

THE NATIONAL ASSEMBLY
PAPERS LAID

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**THE NATIONAL TREASURY &
PLANNING**

**TREASURY MEMORANDUM
ON
PUBLIC ACCOUNTS COMMITTEE
REPORT
For The Year
2015/2016**



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EXECUTIVE SUMMARY

Introduction

The Public Finance Management (PFM) Act 2012 Section 38 (1) (f) requires the Cabinet Secretary to submit to the National Assembly a statement specifying the measures taken by the National Government to implement any recommendation made by the National Assembly with respect to the budget for the previous financial year or years.

The National Treasury received the Public Accounts Committee (PAC) recommendations on the accounts of financial year 2015/2016 and thereafter requested Accounting Officers for Ministries, Departments and Agencies (MDAs) to implement recommendations made and submit actions taken within three months as required by the PFM Act 2012. This report contains general observations and responses received from the Accounting Officers on the implementation status of Public Accounts Committee recommendations.

1.0 General Observations

1.1 Budget Under Expenditure (Under Absorption)

Budget execution involves several aspects of planning, resource mobilization, realization and activity scheduling. The National Treasury expectation is that revenue targets would be achieved within the financial year as planned and exchequer issued for the voted provisions. However, revenue receipts may be affected by unforeseen circumstances which affect funding of activities slowing absorption.

To help alleviate budget under absorption the government has put in place measures on effective cash management through automation of revenue collection by Kenya Revenue Authority (KRA), project mapping and prioritization to curb duplication of projects and release tied up funds. This will sort out perennial budget under absorption.

1.2 Outstanding Imprest

The PFM Act 2012 and PFM Regulations 2015 have put in place regulations to manage advances including imprest. Accounting Officers are urged to implement guidelines put in place to avoid un-accounted for imprest and to recover as a priority outstanding imprest with interest existing at CBK rates. Annual circulars are issued on management of available finances including issuance and management of imprest and advances.

1.3 Pending Bills

During the year ended 30th June 2016, the Government Ministries and Departments made spirited effort to clear pending bills from 43.21 billion in 2015 to 20.4 billion

representing a decrease in pending bills of 53%. The Government is in the process of paying genuine pending bills and has put strategies for settlement of future obligations in a timely manner. Pending bills at the close of a financial year should make the first charge in the subsequent year's budget provisions to ensure prompt effective impartial and equitable provision of service envisaged in Section 7 of the public Service Act, 2015.

1.5 Maintenance of Accounting Records and presentation of Financial Statements

The National Treasury is mandated to put in place financial management system that improves effectiveness and efficiency in utilization of public funds. The National Treasury has upgraded capacity of the Integrated Financial Management Information System (IFMIS) to enable fast processing of data and safeguard the data integrity. National Treasury continuous to build skills of accounting staff on annual basis by training them on financial reporting both at National and County levels. Physical accounting records are maintained by respective accounting units which are guided by Regulation 100 and 119 of the PFM Act Regulations (2015)

1.6 Fixed Assets

In the past the government has been using cash based accounting method which discloses fixed assets and liabilities as an appendix to the main financial statements, this practice has continued to influence some MDAs over time.

The Public Sector Accounting Standard Board (PSASB) is in the process of developing a policy framework for recognition, valuation and recording of all public assets. This will require roll out of standards and guidelines on adaption of accrual based accounting standard which is planned to be effected in the financial year 2021/2022.

This will harmonise and standardise valuation, reporting and maintenance of asset registers. The National Treasury has established Assets and Liabilities Management Unit to register all Government assets and come up with policy guidelines on treatment of all categories of government assets.

1.7 Integrated Financial Management Information System (IFMIS)

The National Treasury has continuously re - engineered the IFMIS system and modified the existing modules to cater for expanded volume of data for both National and County government. This has created space, enhanced effectiveness and efficiency in data capture, processing and storage. Integrity of government data is an important aspect of financial management which calls for a reliable system which is not manipulate able. Audit on the IFMIS to determine its efficacy is carried out regularly and improvement done where necessary.

2.0 Statement on Outstanding Public Debt

The PFM Act (2012) requires the Cabinet Secretary, National Treasury to table a statement on the state of public debt outstanding at the end of every financial year. This is done annually and the statement submitted to National Assembly and to the Office of the Auditor General in line with legal timelines.

2.1. Statement on Audited Accounts of Revenue for the period ending 30th June 2016

The arrears of revenue due and uncollected increased from Kshs. 194,951,716,541.16 (approximately Kshs. 195 billion) as at 30th June 2015 to Kshs.380,600,178,374 (approximately Kshs. 381 billion) as at 30th June, 2016. The revenue arrears balance of Kshs.380,600,178,374 as at 30th June 2016 is made up of arrears for PAYE and other Income Tax of Kshs.295,096,178,722, arrears for VAT and Excise Taxes of Kshs. 47,717,166,529, arrears for loan redemptions of Kshs. 13,003,682,478 and arrears for loan interests of Kshs. 24,783,150,645. Collection of arrears of revenue is a continuous process and therefore as some arrears are being cleared additional debts arise through the following: -

2.1.1 Self-Assessment/VAT Penalties

- a. When returns of income are submitted, debt is created and debited in the period of year of income for Income Tax. Applicable interest and penalties are appropriately charged.
- b. Default penalties are charged on monthly basis where returns have not been submitted for

VAT

2.1.2 Additional Assessments

Additional assessments are issued when tax audit and investigations are concluded in various tax heads.

2.1.3 Estimated Assessments

Estimated assessments are issued when taxpayers have not submitted self-assessment returns or have not made declaration of income and tax due.

2.1.4 Accrual of Interest

For any outstanding tax balances, interest continue to accrue at 2% per month compounded up to 100% of the outstanding principal tax.

2.2 Demonstrable Efforts in Collecting Revenue Arrears

The Cabinet Secretary, National Treasury and the relevant institutions have made demonstrable efforts in collecting and accounting for tax revenue arrears for PAYE and Other Income Tax. The tax policy, reforms and administrative measures all geared towards collecting the arrears of revenue due and uncollected; sealing revenue loopholes; leveraging on ICT to harness the country's revenue potential, and use of alternative disputes resolutions (ADR) mechanism to resolve revenue related disputes.

Other measures put in place to address the increase in arrears of revenue are as follows:-

2.2.1 Demand Notice is issued on Tax that is not in dispute

This is the effective method commonly used.

2.2.2 Agency Notices

This is an enforced method used to collect tax from third parties where tax payers fail to pay when demand notice is issued.

2.2.3 Collection by Distrait

The commissioner appoints a Distrait Agent who is usually an Auctioneer/Bailiff to levy distress on the assets of the tax defaulter.

2.2.4 Use of Caveats/Charges on the Debtors Property

Commissioner of lands creates a caveat/charge debtors' property on request by the Commissioner of taxes. The caveat is not lifted until the outstanding tax is paid in full.

2.3. Waiver of Interest and Penalties

Upon request by the tax payer, the Commissioner General or the Cabinet Secretary for The National Treasury may waive interest and penalties either wholly, partly or reject depending on the mitigating factors advanced by the tax payer.

2.4 Write off/Abandonment of Tax

The Cabinet Secretary for the National Treasury may write off or abandon collectable tax on recommendation by the Commissioner General whereby the tax has become irrecoverable due to various convincing reasons.

3.0 IMPLEMENTATION STATUS ON PUBLIC ACCOUNTS COMMITTEE RECOMMENDATIONS FOR FINANCIAL YEAR 2015/2016

The Report of Public Accounts Committee on the Government of Kenya Accounts for the financial year 2015/2016 was tabled on the floor of National Assembly and adopted on 4th June 2019. The adopted report was received at the National Treasury on 14th June, 2019 vide letter Ref No. NA/DLP/TBO/RES.12/2019 dated 7th June, 2019.

The National Treasury vide letter Ref. No. AG.18/01/Vol. 14/ (87) of 1st August, 2019 advised the Accounting Officers to commence implementation of the Public Accounts Committee recommendations on paragraphs relating to their votes and thereafter submit a status report on the implementation to enable National Treasury prepare the Treasury Memorandum.

The responses from Ministries/Departments/Agencies were slow while in some cases inadequate information was provided, National Treasury had to keep reminding them. Failure by the ministries and State Departments to submit the status reports as required caused delay in the preparation of the Treasury Memorandum.

Responses from MDAs were received and captured in a tabular format indicating title of MDA, paragraph number, recommendation made and action taken to make the Treasury Memorandum for the financial year 2015/2016 as shown on pages 1 – 222.

Pursuant to section 38 subsection 1 (f) of the public Finance Management Act 2012, which requires the National Treasury to prepare a statement specifying measures taken by the national Government to implement any recommendations made by the National Assembly with respect to the budget for the previous financial years, the Treasury memorandum for the financial year 2015/2016 is hereby submitted.

TREASURY MEMORANDUM 2015/2016.

IMPLEMENTATION OF THE PUBLIC ACCOUNTS COMMITTEE RECOMEDATIONS ON THE GOVERNMENT OF KENYA ACCOUNTS FOR THE FINANCIAL YEAR 2015/2016.

