanding amount of public debt of Kshs.10,581,988,152,631 exceeded the maximum debt ceiling of fifty- five percent (55%) of Gross Domestic Product approved by Parliament through the Public Finance Management (Amendment) Act, 2023. However, Parliament allowed a grace period of five (5) years within which the Cabinet Secretary shall take measures to ensure that borrowings by the National Government complies with the prescribed threshold.

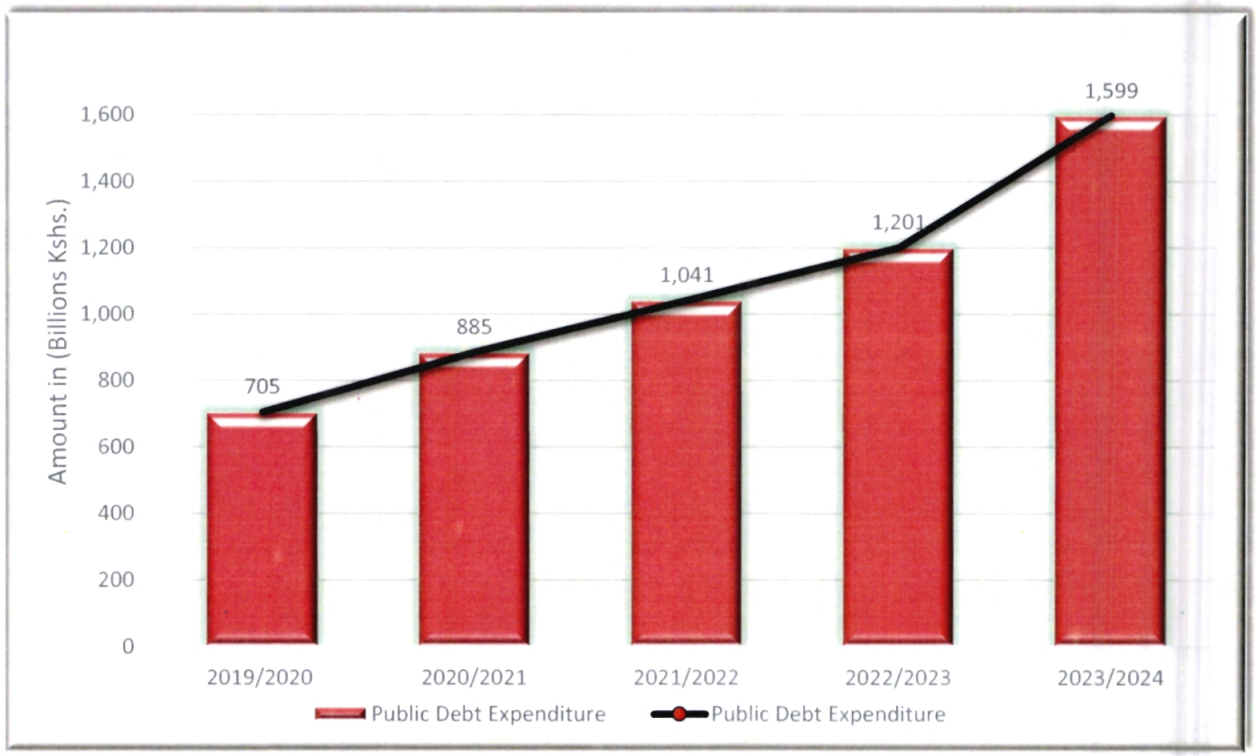
1.5.3 The outstanding debt of Kshs.10,581,988,152,631, however does not include payment arrears (pending bills) amounting to Kshs.194,719,052,547 which are current liabilities owed to providers of goods and services reported under Ministries, Departments and Agencies (MDAs) and Donor Funded Projects during the year under review. It does not also include other liabilities and bank overdrafts incurred by national public sector entities including State-Owned Enterprises (SOEs).

1.5.4 Further, expenditure on public debt has increased from Kshs.704,789,802,097 reported in 2019/2020 to Kshs.1,598,938,187,636 incurred in 2023/2024 financial year denoting an increase of Kshs.894,148,385,539 or 127% over the five (5) year period as shown in Table 19 and Figure 7 below:

Table 19: Public Debt Expenditure

Financial Year	Public Debt Expenditure (Kshs.)	Increase/ (Decrease) per Year (Kshs.)	Percentage Increase/(Decrease)
2019/2020	704,789,802,097	-)	-
2020/2021	884,919,345,869	180,129,543,772	26%
2021/2022	1,041,304,135,476	156,384,789,607	18%
2022/2023	1,200,608,836,164	159,304,700,688	15%
2023/2024	1,598,938,187,636	398,329,351,472	33%

Figure 7: Public Debt Expenditure for the Last Five Years



As indicated in Table 19 above, the increase in public debt expenditure fluctuated from an increase of 26% reported in 2020/2021 to an increase of 18% reported in 2021/2022, 15% reported in 2022/2023 and 33% reported in 2023/2024.

Further, the proportion of public debt expenditure against the actual ordinary revenue (Tax and Non-Tax Receipts) fluctuated between 44% and 70% in the period 2019/2020 to 2023/2024 as tabulated in Table 20 below:

Table 20: Comparison of Public Debt Expenditure to Ordinary Revenue

Financial Year	Public Debt Expenditure (Kshs.)	Actual Ordinary Revenue/ (Tax and Non-Tax Receipts) (Kshs.)	Percentage
2019/2020	704,789,802,097	1,618,797,777,894	44%
2020/2021	884,919,345,869	1,601,016,386,868	55%
2021/2022	1,041,304,135,476	1,940,971,132,408	54%
2022/2023	1,200,608,836,164	2,059,281,671,520	58%
2023/2024	1,598,938,187,636	2,293,893,380,062	70%

1.5.5 The total actual expenditure of Kshs.1,770,429,954,313 for Consolidated Fund Services comprised of Kshs.1,598,938,187,636 or 90.3% for Public Debt, Kshs.150,160,703,642 or 8.5% for Pension and Gratuities, Kshs.21,331,063,035 or 1.2% for Salaries, Allowances and Miscellaneous Services, and a Nil expenditure indicated for Subscriptions to International Organizations as tabulated in Table 21 below:

Table 21: Consolidated Fund Services Expenditure

Details	Estimated Expenditure (Kshs.)	Actual Expenditure (Kshs.)	Percentage of Actual Expenditure on Total CFS Actua Expenditure
Public Debt	1,782,390,912,349	1,598,938,187,636	90.3%
Pension and Gratuities	187,563,778,297	150,160,703,642	8.5%
Salaries, Allowances and Miscellaneous Services	21,522,594,836	21,331,063,035	1.2%
Subscriptions to International Organizations	-	-	0.0%
Total	**1,991,477,285,482**	**1,770,429,954,313**	**100%**

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

1.5.7 In the financial year 2023/2024, various public debt issues were raised including;

i. Payment of commitment fees totalling Kshs.1,583,002,698 on undrawn amounts in respect of loans signed between the Government of Kenya and foreign lenders. The commitment fees balance of Kshs.1,583,002,698 includes amounts of Kshs.49,334,427, Kshs.35,013,463 and Kshs.12,472,266 in respect of Kenol-Sagana - Marua Road Project, Bagamoyo Horohoro Phase 1 Project and Mombasa-Mariakani Highway (Lot 1) Project respectively, among others. Had the implementing Agencies put in place proper mechanisms to enable absorption of the committed credit within the agreed timeframes, the payment of commitment fees would have been minimized. The National Treasury, being the overall supervisor of Government Ministries, Departments and Implementing Agencies should ensure that programmes and projects are ready for execution before committing the Government with credits.

ii. The outstanding amount of public debt balance of Kshs.10,581,988,152,631 include an outstanding Central Bank of Kenya overdraft of Kshs.61,020,669,177 as at 30 June, 2024. However, the balance does not include loans and overdrafts held by other National and County Governments entities. The National Treasury indicated that it did not guarantee any loan to County Governments and State Agencies during the year. Further, The National Treasury also indicated that where a State Agency secures a loan, it is the responsibility of the Board of Directors of that Agency to ensure that the amount is repaid and is not chargeable to the Consolidated Fund. However, the National Government is obliged to bail out any guaranteed obligations defaulted by County Governments and State Agencies. The outstanding obligations guaranteed by the Government of Kenya is reported under Section 1.7 of this Summary Report.

iii. The outstanding public debt of Kshs.10,581,988,152,631 includes an outstanding loan amount of Kshs.31,475,529,355 (EUR226,661,329) in respect of Arror, Kimwarer, and Itare Dam projects. The three (3) project loans were restructured from Kshs.62,055,659,519 to reflect an outstanding balance amount of EUR226,661,329, equivalent to Kshs.31,475,529,447. However, documents to support the restructuring such as the restructure agreements and current status of the projects were not provided for audit casting doubt on the authenticity of the outstanding loan balance after restructuring and value for money for the projects of Kshs.31,475,529,447.

iv. External debt (inclusive of guaranteed loans) reduced from Kshs.5,446,560,935,258 to Kshs.5,171,703,718,745 or 5% compared to internal debt which increased from Kshs.4,418,378,066,403 to Kshs.5,410,284,433,886 or 22%. During the year under review, interest payments on domestic borrowings amounted to Kshs.533,689,367,412 (70%) while interest payments on foreign borrowings amounted to Kshs.218,594,652,088 (30%). The cost of domestic borrowings was therefore more than two times the cost of external borrowings even though domestic debt comprised 51% of the total debt. Management has not indicated measures put in place to guard against the excessive domestic borrowings which may have a negative impact on the country's interest rates, inflation rates and may lead to crowding out of private investors due to reduced loanable funds in the market and disruption in the financial services.

v. The Public Debt Management Office (PDMO) uses the Commonwealth Secretariat - Meridian System to record disbursements and payments made in regard to respective loans. The Commonwealth Secretariat -Meridian System was developed by Commonwealth Secretariat. However, review of the users` access list revealed that there were five (5) users from Commonwealth Secretariat who had active rights to the system. This exposes the system to cyber threats and data breaches contrary to Regulation 110(1) of the Public Finance Management (National Government) Regulations, 2015 that requires the Accounting Officer for a National Government entity to institute appropriate access controls needed to minimize breaches of information, confidentiality, data integrity and loss of business continuity.

1.5.8 The growth in public debt is attributed to disbursements of new loans to the Government by various Development Partners and additional borrowings from the domestic market through Treasury Bonds and Treasury Bills to fund the budget. Further, the public debt balance of Kshs.10,581,988,152,631 includes amounts of Kshs.17,233,755,686 and Kshs.61,020,669,177 in respect of pre-1997 GOK debt and bank overdraft respectively, all due to the Central Bank of Kenya. The bank overdraft of Kshs.61,020,669,177 did not exceed the limit of Kshs.102,964,083,576, being five percent of the audited national government revenue of Kshs.2,059,281,671,520 for the financial year 2022/2023. Management therefore adhered to Section 15(3) of the Public Finance Management Act, 2012 which states that a national government bank overdraft facility shall not exceed five per cent of the most recent audited national government revenue.

1.6 Outstanding On-Lent Loans - Kshs.1,197,129,278,867

The summary schedule of outstanding loans as at 30 June, 2024 reflects total outstanding loans of Kshs.1,197,129,278,867 which represents an increase of Kshs.222,929,959,829 or approximately 23% of the total outstanding loan balance of Kshs.974,199,319,038 reported as at 30 June, 2023. The balance of Kshs.1,197,129,278,867 was due from fifty-four (54) institutions. However, as reported in the previous year, four (4) institutions with outstanding balances amounting to Kshs.13,157,482,377 did not confirm their loan balances as at 30 June, 2024 as detailed in Table 22 below:

Table 22: Institutions which did not Confirm Loan Balances

No.	Institution	Lender	Financial Year	Purpose	Status of Institution	Amount Outstanding as at 30 June, 2024 (Kshs.)
1	Local Government Loans Authority	Ministry of Local Government	1955/1956	Loans to various Local Authorities	Transferred to respective County Governments	7,594,273,720
2	Mumias Sugar Company Limited	The National Treasury	2016/2017	Bailout package to finance turnaround strategy	In receivership	3,000,000,000

No.	Institution	Lender	Financial Year	Purpose	Status of Institution	Amount Outstanding as at 30 June, 2024 (Kshs.)
3	National Water Conservation and Pipeline Corporation	The National Treasury	1999/2000	Sabaki Wellfield Rehabilitation Project	Institution in existence but requested for write off	2,460,874,897
4	Nairobi City Council	Ministry of Local Government	1967/1968	Nairobi Water Supply	Transferred to County Government of Nairobi	102,333,760
	Total					**13,157,482,377**

Further, and as was reported during the 2022/2023 financial year, the total outstanding loans balance of Kshs.1,197,129,278,867 includes loans amounting to Kshs.35,558,227,061 which were due for redemption at diverse dates over the years but had not been repaid. During the year, the affected institutions did not make any repayment against their respective loan balances as detailed in Table 23 below:

Table 23: Non-Performing Loans Issued to Local Entities

No.	Institution	Lender	Financial Year	Purpose	Status of Institution	Amount Outstanding as at 30 June, 2024 (Kshs.)
1	Kenyatta University	The National Treasury	2011	For construction of KUTRRH	Existing but Loan to be transferred to Hospital	10,774,498,010
2	Local Government Loans Authority	Ministry of Local Government	1955/1956	Loans to various Local Authorities	Transferred to respective County Governments	7,594,273,720
3	Mumias Sugar Company Limited	The National Treasury	2016/2017	Bailout package to finance turnaround strategy	In receivership	3,000,000,000
4	Agro-Chemical and Food Co. Ltd	Ministry of Energy	1994/1995	For Agro-Chemical Project in Muhoroni (Molasses)	Institution in existence but requested for write off	2,941,884,000
5	Kenya Electricity Transmission Co. Ltd	The National Treasury	2006 - KPLC Novated to KETRACO 2016	Construction of Transmission lines-Kamburu Meru 132KV, Chemosit Kisii 132KV	Institution in operation but tariffs for revenue are yet to be adjusted to enable loan repayment	2,823,136,860
6	National Water	The National Treasury	1999/2000	Sabaki Wellfield Rehabilitation Project	Institution in existence but	2,460,874,897

No.	Institution	Lender	Financial Year	Purpose	Status of Institution	Amount Outstanding as at 30 June, 2024 (Kshs.)
	Conservation and Pipeline Corporation				requested for write off	
7	Lake Basin Development Authority (LBDA)	The National Treasury	2017	Construction of the MALL	Existing, but Mall not fully occupied (Rented)	2,000,000,000
8	Uchumi Supermarkets Limited	The National Treasury	2016/2017	Fund Company turnaround strategy	Not in operation	1,200,000,000
9	National Irrigation Board	The National Treasury	2006/2007	Natural Resources Management Project	Institution in existence but requested for write off	1,128,486,779
10	Kenya Meat Commission	Ministry of Livestock The National Treasury	1960/1961 2019/2020	Purchase of Livestock (Drought mitigation)	Institution in existence but requested for write off	640,241,100 300,000,000
11	Water Resources Management Authority	The National Treasury	2007	Natural Resource Management Project	Institution in existence but requested for write off	362,607,995
12	Catering Levy Trustee/Utalii College	The National Treasury	1996/1997	Refurbishing of Kenya Utalii Hotel	Institution in existence but requested for write off	122,000,000
13	Nairobi City Council	Ministry of Local Government	1967/1968	Nairobi Water Supply	Transferred to County Government of Nairobi	102,333,760
14	Various Local Authorities	Ministry of Local Government	1994/1995	Urban transport study and design	Transferred to respective County Governments	40,706,140
15	Halal Meat Products	Ministry of Agriculture	1974/1975	Construction of abattoir/slaughterhouse in Ngong	Not operational	27,701,420
16	Mombasa Pipeline Board	Ministry of Water	1959/1960	Construction of Mombasa Water Supply	Not operational	22,964,980
17	Mumias Out Growers Company Limited	Ministry of Agriculture	1969/1970	Sugar Cane Development	Not in operation	16,517,400
	Total					**35,558,227,061**

Some of the entities with outstanding loan balances continue to perform dismally and require constant/periodic government bailouts. Non-repayment of the loans has led to the

write-offs of the loans as bad debts, opportunity costs in funding other critical areas and eventual loss of public funds.

In addition, the summary schedule of investments by the Cabinet Secretary, The National Treasury, in various companies reflects total investments of Kshs.111,739,944,412. Included in the balance are five (5) companies with investments of 5,727,503 shares valued at Kshs.114,550,000 that are non-performing as detailed in Table 24 below:

Table 24: Non-Performing Investments

No.	Institution	Date of Investment as per Share Certificate	Status	% Shareholding	Number of Shares	Nominal Value (Kshs.)
1	Kenya Farmers Association	1/8/1959	Institution exists though Government not currently listed as a shareholder		1	20
2	National Agricultural Chemical & Fertilizer Ltd	7/7/1980	Company struck off the register	No information	2,084,998	41,699,960
3	Nyari Estate Limited	10/9/1980	Not in operation	No information	2,500	50,000
4	Kenya Poultry Limited	22/1/2007	Dissolved	No information	4	20
5	Ken-Ren Chemicals and Fertilizers Limited	30/6/1975	Dissolved	No information	3,640,000	72,800,000
	Total				**5,727,503**	**114,550,000**

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

1.7 Outstanding Obligations Guaranteed by the Government of Kenya

1.7.1 The statement of outstanding obligations guaranteed by the Government of Kenya as at 30 June, 2024 reflects an outstanding balance of Kshs.152,317,825 being capital and interest owed by the Cereals and Sugar Finance Company. However, the balance was not supported by any verifiable records and documents. Further, the summary statement of public debt (Debt Stock) for the year ended 30 June, 2024 reflected guaranteed debt from only three (3) entities totalling Kshs.100,165,024,768 (excluding amount owed by the Cereals and Sugar Finance Company) as detailed in Table 25 below:

Table 25: Outstanding Obligations Guaranteed by GOK

Agency	Outstanding Government Guaranteed Debt as at 30 June, 2024 (Kshs.)
Kenya Airways	29,139,206,543
Kenya Ports Authority	43,134,816,734
Kenya Electricity Generating Company PLC	27,891,001,491
Total	**100,165,024,768**

1.7.2 The parent Ministries for the Agencies indicated above did not prepare and submit for audit, their respective statements of outstanding obligations guaranteed by the Government of Kenya as at 30 June, 2024 contrary to the requirements of Sections 81(1) and 81(2)(c) of the Public Finance Management Act, 2012. The National Treasury however, prepared and submitted for audit a statement of outstanding obligations guaranteed by the Government of Kenya which reflected an outstanding balance of Kshs.152,317,825 being capital and interest owed by the Cereals and Sugar Finance Company. The supporting documents for the balance of Kshs.152,317,825 were however not provided for audit.

1.7.3 Consequently, the total amount of outstanding obligations guaranteed by the Government of Kenya reflected in the statements submitted for audit by The National Treasury is understated by Kshs.100,165,024,768. Failure to prepare the respective statements is not only a breach of the Public Finance Management Act, 2012 but also an indicator that the total Government Guaranteed Debt could not be confirmed as it is understated.

2.0 Pending Bills

During the year under review, pending arrears (pending bills) totalling Kshs.194,719,052,547 as disclosed by various entities were not settled but were instead carried forward to the 2024/2025 financial year. The pending bills balance comprised of Kshs.130,323,759,258 and Kshs.64,395,293,289 reported under Ministries, Department and Agencies (MDAs) and Donor Funded Projects respectively.

2.1 Pending Bills - Ministries, Department and Agencies – Kshs.130,323,759,258

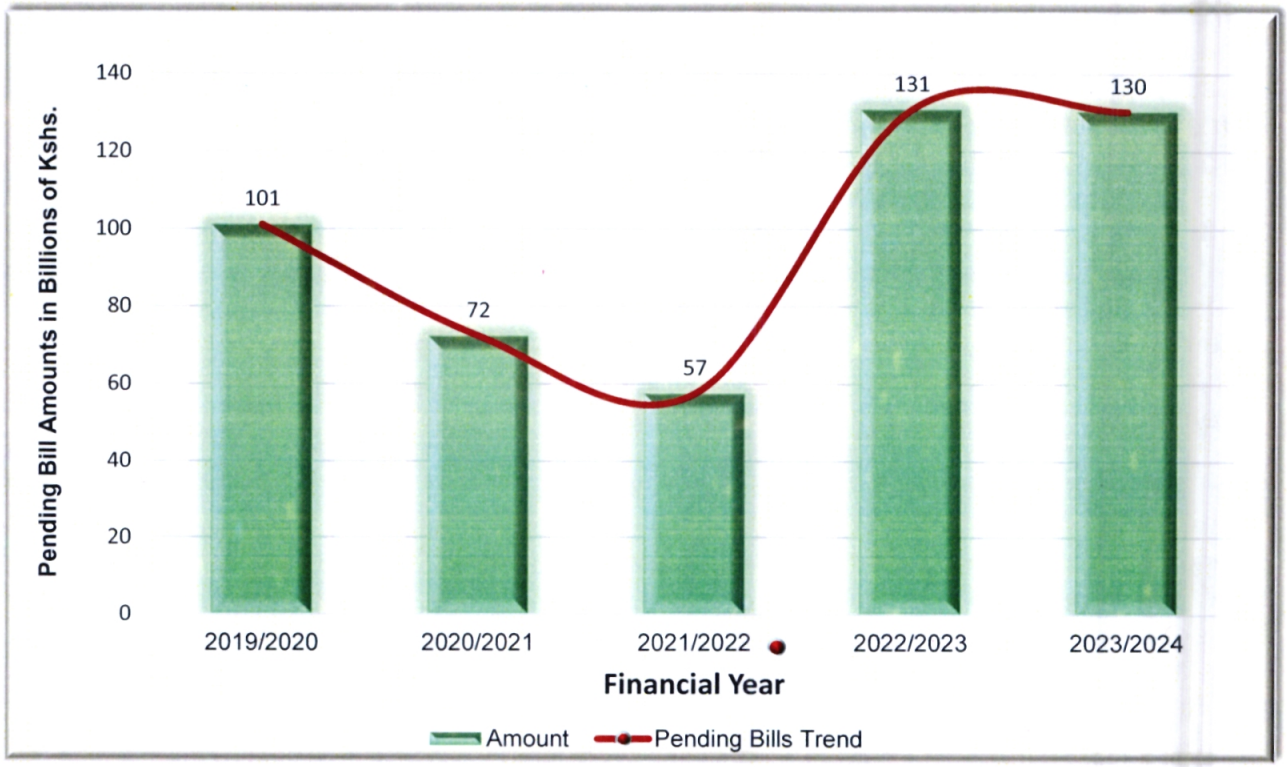
2.1.1 The reported pending bills for Ministries, Department and Agencies (MDAs) for the year ended 30 June, 2024 decreased by Kshs.487,064,471 or by 0.4% to Kshs.130,323,759,258 from the previous years' reported amount of Kshs.130,810,823,729. The amount of pending bills for MDAs reported in the last five (5) years is shown in Table 26 below:

Table 26: Pending Bills for the Last Five Years

Financial Year	Pending Bills for MDAs (Kshs.)
2019/2020	101,109,118,284
2020/2021	72,315,870,508
2021/2022	57,469,530,401
2022/2023	130,810,823,729
2023/2024	130,323,759,258

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

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



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

2.1.3 In addition, the closing balance of pending bills in a previous year is usually not taken into consideration during the formulation of the budget for the subsequent year. This means that the subsequent year's budget is unlikely to be sufficient to settle unpaid commitments relating to operations of the previous year and at the same time fund the programmes for a subsequent year. It is also an indication of Accounting Officers committing funds which are not available. Failure to settle the bills during the year to which they relate adversely affects the subsequent year's budgeted programmes, as it may lead to reallocation of funds or non-delivery of critical services.

2.1.4 Further, the pending bills have continued to put pressure on the scarce resources, with some of these bills attracting penalties and interests, thereby putting more strain on the available resources. The suppliers of goods and services to public entities have faced unwarranted financial charges from their financiers as they supply goods and services on

credit to the Government without proper arrangements or agreements on credit facilities with the Government. Failure to settle the bills has an effect of withholding circulation of cash in the economy and affects the smooth operations of suppliers and Micro, Small and Medium Enterprises (MSMEs). Similarly, failure to pay within stipulated timelines affects revenue collection due from Value Added Tax (VAT) and Withholding Tax. All these factors viewed holistically call for the Executive to put in place strict measures to deter the escalation of pending bills and to enforce fiscal discipline in public sector entities.

