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**SUMMARY  
OF THE  
REPORT  
OF THE  
AUDITOR-GENERAL  
FOR THE  
NATIONAL GOVERNMENT  
FOR THE  
YEAR 2019/2020**





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## Vision

Effective accountability in the management of public resources and service delivery

## Mission

Audit and report to stakeholders on the fairness, effectiveness and lawfulness in the management of public resources for the benefit of Kenyan people

## Core Values

Independence | Integrity | Professionalism | Innovation | Team Spirit

## Motto

Enhancing Accountability

Website: [www.oagkenya.go.ke](http://www.oagkenya.go.ke)



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# **SUMMARY OF THE REPORT OF THE AUDITOR-GENERAL ON MINISTRIES, DEPARTMENTS, AGENCIES, COMMISSIONS, FUNDS AND OTHER ACCOUNTS OF THE NATIONAL GOVERNMENT FOR THE YEAR 2019/2020**

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## **1.0 Introduction**

### **1.1 Constitutional Mandate of the Auditor-General**

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 Offices, Public Debt, Political Parties funded from public funds, other government agencies and any other entity funded from public funds. 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 by the Constitution under Article 229 (6) to assess and confirm whether the public entities have used 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.

The mandate of the Auditor-General as enshrined in the Constitution, has been operationalized by the Public Audit Act, 2015 and the Public Finance Management Act, 2012. In addition, the Auditor-General carries out audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).

### **1.2 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)-Cash Basis, 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 the Public Finance Management Act, 2012 and Section 47 of the Public Audit Act, 2015.

Management is also responsible for maintaining 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 entity 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.

### **1.3 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.

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.

## 1.4 Reporting Structure

The new reporting structure of my report addresses the reporting requirements of Article 229(6) of the Constitution of Kenya, which requires that an audit report shall confirm whether or not public money has been applied lawfully and in an effective way. Section 7(1)(a) of the Public Audit Act, 2015 also requires that I provide assurance on the effectiveness of internal controls, risk management and overall governance in national and county governments entities.

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 money has been applied lawfully and in 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.

## 1.5 Audit Opinions

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

### a) Unmodified/ Unqualified 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 unqualified opinion are listed in Appendix A.

#### **b) Modified/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.

#### **c) Adverse Opinion**

The financial statements exhibit significant misstatements with the underlying accounting records. There is significant disagreement between the financial statements and the underlying books of accounts and/or standards. These problems are widespread, persistent and require considerable interventions by the management to rectify. The financial statements with adverse opinion are listed in Appendix C.

#### **d) 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.

### **1.6 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.

Further, an effective mechanism for follow up on implementation of audit recommendations is lacking and as such most audit queries recur in subsequent audit reports due to lack of adequate action. Section 204(1)(g) of the Public Finance Management Act, 2012 provides that the Cabinet Secretary for The National Treasury 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, lack of requisite sanctions has led to perennial failure by some Accounting Officers to adequately account for the management and use of public resources. It has also led to fiscal indiscipline including misallocations, wastage of resources and lack of value for money in implementation of projects, thereby affecting development programmes in various entities, which in turn threatens sustainability of service delivery to citizens. There is also lack of adequate preparation for audit by some Accounting Officers which is exhibited by unavailability of requisite supporting documents and in some cases reluctance to cooperate with the auditors during the audit process.

An effective and quality audit process ensures that the results of audit and the recommendations given are credible, relevant, reliable and value adding. This influences improved decision making and beneficial change and impact in the lives and livelihoods of citizens and other stakeholders. Provision of quality and effective audit services and confirmation of lawfulness and effectiveness of implemented programmes, requires comprehensive scrutiny and evaluation of documents. Most critical is physical confirmations of the existence and utilization of projects or programs implemented throughout the country. This requires an independent and well-resourced Audit Office, with guaranteed availability of resources and optimal staffing, to enable efficient and effective execution of the audit cycle, and to ensure continuous and sustainable audit operations.

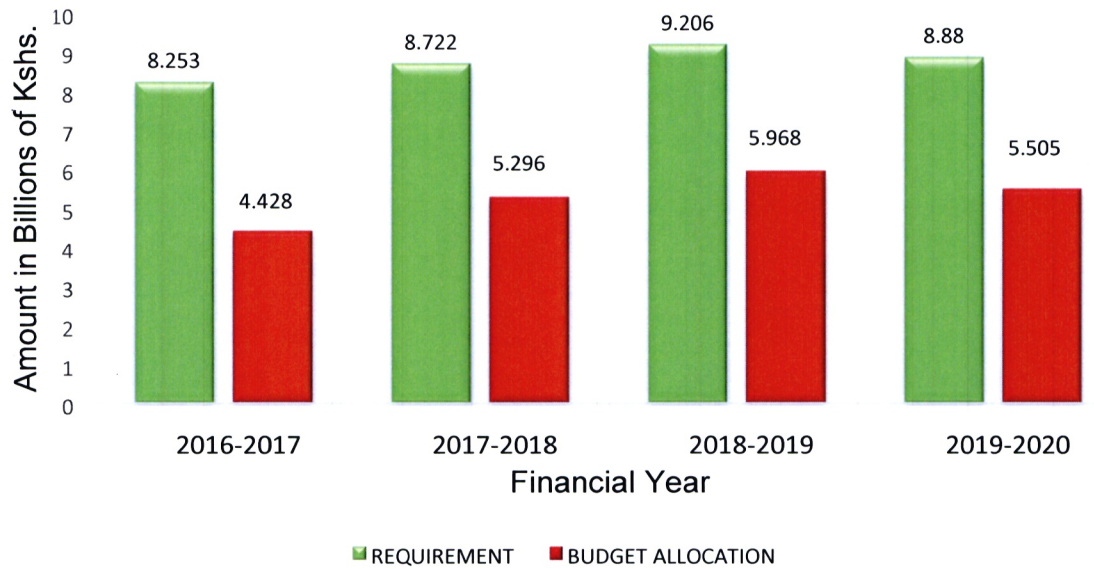
The Office continues to seek support from Parliament and The National Treasury for enhancement of resources to enable it build technical capacity, expand its presence in the counties, widen the scope and comprehensiveness of audit and motivate staff. We continue to devolve our services closer to the people through establishment and expansion of regional offices to accommodate our staff in order to address the audit needs at the counties level. We have so far constructed regional offices in Garissa, Kakamega and Eldoret, while construction works in Embu is ongoing as the Office strives to enhance its presence in the counties for efficient, effective and economic delivery of audit services. Plans for construction of our Headquarters in Nairobi have, however, been delayed due to lack of funding. The Office will continue to make appeals to Parliament and The National Treasury for resources to enable enhancement of accountability across government.

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. The following tables and graphs illustrate the budget requirements by the Office of the Auditor-General versus the allocated amounts, and the National Government budget versus allocation to the Office of Auditor-General over the last four (4) 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 %
2016/2017	8.253	4.428	<b>3.825</b>	4.311	97
2017/2018	8.722	5.296	<b>3.426</b>	4.735	89
2018/2019	9.206	5.968	<b>3.238</b>	5.783	97
2019/2020	8.88	5.505	<b>3.375</b>	5.425	99

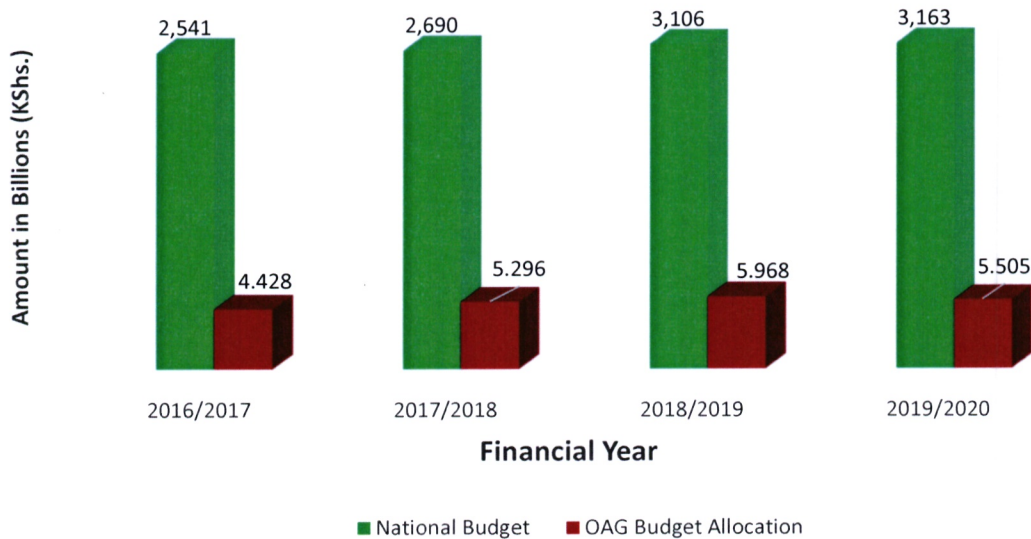
### OAG Budget Requirement Versus Budget Allocation



*Table 2: National Government Budget Versus Allocation to OAG*

Financial Year	National Budget Kshs. (Billions)	OAG Budget Allocation Kshs. (Billions)	% of Allocation to National Budget
2016/2017	2,541	4.428	0.17%
2017/2018	2,690	5.296	0.20%
2018/2019	3,106	5.968	0.19%
2019/2020	3,163	5.505	0.17%

## National Government Budget Versus Allocation to OAG



The Office, if adequately resourced, can deliver more on its mandate as enshrined in the Constitution and the Public Audit Act, 2015 in terms of enhancing accountability in the public sector.

## 2.0 Key Audit Findings

The sections below highlight key audit findings from the audit of the financial statements for the year ended 30 June, 2020.

### 2.1 Government Budgetary and Expenditure Review

#### 2.1.1 Budget Review

Review of the Government’s budget and expenditures for the year 2019/2020 revealed the following observations: -

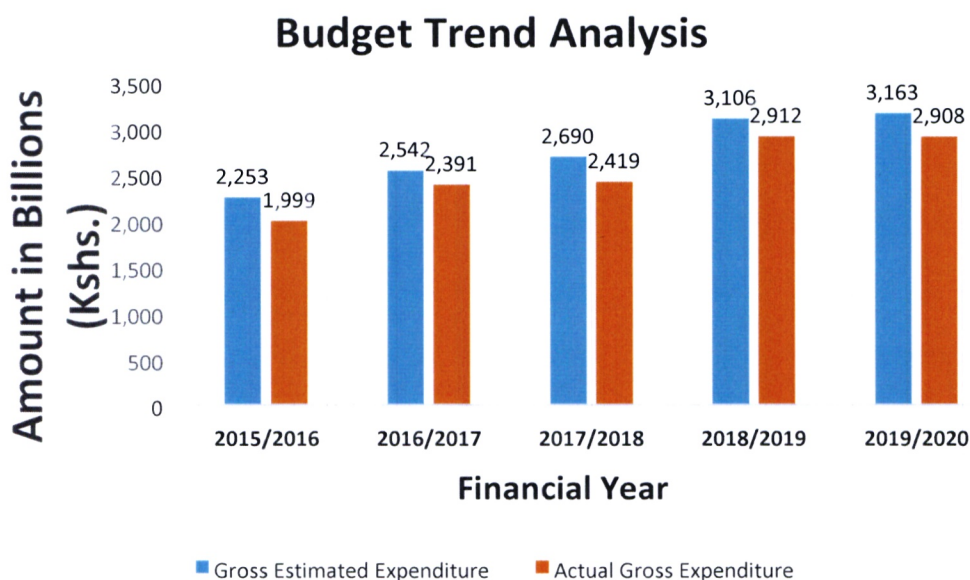
#### 2.1.2 Budget Trend Analysis

The gross estimated Government expenditure has increased over the last five years from Kshs.2,253,494,806,467 in the year 2015/2016 to Kshs.3,162,976,512,141 in the year 2019/2020 representing an increase of Kshs.909,481,705,674 or approximately 40% over the five-year period.

Similarly, the actual gross expenditure has increased over the last five years from Kshs.1,999,174,760,912 in the year 2015/2016 to Kshs.2,908,327,356,465 in the year 2019/2020 representing an increase of Kshs.909,152,595,553 or approximately 45% over the period. This indicates that the scope of my audit has also increased considerably over the last five years. The tabulation below depicts this trend:

*Table 3: Budget Trend Analysis for the Last Audited Five Years*

Year	Gross Estimated Expenditure	Actual Gross Expenditure	Under-Absorption	Under-Absorption
	(Kshs.)	(Kshs.)	(Kshs.)	% age
2015/2016	2,253,494,806,467	1,999,174,760,912	254,320,045,555	11%
2016/2017	2,541,568,251,270	2,390,531,985,901	151,036,265,369	6%
2017/2018	2,690,233,829,942	2,419,275,195,751	270,958,634,191	10%
2018/2019	3,106,405,817,692	2,911,690,013,343	194,715,804,349	6%
2019/2020	3,162,976,512,141	2,908,327,356,465	254,649,155,676	8%



The above analysis indicates that the under-absorption of the budget has been on average at 8.2% of the gross estimated expenditure in the last five (5) years. The under-absorption of the budget implies that some development programmes and delivery of services are not implemented as planned. It may also imply that the estimated expenditure may not be comprehensively backed by correct or accurate data, thereby leading to over estimations.

### 2.1.3 Budget for 2019/2020

In 2019/2020, the Approved Estimated Gross Expenditure was Kshs.3,162,976,512,141 while approved Appropriations-In-Aid (AIA) was Kshs.428,658,907,626 resulting in Net Approved Expenditure of Kshs.2,734,317,604,515 as tabulated below:

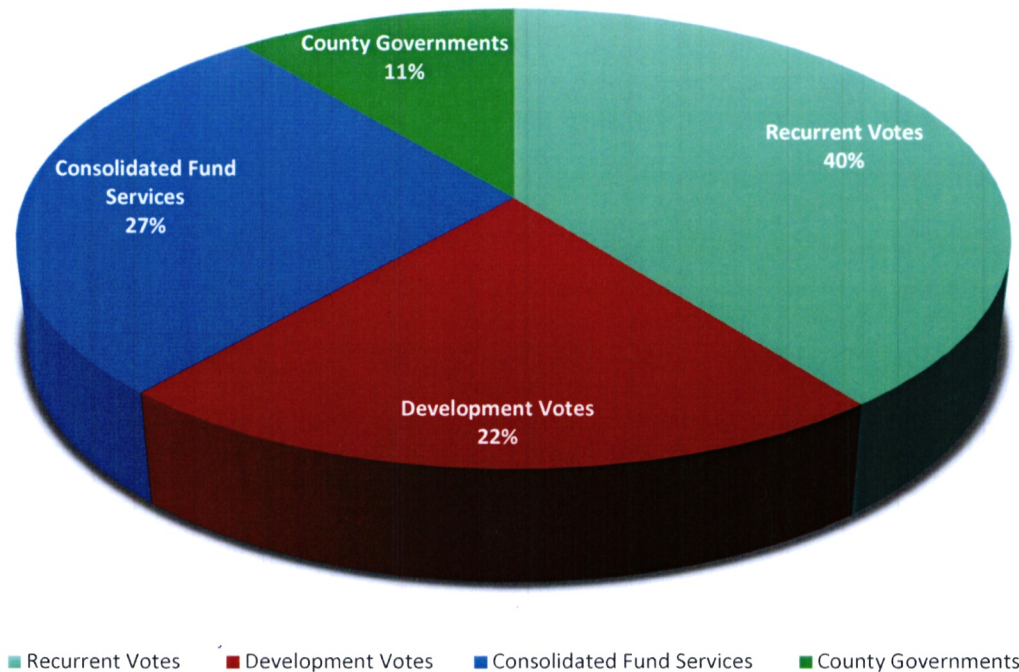
*Table 4: Government Gross Expenditure*

Description	Gross Estimated Expenditure (Kshs.)	A-I-A (Kshs.)	Approved Net Expenditure (Kshs.)	% of Gross Estimated Expenditure to Grand Total Expenditure
Recurrent Votes	1,261,403,412,492	185,109,640,941	1,076,293,771,551	40%
Development Votes	683,204,267,880	243,549,266,685	439,655,001,195	22%
Consolidated Fund Services	870,481,025,467	0	870,481,025,467	27%
<b>Sub-Total for National Government</b>	<b>2,815,088,705,839</b>	<b>428,658,907,626</b>	<b>2,386,429,798,213</b>	<b>89%</b>
County Governments	347,887,806,302	0	347,887,806,302	11%
<b>Grand Total Expenditure</b>	<b>3,162,976,512,141</b>	<b>428,658,907,626</b>	<b>2,734,317,604,515</b>	<b>100%</b>

As shown above, 40% of the gross estimated expenditure was budgeted for meeting the National Government's recurrent expenditure and 22% for development expenditure. Consolidated Fund Services, including repayments of Public Debt accounted for an additional 27%, while County Governments estimated expenditure accounted for 11% of the gross estimated expenditure.