THE NATIONAL TREASURY

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
2015/2016	1. Unaccounted for Fuel for Leased National Police Service Vehicles	<p>Committee Observed that</p> <p>(i) The submission and accompanying documents tabled by the Accounting Officer explaining that the delay in submission of the work tickets was occasioned by the unavailability of selected motor vehicles at the time of the audit as the vehicles had been on safari or deployed for operations and the missing work tickets have since been availed for audit review was persuasive and should have been submitted to the Auditor General during the subsequent financial year for audit review.</p> <p>(ii) The Committee marked the matter as unresolved.</p> <p>Committee Recommended that since the work tickets relating to the expenditure incurred for fuel worth Kshs. 20,004,118 had been submitted for audit review and the Committee shall be guided by the outcome of the verification by the Auditor General.</p>	<p>As from the financial year 2016-2017 fuel tagging was introduced to all leased vehicles hence going forward, drawing of fuel for vehicles in garages or not moving has been eliminated.. Mechanisms to mitigate the above have been instituted including:</p> <p>a) Introduction of S3 cards to be maintained by the respective transport officers so as to get the balances of fuel at the end of the day. This will be used to balance the fuel in case the driver fails to update their fuel consumption in the work tickets.</p> <p>b) Strengthening the headquarters transport Monitoring & Evaluation component to check and rectify drivers on the same.</p> <p>c) Disciplinary action has been instituted against some drivers for these errors of omission.</p> <p>d) Having a senior officer regularly check the work tickets to ensure that they are up to date</p>
2015/2016	2. Pending Bills:	Committee Recommended that Accounting officers must at all times ensure that pending bills are treated as a first charge in the subsequent financial year approved budget and prepare	The pending bills have been cleared and position confirmed by the Auditor General.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>estimates of expenditure and revenues of the entity in conformity with the strategic plan pursuant to the provisions of section 68(2) (h) of the Public Finance Management Act, 2012. Further, the Cabinet Secretary for the National Treasury should put in place mechanisms to ensure that bills due are promptly settled to ensure responsive, prompt, effective, impartial and equitable provision of services as articulated in Section 7 of the Public Service (Values and Principles) Act, 2015.</p> <p>The Committee marked the matter as resolved.</p>	
2015/2016	3. Outstanding Imprests	<p>The statement of assets reflects an outstanding imprests balance of Kshs.1,661,284 which ought to have been recovered or accounted for on or before 30 June 2016. No reason was provided for failure to surrender or account for the imprests as of 30 June 2016.</p> <p>The Accounting Officer stated that this has already been recovered.</p> <p>The Committee marked the matter was resolved.</p>	Pending imprests have been cleared and position confirmed by the Auditor General.
2015/2016	4. Outstanding Loans Balance	<p>STATEMENT OF OUTSTANDING LOANS</p> <p>Committee Observations and Findings</p> <p>(i) The accuracy of the outstanding loan balance could not be confirmed</p> <p>(ii) The explanation tabled by the Accounting Officer that the National Treasury is in the process of preparing reconciliations and explanations relating to the resultant variance was persuasive and</p>	The National Treasury circularized and requested Entities with outstanding Loans to confirm directly to the Auditor General the principal Loan amounts owed to the National Government as at 30th June 2015.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>should be submitted to the Auditor General during the subsequent financial year for audit review.</p> <p>(iii) The Committee marked the matter as unresolved</p> <p>Committee further Recommends</p> <p>(i)The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012; and</p> <p>(ii) The Cabinet Secretary for the National Treasury should, within three (3) months of adoption of this report, make a recommendation to address the matter of the remaining two (2) entities which had their loans disbursed in the FY 1994/ through Development estimates without loan agreements and were recognized as grants by the entities.</p>	
2015/2016	5	<p>Non-repayments of Loans</p> <p>Observation and Findings</p> <p>(i) The total outstanding loans balance of Kshs. 572,248,849,628 reflected in the statement of outstanding loans as at 30 June 2016 includes loans amounting to Kshs. 15,802,665,652 issued to the various institutions. However, these institutions have not made any efforts to repay their respective loans upon maturity.</p> <p>(ii) The submission by the Accounting Officer that failure to Repay Loans are due to various reasons ranging from delay in</p>	<p>The National Treasury circularized and requested Entities with outstanding Loans to repay the outstanding Loans</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>project completion and disbursements causing extension of grace period, poor financial performance, reforms, companies under receivership or liquidation, ongoing privatization process and dormancy was not persuasive.</p> <p>Recommendations</p> <p>The Accounting Officer should ensure that they prepare and submit a report on the status of repayment of these loans within nine months of the adoption of this report</p>	
2015/2016	6	<p>REVENUE STATEMENT</p> <p>Balance Carried Forward</p> <p>Committee Observed that</p> <p>(i) Statement of revenue and transfers for the FY 2015/2016 reflected a balance carried forward of Kshs.3,570,991,332 which included an amount of Kshs.2,995,232,115 brought forward from 2014/2015 and previous years;</p> <p>(ii) The balance of Kshs.3,570,991,332 is made up of Kshs.1,630,219,852.10 which is old balances brought forward over years for revenue and Kshs.1,940,771,479.55 for Petroleum Development Levy Fund (PDL) which also contain an old balance figure of Kshs.303,139,187.45;</p> <p>(iii) By the time of audit, the Task force appointed to clear old balances had not concluded its report. However, following the recommendation by the task force to clear the old balances, relevant prior year adjustments was made when preparing both the statement for revenue and PDL for the financial year 2016/2017; and</p> <p>(iv) The Petroleum Development Levy Fund Act revised Edition 2012 chapter 426C provides that any unspent funds in the PDL</p>	<p>Measures put in place to address the increase in arrears of revenue are as follows:</p> <p>(i) Demand notice is issued on tax that is not in dispute .</p> <p>(ii) Agency Notices This is an enforced method used to collect tax from third parties where tax payers fail to pay when demand notice is issued.</p> <p>(iii) Collection by Distrait The commissioner appoints a Distrait Agent who is usually an Auctioneer/Bailiff to levy distress on the assets of the tax defaulter.</p> <p>(iv) Use of Caveats/Charges on the Debtors Property.</p> <p>(v) Waiver of Interest and Penalties Upon request by the tax payer depending on the mitigating factors advanced by the tax payer.</p> <p>(vi) Write off/Abandonment of tax</p> <p>For different reasons that include dormancy, poor financial performance, restructuring</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>Account at the closure of the financial year shall not be paid into the consolidated fund but shall be retained for the purpose which the fund was established, hence the reason why the amount for Petroleum Development Levy Fund of Kshs.1,649,028,602.75 was not transferred to the Exchequer Account.</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved. Further, the Accounting Officer should ensure that the Task force appointed to clear old balances concludes its work within the timelines as per recommendation of PAC report on the FY 2014/2015 financial statements</p>	<p>/reforms or the companies being under receivership or liquidation. Further initiatives put in place to address the challenges:</p> <p>(i) Demand letters The National treasury continues to demand for the amounts due.</p> <p>(ii) Categorizing Institutions The National Treasury has categorized the institutions which are dormant, collapsed or liquidated. A detail review of each to establish the recoverability of amounts owing has been initiated with a view to seeking authority for restructuring or writing off the loans</p> <p>(iii) Managing Policy Changes Where there have been changes in law or reforms in the sector such that the loan obligations are expected to move to other institutions, efforts are being made to transfer the loan to the respective receiving entity. This is being considered in the transfer of assets and liabilities arising from the changes. Negotiations and Restructuring Consultative meetings between The National Treasury and the institutions with loans have been held with the view to compelling them to make good their obligations. Where there is sufficient proof that they are facing financial performance challenges, negotiation for loan restructuring is considered as an option.</p> <p>(v) Privatization process of some of the institutions especially in the sugar sector is ongoing.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
			(vi) Selling and Recovery some institutions that have been put under receivership are expected to turn around to profitability and be able to meet their obligations. Where it does not turn around, on the sale of the entity, Government loans would be considered in the distribution of the proceeds
2015/2016	7. Arrears of Revenue	<p>Committee Observations and Findings</p> <p>(i) The arrears of revenue due and uncollected has significantly increased from Kshs. 194,951,716,541.16 (approximately Kshs. 195 billion) as at 30th June 2015 to Kshs.380, 600,178,374 (approximately Kshs. 381 billion) as at 30th June 2016.</p> <p>(ii) The revenue arrears balance of is made up of arrears for PAYE and Other Income Tax;</p> <p>(iii) The year on year persistent increase in arrears of national revenue denies the national and county government the scarce financial resources that it needs to undertake their development programmes and projects.</p> <p>(iv) The Cabinet Secretary for the National Treasury and receivers of revenues for the national government entities have been granting waivers of interest and penalties and write off/abandonment of tax including tax exemption. These waivers and tax exemptions (tax expenditures) lead to losses of national revenue of approximately 2.5 percent of the GDP (approximately Ksh. 200 billion annually) as per studies by KRA and World Bank; and</p> <p>(v) The arrears of revenue due and uncollected undermines the principle of equitable sharing of revenue raised</p>	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>nationally between the national and county</p> <p>Committee Recommendations</p> <p>(i) The Cabinet Secretary, National Treasury and the relevant institutions must make demonstrable efforts in collecting and accounting for tax revenue arrears for PAYE and Other Income Tax. The tax policy, reforms, & administrative measures should be geared towards collecting the arrears of revenue due and uncollected, sealing leaking revenue loopholes, providing the requisite support to SMEs entrepreneurs, leveraging on ICT to harness the country's revenue potential, and use of alternative disputes resolutions (ADR) mechanism to solve revenue related disputes.</p> <p>(ii) The Cabinet Secretary, National Treasury should adopt the IPSAS accrual basis of reporting by all national government entities. IPSAS accruals basis of accounting and reporting provide a complete and reliable financial position of the Government of Kenya and address challenges in accounting and reporting of revenue thereby promoting transparency and a better understanding of financial position of the whole government.</p> <p>(iii) The Cabinet Secretary for the National Treasury should within three (3) months of adoption of this report, prepare and submit to the Auditor General for audit review and subsequent reporting to Parliament, a comprehensive financial statement of tax waivers, exemptions, interest and penalties write off/abandonment for the period FY 2015/2016 to date in line with Article 210 of the CoK, 2010 and Sections 77, 80 and 82 of the PFM Act 2012.</p>	<p>Policy in place to ensure implementation of the committee recommendations.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
2015/2016	8.Unreconciled Balances	<p>PETROLEUM DEVELOPMENT LEVY FUND</p> <p>The statement of financial position as at 30 June 2016 reflects a net financial asset balance of Kshs.5,724,613,631 comprised of cash with P.M.G balance brought forward of Kshs.5,137,458,103 and bank balance (surplus for the year) of Kshs.587,155,528. The net financial assets balance of Kshs.5,724,613,631 differs from the bank (cash book) balance of Kshs.1,649,028,601 by Kshs.4,075,585,028 of which the difference had not been explained. Further, the statement of cash flows reflects a cash and cash equivalents balance as at 30 June 2016 of Kshs.1,952,167,790 while the Fund's cash book (bank balances) shows an amount of Kshs.1,649,028,603 as at the same date thus resulting in an unexplained difference of Kshs.303,139,187. Consequently, the validity and accuracy of the net financial assets could not be ascertained.</p> <p>The Accounting Officer stated that the statement of Cash-flow for year ended 30th June, 2016 reflected a cash and cash equivalent balance of KShs.1,952,167,790.20 while the funds Cashbook (bank balance) showed an amount of KShs.1,649,028,602.75 resulting to difference of KShs.303,139,187.45. The differences of KShs.4, 075,585,028.00 and KShs.303, 139,187.45 are over-casted Old balances brought forward from financial year 2013/14 and prior years. The PDL Accounts (statement of Assets & Liabilities and Cash Flow Statements) prepared then were not adjusted downwards with the amounts transferred to the Ministry of Energy and Petroleum. In addition, ledger management system and IFMIS PMG balances were used instead of the balances as per the cashbook. This led to over casted balances. The same has been cleared through the National Treasury taskforce on</p>	The Committee resolved the matter.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>Old balances and the PDL financial statements of cash flow and the PDL statement of Assets and Liabilities as at 30th June 2017 adjusted through prior year adjustments to reflect the correct position.</p> <p>Statement of Assets & Liabilities and Cash Flow Statements prepared then were not adjusted downwards with the amounts transferred to the Ministry of Energy and Petroleum.</p> <p>In addition, ledger management system and IFMIS PMG balances were used instead of the balances as per the cashbook. This led to over casted balances. The same has been cleared through the National Treasury taskforce on Old balances and the PDL financial statements of cash flow and the PDL statement of Assets and Liabilities as at 30th June 2017 adjusted through prior year adjustments to reflect the correct position.</p> <p>The Committee marked the matter as resolved.</p>	
2015/2016	9. Accuracy of the Financial Statements	<p>RAILWAY DEVELOPMENT LEVY FUND</p> <p>The National Treasury did not prepare and submit for audit the financial statements for the Railway Development Levy Fund for the year ended 30 June 2014. The source and accuracy of balances brought forward to the financial year 2014/2015 could not be confirmed. Consequently, the opening balances for the financial year 2015/2016 were not ascertained and therefore the financial statements as a whole for 2015/2016 could not be confirmed.</p> <p>The Accounting Officer admitted the oversight but stated that the statements were later prepared and forwarded to the Office of the Auditor General for review</p>	The committee resolved the matter.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
2015/2016	10	<p>Committee Observations and Findings</p> <p>Statements for the FY 2013/2014 were later prepared and forwarded to the Office of the Auditor General for audit and reviewed vide letter REF: AG.13/79 Vol.5/16</p> <p>The Committee marked the matter as resolved.</p> <p>Unexplained Receipts Variation between Financial Statements and Kenya Revenue Authority Records</p> <p>The statement of receipts and payments for the year ended 30 June 2016 reflects total receipts from the Kenya Revenue Authority of Kshs.17,060,928,683 during the year, while records maintained at the Kenya Revenue Authority shows a total amount of Kshs.17,273,369,562 as having been collected and transferred to the National Treasury during the period. The resultant difference of Kshs.212, 440,879 between the two sets of records had not been reconciled or explained.</p> <p>The Accounting Officer stated that the difference was due to timing differences.</p> <p>A reconciliation statement was prepared for the two records and submitted to the Office of the Auditor General for Audit review.</p> <p>A reconciliation statement was prepared for the two records and submitted to the Office of the Auditor General for audit and reviewed.</p> <p>The Committee marked the matter as resolved.</p>	
2015/2016	11	Unsupported Transfers	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>The statement of receipts and payments also reflected transfers to the State Department of Transport of Kshs.14, 353,521,932 made during the year under review. However, minutes of the Railway Development Levy Fund Advisory Committee approving the transfers had not been made available for audit review. The Accounting Officer stated the National Treasury followed the laid down procedures in releasing the funds as per the Custom and Excise Act (Railway Development Levy Fund) Regulations 2013. Approved minutes of the Railway Development Levy Fund Advisory Committee approving the transfers had since been availed for Audit review.</p> <p>The submission by the Accounting Officer that the Approved minutes of the Railway Development Levy Fund Advisory Committee approving the transfers were availed for audit and reviewed was persuasive and the latter position was confirmed by the Auditor General.</p> <p>The Committee marked the matter as resolved.</p>	<p>The Committee resolved the matter.</p>
	12	<p>RURAL ENTERPRISE FUND</p> <p>Uncleared Balances</p> <p>Committee Recommended that the Cabinet Secretary for the National Treasury should finalize the winding up of the Fund and submit the winding up report in line with the PFM Act and Regulation 209 of the PFM (National Government) Regulations 2015.</p>	<p>Measures in place to ensure Implementation of the Committee's recommendations</p>
	13	<p>Unresolved Prior Years Matters</p> <p>A review of the unsatisfactory matters highlighted in the report for 2014/2015 revealed that they remained unresolved</p>	<p>Measures in place to ensure Implementation of the Committee's recommendations</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
	<p>13.1</p> <p>13.2</p> <p>13.3</p>	<p>during the year 2015/2016 as indicated below:</p> <p>Loan Beneficiaries- The loan balance of Kshs.394,559,879 included an amount of Kshs.220,013,037 that had not been analyzed to show the names of borrowers, amounts borrowed and those outstanding. Further, no interest on the loans outstanding as at 30 June 2013 and 2014 were accrued in the accounts.</p> <p>Unbanked Cash- There was no evidence to confirm actual existence of the balance of Kshs.3, 348,895 at the DC's Office. In addition, the balance of Kshs.1, 951,921 under DC (Loans Repaid) included advances amounting to Kshs.207, 344 in form of IOUs issued from the Fund to some five officers working at the DC's Office, Kisumu in 1997/1998. The IOUs had not, however, been surrendered as at 30 June 2014.</p> <p>Unreconciled Balance The statement of assets and liabilities for deposits 07 as at 30 June 2013 reflected a debit balance of Kshs.1, 828,388 in respect of the Fund, while the Fund Accounts for the same year reflected a balance of Kshs.397, 908,774 against the item. The difference between the two sets of records had not been reconciled or explained.</p> <p>The Cabinet Secretary for the National Treasury should finalize the winding up of the Fund and submit the winding up report in line with the PFM Act and Regulation 209 of the PFM (National Government) Regulations 2015.</p>	
	15	<p>STATE OFFICERS AND PUBLIC OFFICERS MOTOR CAR LOAN SCHEME FUND</p> <p>Accuracy of the Financial Statements</p> <p>Committee Observations and Findings</p>	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>(i) The financial statement for The State Officers and Public Officers Motor Car Loan Scheme Fund submitted for audit did not have a statement of Income and Expenditure for the year ended 30th June 2016;</p> <p>(ii) The statement of changes in equity for the Funds for the year ended 30th June 2016 reflected a wrong balance brought forward of Kshs. 1,000,000,000/=;</p> <p>(iii) These two were omissions and the financial statements were amended to correct the same. The amended statements were forwarded for audit review.</p> <p>(iv) The Committee marked the matter as resolved.</p>	<p>The Committee resolved the matter.</p>
		<p>Unsupported Bank Balance</p> <p>The statement of financial position reflects cash and cash equivalents (bank) balance of Kshs.1, 985,000,000 as at 30 June 2016. However, the balance has not been supported by a bank reconciliation statement and certificate of bank balance as at 30 June 2016.</p> <p>The Accounting Officer stated that the Copies of certificate of bank balance, Cashbook and bank reconciliation to support the same have since been forwarded for audit review.</p> <p>Copies of certificate of bank balance, Cashbook and bank reconciliation to support the same have since been forwarded for audit and reviewed.</p> <p>The Committee marked the matter as resolved.</p>	<p>The Committee resolved the matter.</p>
	16	Failure to adhere to the Guidelines	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>The statement of financial position submitted did not bear the signatures of the Accounting Officer and the Administrator of the Fund. This is contrary to the guidelines issued by the Public Sector Accounting Standards Board, pursuant to the provisions of Section 194 of the Public Finance Management Act, 2012.</p> <p>The Accounting Officer stated that this was an oversight and that The financial statements were amended and all the relevant pages signed by the Accounting Officer and the Administrator of the Fund and submitted for audit review.</p> <p>Committee Observed that this was an oversight and that the financial statements were amended and all the relevant pages signed by the Accounting Officer and the Administrator of the Fund and submitted for audit review.</p> <p>The Committee marked the matter as resolved.</p>	<p>The Committee resolved the matter.</p>
	17	<p>GOVERNMENT CLEARING AGENCY FUND</p> <p>Unsupported Debtors and Creditors Balances</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is waiting the finalization of the report by the Task force appointed to clear old balances.</p> <p>Further, the Accounting Officer should ensure that the Task force appointed to clear old balances concludes its work within the timelines as per recommendation of PAC report on FY 2014/2015.</p>	<p>Mechanisms in place to ensure Implementation of the Committees recommendations.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
	18	<p>Unsupported Fund and Paymaster General Balances</p> <p>The statement of financial position also reflected a brought forward Fund balance of Kshs.2,147,492 and a Paymaster General (PMG) overdraft balance of Kshs.245,810,387 which had not been supported with verifiable documents including a bank balance confirmation certificate and bank reconciliation statement.</p> <p>The Accounting Officer stated that those were both aggregates of old balances that have been carried forward for very many years. This is a historical problem that affects the whole Government and Treasury formed a taskforce to address issues of old balances appearing in Ministries' Departments and Agencies books of Accounts. This Account was operated within the Ministry of Finance Deposit bank Account. It did not have a separate bank account and this is the reason as to why no separate Certificate of bank balance was availed. The task force has faced the challenge in documentation but every effort is being done to ensure the process is done in a prudent manner. Waiting for the conclusion by the Task force.</p> <p>Committee Observed that this is a historical problem that affects the whole Government and Treasury formed a taskforce to address issues of old balances appearing in Ministries' Departments and Agencies books of Accounts. The Committee marked the matter as resolved.</p>	The Committee resolved the matter.
	19	<p>THE TREASURY MAIN CLEARANCE FUND</p> <p>Accounts Receivables</p>	Mechanisms in place to ensure