2.1.5 The Ministries, Department and Agencies (MDAs) which reported unpaid bills as at 30 June, 2024 are listed in Table 27 below:

Table 27: Ministries, Department and Agencies (MDAs) Disclosed Bills 2023/2024

No.	Vote	Ministry/Department/Agency	2022/2023 Amount (Kshs.)	2023/2024 Amount (Kshs.)
1	1041	Ministry of Defence	9,803,533,442	22,890,340,784
2	1071	The National Treasury	7,703,536,902	22,645,349,902
3	1011	The Executive Office of the President	12,347,481,810	14,528,324,070
4	1169	State Department for Agriculture	12,058,660,230	13,630,778,277
5	1025	National Police Service	5,479,251,913	9,947,718,145
6	1023	State Department for Correctional Services	6,832,031,742	5,248,648,170
7	1082	State Department for Medical Services	41,169,835,759	4,979,248,187
8	1036	State Department for Development of the Arid and Semi-Arid Lands (ASALs)	931,581,524	3,682,608,355
9	2091	Teachers Service Commission	2,463,219,054	3,388,321,052
10	1024	State Department for Immigration and Citizen Services	1,313,208,464	3,124,336,522
11	1203	State Department for Wildlife	2,708,390,651	2,935,454,477
12	1053	State Department for Foreign Affairs	1,688,976,030	2,932,196,070
13	1052	Ministry of Foreign Affairs	1,688,976,030	-
14	1032	State Department for Devolution	2,845,999,363	2,709,240,026
15	1026	State Department for Internal Security and National Administration	1,871,133,025	2,301,893,725
16	1213	State Department for Public Service	1,819,995,350	1,536,781,825
17	2043	Parliamentary Joint Services	866,476,108	1,509,141,657
18	1123	State Department for Broadcasting and Telecommunication	1,451,012,668	1,455,603,747
19	1094	State Department for Housing and Urban Development	2,079,726,669	1,443,579,325
20	1095	State Department for Public Works	746,098,212	1,031,658,775
21	1261	The Judiciary	613,357,588	872,100,944
22	1066	State Department for Early Learning and Basic Education	6,726,280	833,584,638

No.	Vote	Ministry/Department/Agency	2022/2023 Amount (Kshs.)	2023/2024 Amount (Kshs.)
23	2021	National Land Commission	731,555,911	817,839,546
24	1331	State Department for Environment and Climate Change	522,030,199	640,726,799
25	1212	State Department for Gender and Affirmative Action	19,084,805	483,394,489
26	1162	State Department for Livestock Development	196,150,451	481,158,476
27	1252	State Law Office and Department of Justice	171,258,741	458,334,150
28	2044	The Senate	-	425,554,969
29	1122	State Department for Information Communication Technology and Digital Economy	464,897,210	414,719,860
30	1132	State Department for Sports Development	152,517,830	331,992,227
31	1109	State Department for Water and Sanitation	263,348,964	322,442,556
32	1166	State Department for the Blue Economy & Fisheries	166,386,002	206,669,778
33	1064	State Department for Technical Vocational Education and Training	-	195,891,049
34	1054	State Department for Diaspora Affairs	82,276,638	173,835,378
35	1192	State Department for Mining	93,883,644	169,283,358
36	2042	National Assembly	30,631,929	153,348,752
37	1112	State Department for Lands and Physical Planning	627,915,455	137,028,454
38	1175	State Department for Industry	106,695,480	126,401,082
39	2041	Parliamentary Service Commission	240,645,617	104,817,154
40	1221	State Department for East African Community Integration	74,415,086	87,389,793
41	1083	State Department for Public Health and Professional Standards	88,595,209	86,026,360
42	1184	State Department for Labour and Skills Development	152,719,109	83,583,104
43	1013	Office of the Prime Cabinet Secretary	3,899,685	79,215,115
44	1185	State Department for Social Protection	11,344,625	74,720,485
45	1202	State Department for Tourism	54,645,486	73,896,954
46	1174	State Department for Trade	30,105,866	54,947,473
47	1176	State Department for Micro Small and Medium Enterprise (MSME) Development	-	53,750,295
48	1065	State Department for Higher Education and Research	144,255,504	51,666,945
49	1271	Ethics and Anti-Corruption Commission	99,106,066	45,218,753
50	1135	State Department for Youth Affairs	45,861,162	44,421,363
51	2061	Commission on Revenue Allocation	9,715,083	41,166,370

No.	Vote	Ministry/Department/Agency	2022/2023 Amount (Kshs.)	2023/2024 Amount (Kshs.)
52	1173	State Department for Co-operatives	35,102,093	41,105,769
53	2071	Public Service Commission	-	40,691,148
54	1093	State Department for Shipping and Maritime Affairs	1,311,736	33,455,791
55	1193	State Department for Petroleum	17,517,819	30,248,871
56	1016	State Department for Cabinet Affairs	-	28,600,428
57	1291	Office of the Director of Public Prosecutions	115,275,255	21,915,009
58	2141	National Gender and Equality Commission	295,800	17,386,069
59	2011	Kenya National Commission on Human Rights	28,391,539	17,097,993
60	1072	State Department for Economic Planning	-	13,677,437
61	2101	National Police Service Commission	4,276,649	8,742,254
62	1092	State Department for Transport	97,487,972	5,623,569
63	1012	Office of the Deputy President	58,244,497	4,813,659
64	1332	State Department for Forestry	-	4,349,556
65	2131	The Commission on Administrative Justice	6,694,879	3,161,769
66	2051	Judicial Service Commission	3,007,852	3,026,691
67	1152	State Department for Energy	949,489	1,795,097
68	1177	State Department for Investments Promotion	-	1,528,560
69	1015	State Department for Performance and Delivery Management	-	189,828
70	1311	Office of the Registrar of Political Parties	2,643,583	-
71	2081	Salaries and Remuneration Commission	2,303,651	-
72	2121	Office of the Controller of Budget	4,331,239	-
73	1069	State Department for Implementation of Curriculum Reforms	6,796,280	-
74	1134	State Department for Culture and Heritage	49,859,497	-
75	1222	State Department for Regional and Northern Corridor Development	2,445,742,328	-
76	2031	Independent Electoral and Boundaries Commission	4,857,441,000	-
		Total	**130,810,823,729**	**130,323,759,258**

2.2 Pending Bills - Donor Funded Projects – Kshs.64,395,293,289

Pending bills amounting to Kshs.64,395,293,289 reported under Donor Funded Projects were not settled during the year but were carried forward to the 2024/2025 financial year as detailed in **Appendix E**.

The total pending bills of Kshs.194,719,052,547 reported under Ministries, Departments and Agencies (MDAs) and Donor Funded Projects in 2022/2024 does not include an amount of Kshs.30,833,969,281 Exchequer releases owed to the County Governments by the National Government as at 30 June, 2024. It does not also include an amount of Kshs.46,524,788,050 accumulated entitlement to the Equalisation Fund.

Further, the total pending bills balance of Kshs.194,719,052,547 does not include contingent liabilities totalling Kshs.50,567,461,789 reported by various MDAs as detailed in Table 28 below:

Table 28: Contingent Liabilities for MDAs

Vote	Ministry/Dept/Agency	Contingent Liability (Kshs.)	Description
1082	State Department for Medical Services	23,883,854,472	Contingent liability for various Court cases against the Ministry of Health
1112	State Department for Lands and Physical Planning	12,734,815,074	Contingent liability for various Court cases against the State Department
1053	State Department for Foreign Affairs	4,048,290,231	Contingent liability for Court cases against the State Department
1162	State Department for Livestock Development	4,000,000,000	Contingent liability for Court case against the State Department. Matter forwarded to Solicitor General for legal advice
1041	Ministry of Defence	2,916,986,294	Contingent liability for various Court cases against the Ministry
1202	State Department for Tourism	793,586,623	Contingent liability for Court cases against the State Department
2021	National Land Commission	687,255,261	Contingent liability arising from legal fees, Court cases and awards against the Commission
1261	The Judiciary	576,594,038	Contingent liability arising from unsettled claims by suppliers
1132	State Department for Sports	335,899,950	Contingent liability for Court cases against the State Department
1331	State Department for Environment and Climate Change	200,238,737	Contingent liability for Court cases against the State Department
1271	Ethics and Anti-Corruption Commission	168,980,773	Being a contingent liability in respect of pending court cases and potential exposure
2051	Judicial Service Commission	95,843,000	Awards against the Commission and which the Commission has appealed
1203	State Department for Wildlife	40,968,520	Contingent liability for Court cases against the State Department
1064	State Department for Technical, Vocational Education and Training	36,217,287	Contingent liability for Court cases against the State Department
1066	State Department for Basic Education	27,061,569	Contingent liability for Court cases against the State Department

Vote	Ministry/Dept/Agency	Contingent Liability (Kshs.)	Description
1109	State Department for Water and Sanitation	12,311,671	Contingent liability for Court cases against the State Department
1123	State Department for Broadcasting and Telecommunications	5,585,733	Contingent liability for Court case against the State Department
1169	State Department for Agriculture	2,074,556	Contingent liability for Court cases against the State Department
2151	Independent Policing Oversight Authority	898,000	Contingent liability for Court case against the Authority
	Total	**50,567,461,789**	

In addition, the total pending bills balance of Kshs.194,719,052,547 does not include contingent liabilities amounting to Kshs.3,886,646,411 reported under various donor funded projects as detailed in Table 29 below:

Table 29: Contingent Liabilities for Donor Funded Projects

	Project Name	Implementing Agency	Contingent Liability (Kshs.)	Description
1	Dualling of Magongo Rd(A109L): Phase II (FIDIC/TURNKEY BASED)	Kenya National Highways Authority	3,064,674,166	Claim for extension of time plus associated costs and dispute on NLC award
2	Support to roads sector policy:10th EDF rural roads rehabilitation project in Kenya-EUROPEAID/134053/IH/WKS/KE	Kenya Rural Roads Authority	642,516,239	Arbitration Award
3	Eastern Africa Regional Transport Trade and Development IDA Credit No. 5638-KE (ICTA)	Information and Communication Technology (ICT) Authority	91,552,170	Awarding for E511 of 2021 Magdalene Mjomba Vs ICTA
4	Mombasa-Mariakani Highway Project Lot 1-KENHA ADB	Kenya National Highways Authority	81,574,631	Petition No.106 of 2015
5	Programme for Legal Empowerment and Aid Delivery	Office of the Attorney General and Department of Justice	5,688,400	Staff Gratuity
6	NEMA-Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under the	National Environment Management Authority	640,805	Contingent for case No. E303 of 2023
	Total		**3,886,646,411**	

3.0 Summary of Audit Observations

3.1 Overall Summary of Audit Opinions

For the financial year ended 30 June, 2024, a total of three hundred and thirty-six (336) National Government financial statements (excluding National Funds) in respect of Ministries, Department and Agencies (MDAs), Revenue Statements, Donor Funded Projects, and Other clients such as Public Debt, National Exchequer Account, Public Trustee, Staff Mortgage and Car Loan Schemes, among others were examined and audit opinions issued as summarized in Table 30 below:

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

No.	Client Type	Type of Opinion Issued				
		Unmodified	Qualified	Adverse	Disclaimer	Total
1.	MDAs - Voted Entities	56	27	-	-	83
2.	Revenue Statements	8	4	-	-	12
3.	Donor Funded Projects	169	43	1	-	213
4.	Others	15	11	1	1	28
	Total	**248**	**85**	**2**	**1**	**336**

The tabulation above indicates that two hundred and forty-eight (248) financial statements had an unmodified opinion; eighty-five (85) financial statements had a qualified opinion, two (2) financial statement had an adverse opinion while one (1) financial statement had a disclaimer of opinion as listed in **Appendices A, B, C** and **D** respectively. The analysis does not include the National Funds which are reported on separately.

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

Table 31: Audit Opinions Trend on Government Entities

	2021/2022	2022/2023	2023/2024
Unmodified	117	228	248
Qualified	144	109	85
Adverse	3	2	2
Disclaimer	2	1	1
Total	**326**	**340**	**336**

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

3.2.1 A total of one hundred and twenty-three (123) National Government financial statements (excluding Donor Funds and National Funds), were examined during the year ended 30 June, 2024. Table 32 below indicates the type of audit opinion expressed on the financial statements in the last five years on National Government entities excluding Donor Funded Projects and National Funds;

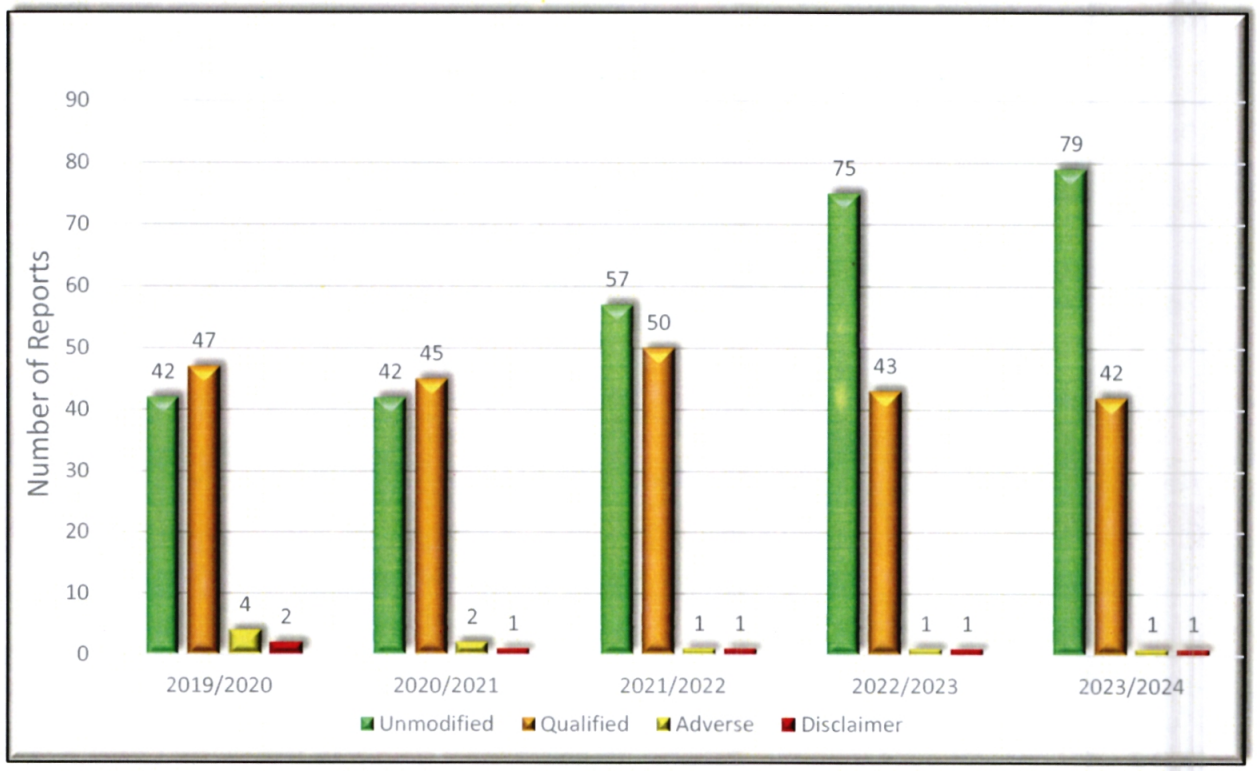
Table 32: Audit Opinions on Financial Statements in the Last Five Years

Audit Opinion	2019/2020		2020/2021		2021/2022		2022/2023		2023/2024	
	No. of FS	%	No. of FS	%	No. of FS	%	No. of FS	%	No. of FS	%
Unmodified	42	44.20%	42	46.70%	57	52.30%	75	62.50%	79	64.23%
Qualified	47	49.50%	45	50.00%	50	45.90%	43	35.80%	42	34.15%
Adverse	4	4.20%	2	2.20%	1	0.90%	1	0.80%	1	0.81%
Disclaimer	2	2.10%	1	1.10%	1	0.90%	1	0.80%	1	0.81%
Total	95	100%	90	100%	109	100%	120	100%	123	100%

3.2.2 The number of financial statements with unmodified opinion increased from 62.5% reported in the previous year to 64.23%. The number of financial statements with qualified opinion decreased from 35.8% to 34.15%. There was no drop in the percentages of adverse and disclaimer of opinion compared to the previous year. Overall, there has been an improvement in presentation of the financial statements. This is attributed to the use of IFMIS, guidance by The National Treasury through circulars and issuance of reporting templates by the Public Sector Accounting Standards Board (PSASB). Audit reviews leading to revisions and amendments of the financial statements to correct errors during the audit process, also contributed to improvements in disclosure and presentation of the financial statements.

Figure 9 below depicts the analysis of audit opinions:

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



3.3 Audit of Revenue Statements

3.3.1 During the year under review, twelve (12) revenue statements were audited. Out of these, eight (8) revenue statements had an unmodified audit opinion while four (4) revenue statements had a qualified opinion. Tables 33, 34 and 35 below indicate the Revenue Statements that were audited and the corresponding audit opinions.

Table 33: Summary of Audit Opinions on Revenue Statements

Opinion	No. of Revenue Statements	Percentage
Unmodified	8	67%
Qualified	4	33%
Total	**12**	**100%**

Table 34: Revenue Statements whose Opinion was Unmodified

	Collecting Entity/Department	Amount Collected During the Year (Kshs.)	Amount Transferred to the Exchequer (Kshs.)	Other Issues Reported Under Other Matter/Compliance/ Internal Controls
1	Development Revenue	705,704,926,155	705,704,926,155	• No issue reported
2	Pension Department - Statement of Revenue	303,116,080	303,116,080	• Failure to identify non-remittance risk
3	Receiver of Revenue Statements - Ministry of Defence	437,094,299	437,094,299	• No issue reported
4	Business Registration Service - Revenue Statement	1,180,175,675	1,196,571,570	• Unresolved prior year matter • Lack of capacity in internal audit unit • Lack of service level agreements for the financial service providers
5	State Department for Lands and Physical Planning - Revenue Statement	7,222,183,617	7,222,183,617	• Unresolved prior year matters • Delayed implementation of Ardhisasa digital platform • Lack of land valuation index
6	State Department for Immigration and Citizen Services - Revenue Statement	15,218,960,844	15,218,960,844	• Manual collection of receipts at the Civil Registration Services Department
7	Judiciary- Receiver of Revenue Statements	2,942,568,300	2,746,560,124	• Unresolved prior year matter • Failure to prepare and submit bank reconciliation statements and quarterly reports • Lack of internal audit reports
8	State Department for Internal Security and National Administration - Statement of Revenue	2,968,584,498	2,968,584,498	• Long outstanding arrears of revenue
	Total	**735,977,609,468**	**735,797,997,187**	

Table 35: Revenue Statements whose Opinion was Qualified

	Collecting Entity/ Department	Amount Collected During the Year (Kshs.)	Amount Transferred to the Exchequer (Kshs.)	Main Reasons for Qualification	Other Issues Reported Under Other Matter/Compliance/ Internal Controls
1	State Department for Mining - Revenue Statement	3,288,070,725	3,357,575,278	• Inaccuracies in the financial statements • Unsupported arrears of revenue	• Unresolved prior year matters • Lack of revenue sharing framework • Non-compliance with Licensing requirements

	Collecting Entity/ Department	Amount Collected During the Year (Kshs.)	Amount Transferred to the Exchequer (Kshs.)	Main Reasons for Qualification	Other Issues Reported Under Other Matter/Compliance/ Internal Controls
				• Unpaid for laboratory testing services	• Unlicensed mining operations • Weaknesses in IT internal control systems
2	Receiver of Revenue – Recurrent - National Treasury	2,246,842,010,233	2,223,077,354,879	• Unreconciled arrears of revenue balance	• Long outstanding arrears of revenue
3	State Department for the Blue Economy & Fisheries - Revenue Statement	34,921,093	34,921,093	• Unsupported E-Citizen revenue collections	• Unresolved prior year issues • Late submission of financial statements
4	State Law Office and Department of Justice National Government - Receiver of Revenue Statements	249,297,276	266,974,026	• Variance between revenue statements and supporting schedules • Variance between revenue statements, IFMIS trial balance and Public Trustee's financial statements	• Unresolved prior year matters • Unconfirmed appointment of collectors of revenue • Failure to prepare and submit marriage fees periodical reports by the County and Assistant County Commissioners • Failure to provide registration of marriage services at the sub-county level
	Total	**2,250,414,299,327**	**2,226,736,825,276**		

3.3.2 During the financial year 2023/2024, arrears of revenue amounting to Kshs.2,442,942,345,961 was not collected and remitted to the Exchequer as detailed in Table 36 below:

Table 36: Arrears of Revenue

Ministry/ Department/ Agency	Amount (Kshs.)
The National Treasury	2,439,035,724,895
State Department for Mining	2,781,818,882
State Department for Internal Security and National Administration	926,664,046
Judiciary	173,233,561
Business Registration Bureau	24,904,577
Total	**2,442,942,345,961**

The arrears of revenue include an amount of Kshs.1,948,355,080,633 which have been outstanding for over three (3) years.

The Receivers of Revenue should ensure that adequate safeguards are in place and applied for the prompt collection and proper accounting of all national government revenue as required by Regulation 64(1) and (2) of the Public Finance Management (National Government) Regulations, 2015. Further, the various Receivers of Revenues, under the guidance of The National Treasury, should review the existing policies and procedures on revenue collection to identify any weaknesses or gaps including identification of root cause of delays in collection and implementation of corrective action, including writing-off uncollectable arrears of revenue.

3.4 Audit of Financial Statements for Voted Provisions

3.4.1 The actual expenditure reflected in the financial statements for the National Government voted provisions for the year 2023/2024 was Kshs.3,878,690,146,474 compared to Kshs.3,214,583,369,857 reported in the year 2022/2023. The expenditure of Kshs.3,878,690,146,474 was recorded in the combined MDA's Recurrent and Development votes which received various audit opinions as listed in **Appendices A** to **D** and as summarized in Table 37 and Figure 10 below:

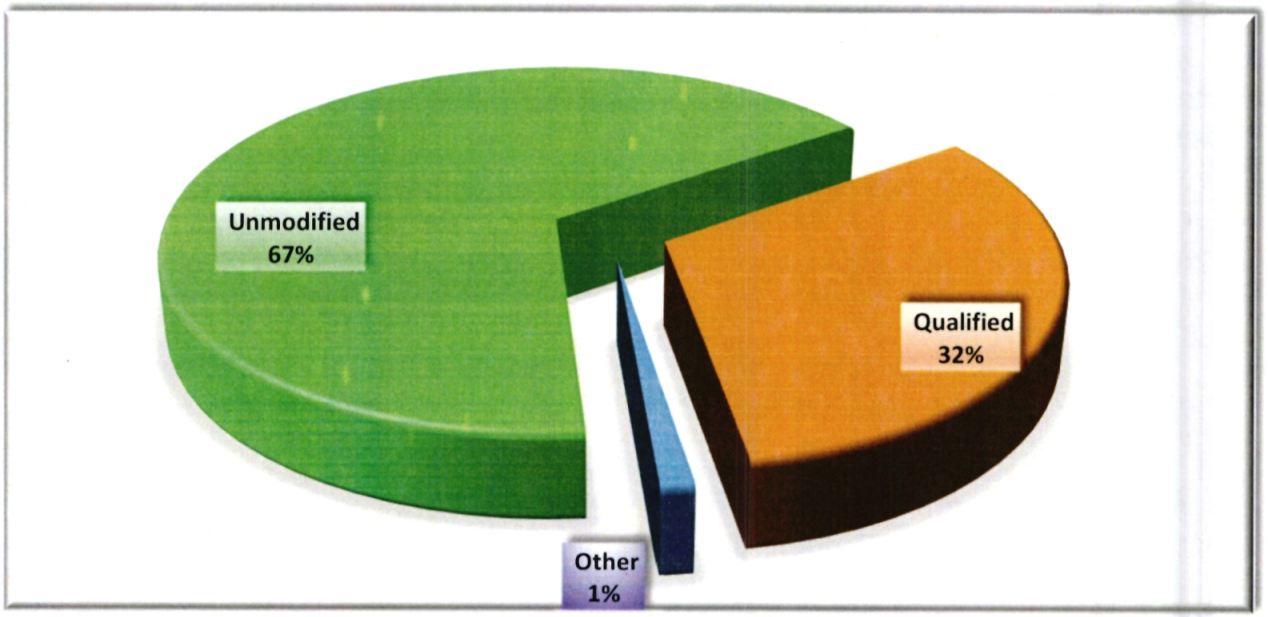
Table 37: Summary of Audit Opinions on Combined Recurrent and Development Expenditure

Opinion	No. of Financial Statements	Percentage
Unmodified	56	67%
Qualified	27	32%
Other	1	1%
Total	**84**	**100%**

3.4.2 Table 37 above indicates that there were eighty-four (84) financial statements for entities with voted provisions during the year under review. No material misstatements were found in the financial statements of fifty-six (56) entities and hence the issuance of an unmodified opinion. The financial statements for twenty-seven (27) entities were however issued with a qualified/modified opinion due to omissions and in some cases material misstatements.

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

Figure 10: Audit Opinions on Financial Statements



3.4.4 There has been a general improvement in the presentation of financial statements and maintenance of accounting records in the last two financial years (2022/2023 and 2023/2024) compared to prior years. The improvement is mainly attributed to adoption of the International Public Sector Accounting Standards (IPSAS) accounting framework by the National Government entities as prescribed by the Public Sector Accounting Standards Board (PSASB). In addition, other interventions by The National Treasury, aimed at improving accountability in the public sector have influenced this improvement. Further, directives to take action on audit recommendations by the Chief of Staff and Head of Public Service to Accounting Officers and recommendations from Parliamentary hearings have also led to improved accountability in some areas. Prior high level engagement sessions between the Auditor-General and the Accounting Officers has also led to more involvement in the audit process and enhanced supervision by Accounting Officers leading to improvements. The presentation of the financial statements is, however, still below expectations when viewed holistically. There is a need to hasten migration from cash to accrual accounting framework for both National and County Government entities which is envisaged as critical for enhancing accountability, transparency and disclosures in the use of public resources.

3.5 Key Audit Observations Reported Under MDAs

3.5.1 Confidential Expenditures

Enhancement of Governance Systems for Security Related Expenditures

During the year under review, fifteen (15) Ministries, Departments and Agencies (MDAs) listed below incurred expenditure for confidential security operations.

S/No.	Vote	Ministries, Departments and Agency
1	1011	Executive Office of the President
2	1012	Office of the Deputy President
3	1017	State House
4	1023	State Department for Correctional Services
5	1025	National Police Service
6	1026	State Department for Internal Security and National Administration
7	1041	Ministry of Defence
8	1053	State Department for Foreign Affairs
9	1054	State Department for Diaspora Affairs
10	1112	State Department for Lands and Physical Planning
11	1192	State Department for Mining
12	1261	The Judiciary
13	1281	National Intelligence Service
14	1291	Office of the Director of Public Prosecutions
15	2051	Judicial Service Commission

In all the fifteen (15) MDAs, certificates of confidential expenditure were issued, supported by a declaration from the respective Accounting Officer affirming proper use of funds in compliance with Regulation 101(5) of the Public Finance Management (National Government) Regulations, 2015.