The gross budget of Kshs.3,162,976,512,141 was shared between the National Government, the Consolidated Fund Services (managed at the National Government level), and the County Governments and in the ratio of 62%, 27% and 11% respectively as illustrated below:

## Gross Estimated Expenditure (Kshs.)



The County Governments allocation of Kshs.347,887,806,302 for the year 2019/2020 was however, based on the audited revenue for the year 2014/2015, which was the latest audited revenue accounts approved by the National Assembly as indicated in the Division of Revenue Act, 2019.

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.

## 2.2 2019/2020 Net Actual Expenditure for the National Government

**2.2.1** The financial statements for the year 2019/2020 for the National Government show total actual expenditure of Kshs.2,592,356,535,297 which comprised of Kshs.1,184,678,178,128 or 46% for Recurrent Votes, Kshs.612,012,468,826 or 24% for Development Votes and Kshs.795,665,888,344 or 31% for Consolidated Fund Services respectively, as shown below:

**Table 5: Actual Expenditure - National Government**

Votes	2019/2020 Actual Expenditure (Kshs.)	% age of Actual Expenditure to Total Expenditure
Recurrent Votes	1,184,678,178,128	46%
Development Votes	612,012,468,826	24%
Consolidated Fund Services	795,665,888,344	31%
<b>Total</b>	<b>2,592,356,535,297</b>	<b>100%</b>

**2.2.2** During the year under review, development expenditure accounted for 24% of the total expenditure contrary to 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 budget shall be allocated to the development expenditure.

**2.2.3** A comparison of the gross estimated expenditure of Kshs.2,815,088,705,839 with the actual expenditure of Kshs.2,592,356,535,297 results in a gross under-expenditure of Kshs.222,732,170,541. The under-expenditure of Kshs.222,732,170,541 comprised under-expenditure of Kshs.76,725,234,364 under Recurrent Votes, Kshs.71,191,799,054 under Development Votes and Kshs.74,815,137,123 for Consolidated Fund Services as shown below:

**Table 6: Extent of Under-Expenditure – National Government**

Votes	Gross Estimated Expenditure 2018/2019 (Kshs.)	Actual Expenditure 2018/2019 (Kshs.)	Under Expenditure (Kshs.)	Under Expenditure % age
Recurrent Votes	1,261,403,412,492	1,184,678,178,128	76,725,234,364	6%
Development Votes	683,204,267,880	612,012,468,826	71,191,799,054	10%
Consolidated Fund Services	870,481,025,467	795,665,888,344	74,815,137,123	9%
<b>Total</b>	<b>2,815,088,705,839</b>	<b>2,592,356,535,297</b>	<b>222,732,170,541</b>	<b>8%</b>

**2.2.4** The under-expenditure of Kshs.76,725,234,364 and Kshs.71,191,799,054 under the Recurrent and Development Votes respectively was mainly attributed to lack of adequate Exchequer issues to finance all the budget requests by Ministries, Departments and Agencies (MDA's), and delayed disbursement of donor funds. Detailed analysis of

the under-expenditure is provided in the respective MDA's financial statements for the year 2019/2020.

Low absorption of the development budget will affect the rate of development and sustainability of services in the country while low absorption of the recurrent expenditure implies that citizens are denied 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.

## 2.3 Revenue Analysis

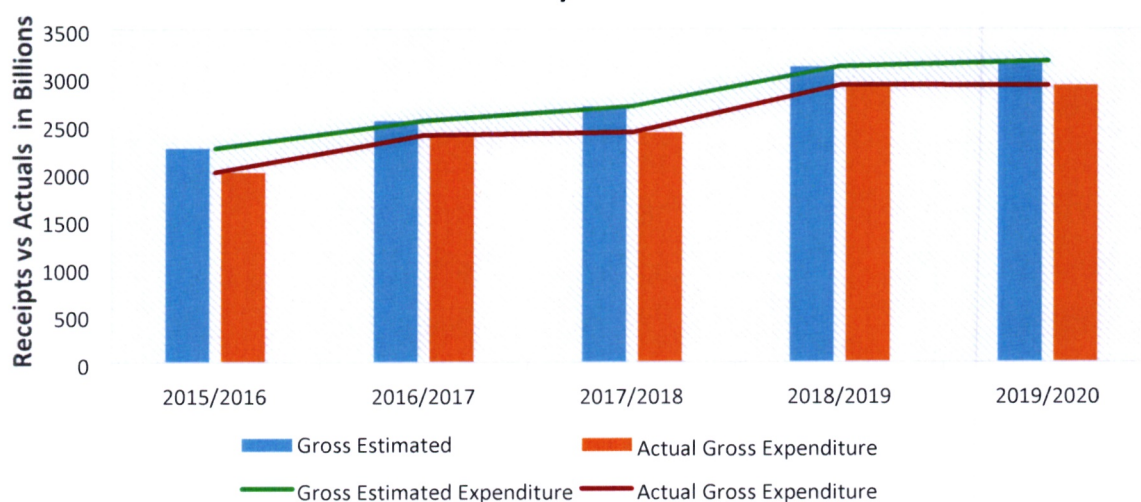
### 2.3.1 Estimated Receipts Versus Actual Receipts of Ordinary Revenue

The estimated receipts from tax and non-tax receipts (ordinary revenue) has increased over the last five years from Kshs.1,141,863,174,093 in the year 2015/2016 to Kshs.1,669,701,355,816 in the year 2019/2020. This is an increase of Kshs.527,838,181,723, approximately 46% over the five-year period. Similarly, the actual receipts from tax and non-tax receipts has increased over the same period from Kshs.1,160,726,658,504 in the year 2015/2016 to Kshs.1,618,797,777,894 in the year 2019/2020 representing an increase of Kshs.458,071,119,390 or approximately 39% over the five-year period as tabulated below:

*Table 7: Estimated Revenue versus Actual Receipts*

Year	Budgeted Ordinary Revenue (Tax & Non-Tax Receipts) (Kshs.)	Actual Ordinary Revenue (Tax & Non-Tax Receipts) (Kshs.)	Revenue Surplus/ Shortfall (Kshs.)	Surplus/Shortfall % age
2015/2016	1,141,863,174,093	1,160,726,658,504	18,863,484,411	1.7%
2016/2017	1,387,966,307,421	1,319,297,139,846	(68,669,167,575)	(4.9%)
2017/2018	1,493,671,554,882	1,369,095,080,001	(124,576,474,881)	(8.3%)
2018/2019	1,592,056,746,143	1,509,057,905,396	(82,998,840,747)	(5.2%)
2019/2020	1,669,701,355,816	1,618,797,777,894	(50,903,577,922)	(3%)

## Estimated Receipts Versus Actual Receipts of Ordinary Revenue



The revenue shortfall of 3% in the year 2019/2020, may be a critical contributor to delayed Exchequer releases and under absorption of the budget. In order to enhance the quality and accuracy of fiscal forecasting, there is need to ensure greater coordination between The National Treasury and other stakeholders contributing critical information and macroeconomic data for fiscal forecasting, especially the Kenya Revenue Authority (KRA). This will ensure more realistic and effective forecasts of revenue and cash flows.

### 2.3.2 Comparison of Ordinary Revenue to Expenditure

The proportion of projected ordinary revenue against the estimated gross expenditure fluctuated between 51% and 56% in the period 2015/2016 to 2019/2020. Similarly, the proportion of actual ordinary revenue against the actual gross expenditure fluctuated between 58% and 52% during the same period as tabulated below:

*Table 8: Estimated Revenue Versus Estimated Expenditure*

Year	Estimated Ordinary Revenue (Tax & Non-Tax Receipts) (Kshs.)	Gross Estimated Expenditure (Kshs.)	%age of Estimated Ordinary Revenue to Gross Estimated Expenditure
2015/2016	1,141,863,174,093	2,253,494,806,467	51%
2016/2017	1,387,966,307,421	2,541,568,251,270	55%
2017/2018	1,493,671,554,882	2,690,233,829,942	56%
2018/2019	1,592,056,746,143	3,106,405,817,692	51%
2019/2020	1,669,701,355,816	3,162,976,512,141	53%

*Table 9: Actual Revenue Versus Actual Gross Expenditure*

Year	Actual Ordinary Revenue/ (Tax & Non-Tax Receipts) (Kshs.)	Actual Gross Expenditure (Kshs.)	% age of Actual Ordinary Revenue to Actual Gross Expenditure
2015/2016	1,160,726,658,504	1,999,174,760,912	58%
2016/2017	1,319,297,139,846	2,390,531,985,901	55%
2017/2018	1,369,095,080,001	2,419,275,195,751	57%
2018/2019	1,509,057,905,396	2,911,690,013,343	52%
2019/2020	1,618,797,777,894	2,908,327,356,465	56%

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

### 2.3.3 Actual Revenue as per Audited Revenue Statements

During the 2019/2020 financial year, total revenue recorded under various revenue statements as received by the National Government amounted to Kshs.1,730,992,693,864 representing an increase of Kshs.143,402,733,987 or about 9% when compared to actual collections of Kshs.1,587,589,959,877 realized in the year 2018/2019 as tabulated below:

*Table 10: Comparison of Actual Receipts with the previous Year's Receipts*

Details	2019/2020 Actual Receipts (Kshs.)	2018/2019 Actual Receipts (Kshs.)	Increase (Kshs.)	Increase %
Recurrent Revenue	1,673,714,909,446	1,537,471,281,334	136,243,628,112	9%
Development Revenue	57,277,784,418	50,118,678,543	7,159,105,875	14%
<b>Total</b>	<b>1,730,992,693,864</b>	<b>1,587,589,959,877</b>	<b>143,402,733,987</b>	

The total revenue of Kshs.1,730,992,693,864 comprised of Kshs.1,673,714,909,446 and Kshs.57,277,784,418 relating to Recurrent (ordinary revenue) and Development revenue respectively. However, the actual ordinary revenue (tax and non-tax income receipts) of Kshs.1,673,714,909,446 reported in the audited revenue statements during the year differs by Kshs.54,917,131,552 with the ordinary revenue receipts of

Kshs.1,618,797,777,894 reflected in the National Exchequer Account. The difference is attributed to failure by some Receivers of Revenue to transfer all the collected revenue to the Exchequer by the close of the financial year.

Further, analysis of estimated receipts indicates that actual Recurrent Revenue collected during the year reflected an over-collection of Kshs.4,013,553,630 while there was a shortfall of Development Revenue collected of Kshs.13,578,220,986 or 19% as tabulated below:

*Table 11: Shortfall in Receipts*

Details	Estimated Receipts (Kshs.)	Actual Receipts (Kshs.)	Revenue Over Collection/Shortfall (Kshs.)	% age Over Collection/Shortfall
Recurrent Revenue	1,669,701,355,816	1,673,714,909,446	4,013,553,630	0.24%
Development Revenue	70,856,005,404	57,277,784,418	(13,578,220,986)	19%
<b>Total</b>	<b>1,740,557,361,220</b>	<b>1,730,992,693,864</b>	<b>9,564,667,356</b>	

A comparison between the total actual revenue of Kshs.1,730,992,693,864 with the budgeted receipts of Kshs.1,740,557,361,220 however, indicated an overall under-collection of revenue of Kshs.9,564,667,356 or 1%. The explanations provided for the 19% under collection of Development Revenue include lack of release of funds by development partners and low absorption of funds by projects and programmes. The shortfall in revenue may be an indicator of lack of comprehensive revenue forecasting indicating that actual revenue collected in a year is not adequately factored when preparing revenue projections for a subsequent year among other factors.

## 2.4 The National Exchequer Account as at 30 June, 2020

**2.4.1** The Statement of Receipts and Payments for the National Exchequer Account for the year ended 30 June, 2020 reflects an overall net deficit of Kshs.50,839,562,497 compared to a net deficit of Kshs.3,920,291,430 as at 30 June, 2019. However, after taking into consideration the Exchequer balance of Kshs.98,868,481,922 brought forward from 2018/2019, the result is an overall net surplus of Kshs.48,028,919,425 as at 30 June, 2020 as follows:

	2019/2020 (Kshs.)	2018/2019 (Kshs.)
Total Receipts	2,479,088,379,057	2,497,637,419,575
Total Issues	<u>2,529,927,941,554</u>	<u>2,501,557,711,005</u>
<b>Surplus/(Deficit) for the Year</b>	<b>(50,839,562,497)</b>	<b>(3,920,291,430)</b>
Exchequer Balance Brought Forward	<u>98,868,481,922</u>	<u>102,788,773,352</u>
<b>Exchequer Balance as at 30 June</b>	<b><u>48,028,919,425</u></b>	<b><u>98,868,481,922</u></b>

**2.4.2** Receipts of Kshs.2,479,088,379,057 into the National Exchequer Account during the year 2019/2020 comprised of Ordinary Revenue and Other Receipts in form of Loans and Grants, and Treasury Bonds as follows:

	<u>Type of Receipt</u>	Amount (Kshs.)	Total (Kshs.)
<b>a)</b>	<b><i>Ordinary Revenue</i></b>		
	Tax Income	1,453,470,977,902	
	Non-Tax Income (Profits and Dividends, Immigration Visas, Fines, Penalties & Forfeitures, Miscellaneous Revenue, etc.)	<u>165,326,799,992</u>	1,618,797,777,894
<b>b) (i)</b>	<b><i>Loans and Grants</i></b>		
	External Grants	15,973,947,103	
	External Loans	<u>285,446,490,060</u>	<b>301,420,437,163</b>
<b>(ii)</b>	<b><i>Domestic Borrowing</i></b>		
	Treasury Bills (Net)	-	
	Treasury Bonds	<u>558,870,164,000</u>	<b><u>558,870,164,000</u></b>
	<b>Total Receipts</b>		<b><u>2,479,088,379,057</u></b>

**2.4.3** Issues from the National Exchequer Account during the year amounted to Kshs.2,529,927,941,554 and comprised of Exchequer transfers of Kshs.1,030,018,643,023, Kshs.385,750,148,771, Kshs.798,188,328,592 and Kshs.315,970,821,168 in respect of National Government Recurrent Votes, Development Votes, Consolidated Fund Services and County Governments, respectively. There was an underfunding of the approved expenditure by an amount of Kshs.204,389,662,961 as tabulated below:

*Table 12: Underfunding of Approved Expenditure*

Details	Approved Net Expenditure (Kshs.)	Actual Issues (Kshs.)	Under Funding (Kshs.)	% Variance
Recurrent Votes	1,076,293,771,551	1,030,018,643,023	46,275,128,528	4%
Development Votes	439,655,001,195	385,750,148,771	53,904,852,424	12%
Consolidated Fund Services	870,481,025,467	798,188,328,592	72,292,696,875	8%
County Governments	347,887,806,302	315,970,821,168	31,916,985,134	9%
<b>Grand Total</b>	<b>2,734,317,604,515</b>	<b>2,529,927,941,554</b>	<b>204,389,662,961</b>	<b>7%</b>

The underfunding of the development budget by 12% was attributed to constraints in revenue collection and delayed disbursement of donor funds. Under funding of development projects is likely to affect the rate of development in the Country as envisaged in the National Development Plan, Vision 2030, sustainability of service delivery, and achievement of critical Sustainable Development Goals (SDGs). Underfunding on recurrent expenditure of 4% is also likely to have negatively affected the timeliness and quality of services delivered to the citizens during the year.

#### 2.4.4 Late Exchequer Releases

Exchequer issues totalling Kshs.61,787,112,217, comprising of Kshs.44,984,036,935 and Kshs.16,803,075,282 for recurrent and development votes respectively, were received by twelve (12) MDAs in June, 2020 as detailed below:

*Table 13: Late Exchequer Releases*

No.	MDA	Recurrent (Kshs.)	Development (Kshs.)	Total (Kshs.)
1.	State Department for University Education	15,456,203,902	0	15,456,203,902
2.	Ministry of Water and Sanitation	305,690,040	13,702,070,850	14,007,760,890
3.	State Department for Interior	11,890,320,245	1,744,648,308	13,634,968,553
4.	State Department for Social Protection	12,070,086,199	613,699,151	13,420,785,350
5.	State Department for Vocational and Technical Training	2,887,044,148	0	2,887,044,148
6.	Ministry of Environment and Forestry	877,099,210	259,869,905	1,136,969,115

No.	MDA	Recurrent (Kshs.)	Development (Kshs.)	Total (Kshs.)
7.	State Department for Immigration and Citizen Services	349,153,456	223,696,394	572,849,850
8.	State Department for Early and Basic Education	540,406,486	0	540,406,486
9.	State Department for Industrialization	269,765,524	175,982,910	445,748,434
10.	State Department for Tourism	289,840,391	5,143,500	294,983,891
11.	State Department for Petroleum	12829,889	77,964,264	90,794,153
12.	State Department for Co-operatives	35,597,445	0	35,597,445
	<b>Total</b>	<b>44,984,036,935</b>	<b>16,803,075,282</b>	<b>61,787,112,217</b>

The late Exchequer releases resulted in under absorption of the MDAs budgets and may have impacted negatively on service delivery to the public.