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
	20	<p>Debtors The Treasury Main Clearance Fund statement of financial position as at 30 June 2016 reflects an accounts receivables-debtors balance of Kshs.12,503,607,446, which includes an amount of Kshs.2,332,170,394 that has not been analyzed. Further, no reason has been provided for the inordinate delay in recovery of debts totalling Kshs.12,503,607,446 which have been due for many years.</p> <p>Accounts Payables- Creditors</p> <p>The statement of financial position also reflects an accounts payable- creditors balance of Kshs.12,490,478,941, which includes amounts of Kshs.523,686 under PMG Special Account, Kshs.2,285,511,054 under Advance Deposits, Kshs.29,963,831 under Advance Deposits – Ministry of Information and Communications and Kshs.93,455 under JCF Interest all brought forward from 2014/2015 and earlier years. However, these amounts have not been analyzed or supported with relevant documents. Consequently, the completeness and accuracy of the creditor’s balance of Kshs.12, 490,478,941 as at 30 June 2016 could not be ascertained.</p>	Implementation of the Committees recommendations.
	21	<p>Deficit Balance Brought Forward</p> <p>The statement of financial position further reflects a brought forward balance of Kshs.(871,495) which as reported in the previous year differs from the calculated balance of Kshs.2,949,863 being the difference between the amounts received totaling Kshs.10,174,386,915 and the payments made totaling Kshs.10,171,437,051 captured in underlying records. The difference had not been reconciled.</p>	Mechanisms in place to ensure Implementation of the Committees recommendations.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>Submission by Accounting Officer Paragraph 19- 21:</p> <p>Accounts Receivables- Debtors, Accounts Payables- Creditors and Deficit Balance Brought Forward The fund was established under the Revised Financial Orders of 1968 editions "Funds outside the Supply System" 8.1.3 section C in the Exchequer and Audit Act, Cap.412 to facilitate overseas payments in foreign currency in respect of Government Imports and Pension payments through crown agents in U.K. This is a dormant fund and a task force on the winding up of dormant funds was established. This fund is in the process of being wound up through the taskforce that is ongoing.</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is waiting the finalization of the report by the Task force appointed to clear old balances.</p> <p>Further, accounting officer should ensure that the Task force appointed to clear old balances concludes its work within the timelines as per recommendation of PAC report on FY 2014/2015</p>	<p>Mechanisms in place to ensure Implementation of the Committees recommendations.</p>
	22	<p>Winding Up of the Fund</p> <p>Although the Treasury Main Clearance Fund is in the process of being wound up in line with the Public Accounts Committee recommendations and Treasury instructions on the requirement to wind up dormant Funds, evidence showing the extent, to which the winding up process of the Fund had reached as at 30 June 2016 was not presented for audit. As a result, it has not been possible to ascertain the status of the Fund.</p> <p>The Accounting Officer stated that a Committee on Dormant Funds was</p>	<p>Mechanisms in place to ensure Implementation of the Committees recommendations.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>appointed and the fund is in the process of being wound up among other dormant funds. Outstanding until winding up process is concluded.</p> <p>The Cabinet Secretary, National Treasury should complete the winding up of the Fund report in line with section 24 (8) of the PFM Act, 2012 and Regulation 209 of the PFM (National Government) Regulations 2015.</p>	<p>Mechanisms in place to ensure Implementation of the Committees recommendations.</p>
	23	<p>DONOR FUNDED PROJECTS FINANCIAL SECTOR SUPPORT PROJECT (IDA CREDIT NO. 5627- KE)</p> <p>The statement of receipts and payments reflects payments totaling Kshs. 39,359,013 which differ from the National Treasury's ledger expenditure of Kshs.48,785,710 and the total expenditure balance of Kshs.39,414,281 reflected by payment vouchers for the year ended 30 June 2016. The differences between the three set of records have not been reconciled or explained.</p> <p>The Accounting Officer stated that the project management did reconcile the payments, Ministry's ledger and payment vouchers. Subsequently, the project financial statements were amended to reflect the changes made from the reconciliations and the amended financial statements were submitted to the auditor general for review. Further, the same reconciliations were incorporated in the subsequent year (FY2016/17) as required by IPSAS.</p> <p>The Committee marked the matter as resolved.</p>	<p>The Committee resolved the matter.</p>
	24	<p>The statement of financial assets reflects under Note 8.2 a bank balance of Kshs.111, 223,370 as at 30 June 2016 which differs from the bank's certificate</p>	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>balance of Kshs.124, 770,240 and the cash book bank balance of Kshs.101, 040,133 reflected on the same date. The differences between the three set of records have not been reconciled or explained.</p> <p>The Accounting Officer stated The project management did reconcile the bank balance, bank certificate and cash book amounts. Subsequently, the project financial statements were amended to reflect the changes made from the reconciliations and the amended financial statements were submitted to the auditor general on 16th May 2017 for review. Further, the same reconciliations were incorporated in the subsequent year (FY2016/17) as required by IPSAS.</p> <p>The Committee marked the matter as resolved.</p>	<p>The Committee resolved the matter.</p>
	25	<p>GLOBAL FUND PROGRAM FOR EXPANDING HIV PREVENTION, CARE AND TREATMENT SERVICES TO REACH UNIVERSAL ACCESS (80% COVERAGE) TO REDUCE BOTH INCIDENCE AND THE ASSOCIATED IMPACT (GRANT NO. KENHMOF)</p> <p>The statement of receipts and payments reflects under other grants and transfers an expenditure of Kshs. 27,420,217 being amount transferred to the Kenya Country Coordinating Mechanism. However, expenditure returns showing how the amount was utilized by the recipient were not made available for audit verification. Under the circumstances, the propriety of the expenditure of Kshs. 27,420,217 could not be confirmed.</p> <p>The Accounting Officer stated that at the time of audit the payment vouchers to support Kshs.27,420,217 released to the KCCM were not availed to the auditor since</p>	<p>The Committee resolved the matter.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>the same had not been received from Ministry of Health. However, the same were received and forwarded to the auditor for audit review.</p> <p>The Committee marked the matter as resolved.</p>	
	26	<p>KENYA PETROLEUM TECHNICAL ASSISTANCE PROJECT (IDA CREDIT NO.5526KE)</p> <p>The statement of financial assets reflects a bank balance of Kshs.12, 745,464 as at 30 June 2016 which differs with the bank's certificate balance of Kshs.14, 817,131 and the cashbook bank balance of Kshs.11, 956,622 as at the same date. The differences between the three set of records had not been reconciled or explained.</p> <p>The Accounting Officer submitted that the project Management did reconcile the bank balance, bank certificate and the cash book resulting in the amendment of the project financial statements to reflect the changes made from the reconciliation exercise. The amended financial statements were submitted to the Auditor General for review. The reconciliation was also incorporated when preparing Year 2016/2017 Financial Statement as required by IPSAS.</p> <p>The Committee marked the matter as resolved.</p>	The Committee resolved the matter.
	27	<p>MICRO FINANCE SECTOR SUPPORT CREDIT PROJECT (CREDIT NO. CKE 300401 E)</p> <p>The statement of receipts and payments reflects an expenditure of Kshs. 4,680,740 under purchase of goods and services in respect of an amount paid to a local firm for provision of impact assessment consultancy services which were</p>	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>contracted on 23rd February 2012 at a sum of Kshs.5, 850,924. The expenditure of Kshs.4, 680,740 comprised of 30%, 40% and 10% of the contract sum of Kshs. 5,850,924 in respect of inception report, first and second progress reports respectively by the consultant. However, details showing how the consultant was identified and the fees determined were not made available for audit verification. Further, the first and second progress reports upon which the 30% and 40% payments of the contract sum of Kshs. 5,850,924 were based had not been provided for audit review. Under the circumstances, the propriety of the expenditure of Kshs.4, 680,740 could not be confirmed.</p> <p>Accounting Officer Submitted that at the time of audit, tender documents and progress report were not availed for audit review however Ministerial Tender Committee minutes and contract documents to show how the consultant was identified and impact assessment progress report were later availed for audit review.</p> <p>The Committee marked the matter as resolved.</p>	<p>The Committee resolved the matter.</p>
	28	<p>CONSOLIDATED FUND SERVICES CONSOLIDATED FUND SERVICES - PUBLIC DEBT - VOTE R-050</p> <p>Unexplained Differences</p> <p>The statement of receipts and payments, under the finance cost-loan interest item reflects payments amounting to Kshs.167,885,514,356, which includes interest on domestic borrowings (Non-Government units) of Kshs.124,779,531,719. The trial 13 balance, however reflects a balance of Kshs.124,283,147,016 under the same</p>	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>item. The resultant difference of Kshs.496,384,703 has not been reconciled or explained</p> <p>The Accounting Officer Submitted that the statement of receipts and payments under finance costs reflects a balance of Kshs.167,885,514,356 which includes interest on domestic borrowing from other Government units of Kshs.124,779,531,719.00 and interest on Pre – 1997 Government old loan of Kshs.793,952,431.00. The two payments on domestic borrowing amounts to Kshs. 125,573,484,150.00, which is in agreement with the ledger and trial balance.</p> <p>The Committee marked the matter as resolved.</p>	<p>The Committee resolved the matter.</p>
	29	<p>Prior Year Adjustments</p> <p>The statement of financial position as at 30 June 2016 reflects comparative balances which have been restated and therefore differs from those reflected in the audited financial statements for 2014/2015. The management has however not provided analysis of the prior year adjustments and supporting documents to justify the restated figures. The accuracy of the restated balances could not therefore be ascertained.</p> <p>The Accounting Officer stated that the analysis has been done and submitted for audit review.</p> <p>Committee Observed that the analysis was later done and submitted for audit review.</p> <p>The Committee marked the matter as resolved.</p>	<p>National Treasury has put in measures for implementing the Committee’s recommendation</p>
	30	<p>Bank Balance</p>	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>The statement of financial position and the reconciliation statement reflect bank balance of Kshs.757, 875,107 as at 30 June 2016. The bank reconciliation statement, however, includes items which have been outstanding for long and have not been cleared, as detailed below.</p> <p>(i) Payments in Cashbook not in Bank Statement</p> <p>The reconciliation statement shows payments in cashbook not in the bank statement of Kshs.35, 248,811,289. Included in the amount are payments which have not been presented to the bank for more than six months, totaling Kshs.4, 127,641,248, and are therefore not payable .</p> <p>The payments also include cashbook under cast of Kshs.2, 000,000 which has not been adjusted.</p> <p>Submission by Accounting Officer</p> <p>(i) Payments in cashbook not in the bank statements – Ksh.35,248,811,289.40 The accounting officer stated that amount of Ksh. 35,248,811,289.00 was outstanding at the time of audit. The outstanding items were marched against corresponding items in the bank and the whole amount has since been cleared/Resolved</p> <p>(ii) Payments in the Bank Statement not in the Cashbook</p> <p>The Accounting Officer stated that the bank reconciliation statement also reflected payments in the bank statement not in the cash book totaling Kshs.33, 251,179,668. The outstanding items were marched against corresponding items in the cash book and Kshs. 32,836,569,958 has since been cleared. A letter has been written to Central Bank of Kenya</p>	<p>National Treasury has put in measures for implementing the Committee’s recommendation</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>requesting them to provide details of the remaining credits of Kshs.414, 609,710.30.</p> <p>The explanation by the Accounting Officer was satisfactory. However, the matter is pending until CBK provide details of the remaining credits of Kshs. 414, 609,710.30. However, The Committee marked the matter as unresolved.</p> <p>Committee Recommends</p> <p>Accounting officers must at all times ensure entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012</p>	<p>National Treasury has put in measures for implementing the Committee's recommendation</p>