There is need, however, to enhance accountability of confidential expenditures through review of the Regulations to clearly define entities eligible for confidential security related expenditures and to specify what constitutes security related operations. Further, entities should establish internal oversight mechanisms and processes that include detailed budget projections and post-operation financial summaries to address risks and ensure responsible use and accountability of the funds, beyond the certificates.

The measures will strengthen governance, foster trust, and ensure funds are utilised responsibly and in an accountable manner without compromising State security.

3.5.2 The National Treasury - Vote 1071

i. Government Digital Payments (e-Citizen)

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

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

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

Despite the strategic importance of e-Citizen, the audit of e-Citizen revenue accountability statements for the year ended 30 June, 2024 revealed the following anomalies:

a) During the year, a total of Kshs.100,842,646,586 inclusive of an amount of Kshs.44,816,483,773 in respect of receivers of revenue was collected through the e-Citizen Government Digital Payments (GDP) platform. However, review of the e-Citizen portal and the revenue statements revealed variances between balances reflected in the revenue statements, the e-portal system and the ledger, casting doubt on the completeness and accuracy of receipts reported by the receivers of revenue amounting to Kshs.44,816,483,773.

b) Cash books and bank reconciliation statements for a bank balance of Kshs.7,101,673,055 held in twelve (12) Kenya shillings denominated accounts and nine (9) United States dollar denominated accounts were not provided for audit.

c) There were unsupported prior year balances of Kshs.145,824,907 for which details of the bank accounts for the prior year balances and reasons for the long delays in transfer of the funds were not provided.

d) The Government did not have full control of the system and was relying significantly on the vendor for some critical functions. The vendor had significant control of the system which made it difficult for the Government Digital Payments Unit (GDPU) to perform critical system configurations and changes to support growth, including on-boarding of new government services. Lack of full control of the system exposes the Government to the risk of revenue leakages, lack of full accountability, system unavailability or downtime, security vulnerabilities and business continuity threats. Further, adequacy and effectiveness of the IT controls on e-Citizen did not guarantee integrity of the data processed through the system. In addition, Management lacked signed service level agreements with the payment service providers for payment channels. Further, Safaricom PLC agreement for providing for co-location and support services to e-citizen platform lapsed on 30 June, 2023.

e) Review of the operability of the e-citizen support hotlines and correspondence email address listed on the e-citizen portal confirmed that they were managed by the vendor as Management did not have a dedicated service desk with clear service level agreement for responding to issues. Further, the Unit did not provide customer support for specific Ministries, Counties, Departments and Agencies (MCDA) services and instead used WhatsApp messaging to support the System and escalate issues with developers which may not be sustainable when all the MCDA services are onboarded on the platform.

f) The Consultancy Agreement between the System Vendor and The National Treasury was not provided for audit review. It was, therefore, not possible to establish the terms of the consultancy and the responsibilities of each party in the management of the e-Citizen Government Digital Payments System.

g) The National Treasury had been sued by a system developer claiming ownership of the e-Citizen system. The court granted an out of court negotiation and a consent dated 23 January, 2024 was executed by the parties and adopted as a judgement of the High Court. A total of Kshs.127,850,950 was paid to two (2) system developers and the case marked as closed.

The Office is currently undertaking a special audit on e-Citizen Government Digital Platform. This special audit is informed by the current strategic importance of e-Citizen in the financial architecture of Government. The special audit is expected to provide highlights on the credibility and reliability of the e-Citizen system including assurance on whether data processed through the System is accurate and complete. Further, the special audit will interrogate both IT and physical security, governance arrangements and the adequacy of the controls in place.

ii. Wasteful/Avoidable Expenditure on Court Award

During the year under review, The National Treasury incurred an expenditure of Kshs.882,400,262 being part payment of the decretal sum of Kshs.4,099,636,848 awarded to a firm by the High Court. Review of records revealed that The National Treasury entered into a contract for the construction of a National Disaster Recovery Center with a contractor at a contract sum of Kshs.782,799,814 in 2009 for a period of ninety-six (96) weeks. The scope of the contract was increased and implemented in three phases with Phase I having a contract sum of Kshs.899,560,075 while Phase II had a contract sum of Kshs.205,317,854. The two phases were completed and paid for. However, a dispute on the award of Phase III arose over a claim of Kshs.193,540,606 in respect of retention and compensation for idle resources and expenses.

During arbitration, the contractor was awarded a decretal sum of Kshs.4,099,636,848 in respect of loss of profits and other associated costs. As at 30 June, 2024, the outstanding amount had risen to Kshs.5,548,245,288 due to accrued interest. The Attorney-General indicated that the possibilities of success in the event of an appeal were slim and advised Management to negotiate with the contractor. Although the arbitration decision was adopted by the High Court, no evidence of negotiations having taken place was provided. The expenditure would have been avoided had the contract been managed in accordance with the applicable laws and regulations.

Further, the project remains unutilized and value for money from the payments totalling Kshs.1,987,278,191 could not be confirmed. In addition, full payment of the amount will adversely affect the budgetary allocation for The National Treasury and there will be no commensurate value for money for the entire expenditure.

iii. Loans to Kenya Airways Limited

The National Treasury had transferred amount of Kshs.10,000,000,000 to Kenya Airways as on lent loan. This was in addition to other loan disbursements to the Company totalling

Kshs.31,270,000,000 remitted between 2019/2020 and 2021/2022 resulting to a total loan amount of Kshs.41,270,000,000 to Kenya Airways as at 30 June, 2023. However, review of documents and correspondences between The National Treasury and the entity revealed that the loans were disbursed before the loan agreements were signed.

Further, records available indicated that the loans issued had accrued interest and penalties totalling Kshs.1,778,075,609 which remained outstanding as at 31 December, 2022 bringing the total accumulated loan to Kshs.43,048,075,609.

In addition, records at The National Treasury indicated that, the Government paid an amount of Kshs.12,326,894,172 being foreign loan repayment of Kshs.10,635,604,751 and finance costs of Kshs.1,691,289,421 out of which Kshs.7,812,582,663 was made under Article 223 of the Constitution of Kenya. The amount was in respect of guaranteed debt to the Company with a foreign bank which was defaulted. As a result, the total outstanding amount due from Kenya Airways as at 30 June, 2023 amounted to Kshs.55,374,969,781.

However, there was no evidence indicating that The National Treasury had entered into any formal agreement with Kenya Airways on how the guaranteed loan repayments amounting to Kshs.12,326,894,172 would be recovered and whether the Airline had provided any security to the Government as a fall back. The recoverability of the loans to Kenya Airways Limited amounting to Kshs.55,374,969,781 remains doubtful as no action including legal regularization has been taken.

iv. Unapproved Expenditure on Purchase of Shares

The National Treasury had incurred an expenditure of Kshs.6,196,584,631 in respect of acquisition of sixty percent (60%) shareholding of Telkom Kenya. The expenditure was incurred under Article 223 of the Constitution. Although, The National Treasury submitted the expenditure for approval by The National Assembly as part of the supplementary budget as required by Section 44 (1) of the Public Finance Management Act, 2012, which states that the National Government shall submit to Parliament for approval a supplementary budget in support of money spent under Article 223 of the Constitution, the expenditure was not approved by The National Assembly casting doubt on the validity of the expenditure. However, there is no guideline in place on how unapproved withdrawals from the Consolidated Fund under Article 223 should be dealt with. The Public Finance Management Act, 2012 should therefore be amended to provide guidelines on the action to be taken where expenditure incurred under Article 223 is not approved by the National Assembly.

3.5.3 State Department for Foreign Affairs - Vote 1053

Audit of sampled Kenya Missions abroad during the year revealed the following unsatisfactory matters that negatively affected the operational efficiency of the Missions;

i. Delayed Disbursements to Missions Abroad

During the year under review, the State Department disbursed to Missions abroad a total of Kshs.14,348,782,682 which was done on a quarterly basis. However, review of records provided for audit indicated that the disbursements were done the last month of the respective quarters. This resulted to delayed payments to local staff, foreign service

allowances to the home-based staff, suppliers, office expenses and delayed procurement processes which may have affected the Country's image abroad. The delayed disbursement negatively affected the staff morale, caused low confidence and exposed the Country to reputational risks. The State Department and The National Treasury should prioritize disbursements to the Missions.

ii. Failure to Budget for Exchange Losses

During the year under review, the State Department incurred an expenditure of Kshs.854,498,714 being foreign exchange losses incurred by Missions. The foreign exchange losses were attributed to the fact that the budget was in Kenyan shillings while the expenditure at the Missions was in the currency of the country where the Missions were located. No special consideration was made for the State Department for Foreign Affairs to absorb the losses and disburse funds intact in line with Section 7 of the Foreign Service Act, 2021 which states that The National Treasury shall compensate the Ministry for any loss incurred resulting from foreign exchange adjustment, from monies sent to its Missions abroad. This negatively affected the liquidity of the Missions, resulting into pending bills in some of the Missions as they did not receive their full funds as budgeted. The State Department should continue engaging The National Treasury to create a budgetary provision to hedge against foreign exchange losses.

iii. Deficiencies in Procurement Processes in Missions Abroad

Review of the Mission's procurement processes for sampled procurements carried out during the year revealed that most Missions did not have a list of registered suppliers, lacked standardized procurement documents and did not adhere to procurement requirement such as issuing quotations to suppliers. Further, the use of standard tender and prequalification documents in the host countries was found challenging due to the different and unique legal, regulatory and business environments. The Missions therefore lacked guidelines to effectively undertake procurements in the host countries. Lack of Missions' specific guidelines may have affected the efficiency of procurement processes hence impacting negatively on service delivery by the Missions. The State Department in collaboration with the Public Procurement Regulatory Authority (PPRA) should develop procurement guidelines for use by foreign missions where it may not be possible to comply fully with the Kenyan procurement laws and regulations.

iv. Delays in Presentation of Letters of Credentials to Accredited Nations

Audit of ten (10) sampled Kenya Missions abroad undertaken in the month of August and September 2024 revealed that as at the time of audit, the Heads of Mission in Abuja, Nigeria, Dar es Salaam, United Republic of Tanzania and Berlin, Germany had not presented their credentials to the accredited nations. Delay in presentation of credentials limits the activities of the Head of Mission and diplomatic representation in the countries of accreditation.

v. Assets Management in Missions Abroad

Physical verification of sampled Kenya Missions abroad revealed unsatisfactory matters in management and maintenance of properties and assets. Several cases of leaking ceiling, cracks in walls, peeling paint, damaged roof tiles, corroded gutters and defective gates hydraulics were observed. In another instance, renovation of two staff houses had

stalled since 2020 despite an amount of Kshs.3,400,000 having been spent on the renovations. Further, a residential property was sold in 2021 but the proceeds amounting to Kshs.20,000,000 had not been remitted to the Exchequer. In addition, there were cases where the Missions lacked ownership documents for the properties. Detailed findings are contained in the National Government Consolidated Audit Report (Blue Book).

The State Department did not therefore comply with Section 72(1)(a) and (b) of the Public Finance Management Act, 2012 which requires the Accounting Officer for a national government entity to be responsible for the management of the entity's assets and liabilities and manage those assets in a way which ensures that the national government entity achieves value for money in acquiring, using and disposing of those assets.

3.5.4 State Department for Higher Education and Research - Vote 1065

Challenges of New Funding Model for Higher Education

The Government adopted the New Funding Model (NFM) for higher education, effective from the financial year 2023/2024. The model shifts towards a student-centered funding approach and aims to make education more equitable, accessible, and sustainable. It emphasizes allocating resources based on financial need while addressing challenges such as affordability, inclusivity, and institutional sustainability. The Means Testing Instrument (MTI) used for assessing the financial capacity of the students categorizes them into five financial bands, 1 to 5. The Instrument ensures targeted support through scholarships, loans, and household contributions.

Review of documents and interviews with the Fund Management, however, revealed critical challenges facing the model including inaccurate data submission by applicants, limited public awareness, delayed disbursements of loans and scholarships, loan repayment burden due to high unemployment and underemployment rates, lack of coordination between other government agencies, and non-integration of the model with the Kenya Universities and Colleges Central Placement Service (KUCCPS) system amongst others.

On 20 December, 2024, the High Court declared the NFM unconstitutional for being discriminatory as it violated students right to education. Further, the ruling clarified Government's responsibility in funding public universities and passing the responsibility to parents was a violation of the Constitution as the legitimate expectation of the citizens was violated. Although, the Universities Fund and the Higher Education Loans Board (HELB) appealed to the High Court judgement, the appeal is still pending in Court.

3.5.5 State Department for Basic Education - Vote 1066

Unconfirmed Capitation for Free Primary Education, Junior Secondary School Education and Free Day Secondary Education

During the year, the State Department disbursed subsidies and grants and transfers to other Government entities totalling Kshs.132,142,905,490. Included in the subsidies amount were Free Day Secondary Education (FDSE) and Junior Secondary Education

(JSE) payments of Kshs.63,952,370,146 and Kshs.30,996,376,724 respectively. Further, the grants and transfers to other Government entities payment included an amount of Kshs.9,047,709,890 in respect of Free Primary Education (FPE) capitation. The disbursement of the three funds to the respective schools was based on the students' enrolment in the National Education Management Information System (NEMIS). However, no documentary evidence was provided for audit to confirm the student enrollment data in NEMIS had been verified by the respective Sub-County Offices before disbursement of the funding. Further, the NEMIS as configured does not have a cutoff date as it updates student's data on a continuous basis, making it difficult to confirm the number of students at a specific point in time.

In addition, the system does not register students without birth certificates or fund students who have attained the age of eighteen (18) years and above. To address the challenge, a letter by the National Government Administration Officers (NGAOs) who are responsible for coordinating and implementing national government functions confirming the students' bio-data could be sufficient.

3.5.6 State Department for Medical Services - Vote 1082

i. Underfunding of Maternity Programme

The State Department for Medical Services had a budgeted expenditure of Kshs.105,559,624,287, out of which Kshs.4,098,000,000 related to implementation of free maternity programme (Linda Mama programme). However, only Kshs.2,000,000,000 was transferred to the National Health Insurance Fund for the implementation of the programme resulting to an underfunding of Kshs.2,098,000,000 or 51% of the budget. The Linda Mama programme is now currently one of the benefits under the Primary Health Care Fund (PHCF) under the Social Health Authority (SHA) and will be funded by the Exchequer through the Ministry of Health.

ii. Stock Outs of Vaccines at the Central Vaccine Store

Review of the vaccine stock ledgers revealed that during the year, three antigens (BCG, OPV and Measles Rubella) were out of stock for an average of sixty-five (65) days due to delays in providing funding to the procuring agent. The stock outs at the Central Vaccine Store (CVS) affected the availability of vaccines at the health facilities which significantly affected the provision of preventive healthcare.

iii. Encroachment of Land at Mathari Teaching and Referral Hospital

Records maintained at the Hospital reflected a Nil balance for land. However, available information confirmed that the Ministry owns the parcel of land of undetermined value which houses Mathari Teaching and Referral Hospital. Physical verification conducted in the month of October 2024 revealed that the land was partially fenced making it an easy target for private developers to grab or encroach. Further, it was observed that an undisclosed developer had erected a temporary fence on the unfenced portion of the land.

iv. Irregularities in the Procurement of the Healthcare Information Technology Digitization System

The State Department procured the Healthcare Information Technology Digitization System for Universal Health Care at a cost of Kshs.104,808,136,478 by sourcing a partner through Specially Permitted Procurement Procedure. However, the system was not included in the procurement plan or in the medium-term budgetary expenditure framework while the number of public health facilities to be installed with the system were not disclosed in the contract agreement. Further, the contract did not disclose the number of healthcare workers to be trained, and the support and customer education to be provided on the system included at the cost of Kshs.7,023,810,224.

Review of the contract agreement revealed that the contract prohibits the State Department from developing another system or a product with similar functionalities to compete with the system being procured. This puts the Government at risk in the event of growing needs or for technological changes. Further, the contract agreement requires any dispute arising from the contract to be settled by arbitration under the rules of London Court of International Arbitration instead of referring the disputes to the Public Procurement Administrative Review Board.

In addition, the proposed funding model entails charging fees from member contributions to Social Health Authority (SHA) at a rate of 2.5%, claims from health facilities at 5% and charges for the track and trace solution at 1.5% for ten (10) years resulting to projected revenues of Kshs.111,019,068,754. However, this model was not supported by baseline survey reports indicating the viability of this proposal to meet the payment obligations.

Detailed findings are contained in the National Government Consolidated Audit Report (Blue Book).

3.5.7 State Department for Transport – Vote 1092

Delay In Completion of the Transport Data Centre

The State Department entered into a contract with a consultancy firm at a contract sum of Kshs.22,390,000. The consultancy agreement dated 4 July, 2012 was to run for a period of sixty-four (64) weeks up to 25 September, 2013. Further, the State Department through the East Africa Trade and Transport Facilitation Project awarded a contract for the supply, installation, testing, commissioning and handover of a Transport Data Centre IT, networking, software and hardware on 30 September, 2014 at a cost of Kshs.130,739,261.

Review of records revealed that there was no update on the status of this facility even though the contract agreements had expired. In addition, the contractor and the consultant had not completed the project to warrant the issuance of a completion certificate and official handover of the facility. Records revealed that the contractor had been paid Kshs.120,252,245 (92% of the contract sum) while the consultant had been paid Kshs.16,792,500 (75% of the contract sum) in the year 2022. No additional payments were made in the year under review.

Further, the project records revealed no progress from the year 2023 project status report. Management did not explain the failure to deliver the project, ten (10) years after the contract end date. The delayed completion of the project may lead to obsolescence of the already installed equipment resulting in loss of public funds.

3.5.8 State Department for Housing and Urban Development - Vote 1094

i. Uncollected Rent Revenue from Government Houses

The total number of Government houses across the country as at 30 June, 2024 stood at forty-nine thousand, five hundred and fifty-five (49,555) with an expected monthly rental income of Kshs.109,799,669 resulting to an annual rent potential of Kshs.1,317,596,028 assuming full occupancy. However, the rent collections on Government houses for the year under review amounted to Kshs.974,753,049 resulting to an under-collection of Kshs.342,842,979 or 26%. The under-collection of rent was likely to impact negatively on the ability of the State Department to meet its revenue and expenditure targets.

ii. Boarded Houses

Review of the Government houses inventory held by the State Department for Housing and Urban Development showed that, five thousand three hundred and ninety-seven (5,397) Government houses had been boarded countrywide either through demolition, transfer to other entities, natural perils (fire, flooding, condemned, re-development) or converted to office for other entities. The boarding of the houses had depleted the Government houses resulting to revenue loss and reduced availability of houses for critical Government services. These boarded houses had an estimated annual rent of Kshs.176,829,360 assuming full occupancy. However, despite the boarding of the houses, there is no evidence that the State Department had embarked on re-stocking of the Government houses pool/inventory.

3.5.9 State Department for Sports - Vote 1132

i. Construction and Demolition of Jamuhuri Posta Sports Ground

Review of documents revealed that the State Department awarded three (3) contracts totalling Kshs.1,200,290,692 for the construction of proposed Jamuhuri Posta Sports Ground in Nairobi County. The construction was undertaken in two (2) phases at a cost of Kshs.609,610,710 for Phase I and Kshs.406,361,187 for Phase II and additional works of Kshs.184,318,795. The scope of works included the construction of three (3) football fields, one (1) rugby pitch, as well as access roads and landscaping.

However, physical audit verification conducted in September, 2024 revealed that Talanta Stadium, which will host the AFCON 2027 championships, was under construction on the same grounds. The ongoing construction work resulted in the demolition of two football pitches, two restrooms, and access roads which had been constructed earlier. In addition, the street lights erected were not functioning and the chain link fence built around the property had been vandalized.

ii. Unoccupied Office Space at Maktaba Kuu Building

The State Department signed a contract with a contractor on 20 April, 2022 for partitioning of first, second, and third floors of the Maktaba Kuu Building in Nairobi to house the State Department's offices. The contract amount was Kshs.98,912,315 with the expected contract duration of twenty-four (24) weeks. The work was completed in the month of August, 2023. However, physical verification done in September, 2024 revealed that the State Department had not occupied the offices, instead the Cabinet Secretary and Permanent Secretary had relocated to Talanta Plaza. Further, Kshs.63,923,644 was billed to the State Department as rent arrears for the unoccupied space. No satisfactory explanation was given for the State Department's failure to utilize the office space.

3.5.10 State Department for Social Protection and Senior Citizen Affairs – Vote 1185

i. Encroachment of Land for Children Institutions

As previously reported, various parcels of land for children remand homes, rehabilitation centers, and rescue centres lack ownership documents and have been encroached as indicated below:

a) Getathuru National Reception, Assessment and Classification Centre

The Getathuru Center, situated in Nairobi County's Westlands Sub-County along Lower Kabete Road occupied about 17 hectares. However, a Chinese Construction Company was given about 5 hectares to set up their building site as they built the Redhill-Waiyaki Way by-pass. The Company built a double permanent perimeter wall on the property as a residence and a yard for machinery. However, no lease agreement was provided, making it difficult to determine the terms under which the property was leased. Further, it was not explained why the Construction Company continued to use the property about three (3) years after the bypass had been completed.

b) Wamumu Rehabilitation School

Wamumu Rehabilitation School occupied approximately 74.6 hectares of land, out of which, approximately 40.5 hectares of land was allocated to KEMRI and approximately 26 hectares are in the process of being allocated to a local group. However, no approval documents were provided for the allocation. Further, documents provided revealed that, there was no correspondence between the Rehabilitation Center, the Director of Children Services, the County Coordinator for Kirinyaga National Lands Commission, and the Principal Secretary for the State Department of Social Protection, which is an indication of irregular transfer of the parcel of land.

c) Othaya Rehabilitation School

Othaya Rehabilitation School had approximately 9.8 hectares of land. However, a physical verification revealed that the land had not been fenced off and lacked ownership documents.

d) Muranga Children's Remand Home

The Muranga Children's Remand Home occupied approximately 0.9 hectares parcel of land. However, the Home had no fence and had been encroached upon by private developers who have put up permanent buildings on the land.

e) Thika Rescue Centre

Thika Rescue Center occupied approximately 10.1 hectares. However, the parcel of land had not been fully fenced. Management had done little to safeguard the public land from encroachment and alienation.

3.5.11 State Department for Petroleum - Vote 1194

i. Unsupported Stabilization of Petroleum Pump Prices Payments

During the year under review, the State Department paid an amount of Kshs.47,263,760,741 to Oil Marketing Companies (OMCs) as compensation for lower prices charged at the pump against actual set prices, as per stabilization of petroleum pump prices mechanism. However, review of documentations in respect of administration of the subsidies revealed that the State Department had not formed a Multi-Agency Team to review the total resource requirement and assess the sustainability of the fuel price stabilization programme as advised by The National Treasury. Further, the State Department had not developed a governance framework for stabilization of fuel prices and compensation mechanisms as required.

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

In March 2023, the Government of Kenya implemented a system of importation of petroleum products for local and transit markets through Government to Government (G-to-G) framework, as a measure of mitigating against declining value of the Kenyan currency. The framework was governed by Memoranda of Understanding (MoUs) and Master Framework Agreements (MFA) between the Government of Kenya and international oil exporters.

Review of records provided in respect of the framework revealed several anomalies and inconsistencies which included nomination of importers of bulk petroleum by international oil suppliers against provisions of MOUs, lack of letters supporting termination of a nominated importer and appointment of two (2) new importers, and lack of deed of adherence for five (5) new banks included in a tripartite agreement between The National Treasury, local importers and a commercial bank.

In addition, during implementation of the program, a total of USD 19,849,897 (approximately Kshs.2,540,786,853) was recovered through pump prices in respect of shortfall financing. However, the inclusion of the costs in pump prices lacked approval from the Energy and Petroleum Regulatory Authority (EPRA) Board. Similarly, during the July - August and August - September 2023 pricing cycles, a legal fee of USD 5.5868 per metric ton of super petrol was charged to pump prices translating to Kshs.662,946,736

and Kshs.291,709,830 respectively. However, justification and approval for inclusion of the fees in pump prices was not provided. Further, the nature of the fees and the beneficiaries were not disclosed.

Further, during the period between March 2023 to June 2024, a total of USD 30,711,739.18 (Equivalent to Kshs.3,977,784,459) in demurrage charges were passed to consumers through pump prices. However, the charges were not supported by requisite documentation, including claims from suppliers, demurrage committee minutes approving payments, and reasons for payment.

In the circumstances, the legality of the Government to Government (G-to-G) framework petroleum importation scheme, and existence of sufficient controls to safeguard against misappropriation of public funds and additional costs to customers by private entities involved in importation of fuel on account of Government guarantee could not be confirmed.

Detailed findings are contained in the National Government Consolidated Audit Report (Blue Book).

3.5.12 State Department for Gender and Affirmative Action – Vote 1212

Poor Succession Planning

The Human Resource Policies and Procedures Manual for the Public Service, 2016 requires authorized Officers to develop, update and maintain a skills inventory for all officers in their respective State Departments for purposes of identifying the available, and the required skills. The inventory should guide training, recruitment and succession management decisions. However, review of payroll data for the State Department revealed that, over forty-four percent (44%) of the staff were above fifty (50) years of age. As a result, in the next few years, the succession of the entity will be doubtful considering the expected reduced manpower due to retirements.

3.5.13 State Department for Public Service - Vote 1213

i. Lack of Legal Framework for Huduma Kenya Secretariat

Gazette Notice No. 2177 of 4 April, 2014 established the Huduma Kenya Service Delivery Programme under the oversight of Service Delivery Summit. The Summit is required to meet twice a year. Further, a Technical Committee was formed chaired by the Cabinet Secretary for Devolution or Cabinet Secretary for Interior and drew membership from nine (9) Principal Secretaries and the Solicitor General. The function of the Technical Committee includes developing policy and legislation for the Huduma Kenya Secretariat for approval by the Service Delivery Summit. However, since its inception in the year 2014, Huduma Kenya Secretariat had no policy and legislative framework for its existence as required by the Gazette notice No. 2177.