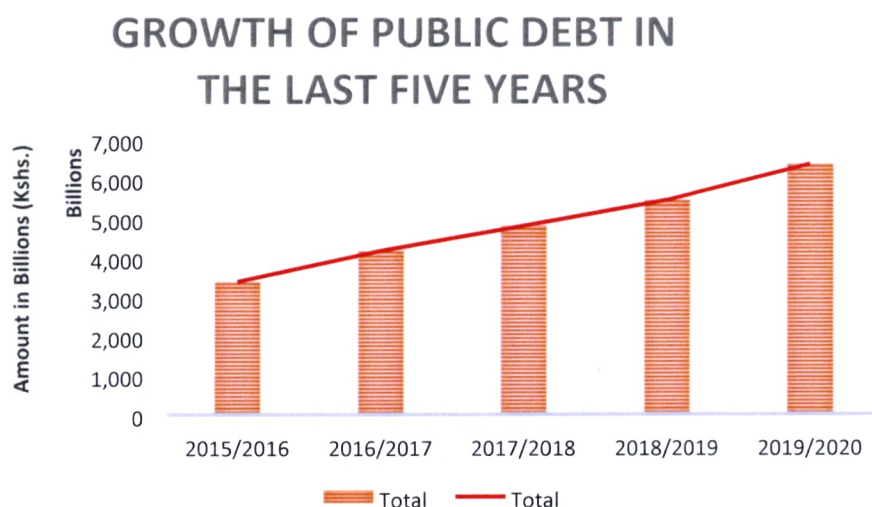
## 2.5 Management of Public Debt – Kshs.6,368,793,827,633

2.5.1 The outstanding amount of public debt has increased over the years from Kshs.3,385,910,449,825 reported in the year 2015/2016 to Kshs.6,368,793,827,633 reported in the year 2019/2020. This represents an increase of Kshs.2,982,883,377,808 or approximately 88% over the five (5) year period as tabulated below:

*Table 14: Growth of Public Debt in the last Five Years*

Financial Year	External Debt (Kshs.)	Internal Debt (Kshs.)	Total Debt (Kshs.)
2015/2016	1,620,222,817,126	1,765,687,632,700	3,385,910,449,825
2016/2017	2,083,279,300,924	2,085,664,601,653	4,168,943,902,577
2017/2018	2,403,899,102,184	2,397,517,749,298	4,801,416,851,482
2018/2019	2,752,467,840,668	2,698,685,962,748	5,451,153,803,416
2019/2020	3,240,193,767,182	3,128,600,060,451	6,368,793,827,633

The findings are graphically presented in the chart below:



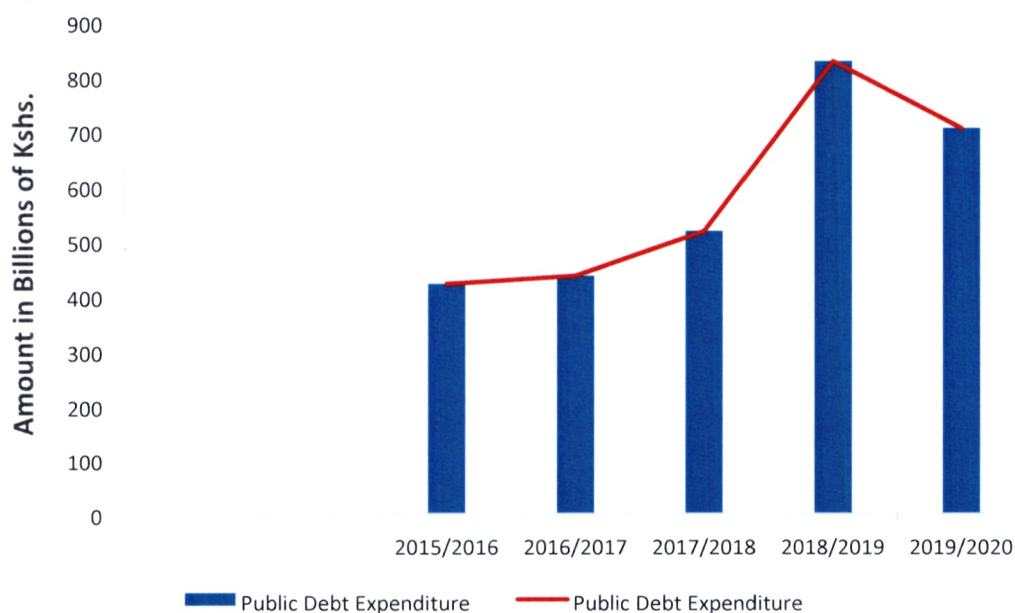
**2.5.2** The outstanding amount of public debt of Kshs.6,368,793,827,633 represents 71% of the maximum ceiling of Kshs.9,000,000,000,000 approved by Parliament through Legal Notice No.155 of 26 September, 2019 which provides that the national public debt shall not exceed nine trillion shillings.

**2.5.3** Further, the expenditure on public debt has increased from Kshs.421,457,575,047 reported in 2015/2016 to Kshs.704,789,802,097 incurred in 2019/2020 financial year as shown below:

*Table 15: Public Debt Expenditure*

Financial Year	Public Debt Expenditure (Kshs.)
2015/2016	421,457,575,047
2016/2017	435,717,114,376
2017/2018	516,935,293,342
2018/2019	827,036,163,185
2019/2020	704,789,802,097

## Public Debt Expenditure for 2015/2016 to 2019/2020 Financial Years



**2.5.4** Consolidated Fund Services total expenditure of Kshs.795,665,888,344 comprised Kshs.704,789,802,097 or 88.6% for Public Debt, Kshs.87,568,675,632 or 11% for Pension and Gratuities, Kshs.3,307,410,615 or 0.4% for Salaries, Allowances and Miscellaneous Services, and a Nil expenditure for Subscriptions to International Organizations as tabulated below:

*Table 16: Consolidated Fund Services Expenditure*

Details	Estimated Expenditure (Kshs.)	Actual Expenditure (Kshs.)	% age of Actual Expenditure on Total CFS Actual Expenditure
Public Debt	778,847,892,157	704,789,802,097	88.6%
Pension and Gratuities	86,988,896,250	87,568,675,632	11.0%
Salaries, Allowances and Miscellaneous Services	4,643,737,060	3,307,410,615	0.4%
Subscriptions to International Organisations	500,000	0	0.0%
<b>Total</b>	<b>870,481,025,467</b>	<b>795,665,888,344</b>	<b>100.0%</b>

**2.5.5** Further, as reported in previous years' audit reports, I have raised various issues pertaining to the maintenance of the public debt records and unexplained variances between various records. For the year 2019/2020 the issues include;

- i) Unexplained difference of Kshs.1,814,918,677 between the bank balance of Kshs.4,537,769,205 reflected in the statement of assets and liabilities and the bank balance of Kshs.6,352,687,882 reflected in the trial balance.
- ii) Unexplained variance of Kshs.2 Billion between the internal loans - short-term borrowing balance of Kshs.887,141,500,000 reflected in the summary statement of public debt and the re-computed closing balance of Kshs.885,141,500,000. The over-redemption of Kshs.2 Billion was not acknowledged by the Central Bank of Kenya and may therefore not be recoverable.
- iii) Unexplained variance of Kshs.26,216,318,554 between the Treasury Bonds balance of Kshs.2,220,339,804,765 reflected in the summary statement of public debt and the re-computed Treasury Bonds closing balance of Kshs.2,194,123,486,211.
- iv) Non-disclosure of public debt procured during the year.

**2.5.6** 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 analysis of the budget absorption for public debt indicates an under absorption of Kshs.74,058,090,060 from the budgeted amount of Kshs.778,847,892,157 and the actual amount of Kshs.704,789,802,097. This is an indication that borrowing costs are being incurred without concurrent development as the borrowed funds are not fully absorbed.

## **2.6 Non-Performing or Dormant Loans - Kshs.28,266,447,102**

The statement of outstanding loans as at 30 June, 2020 reflects a net balance of Kshs.867,005,661,272 which represents an increase of Kshs.57,016,740,356 or approximately 7% of the total outstanding loan balance of Kshs.809,988,920,916 reported as at 30 June, 2019. The balance of Kshs.867,005,661,272 includes new loans issued in 2019/2020 totalling Kshs.46,368,952,731. During the year under review, only an amount of Kshs.3,221,416,321 or 0.37% of the total loans balance of Kshs.867,005,661,272 was redeemed or repaid. It was also noted that institutions continued to receive additional funding even when they are underperforming, thereby casting doubt on the criteria used to determine the advancement of additional loans.

Further, and as was reported during the 2018/2019 financial year, the total outstanding loans balance of Kshs.867,005,661,272 reflected in the financial statements for the year ended 30 June, 2020 includes loans amounting to Kshs.28,266,447,102 which fell due for redemption at diverse dates over the years but were not repaid. During the year under review, the affected institutions did not make any repayment against their respective due loan balances as shown below:

*Table 17: Non-Performing Loans Issued to Local Entities*

No.	Institution	Balance as at 30 June, 2019 (Kshs.)	Remarks
1.	Coast Water Service Board	6,756,217,290	Facing financial challenges
2.	Tanathi Water Services Board	4,381,565,506	Facing financial challenges
3.	Mumias Sugar Company Limited	3,000,000,000	Facing financial challenges
4.	Lake Victoria North Water Services Board	2,677,512,856	Facing financial challenges
5.	National Water Conservation and Pipeline Corporation	2,460,874,897	Awaiting transfer of the loan to Water Boards
6.	National Irrigation Board	2,262,036,544	Company has requested for conversion to grant
7.	Lake Victoria South Water Services Board	2,025,051,606	Facing financial challenges
8.	Tana Water Services Board	1,854,116,143	Facing financial challenges
9.	Uchumi Supermarkets Limited	1,200,000,000	Under Receivership
10.	Kenya Meat Commission	940,241,100	Facing financial challenges/Under new Management
11.	Water Resource Management	362,612,300	Company is unable to pay
12.	East African Sugar Industries Limited, Muhoroni	177,123,100	Under Receivership
13.	Miwani Sugar Mills Limited	78,088,180	Under Receivership
14.	Kenya Urban Transport - Various Towns	40,706,140	Loans issued under the defunct Local Authorities
15.	Halal Meat Products	27,701,420	Court ruled that the Company had no debt
16.	Miwani Sugar Company (1989) Ltd	16,000,020	Facing financial challenges
17.	Miwani Outgrowers Mills Limited	6,600,000	Company is dormant
	<b>Total</b>	<b>28,266,447,102</b>	

It is noted that some of the of the loaned entities continue to perform dismally and require government bailouts. Non-repayment of the loans has led to the continued write offs of the loans as bad debts, opportunity costs in funding other critical areas and eventual loss of public funds.

## 2.7 Outstanding Obligations Guaranteed by the Government of Kenya

The statement of outstanding obligations guaranteed by the Government of Kenya as at 30 June, 2020 reflects an outstanding balance of Kshs.152,317,825 being Capital and Interest owed by Cereals and Sugar Finance Company. However, the Consolidated National Government Investment Report for the year 2019/2020, prepared by The National Treasury in accordance with Section 89 of the Public Finance Management Act, 2012, indicates that the total outstanding Government guaranteed debt amounted to Kshs.159,405,000,000 as at 30 June, 2020. The outstanding amount of Kshs.152,317,825 reflected in the statement submitted for audit by The National Treasury is, however, excluded from the balance of Kshs.159,405,000,000 reported in the Consolidated National Government Investment Report as detailed below:

*Table 18: Outstanding Obligations Guaranteed by GOK*

Agency	Outstanding Government Guaranteed Debt as at 30 June, 2020 (Kshs.)
Kenya Broadcasting Corporation (KBC)	357,000,000
Tana and Athi River Development Authority	279,000,000
East African Portland Cement PLC	346,000,000
Kenya Electricity Generating Company PLC	43,035,000,000
Kenya Ports Authority	34,061,000,000
Kenya Railways Corporation	4,603,000,000
Kenya Airways	76,724,000,000
<b>Total</b>	<b>159,405,000,000</b>

The parent Ministries for the Agencies mentioned above did not prepare and submit for audit, their respective statements of outstanding obligations guaranteed by the Government of Kenya as at 30 June, 2020 contrary to Sections 81(1) and 81(2) (c) of the Public Finance Management Act, 2012. It is only The National Treasury which 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.

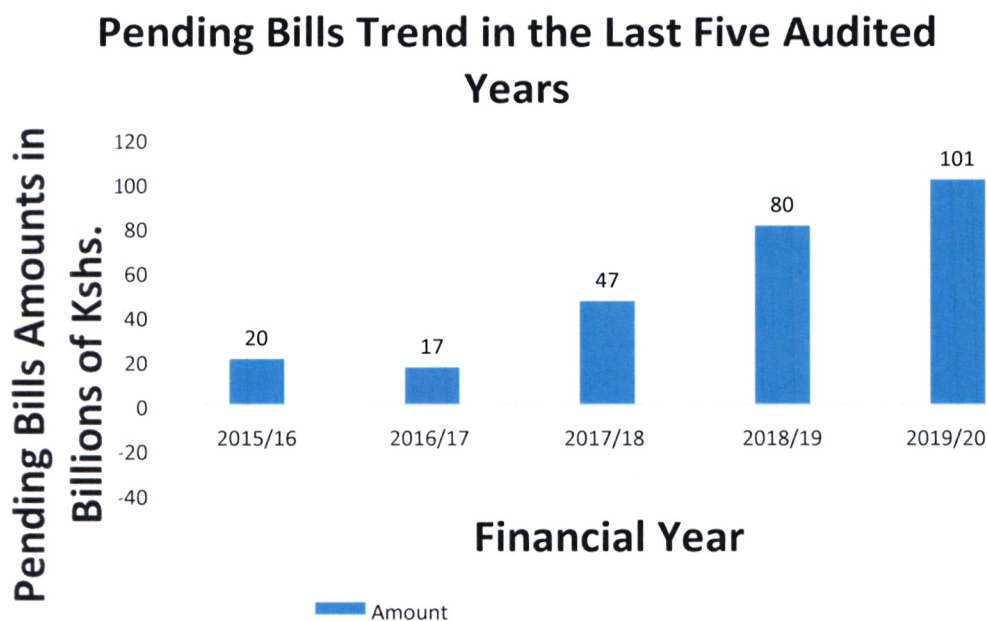
Consequently, the total amount of outstanding obligations guaranteed by the Government of Kenya reflected in the statement submitted for audit by The National Treasury is understated by Kshs.159,405,000,000. Lack of preparation of respective statements is not only a breach of the Public Finance Management Act, 2012 but also an indicator that the total Government Guaranteed Debt could not be confirmed.

### 3.0 Pending Bills

During the year under review, pending bills totalling Kshs.165,192,687,508 were not settled but were instead carried forward to the 2020/2021 financial year. The pending bills balance comprise of Kshs.101,109,118,284 and Kshs.64,083,569,224 reported under Ministries, Department and Agencies (MDAs) and Donor Funded Projects respectively, as detailed below:

#### 3.1 Pending Bills - Ministries, Department and Agencies – Kshs.101,109,118,284

The reported pending bills for Ministries, Department and Agencies (MDAs) for the year ended 30 June, 2020 increased to Kshs.101,109,118,284 from the previous years' reported amount of Kshs.80,477,945,730, denoting an increase of 26%. This is the highest amount of pending bills reported in the last five (5) years (2019/2020 Kshs.101,109,118,284, 2018/2019-Kshs.80,477,945,730, 2017/2018 - Kshs.46,529,173,323, 2016/2017 – Kshs.16,712,379,101, 2015/2016 - Kshs.20,472,313,203.). The graph below indicates the trend of pending bills in the last five (5) years:



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

Exchequer releases and lack of vital supporting documents such as purchase orders, delivery notes, inspection and acceptance certificates among others.

The closing balance of pending bills in a previous year is 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 current year. 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.

Further the pending bills have continued to put pressure on the scarce resources, with some of these bills attracting penalties thereby putting more strain on the available resources. The suppliers of goods and services to public entities may also face unwarranted financial charges from their financiers. 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). In addition, failure to pay 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 minimize the occurrence of pending bills.