	31	<p>Un-supported Balances</p> <p>The statement of financial position, under the comparative balances, reflects receivables balance of Kshs.91, 565,685,447 which relates to exchequer under-issues accumulated over the years. The amount was cleared during the period under review. However, the clearance of the balance has not been supported or explained.</p> <p>The accounting officer stated that the amount of Kshs.27, 652,471,202 was analyzed but the documentary evidence was not provided at the time of audit. However, the documents have since been provided for audit review.</p> <p>The Committee marked the matter as resolved.</p>	<p>The Committee resolved the matter.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
	32	<p>Differences between Financial Statements and Loan Register Balances</p> <p>Comparisons of the balances as at 30 June 2016 reflected in the statement of outstanding public debt and the loans register in respect of three hundred and ninety (390) loans shows that the amounts in the two records do not tally. According to the financial statements, balances totaling Kshs.1,545,345,244,346 listed in the statement of public debt differs with the total of Kshs.15,031,630,560 recorded in the loans register as outstanding against these loans by unexplained difference of Kshs.1,530,313,613,786. Accounting Officer Submitted that Since then, the records relating to three hundred and ninety loans in question have been analyzed and reconciled. The manual registers and the Common Wealth Secretariat-Debt Recording and Management System-(CS-DRMS) have continuously been updated and are now in agreement. The registers are available for audit verification.</p> <p>The Committee marked the matter as resolved.</p>	The Committee resolved the matter.
	33	<p>Un-reconciled Balances</p> <p>As reported in the previous year, the statement of outstanding debt as at 30 June 2015 reflected a balance of Kshs. 26,615,000,000 relating to Pre-1997 Government Overdraft debt. The opening balance for this item was Kshs.28,273,000,000 as at 1July 2014, and a repayment of Kshs.1,110,000,000 was made during 2014/2015 as per the loan agreement between Government of Kenya and the Central Bank of Kenya. The closing balance as at 30 June 2015, therefore, ought to have been Kshs. 27,163,000,000 and not Kshs. 26,615,000,000. The</p>	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>resultant difference of Kshs.548, 000,000 has not been explained to date.</p> <p>The Accounting Officer stated that the difference observed by the auditor was because he is using the net value and not the face value. The balance was confirmed through reconciliation between the National Treasury and Central Bank of Kenya staff and a letter of confirmation of these balances from CBK was availed. Further, reconciliation exercise between The National Treasury and Central Bank of Kenya has been done to reflect the correct closing balance of Kshs.26, 668,755,685.50 and is supported by a Loan amortization schedule</p> <p>The reconciliation has been done and availed for audit verification</p> <p>The Committee marked the matter as resolved</p>	<p>The Committee resolved the matter.</p>
	34	<p>Growth in Public Debt</p> <p>The statement of public debts as at 30 June 2016 reflects an outstanding public debt of Kshs.3,385,910,449,825 representing an increase of Kshs.711,104,085,630 or 26.6% of 2014/2015 outstanding debts balance of Kshs.2,674,806,364,195 as at 30 June 2015. The net increase of Kshs.711, 104,085,630 has been attributed mainly to disbursements of new loans to the Government by various development partners and additional borrowing from the domestic market through treasury bonds and treasury bills.</p> <p>Committee Observed that as was reported in the approved Budget and Appropriation Committee (BAC) report on the Budget Policy Statement (BPS) for the FY 2019/2018 and the medium term, the Country is facing significant debt</p>	<p>The National Treasury has put measures in place for Implementing the Committee's recommendations</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>refinancing pressure. The refinancing needs for the next one year (FY 2019/2020) will be USD 10.4 billion (approximately Kshs. 1.04 trillion) having risen substantially from USD 1.8 billion (approximately Kshs. 180 billion) in FY 2018/2019 and USD 1.4 billion in the FY 2017/2018. The debt refinancing requirements of debts maturing in one year in FY 2019/2020 will reach 50 percent of the total revenues.</p>	
	35	<p>Ken-Ren Chemical and Fertilizer Company-Loan Repayment</p> <p>The statement of outstanding public debt reflects principal loan amounts of Kshs.1, 855,689,653 and Kshs.3, 583,397,947 in respect of Government guaranteed debts incurred in 1970 on account of Ken-Ren Chemical and Fertilizer Company. The loans were advanced by the Government of Australia and the Government of Belgium respectively. The total principal of Kshs.5, 439,087,600 plus interest amount of Kshs.887, 348,232 were fully repaid in the financial year 2014/2015. It is a matter of concern that a total amount of Kshs. 6,326,435,833 was incurred on a project which did not take off and against which no value for money was achieved.</p> <p>The Accounting Officer stated that by the time of audit the total principal of the above loan amounting to Kshs.5, 439,087,600.27 plus interest of Kshs.887, 348,232.26 were fully repaid in the financial year 2014/2015. The obligation arose from a case filed in the Court of Arbitration of the International Chamber of Commerce by a Belgian Bank, Ducreire. The Court found the Government of Kenya liable as a guarantor to pay Euro 21.2 million. The loan has continued to be paid in accordance with Paris Club Consolidation of Debts Agreement, under which the Government negotiated to repay</p>	<p>The National Treasury has put measures in place for Implementing the Committee's recommendations</p> <p>The Committee resolved the matter.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>the amount commencing on 30th June, 2004 and ending on 30th June, 2016. The full amount has since been cleared. The National Treasury had an obligation to settle the loan as per the Paris Club Agreement</p> <p>Even though, the full amount of the debt is now settled, the Committee is deeply concerned that government spent such colossal sums of money on a project which did not take off and against which no value for money was achieved.</p> <p>The Committee marked the matter as resolved.</p>	
	36	<p>THE STATEMENT OF OUTSTANDING OBLIGATIONS GUARANTEED BY THE KENYA GOVERNMENT</p> <p>Presentation of the Financial Statement</p> <p>The Accounting Officer stated that the statement of Obligations Guaranteed by the Government is a disclosure of contingent liability that may crystalize in future. It is not a financial statement in the context of reports under the International Public Sector Accounting Standards (Cash Basis). The amended statement was submitted for audit review included comparative balances for the previous year and explanatory notes on Kenya Railways and Cereals and Sugar Finance Corporation.</p> <p>The Accounting Officer tabled documents to support its submission that the matter relating to presentation of the Financial Statement on the statement of outstanding obligations guaranteed by the Kenya Government under paragraph 6 had been resolved to the satisfaction of the Committee.</p>	<p>The Committee resolved the matter.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
	37	<p>Long Outstanding Balances</p> <p>The statement of outstanding obligations guaranteed by the Kenya Government as at 30 June 2016 reflects long outstanding contingent liabilities totaling Kshs.164,132,746 made up of Kshs.11,814,920 and Kshs.152,317,825 relating to Kenya Railways Corporation and Cereals and Sugar Finance Corporation, respectively. Settlement of these liabilities appears to be uncertain because the National Treasury has indicated that their clearance is dependent on redemption of bonds issued by Kenya Railway Corporation and completion of winding up process of the Cereals and Sugar Finance Corporation.</p> <p>Kenya Railways Corporation – Kshs.11,814,920.20</p> <p>The accounting officer stated that the outstanding obligations guaranteed by Kenya Government to Kenya Railways Corporation of Kshs.11,814,920.20 is not long over-due since the Bonds have not matured. The amount is included in total guarantees given on behalf of Kenya Railways and reported in their audited financial statements. The amount guaranteed therefore remains a contingent liability and its settlement is depended on the redemption of the bonds. The National Treasury wrote to the Kenya Railways Corporation to confirm details of the bond holders and their maturity dates.</p> <p>Cereals and Sugar Finance Corporation– Kshs.152,317,825.00</p> <p>The Accounting Officer stated that the obligation guaranteed by Government in respect of borrowing by Cereals and Sugar Finance Corporation (CSFC) amounting to Kshs.152,317,825.00 has remained outstanding in our books pending</p>	<p>The National Treasury has put measures in place for Implementing the Committee’s recommendations</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>conclusion of the winding up process. The task Force on winding up of dormant funds prepared Statements of affairs to determine the financial position of CSFC. The statements were submitted for audit examination.</p> <p>The explanation by the Accounting Officer was satisfactory and the matter is waiting the finalization of the report by the Task force appointed to clear old balances. Further, Accounting Officer should ensure that the Task force appointed to clear old balances concludes its work within the timelines as per recommendation of PAC report on FY 2014/2015.</p>	<p>The National Treasury has put measures in place for Implementing the Committee's recommendations</p>
	38	<p>KENYA LOCAL LOANS SUPPORT FUND</p> <p>Inaccurate Financial Statements</p> <p>The statement of financial assets as at 30 June 2016 reflects total cash and cash equivalents balance of Kshs. 5,000,000 while the statement of cash flows reflects a nil balance in respect of the same item as at that date. No explanation has been provided for this anomaly.</p> <p>Accounting Officer Submitted that the amount of Kshs.5,000,000.00 had erroneously been omitted in the cash flow statement however the amount was reinstated when preparing the cash flow statement for 2016/17 Financial Year.</p> <p>The Committee marked the matter as resolved.</p>	<p>The Committee resolved the matter.</p>
	39	<p>Un-supported Balances</p> <p>The balances reflected in the statement of assets under accounts receivable-investment cost (CSFC), accrued interest, bank balance and fund balance of Kshs.10,410,374, Kshs.71,595,406, Kshs.5,000,000 and Kshs.87,005,780,</p>	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>respectively have not been supported by notes, analyses and other documentary evidence.</p> <p>The Accounting Officer stated that the balances reflected in the statement of assets were old balances whose documents were not available and will be cleared when the fund is wound up. The Accounting officer finally stated that they were waiting for conclusion of the Taskforce on winding up dormant funds.</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is waiting the finalization of the report by the Task force appointed to clear old balances. Further, accounting officer should ensure that the Task force appointed to clear old balances concludes its work within the timelines as per recommendation of PAC report on FY 2014/2015</p>	<p>The National Treasury has put measures in place for Implementing the Committee's recommendations</p>
	40	<p>Comparative Balances</p> <p>The comparative balances for 2014/2015 reflected in the financial statements for the year under review differ with the balances shown in the audited financial statements for 2014/2015 as follows:</p> <p>No explanation and disclosures have been provided for the retrospective adjustment of these prior period balances.</p> <p>The Accounting Officer stated that the comparative balances for 2014/2015 reflected in the financial statements for the year under review differ with the balances shown in the audited financial statement of 2014/15.</p> <p>The explanation by the Accounting Officer was not satisfactory to the Committee therefore the matter is waiting further explanation and disclosures by the accounting officer to the auditors.</p>	<p>Additional information given to the Auditor</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>The Committee marked the matter as unresolved.</p>	
	41	<p>Failure to Redeem Stocks</p> <p>The Committee observed that the issue was among those being addressed by the Task Force on Old Outstanding balances. The issue remains unresolved awaiting response from the Central Bank of Kenya and completion of work by the Task Force.</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is waiting the finalization of the report by the Taskforce appointed to clear old balances. Further, the Accounting Officer should ensure that the Task force appointed to clear old balances concludes its work within the timelines as per recommendation of PAC report on FY 2014/2015</p>	<p>The National Treasury has put measures in place for Implementing the Committee's recommendations</p>