In addition, the minutes of the meetings by the Service Delivery Summit which is meant to meet twice a year and the Technical Committee were not provided for audit review. In the circumstances, legality of the Huduma Kenya Secretariat operations could not be confirmed.

ii. Lack of Lease Agreement Between Huduma Kenya Secretariat and Postal Corporation of Kenya

During the year under review, the State Department for Public Service incurred an expenditure of Kshs.282,773,447 on rental of produced assets. However, excluded from the payments are rental charges for twenty-three (23) Huduma Centres housed inside Postal Corporation of Kenya buildings which are spread throughout the country without any lease agreements. Audit inspection revealed that confirmation of actual space occupied and valuation by the Centres is ongoing.

Further, the Attorney General's legal opinion on the claim by the Postal Corporation of Kenya (PCK) for payment of Kshs.1,669,169,202 in respect of rent and utilities consumed by the Huduma Centres, advised the Postal Corporation of Kenya to liaise with the Accounting Officer of the State Department for Public Service to obtain a reasonable amount for the rent to be claimed, and seek further mediation by the Chief of Staff and Head of Public Service in the event both parties are unable to agree.

3.5.14 State Law Office and Department of Justice - Vote 1252

i. Wasteful Payment for Rent

During the year under review, the State Law Office and Department of Justice paid rent amounting to Kshs.20,880,000 to Central Bank of Kenya Staff Pension Scheme for office space on the 18, 19 and 20 floors of the Central Bank of Kenya Pension Towers. However, physical inspection carried out at the building in November, 2024 revealed that the offices were yet to be occupied by staff. The payment of rent for unoccupied office space is against the principles of prudent financial management.

ii. Irregular Payment of Rent on Expired Leases

Records provided for audit indicate that an expenditure of Kshs.954,708,726 was incurred in respect of use of goods and services. The expenditure included Kshs.76,819,086 incurred on rental of produced assets. Review of lease documents revealed that the Department paid property owners rent amounting to Kshs.2,284,799 for nine (9) regional offices whose lease agreements had expired, with some having expired in April, 2022. Management did not provide explanation for the failure to renew the lease agreements.

3.5.15 Public Trustee of Kenya - Vote 1252

Failure to Automate Beneficiaries Financial Records

Review of financial records and business processes revealed that the Public Trustee of Kenya maintained its records in a manual form and had over 50,000 ledgers and an average annual disbursement of Kshs.3,000,000,000 to beneficiaries in the Headquarters and twelve (12) regional offices. However, the task of updating manual records which have aged was challenging despite reasonable precautions to guard against damage. There is need to design automated systems to help in updating beneficiaries' financial records.

Further, review of records revealed that fees collected by the ex-official agents were deposited directly to the revenue collection account of State Law Office. However,

surrenders of revenue collected were not provided to the Public Trustee. In addition, the returns on the value of estate administered and balances in the books of accounts were not provided to the Public Trustee regularly.

3.5.16 The Judiciary - Vote 1261

i. Failure to Operationalize Courts

Review of documents provided for audit and inspection of the court stations revealed that, The Judiciary had one hundred and seventy-five (175) courts that had been gazetted. However, as at 30 June, 2024, only one hundred and forty-one (141) of these Courts or 83% were operational. Among the non-operational Courts were eleven (11) that were established in 2020 in Zombe, Borabu, Matiliku, Usigu, Kasarani, Masinga, Manga, Garbatulla, Marigat, Kikima and Kobujoi. No records were provided outlining any plans to operationalize the remaining Law Courts thereby affecting the effectiveness of service delivery to the public.

ii. Condemned New Office Building at the Mombasa Law Courts

Records provided for audit indicate that, The Judiciary signed a contract for the construction of the Mombasa Law Courts in 2016/2017 financial year at a contract sum of Kshs.445,173,323. Construction of the building began in September, 2017 and a completion certificate was issued in June, 2021. However, audit inspection at the Mombasa Law Courts and reports from the Ministry of Lands, Public Works, Housing and Urban Development revealed that the newly constructed court building remains unoccupied due to significant structural defects which render it unsafe for use. Further, a final structural assessment report by the Ministry dated 17 May, 2024 recommended the demolition of the building due to high costs associated with repair works. In the circumstances, the public did not obtain value for money for the amount of Kshs.445,173,323 spent on the court building.

3.5.17 Independent Electoral and Boundaries Commission – Vote 2031

i. Failure by The National Treasury to Operationalize the Commission Fund

Review of financial records indicated that the Commission received funding from The National Treasury in form of Exchequer Issues totalling Kshs.4,483,268,000. This was due the failure by the Cabinet Secretary to The National Treasury to operationalize the Commission's Fund.

Further, the Commission's expenditure relating to salaries, allowances and other remuneration, travelling and subsistence allowances for the employees and members of committees of the Commission and other operational expenses were not paid from the Fund.

ii. Failure to Use the E-Procurement System

During the year, the Commission procured goods and services totalling Kshs.136,099,522 at its County Offices. Review of the payment records supporting the expenditure revealed that the procurement was done outside e-Procurement system and manual returns were sent to the Head Office for further processing. This was contrary to

Regulation 54 of the Public Procurement and Asset Disposal Regulations, 2020 which requires procuring entities to use the e-procurement system.

iii. Failure to Appoint Commissioners

Review of the Commission's governance structure revealed that it had been operating without Commissioners since the departure of all former members between December, 2022 and January, 2023. Lack of the full Commission had adversely affected its ability to effectively carry out its mandate as outlined in Articles 88(4) and 89(2)(3) of the Constitution of Kenya.

Lack of Commissioners had hindered making of key policy decisions and strategic directives as well as the Commission's capacity to formulate policies and strategies and oversee its Secretariat. During the year under review, the Commission failed to;

- conduct thirteen (13) pending by-elections,
- delimit the electoral units by reviewing the names and boundaries of constituencies,
- continuously register citizens as voters and revise the voters roll, and
- fill vacant positions including thirty (30) county accountants, thirty-two (32) county supply chain management assistants, thirty (30) senior elections officers and nineteen (19) assistant elections officers among others.

iv. Deficiencies in the Biometric Voter Registration (BVR) and Kenya Integrated Elections Management System (KIEMS) Kits Controls

As previously reported, review of the Commission's KIEMS kits maintenance report revealed that between 2017 and 2022 the Commission procured a total of fifty-nine thousand one hundred (59,100) KIEMS kits which comprised forty-five thousand Morpho kits (45,000) (2017) and fourteen thousand one hundred (14,100) VIU-100 (Smartmatic) (2022). However, it was observed that a total of three thousand, four hundred and thirty-three (3,433) KIEMS kits were faulty, two hundred (200) KIEMS kits were not returned after the 2017 and 2022 general elections, two (2) were reported as lost, and thirty (30) were burnt in Wajir County. Further, one hundred and fifty-nine (159) kits dispatched for by-elections and petitions were yet to be returned to the Election Technology Centre leaving the Commission with only 55,286 (fifty-five thousand, two hundred and eighty-six) kits.

In addition, field visit to Karachuonyo IEBC Constituency office revealed that the premises and storage areas were in poor condition and thirty-one (31) BVR laptops and forty-five (45) chargers were reported missing. The loss was reported to have occurred on 26 August, 2021. Further, there was inadequate accounting of the stores records and no reconciliation had been done.

Similarly, field visit to IEBC offices in Kisii County revealed variances between store records provided for Nyanza South BVR kits and a physical count. The store's ledger and stock control card recorded a balance of two hundred and ninety-seven (297) kits as at 20 May, 2022. However, the stock take balance recorded was two hundred and seventy-one (271) resulting in an unexplained variance of twenty-six (26) kits. Further, physical

verification carried out in September, 2024 revealed that a total of seventy-nine (79) kits had no hard disks while two hundred and fifteen (215) were empty.

3.6 Audit of Donor Funded Projects

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

i. Low Absorption of Funds/Undrawn Balances

During the year under review, there was low absorption of funds in forty-four (44) projects as detailed in **Appendix F.** Although the projects periods were ending, some funds had not been absorbed, posing risks that the projects would end without implementing all the planned activities and therefore not meeting all the projects objectives.

ii. Ineligible Expenditures

Ineligible expenditures amounting to Kshs.1,325,647,048 were observed in ten (10) projects as detailed in **Appendix G.**

iii. Interest on Delayed Payments

During the year under review, a total expenditure of Kshs.4,374,767,142 was incurred being interest on delayed payments as detailed in **Appendix H.**

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

Contrary to provisions of Regulation 76(1) of the Public Finance Management (National Government) Regulations, 2015 and the financing agreements, sixteen (16) projects failed to open separate bank accounts. Project funds were, therefore, comingled with the funds of the implementing agencies as shown on **Appendix I.**

v. Counterpart Funding Issues

The Government of Kenya and the respective County Governments did not provide for and/or disburse to the projects counterpart funds in accordance with the financing agreements for at least eighteen (18) projects as shown on **Appendix J**.

vi. Failure to Close Projects and Idle Funds/Bank Balances

The financing agreements stipulate the project commencement and closure dates after which Management are expected to commence closure procedures. However, the audit observed that Management had not commenced closure procedures for twenty-eight (28) projects and programs whose financing agreements had lapsed as shown on **Appendix K.**

vii. Procurement Issues

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

- Signing of a procurement contract before lapse of fourteen (14) days contrary to Section 68(2) of the Public Procurement and Asset Disposal Act, 2015.

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

3.7 Other Observations

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

3.7.1 Inaccuracies in the Financial Statements

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

a) Differences between supporting schedules and reported amounts.

b) Mis-posting of entries - posting to wrong accounts, unauthorized reallocation of funds.

c) Variances between reported amounts and Ledger Balances.

d) Understatement of pending bills.

e) Unreconciled variances.

3.7.2 Inadequacies in the Integrated Financial Management Information System

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

(i) Improved financial controls through reliable and timely financial information.

(ii) Improved accounting, recording and reporting of financial aspects through timely and accurate provision of financial data.

These benefits are yet to be fully realized.

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

i. Balances reflected in the financial statements submitted for audit were at variance with balances in the Trial balance/Ledgers extracted from IFMIS.

ii. Balances reflected in the financial statements /ledgers were at variance with balances in the IFMIS supporting schedules.

iii. The reported balances for recurrent, development and deposit bank balances as well as cash in hand balances were at variance with the IFMIS amounts.

iv. Some payments were made in IFMIS but could not be traced to the financial statements, whereas some payments in the financial records were not posted in IFMIS.

v. There were instances where accounting for AIEs issued to National Government officers in County offices were not processed in IFMIS but were instead done manually, since the offices were not linked to IFMIS.

vi. Review of the transactions in IFMIS revealed cases where numerous transactions were cancelled (voided) in the system but no evidence was provided to confirm that the cancellation was approved.

vii. Override of internal controls was noted where an account was created in IFMIS under an individual's name which occasioned loss of funds, an indication that the internal controls in IFMIS were not effective.

3.7.2.3 The inadequacies point to both control weaknesses in the IFMIS system and evidence of transactions processed manually outside IFMIS. The Government has invested heavily in the acquisition, re-engineering and maintenance of IFMIS since its inception. However, the perennial discrepancies between IFMIS generated amounts and the financial statements amounts raise concerns on the effectiveness and efficiency of the system. It is also an indicator of lack of adequate internal controls and governance and failure to perform monthly reconciliations.

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

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

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

3.7.2.7 Review of procurement processes in public procuring entities revealed that, by the time of the audit, the entities' procurement processes had not been linked with the Integrated Financial Management Information System as per Executive Order No. 2 of 2018. The Order had directed that by 01 January, 2019, The National Treasury was to facilitate seamless integration of all public procurement entities to the Integrated Financial

Management Information System and that by that same date, all Public Procuring entities would undertake all their procurement through the e-procurement module. Most of the non-complying procuring entities blamed The National Treasury for failing to create the integration platform.

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

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

3.7.3 Unsupported Expenditure – Kshs.2,047,844,601

During the year under review, the audit revealed unsupported expenditure totalling Kshs.2,047,844,601. This was comprised of Kshs.783,902,856 and Kshs.1,263,941,745 under Ministries, Departments and Agencies (MDAs) and Donor Funded Projects respectively, as detailed in Table 38 and Table 39 below:

Table 38: Unsupported Expenditure - MDAs

No.	Vote	Ministry/Department/Agency	Amount (Kshs.)	Description/Details
1	1261	The Judiciary	406,785,305	Unsupported expenditure in respect of personal allowances of Kshs.182,390,324, leave allowance of Kshs.131,318,155 and foreign travel of Kshs.93,076,826 all totalling Kshs.406,785,305
2	1072	State Department for Economic Planning	195,245,580	Unsupported training expenses
3	1185	State Department for Social Protection	165,186,355	Unsupported expenditure domestic travel and subsistence of Kshs.98,628,960, cash payments of Kshs.41,282,970, fuel and lubricants of Kshs.25,274,425.
4	1104	State Department for Irrigation	9,047,541	Unsupported fuel expenditure
5	1192	State Department for Mining	7,638,075	Unsupported use of goods
		Total	**783,902,856**	

Table 39: Unsupported Expenditure - Donor Funded Projects

No.	Project	Amount (Kshs.)	Description/Details
1	Bogoria Silali Geothermal Project - GDC	980,911,677	Unsupported Kshs.535,616,034 for National Oil of Kenya and Kshs.445,295,643 for Galana Energies Limited.
2	Financing Locally-Led Climate Action Program IDA	123,046,884	unsupported domestic travel and subsistence allowance
3	Secondary Education Quality Improvement Project	60,360,050	The consultants did not have clerks of works to supervise construction works as required in contract
4	Improvement of Rural Roads and Market infrastructure KFW - KERRA	35,005,463	Unsupported consultancy services.
5	USAID Boresha Jamii Project NO. 72061521CA00004	23,670,676	Unsupported fringe benefits
6	Lake Victoria Water and Sanitation Project CKE 1093 02M	17,849,476	unsupported overpayment
7	Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero (A1) Road Rehabilitation	15,000,000	compensation for loss of business to persons who had built structures on the KeNHA road reserve in Daraja Mbili-Nyamataro-Kisii town-Suneka Junction
8	Africa Center of Excellence in Sustainable Use of Insects as Food and Feeds Project	2,866,000	unsupported field activities expenses
9	MOH - Global Fund Tuberculosis Funding Model KEN-T-TNT-2067	2,817,000	Unsupported training services expenditure
10	Horn of Africa Groundwater for Resilience Project-Kenya Credit No. P174867 - Water Sector Trust Fund	1,500,000	Fuel expenses
11	Technical Support Programme (TSP) Project	914,519	Unsupported refunds to the European Union
	Total	**1,263,941,745**	

Failure to support or provide requisite documents for audit is in breach of Section 62 of the Public Audit Act, 2015 which states that a person who without justification, fails to provide information required under the Act or without justification fails to provide information within reasonable time or submits false or misleading information commits an offence and is liable on conviction to a fine not exceeding five million shillings or to imprisonment for a term not exceeding three years, or to both.

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

of the Act requires the Accounting Officer to ensure that the entity keeps financial and accounting records that comply with the Act.

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

3.7.4 Stalled/Delayed Projects

The Government has continued to incur huge expenditure on projects which had either stalled or had remained incomplete long after their completion dates had elapsed. Some of the stalled projects are attracting penalties due to delays in payment of completion certificates of milestones already achieved, while others have been revised to amounts higher than the original contract sum leading to cost escalations. In addition, payments have been made to projects which appear to have completely stalled casting doubt on value for money for such expenditure. Some of the entities with stalled and delayed projects in respect of donor funded projects are detailed in **Appendix M** while stalled and delayed projects for MDAs are listed in Table 40 below:

Table 40: Stalled/Delayed Projects for MDAs

S/No.	Vote	Ministry, Dept./ Agency	Contract Amount (Kshs.)	Amount paid as at 30 June, 2024 (Kshs.)	Description
1	2043	Parliamentary Joint Services	4,257,000,000	934,598,854	Delayed completion of the Center for Parliamentary Studies and Training
2	1065	State Department for Higher Education and Research	1,017,842,958	223,925,451	Stalled Project on Science and Technology Parks at Dedan Kimathi University
3	1175	State Department for Industry	107,101,302	98,401,302	Incomplete and poor workmanship on Female Hostels, Central Stores and Ablution Block
4	1095	State Department for Public Works	2,036,642,820	-	Delayed completion of County Headquarters for Tharaka-Nithi, Nyandarua, Isiolo and Tana River Counties
5	1169	State Department for Agriculture	53,075,680	8,771,722	Delayed construction of Mwendi Urithi Lailuba drying and storage facility in Meru County
			-	9,865,420	Delayed drilling and equipping of Laare Ultra-Modern Market Borehole in Meru County
			32,080,302	26,210,755	Delay in completion of Homabay ATDC Office block
6	1094	State Department for Housing and Urban Development	147,766,679	5,212,826	Stalled construction of Kasarani, Gilgil and Mzee wa Nyama Markets-Cluster 51

S/No.	Vote	Ministry, Dept./ Agency	Contract Amount (Kshs.)	Amount paid as at 30 June, 2024 (Kshs.)	Description
7	1112	State Department for Lands and Physical Planning	198,664,726		Delayed completion of five (5) land registries/offices
8	1082	State Department for Medical Services	2,959,511,555	1,099,686,586	Delayed completion of Pediatric Emergency Centre and Burns Management Centre
			-	283,032,102	Delayed construction of Kisii Cancer Centre
			-	-	Sixteen (16) equalization fund projects of undetermined value had stalled.
			61,845,550	32,390,255	Delayed installation of medical gases
9	1064	State Department for Technical Vocational Education and Training	48,473,504	26,700,000	Stalled construction of Chepareria Technical Training Institute
			46,992,333	39,571,911	Delayed construction of proposed Ngeria Technical and Vocational College
			59,062,878	57,039,820	Delayed construction of Mt.Elgon Technical and Vocational College
10	1083	State Department for Public Health and Professional Standards	29,077,375	-	Delayed construction of microwave medical waste housing
11	1092	State Department for Transport	130,739,261	120,252,245	Delayed completion of Transport Data Centre
12	1104	State Department for Irrigation	478,513,313	37,390,959	Stalled Construction of Anyiko - Ujwanga - Kathieno Irrigation Project in Siaya County
			7,374,000	-	Stalled drilling and equipping of borehole at Ganda Primary School in Kwale County
13	1184	State Department for Labour and Skills Development	442,723,947	244,023,001	Delayed completion of the construction of National Emplyment Promotion Centre
			114,039,118	95,291,477	Stalled completion of Occupational Safety and Health (OSH) Institute Phase I
14	2061	Commission on Revenue Allocation	117,011,951	97,747,781	Delayed completion of Office partitioning works at Prism Towers
15	1025	National Police Service	105,365,412	-	Construction works at Laisamis Police Station
16	1193	State Department for Petroleum	1,287,442,100	-	Stalled Mwananchi gas project
17	1109	State Department for Water and Sanitation	49,703,413	-	Delayed completion of Boreholes Projects
18	2091	Teachers Service Commission	122,563,447	-	Delayed completion of Machakos and Kilifi County Offices

S/No.	Vote	Ministry, Dept./ Agency	Contract Amount (Kshs.)	Amount paid as at 30 June, 2024 (Kshs.)	Description
19	2071	Public Service Commission	97,022,400	67,887,380	Delayed completion of the Integrated Management Information System (IMIS) awarded in 2015/2016
			66,090,890	26,219,344	Delayed completion of the construction of additional offices awarded in 2019/2200
20	1162	State Department for Livestock Development	21,880,012	7,550,695	Stalled construction of Training block at Narok Regional Pastoral Training Center
21	1041	Ministry of Defence	21,946,793,240	3,167,246,096	Stalled infrastructure modernization and development projects
22	1032	State Department for Devolution	890,829,345	250,000,000	Stalled proposed Africities Convention Center Project in Kisumu County
23	1026	State Department for Internal Security and National Administration	1,156,511,930	833,655,487	Stalled eight (8) development projects
24	1023	State Department for Correctional Services	24,850,993	22,365,893	Delayed construction of the collapsed perimeter wall at Shimo La Tewa Maximum Prison
			123,109,140	37,817,796	Stalled construction projects in various correctional facilities

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

3.8 Land Without Ownership Documents

The following MDAs did not have land ownership documents as detailed in Table 41 below:

Table 41: Land Without Ownership Documents

Vote	Ministry, Department/ Agency	Description
1169	State Department for Agriculture	The State Department does not have ownership documents for land where a grain storage and drying facility at Mogogosiek in Bomet County is constructed. Further, the State Department does not have ownership documents for land where Homa-Bay ATDC Office block is constructed.
1094	State Department for Housing and Urban Development	Lack of ownership documents for land where the affordable houses projects are being implemented

Vote	Ministry, Department/ Agency	Description
1082	State Department for Medical Services	The State Department did not provide a title deed for the parcel of land where Ministry of Health headquarters building is located
1252	State Law Office and Department of Justice	The Office did not provide a sale agreement and title deed for a parcel of land in Malindi
2031	Independent Electoral and Boundaries Commission	The Commission does not have ownership documents for various parcels of land spread across the Country
1025	National Police Service	The Service does not have ownership documents for various parcels of land spread across the Country
1166	State Department for the Blue Economy and Fisheries	The State Department did not provide ownership documents for various parcels of land spread across the Country
2091	Teachers Service Commission	The Commission does not have title deeds for eight (8) parcels of land
1192	State Department for Mining	The State Department does not have ownership documents for land where Kwale regional office is located
1162	State Department for Livestock Development	Land allocated to a training institute in Nyahururu in 2004 had not been transferred to the State Department
1134	State department for Culture, The Arts and Heritage	Ownership documents for two parcels of land were not provided. Further, ownership documents for land where Wundanyi Youth Resource Centre is being constructed were not provided
1066	State Department for Basic Education	Various schools across the Country do not have land ownership documents
1053	State Department for Foreign Affairs	The State Department does not have ownership documents for Kenya Mission in Tel Aviv, Israel
1026	State Department for Internal Security and National Administration	The State Department did not provide ownership documents for various parcels of land spread across the Country
1185	State Department for Social protection and Senior Citizen Affairs	The State Department did not provide ownership documents for Othaya Rehabilitation School
1023	State Department for Correctional Services	The State Department does not have ownership documents for various correctional facilities

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

3.9 Other Audit Matters

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

3.9.1 Unresolved Prior Year Audit Issues

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

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

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

(a) take the relevant steps to implement the recommendations of Parliament on the report of the Auditor-General; or

(b) give explanations in writing to Parliament on why the report has not been acted upon.

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

4.0 Compliance and Governance Issues

4.1 I carried out compliance audits by assessing whether the National Government entities complied with laws, regulations, policies and guidelines regulating public spending when incurring expenditure for the year ended 30 June, 2024. I also evaluated whether the public realized value for money in the management and use of public resources. Further, I evaluated the effectiveness of the governance structures, risk management and internal controls implemented by National Government entities for orderly, efficient and effective operations.