The Government entities which reported unpaid bills as at 30 June, 2020 are listed in the table below:

*Table 19: Ministries, Department and Agencies (MDAs) Pending Bills 2019/2020*

No.	Vote	Ministry/Department/Agency	Pending Bills (Kshs.)
1.	1081	Ministry of Health	41,657,572,631
2.	1165	State Department for Crop Development	14,506,431,671
3.	1041	Ministry of Defence	8,166,532,367
4.	1032	State Department for Devolution	6,735,297,709
5.	1023	Statement Department for Correctional Services	6,326,536,196
6.	1092	State Department for Transport	6,168,771,533
7.	1021	State Department for Interior	3,803,126,660
8.	2031	Independent Electoral and Boundaries Commission	3,124,814,000
9.	1222	State Department for Regional and Northern Corridor Development	2,439,340,189
10.	1123	State Department for Broadcasting and Telecommunications	1,905,090,673

No.	Vote	Ministry/Department/Agency	Pending Bills (Kshs.)
11.	1094	State Department for Housing and Urban Development	1,189,505,411
12.	1261	Judiciary	788,664,790
13.	1011	The Presidency	779,894,882
14.	1122	State Department for Information, Communication Technology and Innovation	670,893,139
15.	1193	State Department for Petroleum	438,179,896
16.	1213	State Department for Public Service	313,230,597
17.	1052	Ministry of Foreign Affairs	244,616,266
18.	1162	State Department for Livestock	230,043,677
19.	1202	State Department for Tourism	193,492,683
20.	2042	National Assembly	156,192,903
21.	1132	State Department for Sports	134,092,005
22.	2041	Parliamentary Service Commission	122,340,709
23.	1175	State Department for Industrialization	120,814,328
24.	1184	State Department for Labour	119,224,702
25.	1071	The National Treasury	111,788,207
26.	1066	State Department for Early Learning and Basic Education	91,853,036
27.	1024	State Department for Immigration and Citizen Services	90,611,425
28.	1112	Ministry of Lands and Physical Planning	83,104,377
29.	1134	State Department for Culture and Heritage	56,506,211
30.	1192	State Department for Mining	54,589,919
31.	2043	Parliamentary Joint Services	45,462,874
32.	1107	Ministry of Water and Sanitation	42,157,239
33.	1252	The State Law Office and Department of Justice	40,434,839
34.	2021	The National Land Commission	30,235,320
35.	1174	State Department for Trade and Enterprise Development	20,933,998
36.	2101	National Police Service Commission	17,636,826

No.	Vote	Ministry/Department/Agency	Pending Bills (Kshs.)
37.	1214	State Department for Youth Affairs	16,921,561
38.	2071	Public Service Commission	9,360,827
39.	1093	State Department for Shipping and Maritime	8,667,707
40.	2061	Commission on Revenue Allocation	7,470,306
41.	1035	State Department for Development of the Arid and Semi-Arid Lands (ASALS)	6,599,322
42.	2141	National Gender and Equality Commission	5,887,415
43.	1221	State Department for East African Community	5,010,015
44.	2151	Independent Policing Oversight Authority	4,636,480
45.	1064	State Department for Vocational and Technical Training	4,188,368
46.	1311	Office of the Registrar of Political Parties	3,960,263
47.	1072	State Department for Planning	3,908,434
48.	2011	Kenya National Commission on Human Rights	2,789,882
49.	1212	State Department for Gender	2,214,035
50.	2131	Commission on Administrative Justice	2,174,251
51.	2051	Judicial Service Commission	1,860,525
52.	1168	State Department for Agricultural Research	1,615,300
53.	1065	State Department for University Education	1,390,300
54.	1068	State Department for Post Training and Skills Development	449,405
		<b>Total</b>	<b>101,109,118,284</b>

### 3.2 Pending Bills - Donor Funded Projects – Kshs.64,083,569,224

Similarly, pending bills amounting to Kshs.64,083,569,224 reported under Donor Funded Projects were not settled during the year but were carried forward to the 2020/2021 financial year as detailed in Appendix E.

## 4.0 Summary of Audit Observations

### 4.1 Overall Summary of Audit Opinions

During the year under review, a total of three hundred and fifty-three (353) National Government financial statements in respect of Ministries, Department and Agencies (MDAs), Revenue Statements, National Funds, Donor Funded Projects, and Other unique clients such as Public Debt, National Exchequer Account, Public Trustee, Business Registration Service and Subscriptions to International Organizations among others were examined and audit opinions issued as summarized below:

*Table 20: Audit Opinions on National Government Entities*

	Client Type	Type of Opinion Issued				
		Unmodified	Modified	Adverse	Disclaimer	Total
1.	MDAs - Voted Entities	31	38	1	-	70
2.	Revenue Statements	7	6	1	1	15
3.	National Funds	23	24	5	9	61
4.	Donor Funded Projects	157	39	1	-	197
5.	Others	4	3	2	1	10
	<b>Total</b>	<b>222</b>	<b>110</b>	<b>10</b>	<b>11</b>	<b>353</b>

The tabulation above indicates that two hundred and twenty-two (222) financial statements had an unmodified/unqualified opinion; one hundred and ten (110) financial statements had a modified/qualified opinion, ten (10) financial statements had an adverse opinion while eleven (11) financial statements had a disclaimer of opinion as listed in Appendices A, B, C and D respectively.

### 4.2 Summary of Audit Opinions Excluding Donor Funded Projects

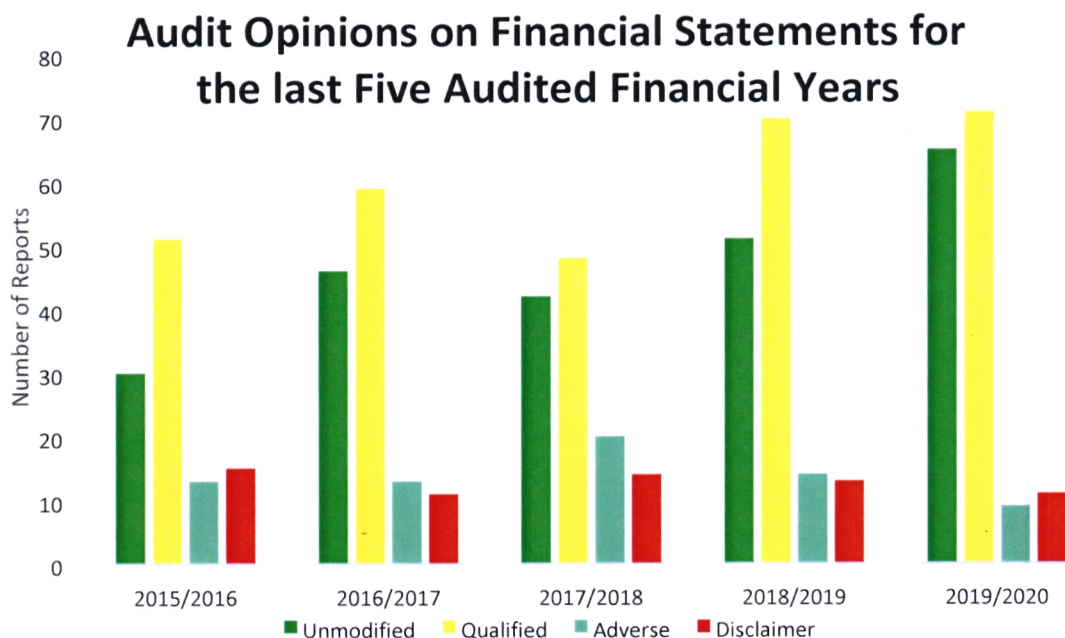
A total of one hundred and fifty-six (156) National Government financial statements, excluding Donor Funded Projects, were examined during the year ended 30 June, 2020. Compared to the previous year, the number of financial statements with unmodified/unqualified opinion increased from 33.8 % to 41.7%. The number of financial statements with modified/qualified opinion decreased from 48.0% to 45.5%. There was also a drop in the percentages of adverse and disclaimer of opinion compared to the previous year. Overall, there has been an improvement in the way the financial statements were prepared which is attributed to use of IFMIS, guidance by The National Treasury through circulars and issuance of reporting templates to Ministries, Departments and Agencies (MDAs) by the Public Sector Accounting Standards Board (PSASB).

The tabulation below indicates the type of audit opinions expressed on the financial statements in the last five years excluding donor funded projects;

*Table 21: Audit Opinions on Financial Statements in the Last Five Years*

Audit Opinion	2015/2016		2016/2017		2017/2018		2018/2019		2019/2020	
	No. of FS	% age	No. of FS	% age	No. of FS	% age	No. of FS	% age	No. of FS	% age
Unmodified	30	27.5%	46	35.7%	42	33.9%	51	33.8%	65	41.7%
Qualified	51	46.8%	59	45.7%	48	38.7%	70	48.0%	71	45.5%
Adverse	13	11.9%	13	10.1%	20	16.1%	14	9.5%	9	5.8%
Disclaimer	15	13.8%	11	8.5%	14	11.3%	13	8.8%	11	7.1%
<b>Total</b>	<b>109</b>	<b>100%</b>	<b>129</b>	<b>100%</b>	<b>124</b>	<b>100%</b>	<b>148</b>	<b>100%</b>	<b>156</b>	<b>100.0%</b>

The graph below depicts the analysis of audit opinions:



### 4.3 Audit of Revenue Statements

4.3.1 During the year under review, fifteen (15) revenue statements were audited. Out of these, seven (7) revenue statements had an unqualified opinion; six (6) revenue statements had a qualified opinion, one (1) revenue statement had an adverse opinion and one (1) revenue statement had a disclaimer of opinion.

4.3.2 Below is a listing of the various Revenue Statements that were audited and the corresponding audit opinions.

*Table 22: Summary of Audit Opinions on Revenue Statements*

Opinion	No. of Revenue Statements	Percentage
Unmodified	7	47%
Qualified	6	40%
Adverse	1	7%
Disclaimer	1	7%
<b>Total</b>	<b>15</b>	<b>100%</b>

*Table 23: Revenue Statements whose Opinion was Unmodified/Unqualified*

	Collecting Entity/Department	Amount Collected (Kshs.)
1.	The National Treasury – Development Revenue	57,277,784,418
2.	East Africa Tourist Visa Fee Collection Account	83,086,660
3.	Ministry of Defence	5,514,655,836
4.	State Department for Immigration and Citizens Services	9,556,677,570
5.	Business Registration Service	827,668,440
6.	State Law Office and Department of Justice	157,202,329
7.	The Judiciary	2,124,182,269
	<b>Total</b>	<b>75,541,257,522</b>

*Table 24: Modified/Qualified Revenue Statements*

Collecting Entity/Department	Amount Collected (Kshs.)	Main Reasons for Qualification
1. The National Treasury – Recurrent Revenue	1,553,623,012,393	<ul style="list-style-type: none"> <li>• Variances between Revenue Statement and IFMIS balances</li> <li>• Unresolved Prior Year Matters</li> </ul>
2. Ministry of Lands and Physical Planning	1,231,780,041	<ul style="list-style-type: none"> <li>• Lack of Classification of Land Revenues</li> <li>• Unsupported Revenue Balances</li> <li>• Failure to Surrender Revenue to the Exchequer</li> <li>• Unreconciled Revenue Balances</li> </ul>
3. The National Treasury – Pensions Department	314,802,204	<ul style="list-style-type: none"> <li>• Unsupported Revenue Balances</li> <li>• Discrepancies between Budget Statement and the Printed Estimates</li> <li>• Variance between the Revenue Statement and Trial Balance Figures</li> </ul>
4. State Department for Interior	2,366,608,613	<ul style="list-style-type: none"> <li>• Long Outstanding Arrears of Revenue</li> </ul>
5. Ministry of Mining	1,692,393,252	<ul style="list-style-type: none"> <li>• Unreported Cement Levy Arrears</li> <li>• Unremitted Mining Royalties</li> <li>• Long outstanding Arrears of Revenue</li> </ul>
6. State Department for Fisheries, Aquaculture and the Blue Economy	86,686,734	<ul style="list-style-type: none"> <li>• Unreconciled Revenue Variances</li> <li>• Failure to Submit Monthly Revenue Reports</li> </ul>
<b>Total</b>	<b>1,559,315,283,236</b>	

*Table 25: Adverse Opinion on Revenue Statement*

	Collecting Entity/Department	Amount Collected (Kshs.)	Reasons for Adverse Opinion
1.	Government Investment and Public Enterprises – The National Treasury	95,679,490,454	<ul style="list-style-type: none"> <li>• Inaccurate Schedule of Outstanding loans</li> <li>• Dormant Loans</li> </ul>

*Table 26: Disclaimer of Opinion on Revenue Statement*

	Collecting Entity/Department	Amount Collected (Kshs.)	Reasons for Adverse Opinion
1.	State Department for Crop Development	456,662,652	<ul style="list-style-type: none"> <li>• Unremitted Revenue</li> <li>• Inaccurate Arrears of Revenue</li> </ul>

#### 4.4 Audit of Expenditure Statements

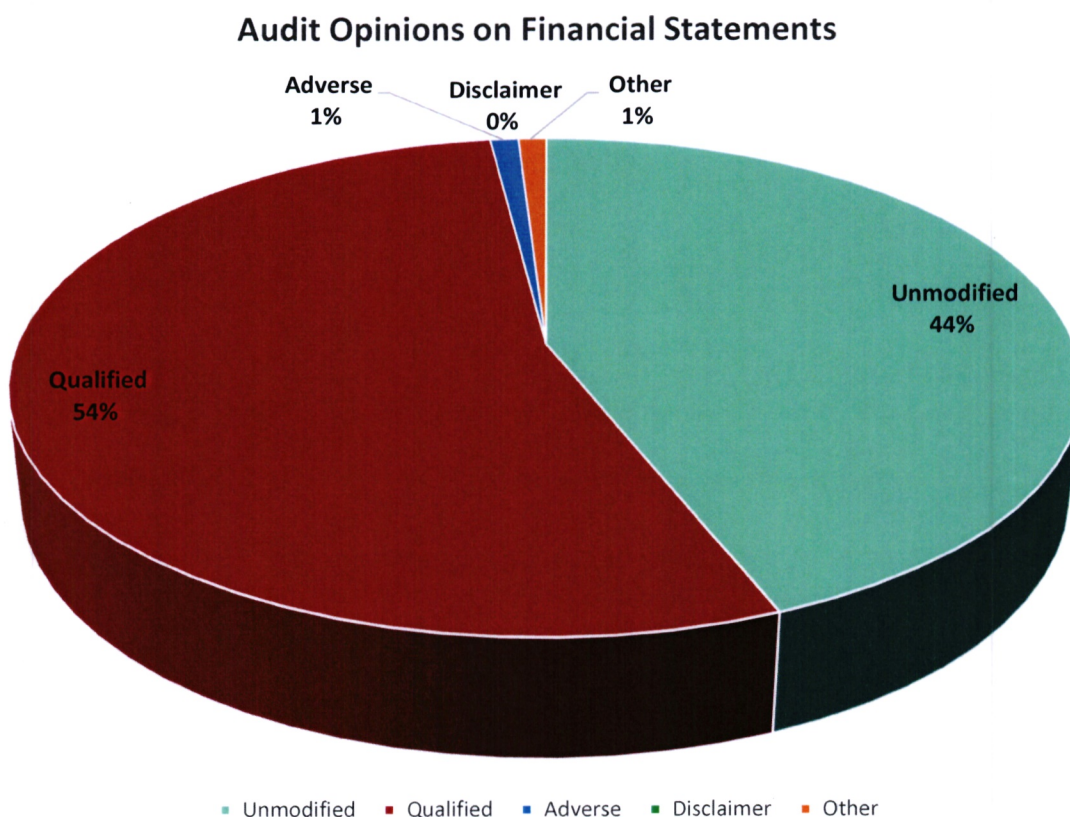
4.4.1 The actual expenditure reflected in the financial statements for the National Government voted provisions for the year 2019/2020 was Kshs.2,592,356,535,297 compared to Kshs.2,569,134,104,494 reported in the year 2018/2019. The expenditure of Kshs.2,592,356,535,297 was recorded in the combined MDA's Recurrent and Development votes which received various audit opinions as listed in Appendices A to D.

*Table 27: Summary of Audit Opinions on Combined Recurrent and Development Expenditure*

Opinion	No. of Financial Statements	Percentage
Unmodified	31	44%
Qualified	38	54%
Adverse	1	1%
Disclaimer	-	0%
Other	1	1%
<b>Total</b>	<b>71</b>	<b>100%</b>

**4.4.2** Table 27 above indicates that there were seventy-one (71) financial statements for entities with voted provisions during the year under review. Out of the seventy-one (71), no material misstatements were found in financial statements of thirty-one (31) entities hence they got an unmodified/unqualified opinion. The financial statements for thirty-eight (38) entities to a large extent were in agreement with the underlying records, except for cases where material misstatements or omissions were noted, leading to a qualified opinion. Further, the financial statements of on (1) entity exhibited significant misstatements and deviations with the underlying accounting framework or standards leading to an adverse opinion.

**4.4.3** One financial statement relates to my Office (Office of the Auditor-General), which is 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 of Kenya.



**4.4.4** During the last two years, there has been a general improvement in the presentation of financial statements and the maintenance of accounting records, compared to the previous 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 also influenced this improvement. Audit recommendations and Parliamentary hearings, recommendations and directives have also led to improved accountability in some areas. The presentation of the financial statements is however, still below expectations when viewed holistically.

**4.4.5** During the year under review, the Public Sector Accounting Standards Board operated without a functional Board of Directors as the term of the Chairman and four other Directors lapsed on 20 February, 2020. Further, the Board lost two other directors in the year through demise and lapse of term in March and June, 2020 respectively. Consequently, the Board has operated without a functional Board of Directors to provide strategic direction and oversight over management decisions since February, 2020. This has also delayed the migration from cash to accrual accounting for National and County Government entities, envisaged as critical for enhancing accountability in the use of public resources.

## **4.5 Key Audit Observations**

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

### **4.5.1 Inaccuracy of the Financial Statements**

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

- a) Difference between supporting schedules and reported amounts.
- b) Mis-posting of entries - posting to wrong accounts, unauthorized reallocation of funds.
- c) Variances between the reported amounts and the Trial Balance.
- d) Understatement of pending bills.
- e) Unreconciled variances.

#### **4.5.2 Variances Between the Integrated Financial Management Information System (IFMIS) Balances and Amounts Reported in the Financial Statements**

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.