	42	<p>Winding Up of the Fund</p> <p>According to information available, the Kenya Local Loans Support Fund is in the process of being wound up in line with the recommendations of the Public Accounts Committee and instructions issued by the National Treasury that all dormant funds are wound up. However, the process had not been completed as at 30 June 2016.</p> <p>The accounting officer noted that a task force was constituted to prepare information and recommend the winding up of Dormant Funds including KLLSF prepared a progress report as at 30th June, 2015. A copy of the report has been availed for audit review. The winding up is still in the process and the resolution of the issue is dependent on the completion of the exercise.</p>	<p>The National Treasury has put measures in place for Implementing the Committee's recommendations</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>The explanation by the Accounting Officer was satisfactory therefore the matter is awaiting the finalization of the report by the Taskforce appointed to clear old balances. Further, accounting officer should ensure that the Taskforce appointed to clear old balances concludes its work within the timelines as per recommendation of PAC report on FY 2014/2015.</p>	
	43	<p>CONSOLIDATED FUND SERVICES – PENSION AND GRATUITIES - VOTE R-051</p> <p>Un-reconciled Ledger and Trial Balance Figure</p> <p>The statement of receipts and payments reflects total expenditure of Kshs. 51,250,699,449 for the year ended 30 June 2016. The amount includes civil pension payments totaling Kshs.19, 503,027,865 which agree with the trial balance figure as at 30 June 2016. The ledger, however, shows a balance of Kshs.19, 505,843,028 under the same item as at 30 June 2016. The difference of Kshs.2, 815,163 between the two set of records which should ordinarily agree has not been explained or reconciled.</p> <p>The Accounting Officer stated that Kshs. 19, 505,843,027.70 in the ledger included Kshs.2, 815,163.00 erroneously charged to civil pension instead of re-credited cheques. The error has been rectified vide the attached journal voucher reverting to the correct position of Kshs.19, 503,027,865.00. The adjusted trial balance, ledger and the statement of receipt and payments are in agreement and were submitted.</p> <p>The Accounting Officer should ensure that the statement of financial position for the CFS (Pensions and Gratuities) are prepared and reconciled in time in compliance with</p>	<p>The National Treasury has put measures in place for Implementing the Committee’s recommendations</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>the provisions of Sections 68(2), 80 of the PFM Act 2012 and that the correct financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2) (k) of the PFM Act 2012.</p>	
	44	<p>Unsupported Payments-Crown Agent</p> <p>The statement of receipts and payments reflects total expenditure of Kshs.51, 250,699,446 for the year ended 30 June 2016. The amount includes payments of pension through Crown Agent to dependents residing in United Kingdom totaling Kshs. 24,427,260. The expenditure has not been supported by any schedule showing the payee and their respective pension amount.</p> <p>The Accounting Officer stated that the National Treasury made a payment of Ksh. 24,427,260.00 to Crown Agent to facilitate payment of pensions to Dependents residing in United Kingdom.</p> <p>The Accounting Officer should within three (3) months of adoption of this report, prepare and submit to the Auditor-General a schedule showing the payee and their respective pension amount.</p>	<p>The National Treasury has put measures in place for Implementing the Committee's recommendations.</p>
	45 (i)	<p>Cash and Cash Equivalent</p> <p>Bank Balance</p> <p>The statement of financial assets and liabilities reflects a bank balance of Kshs.246, 703,998 as at 30 June 2016 while the cashbook, bank reconciliation and board of survey report reflect a balance of Kshs.3, 184,293 as at 30 June 2016. The resulting difference of Kshs.243, 519,705 has not been reconciled or explained.</p>	<p>The National Treasury has put measures in place for Implementing the Committee's recommendations.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>The Accounting Officer stated that the bank balance was reconciled with the cashbook balance and the reconciliation availed for audit review.</p> <p>The explanation by the accounting officer was satisfactory. However, the accounting officer must at all times ensure entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	
	a)	<p>(i) Bank Reconciliation Statement for CFS Cashbook-Account No 01-010- R050</p> <p>Payments in Cashbook not in Bank Statement</p> <p>The bank reconciliation statement as at 30 June 2016 shows payments in cashbook not reflected in the bank statement of Kshs.993, 199,715. The payments included amounts paid to the Chief Accountant of Kshs.5, 056,541. The pensions department has not explained why payments to the Chief Accountant had not been effected in the bank statement. The reconciliation also showed tax recovered (PAYE) from pensioners and income tax department totaling Kshs.3,299,730 and Kshs.104,531,554 respectively paid in the cashbook but not reflected in the bank statement. No explanation has been provided for non-remission of the said taxes.</p> <p>The Accounting Officer stated that out of the figure of Kshs.993,199,175.20 in question as at 30th June, 2016, an amount of Kshs.983,461,412.85 has been cleared</p>	<p>The National Treasury has put measures in place for implementing the Committee's recommendations</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>as per June, 2017 Bank reconciliation leaving a balance of Kshs.9,737,762.35. Efforts are being made to reconcile/clear the remaining balance.</p> <p>Within three months of the adoption of this Report, the Accounting Officer should provide a reconciliation statement clearing the outstanding balance of Kshs. 9,737,762.35 for audit review. The Committee marked the matter as unresolved.</p>	
	<p>b)</p> <p>c)</p>	<p>Receipts in Bank Statement not in Cashbook</p> <p>The bank reconciliation as at 30 June 2016 reflects receipts in the bank statement not posted to the cashbook totaling Kshs.147, 667,377. The receipts include direct credits with some dating back to year 2009.</p> <p>No explanation has been provided as to why the receipts were not posted to the cashbook by 30 June 2016.</p> <p>Payments in the Bank Statement not in the Cashbook</p> <p>The bank reconciliation statement reflects payments in the bank statement not in the cashbook totaling Kshs.61, 038,785 in respect of cheques fraudulently paid by pension's department employees and third parties. The payments relate to period between July 2008 and May 2016. Further, the reconciliation includes items described as fake cheques, unpaid cheques, payment to individuals, FT drawer signature and TRFS of Kshs.12,423,395, Kshs.792,940, Kshs.7,829,921, Kshs.544,631 and Kshs.27,666,778 respectively. Management has not provided explanations as to what some of the payments represent and why they have remained outstanding for long without being recorded in the cashbook.</p>	<p>The Committee resolved the matter.</p> <p>The Committee resolved the matter.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>The Accounting Officer stated that out of the figure of Kshs.61,038,785.40 in the Bank statement and not in Cashbook, an amount of Kshs.31,075,989.20 has been cleared as per June, 2017 Bank Reconciliation, leaving a balance of Kshs.29,962,796.20. Efforts are being made to clear the remaining balance.</p> <p>The Accounting Officer should, within three months of the adoption of this Report, provide a reconciliation statement clearing the outstanding balance of Kshs. 29,962,796.20.</p> <p>The Committee marked the matter as unresolved.</p>	
	d)	<p>Receipts in the Cashbook not in the Bank Statement</p> <p>The bank reconciliation statement reflects receipts in the cashbook not in bank statement. No reconciliations have been provided for these receipts. The accuracy of the bank balance of Kshs.246, 703,998 reflected in the financial statements could therefore not be ascertained.</p> <p>The Accounting Officer stated that as at 30th June, 2017 an amount of Ksh.16,364,049.90 had been cleared out of the figure in question of Ksh.147,667,376.80 leaving a balance of Ksh.131,303,326.90. Efforts are being made to identify the depositors in order to clear the remaining balance.</p> <p>The Accounting Officer should, within three (3) months of the adoption of this Report, provide a reconciliation statement clearing the outstanding balance of Kshs. 131,303,326.90.</p>	The National Treasury has put measures in place for Implementing the Committee's recommendations
	46	Payables	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
	46.1	<p>Re-credited Cheques</p> <p>Committee Recommends</p> <p>(i) The Accounting Officer should ensure that the Task force appointed to clear old balances concludes its work within the timelines as per recommendation of PAC report on FY 2014/2015.</p> <p>(ii) The Cabinet Secretary, the National Treasury should, within three (3) months of adoption of this report, submit to the National Assembly a status report on public pension's obligations and debts owed to pensioners in the Country. Further, provide a report on measures the government is taking in revamping the public service pensions management system to enhance transparency and accountability in service provisions by Pensions Department.</p> <p>(iii) The Cabinet Secretary, the National Treasury should, within three (3) months of adoption of this report, submit to Parliament a status report on the implementation of the Public Service Superannuation Scheme Act No. 8 of 2012 whose implementation has been put in abeyance for inordinately long period of time. The implementation of the Act is expected to enhance governance, transparency and accountability of public service pension management in the country by making operational Public Service Superannuation Fund and Board of Trustees.</p>	<p>The National Treasury has put measures in place for Implementing the Committee's recommendations</p>
	46.2	<p>Deposit Bank Account</p> <p>Committee noted that no explanation was offered for failure to maintain a deposit bank account for the returned pension and marked the matter as unresolved.</p> <p>Committee Recommendations</p>	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>(i) The Accounting Officer should, Within three months of the adoption of this Report, operationalize a deposit bank account for the returned pension.</p> <p>(ii) The Accounting Officer must at all times ensure compliance to the provisions of Section 9(1e) of the Public Audit Act, 2015 which gives the Auditor-General powers of unrestricted access to all books, records, returns, reports, electronic or otherwise and other documents of entities.</p>	<p>The National Treasury has put measures in place for Implementing the Committee's recommendations</p>
	<p>47</p> <p>47.1</p>	<p>Funds Transferred to Public Trustee</p> <p>Unpaid Death Gratuity</p> <p>The total expenditure reflected in the statement of receipts and payments of Kshs.51, 250,699,446, includes death gratuities payments totaling Kshs.1, 195,249,583 paid during the year under review. The responsibility of paying death gratuities is vested in the Regional Public Trustees. Verification carried out during the year to confirm receipt of the death gratuities by beneficiaries revealed that an amount of Kshs.245, 075,026 had not been paid to the beneficiaries. The amount outstanding per region is as indicated below.</p> <p>Region Amount</p> <p>1 Embu 16,476,061 2 Nyeri 42,580,143 3 Machakos 14,870,278 4 Mombasa 19,172,351 5 Kisumu 31,537,125 6 Kakamega 23,019,513 7 Eldoret 53,877,301 8 Nakuru 36,295,379 9 Kisii 7,246,875 Total 245,075,026</p> <p>It is therefore not possible to authenticate the payments of Kshs.202, 531,106.</p>	<p>The National Treasury has written vide Ref EPN/167/025/ Vol X II dated 22nd August 2016 and Ref. No. EPN/167/025 Vol.XIII (6) dated 26th March 2018 requesting the State Law Office to respond to the issues raised by the Auditor</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN												
	47.3	<p>Unsupported Payment</p> <p>The estate/trustee files in Embu and Nyeri regional offices indicated that gratuities totaling Kshs.3,400,830 were disbursed without letters to confirm the beneficiaries of the deceased estate from the respective authorities as per the provisions of the Pensions Act Cap 189. It is therefore not clear how the files indicated below were processed and paid without the required supporting documents.</p> <table border="0" data-bbox="485 786 1018 902"> <thead> <tr> <th>Regional Office</th> <th>File No</th> <th>Amount Kshs.</th> </tr> </thead> <tbody> <tr> <td>Embu</td> <td>GC0000253742</td> <td>1,978,543</td> </tr> <tr> <td>Nyeri</td> <td>47 of 2015</td> <td>1,422,287</td> </tr> <tr> <td>Total</td> <td></td> <td>3,400,830</td> </tr> </tbody> </table> <p>The Accounting Officer stated that the current policy is that the National Treasury processes payments for dead pensioners through Public Trustee. The Public Trustee office is under the office of the State Law Office which is subjected to audit like any other public accounting unit. Any payment to Public Trustee is acknowledged with a receipt. Therefore, the issues raised by the Auditor should have been addressed to the office of the Public Trustee</p> <p>The Committee marked the matter as unresolved.</p> <p>Committee Recommends The Accounting Officer responsible for matters relating to the Public Trustee Office under the State Law Office should, within three (3) months of the adoption of this Report, address the issues raised by the auditor.</p>	Regional Office	File No	Amount Kshs.	Embu	GC0000253742	1,978,543	Nyeri	47 of 2015	1,422,287	Total		3,400,830	
Regional Office	File No	Amount Kshs.													
Embu	GC0000253742	1,978,543													
Nyeri	47 of 2015	1,422,287													
Total		3,400,830													
	48	<p>REVENUE STATEMENT - PENSIONS DEPARTMENT</p> <p>Un-supported Balances</p>													
	48.1	<p>Revenue Collected</p>													