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

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

During the year under review, forty-seven thousand two hundred and seventy-four (47,274) employees in the National Government Ministries, Departments and Agencies earned a net salary less than one-third (⅓) of their basic salary. This was contrary to Section19(3) of the Employment Act, 2007 which states that all deductions made by an employer from the wages or salaries of his employees at any one time shall not exceed two thirds of such wages or salaries. The details are indicated in Table 42 below;

Table 42: MDAs Affected by One-Third of Basic Salary Rule

No.	Vote	Ministry, Department or Agency	2022/2023 Number of Staff Affected	2023/2024 Number of Staff Affected
1.	1071	The National Treasury	155	184
2.	1011	Executive Office of the President	-	20
3.	1012	Office of the Deputy President	-	42
4.	1014	State Department for Parliamentary Affairs	-	8
5.	1015	State Department for Performance and Delivery Management	-	5
6.	1016	State Department for Cabinet Affairs	-	19
7.	1017	State House	-	78
8.	1023	State Department for Correctional Services	4,082	2,535
9.	1024	State Department for Immigration and Citizen Services	-	1,275
10.	1025	National Police Service	-	36,662
11.	1026	State Department for Internal Security and National Administration	-	3,815
12.	1032	State Department for Devolution	-	26
13.	1036	State Department for the Arid and Semi-Arid Lands and Regional Development	-	10
14.	1053	State Department for Foreign Affairs	-	165
15.	1054	State Department for Diaspora Affairs	-	7
16.	1064	State Department for Technical, Vocational Education and Training	215	222
17.	1066	State Department for Early Learning and Basic Education	83	-
18.	1081	Ministry of Health	168	-
19.	1082	State Department for Medical Services	-	386
20.	1083	State Department for Public Health and Professional Standards	-	59
21.	1091	State Department for Roads	131	12

No.	Vote	Ministry, Department or Agency	2022/2023 Number of Staff Affected	2023/2024 Number of Staff Affected
22.	1093	State Department for Shipping and Maritime Affairs	-	4
23.	1094	State Department for Housing and Urban Development	45	36
24.	1104	State Department for Irrigation	-	20
25.	1109	State Department for Water and Sanitation	19	-
26.	1112	State Department for Lands and Physical Planning	165	8
27.	1123	State Department for Broadcasting and Telecommunications	14	36
28.	1162	State Department for Livestock Development	-	52
29.	1166	State Department for the Blue Economy and Fisheries	-	5
30.	1184	State Department for Labour and Skills Development	-	91
31.	1185	State Department for Social Protection and Senior Citizen Affairs	126	437
32.	1202	State Department for Tourism	-	21
33.	1213	State Department for Public Service	-	9
34.	1221	State Department for East African Community Affairs	-	14
35.	1252	State Law Office and Department of Justice	162	34
36.	1261	The Judiciary	-	551
37.	1291	Office of the Director of Public Prosecutions	75	100
38.	1311	Office of the Registrar of Political Parties	-	5
39.	1331	State Department for Environment and Climate Change	-	41
40.	2021	National Land Commission	19	71
41.	2042	The National Assembly	-	18
42.	2043	Parliamentary Joint Services	-	30
43.	2051	Judicial Service Commission	-	5
44.	2071	Public Service Commission	12	69
45.	2081	Salaries and Remuneration Commission	-	21
46.	2101	National Police Service Commission	-	46
47.	2121	Office of the Controller of Budget	-	20
		Total	**5,471**	**47,274**

Management of the various Ministries, Departments and Agencies attributed the position to introduction of various statutory deductions such as 1.5% housing levy, 2.75% Social Health Insurance Fund (SHIF) and National Social Security Fund (NSSF) deductions. The changes happened when the affected officers had already committed their salaries

to mortgages, loans and other obligations, hence pushing their net salaries below a third ($^1/_3$) of the basic salary.

ii. Incomplete Fixed Assets Registers

During the year under review, it was observed that some twenty-six (26) Ministries, Departments and Agencies (MDAs) had inaccurate and incomplete fixed assets registers even though the MDAs reported fixed assets with a historical value of Kshs.413,252,002,995 as detailed in Table 43 below:

Table 43: MDAs with Inaccurate and Incomplete Fixed Assets Register

No.	Vote	Ministry/Department/ Agency	Fixed Assets Balance in (Kshs.)	Observations
1	1071	The National Treasury	82,814,047,266	The fixed assets register did not indicate details of the costs or net book values of the assets.
2	1072	State Department for Economic Planning	1,490,942,390	Review of the fixed assets register revealed that it was not updated as most of the assets did not have values.
3	1053	State Department for Foreign Affairs	0	The summary of fixed assets register did not indicate balance in historical cost brought forward, additions during the year, disposals during the year, transfers in/(out) during the year and historical cost carried forward.
4	1066	State Department for Basic Education	6,646,567,33	Special audit of the public secondary schools revealed that various schools did not have fixed assets registers.
5	1082	State Department for Medical Services	9,547,916,600	The assets register reflects Nil land balance. However, the State Department is in possession of three (3) title deeds for parcels of land of undetermined value. Further, the fixed assets balance excludes the Ministry of Health headquarters buildings and a list of twenty-four (24) medical equipment of undetermined value.
6	1083	State Department for Public Health and Professional Standards	87,792,919	The values of fourteen (14) motor vehicles were indicated as Not Applicable. The serial numbers of the duplex digital telephone headsets under ICT equipment were not indicated and the total amount in each category was not disclosed in the fixed assets register.
7	1104	State Department for Irrigation	1,182,017,165	Thirteen (13) motor vehicles were omitted from the asset register. Further, some assets in the register had their values captured as either zero, one or unknown and the State Department was unable to upload information on the assets in the system provided by The National Treasury as they had not been mapped. In addition, two Toyota Prado motor vehicles had been categorized as one vehicle and no

No.	Vote	Ministry/Department/ Agency	Fixed Assets Balance in (Kshs.)	Observations
				explanation was provided as to how one vehicle had two registration numbers.
8	1112	State Department for Lands and Physical Planning	6,758,209,845	The fixed assets register did not indicate details of the names of the assets owned, the date of acquisition, the cost of the assets, the assets location and the current status. Further, the asset register revealed various parcels of land that had not been valued or had no corresponding value/cost.
9	1123	State Department for Broadcasting and Telecommunications	320,331,476	Physical verification at the regional branches revealed that the assets were not tagged for ease of identification.
10	1134	State Department for Culture, the Arts and Heritage	189,651,574	The fixed assets register indicates Nil balance for land and buildings. No explanation was provided for the delay in updating the fixed assets register to include value of land and buildings.
11	1152	State Department for Energy	322,110,407,723	Physical verification of assets in November, 2024 revealed that several assets had not been tagged or assigned serial numbers for ease of identification.
12	1162	State Department for Livestock Development	6,555,576,263	Biological assets from Animal Health Industry Training Institutes (AHITIs) had not been included in the biological assets register.
13	1166	State Department for Blue Economy and Fisheries	8,054,878,381	The asset register lacked key information such as land description and location, fair value, acquisition and registration date, and ownership document number.
14	1184	State Department for Labour and Skills Development	548,339,002	Eight (8) parcels of land owned by the State Department but without ownership documents have been excluded from the register.
15	1185	State Department for Social Protection and Senior Citizens Affairs	1,344,888,423	The fixed assets register provided did not include cost, date of purchase and serial numbers of various listed fixed assets.
16	1212	State Department for Gender and Affirmative Action	718,594,641	Values for three (3) motor vehicles were not indicated while most assets had not been labelled for identification, control, traceability and for ease of verification.
17	1213	State Department for Public Service	778,818,082	The summary of fixed assets registers excluded assets located at Huduma Kenya Secretariat Headquarters. Further, seventeen (17) Huduma Centres did not maintain fixed asset registers while fourteen (14) Huduma Centres maintained incomplete fixed asset registers which did not capture details such as the value of the assets. In addition, the assets were not tagged for ease of identification and tracking.

No.	Vote	Ministry/Department/ Agency	Fixed Assets Balance in (Kshs.)	Observations
18	1252	State Law Office and Department of Justice	620,942,875	The assets held at the Headquarters and regional offices were not tagged for ease of identification.
19	1261	The Judiciary	31,770,849,000	Twenty-six (26) motor vehicles were disposed of during the year under review. However, the disposal of the vehicles was not reflected in the summary of fixed asset register. Further, the asset register did not include information on date acquired, cost of the asset, serial number, tag number, asset condition, and current value of assets.
20	1291	Office of the Director of Public Prosecutions	1,403,926,906	Some 146 motor vehicles and 7 motorcycles owned by the Office were not recorded in the assets register.
21	1331	State Department for Environment and Climate Change	0	Annex 2 to the financial statements on summary of fixed assets register omitted opening balance of Kshs.554,666,775 and reflects a Nil balance as at 30 June, 2024. However, the register reflects additional assets of Kshs.130,220,576 procured in the year under review comprising of ICT equipment, office equipment and furniture and fittings and machinery and equipment.
22	2031	Independent Electoral and Boundaries Commission	1,869,424,000	The Commission did not maintain comprehensive assets register for recording land, buildings, motor vehicles, furniture and intangible assets. In addition, the assets were not tagged with unique identification numbers.
23	2041	Parliamentary Service Commission	8,458,397,462	Management did not maintain an asset register to keep track of the assets and the assets were not tagged.
24	2042	The National Assembly	1,060,376,243	The National Assembly did not maintain an asset register during the year under review to keep track of its assets.
25	2043	Parliamentary Joint Services	9,712,731,260	A fixed assets register was not maintained.
26	2141	National Gender and Equality Commission	157,933,155	Physical inspection carried out in October 2024, revealed that several assets were not tagged. In addition, serial numbers of some printers, desktops, laptops and other electrical and electronic equipment were not indicated in the register for ease of identification and tracking.
		Total	**413,252,002,995**	

The National Treasury on 15 May, 2024 required the National and County Governments and their respective entities to apply IPSAS Accrual based standards with effect from 01 July, 2024. In addition, the Public Sector Accounting Standards Board required all entities transitioning to accrual reporting to identify all the assets and liabilities and apply

the policies on National Assets and Liabilities for guidance on matters relating to valuation, asset classification, capitalization thresholds and depreciation rates.

As a result of incomplete and inaccurate asset information, the National Government entities may encounter challenges in transitioning from cash to accrual accounting when accounting for assets in the financial statements. The Accounting Officers should therefore undertake an inventory of all assets, establish the cost or values of the assets using a Government valuer and confirm whether all assets are recorded in the assets register to ensure assets are properly recognized, disclosed and accounted for in the financial statements.

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

The main issues include the following:

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

iv. Value for Money Issues

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

v. Other Compliance and Governance Issues

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

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

5.0 The Equalisation Fund

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

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

5.3 The total accumulated entitlement to the Fund for the financial years 2011/2012 to 2023/2024 is Kshs.59,954,788,050 as at 30 June, 2024 as indicated in Table 44 below:

Table 44: Total Accumulated Entitlement – Equalisation Fund

Financial Year	Base Year for Most Recent Audited Revenues Approved by the National Assembly	Approved Audited Revenue (Kshs.)	Equalisation Fund Entitlement (Kshs.)
2011/2012	2008/2009	468,151,970,000	2,340,759,850
2012/2013	2009/2010	529,300,000,000	2,646,500,000
2013/2014	2009/2010	529,300,000,000	2,646,500,000
2014/2015	2012/2013	776,900,000,000	3,884,500,000
2015/2016	2012/2013	776,900,000,000	3,884,500,000
2016/2017	2012/2013	776,900,000,000	3,884,500,000
2017/2018	2012/2013	776,900,000,000	3,884,500,000
2018/2019	2012/2013	776,900,000,000	3,884,500,000
2019/2020	2012/2013	776,900,000,000	3,884,500,000
2020/2021	2016/2017	1,357,698,000,000	6,788,490,000
2021/2022	2016/2017	1,357,698,000,000	6,788,490,000
2022/2023	2017/2018	1,413,694,840,000	7,068,474,200
2023/2024	2019/2020	1,673,715,000,000	8,368,574,000
Total		**11,990,948,810,000**	**59,954,788,050**

5.4 Review of the financial statements for the Equalisation Fund for the year ended 30 June, 2024 revealed that only an amount of Kshs.13,430,000,000 or 22% out of the expected Kshs.59,954,788,050 of the total entitlement had been transferred to the Equalisation Fund Account. The National Treasury had not remitted the remaining balance of Kshs.46,524,788,050 to the Fund as at 30 June, 2024 and was, therefore, in breach of the Constitution.

5.5 In addition, out of the Kshs.13,430,000,000 transferred to the Fund Account, only Kshs.11,124,270,904 or 83% had been disbursed for the approved projects, through the parent Ministries to the identified Counties, leaving a balance of Kshs.2,305,729,096 still held in the Fund Accounts as at 30 June, 2024.

5.6 Comparison between the total entitlement of Kshs.59,954,788,050 and the disbursed amount of Kshs.11,124,270,904 represents a dismal overall performance of 19% for the thirteen (13) years since the inception of the Fund.

5.7 The Equalisation Fund, which had a lifespan of twenty (20) years, will lapse in 2031/2032 financial year if no extension is approved by Parliament as provided by Article 204(6) and (7) of the Constitution. Given the low level of disbursements as indicated above, the country is not likely to achieve the objectives of the Equalisation Fund, which is to improve the quality of requisite services in the marginalised areas within the set timelines, as envisaged by the Constitution.

APPENDICES

Appendix A: Unmodified Opinion

NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
1.	Executive Office of the President
2.	Office of the Deputy President
3.	Office of the Prime Cabinet Secretary
4.	State Department for Parliamentary Affairs
5.	State Department for Performance and Delivery Management
6.	State Department for Cabinet Affairs
7.	State House
8.	State Department for Correctional Services
9.	State Department for Immigration and Citizen Services
10.	National Police Service
11.	State Department for Internal Security and National Administration
12.	State Department for the Arid and Semi-Arid Lands and Regional Development
13.	Ministry of Defence
14.	State Department for Diaspora Affairs
15.	State Department for Technical, Vocational Education and Training
16.	State Department for Roads
17.	State Department for Transport
18.	State Department for Shipping and Maritime Affairs
19.	State Department for Housing and Urban Development
20.	State Department for Public Works
21.	State Department for Lands and Physical Planning
22.	State Department for Information Communication Technology and Digital Economy

Appendix A: Unmodified Opinion

NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
23.	State Department for Broadcasting and Telecommunications
24.	State Department for Youth Affairs and Creative Economy
25.	State Department for Co-operatives
26.	State Department for Trade
27.	State Department for Micro, Small and Medium Enterprises (MSMED) Development
28.	State Department for Investment Promotion
29.	State Department for Labour and Skills Development
30.	State Department for Tourism
31.	State Department for Wildlife
32.	State Department for Public Service
33.	State Department for East African Community Affairs
34.	Ethics and Anti-Corruption Commission
35.	National Intelligence Service
36.	Office of the Director of Public Prosecutions
37.	Office of the Registrar of Political Parties
38.	Witness Protection Agency
39.	State Department for Forestry
40.	Kenya National Commission on Human Rights
41.	National Land Commission
42.	Parliamentary Service Commission
43.	The National Assembly

Appendix A: Unmodified Opinion

NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
44.	Parliamentary Joint Services
45.	The Senate
46.	Judicial Service Commission
47.	Commission on Revenue Allocation
48.	Public Service Commission
49.	Salaries and Remuneration Commission
50.	Teachers Service Commission
51.	National Police Service Commission
52.	Office of the Controller of Budget
53.	The Commission on Administrative Justice
54.	National Gender and Equality Commission
55.	Independent Policing Oversight Authority
56.	The National Exchequer Account - The National Treasury
57.	Consolidated Fund Services - Salaries, Allowances and Miscellaneous Services – The National Treasury
58.	Revenue Statements of the Pensions Department – The National Treasury
59.	Receiver of Revenue Statements - Development - The National Treasury
60.	East Africa Tourist Visa Fee Collection Account – The National Treasury
61.	Receiver of Revenue Statements - State Department for Immigration and Citizen Affairs
62.	Revenue Statements – State Department for Internal Security and National Administration
63.	Receiver of Revenue Statements - Ministry of Defence
64.	Receiver of Revenue Statements – State Department for Lands and Physical Planning

Appendix A: Unmodified Opinion

NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
65.	Revenue Statements of the Business Registration Service
66.	Receiver of Revenue Statements - The Judiciary
67.	Ethics and Anti-Corruption Commission Staff House Mortgage and Car Loan Scheme
68.	Office of the Registrar of Political Parties Staff Mortgage and Car Loan Scheme
69.	Witness Protection Agency Staff Housing Mortgage Scheme Fund
70.	Witness Protection Agency Staff Motor Car Loan Scheme Fund
71.	Kenya National Commission on Human Rights Car Loan and Mortgage Scheme
72.	National Land Commission Staff Car Loan Scheme
73.	Independent Electoral and Boundaries Commission Staff Mortgage and Car Loan Scheme
74.	Parliamentary Car Loan Scheme Fund
75.	Salaries and Remuneration Commission Mortgage and Car Loan Scheme Fund
76.	National Police Service Commission Staff Car Loan and Mortgage Scheme Fund
77.	Office of the Controller of Budget Staff Mortgage and Car Loan Scheme
78.	Commission on Administrative Justice Staff Mortgage and Car Loan Fund
79.	Independent Policing Oversight Authority Mortgage and Car Loan Scheme
80.	Global Fund to Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care Program (Grant Agreement No.KEN-H-TNT-2065) - The National Treasury
81.	Global Fund – Provision of Quality Care and Prevention Services for All People in Kenya with TB, Leprosy and Lung Diseases Program (Grant Agreement No. KEN-T-TNT-2067) – The National Treasury
82.	Global Fund - To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria-Free Kenya Program (Grant Agreement No.KEN-M-TNT-2064) - The National Treasury
83.	Supporting Access to Finance and Enterprise Recovery Project (IDA Credit No. 7018-KE) - The National Treasury

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NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
84.	Infrastructure Finance and Public Private Partnerships Project - Additional Financing (IDA Credit No:6121-KE) - The National Treasury
85.	Infrastructure Finance and Public Private Partnerships Project - IDA Credit No. 5157-KE - The National Treasury
86.	Green Climate Fund Readiness Project (Grant No. KEN-RS-004) - The National Treasury
87.	Study and Capacity Building Fund Project (Grant Nos. CKE 6015 01K, CKE 1043 01F and CKE 1047 01K) - The National Treasury
88.	Micro Finance Sector Support Credit Project (Credit No.CKE 3004 01E and CKE 6010 01E) - The National Treasury
89.	Technical Support to the French Desk at The National Treasury (Project Grant No. AFD CKE 1204 01E) for the nine (9) months' period ended 30 June, 2024 – The National Treasury
90.	Public Financial Management Reforms Program (Credit Nos. DANIDA/FY06, SIDA 51110081, IDA GESDeK-6133-KE, GESDeK-7438-KE, AFD/CKE 1130 and PASEDE CRIS NO:041-658) – The National Treasury
91.	Horn of Africa Gateway Development Project (IDA Credit No.6768-KE) - Kenya Revenue Authority
92.	Kenya - EU Partnership for the Implementation of the National Strategy to Counter Violent Extremism in Kenya - National Counter Terrorism Centre
93.	Coordinate Implementation of Population Policy and ICPD25 Commitments Project – National Council for Population and Development
94.	National Information Platform for Food Security and Nutrition Project (Credit No. FOOD/2017/393-022) - Kenya National Bureau of Statistics
95.	Technical Assistance to Enhance the Capacity of the President's Delivery Unit (ADB Grant No. 5500155012902) Project – State Department for Internal Security and National Administration
96.	Kenya Cooperation and Partnership Facility (KCPF) Project No.KE/FED 2019/041-712, Credit No.FED/2021/423-175 - State Department for Devolution
97.	Kenya Symbiocity Programme - SIDA No. 51110060 - Council of Governors

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NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
98.	Kenya Development Response to Displacement Impacts Project (KDRDIP) IDA Credit No.6021-KE and Grant No.TFOA 7762-KE - Ministry of East African Community (EAC), ASALs and Regional Development
99.	Support to Technical and Vocational Education Training and Entrepreneurship (TVETE Project Phase III) (Loan No.2100150042254 - State Department for Technical, Vocational Education and Training
100.	Promotion of Youth Employment and Vocational Training in Kenya (Phase II) Project Loan No.BMZ 2018 65 120 - State Department for Technical, Vocational Education and Training
101.	Promotion of Youth Employment and Vocational Training in Kenya (Tvet I & II) Reference: Loan No. BMZ No. 2016 67 211 & BMZ No. 2016 65 298 and Project Grant Reference: No.1930 05 527 - State Department for Technical, Vocational Education and Training
102.	Support to Technical Vocational Education and Training for Relevant Skills Development Project - TVET Project Phase II (ADF Loan No.2100150033295) - State Department for Technical, Vocational Education and Training
103.	East Africa Skills for Transformation and Regional Integration Project (EASTRIP) IDA Loan Credit No.6334-KE - Ministry of Education - State Department for Technical, Vocational Education and Training
104.	Promotion of Youth Employment Through Scholarships Phase II ("Wings to Fly IV") Project Grant No. BMZ-No. 2018 67 399 - State Department for Technical, Vocational Education and Training (SDTVET)
105.	East Africa Skills for Transformation and Regional Integration Project (EASTRIP) Grant/Credit No. IDA 6334-KE - Kisumu National Polytechnic
106.	East Africa Skills for Transformation and Regional Integration Project (Credit Number 6334-KE) - Kenya Coast National Polytechnic
107.	Eastern and Southern Africa Higher Education Centres of Excellence (ACE II) Project (Credit No.5798-KE) - State Department for Higher Education and Research
108.	Africa Centre of Excellence (ACEII) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project (IDA Credit No.5798-KE) - Moi University
109.	Kenya Rural Transformation Centers Digital Platform Project - Cooperative University of Kenya

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NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
110.	GoK/UNICEF Education for Young People Programme - State Department for Basic Education
111.	Promotion of Youth Employment Through Scholarships Phase II ("Wings to Fly IV") Project No.BMZ-No. 2018 67 399 - State Department for Basic Education
112.	Covid-19 Health Emergency Response Project Grant/Credit No.6598-KE – State Department for Medical Services
113.	Global Fund - To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care Program-KEN-H-TNT No. 2065 – State Department for Medical Services
114.	DANIDA Primary Healthcare (PHC) Support Program – State Department for Medical Services
115.	A Case Study on Integrated Delivery of Selected Non-Communicable Diseases in Kenya (PHGF) Grant No.TFOA5636) - Moi Teaching and Referral Hospital
116.	Global Fund HIV/AIDS Project Grant Number KEN-H-TNT-2065 - National Syndemic Diseases Control Council
117.	Support of the Health Care Financing Strategy - Reproductive Health - Output Based Approach Project (Credit BMZ No. Kenya 201065853) – State Department for Public Health and Professional Standards
118.	Resilient Sustainable Systems for Health (RSSH) KEN-T-TNT 2067 Sub-Recipient - State Department for Public Health and Professional Standards
119.	East Africa Skills Transformation and Regional Integration Project IDA Credit No.6334-KE - State Department for Roads
120.	Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA Credit No. 5638-KE IDA) - State Department for Roads
121.	Nuno-Modogashe Road Project (Credit No. KUWAIT-813; SFD-N/A; OF ID-1331P; BADEA-N/A; ADFD-N/A - Kenya National Highways Authority
122.	Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) Credit Nos.5050200000901 and 2000200004504 - Kenya National Highways Authority
123.	Upgrading of Kibwezi-Mutomo-Kitui-Migwani Road Project No. BLA2016K001 - Kenya National Highways Authority
124.	Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/Turnkey Based) - Kenya National Highways Authority

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NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
125.	Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase II (Marsabit-Turbi Road) Loan Agreement No. 2100150020744 – Kenya National Highways Authority
126.	Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase III (Turbi-Moyale Road Project) Credit Number: Loan 21001500255546 - Kenya National Highways Authority
127.	EPC/TURN KEY Construction of Five Footbridges and T-Mall Flyover on Mombasa and Langata Roads (Project Loan Credit No. KEN-01001 and KEN-02001-19) - Kenya National Highways Authority
128.	Kenya - South Sudan Link Road Project (REF. No.2020 62 065 and BMZ No.2020 83 939) - Kenya National Highways Authority
129.	Timboroa-Eldoret Road Rehabilitation Project No.P-KE-DBO-019 (Loan No.2100150023344) - Kenya National Highways Authority
130.	Nairobi-Thika Highway Improvement Project Lot I and II Credit No.2100150015544 Project No.P-KE-DBO-018 - Kenya National Highways Authority
131.	Multinational Arusha-Holili/Taveta-Voi Road Corridor Development Project Phase I Project Loan No.2100150028894 Project No.P-ZI-DBO-075 - Kenya National Highways Authority
132.	Port Reitz/Moi International Airport Access (C110) Road (FIDIC EPC/TURNKEY Based) Project - Kenya National Highways Authority
133.	East Africa Trade and Transport Facilitation Project (IDA Credit No.4148-KE) – Kenya National Highways Authority
134.	Mombasa-Nairobi-Addis Ababa Road Corridor Development Project: (Isiolo/Merille/Moyale Road) Loan Agreement No.210015008850 and Grant No.2100155004016 - Kenya National Highways Authority
135.	Northern Corridor Rehabilitation Programme-PHASE III (Eldoret-Turbo-Webuye-Malaba Road Improvement Project) Grant No.9774KE - Kenya National Highways Authority
136.	Kenya Transport Sector Support Project (Credit No. 4926 KE and No.5410 KE) - Kenya National Highways Authority
137.	Merille - Marsabit Road Rehabilitation Project (Loan Agreement No.KE/FED/2009/021-655) - Kenya National Highways Authority

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NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
138.	Kenya Nairobi Southern Bypass Road Project (Loan Agreement No. China Exim bank PBC No. (2011) 32 TOTAL No. (183) No.14203030520112115528) – Kenya National Highways Authority
139.	Nairobi-Thika Highway Improvement Project Lot 3 Government Concessional Loan Agreement No.(2009) 39 TOTAL No.(290) – 1290003022009110585 - Kenya National Highways Authority
140.	National Urban Transport Improvement Project Loan No.5140-KE – Kenya National Highways Authority
141.	Northern Corridor Transport Improvement Project-IDA Credit No. 3930-KE & No. 4571-KE - Kenya National Highways Authority
142.	Regional Mombasa Port Access Road Project (Loan No. (KFW): 27459, Grant No. (KFW): 202061919) and Credit No. (KFW): 84010 – Kenya National Highways Authority
143.	Kenya Nairobi Western Bypass Project (Loan No. China Exim Bank GCL No. (2017) 28 TOTAL No. 633) – Kenya National Highways Authority
144.	Arusha-Namanga-Athi River Road Development Project No.P-Z1-DBO-040 - Kenya National Highways Authority
145.	Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA Credit No. 5638) - Kenya National Highways Authority
146.	Mombasa Gate Bridge Construction Project (I) Loan Agreement No.KE-P34 - Kenya National Highways Authority
147.	Bagamoyo-Horohoro-Lungalunga-Malindi Road Project (Phase 1) ID NO: PZ-BDO-129 - Kenya National Highways Authority
148.	Mombasa Special Economic Zone Development Project I Loan No.KE-P35 - Kenya National Highways Authority
149.	Horn of Africa Gateway Development Project Loan No.6768-KE– Kenya National Highways Authority
150.	Samatar-Wajir Road Project (Loan No.13451P, 13/779 and 995) - Kenya National Highways Authority
151.	Multinational Horn of Africa Isiolo-Mandera Corridor (EL WAK - RHAMU Road) Upgrading Project - Kenya National Highways Authority
152.	The Establishment of Bus Rapid Transit Line 5 Project (EDCF Loan Agreement No.KEN-5) - Kenya Urban Roads Authority

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NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
153.	Nairobi Outer Ring Road Improvement Project (Loan No.2100150030144) - Kenya Urban Roads Authority
154.	Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project Phase I (ECDF Loan Agreement No. KEN-6) - Kenya Urban Roads Authority
155.	ASAL Rural Roads Project Credit No.CKE 117 01 H – Kenya Rural Roads Authority
156.	Horn of Africa Gateway Development Project Grant/Credit Number 6768-KE – State Department for Transport
157.	National Urban Transport Improvement Project (IDA Credit No.5140-KE) – Kenya Railways Corporation
158.	Safe Roads/Usalama Barabarani Programme Grant Number KE/FED/037-778 - National Transport and Safety Authority
159.	Horn of Africa Gateway Development Project (IDA Credit No. 6768 KE) - National Transport and Safety Authority
160.	Second Kenya Informal Settlements Improvement Project (IDA Credit No.6759-KE) - State Department for Housing and Urban Development
161.	Kenya Informal Settlements Improvement Project (IDA Credit No.4873-KE, AFD CKE 1055 01J and SIDA - TF: 018327) - State Department for Housing and Urban Development
162.	Nairobi Metropolitan Services Improvement Project (IDA Credit No.5102-KE) - State Department for Housing and Urban Development
163.	Kenya Urban Support Program IDA Credit No.61340-KE - State Department for Housing and Urban Development
164.	Kisumu Urban Project (Project Advance Account) - CKE 1035.01.G - County Government of Kisumu
165.	Kisumu Urban Project (Cash Expenditure Fund) - CKE 1035.01.G - County Government of Kisumu
166.	Kenya Water Security and Climate Resilience Project (Grant No. TFOA0761A and Credit No.5268/5674/7423-KE) - State Department for Irrigation
167.	Coastal Region Water Security and Climate Resilience Project Credit Number 5543-KE/70040-KE – State Department for Irrigation