During the year under review, instances were noted where balances reflected in the financial statements and amounts extracted from IFMIS had huge variances. Ordinarily the balances reflected in the financial statements and the corresponding figures extracted from IFMIS should be the same. However, variances were noted between:

- (i) Balances reflected in the financial statements submitted for audit and balances in the Trial balance/Ledger extracted from IFMIS.
- (ii) Balances reflected in the financial statements /ledgers and balances in the IFMIS supporting schedules.
- (iii) Balances reflected in the financial statements and IFMIS records regarding provisions, opening balances and reserves.
- (iv) IFMIS figures and reported amounts for recurrent, development and deposit bank balances as well as cash in hand balances.

The variances point to both control weaknesses in the IFMIS system and transactions processed manually outside IFMIS. The Government has invested a lot in the acquisition, re-engineering and maintenance of IFMIS since its inception. However, the perennial discrepancies between IFMIS generated figures and the financial statements figures is of material concern on the effectiveness and efficiency of the system. It may also be an indicator to lack of adequate internal controls and governance where supervision may not be consistently applied, and monthly reconciliations which should flag out the discrepancies and requisite action taken before the close of the financial year is not done.

The National Treasury which is charged with the governance of IFMIS should therefore, design and implement proper controls to ensure the completeness, accuracy and reliability of the financial information generated from the system and that there is value for money for the huge investment. Details of discrepancies are contained in the audit reports for the respective entities.

### **4.5.3 Weaknesses in Accounting for Cash and Cash Equivalents**

As has been reported in previous years, the audit of cash and cash equivalents revealed a number of weaknesses. The critical weaknesses include:

- (i) Poor maintenance of cash books - It was noted that a number of Government entities continued to report material receipts and payments in the cash books which were not reflected in the bank statements and also receipts and payments in the bank statements which were not reflected in the cash books.
- (ii) Un-analysed entries – some entries in the bank statements were not analysed while some have been outstanding for a long period of time.
- (iii) Unreconciled items, failure to perform bank reconciliations.
- (iv) Un-surrendered deposits and
- (v) Unsupported cash and cash equivalents' balances.

Owing to the risks associated with cash and cash equivalent items, I recommend that the Accounting Officers concerned address the issues noted and further comply with Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015. This Regulation requires the Accounting Officer to ensure that bank reconciliation statements are completed and submitted to The National Treasury with a copy to the Auditor-General not later than the 10<sup>th</sup> of the subsequent month, for each bank account held by a National Government entity. Further, Regulation 90(3) requires the Accounting Officer to ensure that any discrepancies noted during the bank reconciliation exercise are investigated immediately and appropriate action taken including updating the relevant cash books.

### **4.6 Unsupported Expenditure – Kshs.13,988,255,506**

During the year under review, the audit revealed unsupported expenditure totalling Kshs.13,988,255,506. This was comprised of Kshs.3,132,666,081, Kshs.2,293,849,458 and Kshs.8,561,739,967 under Ministries, Departments and Agencies (MDAs), National Funds and Donor Funded Projects respectively, as detailed below:

*Table 28: Unsupported Expenditure-MDA's*

<b>Vote</b>	<b>MDA</b>	<b>Unsupported Amount (Kshs.)</b>	<b>Details</b>
1081	Ministry of Health	1,242,082,116	<ul style="list-style-type: none"> <li>• Unverified expenditure totalling Kshs.28,105,636.</li> <li>• Unvouched hire of transport of Kshs.3,017,711.</li> <li>• Variations for leased managed equipment services amount of Kshs.1,126,359,946 and unsupported amount of Kshs.1,882,794 paid to a contractor.</li> <li>• Unsupported adjustment of Kshs.82,716,029.</li> </ul>
1032	State Department for Devolution	720,410,620	<ul style="list-style-type: none"> <li>• Unsupported AIEs of Kshs.60,124,820, unconfirmed transfers of Kshs.660,000,000 to twenty-two Counties.</li> <li>• Unsupported air tickets amounting to Kshs.60,285,800</li> </ul>
1162	State Department for Livestock	526,287,761	<ul style="list-style-type: none"> <li>• Amount of Kshs.24,233,794 included under use of goods and services expenditure.</li> <li>• Expenditure amounting to Kshs.502,053,967 included under acquisition of assets.</li> </ul>
1122	State Department for Information, Communication Technology and Innovation	220,000,000	<ul style="list-style-type: none"> <li>• Expenditure of Kshs.220,000,000 included under purchase of specialized plant, equipment and machinery could not be confirmed.</li> </ul>
1212	State Department for Gender	107,915,851	<ul style="list-style-type: none"> <li>• Pending bills amounting to Kshs.104,262,688 paid out during the year.</li> <li>• Unsupported expenditure totalling to Kshs.1,797,649 incurred on printing, advertising and information supplies and services.</li> <li>• Unexplained and unsupported adjustments of Kshs.1,614,314 (Debit) and Kshs.241,200 (Credit) in respect of routine maintenance – other assets</li> </ul>

Vote	MDA	Unsupported Amount (Kshs.)	Details
1165	State Department for Crop Development	91,533,274	<ul style="list-style-type: none"> <li>• Unsupported journal entry of Kshs.76,000,000 for insurance costs.</li> <li>• Unsupported payments made from the deposits bank account of Kshs.11,482,524 to various Savings and Credit Cooperatives Societies.</li> <li>• Kshs.4,050,750 paid to staff in the form of imprests.</li> </ul>
1108	Ministry of Environment and Forestry	90,536,342	<ul style="list-style-type: none"> <li>• An expenditure of Kshs.90,536,342 being part payment for an Airborne Lidar Photographic System procured for the Department of Remote Survey and Remote Sensing (DRSRS).</li> </ul>
1072	State Department for Planning	67,594,293	<ul style="list-style-type: none"> <li>• Unsupported balance of Kshs.67,594,293 from the converted expenditure from Regional Authorities</li> </ul>
1066	State Department for Early Learning and Basic Education	25,000,000	<ul style="list-style-type: none"> <li>• The amount was disbursed to Moiben Teachers Training College.</li> </ul>
1021	National Cohesion and Integration Commission	24,853,232	<ul style="list-style-type: none"> <li>• Various unsupported payments including allowances paid for meetings, retreats, workshops, burials and court attendance amounting to Kshs.24,853,232.</li> </ul>
1175	State Department for Industrialization	10,008,985	<ul style="list-style-type: none"> <li>• Unsupported payment vouchers totalling Kshs.6,808,960 under acquisition of assets and an amount of Kshs.3,200,025 paid to three tour and travel firms for local and foreign travels.</li> </ul>
2041	Parliamentary Service Commission	5,219,357	<ul style="list-style-type: none"> <li>• Members were paid domestic subsistence facilitation and mileage claims amounting to Kshs.5,219,357 on days when they were outside the country and already receiving foreign subsistence allowances.</li> </ul>
1214	State Department for Youth Affairs	1,224,250	<ul style="list-style-type: none"> <li>• Kshs.660,000 for cleaning services rendered on 12<sup>th</sup> floor Barclays Plaza and a payment of Kshs.564,250 on behalf of the National Youth Council for cleaning services provided in their premises</li> </ul>
	<b>Total</b>	<b>3,132,666,081</b>	

**Table 29: Unsupported Expenditure - National Funds**

No.	Vote	National Fund	Unsupported Amount (Kshs.)	Details
1.	1072	National Government Affirmative Action Fund	1,959,580,259	<ul style="list-style-type: none"> <li>• Kshs.1,945,772,973 expenditures incurred in the forty-seven counties which were not supported by way of County Committees' expenditures returns.</li> <li>• Beneficiary institutions did not acknowledge receipt of bursaries amounting to Kshs.3,304,286 in Tharaka County, Kshs.2,168,000 in Embu County and Kshs.8,335,000 in Meru County.</li> </ul>
2.	1021	National Humanitarian Fund	332,099,699	<ul style="list-style-type: none"> <li>• Unsupported expenditure of Kshs.237,822,385 made to IDPs, and an amount of Kshs.94,277,314 paid to the IDPs which was not reported in the financial statements.</li> </ul>
3.	1165	Strategic Food Reserve Trust Fund	2,169,500	<ul style="list-style-type: none"> <li>• An amount of Kshs.1,622,500 not supported by the Board attendance register or minutes of all the Board meetings.</li> <li>• An expenditure of Kshs.547,000 not supported by payment vouchers.</li> </ul>
		<b>Total</b>	<b>2,293,849,458</b>	

**Table 30: Unsupported Expenditure - Donor Funded Projects**

No.	Vote	Donor Funded Project	Amount (Kshs.)	Details
1.	1094	Kenya Urban Support Program (IDA Credit No.6134-KE)	8,515,676,121	<ul style="list-style-type: none"> <li>• Unsupported transfers to Counties amounting to Kshs.8,515,676,121.</li> </ul>
2.	1065	Africa Centre of Excellence (ACE II) In Phytochemicals, Textiles and Renewable Energy (PTRE) Project (IDA Credit No. 5798-KE) – Moi University	22,236,807	<ul style="list-style-type: none"> <li>• Unsupported expensed imprests of Kshs.22,236,807 issued to various officers on official duties.</li> </ul>

No.	Vote	Donor Funded Project	Amount (Kshs.)	Details
3.	1108	Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance No. V1570 – KE)	13,931,689	<ul style="list-style-type: none"> <li>• Unsupported compensation of employees amount of Kshs.6,522,795.</li> <li>• Unsupported purchase of goods and services of Kshs.7,408,894.</li> </ul>
4	1162	Regional Pastoral Livelihoods Resilience Project (IDA Credit No. KE 53880-KE)	7,978,250	<ul style="list-style-type: none"> <li>• Kshs.7,978,250 expenditure under communication, supplies and services paid for local area network installation</li> </ul>
5	1064	East Africa Skills Transformation and Regional Integration Project (Eastrip) – Grant/Credit No. IDA 6334-KE – Kisumu National Polytechnic	1,917,100	<ul style="list-style-type: none"> <li>• Unsupported expenditure of Kshs.1,917,100 paid to Project Management for attending a workshop for finalizing Information Security Management System documents.</li> </ul>
		<b>Total</b>	<b>8,561,739,967</b>	

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 entities affected.

## 4.7 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:

### 4.7.1 Unresolved Prior Year Audit Issues

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). In addition, there were also instances where no supporting evidence was availed to support how issues were resolved. Failure to resolve audit issues may result in loss of public funds especially where the issues involve irregular use of public resources.

#### 4.7.2 Stalled / Incomplete and 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. What is even more glaring is that some of these 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 costs 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 projects and the corresponding amounts incurred are listed below:

*Table 31: Stalled / Incomplete Projects*

Vote	Ministry/ Department/ Agency/National Fund/Donor Funded Project	Amount Paid (Kshs.)	Description
1222	State Department for Regional and Northern Corridor Development	3,485,500,628	Advance payments for Kimwarer Multipurpose Dam Development Project and Sigor Wei Wei Project.
1095	State Department for Public Works	101,623,125	Proposed Headquarters for Nyandarua County at Ol Kalou. At the time of termination at 16%, payments amounting to Kshs.101,623,125 had already been made to the contractor.
1261	Judiciary	101,294,765	Stalled Construction of Turkana High Court, the project stalled with total works certified at Kshs.140,079,212 out of which, a total of Kshs.101,294,765 had been paid.
1165	Drought Resilience and Sustainable Livelihoods Programme (ADF Loan No. 2100150028345)	111,465,891	<ul style="list-style-type: none"> <li>• Konoo Irrigation Scheme in Turkana County, the contract was recommended for termination. The measured works were established to be Kshs.59,235,804 or about 27% of the contract sum while the contractor had already been paid a total of Kshs.55,427,734 (about 25% of the contract sum) as at 30 June, 2020 against a timeline of 25 months.</li> <li>• Construction of Kaptyoni-Kiboi Footbridge Dam in Baringo County, the contractor was issued with two notices of contract termination, due to slow progress of work, despite having been paid an advance of Kshs.32,456,315.</li> </ul>

Vote	Ministry/ Department/ Agency/National Fund/Donor Funded Project	Amount Paid (Kshs.)	Description
			<ul style="list-style-type: none"> <li>Construction of Songa Irrigation Scheme in Marsabit County, the Project status report reflected 40.3% progress of works against a 250% period as at the time the contract lapsed. The contractor had been paid a total of Kshs.23,581,842 which is 26% of the contract sum.</li> </ul>
1023	State Department for Correctional Services	21,600,000	Stalled works at Shimo La Tewa Medium Prison Kshs.2,000,000, Manyani Maximum Prison Kshs.2,000,000, Kitale Main Prison, Kshs.4,000,000, Bungoma GK Prison Kshs.2,000,000, Kakamega Main Prison Kshs.3,000,000, Kericho Medium Prison Kshs.2,500,000 and Naivasha Women Prison Kshs.6,100,000.
1212	Uwezo Fund	19,522,765	Stalled work-in-progress balance of Kshs.19,522,765 representing 40%-part payment in respect of an Enterprise Resource Planning (ERP) software. The implementation of the ERP which was contracted at a sum of Kshs.48,806,912 has been called off even though there is a valid contract in force between the Fund and the supplier.
1023	Prison Industries Revolving Fund	15,295,500	Kamiti Main Prison Industry, machines for producing modern motorized vehicle number plates which were supplied and delivered in the year 2016 at a cost of Kshs.15,295,500 have not been used for the intended purposes and have remained idle to date
1166	State Department for Fisheries, Aquaculture and The Blue Economy	9,363,424	Proposed Renovations and Rehabilitation Works at the Kibuyuni Fish Landing Site, Kwale County The construction of the new building had stalled at lintel level and the contractor appears to have abandoned the site after being paid Kshs.9,363,424.
	<b>Total</b>	<b>3,865,666,098</b>	

### 4.7.3 Management of Imprest

The aggregate amount of outstanding imprest decreased from the previous year's amount of Kshs.128,360.669 to Kshs.38,324,803 in 2019/2020. The decrease points to improvement of controls relating to surrender of imprests. However, it was noted that during the year under audit, some entities did not avail breakdowns of the reported amounts relating to imprests and advances.

The entities with outstanding imprest which should have been accounted for or surrendered on or before 30 June, 2020 are listed in the Table below;

*Table 32: Outstanding Imprest*

No.	Vote	MDA	Amount (Kshs.)	Description
1.	2041	Parliamentary Service Commission	13,826,087	Amount of outstanding imprests due as at 30 June, 2020.
2.	1081	Ministry of Health	10,425,598	Amount of outstanding imprests due as at 30 June, 2020.
3.	1184	State Department for Labour	10,257,963	Amount of outstanding imprests due as at 30 June, 2020.
4.	2021	The National Land Commission	1,155,220	Amount of outstanding imprests due as at 30 June, 2020.
5.	1091	State Department for Infrastructure	1,075,828	Amount of outstanding imprests due as at 30 June, 2020.
6.	1123	State Department for Broadcasting and Telecommunications	815,671	Amount of outstanding imprests due as at 30 June, 2020.
7.	1064	State Department for Vocational and Technical Training	494,800	Outstanding imprests in the imprest register but omitted in the financial statements
8.	1221	State Department for East African Community	174,836	Outstanding imprests relating to 2015/2016.
9.	1112	Ministry of Lands and Physical Planning	98,800	Amount of outstanding imprests due as at 30 June, 2020.
		<b>Total</b>	<b>38,324,803</b>	

## 5.0 Compliance and Governance Issues

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, 2020. I also evaluated whether the public realized value for money in the management and use of public resources.

The following are some of the weaknesses revealed by the compliance audits.

Non-compliance with the Public Procurement and Asset Disposal Act, 2015 and the Public Procurement and Disposal Regulations, 2006.

The main issues include the following:

- Contract and Tender documents were not provided for audit
- Use of non-competitive procurement practices
- Goods received were not inspected or taken on charge in the stores
- Irregular variations of contracts

Value for Money Issues

- Delays in projects completion
- Unapproved over expenditures
- Idle cash in bank accounts
- Unauthorized allowances

Other Compliance and Governance Issues

- Fixed assets registers not in existence or poorly maintained
- Non-establishment of Audit Committees
- Ineffective Internal Audit and Audit Committees
- Entities not maintaining documented enterprise wide risk management process
- Non-establishment of IT Strategic Committees

## **6.0 The Equalisation Fund**

Article 204(1) of the Constitution of Kenya, 2010 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 Equalisation 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 areas to the level generally enjoyed by the rest of the nation.

The Commission on Revenue Allocation (CRA) developed the policy for identifying marginalized 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, Garissa, Kilifi, Taita Taveta, Isiolo and Lamu as beneficiaries of the Fund.

The total accumulated entitlement to the Fund for the financial years 2011/2012 to 2018/2019 is Kshs.26.92 Billion as at 30 June, 2020 as shown below:

*Table 33: Total Accumulated Entitlement - Equalisation Fund*

<b>Financial Year</b>	<b>Approved Audited Revenue (Kshs.)</b>	<b>Equalisation Fund Entitlement (Kshs.)</b>
2011/2012	465,811,210,150	2,329,056,051
2012/2013	526,653,500,000	2,633,267,500
2013/2014	526,653,500,000	2,633,267,500
2014/2015	773,015,500,000	3,865,077,500
2015/2016	773,015,500,000	3,865,077,500
2016/2017	773,015,500,000	3,865,077,500
2017/2018	773,015,500,000	3,865,077,500
2018/2019	773,015,500,000	3,865,077,500
<b>Total</b>	<b>5,384,195,710,150</b>	<b>26,920,978,551</b>

A review of the financial statements for the Equalisation Fund for the year ended 30 June, 2020 revealed that only an amount of Kshs.12,400,000,000 out of the expected Kshs.26,920,978,551 of the total entitlement had been transferred to the Equalisation Fund Account. The National Treasury had not remitted the remaining balance of Kshs.14,520,978,551 to the Fund as at 30 June, 2020 and is, therefore, in breach of the Constitution.