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>The statement of revenue reflects total revenue of Kshs.459, 421,435 which as disclosed under Note 5 includes 31% Contribution and Cap Deductions of Kshs.455, 812,435 and Kshs.3, 609,255 respectively.</p> <p>The amounts represent collection during the period under review. The analysis for the amounts showing details of the contributors were not, however, provided for audit review.</p> <p>The Accounting Officer stated that the analysis of the amount showing details of the contributors has since been remitted for audit review.</p> <p>Committee Recommends that The Accounting Officer must at all times ensure entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012</p>	<p>The National Treasury has put measures in place for Implementing the Committee's recommendations</p>
	48.2	<p>Revenue Balance</p> <p>The statement of revenue reflects a nil balance as at 30 June 2016. The amount collected totaling Kshs.459, 421,435 was apparently transferred to the National Exchequer during the period under review. The bank statement, bank certificate and bank reconciliations were not, however, provided. The accuracy of the balance could not, therefore, be confirmed. Accounting Officer stated that the bank statement, bank certificate and bank reconciliation have since been remitted for audit review.</p>	<p>The matter was resolved</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>The Committee marked the matter as resolved.</p>	
	<p>49. 49.1</p>	<p>Un-resolved Issues for 2014/2015 Financial Year</p> <p>Un-supported Balance</p> <p>The statement of revenue under the notes reflected General Deposit-PMG account balance of Kshs.1, 051,602,039 which was not supported by trial balance figures and analyses. Accounting Officer stated that the statement of revenue under General Deposit – PMG A/C (Note 4) reflected a balance of Kshs.1, 051,602,039.19. This has been supported by a trial balance figures and analysis. This figure has since been analyzed and supported by a ledger and the trial balance and the same was availed for audit review.</p> <p>The Committee adopted its recommendation on the matter as it appears in the Committee’s report on the examination of the Accounts of the Auditor General for the Financial Year 2014/2015.</p>	<p>The National Treasury has put measures in place for Implementing the Committee’s recommendations</p>
	<p>49.2</p>	<p>Comparative Figures for 2013/2014</p> <p>The Committee adopted its recommendation on the matter as it appears in the Committee’s report on the examination of the Accounts of the Auditor General for the Financial Year 2014/2015.</p>	<p>The National Treasury has put measures in place for Implementing the Committee’s recommendations</p>
	<p>49.3</p>	<p>Financial Position</p> <p>The accumulated actual revenue balance of Kshs.2, 125,593,875 disclosed under Note 4 to the statement and nil balance carried forward as at 30 June 2015 reflected in the statement were not supported by related cashbook balances or bank records. In addition, no bank reconciliation statements or statement of</p>	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>financial position as at 30 June 2015 for the revenue were prepared and submitted for audit.</p> <p>The Accounting Officer stated that the full amount for the two financial years was collected and transferred to the Exchequer. The bank reconciliation, cashbook and bank records have since been availed for audit review.</p> <p>The Committee marked the matter as resolved.</p> <p>Committee Recommends that The Accounting Officer must at all times ensure entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012</p>	<p>The Committee resolved the matter.</p>
	50	<p>PROVIDENT FUND</p> <p>Missing Investment Certificates</p> <p>The statement of financial assets and liabilities reflects investment in shares of Kshs.45, 860,478 representing the gross book value of ordinary share investments in two publicly quoted companies. Out of this balance, a sum of Kshs.14, 807,299 represents 7,540,140 ordinary shares held in the East African Breweries Company Limited. However, only share certificates for 1,960,118 shares relating to the company valued at Kshs.9, 547,660 were presented for audit. Therefore, it has not been possible to confirm whether the balance of 5,580,022 shares valued at Kshs.5, 259,639 invested in the company exist. In view of these discrepancies, it has</p>	<p>The Committee resolved the matter.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>not been possible to confirm the completeness, value and accuracy of the net investment balance of Kshs.45,860,478 reflected in the statement of financial assets and liabilities.</p> <p>The Accounting Officer stated that the share certificates that were availed for audit were for 1,960,118 shares valued at Kshs.9,547,660. The National Treasury has since sought and obtained confirmation for the 7,540,140 shares from the East African Breweries Company Limited.</p> <p>The Committee marked the matter as resolved.</p> <p>Committee Recommends that the accounting officer must at all times ensure entity keeps complete, up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	
	51	<p>Cash Deposit – Cereals and Sugar Finance Corporation</p> <p>Observations and Findings</p> <p>The Committee observed that the issue was among those being addressed by the Task Force for winding up dormant Funds. The position of this deposit will be determined upon the completion of winding up process by the taskforce on dormant funds and marked the matter as resolved.</p> <p>Recommendations</p>	<p>The National Treasury has put measures in place for implementing the Committee's recommendations.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>Committee recommends that The accounting officer should ensure that the Task force appointed to clear dormant funds concludes its work within the timelines as per recommendation of PAC report on FY 2014/2015.</p>	
	52	<p>Un-analyzed Balance</p> <p>Committee Recommends that the accounting officer should ensure that the Taskforce appointed to clear old balances concludes its work within the timelines as per recommendation of PAC report on FY 2014/2015.</p>	<p>The National Treasury has put measures in place for Implementing the Committee's recommendations</p>
	53	<p>EUROPEAN WIDOWS AND ORPHANS PENSION SCHEME FUND</p> <p>Unsupported Dividend Income</p> <p>The Accounting Officer Submitted that these were several receipts into this account which the National Treasury had not identified the Depositors. A letter was written to CBK requesting for the source details and it was established that an amount of Kshs. 2,599,186.00 was paid by Laikipia County Government for Widows and Children's Pension Scheme (WCPS) and not remitted by KPLC and the National Treasury authorized CBK to transfer the amount from European Widows and Orphans Pension Scheme to WCPS and the transfer has been effected.</p> <p>Committee Observed that the explanation by the Accounting Officer was satisfactory therefore the matter is resolved</p>	<p>The Committee resolved the matter.</p>
	54	<p>Understatement of Investment</p> <p>The Accounting Officer stated that the value of investment in Kenya Power & Lighting Company in our books have remained at KSh.25, 516,933.00 from</p>	<p>The matter was resolved and books will be adjusted accordingly</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN																								
		<p>2011/2012 Financial Year. However, after the share split, The National Treasury shareholding value is as follows:</p> <table border="0" data-bbox="480 427 1034 674"> <tr> <td>Shares</td> <td></td> <td>Kshs.</td> </tr> <tr> <td>Ordinary Shares</td> <td>92,140@Kshs.20</td> <td></td> </tr> <tr> <td></td> <td></td> <td>1,842,800.00</td> </tr> <tr> <td>Ordinary Shares</td> <td>7,683,048@Kshs.2.50</td> <td></td> </tr> <tr> <td></td> <td></td> <td>19,207,620.00</td> </tr> <tr> <td>Bonus Shares</td> <td>868,241@Kshs.20</td> <td></td> </tr> <tr> <td></td> <td></td> <td>17,364,820.00</td> </tr> <tr> <td>Total</td> <td>8,643,429</td> <td>38,415,240.00</td> </tr> </table> <p>Adjustments to reflect this in our books of Account will be done in 2017/2018 Accounts.</p> <p>The Committee marked the matter as unresolved.</p> <p>Committee Recommends that the Accounting Officer should effect adjustments to reflect the true shareholding in the books of Account for FY 2017/2018.</p>	Shares		Kshs.	Ordinary Shares	92,140@Kshs.20				1,842,800.00	Ordinary Shares	7,683,048@Kshs.2.50				19,207,620.00	Bonus Shares	868,241@Kshs.20				17,364,820.00	Total	8,643,429	38,415,240.00	
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		17,364,820.00																									
Total	8,643,429	38,415,240.00																									
	55	<p>Investment Held in Insolvent Cereals and Sugar Finance Corporation</p> <p>The Accounting Officer stated that Draft financial statements for Cereals and Sugar Finance Corporation (under liquidation) had been submitted for audit review. The liquidation and winding up process of the corporation is on-going and the recoverability of the amount will be determined once the process is over. The issue has not been resolved since the winding up process is still in progress.</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is waiting the finalization of the report by the Task force appointed to clear Dormant Funds.</p> <p>Further, the Accounting Officer should ensure that the Task force appointed to</p>	<p>The National Treasury has put measures in place for Implementing the Committee's recommendations</p>																								