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NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
168.	Mwea Irrigation Development Project - Loan Agreement No.KE-P27 - National Irrigation Authority
169.	Thwake Multi-purpose Water Development Program Phase 1 (AfDB Loan No. 2100150029993, 2000200003351, AGTF No. 5050200000501 and AfDB Grant No. 2100155025973) - State Department for Water and Sanitation
170.	Water Sector and Sanitation Development Project (IDA Credit No.60290-KE) - State Department for Water and Sanitation
171.	Kenya Towns Sustainable Water Supply and Sanitation Program - Credit No. P-KE-E00-011 (AfDB Loan No.200200000501) - Athi Water Works Development Agency
172.	Support To Water and Sanitation Services in Peri Urban Areas (KFW Loan No. BMZ 2013.6543.6) Project - Athi Water Works Development Agency
173.	Nairobi Rivers Basin Rehabilitation and Restoration Program P-KE-EBO-010: Sewerage Improvement Project Phase II - Athi Water Works Development Agency
174.	Nairobi Inclusive Sanitation Improvement Project – Grant No.5600155005153 - Athi Water Works Development Agency
175.	Nairobi Water and Sanitation Project (Credit No. CKE113501H) - Athi Water Works Development Agency
176.	Kenya Towns Sustainable Water Supply and Sanitation Programme (AfDB Loan No.2000200000501) - Tana Water Works Development Agency
177.	Kenya Towns Sustainable Water Supply and Sanitation Program CR. NO. P-KE-E00-011 (AFDB Loan No.200000501) – Central Rift Valley Water Works Development Agency
178.	Improvement of Drinking Water and Sanitation Systems in Mombasa: Mwache Project (Credit No. AFD Loan No.CKE 1103 01 C) - Coast Water Works Development Agency
179.	Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) – Coast Development Authority
180.	Busia-Port Victoria Household Sanitation Project Grant/Credit No.02HS/LVNWWDA/BUSIA/054 - Busia Water and Sewerage Services Company Limited

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NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
181.	Nambale-Mjini-Mayenje Water Project Grant/Credit Number 08W/Busia/Busia/97 - Busia Water and Sewerage Services Company Limited
182.	The Horn of Africa Groundwater for Resilience Project (IDA Credit No.70820-KE and Grant No.P174867) - Water Resources Authority
183.	Horn of Africa Gateway Development Project IDA - P161305 Credit No. 6768 - KE - Information and Communication Technology (ICT) Authority
184.	Kenya Youth Employment and Opportunities Project (IDA Credit No. 5812 – KE) - State Department for Youth Affairs and Creative Economy
185.	Vijana Vuka Na Afya (VIVA) Youth Programme Project No. 201367465 - State Department for Youth Affairs
186.	GOK/UNFPA 10th Country Programme (Project Grant No.B4210) - State Department for Youth Affairs and Creative Economy
187.	Kenya Electricity Modernisation Project (KEMP) (IDA CR. No. 5587-KE) - State Department for Energy
188.	Kenya Off-Grid Solar Access Project (KOSAP) Credit Number 6135-KE– State Department for Energy
189.	Kenya Off-Grid Solar Access Project (KOSAP-SNV) Credit Number 6135-KE – State Department for Energy
190.	Multinational Kenya-Tanzania Power Interconnection Project (Kenya Component) (ADF Loan No.2100150032846) - Kenya Electricity Transmission Company Limited
191.	Fund for Africa Private Sector Assistance Project (FAPA) AFDB Grant No.5700155003553 - Kenya Electricity Transmission Company Limited
192.	The Eastern Electricity Highway Project (IDA Credit No.5148-KE; AFD Loan No:CKE 1030 01B; ADF Loan No.2100150027845 - Kenya Electricity Transmission Company Limited
193.	Olkaria-Lessos-Kisumu Transmission Lines Construction Project (JICA Loan No. KE-P28) - Kenya Electricity Transmission Company Limited
194.	220 KV and 132 KV Transmission Lines and Sub-Stations (EXIM Bank of India Funded) Projects - Kenya Electricity Transmission Company Limited

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NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
195.	Ethiopia-Kenya Electricity Highway Project (ADB Loan No. 2100150027845 - Mariakani Substation Project ID NO:P-Z1-FA0-044) - Kenya Electricity Transmission Company Limited
196.	Nairobi Ring Transmission Line Project (AFD Credit No. CKE 1068 01 N, AFD Credit No. CKE6012.01, AFD Credit No. CKE 1030 01 B, EIB Credit No. 25.367/KE and GOK) - Kenya Electricity Transmission Company Limited
197.	Last Mile Connectivity Project I ADF Loan No. 2100150032195 - Kenya Power and Lighting Company PLC
198.	Hybrid Generation of Off-Grid Power Systems Credit No. CKE 1066 01 L - Kenya Power and Lighting Company PLC
199.	Kenya Electricity Modernisation Project (IDA Grant Number TFA059 and Credit Number 55870KE) - Rural Electrification and Renewable Energy Corporation
200.	50mw Solar Power Plant in Garissa Project (GCL No.2015(10) – Rural Electrification and Renewable Energy Corporation
201.	Kenya Off-Grid Solar Access Project for Underserved Counties (IDA Cr. No.6135-KE) - Rural Electrification and Renewable Energy Corporation
202.	Kenya Electricity Expansion Project (Cr No. 1487P) - Rural Electrification and Renewable Energy Corporation
203.	Kenya Livestock Commercialization Project No.2000002339 (Loan No.2000003565 and 2000003566) - State Department for Livestock Development
204.	Towards Ending Drought Emergencies (TWENDE): Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands Project (IUCN Grant No. P02886) – State Department for Livestock Development
205.	De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) in the Horn of Africa Project (Credit No. 7139-KE) - State Department for Livestock Development
206.	De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) in the Horn of Africa Project (Credit No. 7139-KE) - Kenya Development Corporation
207.	Kenya Marine Fisheries and Socio-Economic Development Project (Credit No. 6540-KE) - State Department for Blue Economy and Fisheries
208.	Aquaculture Business Development Programme (IFAD Loan No. 20000052 & 2000002614) – State Department for Blue Economy and Fisheries

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NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
209.	Kenya Cereal Enhancement Programme - Climate Resilient Agricultural Livelihood Window (KCEP-CRAL) EU Grant No.2000000623, Grant No.2000001522, Grant No.2000003493, Grant No.2000001122 and IFAD Loan 2000001121 - State Department for Agriculture
210.	Multi-national Drought Resilience and Sustainable Livelihoods Programme (DRSLP) in the Horn of Africa (ADF Loan No.2100150028345) - State Department for Agriculture
211.	Small-Scale Irrigation and Value Addition Project - ADF Loan No. 2000130014530 and Grant No. 5570155000751 - State Department for Agriculture
212.	Capacity Development Project for Enhancement of Rice Production in Irrigation Schemes in Kenya (CaDPERP) (Project Number 1161001009) - Ministry of Agriculture and Livestock Development, State Department for Agriculture
213.	National Agricultural Value Chain Development Project (Credit No. IDA-7064-KE) - State Department for Agriculture
214.	National Agricultural and Rural Inclusive Growth Project (IDA Credit No. 5900-KE) – State Department for Agriculture
215.	Kenya Climate Smart Agriculture Project (IDA Credit No. 5945-KE) – State Department for Agriculture
216.	Enable Youth Kenya Program (ADF Loan No.2100150038895) - State Department for Crop Development
217.	Agricultural Sector Development Support Programme II (SIDA Grant No: 51110109) - State Department for Agriculture
218.	Emergency Locust Response Project (IDA Credit No. 6648 and 70530 - KE) - State Department for Agriculture
219.	Multi-National Rural Livelihood's Adaptation to Climate Change in the Horn of Africa (RLACC) (ADB/ADF GRANT No.5550155001201) - State Department for Agriculture
220.	Multi-national Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS) - State Department for Agriculture
221.	Centre of Excellence in Sustainable Agriculture and Agribusiness Management – Egerton University
222.	Kenya Industry and Entrepreneurship Project (Credit No. IDA 6268-KE) - State Department for Industry

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NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
223.	Kenya Youth Employment and Opportunities Project (Credit No. IDA 5812-KE) – Micro and Small Enterprises Authority (MSEA)
224.	Kenya Youth Employment Opportunities Project Credit No.5812-KE - State Department for Labour and Skills Development
225.	Kenya Youth Employment and Opportunities Project Credit Number: IDA-58120-KE - National Industrial Training Authority (NITA)
226.	Kenya Social and Economic Inclusion Project Credit Number 6348-KE - State Department for Social Protection and Senior Citizen Affairs
227.	Kenya Social and Economic Inclusion Project No. P164654 IDA Credit No.63480 - KE and Grant No.TF0A9527 – National Drought Management Authority (NDMA)
228.	Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (Credit No.00108406) - State Department for Wildlife
229.	Women Empowerment for Gender Equality Project (WEGEP) - State Department for Gender and Affirmative Action
230.	GOK-UNFPA 10th Country Programme Grant/Credit No.1000702818 - State Department for Gender and Affirmative Action
231.	Programme for Legal Empowerment and AID Delivery (Project Credit Number KE/FED/2018/397-591) - Office of the Attorney General and Department of Justice
232.	Integrated Health and Environment Observatories and Legal and Institutional Strengthening for the Sound Management of Chemicals in Africa (Africa CHEMOBS)-Grant No.AFR/CHEMOBS Project/C/07-2017 - State Department for Environment and Climate Change
233.	Kenya Institutional Strengthening Project Phase XIII (No. UNEP/KEN/SEV/92/INS/66) – Ministry of Environment, Climate Change and Forestry
234.	Kenya Gold Mercury Free ASGM Project Grant No.GEF/UNDP/GOK-00108253 - State Department for Environment and Climate Change
235.	Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region Project No.03/DRESS-EA/07/OSS-KE/20 – State Department for Environment and Climate Change
236.	SC Reporting Toolkit Project – Ministry of Environment, Climate Change and Forestry

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NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
237.	Kenya ETF Reporting Programme to the UNFCCC Project - State Department for Environment and Climate Change
238.	Early Action Support Project (EASP)-Grant No.2015-39790 - State Department for Environment and Climate Change
239.	Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya (Credit No: KEN/NIE/MULTI/2013/1) - National Environment Management Authority
240.	NEMA - GCF Project Preparation Facility: "Devolved Climate Change Governance to Strengthen Resilience of Communities in Target Counties" - Credit No.KEN-PPF-010 - National Environment Management Authority
241.	NEMA-GCF Readiness and Preparatory Support: "NEMA Capacity Strengthening Programme Towards Accessing Climate Finance from Green Climate Fund" - Credit Number KEN-RS-003 – National Environment Management Authority
242.	Africa Environmental Health and Pollution Management Project (EHPMP) - National Environment Management Authority
243.	Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Range Lands of Kenya - IUCN Project No.P03162, IUCN Ward No.AVCH-000981 and GEF ID/10292 – National Environment Management Authority
244.	Green-Zones Development Support Project - Phase II (Credit No.P-KE-AAD-005) - Kenya Forest Service
245.	Increased Enjoyment of Human Rights and Fundamental Freedoms by All in Kenya Project Grant/Credit Number: KEN 2062, KEN19-0011 - Kenya National Commission on Human Rights
246.	Secondary Education Quality Improvement Project (Credit No.6138-KE) - Teachers Service Commission
247.	Kenya Primary Education Equity in Learning Program Grant Number D991-KE - Teachers Service Commission
248.	Kenya Primary Education Equity in Learning (Disbursed Linked Indicator) Program Credit Number 7067-KE - Teachers Service Commission

Appendix B: Qualified Opinion

NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
1.	The National Treasury
2.	State Department for Economic Planning
3.	State Department for Devolution
4.	State Department for Foreign Affairs
5.	State Department for Higher Education and Research
6.	State Department for Basic Education
7.	State Department for Medical Services
8.	State Department for Public Health and Professional Standards
9.	State Department for Irrigation
10.	State Department for Water and Sanitation
11.	State Department for Sports
12.	State Department for Culture, the Arts and Heritage
13.	State Department for Energy
14.	State Department for Livestock Development
15.	State Department for the Blue Economy and Fisheries
16.	State Department for Agriculture
17.	State Department for Industry
18.	State Department for Social Protection and Senior Citizen Affairs
19.	State Department for Mining
20.	State Department for Petroleum
21.	State Department for Gender and Affirmative Action
22.	State Law Office and Department of Justice
23.	The Judiciary
24.	State Department for Environment and Climate Change

Appendix B: Qualified Opinion

NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
25.	Independent Electoral and Boundaries Commission
26.	Consolidated Fund Services-Public Debt - The National Treasury
27.	Receiver of Revenue – Recurrent – The National Treasury
28.	Government Investments and Public Enterprises - Revenue Statements - The National Treasury
29.	Consolidated Fund Services – Pension and Gratuities
30.	Revenue Statements - State Department for the Blue Economy and Fisheries
31.	Receiver of Revenue Statements – State Department for Mining
32.	Receiver of Revenue Statements - State Law Office and Department of Justice
33.	Public Trustee
34.	Judiciary Deposit Accountability Statements
35.	Judiciary Mortgage and Car Loan Scheme
36.	Office of the Director of Public Prosecutions Staff Housing Mortgage and Car Loan Scheme
37.	National Land Commission Housing Scheme Fund
38.	Parliamentary Mortgage Scheme Fund – Parliamentary Service Commission
39.	Commission on Revenue Allocation Staff Mortgage Scheme Fund
40.	Commission on Revenue Allocation Staff Car Loan Scheme Fund
41.	Public Service Commission Mortgage Scheme Fund
42.	Public Service Commission Car Loan Scheme
43.	Technical Support Programme (Financing Agreements No.KE/FED/2009/021421, No.KE/FED/023-733 and No.KE/FED/037-941 - The National Treasury
44.	Financing Locally-Led Climate Action Program Project (Loan No. BWZ-NO. 2016 65 108/2018 65 138) - The National Treasury
45.	Financing Locally-Led Climate Action Program No. P173065; Credit No. IDA 6980-KE; Grant Agreement No.TF0B6810-KE - The National Treasury

Appendix B: Qualified Opinion

NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
46.	Public Debt Management Support Project (PDMS)-ADB Grant Agreement No.5500155013708 - The National Treasury
47.	Affordable Housing Finance Project (IBRD Credit No.8958-KE) - The National Treasury
48.	National Treasury Capacity Strengthening Project (Grant No.5500155013902 ID No.P-KE-KOO-011) – The National Treasury
49.	Rural Kenya Financial Inclusion Facility (RK FINFA) (IFAD Loan No. 2000004121 and IFAD Loan No. 2000004122) - The National Treasury
50.	Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA Credit No.5638-KE) - Kenya Revenue Authority
51.	East Africa Skills for Transformation and Regional Integration Project (EASTRIP) (IDA Loan No. 6334-KE) - Meru National Polytechnic
52.	Africa Center of Excellence in Sustainable Use of Insects as Food and Feeds Project (IDA Credit No.5798-KE) - Jaramogi Oginga Odinga University of Science and Technology
53.	USAID Boresha Jamii Project No. 72061521CA00004 - Jaramogi Oginga Odinga University of Science and Technology
54.	Kenya Primary Education Equity in Learning Program IDA Grant No. D991-KE and Credit No. 7067-KE and Grants Nos. TF C306-KE and TF C307-KE - State Department for Basic Education
55.	Kenya Primary Education Equity in Learning Project IDA Grant No. D991-KE and Credit No. 7067-KE and Grants Nos. TFC306-KE and TF C307-KE - State Department for Basic Education
56.	Secondary Education Quality Improvement Project (Credit No.6138-KE) - State Department for Basic Education
57.	East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences-Phase 1 (Loan No.2100150031997) - State Department for Medical Services
58.	Transforming Health Systems for Universal Care (THS-UC) Project Grant IDA Credit No.5836 - KE, TFOA2561, TFOA2792 And CR. P152394 – State Department for Medical Services
59.	Kenya Health Sector Programme Support III (DANIDA REF.104.KENYA.810.300-GRANT) - County Government of Kisii

Appendix B: Qualified Opinion

NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
60.	Global Fund - To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023 Working Towards a Malaria-Free Kenya - KEN-M-TNT No.2064 - State Department for Public Health and Professional Standards
61.	Global Fund Tuberculosis Grant Credit No. KEN-T-TNT-2067 - State Department for Public Health and Professional Standards
62.	Horn of Africa Gateway Development Project Loan No.6768-KE – State Department for Roads
63.	Kapchorwa-Suam-Kitale and Eldoret Bypass Roads Project (Kenya) ID No. P-Z1-DBO-183 - Kenya National Highways Authority
64.	Mombasa Port Area Road Development Project Loan No. KE – P29 & KE P32 - Kenya National Highways Authority
65.	Mombasa-Mariakani Highway Project (A109) Road Lot 1: (Mombasa - Kwa Jomvu) ADF Loan No.2100150032743 - Kenya National Highways Authority
66.	Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero (A1) Road Rehabilitation - Kenya National Highways Authority
67.	Support to Road Sector Policy: 10th EDF Rural Roads Rehabilitation Project in Kenya No. KE/FED/023-571 - Kenya Rural Roads Authority
68.	Improvement of Rural Roads and Market Infrastructure in Western Kenya Project Credit No.BMZ 2007-65 123 (KFW) - Kenya Rural Roads Authority
69.	Roads 2000 Phase Two - Central Kenya Rural Roads Improvement and Maintenance Project (AFD Credit No. CKE 101201B, Credit No. CKE 104601J and Credit No. CKE 109401M) - Kenya Rural Roads Authority
70.	Upgrading of "Gilgil Machinery" Road Project - Kenya Rural Roads Authority
71.	Multinational Lake Victoria Maritime Communications and Transport (MLVMCT) Project - Kenya Maritime Authority
72.	Bura Rehabilitation Development Project Loan Numbers BADEA 331, KUWAIT 752, OPEC 1154P - National Irrigation Authority
73.	Rwabura Irrigation Development Project No.1109118900 - National Irrigation Authority
74.	Lake Victoria Water Supply and Sanitation Programme Phase II Project No. P-Z1-EAO-004 (ADF Grant No.2100155019967) – Lake Victoria South Waterworks Development Agency

Appendix B: Qualified Opinion

NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
75.	Lake Victoria Water and Sanitation Project Grant No. CKE 1093 02 M, Credit No. CKE1093 01 L and EIB No. FI N^{0}83890 Serapis N^0 2011-0619 – Lake Victoria South Water Works Development Agency
76.	Water Sector Development Programme - Lake Victoria South (Kericho-Kisii, Nyamira and Litein) Loan No. BMZ-No.2010 65 861 and Grant No. BMZ 2010 70 457 - Lake Victoria South Water Works Development Agency
77.	Northern Collector Phase 1 and Additional Rehabilitation and Development of the Network Project (Credit No. CKE 1074 01 K) - Athi Water Works Development Agency
78.	Lake Nakuru Biodiversity Conservation Project Grant No. 201567916 and Loan No. 2016 65 116 (KFW -German Financial Cooperation) - Central Rift Valley Water Works Development Agency
79.	Horn of Africa Groundwater for Resilience Project - Kenya Credit No. 7082-KE - Water Sector Trust Fund
80.	Eastern Africa Regional Transport, Trade and Development Facilitation Project IDA Credit No. 5638-KE - Information and Communication Technology (ICT) Authority
81.	Bogoria Silali Geothermal Project (Loan No. 2013.66.103) – Geothermal Development Company Limited
82.	Menengai Geothermal Project (Agreement No. 1038.01K) - Geothermal Development Company Limited
83.	East Africa Skills for Transformation and Regional Integration Project (IDA Credit No. 6334-KE) - Kenya Electricity Generating Company Plc
84.	Rural Electrification in Five Regions Project (Credit No.11/597, Credit No.1407P - Rural Electrification and Renewable Energy Corporation
85.	Africa Climate Summit (ACS) Africa Climate Week - Ministry of Environment, Climate Change and Forestry

Appendix C: Adverse Opinion

NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
1.	E-Citizen Revenue Accountability Statement - The National Treasury
2.	ADB Africa Climate Summit Project - The National Treasury

Appendix D: Disclaimer of Opinion

NO.	MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS
1.	Statement of Outstanding Obligations Guaranteed by the Government of Kenya - The National Treasury

Appendix E: Pending Bills - Donor Funded Projects

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
1	Mombasa Port Area Road Development Project IDA - Loan No. KE - P29 & KE P32	Kenya National Highways Authority	7,734,645,628
2	Kenya Transport Sector Support Project Credit No. s 4926-KE and 5410-KE	Kenya National Highways Authority	7,148,109,740
3	National Urban Transport Improvement Project IDA Credit. No.5140	Kenya National Highways Authority	4,585,054,465
4	The Bagamoyo-Horo Horo Lunga Lunga Malindi Road Project (Phase 1) ID No: PZI-DBO-129	Kenya National Highways Authority	3,846,117,772
5	Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero (A1) Road Rehabilitation	Kenya National Highways Authority	3,826,896,490
6	Upgrading of Kibwezi-Mtomo-Kitui-Migwani Project No. BLA2016K001	Kenya National Highways Authority	3,706,110,153
7	Kenol-Sagana-Marua Highway Improvement Project(P-KE-DBO-037)	Kenya National Highways Authority	3,663,028,046
8	Nairobi Southern By-Pass Project	Kenya National Highways Authority	3,623,386,920
9	Kapchorwa-Suam-Kitale & Eldoret Bypass Project No. P-ZI-DBO-0183- ADB (New)	Kenya National Highways Authority	3,334,689,262
10	NFM 3 - To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care KEN-H-TNT No.2065	The National Treasury	2,277,671,037
11	Mombasa-Mariakani Highway Project (A109) Road Lot 1: (Mombasa - Kwa Jomvu)	Kenya National Highways Authority	2,225,743,167
12	Olkaria-Lessos-Kisumu (JICA Loan No. KE-P28) - Kenya Electricity Transmission Company Limited	Kenya Electricity Transmission Company Limited	2,165,800,309
13	Kenya Nairobi Western Bypass Project	Kenya National Highways Authority	1,637,046,287
14	Dualling of Magongo Rd(A109L): Phase II (FIDIC/TURNKEY BASED)	Kenya National Highways Authority	1,538,311,916
15	Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II	Athi Water Works Development Agency	866,317,400
16	Nairobi Outering Road Improvement Project (AfDB)	Kenya Urban Roads Authority	846,198,623
17	Port Reitz Moi International Airport Access Road (FIDIC EPC/TURNKEY Based) Project	Kenya National Highways Authority	822,548,139
18	Regional Mombasa Port Access Road Project	Kenya National Highways Authority	765,470,639
19	Kenya Towns Sustainable Water Supply and Sanitation Program (CRVWWDA)	Tana Water Works Development Agency	693,600,028

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
20	Thwake Multi-Purpose Development Project	State Department for Water and Sanitation	684,281,517
21	Horn of Africa Gateway Development Project	Kenya National Highways Authority	640,793,166
22	Multi-National Kenya-Tanzania Power Interconnection project (Kenyan Component) (ADF Loan No. 2100150032846)	Kenya Electricity Transmission Company Limited	582,815,616
23	Nuno-Modagashe Road Project	Kenya National Highways Authority	576,215,829
24	Rural Electrification in Five Regions Project (BADEA)	Rural Electrification and Renewable Energy Corporation	517,629,975
25	Nairobi-Thika Road Project (Lot 1 And 2), ADB	Kenya National Highways Authority	466,535,699
26	Upgrading of Gilgil Machinery Roads to Bitumen Standard	Kenya Rural Roads Authority	384,025,443
27	Eastern Electricity Highway Project	Kenya Electricity Transmission Company Limited	350,175,206
28	220 KV AND 132 KV Transmission Lines and Sub-stations (EXIM Bank of India)	Kenya Electricity Transmission Company Limited	349,723,625
29	Nairobi-Thika Project (Lot 3)	Kenya National Highways Authority	342,772,779
30	Aquaculture Business Development Programme	State Department for the Blue Economy and Fisheries	316,558,934
31	Menengai Geothermal Project Agreement NO.CKE 1038.01K	Geothermal Development Company Limited	315,589,000
32	Bogoria Silali Geothermal Project	Geothermal Development Company Limited	308,495,000
33	Kenya Towns Sustainable Water Supply and Sanitation Program	Tana Water Works Development Agency	240,969,937
34	Global Fund - to Reduce Malaria Incidence and Deaths By at Least 75 Percent of the 2016 Levels by 2023 Working Towards a Malaria- Free Kenya - KEN-M-TNT No.2064	Ministry of Health	215,514,030
35	Bura Rehabilitation Development Project	National Irrigation Authority	189,447,919
36	Nairobi Ring Transmission Line Project (NO. CKE601201G)	Kenya Electricity Transmission Company Limited	188,401,646
37	Kenya Off-Grid Solar Access Project (KOSAP-SNV) Credit Number 6135-KE - FY 30/6/2024	State Department for Energy	145,972,955
38	Lake Victoria Water Supply and Sanitation Programme Phase II	Lake Victoria South Water Works Development Agency	140,187,852
39	De-Risking, Inclusion & Value Enhancement of Pastoral Economies (DRIVE) - SDL	State Department for Livestock Development	139,779,484
40	Kenya Electricity Modernization Project IDA Grant No. TFA059 and Credit No. 5587 KE	Rural Electrification and Renewable Energy Corporation	137,674,350
41	Horn of Africa Gateway Development Project	State Department for Roads	125,949,815