Further, the amount transferred of Kshs.12,400,000,000 was done in two tranches of Kshs.6,400,000,000 during 2015/2016 financial year, and a further Kshs.6,000,000,000 in the 2016/2017 financial year. This is only 46% of the total entitlements of Kshs.26,920,978,551 for the financial years 2011/2012 to 2018/2019. The National Treasury did not transfer any allocation to the Fund during the financial years 2019/2020. This has been attributed to a High Court of Kenya ruling dated 05 November, 2019 that declared the Guidelines on the Administration of the Equalisation Fund published on 13 March, 2015 null and void.

In addition, out of the Kshs.12,400,000,000 so far transferred to the Fund Account, only Kshs.10,116,573,051 or 82% had been disbursed for the approved projects, through the parent Ministries to the identified Counties, leaving a balance of Kshs.2,283,426,949 still held in the Fund Account as at 30 June, 2020.

Further, out of the disbursed amount of Kshs.10,116,573,051, only Kshs.8,836,046,718 or 87% of the disbursed amount had been spent as 30 June, 2020 leaving a balance of Kshs.1,280,526,333 still held by the parent Ministries in their respective bank accounts.

Comparison between the total entitlement of Kshs.26,920,978,551 and the disbursed amount of Kshs.10,116,573,051 represents a dismal overall performance of 38% for the eight (8) years, since the inception of the Fund. The Fund administration has attributed the low level of disbursement to delayed formulation of policies, delayed project identification and legislative hurdles. The Public Finance Management (Equalisation Fund Administration) Regulations, 2021 had been approved by the Cabinet and is currently awaiting approval by Parliament.

In accordance with Article 204(6) of the Constitution, the Equalisation Fund will lapse in twenty (20) years since inception, after which it will cease if no extension is approved by Parliament as provided by Article 204(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 marginalized areas within the set timelines, as envisaged by the Constitution.

## CONCLUSION

The detailed report for the National Government for the year ended 30 June, 2020 is contained in the consolidated report, popularly referred to as the Blue Book. 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, 2020, which I have already submitted to Parliament and to each Accounting Officer.

## APPRECIATION

I wish to sincerely 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 the Covid-19 pandemic. Special appreciation goes to the 2019/2020 reports review team that also prepared the Consolidated Audit Report.

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



CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

Nairobi

30 July, 2021

## APPENDICES

### Appendix A: Unmodified/Unqualified Opinion

#### No. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)/FUNDS/DONOR FUNDED PROJECTS

1. The Presidency
2. State Department for Immigration and Citizen Services
3. Ministry of Defence
4. State Department for Post Training and Skills Development
5. State Department for Transport
6. State Department for Shipping and Maritime
7. State Department for Housing and Urban Development
8. Ministry of Energy
9. State Department for Fisheries, Aquaculture and the Blue Economy
10. State Department for Irrigation
11. State Department for Agricultural Research
12. State Department for Trade and Enterprise Development
13. State Department for Petroleum
14. State Department for Wildlife
15. Ethics and Anti-Corruption Commission
16. National Intelligence Service
17. Office of the Director of Public Prosecutions
18. Office of the Registrar of Political Parties
19. Witness Protection Agency
20. Kenya National Commission on Human Rights

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21. National Assembly
22. Parliamentary Joint Services
23. Judicial Service Commission
24. Commission on Revenue Allocation
25. Public Service Commission
26. Salaries and Remuneration Commission
27. National Police Service Commission
28. Office of the Controller of Budget
29. Commission on Administrative Justice
30. National Gender and Equality Commission
31. Independent Policing Oversight Authority
32. Revenue Statements (Development)
33. Revenue Statements - State Department for Immigration and Citizen Services
34. Statements of Revenue - Ministry of Defence
35. Revenue Statements of the State Law office and Department of Justice
36. Revenue Statements of Business Registration Service
37. Revenue Statements of The Judiciary
38. National Exchequer Account
39. Consolidated Fund Services - Subscriptions to International Organizations
40. East Africa Tourist Visa Fee Collection Account
41. Consolidated Fund Services - Salaries, Allowances and Miscellaneous Services
42. Equalisation Fund – The National Treasury
43. Contingencies Fund – The National Treasury
44. Covid-19 Emergency Response Fund – The National Treasury

## Appendix A: Unmodified/Unqualified Opinion

45. State Officers and Public Officers Motor Car Loan Scheme Fund – The National Treasury
46. Asiatic Widows and Orphans Pension Fund – The National Treasury
47. African Union and Other International Organizations Subscription Fund
48. National Government Constituencies Development Fund – Central Bank of Kenya
49. Roads Annuity Fund - State Department for Infrastructure
50. Railway Development Levy Fund (Operations Account) - State Department for Transport
51. Kenya Energy-Sector Environment and Social Responsibility Programme Fund – State Department for Energy
52. Petroleum Development Levy Fund - Ministry of Energy
53. Petroleum Development Levy Fund – State Department for Petroleum
54. Petroleum Training Levy Fund - State Department for Petroleum
55. Business Registration Service
56. Ethics and Anti-Corruption Commission - Staff House Mortgage and Car Loan Scheme
57. Intelligence Service Development Fund
58. Political Parties Fund
59. Office of the Registrar of Political Parties-Staff Mortgage Loan Fund
60. Office of the Registrar of Political Parties-Car Loan Fund
61. Kenya National Commission on Human Rights Mortgage and Car Loan Scheme Fund
62. Independent Electoral and Boundaries Commission Staff Mortgage and Car Loan Scheme
63. Parliamentary Car Loan Scheme Fund
64. Commission on Revenue Allocation Staff Mortgage Scheme Fund

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65. Office of the Controller of Budget Mortgage Fund
66. Financial Sector Support Project (IDA Credit No. 5627-KE) – The National Treasury
67. Infrastructure Finance and Public Private Partnership Project - IDA Credit No. 5157-KE – The National Treasury
68. Study and Capacity Building Fund Project (Credit No. CKE 6015 01K) – The National Treasury
69. Technical Support Programme (Financing Agreements No. KE/FED/2009/021421; No. KE/FED/023-733 and No. KE/FED/037-941) – The National Treasury
70. Micro Finance Sector Support Credit Project (Credit No. CKE 3004 01E and CKE 6010 01E) – The National Treasury
71. Programme for Rural Outreach of Financial Innovations and Technologies (Profit) (IFAD Loan No.814-KE and Grant No.1218-KE) – The National Treasury
72. Additional Financing for The Infrastructure Finance and Public Private Partnership Project (IDA Credit No. 6121-KE) – The National Treasury
73. Financing Locally-Led Climate Action Program (Preparation Advance No. IDA V319-KE) – The National Treasury
74. Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA Credit No. 5638-KE) - Kenya Revenue Authority
75. Data Collection and Database Development Project (UNFPA-KEN7P32A) - Kenya National Bureau of Statistics
76. Multiple Indicator Cluster Survey Project - UNICEF - Kenya National Bureau of Statistics
77. Kenya Development Response to Displacement Impacts Project (IDA Credit No.6021-KE) – The Presidency
78. Technical Assistance to Enhance the Capacity of the President's Delivery Unit (ADB Grant No.5500155012902) – The Presidency
79. Kenya Symbiocity Programme-Grant No.51110060 - Council of Governors

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80. Kenya Italy Debt for Development Program (KIDDP) – State Department for Vocational and Technical Training
81. Support to Technical Vocational Education and Training for Relevant Skills Development Project - Phase II (Loan No.2100150033295) - State Department for Vocational and Technical Training
82. East Africa Skills for Transformation and Regional Integration Project (EASTRIP) IDA Loan Credit No.6334-KE - State Department for Vocational and Technical Training
83. East Africa Skills for Transformation and Regional Integration Project (IDA Loan No. 6334-KE) – Meru National Polytechnic
84. East Africa Skills Transformation and Regional Integration Project (EASTRIP) – Grant/Credit No. IDA 6334-KE – Kisumu National Polytechnic
85. East Africa Skills Transformation and Regional Integration Project (Credit Number: IDA 6334-KE) – Kenya Coast National Polytechnic
86. Establishment of Kenya Advanced Institute of Science and Technology (KAIST) Project No. KEN-4 – State Department for University Education
87. Eastern and Southern Africa Higher Education Centers of Excellence (ACE II) Project (Credit No. 5798-KE) – State Department for University Education
88. 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
89. Secondary Education Quality Improvement Project (Credit No.6138 – KE) – State Department for Early Learning and Basic Education
90. East Africa Public Health Laboratory Networking Project (EAPHLN) Credit No.5616-KE – Ministry of Health
91. Health Sector Support Project – SWAP Secretariat (IDA Cr. No. 4771-KE and Cr. No.5367-KE) – Ministry of Health
92. East Africa’s Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences – Phase 1 (Loan No.2100150031997) Project – Ministry of Health

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93. Global Fund Tuberculosis Grant Programme (Grant No.KEN-T-TNT-854 and KEN-T-TNT-1548) - Ministry of Health
94. Global Fund - Malaria Round 10 Project Grant No. KEN-011-G13-M and No. KEN-M-TNT-1546 – Ministry of Health
95. Support of The Health Care Financing Strategy - Reproductive Health - Output Based Approach (RH-OBA) Project (Credit BMZ No. Kenya 201065853) – Ministry of Health
96. United Nations Population Fund (UNFPA) 9<sup>th</sup> Country Programme for Kenya – Ministry of Health
97. Covid-19 Emergency Response Project (Credit No.6598-KE) – Ministry of Health
98. East Africa Public Health Laboratory Networking Project (EAPHLN) Credit No.4732-KE – Kenya Medical Supplies Authority
99. National Urban Transport Improvement Project (IDA Credit No. 5140-KE) – State Department for Infrastructure
100. Kenya Transport Sector Support Project (IDA Credit No. 4926-KE and No. 5410KE (Component B1 Support to Ministry of Roads) - State Department for Infrastructure
101. East Africa Skills for Transformation and Regional Integration Project (Credit No. 6334-KE) - State Department for Infrastructure
102. Support to Road Sector Policy: 10<sup>th</sup> EDF Rural Roads Rehabilitation Project in Kenya (Agreement No. KE/FED/023-571) – Kenya Rural Roads Authority
103. Nuno-Modogashe Road Project – Kenya National Highways Authority
104. North Eastern Transport Improvement Project (IDA Credit No. V0630) – Kenya National Highways Authority
105. Kenol-Sagana-Marua Highway Improvement Project No. P-KE-DBO-037 – Kenya National Highways Authority
106. Nairobi Outer Ring Road Improvement Project No. P-KE-Db0-020 – Kenya Urban Roads Authority
107. Kibwezi-Mutomo-Kitui Road Project (Contract No. BLA2016K001) - Kenya National Highways Authority

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108. Mombasa West Integrated Roads Network Programme Phase 2 Dualling of Magongo Road (A109I) and Expansion of Kipevu Road – Kenya National Highways Authority
109. Kapchorwa-Suam-Kitale and Eldoret Bypass Roads (Kenya) Project ID No. P-Z1Db0-183 – Kenya National Highways Authority
110. Mombasa Port Area Road Development Project (Loan Agreements Nos.KE-P29 and KE-P32) – Kenya National Highways Authority
111. Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase II (Marsabit-Turbi Road) ID No. P-Z1-DBO-027 – Kenya National Highways Authority
112. Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase III (Turbi - Moyale) No. P-ZI-DB0-095 Loan No. 2100150025546 – Kenya National Highways Authority
113. Mombasa-Mariakani Highway Project Lot 1 (Mombasa-Kwa Jomvu) Loan No. 2100150032743 – Kenya National Highways Authority
114. EPC / Turnkey Construction of Five Footbridges and T-Mall Flyover in Mombasa and Langata Road Credit No. KEN-01001-19 and No. KEN-02001-19 – Kenya National Highways Authority
115. Timboroa-Eldoret Road Rehabilitation Project No. P-KE-DB0-019 (Loan No. 2100150023344) – Kenya National Highways Authority
116. Nairobi-Thika Highway Improvement Project Lot I and II (Credit No. 2100150015544) – Kenya National Highways Authority
117. Multinational Arusha-Holili/Taveta-Voi Road Project Loan No.2100150028894 – Kenya National Highways Authority
118. Port Reitz/Moi International Airport Access (C110) Road (FIDIC EPC/Turnkey Based) – Kenya National Highways Authority
119. Dualling of Nairobi - Dagoretti Corner Road C60/C61 (Phase 1) Project - JICA Grant Agreement No. 1260210 – Kenya Urban Roads Authority
120. East Africa Trade and Transport Facilitation Project (IDA Credit No. 4148-KE) – Kenya National Highways Authority

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121. Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-KisiiAhero (A1) Road Rehabilitation-Credit No.2000130015238 – Kenya National Highways Authority
122. Northern Corridor Rehabilitation Programme Phase III (Eldoret-Turbo-WebuyeMalaba Road Improvement Project) – Kenya National Highways Authority
123. Kenya Transport Sector Support Project Credit No.4926-Ke and No.5410-KE – Kenya National Highways Authority
124. Regional Roads Component (Merille-Marsabit Road) (KE/001/09) Project Loan Agreement No.KE/FED/2009/021-655 – Kenya National Highways Authority
125. Nairobi Missing Link Roads and Non-Motorised Transport Facilities (Grant No. KE/FED/022-951) – Kenya Urban Roads Authority
126. Kenya Nairobi Southern Bypass Project Loan No. China Exim Bank PBC No. (2011) 32 Total No. (183) No. (1420303052011211528) – Kenya National Highways Authority
127. Kenya Nairobi-Thika Highway Improvement Project (Lot 3) Government Concessional Loan Agreement No. (2009) 39 Total No. (290) – Kenya National Highways Authority
128. National Urban Transport Improvement Project - IDA Credit No. 5140 - KE – Kenya National Highways Authority
129. National Urban Transport Improvement Project No. IDA 5140-KE– Kenya Urban Roads Authority
130. Northern Corridor Transport Improvement Project Ida Credit No.3930-KE and No.4571-KE – Kenya National Highways Authority
131. Regional Mombasa Port Access Road Project (Loan No. 27459, Credit No. 84010 and Grant No. 202061919) – Kenya National Highways Authority
132. Upgrading of “Gilgil Machinery” Road Project– Kenya Rural Roads Authority
133. Dualling of Nairobi - Dagoretti Corner Road C60/C61 (Phase 2)-Project-JICA Grant No.1760220 – Kenya Urban Roads Authority
134. Kenya Nairobi Western Bypass Project Credit No. China Exim Bank GCL No. (2017) 28 Total No. (633) – Kenya National Highways Authority

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135. Arusha-Namanga-Athi River Road Development Project No. P-Z1-DB0-040 – Kenya National Highways Authority
136. Eastern Africa Regional Transport, Trade and Development Facilitation Project IDA Credit No.5638-KE – Kenya National Highways Authority
137. National Urban Transport Improvement Project Credit No. 5140- KE (MOT Component) - State Department for Transport
138. East Africa Trade and Transport Facilitation Project Ida Credit No. 4148-KE and Credit No. 4977-KE (MOT Component) - State Department for Transport
139. East Africa Trade and Transport Facilitation Project (MOT/KRC Component) Credit No.4148-KE and Credit No. 4977-KE – State Department for Transport
140. Kenya Transport Sector Support Project Credit No. 4926-KE and No. 5410-KE (MOT Component) - State Department for Transport
141. Northern Corridor Transport Improvement Project Credit No. 3930-KE (MOT Component) - State Department for Transport
142. National Urban Transport Improvement Project Credit No. IDA 5140-KE (KRC Component) – Kenya Railways Corporation
143. Kenya Aviation Modernization Project (Preparation Advance No. V0440) - Kenya Airports Authority
144. Kenya Transport Sector Support Project (IDA Credit No. 4926-KE and 5410-KE) - Kenya Civil Aviation Authority
145. Kenya Transport Sector Support Project (Credit No. 4926-KE and No. 5410-KE) - Kenya Airports Authority
146. Multi-National Lake Victoria Maritime Communications and Transport Project (ADF Loan No. 2100150036247) – Kenya Maritime Authority
147. Safe Roads/Usalama Barabarani Programme (EU Grant No. KE/FED/037-778) - National Transport and Safety Authority
148. Kenya Informal Settlement Improvement Project No. P113542 – State Department for Housing and Urban Development
149. Nairobi Metropolitan Services Improvement Project (IDA Credit No. 5102-KE) – State Department for Housing and Urban Development