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		clear dormant funds concludes its work within the timelines as per recommendation of PAC report on FY 2014/2015.	
	56	<p>Un-invested Proceeds from Redeemed Stock</p> <p>As highlighted in the report for 2014/2015 and earlier years, the National Treasury holds cash proceeds from the redemption of 11% Kenya Stock 2000 totaling Kshs.9, 000,000. The stocks were redeemed in July 2001 and the proceeds were expected to be reinvested immediately but are still being held in a deposit account to date. Failure to reinvest the funds for the last fifteen years has denied the Fund income that would finance the payment of pensions due to its beneficiaries.</p> <p>The Accounting Officer stated that the proceeds are held in the deposit account of National Treasury and that The National Treasury cannot invest in either treasury bills or bonds and the proceeds will be paid back to the fund.</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved.</p>	<p>The Committee resolved the matter.</p> <p>The Committee resolved the matter.</p>
	57	<p>ASIAN OFFICERS FAMILY PENSION FUND</p> <p>Investment Held in Insolvent Cereals and Sugar Finance Corporation</p> <p>The Accounting Officer stated that the Draft financial statements for Cereals and Sugar Finance Corporation (under liquidation) have been prepared and submitted for audit review. The interim report as per September, 2015 of the winding up committee of Dormant Funds has been availed for audit review. The recoverability of the amount will be determined when the winding up process</p>	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>is finalized. The issue has not been resolved since the winding up process is still in progress.</p> <p>The matter is awaiting the finalization of the report by the Task force appointed to clear dormant funds.</p> <p>Further, the Accounting Officer should ensure that the Task force appointed to clear dormant funds concludes its work within the timelines as per recommendation of PAC report on FY 2014/2015.</p>	<p>The National Treasury has put measures in place for Implementing the Committee's recommendations</p>
	58	<p>Irregular Pension Payments</p> <p>The Pensions Department made payments totalling Kshs. 519,800 from 2007 to June 2015 and a further Kshs.42, 000 from July 2015 to January 2016 in respect of two deceased beneficiaries. The families of the two beneficiaries notified the Pensions Department in September 2007 and February 2008 respectively of their demise on 16 August 2007 and 28 December 2007. However, the payments were only stopped in February 2016. Out of the total payments made, Kshs.418, 710 was returned by the Bank leaving balance of Kshs.143, 090 unaccounted for. The payment of the pension to deceased beneficiaries has led to loss of Government funds.</p> <p>The Accounting Officer stated that the two deceased beneficiaries remained in the agency payroll up to January, 2016 and had been paid Kshs.561, 800.00. However, the bank had paid Kshs.418, 710 by August, 2017 leaving a balance of Kshs.143, 090. The National Treasury has written to the bank requesting for the payment of the balance.</p> <p>(i) The Accounting Officer should, within three (3) months of adoption of this report,</p>	<p>Payment for refund being followed</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>ensure that the outstanding balance of Kshs. 101,090 is fully recovered and evidence submitted for audit review.</p> <p>(ii) The Director of Pensions Department (during the period under review) must, within three months of the adoption of this report, provide an explanation to the Cabinet Secretary to the National Treasury for making irregular payment of Kshs. 519, 800.00 from 2007 to June 2015 in respect of two deceased beneficiaries for audit review contrary to the provisions of sections 198 of the Public Finance Management Act, 2012.</p> <p>(iii) Where the Director of Pensions Department fails to provide an explanation, the Director of Pensions Department (during the period under review) or any officer determined to be culpable should be reprimanded for making irregular payment of Kshs. 519, 800.00 from 2007 to June 2015 in respect of two deceased beneficiaries pursuant to the manner provided under section 74(4) (b) of the Public Finance Management Act, 2012.</p>	
	59	<p>Failure to Provide Records for Verification</p> <p>The statement of receipts and payments reflects an expenditure of Kshs.1, 328,196 being pension payments made during the period under review. The amount includes Kshs.144, 000 paid to four beneficiaries but whose files were not provided for audit verification. It has, therefore, not been possible to confirm the validity and propriety of the balance of Kshs.144, 000 paid to the four beneficiaries.</p> <p>The Accounting Officer Submitted that the two files were availed and efforts are being made to trace the remaining two files. It has been a challenge to trace the four files due to past relocations of the department.</p>	Records were availed to the auditor