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
42	Financing Locally-Led Climate Action Program IDA	The National Treasury	117,431,357
43	Last Mile Connectivity project (LMCP - KPLC)	Kenya Power and Lighting Company PLC	110,968,681
44	To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria-Free Kenya	The National Treasury	88,733,658
45	Arusha-Namanga-Athi River-Road Development Project No. P-Z1-DBO-040	Kenya National Highways Authority	83,344,955
46	Kenya South Sudan Link Road Project	Kenya National Highways Authority	78,131,434
47	Kenya Electricity Expansion Project (KEEP) - Project Cr No. 1487P	Rural Electrification and Renewable Energy Corporation	75,231,232
48	Kenya Electricity Modernization Project (KEMP)-MOEP	State Department for Energy	73,137,418
49	Merille River-Marsabit Road Project-KENHA, EU	Kenya National Highways Authority	69,056,118
50	Secondary Education Quality Improvement Project (IDA Credit No.6138-KE)	Teachers Service Commission	67,145,600
51	To Ensure Provision of Quality Care and Prevention Services for All People in Kenya with TB, Leprosy and Lung Diseases	The National Treasury	66,881,542
52	Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase II (Marsabit-Turbi)	Kenya National Highways Authority	62,165,683
53	Kenya Social and Economic Inclusion Project -SDSP	State Department for Social Protection	56,013,859
54	Northern Corridor Improvement Project Phase III (Eldoret- Turbo-Malaba Road	Kenya National Highways Authority	54,792,931
55	Support to Technical and Vocational Education Training and Entrepreneurship (TVETE PROJECT - PHASE III)	State Department for Technical, Vocational Education and Training	52,000,000
56	East African Trade & Transport Facilitation Project No. P079734 (IDA)	Kenya National Highways Authority	51,888,621
57	Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under the	National Environment Management Authority	45,756,499
58	Nairobi Metropolitan Service Improvement Project (NAMSIP) Cr. No. 5102 KE	State Department for Housing and Urban Development	42,680,776
59	Support to Water and Sanitation Services in Peri-Urban Area Loan No. BMZ 2013.6543.6	Athi Water Works Development Agency	38,708,784
60	Mwea Irrigation Development Project	National Irrigation Authority	37,637,532
61	USAID Boresha Jamii Project No. 72061521CA00004	Jaramogi Oginga Odinga University of Science and Technology	32,933,431

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
62	Lake Nakuru Biodiversity Conservation Project	Central Rift Valley Water Works Development Agency	32,309,220
63	Kisumu Urban Project (Project Advance Account) - CKE 1035.01. G	County Government of Kisumu	31,575,700
64	Improvement Of Rural Roads and Market infrastructure KFW	Kenya Rural Roads Authority	31,120,457
65	Emergency Locust Response Project - Credit No 6648	State Department for Agriculture	30,186,000
66	Kenya Off-Grid Solar Access project (KOSAP)	State Department for Energy	28,005,195
67	GLOBAL FUND HIV/AIDS PROJECT GRANT NUMBER KEN-H-TNT-2065	National Syndemic Diseases Control Council	24,505,994
68	Multinational -Arusha-Holili/Taveta-Voi Road Corridor Project	Kenya National Highways Authority	21,807,516
69	The Establishment of Bus Rapid Transit Line 5 Project	Kenya Urban Roads Authority	20,935,795
70	Lake Victoria Water and Sanitation Project CKE 1093 02M	Lake Victoria South Water Works Development Agency	19,924,752
71	Kenya Industry and Entrepreneurship Project	State Department for Industrialization	19,588,920
72	Covid-19 Health Emergency Response	Ministry of Health	15,513,140
73	Resilient Sustainable Systems for Health (RSSH) KEN-T-TNT 2067 Sub-Recipient	Ministry of Health	13,728,020
74	To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care Program- KEN-H-TNT No. 2065	Ministry of Health	12,186,464
75	Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase III (Turbi-Moyale)	Kenya National Highways Authority	11,539,155
76	Africa Climate Summit (ACS) Africa Climate Week	State Department for Environment and Climate Change	10,274,044
77	Programme for Legal Empowerment and Aid Delivery	State Law Office and Department of Justice	9,688,400
78	MOH - Global Fund Tuberculosis Funding Model KEN-T-TNT-2067	Ministry of Health	8,834,739
79	Construction of five-foot bridges & T-Mall flyover on Mombasa and Langata Roads (KEN-01001-19)	Kenya National Highways Authority	8,443,320
80	Support to roads sector policy:10th EDF rural roads rehabilitation project in Kenya-EUROPEAID/134053/IH/WKS/KE	Kenya Rural Roads Authority	8,412,450
81	Malindi Integrated Social Health Development Programme Phase II(MISHDP-II)	Coast Development Authority	7,734,444
82	Mariakani Substation Project	Kenya Electricity Transmission Company Limited	7,090,155
83	Africa Centre of Excellence (ACEII)	Moi University	6,706,498

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
84	Financing Locally-Led Climate Action Program KFW	The National Treasury	6,340,570
85	Kenya Rural Transformation Centers Digital Platform Project	Cooperative University of Kenya	6,320,458
86	Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands (TWENDE)	State Department for Livestock Development	6,290,849
87	Supporting Access to Finance & Enterprise Recovery Project	The National Treasury	5,820,991
88	Output based Approach - Reproductive Health (OBA-RH) No 20106- 5853	Ministry of Health	4,436,435
89	National Urban Transport Improvement Project Cr No.5140 IDA	Kenya Railways Corporation	3,900,000
90	A Case Study on integrated Delivery of Selected Non-Communicable Diseases in Kenya	Moi Teaching and Referral Hospital	2,318,966
91	Enable Youth Kenya Program	State Department for Agriculture	1,945,800
92	Kenya Institutional Strengthening Project Phase XIII (NO. UNEP/KEN/SEV/80/INS/ (66)	Ministry of Environment, Climate Change and Forestry	1,350,000
93	Eastern Africa Regional Transport Trade and Development IDA Credit No. 5638-KE	Information and Communication Technology (ICT) Authority	1,317,711
94	Horn of Africa Gateway Development (Isiolo-Mandera Corridor: EL Wak-Rhamu Road Upgrading)	Kenya National Highways Authority	967,408
95	Mombasa Gate Bridge Construction Project	Kenya National Highways Authority	859,320
96	Promotion Of Youth Employment and Vocational Training in Kenya (Tvet I & II)	State Department for Technical, Vocational Education and Training	539,000
97	East Africa Skills for Transformation and Regional Integration Project (EASTRIP) (IDA Loan No.6334-KE)	Meru National Polytechnic	393,546
98	Horn of Africa Gateway Development Project-ICTA	Information and Communication Technology (ICT) Authority	361,921
99	GOK/UNFPA 10th Country Programme-State Department for Gender and Affirmative Action	State Department for Gender and Affirmative Action	316,290
100	Green Climate Fund Readiness Project	State Department for Energy	307,740
101	Africa Environmental Health and Pollution Management Project (EHPMP)	National Environment Management Authority	194,187
102	Women Empowerment for Gender and Equality Project	State Department for Gender and Affirmative Action	180,000
103	Kenya Symbiocity Programme - SIDA No. 51110060	Council of Governors	125,810
	Total		**64,395,293,289**

Appendix F: Low Absorption of Funds/Undrawn Balances

S/No.	Donor Funded Project	Project Start Date	Project End Date	Total Project Amount (Kshs.)	Amount Utilised (Kshs.)	Undrawn Amount (Kshs.)	% of Absorption
1	National Treasury Capacity Strengthening Project – The National Treasury	12/02/2021	31/05/2025	62,890,000	-	62,890,000	0%
2	Access Mombasa Special Economic Zones (AfDB) - KeNHA	01/10/2020	31/12/2024	33,889,778,500	76,443,165	33,813,335,335	0%
3	De-Risking, Inclusion & Value Enhancement Project (DRIVE) Pastoral Economies in the Horn of Africa - Kenya Development Corporation	23/09/2022	30/09/2027	66,985,080	17,964,580	49,020,500	27%
4	Geothermal Development Company Project (GDC) - Menengai	10/07/2012	01/06/2026	124,721,553	92,014,477	32,707,076	74%
5	Horn of Africa Gateway Development (Isiolo-Mandera Corridor: ELWak- Rhamu Road Upgrading) - KeNHA	09/05/2022	30/06/2027	24,215,796,990	16,046,300	24,199,750,690	0%
6	Kenya Off-Grid Solar Access project (KOSAP) – State Department for Energy	05/09/2017	31/05/2025	15,000,000,000	4,473,686,269	10,526,313,731	30%
7	Last Mile Connectivity Project (LMCP - KPLC)	18/12/2014	31/12/2024	15,733,785,000	13,655,643,000	2,078,142,000	87%
8	Mariakani Substation Project - KETRACO	30/06/2019	31/12/2024	1,495,197,114	-	1,495,197,114	0%
9	Public Debt Management Support Project – The National Treasury	23/09/2020	31/05/2025	122,080,000	76,672,316	45,407,684	63%
10	East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences – State Department for Medical Services	17/12/2014	31/12/2024	3,340,000,000	2,562,607,985	777,392,015	77%
11	Eastern Africa Regional Transport, Trade Development Facilitation Projects IDA Cr No 5638 - KeNHA	20/07/2015	29/12/2024	49,284,758,606	45,195,980,680	4,088,777,926	92%
12	Kenya Cooperation and Partnership Facility (KCPF) – State Department for Devolution	16/08/2021	15/03/2023	45,634,700	31,534,900	14,099,800	69%
13	Kenya Gold Mercury Free ASGM – State Department for Environment and Climate Change	01/07/1019	30/12/2025	546,000,000	189,433,941	356,566,059	35%
14	Kenya Marine Fisheries and Socio-Economic Development Project-KEMFSED – State Department for Blue Economy and Fisheries	08/10/2020	31/03/2025	10,000,000,000	4,703,086,032	5,296,913,968	47%
15	Kenya Primary Education Equity in Learning Project - TSC Grant (IPF)	31/03/2022	31/12/2026	40,000,000	2,639,780	37,360,220	7%
16	Mombasa Gate Bridge Construction Project - KeNHA	12/05/2019	30/06/2027	49,047,624,422	960,459,051	48,087,165,371	2%

S/No.	Donor Funded Project	Project Start Date	Project End Date	Total Project Amount (Kshs.)	Amount Utilised (Kshs.)	Undrawn Amount (Kshs.)	% of Absorption
17	Resilient Sustainable Systems for Health (RSSH) KEN-T-TNT 2067 Sub-Recipient – State Department for Public Health and Professional Standards	07/01/2021	30/06/2024	1,073,372,973	592,515,741	480,857,232	55%
18	Kenya Primary Education Equity in Learning Project – State Department for Basic Education	08/05/2022	31/12/2026	4,947,445,150	1,009,147,645	3,938,297,505	20%
19	Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (IWT-Kenya) – State Department for Wildlife	05/07/2019	31/12/2025	1,350,727,377	314,664,193	1,036,063,184	23%
20	Eastern Africa Regional Transport, Trade and Development Facilitation Project Credit No. 5638 - KE - (KRA)	20/07/2015	31/12/2024	1,411,844,000	915,536,000	496,308,000	65%
21	East Africa Skills for Transformation and Regional Integration Project (EASTRIP) - Meru National Polytechnic	16/09/2019	31/12/2026	1,242,791,640	863,497,087	379,294,553	69%
22	Green-Zone Dev Support Project Phase II – Kenya Forest Service	17/07/2019	30/06/2025	5,498,250,000	3,332,597,179	2,165,652,821	61%
23	Kapchorwa-Suam-Kitale & Eldoret Bypass Project No.P-ZI-DBO-0183 - KeNHA ADB (New)	23/02/2018	31/03/2025	23,396,164,233	15,168,551,829	8,227,612,404	65%
24	Kenya South Sudan Link Road Project - KeNHA	24/04/2017	31/12/2027	16,006,231,974	1,705,348,406	14,300,883,568	11%
25	Kenya Towns Sustainable Water Supply and Sanitation Program - Central Rift Valley Water Works Development Agency (CRVWWDA)	09/01/2017	31/12/2025	15,953,306,157	11,248,073,683	4,705,232,474	71%
26	NFM 3 - To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care – The National Treasury	01/07/2021	31/12/2024	22,828,697,931	17,430,346,753	5,398,351,178	76%
27	Regional Mombasa Port Access Road Project - KeNHA	01/08/2017	31/12/2025	18,137,916,633	3,858,243,668	14,279,672,965	21%
28	Safe Roads/Usalama Barabarani Programme - NTSA	01/03/2020	31/08/2025	754,171,625	483,378,573	270,793,052	64%
29	Samatar-Wajir Road Project - KeNHA	07/06/2021	31/12/2024	8,950,570,600	12,500,000	8,938,070,600	0%
30	Bura Rehabilitation Development Project – National Irrigation Authority	27/05/2013	13/12/2024	8,097,112	6,411,221	1,685,891	79%
31	Horn of Africa Gateway Development Project – State Department for Transport	07/10/2020	07/10/2028	889,852,894	164,685,833	725,167,061	19%

S/No.	Donor Funded Project	Project Start Date	Project End Date	Total Project Amount (Kshs.)	Amount Utilised (Kshs.)	Undrawn Amount (Kshs.)	% of Absorption
32	Horn of Africa Gateway Development Project - KeNHA	07/10/2020	07/10/2028	79,232,977,110	11,957,602,955	67,275,374,155	15%
33	Kenya Off-Grid Solar Access Project (KOSAP - Rural Electrification and Renewable Energy Corporation (REREC) 6135ke)	05/09/2017	13/05/2025	3,500,000,000	27,130,000	3,472,870,000	1%
34	Study and Capacity Building Fund Project – The National Treasury	21/09/2007	31/12/2024	338,800,000	227,630,556	111,169,444	67%
35	To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria-Free Kenya – The National Treasury	30/06/2021	30/06/2024	5,698,815,887	2,001,114,789	3,697,701,098	35%
36	Hybrid Generation of Off-Grid Power System Credit No. CKE 1066 01 L – Kenya Power and Lighting Company PLC	30/06/2016	30/06/2026	3,733,501,000	1,241,580,000	2,491,921,000	33%
37	Kenya Affordable Housing Project - The National Treasury	05/12/2019	30/06/2025	30,353,400,000	12,584,865,029	17,768,534,971	41%
38	KETRACO-Olkaria-Lessos-Kisumu CR NO KE-P28	23/02/2016	31/03/2022	18,208,029,490	18,137,886,490	70,143,000	100%
39	Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) – Coast Development Authority	01/05/2022	01/05/2025	856,979,832	271,535,110	585,444,722	32%
40	Programme for Legal Empowerment and Aid Delivery – Office of the Attorney General and Department of Justice	01/04/2020	31/07/2024	289,380,780	115,422,960	173,957,820	40%
41	Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II) – State Department for Technical, Vocational Education and Training	21/02/2022	30/06/2026	2,683,120,000	614,672,556	2,068,447,444	23%
42	Promotion of Youth Employment and Vocational Training in Kenya (Phase II Project) - State Department for Technical, Vocational Education and Training	01/11/2022	31/10/2025	1,380,000,000	-	1,380,000,000	0%
43	Thwake Multi Purpose Development Project – State Department for Water and Sanitation	27/03/2018	05/11/2022	36,971,346,445	32,780,015,385	4,191,331,060	89%
44	To Ensure Provision of Quality Care and Prevention Services for All People in Kenya with TB, Leprosy and Lung Diseases – The National Treasury	-	30/06/2024	6,461,146,487	1,746,856,917	4,714,289,570	27%

Appendix G: Ineligible Expenditures

S/No.	Project	Amount (Kshs.)	Description
1	Horn of Africa Gateway Development Project – State Department for Roads	150,374,167	Unauthorized over-expenditure of Kshs.150,374,167 which had not been budgeted and no letter of no Objection was provided from the Donor.
2	ADB Africa Climate Summit Project – The National Treasury	475,515,000	The Financing Agreement was signed after the summit had taken place hence the expenditure incurred was ineligible.
3	Horn of Africa Gateway Development Project - KRA	55,126,000	Ineligible expenditure relating to training and bank charges, land acquisition, stakeholder engagement and purchase of vehicles.
4	Eastern Africa Regional Transport, Trade and Development Facilitation Project Credit No. 5638 -KE - (KRA)	11,901,603	Irregularities in training expenditure.
5	Financing Locally-Led Climate Action Program KFW – The National Treasury	6,260,746	Irregular advance payment for training.
6	Support to Technical and Vocational Education Training and Entrepreneurship (TVETE PROJECT - PHASE III) – State Department for Technical, Vocational Education and Training	178,638,946	Unauthorized over expenditure.
7	Africa Center of Excellence in Sustainable Use of Insects as Food and Feeds Project – Jaramogi Oginga Odinga University of Science and Technology	4,095,366	Non-project related expenditure.
8	Transforming Health Systems for Universal Care (THS-UC) Project Grant IDA Credit No.5836 - KE, TFOA2561, TFOA2792 and Cr. P152394 - Ministry of Health	314,923,413	Unauthorized expenditure.
9	Rural Kenya Financial Inclusion Facility – The National Treasury	4,720,200	Irregular payment of salaries.
10	Thwake Multi-Purpose Development Project – State Department for Water and Sanitation	124,091,607	Irregular payments that had been recommended for deduction by the Contract Implementation Team but were not deducted.
	Total	**1,325,647,048**	

Appendix H: Interest on Delayed Payments

S/No.	Project	Amount (Kshs.)	Description
1	Covid-19 Health Emergency Response – State Department for Medical Services	930,599,071	Accrued interest of Kshs.930,599,071 due to delay in settlement of accounts for supply of Covid 19 vaccines.
2	Kenya Water Security and Climate Resilient Project (IDA) – State Department for Irrigation	70,072,392	Interest on late payments totalling Kshs.70,072,392.
3	Coastal Regional Water Security and Climate Resilience Project Credit No. 5543-KE/70040-KE - State Department for Irrigation	178,636,076	Interest of Kshs.178,636,076 charged on delayed payment to the contractor on certified works.
4	Kibwezi-Mtomo-Kitui-Migwani Project - KENHA EXIM BANK	614,214,454	Interest payments of Kshs.614,214,454 which arose from delayed payments to the contractor for the upgrading of Kibwezi-Mutomo-Kitui-Migwani Road Project.
5	Kapchorwa-Suam-Kitale & Eldoret Bypass Project No. P-ZI-DBO-0183 - KENHA ADB (New)	318,602,456	Contractor has lodged a claim of Kshs.318,602,456 in respect to interest charges caused by delays in the implementation of the project by the employer.
6	Kenya Nairobi Western Bypass Project - KENHA	4,628,287.00	Interest of Kshs.4,628,287 charged on delayed payment for construction of roads and acquisition of land.
7	Water Sector and Sanitation Development Project (IDA Credit No.60290-KE) - State Department for Water and Sanitation	22,472,734	Avoidable interest of Kshs.22,472,734 incurred on delayed payments for water distribution works for Malindi, Gongoni and Mambrui, 2nd Baricho - Kakuyuni Water Supply Project and water distribution works in Watamu projects.
8	Upgrading of Gilgil Machinery Roads to Bitumen Standard – Kenya Rural Roads Authority	38,714,887	Interest of Kshs.38,714,887 on delayed payment of interim payment certificates.
9	Kenya Transport Sector Support Project Credit No.s 4926-KE and 5410-KE - KENHA	615,796,001	Accrued interest amount of Kshs.615,796,001 that resulted from non-payment and delayed payments of the pending bills.

S/No.	Project	Amount (Kshs.)	Description
10	Mwea Irrigation Development Project – National Irrigation Authority	43,122,375	Accumulated interest of Kshs.43,122,375 paid due to penalty on late payment for construction of Thiba Dam.
11	Roads 2000 Phase Two-Central Kenya Rural Roads Improvement and Maintenance Project – Kenya Rural Roads Authority	4,820,323	Interest claims of Kshs.3,649,573 and 50% arbitration fee of Kshs.1,170,750 resulting from delayed settlement of a principal amount of Kshs.30,919,686 awarded by the Arbitral Tribunal for arbitration proceedings for not honoring a contract on consultancy services for design and supervision of Batch 2 low volume seal and gravel roads.
12	Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero (A1) Road Rehabilitation - KENHA	657,026,738	Two (2) construction companies charged interest on delayed payments of Kshs.331,130,553 and Kshs.325,896,185 respectively all amounting to Kshs.657,026,738.
13	Athi Water Works Development Agency (AWWDA) - Northern Collector Phase 1-Additional Rehabilitation and Development of the Network	348,970	The project incurred finance charges amounting to EUR 17,084 and Kshs.348,970 as a result of delay in settlement of certified and invoiced works.
14	East African Trade & Transport Facilitation Project No. P079734 (IDA) - KENHA	18,978,908	Interest on late payment of Kshs.18,978,908 for Interim Payment Certificate (IPC) No. 11A and IPC No.12 issued on 18 September, 2019.
15	Mombasa-Mariakani Highway Project Lot 1 - KENHA ADB	856,733,470	interests accrued of Kshs.856,733,470 due to delayed tax payments.
	Total	**4,374,767,142**	

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

S/No.	Project	Remarks
1	Bogoria Silali Geothermal Project - GDC	Project funds were commingled in several bank accounts maintained by the Geothermal Development Company Limited for all projects.
2	Kenya Primary Education Equity in Learning Program – State Department for Basic Education	Failure to maintain separate bank accounts.
3	Coastal Regional Water Security and Climate Resilience Project Credit No.5543-KE/70040-KE - State Department for Irrigation	Review of supporting documents provided for audit revealed that foreign payments amounting to Kshs.224,528,488 for the Project were paid to KWSCRP-1 in respect to consultancy services that were to be paid in foreign currencies to the Project resulting to commingling of project funds.
4	Geothermal Development Company Project (GDC) - Menengai	Review of the project records revealed that cash and bank balances in respect of the Project were commingled in several bank accounts maintained by the Company for all projects.
5	KETRACO - Eastern Electricity Highway Project	Failure to maintain a separate Project bank account and funds received for the Project were all credited to the Company bank account.
6	Eastern and Southern Africa Higher Education Centres of Excellence (ACE II) Project (Credit No.5798-KE) – State Department for Higher Education and Research	Management did not open a Project bank account for the GOK Counterpart Funds.
7	KETRACO - Multi-National Kenya - Tanzania Power Interconnection Project	Failure to maintain a separate bank account for the Project.
8	Resilient Sustainable Systems for Health (RSSH) KEN-T-TNT 2067 Sub-Recipient - State Department for Public Health and Professional Standards	The Project does not have an account opened and maintained at Central Bank of Kenya for purposes of disbursement of funds.
9	Kenya Primary Education Equity in Learning Project – State Department for Basic Education	Failure to maintain separate project bank accounts.
10	Kenya Towns Sustainable Water Supply and Sanitation Program Central Rift Valley Water Works Development Agency (CRVWWDA)	The Program does not maintain a designated bank account and its activities funded by GOK are undertaken through the implementing Agency (Central Rift Valley Water Works Development Agency) bank account.

S/No.	Project	Remarks
11	Lake Nakuru Biodiversity Conservation Project – Central Rift Valley Water Works Development Agency	The Project did not maintain a designated bank account, and its activities funded by GOK are undertaken through the implementing Agency bank account.
12	Support to Technical and Vocational Education and Training for Relevant Skills Development Project - TVET Project Phase II (ADF Loan No.2100150033295) – State Department for Technical, Vocational Education and Training	Management did not maintain a separate Project bank account. As a result, disbursements and payments for Project's activities were processed through the State Department's Development Bank Account.
13	Support to Technical and Vocational Education Training and Entrepreneurship (TVETE PROJECT - PHASE III) - State Department for Technical, Vocational Education and Training	Management did not open a Project bank account for the GoK Counterpart Funds.
14	Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands (TWENDE) – State Department for Livestock Development	The funds were operated from the State Department's bank account which is separate from the Project's bank account.
15	KETRACO - Olkaria-Lessos-Kisumu CR NO KE-P28	Failure to open and maintain a separate Project bank account.
16	KETRACO - 220KV AND 132KV Transmission Lines and Sub-stations (EXIM Bank of India)	Failure to open and maintain separate Project bank account.