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150. Upper Tana Catchment Natural Resources Management Project IFAD Loan No.1-867-KE and Spanish Trust Fund Loan No.1-E-8-KE – Ministry of Water and Sanitation
151. Coastal Region Water Security and Climate Resilience Project (IDA Cr. No.5543KE) – Ministry of Water and Sanitation
152. Thwake Multi-Purpose Water Development Program Phase I (AFDB Loan No. 2100150029993, No. 2000200003351 and No. 5050200000501; and AFDB Grant No. 2100155025973) – Ministry of Water and Sanitation
153. Kenya Italy Debt for Development Programme - Ministry of Water and Sanitation
154. Kenya Water Security and Climate Resilience Project (IDA Cr. No. 5268/5674-KE and Grant No. TFOA0761A – Ministry of Water and Sanitation
155. Water and Sanitation Development Project (IDA Cr. No.6029/6030-KE) - Ministry of Water and Sanitation
156. Lake Victoria Water Supply and Sanitation Program - (Phase II) Project No. PZ1-EA0-004 (ADF Grant No.2100155019967) - Lake Victoria South Water Works Development Agency
157. Lake Victoria Water and Sanitation Project – Number Convention AFD CKE 1093 02 M – Lake Victoria South Water Works Development Agency
158. Water and Sanitation Services Improvement Project (IDA Credit Number 5103KE) - Coast Water Works Development Agency
159. Kenya Towns Sustainable Water Supply and Sanitation Program (Loan No.2000200000501) - Athi Water Works Development Agency
160. Support to Water and Sanitation Services in Peri-Urban Area Project (Loan No.BMZ 2013.6543.6) – Athi Water Works Development Agency
161. Nairobi Water Distribution Network Project (Credit No. BMZ 2020.82.527/KV26833) – Athi Water Works Development Agency
162. Northern Collector Phase 1 and Additional Rehabilitation and Development of the Network Project - Athi Water Works Development Agency
163. Nairobi Sanitation Output Based Aid Project (IDA Grant No. TF014251 and No. TF0A5607) - Nairobi City Water and Sewerage Company Limited

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164. Kenya Urban Water and Sanitation Oba Project Fund for Low Income Areas - Water Sector Trust Fund
165. Sound Chemicals Management Mainstreaming and UPOPS Reduction in Kenya Project (Grant No. 99820) – Ministry of Environment and Forestry
166. Institutional Strengthening of the Ozone Depleting Substances Project (UNEP Project Account No. UNEP/KEN/SEV/80/INS/63) – Ministry of Environment and Forestry
167. National Action Plan on Artisanal Small – Scale Gold Mining No. AFR/NAP ASGM Project/C/10-2016 - Ministry of Environment and Forestry
168. Green Growth and Employment Thematic Programme (GGETP) – Danish Embassy File No.2015 - Ministry of Environment and Forestry
169. Green Zones Development Support Project Phase II - Kenya Forest Service
170. Kenya Water Tower Project - Kenya Forest Service
171. Northern Kenya Conservation Project Credit No. CKE 1036 01 H – Kenya Wildlife Service
172. KFS - Capacity Development Project for Sustainable Forest Management in the Republic of Kenya, 2020 - Kenya Forest Service
173. International Partnership Programme – Forest 2020 Project - Kenya Forest Service
174. Green Growth and Employment Thematic Programme (Cr No:2015-39789) - National Environment Management Authority
175. Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya - National Environment Management Authority
176. GCF Project Preparation Facility: “Devolved Climate Change Governance to Strengthen Resilience of Communities’ in Target Counties” - National Environment Management Authority

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177. GCF Readiness and Preparatory Support: “NEMA Capacity Strengthening Programme Towards Accessing Climate Finance from Green Climate Fund” - National Environment Management Authority
178. Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA Credit No.5638-KE) - Information and Communication Technology Authority
179. Kenya Electricity Modernization Project (IDA Cr. No. 5587 KE) – Ministry of Energy
180. Kenya off-Grid Solar Access Project for Underserved Counties (IDA Cr. No. 6135KE) - Ministry of Energy
181. Bogoria Silali Geothermal Project (Loan No.2013.66.103) - Geothermal Development Company Limited
182. Multinational - Kenya Section of Interconnection Project of Electric Grids of Nile Equatorial Lakes Countries (ADF Loan No. 2100150022643) - Kenya Electricity Transmission Company Limited
183. Multinational Kenya-Tanzania Power Interconnection Project (Kenyan Component) (ADF Loan No.2100150032846) - Kenya Electricity Transmission Company Limited
184. Last Mile Connectivity Project 1 (Loan No.2100150032195) – Kenya Power and Lighting Company PLC
185. Last Mile Connectivity Project II (Loan No.2000200000152) – Kenya Power and Lighting Company PLC
186. Eastern Electricity Highway Project (Ida Credit No. 5148-KE; AFD Loan No: CKE 1030 01B and ADF Loan No: 2100150027845) - Kenya Electricity Transmission Company Limited
187. Rural Electrification in Five Regions Project (Cr.No.11/597KE, 1407PKE) - Rural Electrification and Renewable Energy Corporation
188. Olkaria-Lessos-Kisumu Transmission Lines Construction Project (JICA Loan No. KE-P28) – Kenya Electricity Transmission Company Limited
189. 220KV and 132KV Transmission Lines and Substations (Exim Bank of India Funded) Projects - Kenya Electricity Transmission Company

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190. Kenya Electricity Modernisation Project (IDA Credit 5587-KE) – Rural Electrification and Renewable Energy Corporation
191. Nairobi Ring Transmission Line Project (AFD Credit No. CKE6012.01, AFD Credit No. CKE1068 01, AFD Credit No. CKE1030.01. B, EIB Credit No.25.367/KE and GOK) – Kenya Electricity Transmission Company Limited
192. Power Transmission System Improvement Project (ADF Loan No.2100150023752) - Kenya Electricity Transmission Company LTD
193. Menengai Geothermal Project - Geothermal Development Company Limited
194. Rural Electrification Scheme - Kenya Power and Lighting Company PLC
195. Kenya Development of Solar Power Plant in Garissa Project (GCL No.2015(10) – Rural Electrification and Renewable Energy Corporation
196. Smallholder Dairy Commercialization Programme (IFAD Loan No. 678-KE and Grant No. 815-KE) – State Department for Livestock
197. Regional Pastoral Livelihoods Resilience Project (IDA Credit No. KE 53880-KE) - State Department for Livestock
198. Kenya Cereal Enhancement Programme - Climate Resilient Agricultural Livelihood Window (EU Grant No.200000623 EU, Grant No.2000001522, IFAD No. Loan 2000001121, and ASAP Grant No.2000001122) – State Department for Crop Development
199. Small-Scale Irrigation and Value Addition Project (ADF Loan No.2000130014530 and Grant No.5570155000751) – State Department for Crop Development
200. Rice Based Market Oriented Agricultural Promotion Project - State Department for Crop Development
201. Capacity Development Project for Enhancement of Rice Production in Irrigation Schemes in Kenya - (Project Grant/Credit No: 1161001009) - State Department for Crop Development
202. National Agricultural and Rural Inclusive Growth Project (IDA Credit No.5900-KE) - State Department for Crop Development

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203. Kenya Climate Smart Agriculture Project (IDA Credit No.5945 – KE) - State Department for Crop Development
204. Enable Youth Kenya Program – (ADF Loan No. 2100150038895) - State Department for Crop Development
205. Agricultural Sector Development Support Programme II (SIDA Grant No. 51110109) - State Department for Crop Development
206. Centre of Excellence in Sustainable Agricultural and Agribusiness Management Credit No.5798-KE - Egerton University
207. Kenya Marine Fisheries and Socio-Economic Development Project (IDA Credit No. V1310-KE) – State Department for Fisheries, Aquaculture and the Blue Economy
208. Aquaculture Business Development Programme (IFAD Loan No.2000002052) - State Department for Fisheries, Aquaculture and the Blue Economy
209. Mwea Irrigation Development Project (Loan No. KE-P27) – National Irrigation Authority
210. Strengthening Fertilizer Quality and Regulatory Standards in Kenya Project (Agra Grant No. 2013 Ship 001) – State Department for Agricultural Research
211. Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya Project (Agra Grant No. 2018 KE 005) - State Department for Agricultural Research
212. Kenya Petroleum Technical Assistance Project (IDA Credit No.5526-KE and Grant No. TFOA 3418) – State Department for Industrialization
213. Kenya Industry and Entrepreneurship Project (Credit No. 6268-KE) – State Department for Industrialization
214. Kenya Youth Employment and Opportunities Project (IDA Credit No.5812-KE) - Micro and Small Enterprise Authority
215. Kenya Youth Employment Opportunity Project (Cr. No.5812-KE) - State Department for Industrialization
216. Kenya Youth Employment and Opportunities Project Credit No. 5812 KE - National Industrial Training Authority

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217. National Safety Net Programme - IDA Credit No.5287 – State Department for Social Protection
218. Kenya Social and Economic Inclusion Project IDA Cr No. 6348-KE and GR No. TFOA 9527 – State Department for Social Protection
219. Kenya Petroleum Technical Assistance Project (IDA Credit No.5526-KE and Grant No. TFOA 3418) – State Department for Petroleum
220. Kimira Oluch Smallholder Farm Improvement Project (ADF Loan No. 2100150012296) - State Department for Regional and Northern Corridor Development
221. Support to the Attainment of Vision 2030 Through Devolved Land Reforms in Community Lands of Kenya Project No. GCP/KEN/085/EC (Letter of Agreement 2018/001) – National Land Commission
222. Secondary Education Quality Improvement Project (IDA Credit No.6138-KE) - Teachers Service Commission

## Appendix B: Qualified Opinion

### No. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)/FUNDS/DONOR FUNDED PROJECTS

1. The National Treasury
2. State Department for Planning
3. State Department for Interior
4. State Department for Correctional Services
5. State Department for Devolution
6. State Department for Development of the Arid and Semi-Arid Lands (ASALS)
7. Ministry of Foreign Affairs
8. State Department for Vocational and Technical Training
9. State Department for University Education
10. State Department for Early Learning and Basic Education
11. State Department for Infrastructure
12. State Department for Public Works
13. Ministry of Water and Sanitation
14. Ministry of Environment and Forestry
15. Ministry of Lands and Physical Planning
16. State Department for Information, Communication Technology and Innovation
17. State Department for Broadcasting and Telecommunications
18. State Department for Sports
19. State Department for Culture and Heritage
20. State Department for Livestock

## Appendix B: Qualified Opinion

21. State Department for Crop Development
22. State Department for Co-operatives
23. State Department for Industrialization
24. State Department for Labour
25. State Department for Social Protection
26. State Department for Mining
27. State Department for Tourism
28. State Department for Gender
29. State Department for Public Service
30. State Department for Youth Affairs
31. State Department for East African Community
32. State Department for Regional and Northern Corridor Development
33. The State Law Office and Department of Justice
34. The Judiciary
35. National Land Commission
36. Independent Electoral and Boundaries Commission
37. Parliamentary Service Commission
38. Teachers Service Commission
39. Revenue Statements (Recurrent) - The National Treasury
40. Revenue Statements of the Pensions Department
41. Revenue Statements - State Department for Interior

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42. Revenue Statements for the Ministry of Lands and Physical Planning
43. Revenue Statements of the State Department for Fisheries, Aquaculture and The Blue Economy
44. Revenue Statements of the State Department for Mining
45. Petroleum Development Levy Fund (Holding Account) – The National Treasury
46. Treasury Main Clearance Fund
47. Provident Fund – The National Treasury
48. European Widows and Orphans Pension Fund – The National Treasury
49. Women Enterprise Fund - State Department for Planning
50. National Government Affirmative Action Fund – State Department for Planning
51. National Government Constituencies Development Fund Board - State Department for Planning
52. National Cohesion and Integration Commission - State Department for Interior
53. National Humanitarian Fund – State Department for Interior
54. Government Press Fund – State Department for Interior
55. Prison Industries Revolving Fund – State Department for Correctional Services
56. Prison Farms Revolving Fund – State Department for Correctional Services
57. Street Families Rehabilitation Trust Fund – State Department for Devolution
58. Mechanical and Transport Fund – State Department for Infrastructure
59. Civil Servants Housing Scheme Fund - State Department for Housing and Urban Development
60. State Officers House Mortgage Scheme Fund - State Department for Housing and Urban Development
61. Kenya Slum Upgrading Low Cost Housing and Infrastructure Trust Fund (KENSUF) - State Department for Housing and Urban Development

## Appendix B: Qualified Opinion

62. Sports, Arts and Social Development Fund – State Department for Sports
63. Commodities Fund - State Department for Crop Development
64. Occupational Safety and Health Fund – State Department for Labour
65. Business Registration Service - Official Receiver – State Law Office and Department of Justice
66. Public Trustee - State Law Office and Department of Justice
67. National Land Commission - Staff Car Loan Scheme Fund
68. Parliamentary Mortgage Loan Scheme Fund
69. Parliamentary Catering Fund
70. National Land Commission - Housing Scheme Fund
71. Railway Development Levy Fund (Holding Account) – State Department for Transport
72. Global Fund Programme - To Accelerate the Reduction of TB, Leprosy and Lung Disease Burden Through Provision of People Centered, Universally Accessible, Acceptable and Affordable Quality Services in Kenya (Grant No. KEN-T-TNT 1548) – The National Treasury
73. Public Financial Management Reforms Program (Credit No.6133-KE) – The National Treasury
74. Global Fund Program - To Reduce Morbidity and Mortality Caused by Malaria in the Various Epidemiological Zones by Two Thirds of the 2015 Level by 2020 Program-Grant Agreement-KEN-M-TNT No.1546 – The National Treasury
75. Global Fund Program-To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care Project - KENH-TNT, GA No. 1547 - The National Treasury
76. Coordination of Population Policy Implementation Project (UNFPA Project No. KEN08POP) – National Council for Population and Development
77. National Information Platform for Food Security and Nutrition Project-Food/2017/393-022 - Kenya National Bureau of Statistics

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78. Instruments for Devolution Advice and Support Project - Grant No.KE/FED/024/230 – State Department for Devolution
79. Support to Enhancement of Quality and Relevance in Higher Education, Science and Technology Project (ID No. P-KE-IAD-001 - Loan Agreement No.2100150027993) – State Department for University Education
80. Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project (IDA Credit No. 5798-KE) – Moi University
81. Kenya Primary Education Development Project (Grant No. TFO18863) – State Department for Early Learning and Basic Education
82. GOK/UNICEF Education for Young People Programme – State Department for Early Learning and Basic Education
83. Global Fund – Expanding HIV Prevention, Care and Treatment Services to Reach Universal Access (80% Coverage) to Reduce Both Incidence and Associated Impact Program (Grant No. KEN-H-MOF/KEN-H-TNT No.853) – Ministry of Health
84. Kenya Health Sector Support (EMMS) Project (IDA Credit No.4771 and No. 50340 – KE) – Ministry of Health
85. Health Sector Support Project - Health Sector Services Fund (Grant No.4771KE and TF-16027) - Ministry of Health
86. Support of the Health Financing Strategy - Output Based Approach (OBA) Programme (Credit No. 201065853) – Ministry of Health
87. Transforming Health Systems for Universal Care (THS-UC) Project Grant IDA Credit No.5836-KE, TFOA2561 and TFOA2792 - Ministry of Health
88. Global Fund HIV AIDS Program (Grant No. KEN-H-TNT GA 1547) - Ministry of Health
89. Health Sector Support Project (Credit No.4771-KE) – Kenya Medical Supplies Authority (KEMSA)
90. Global Fund HIV/AIDS Project Grant No. KEN-H-TNT-1547 – National Aids Control Council
91. Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA Credit No.5638-KE) – State Department for Infrastructure

## Appendix B: Qualified Opinion

92. Improvement of Rural Roads and Market Infrastructure in Western Kenya Project Credit No. BMZ 2007-65 123 (KFW) – Kenya Rural Roads Authority
93. Kenya South Sudan Link (Kitale Morphus) Road Project (Ref. No.202062065 and BMZ No.202083939) – Kenya National Highways Authority
94. Central Kenya Rural Roads Improvement and Maintenance Project (AFD Credit No. CKE 101201B, Credit No. CKE 1046 01 J and Credit No. CKE 1094 01 M) – Kenya Rural Roads Authority
95. Mombasa-Nairobi-Addis Ababa Road Corridor Development Project No. P-ZIDBO-018 (Isiolo/Merille/Moyale Road) – Kenya National Highways Authority
96. Kenya Urban Support Program (IDA Credit No.6134-KE) - State Department for Housing and Urban Development
97. Kisumu Urban Project (Project Advance Account)-CKE 1035.01.G - County Government of Kisumu
98. Kisumu Urban Project (Cash Expenditure)-CKE 1035.01.G – County Government of Kisumu
99. Water and Sanitation Services Improvement Project (IDA Cr. No.5103-KE) – Lake Victoria North Water Works Development Agency
100. Kenya Towns Sustainable Water Supply and Sanitation Program (AFDB Loan No.2000200000501) – Tana Water Works Development Agency
101. Kenya Towns Sustainable Water Supply and Sanitation Programme - Rift Valley Water Works Development Agency
102. Water Sector Development Programme of Kisii and Nyamira Water Supply and Sanitation Project (Grant No. ORIO11/KE/21) – Lake Victoria South Water Works Development Agency
103. Water Sector Development Programme Lake Victoria South (Kericho, Kisii, Nyamira and Litein) Loan No. BMZ 2010 65 861 and Grant No. BMZ 2010 70 457 – Lake Victoria South Water Works Development Agency
104. Water and Sanitation Services Improvement Project (IDA Credit No.5103 KE) - Athi Water Works Development Agency