Appendix J: Counterpart Funding Issues

S/No.	Project	Remarks
1	Covid-19 Health Emergency Response – State Department for Medical Services	The Project did not receive Counterpart Funding amount of Kshs.100,000,000 from the Government of Kenya.
2	Drought Resilience and Sustainable Livelihood Programme - State Department for Agriculture	Failure to Transfer GOK Counterpart Funds of Kshs.80,276,063 through the Project Bank Account.
3	Kenya Cereal Enhancement Programme - Climate Resilient Agricultural Livelihood Window (KCEP-CRAL) - State Department for Agriculture	Unremitted Government Counterpart Funds of Kshs.105,435,782.
4	Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II - Athi Water Works Development Agency	Delay in disbursement of Counterpart financing balance of Kshs.505,033,008 to the Project activities which represents 55% of the total cumulative Counterpart funding.
5	De-Risking, Inclusion & Value Enhancement of Pastoral Economies (DRIVE) – State Department for Livestock Development	Delay in Release of GOK Counterpart Funding of Kshs.441,443,563 to the Project.
6	Last Mile Connectivity project (LMCP - KPLC)	Unsupported Government of Kenya Counterpart funds of Kshs.1,145,629,000. In addition, no amendment to the Financing Agreement and the Project Appraisal Report was provided to indicate an increase in the GOK Counterpart funding.
7	National Agricultural and Rural Inclusive Growth Project - State Department for Agriculture	Non-remittance of Counterpart funding by five (5) Counties of Kitui, Makueni, Turkana, Migori and Kwale towards the Project during the financial year under audit.
8	East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences - State Department for Medical Services	Variance in Counterpart Funding and failure to Channel Counterpart Funds to the Project account.
9	Eastern Africa Regional Transport, Trade Development Facilitation Projects IDA Cr No 5638 - KENHA	Counterpart funding of Kshs.663,136,284 or 13% had not been disbursed to fund the Project's activities.
10	Eastern and Southern Africa Higher Education Centres of Excellence (ACE II) Project (Credit No.5798-KE) - State Department for Higher Education and Research	Unconfirmed disbursement of Counterpart funds.
11	Emergency Locust Response Project - Credit No 6648 - State Department for Agriculture	Lack of Counterpart funding provision in the Financing Agreement

S/No.	Project	Remarks
12	National Agricultural Value Chain Development Project (NAVCDP) - State Department for Agriculture	• Delay in disbursement of County Counterpart funds. • Failure to disburse County Counterpart funds amounting to Kshs.80,000,000.
13	Construction of Five-foot Bridges & T-Mall Flyover on Mombasa and Langata Roads (KEN-01001-19) - KENHA	Government Counterpart funding of Kshs.31,379,697 was not received.
14	Horn of Africa Gateway Development Project - NTSA	Low counterpart funding by Kshs.447,986,577.
15	Small-scale Irrigation and Value Addition Project (SIVAP) - State Department for Agriculture	Failure to transfer GOK Counterpart Funds of Kshs.99,031,523 through the Project account.
16	Support to Technical and Vocational Education Training and Entrepreneurship (TVETE PROJECT - PHASE III) - State Department for Technical, Vocational Education and Training	Underfunding of the Government of Kenya Component.
17	Upgrading of Gilgil Machinery Roads to Bitumen Standard – Kenya Rural Roads Authority	Counterpart financing balance of Kshs.167,500,000 or 42% was not disbursed to the Project activities.
18	Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS) - State Department for Agriculture	Failure to remit the Counterpart funding of Kshs.40,917,560 through the project bank account.

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

S/No.	Project	Remarks
1	Agricultural Sector Development Support Programme - State Department for Agriculture	Failure to close bank accounts after lapse of the Project period and return the bank balances of Kshs.22,174,719 to the special program account.
2	Devolved Climate Change Governance to Strengthen Resilience of Communities in Target Counties - NEMA	Failure to remit Project's bank balance of Kshs.1,897,602 to the donor after the closure of the Project.
3	Output based Approach - Reproductive Health (OBA-RH) No 20106- 5853 - State Department for Public Health and Professional Standards	No explanation was provided for the continued delays to close the Project and the related bank accounts.
4	Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase II (Marsabit-Turbi) - KENHA	Lack of Project closure report and failure to close the project.
5	Nairobi-Thika Project (Lot 3) - KENHA	The Project closure report was not provided for audit. Management did not provide an explanation for the failure to close the Project.
6	Timboroa-Eldoret - KENHA, ADB	The Project was 100% complete by the end of the financial year 2016/2017 and handed over to the Authority. However, the Project closure report was not provided for audit and Management did not provide an explanation for the failure to close the Project.
7	Kenya Nairobi Western Bypass Project - KENHA	The Project closure report was not provided for audit and Management did not provide an explanation for the failure to close the Project, over a year after the completion date.
8	Kenya Symbiocity Programme - SIDA No. 51110060 – Council of Governors	Failure to close the Project after it ended on 30 June, 2023.
9	Multinational -Arusha-Holili/Taveta-Voi Road Corridor Project, KENHA	The Project closure report was not provided for audit and Management did not provide reasons for failure to close the Project, over four (4) years after the completion date.
10	Nairobi Inclusive Sanitation Improvement Project - Athi Water Works Development Agency	Review of the Project documents revealed that the Project closed on 31 May, 2024. However, the bank account is still open and holding unutilized funds of Kshs.61,259,388.
11	Port Reitz Moi International Airport Access Road (TMEA) - KENHA	Project closure report was not provided for audit and Management did not provide an explanation for the failure to close the Project, seven (7) years after the completion date.

S/No.	Project	Remarks
12	Arusha-Namanga-Athi River-Road - KENHA, ADB	Project closure report was not provided for audit. Management did not provide an explanation for the failure to close the Project.
13	Construction of Five-foot Bridges & T-Mall Flyover on Mombasa and Langata Roads (KEN-01001-19) - KENHA	The project closure report was not provided for audit. Management did not provide an explanation for the failure to close the project.
14	Kenya Transport Sector Support Project Credit No. s 4926-KE and 5410-KE - KENHA	Project had continued operations six and a half (6½) years after closure date and no closure report was provided for audit.
15	Kenya Urban Support Programme - V0360Ke Housing - State Department for Housing and Urban Development	Failure to close the Program's operations account held at the Central Bank of Kenya. No reason was provided to explain the same.
16	Lake Victoria Water and Sanitation Project CKE 1093 02M - Lake Victoria South Water Works Development Agency	In a letter dated 28 August, 2024, Management indicated that the Project was closed. However, it was not clear why Management had not formally handed over the Project to the Agency.
17	Nairobi-Thika Road Project (Lot 1 And 2), ADB -KENHA	Project closure report was not provided for audit and Management did not provide an explanation for the failure to close the Project.
18	National Urban Transport Improvement Project Cr No.5140 IDA – Kenya Railways Corporation	The Project closure report was not provided for audit. Management did not provide an explanation for the failure to close the Project, over six (6) years after the completion date.
19	Busia-Port Victoria Household Sanitation Project - Busia Water and Sewerage Services Company Limited	The Project was to end on 31 December, 2021.However, as at 30 June, 2024, the Project had not been closed and no explanation was provided for failure to close the Project.
20	East African Trade & Transport Facilitation Project No. P079734 (IDA) - KENHA	Project closure report was not provided for audit. Management did not provide an explanation for the failure to close the Project, over three (3) years after the completion date.
21	Kisumu Urban Project (Project Advance Account) - CKE 1035.01. G - County Government of Kisumu	Failure to close the Project.
22	Nairobi Outering Road Improvement Project (AfDB) - KURA	The Project closure report was not provided for audit. Management did not provide an explanation for the failure to close the Project, over three (3) years after the completion date.
23	Merille River-Marsabit Road Project - KENHA, EU	The Project closure report was not provided for audit and Management did not explain the failure to close the Project.

S/No.	Project	Remarks
24	Micro Finance Sector Support Credit Scheme Project - The National Treasury	Failure to close the project, nine years after it ceased operations.
25	Nairobi Southern By-Pass, EXIM - KENHA	The Project closure report was not provided for audit. Management did not explain the failure to close the Project, over eight (8) years after the completion date.
26	Northern Corridor Improvement Project Phase III (Eldoret- Turbo-Malaba Road - KENHA, EU	The Project closure report was not provided for audit. Management did not explain the failure to close the Project.
27	Nuno-Modagashe Road Project - KENHA	Management did not provide project closure reports and no explanation was provided for failure to close the project
28	Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase III (Turbi-Moyale) - KENHA	The project closure report was not provided for audit and Management did not provide an explanation for the failure to close the Project.

Appendix L: Procurement Issues

S/No.	Project	Issue	Details
1	Coastal Regional Water Security and Climate Resilience Project Credit No. 5543-KE/70040-KE - State Department for Irrigation	Contract variation exceeding 25%	Claims totalling Kshs.356,383,892 on price/cost adjustment exceeded a provision of 25% price adjustment for the certified works allowed in contract agreement.
2	Dualling of Magongo Rd(A109L): Phase II (FIDIC/TURNKEY BASED) - KENHA	Contract variation exceeding 25%	Contract for consultancy services for supervision of the project was varied by Kshs.97,102,155 or 99.8% of the original contract sum which exceeds the 25% threshold set by law.
3	Water Sector and Sanitation Development Project (IDA Credit No.60290-KE) - State Department for Water and Sanitation	Contract variation exceeding 25%	Contract for provision of consultancy services for design review, implementation of ESIA/RAP and construction supervision of water and sanitation works for Malindi Water and Sewerage Company was revised upwards to Kshs.177,739,431 resulting to an increment of Kshs.100,780,076 or 131% which exceeds the 25% threshold.
4	Thwake Multi-Purpose Development Project - State Department for Water and Sanitation	Contract variation exceeding 25%	Increase in contract price for construction of Thwake Dam by Kshs.31,871,850,475 or 32% of the contract sum which exceeds the 25% threshold.
5	Coastal Regional Water Security and Climate Resilience Project Credit No. 5543-KE/70040-KE - State Department for Irrigation	Failure to charge liquidated damages	Failure to charge liquidated damages for termination of Construction of Kwale Town Urban Water Supply Project.
6	East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences - State Department for Medical Services	Failure to charge liquidated damages	Failure to charge liquidated damages for delayed performance by the contractor.
7	Kenya Primary Education Equity in Learning Project- State Department for Basic Education	Failure to charge liquidated damages	Management did not charge liquidated damages as a result of delay in completion of installation and commissioning of ICT equipment in thirty (30) public teachers training colleges.

S/No.	Project	Issue	Details
8	Eastern Africa Regional Transport, Trade and Development Facilitation Project Credit No. 5638 -KE - (KRA)	Failure to charge liquidated damages	Failure to charge and demand for liquidated damages arising as a result of delay in completion of Rapid Response Units Offices in Lodwar.
9	Secondary Education Quality Improvement Project - TSC	Failure to charge liquidated damages	Failure to charge liquidated damages for delay in commencement of total of thirty (30) classrooms, forty (40) laboratories, four (4) water projects and four hundred and seventy-one (471) sanitation blocks valued at Kshs.573,900,000. Two hundred and sixty-seven (267) Projects in three Counties with contract sum of Kshs.344,235,750 had stalled and liquidated damages were not charged.
10	Infrastructure Finance and Public Private Partnership Project – IDA - The National Treasury	Failure to follow tender evaluation criteria in award of contract	Use of expired access to Government Procurement Opportunities (AGPO) Certificate by winning bidder during tender evaluation process.
11	Infrastructure Finance and Public Private Partnership Project – IDA - The National Treasury	Irregular extension of lapsed contract	Irregular extension of lapsed contract for consultancy to provide transaction advisory services for the development, operation and maintenance of Nairobi-Nakuru-Mau Summit Highway Project. Review of the contract documents showed that the contract had been extended by a total of ninety-four (94) months equivalent to seven (7) years and ten (10 months and four out of the seven addendums entered into were signed when the previous addendums had already lapsed.
12	East Africa Skills Transformation and Regional Integration project (Credit Number 6334-KE) - Kenya Coast National Polytechnic	Irregular contract variation within one year of contract signing	Irregular contract variation by Kshs.5,317,828 which was executed within eight (8) months from the date of signing the contract.
13	Africa Center of Excellence in Sustainable use of Insects as Food and Feeds Project (IDA	Irregular use of direct procurement	Service providers for routine maintenance were single-sourced and did not meet the

S/No.	Project	Issue	Details
	Credit NO.5798-KE) – Jaramogi Oginga Odinga University of Science and Technology		conditions of direct procurement as set out in Section 103(2) Public Procurement and Asset Disposal Act, 2015.
14	USAID Boresha Jamii Project No. (72061521CA00004) - Jaramogi Oginga Odinga University of Science and Technology	Services procured are not included in the annual procurement plan	Provision of group medical insurance cover was not included in the annual procurement plan for 2023-2024.
15	East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences - Phase 1 (Loan No. 2100150031997) Project - State Department for Medical Services	Contract variation was not reviewed by a contract implementation team or an evaluation committee before approval and the variation was irregularly done within one year after contract signing	Contract variation for construction of East Africa's Kidney Institute Centre of Excellence was not reviewed by a contract implementation team or an evaluation committee before approval by the Accounting Officer. Contract variation of Kshs.23,111,833 was varied within one year of contract signing.
16	Upgrading of Kibwezi-Mutomo-Kitui-Migwani Road Project No. BLA2016K001 - Kenya National Highways Authority	Unauthorized contract variation	Contract variation for construction of Kibwezi-Mutomo-Kitui Road was done without express authority of The National Treasury.

Appendix M: Stalled and Delayed Projects

S/No.	Project	Contract Amount (Kshs.)	Cumulative Amount Paid (Kshs.)	Description
1	Drought Resilience and Sustainable Livelihood Programme - State Department for Agriculture	586,191,092	359,553,498	Incomplete Works for the Construction of Kaptiony – Kiboi Foot Bridge Dam in Baringo County which was 80% complete.
2	Kenya Towns Sustainable Water Supply and Sanitation Program - TAWWDA	4,614,332,242		Delayed completion of eight (8) projects with a contract sum of Kshs.4,614,332,242.
3	Nairobi Intelligent Transportation System Establishment and Junctions Improvement - Phase I – Kenya Urban Roads Authority	6,718,790,100		Only an amount of Kshs.158,815,021 or 2.4% of the Development Partner's commitment of Kshs.6,718,790,100 had been received by the Project as at 30 June 2024.The project was behind schedule by over fourteen (14) months and was still implementing components relating to the first (12) twelve months.
4	National Urban Transport Improvement Project Cr. No.5140 - KENHA, IDA	20,414,794,998	12,871,647,971	Delayed rehabilitation and capacity enhancement of James Gichuru Road Junction to Rironi Highway (A104) which is 77% complete with time elapsed of eighty-three (83) months or 101.4% of the contract period.
5	Rural Electrification in Five Regions Project (BADEA) – Rural Electrification and Renewable Energy Corporation (REREC)	5,828,101,800		250 out of 420 schemes were incomplete.
6	Coastal Regional Water Security and Climate Resilience Project Credit No. 5543-KE/70040-KE - State		1,489,149,610	Delayed implementation of Mwache Dam construction project with a project progress of

S/No.	Project	Contract Amount (Kshs.)	Cumulative Amount Paid (Kshs.)	Description
	Department for Irrigation			13.2% and a set timeline of 2 and a half years.
7	Coastal Regional Water Security and Climate Resilience Project Credit No. 5543-KE/70040-KE _ State Department for Irrigation	426,338,937	39,229,463	Delayed construction of Kwale Town Urban Water Supply Project which is 67% complete despite several contract extensions.
8	Dualling of Magongo Rd(A109L): Phase II (FIDIC/TURNKEY BASED) - KENHA	2,464,287,937		Delay in completion of dualling of Magongo road project with 92.66% work progress and time elapsed being 74 months.
9	Improvement of Drinking Water and Sanitation Systems in Mombasa: Mwache Project - Coast Water Works Development Agency		34,980,371	Delay in construction of Mwache Dam water treatment plant and transmission pipelines.
10	Improvement of Drinking Water and Sanitation Systems in Mombasa: Mwache Project - Coast Water Works Development Agency		91,081,225	Delay in completion of emergency works for increasing water availability in Likoni.
11	Nairobi Metropolitan Service Improvement Project (NAMSIP) Cr. No. 5102 KE – State Department for Housing and Urban Development	1,056,478,730	124,058,454	Delay in construction of Mitubiri Sanitary Landfill site project which was 83% complete and the project was 1713 days behind scheduled time.
12	East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences – State Department for Medical Services	3,674,000,000	2,790,048,277	Incomplete construction of East Africa's kidney institute centre of excellence
13	Integrated Health & Environment Observations & Legal and Institutional Strengthening for	28,498,702	541,445	Delay in project implementation

S/No.	Project	Contract Amount (Kshs.)	Cumulative Amount Paid (Kshs.)	Description
	Sound Management of Chemical in Africa - State Department for Environment and Climate Change			
14	Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (IWT-Kenya) – State Department for Wildlife	52,231,554		The contract for the KWS Tsavo conservation area was at 77% level of completion yet contract period had lapsed.
15	Eastern Africa Regional Transport, Trade and Development Facilitation Project Credit No. 5638 -KE - (KRA)		71,554,664	Rapid Response Unit in Kakuma was at 70% completion level with the project closing in December 2024.
16	Horn of Africa Gateway Development Project - Information and Communication Technology Authority (ICTA)			Delayed project implementation as a result of incomplete construction of the Road Project by Kenya National Highways Authority
17	Kapchorwa-Saum-Kitale & Eldoret Bypass Project No. P-ZI-DBO-0183 -KENHA ADB (New)	4,955,349,857		Delayed completion of the Lot 2 - Kitale-Endebess-Suam project
18	Kenya Electricity Expansion Project (KEEP) - Project Cr No. 1487P - Rural Electrification and Renewable Energy Corporation (REREC)	1,352,914,371		Delay in completion of 3 lots under the project.
19	Kenya Nairobi Western Bypass Project - KENHA	815,740,720		Delay in completion of a road project.
20	Kenya Towns Sustainable Water Supply and Sanitation Program - Central Rift Valley Water Works Development Agency (CRVWWDA)	5,037,586,618		Delay in implementation of six (6) projects.

S/No.	Project	Contract Amount (Kshs.)	Cumulative Amount Paid (Kshs.)	Description
21	Water Sector and Sanitation Development Project (IDA Credit No.60290-KE) - State Department for Water and Sanitation	688,606,878	198,969,723	Delayed construction of collector and transmission lines, borehole drilling and auxiliary works for Kwale Water and Sewerage Company awarded at Kshs.688,606,878 with only 28.9% of progress was achieved with nine months to expiry of the contract period.
		32,884,390	975,746	Delayed completion of construction of storage warehouse for pipes, fittings and portable equipment Lot 1 for Tavevo Water and Sewerage Company awarded at Kshs.32,884,390 and was 85% complete with contract period lapsed.
		587,480,229		Delayed completion of Fecal Sludge Treatment Plant in Malindi Town awarded at Kshs.587,480,229 with only 30% completed and contract period about to expire in 31 December, 2024.
		196,530,590		Delayed construction of ablution blocks in Mombasa County awarded at Kshs.196,530,590 with 78.46% works done and contract period lapsed.
		459,091,415		Delayed improvement of storm water outlets and sewer overflows in Mombasa Island awarded at Kshs.459,091,415 with only 62.2% of the physical progress

S/No.	Project	Contract Amount (Kshs.)	Cumulative Amount Paid (Kshs.)	Description
				achieved and contract period lapsed on 30 September, 2024.
		815,229,180		Delayed rehabilitation and extension of Mombasa Water Supply Distribution Works awarded at revised contract sum of Kshs.815,229,180 with only 74.98% works achieved and contract period about to expire in December, 2024.
		781,423,747	571,765,209	Construction of short-term water distribution system Lot 1A at Mombasa Mainland awarded at revised contract sum of Kshs.781,423,747 delayed with 68% physical progress achieved, Kshs.571,765,209 paid and contract period about to expire in December, 2024.
22	Small-scale Irrigation and Value Addition Project (SIVAP) - State Department for Agriculture	538,793,797		Various projects in the eleven (11) counties are in different stages of implementation, other projects have stalled and several are behind schedule.
23	Support to Roads Sector Policy:10th EDF Rural Roads Rehabilitation Project in Kenya - EUROPEAID/134053/IH/WKS/KE - Kenya Rural Roads Authority	454,582,528		Delay in Construction of Chuka - Kaanwa Road and Kaanwa - Wakathite Road

S/No.	Project	Contract Amount (Kshs.)	Cumulative Amount Paid (Kshs.)	Description
24	Bura Rehabilitation Development Project - National Irrigation Authority	1,764,278,550	904,884,495	Construction of New Main Canal from Korakora to Nanighi was at 58.3% completion despite the changes to the completion date over the years.
25	Kenya Off-Grid Solar Access Project (KOSAP -REREC 6135ke) - Rural Electrification and Renewable Energy Corporation			Land for thirty-one (31) project sites had not been acquired yet the project lapses in one year's time. This will lead to delayed implementation of the project.
26	Mwea Irrigation Development Project - National Irrigation Authority	1,500,750,983		Lot 1 was at 42% completion level against a projected 88% and with only one month left while Lot 2 was at 72% against 99% completion level.
27	NEMA-Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya	1,145,970,533		Two project activities were still ongoing with a completion of 91% and 70% respectively with a total contract sum of Kshs.60,366,388 and had been certified to the tune of Kshs.48,594,510 despite the project closing as at 30 June, 2024.
28	Secondary Education Quality Improvement Project – State Department for Basic Education	6,385,593,756		Construction works in ten (10) counties was at 77% level of completion against expected level of 90%. Projects in nine (9) counties had been extended without requisite approvals.
29	Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero (A1) Road Rehabilitation - KENHA		65,995,181	Delay in completion of installation of Weighbridge Equipment at Rongo Station

S/No.	Project	Contract Amount (Kshs.)	Cumulative Amount Paid (Kshs.)	Description
30	The Bagamoyo-Horo Horo Lunga Lunga Malindi Road Project (Phase 1) - KENHA	7,590,747,593	1,607,306,318	Lot 1 was at 18.4% against programmed level of 45.3% in August 2024 due to delays in land acquisition.
31	The Bagamoyo-Horo Horo Lunga Lunga Malindi Road Project (Phase 1) - KENHA	7,546,323,677	5,383,856,266	Lot 2 was at 62% with only four (4) months to the end of contract and some sections in Mtwapa had not been handed to the contractor.
32	East Africa Skills Transformation and Regional Integration Project - Kenya Coast National Polytechnic (KCNP)			Slow pace of project implementation in Kwale County for construction of catering and marine centre
33	Hybrid Generation of Off-Grid Power System Credit No. CKE 1066 01 L - Kenya Power and Lighting Company PLC	1,768,699,771	1,077,944,493	Delays in completion of design, supply, installation and commissioning of diesel - solar photovoltaic hybrid plants for four (4) off-grid stations
34	KETRACO - Nairobi Ring Transmission Line Project (NO. CKE601201G)			Delay in completion of Malaa substation
35	Kenya Climate Smart Agriculture Project (KASCAP) Credit No. 5945KE - State Department for Agriculture	748,095,161	1,000,546,760	Delayed completion of the Isiolo Abattoir Project
36	Kenya Climate Smart Agriculture Project (KASCAP) Credit No. 5945KE - State Department for Agriculture		18,321,908	Delayed upgrading of the Biricha Irrigation Water Project and construction of Water Storage Tanks on Mugunda Ward.
37	Kenya Social and Economic Inclusion Project - State Department for Social Protection and Senior Citizen Affairs		73,885,042	Delayed implementation of the Data Room Upgrades and IT Infrastructure Build for Management Information System.

S/No.	Project	Contract Amount (Kshs.)	Cumulative Amount Paid (Kshs.)	Description
38	Eastern Africa Regional Transport Trade and Development IDA Credit No. 5638-KE - Information and Communication Technology (ICT) Authority (ICTA)	903,110,303		Delay in supplying and installation of two optical fibre networks (Backbone and Access) along the Eldoret-Nadapal/Nakodok road where 11km of the road to Nakodok was not done.
39	Kibwezi-Mtomo-Kitui-Migwani Project - KENHA EXIM BANK	18,404,888,139		Incomplete road works for upgrading of Kibwezi-Mutomo-Kitui road project where the road works ended at 8km to Migwani town and stalled.
40	Water Sector and Sanitation Development Project (IDA Credit No.60290-KE) - State Department for Water and Sanitation	850,001,993	433,935,883	Water Distribution Works Project for Mtwapa Town awarded at Kshs.850,001,993 was incomplete at 64% of the progress achieved and the contract period lapsed.
		859,714,132	54,237,626	Contract for the supply of upgrade of water distribution systems to Voi, Mwatate, Wundanyi and Taveta awarded at Kshs.859,714,132 was incomplete at 73% of the works achieved and contract period lapsed.
41	Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS) - State Department for Agriculture	62,971,574		Delay in construction of Lesirikani hay shed and Tum hay shed in Samburu County; Kimose Hay shed in Baringo County; Lobokat Commercial Pasture Plot in Turkana County and Runo Livestock Sale Yard in West Pokot County.
42	Malindi Integrated Social Health Development	4,928,980	4,894,466	Incomplete renovation of Coast Development Authority Headquarters.

S/No.	Project	Contract Amount (Kshs.)	Cumulative Amount Paid (Kshs.)	Description
	Programme Phase II (MISHDP-II) - Coast Development Authority			
43	Thwake Multi-Purpose Development Project - State Department for Water and Sanitation	36,971,346,445	32,780,015,385	Slow implementation of construction of Thwake Multipurpose Water Development Program
44	GOK/UNFPA 10th Country Programme - State Department for Youth Affairs and Creative Economy	0	0	Documents provided for audit revealed that the Project received funding in October, 2023 and began operations in November, 2023. However, the Project had not carried out any activities since January, 2024 due to lack of funding.
45	Kenya Towns Sustainable Water Supply and Sanitation Program Central Rift Valley Water Works Development Agency (CRVWWDA)	1,185,758,691		Stalled implementation of Kipkaren Dam water Supply Project.
46	Water Sector and Sanitation Development Project (IDA Credit No.60290-KE) - State Department for Water and Sanitation	90,013,162	38,353,004	The construction of ablution blocks at Voi, Taveta, Wundanyi, Bura and Maungu at a contract sum of Kshs.90,013,162 had stalled at 54% to project completion. An amount of Kshs.38,353,004 had been paid to the contractor.
		78,236,141		Construction of office block at Voi Town Lot II at a contract sum of Kshs.78,236,141 had stalled at 23% to project completion.
47	East Africa Skills for Transformation and Regional Integration Project (EASTRIP) -	444,473,290		Stalled construction of the Building Technology Flagship Center (EASTRIP Project) at the Meru Polytechnic due to

S/No.	Project	Contract Amount (Kshs.)	Cumulative Amount Paid (Kshs.)	Description
	Meru National Polytechnic			unresolved conflicts resulting in stoppage of works and termination of the contract in September, 2023 by the Institution.
48	Secondary Education Quality Improvement Project - State Department for Basic Education	344,235,750		Sixty-seven (67) construction projects in Tana River, one hundred and eighty-six (186) projects in Kwale and fourteen (14) projects in Taita Taveta awarded at a contract sum of Kshs.344,235,750 had stalled.
	Total	**151,230,399,036**	**62,087,732,483**	

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