## Appendix B: Qualified Opinion

105. Trilateral Development Cooperation in Kenya, Water and Sanitation Sector Project (Credit No. BMZ 201365352) – Lake Victoria South Water Works Development Agency
106. System for Land Based Emissions and Estimation in Kenya (SLEEK) Project – Ministry of Environment and Forestry
107. Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance No. V1570 – KE) - Ministry of Environment and Forestry
108. Drought Resilience and Sustainable Livelihoods Programme (ADF Loan No. 2100150028345) – State Department for Crop Development
109. Kenya Youth Employment and Opportunities Project (IDA Credit No. 5812-KE) – State Department for Youth Affairs
110. Judicial Performance Improvement Project (IDA Credit No.5181- KE) - The Judiciary

## Appendix C: Adverse Opinion

### **No. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)/FUNDS/DONOR FUNDED PROJECTS**

1. Ministry of Health
2. Kenya Health Sector Programme Support III – Danida Ref. 104.  
Kenya.810.300 (Grant) - County Government of Kisii
3. Consolidated Fund Services – Public Debt
4. Revenue Statements – Government Investments and Public Enterprises
5. Consolidated Fund Services – Pension and Gratuities
6. Rural Enterprise Fund – The National Treasury
7. Asian officers Family Pension Fund - The National Treasury
8. Veterinary Services Development Fund - State Department for Livestock
9. Agricultural Information Resource Centre Revolving Fund - State Department for Crop Development
10. Youth Enterprise Development Fund - State Department for Youth

## Appendix D: Disclaimer of Opinion

### No. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)/FUNDS/DONOR FUNDED PROJECTS

1. Statement of Outstanding Obligations Guaranteed by the Government of Kenya - The National Treasury
2. Government Clearing Agency Fund – The National Treasury
3. Kenya Local Loans Support Fund - The National Treasury
4. Stores and Services Fund – State Department for Public Works
5. Land Settlement Fund - Ministry of Lands and Physical Planning
6. Revenue Statements – State Department for Crop Development
7. Strategic Food Reserve Trust Fund - State Department for Crop Development
8. Co-operative Societies Liquidation Fund – State Department for Co-operatives
9. Management and Supervision Fund - State Department for Co-operatives
10. Uwezo Fund – State Department for Gender
11. Mechanical and Transport Fund - National Youth Service – State Department for Public Service

## Appendix E- Donor Funded Projects Pending Bills

Donor Funded Project	Implementing Entity	Pending Bill Amount (Kshs.)
Olkaria-Lessos-Kisumu Transmission Lines Construction Project (JICA Loan No. KE-P28) – Kenya Electricity Transmission Company Limited	Ministry of Energy	12,086,419,352
Kenya Towns Sustainable Water Supply and Sanitation Program (Loan No.2000200000501) - Athi Water Works Development Agency	Ministry of Water and Sanitation	7,164,294,394
Mombasa Port Area Road Development Project (Loan Agreements Nos.KE-P29 and KE-P32) – Kenya National Highways Authority	State Department for Infrastructure	6,889,049,579
Multinational - Kenya Section of Interconnection Project of Electric Grids of Nile Equatorial Lakes Countries (ADF Loan No. 2100150022643) - Kenya Electricity Transmission Company Limited	Ministry of Energy	4,196,353,894
Multinational Kenya-Tanzania Power Interconnection Project (Kenyan Component) (ADF Loan No.2100150032846) - Kenya Electricity Transmission Company Limited	Ministry of Energy	3,303,669,940
Kenya Nairobi Southern Bypass Project Loan No. China Exim Bank PBC No. (2011) 32 Total No. (183) No. (1420303052011211528) – Kenya National Highways Authority	State Department for Infrastructure	2,867,324,245
Eastern Electricity Highway Project (IDA Credit No.5148-KE; AFD Loan No:2100150027845) – Kenya Electricity Transmission Company Limited	Ministry of Energy	2,640,343,389
Kenya Nairobi Western Bypass Project Credit No. China Exim Bank GCL No. (2017) 28 Total No. (633) – Kenya National Highways Authority	State Department for Infrastructure	2,574,282,080

## Appendix E- Donor Funded Projects Pending Bills

Donor Funded Project	Implementing Entity	Pending Bill Amount (Kshs.)
Mombasa West Integrated Roads Network Programme Phase 2 Dualling of Magongo Road (A109I) And Expansion of Kipevu Road – Kenya National Highways Authority	State Department for Infrastructure	2,269,170,914
Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero (A1) Road Rehabilitation-Credit No.2000130015238 – Kenya National Highways Authority	State Department for Infrastructure	1,791,580,693
Kenya Transport Sector Support Project Credit No.4926-KE and No.5410-KE – Kenya National Highways Authority	State Department for Infrastructure	1,693,303,263
East Africa Trade and Transport Facilitation Project (MOT/KRC Component) Credit No.4148-KE and Credit No. 4977-KE	State Department for Transport	1,517,967,848
Eastern Africa Regional Transport, Trade and Development Facilitation Project IDA Credit No.5638-KE – Kenya National Highways Authority	State Department for Infrastructure	1,225,792,738
Last Mile Connectivity Project II (Loan No.2000200000152) – Kenya Power and Lighting Company PLC	Ministry of Energy	959,730,000
Kapchorwa-Suam-Kitale and Eldoret Bypass Roads (Kenya) Project ID No. P-Z1-DB0-183 – Kenya National Highways Authority	State Department for Infrastructure	946,931,517
Kibwezi-Mutomo-Kitui Road Project (Contract No. BLA2016K001) - Kenya National Highways Authority	State Department for Infrastructure	938,115,297
Kenya Nairobi-Thika Highway Improvement Project (Lot 3) Government Concessional Loan Agreement No. (2009) 39 Total No. (290) – Kenya National Highways Authority	State Department for Infrastructure	823,181,683
Power Transmission System Improvement Project (ADF Loan No.2100150023752) - Kenya Electricity Transmission Company Ltd	Ministry of Energy	727,729,026
Nairobi Outer Ring Road Improvement Project No. P-KEDB0-020 – Kenya Urban Roads Authority	State Department for Infrastructure	710,123,917

## Appendix E- Donor Funded Projects Pending Bills

Donor Funded Project	Implementing Entity	Pending Bill Amount (Kshs.)
Kimira Oluch Smallholder Farm Improvement Project (ADF Loan No. 2100150012296)	State Department for Regional and Northern Corridor Development	700,656,527
Kenya Development of Solar Power Plant in Garissa Project (GCL No.2015(10) – Rural Electrification and Renewable Energy Corporation	Ministry of Energy	697,577,979
Nairobi Ring Transmission Line Project (AFD Credit No. CKE 6012.01, AFD Credit No. CKE 1068 01, AFD Credit No. CKE 1030.01.B, EIB Credit No. 25.367/KE and GOK) – Kenya Electricity Transmission Company Limited	Ministry of Energy	644,130,340
Kenya Towns Sustainable Water Supply and Sanitation Programme - Rift Valley Water Works Development Agency	Ministry of Water and Sanitation	614,153,077
Lake Victoria Water Supply and Sanitation Program - (Phase II) Project No. P-Z1-EA0-004 (ADF Grant No.2100155019967) - Lake Victoria South Water Works Development Agency	Ministry of Water and Sanitation	470,704,246
Nairobi Missing Link Roads and Non-Motorised Transport Facilities (Grant No. KE/FED/022-951) – Kenya Urban Roads Authority	State Department for Infrastructure	454,310,178
Nairobi-Thika Highway Improvement Project Lot I and II (Credit No. 2100150015544) – Kenya National Highways Authority	State Department for Infrastructure	453,623,554
Kenya Petroleum Technical Assistance Project (IDA Credit No.5526-KE and Grant No. TFOA 3418)	State Department for Industrialization	430,115,775
Kenya Petroleum Technical Assistance Project (IDA Credit No.5526-KE and Grant No. TFOA 3418)	State Department for Petroleum	430,115,775
Menengai Geothermal Project - Geothermal Development Company Limited	Ministry of Energy	418,685,000
Mwea Irrigation Development Project (Loan No. KE-P27) – National Irrigation Authority	State Department for Irrigation	393,538,446

## Appendix E- Donor Funded Projects Pending Bills

Donor Funded Project	Implementing Entity	Pending Bill Amount (Kshs.)
National Urban Transport Improvement Project - IDA Credit No. 5140 - KE – Kenya National Highways Authority	State Department for Infrastructure	359,885,751
Kenya Towns Sustainable Water Supply and Sanitation Program (AFDB Loan No.2000200000501) – Tana Water Works Development Agency	Ministry of Water and Sanitation	297,942,070
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects - Kenya Electricity Transmission Company	Ministry of Energy	270,044,247
Kenya Aviation Modernization Project (Preparation Advance No. V0440) - Kenya Airports Authority	State Department for Transport	194,223,000
Regional Roads Component (Merille-Marsabit Road) (KE/001/09) Project Loan Agreement No.KE/FED/2009/021-655 – Kenya National Highways Authority	State Department for Infrastructure	141,566,761
Bogoria Silali Geothermal Project (Loan No.2013.66.103) - Geothermal Development Company Limited	Ministry of Energy	137,389,000
Mombasa-Mariakani Highway Project Lot 1 (Mombasa-Kwa Jomvu) Loan No. 2100150032743 – Kenya National Highways Authority	State Department for Infrastructure	133,575,356
Support to Water and Sanitation Services In PeriUrban Area Project (Loan No.BMZ 2013.6543.6) – Athi Water Works Development Agency	Ministry of Water and Sanitation	126,479,016
Drought Resilience and Sustainable Livelihoods Programme (ADF Loan No. 2100150028345)	State Department for Crop Development	119,295,000
Dualling of Nairobi - Dagoretti Corner Road C60/C61 (Phase 2)-Project -JICA Grant No. 1760220 – Kenya Urban Roads Authority	State Department for Infrastructure	88,486,748
Judicial Performance Improvement Project (IDA Credit No.5181- KE)	Judiciary	83,675,667

## Appendix E- Donor Funded Projects Pending Bills

Donor Funded Project	Implementing Entity	Pending Bill Amount (Kshs.)
Arusha-Namanga-Athi River Road Development Project No. P-Z1-DB0-040 – Kenya National Highways Authority	State Department for Infrastructure	83,344,955
Mechanical and Transport Fund	State Department for Infrastructure	70,469,907
Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase II (Marsabit-Turbi Road) ID No. PZ1-DBO-027 – Kenya National Highways Authority	State Department for Infrastructure	67,901,399
Transforming Health Systems for Universal Care (THS-UC) Project Grant IDA Credit No.5836-KE, TFOA2561 and TFOA2792	Ministry of Health	63,070,639
National Urban Transport Improvement Project No. IDA 5140-KE - Kenya Urban Roads Authority	State Department for Infrastructure	62,927,931
Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase III (Turbi - Moyale) No. P-ZI-DB0095 Loan No. 2100150025546 – Kenya National Highways Authority	State Department for Infrastructure	58,476,169
Technical Support Programme (Financing Agreements No. KE/FED/2009/021421; No. KE/FED/023-733 and No. KE/FED/037-941)	National Treasury	48,832,274
East Africa Trade and Transport Facilitation Project (IDA Credit No. 4148-KE) – Kenya National Highways Authority	State Department for Infrastructure	46,964,093
Aquaculture Business Development Programme (IFAD Loan No.2000002052)	State Department for Fisheries, Aquaculture and The Blue Economy	44,563,997
Multinational Arusha-Holili/Taveta-Voi Road Project Loan No.2100150028894 – Kenya National Highways Authority	State Department for Infrastructure	42,523,499

## Appendix E- Donor Funded Projects Pending Bills

Donor Funded Project	Implementing Entity	Pending Bill Amount (Kshs.)
Central Kenya Rural Roads Improvement and Maintenance Project (AFD Credit No. CKE 101201B, Credit No. CKE 1046 01 J and Credit No. CKE 1094 01 M) – Kenya Rural Roads Authority	State Department for Infrastructure	41,473,682
National Urban Transport Improvement Project Credit No. IDA 5140-KE (KRC Component) – Kenya Railways Corporation	State Department for Transport	40,804,058
North Eastern Transport Improvement Project (IDA Credit No. V0630) – Kenya National Highways Authority	State Department for Infrastructure	39,979,158
Water Sector Development Programme Lake Victoria South (Kericho, Kisii, Nyamira and Litein) Loan No. BMZ 2010 65 861 and Grant No. BMZ 2010 70 457– Lake Victoria South Water Works Development Agency	Ministry of Water and Sanitation	34,001,529
Northern Corridor Transport Improvement Project IDA Credit No.3930-KE and No.4571-Ke – Kenya National Highways Authority	State Department for Infrastructure	33,647,688
Port Reitz/Moi International Airport Access (C110) Road (FIDIC EPC/Turnkey Based) – Kenya National Highways Authority	State Department for Infrastructure	29,624,000
Kenya South Sudan Link (Kitale Morphus) Road Project (Ref.No.202062065 and BMZ No.202083939) – Kenya National Highways Authority	State Department for Infrastructure	26,614,857
National Agricultural and Rural Inclusive Growth Project (IDA Credit No.5900-KE)	State Department for Crop Development	25,573,348
Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance No. V1570 – KE)	Ministry of Environment and Forestry	24,867,363
Green Zones Development Support Project Phase II - Kenya Forest Service	Ministry of Environment and Forestry	24,581,663
Kenya Transport Sector Support Project Credit No. 4926-KE and No. 5410-KE (MOT Component)	State Department for Transport	22,716,642

## Appendix E- Donor Funded Projects Pending Bills

Donor Funded Project	Implementing Entity	Pending Bill Amount (Kshs.)
Water and Sanitation Services Improvement Project (IDA Credit No.5103 KE) - Athi Water Works Development Agency	Ministry of Water and Sanitation	21,989,341
Smallholder Dairy Commercialization Programme (IFAD Loan No. 678-KE and Grant No. 815-KE)	State Department for Livestock	16,807,828
Centre of Excellence in Sustainable Agricultural and Agribusiness Management Credit No.5798-KE - Egerton University	State Department for Crop Development	16,735,684
Nairobi Water Distribution Network Project (Credit No. BMZ 2020.82.527/KV26833) – Athi Water Works Development Agency	Ministry of Water and Sanitation	15,352,126
Regional Mombasa Port Access Road Project (Loan No. 27459, Credit No. 84010 And Grant No. 202061919) – Kenya National Highways Authority	State Department for Infrastructure	15,028,891
Nairobi Metropolitan Services Improvement Project (IDA Credit No. 5102-KE)	State Department for Housing and Urban Development	13,482,306
Kenya Youth Employment and Opportunities Project (IDA Credit No. 5812-KE)	State Department for Youth Affairs	13,482,306
Northern Corridor Rehabilitation Programme Phase III (Eldoret-Turbo-Webuye-Malaba Road Improvement Project) – Kenya National Highways Authority	State Department for Infrastructure	9,458,068
Parliamentary Catering Fund	Parliamentary Service Commission	8,436,381
Rural Electrification in Five Regions Project (Cr.No.11/597KE, 1407PKE) - Rural Electrification and Renewable Energy Corporation	Ministry of Energy	5,733,369
Rural Electrification in Five Regions Project (Cr.No.11/597KE, 1407PKE) - Rural Electrification and Renewable Energy Corporation	Ministry of Energy	5,733,369

## Appendix E- Donor Funded Projects Pending Bills

Donor Funded Project	Implementing Entity	Pending Bill Amount (Kshs.)
Sound Chemicals Management Mainstreaming and UPOPS Reduction in Kenya Project (Grant No. 99820)	Ministry of Environment and Forestry	5,263,112
Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA Credit No. 5638KE) - Kenya Revenue Authority	The National Treasury	3,991,800
Financial Sector Support Project (IDA Credit No. 5627KE)	The National Treasury	3,689,780
Coastal Region Water Security and Climate Resilience Project (IDA Cr. No.5543-KE)	Ministry of Water and Sanitation	2,939,056
Kenya Urban Support Program (IDA Credit No.6134-KE)	State Department for Housing and Urban Development	2,661,615
Prison Farms Revolving Fund	Statement Department for Correctional Services	1,700,000
System for Land Based Emissions and Estimation in Kenya (SLEEK) Project	Ministry of Environment and Forestry	1,132,994
Nairobi Sanitation Output Based Aid Project (IDA Grant No. TF014251 and No. TF0A5607) - Nairobi City Water and Sewerage Company Limited	Ministry of Water and Sanitation	1,075,378
Global Fund Program - To Reduce Morbidity and Mortality Caused by Malaria in the Various Epidemiological Zones by Two Thirds of the 2015 Level by 2020 Program-Grant Agreement-KEN-M-TNT No.1546	The National Treasury	379,687
<b>Total</b>		<b>64,083,569,224</b>