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>However, efforts are being made to avail the remaining two files for audit.</p> <p>The Accounting Officer should ensure that two remaining files are traced and submitted for audit review.</p> <p>Failure to provide records for audit verification contravenes Section 9(1)(e) of the Public Audit Act No. 34 of 2015 which gives the Auditor-General powers of unrestricted access to all books, records, returns, reports, electronic or otherwise and other documents of entities.</p>	
	60	<p>Un-supported Balances</p> <p>The National Treasury has since refunded Kshs.78, 021,691.00 By Journal No.000046 (Kshs.76, 026,408.65 for financial year 2015/16 and 000047 (Kshs.1, 995,282.40) during 2016/2017 financial year, leaving a nil balance.</p> <p>However, for the Kshs.15, 200,000.00 owed by Cereals & Sugar Finance Corporation, the recoverability will be determined when the Task Force Committee for Dormant Funds completes the exercise. Statement also reflects member's contributions of Kshs.37, 680,778.00 whose analysis were reflected in the Note No.7.6 of the financial statement. A schedule showing the individual member's contribution has been prepared and submitted for audit review. The Capital Accounts (Ledger) of Kshs.122,295,935 includes capital Kshs.119,356,085 and an amount of Kshs.2,939,850 being bonus issue upon 1,175,940 shares at Kshs.2.50 granted on 28th February 2012 which were erroneously omitted in the previous years.</p> <p>The Committee marked the matter as unresolved and Recommends that The Accounting Officer should ensure that the</p>	<p>The National Treasury has put measures in place for Implementing the Committee's recommendations</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		Taskforce on Dormant Funds completes its task within the timelines as per recommendation of PAC report on FY 2014/2015.	
	61	<p>CONSOLIDATED FUND SERVICES - SALARIES, ALLOWANCES AND MISCELLANEOUS SERVICES - VOTE R-052</p> <p>Unexplained Differences in the Financial Statements</p> <p>The Accounting Officer stated that the difference between the two sets of records amounting to Ksh.125, 671,493.00 was due to the following reasons:</p> <p>(i) The ledger included payments amounting to Ksh.94, 528,867.15 whose corresponding receipts had been erroneously omitted in the ledger and have since been posted.</p> <p>(ii) The ledger also included a payment of Ksh.31, 142,626.90 that was erroneously omitted in the Financial Statements but have since been amended and submitted for audit review. Further by the time of audit the payroll summaries and off payroll payments for the period from July 2015 to June 2016 also reflected salaries and allowances expenditure totalling Kshs.2,612,293,004 which differed with the amount of Ksh.2,742,288,074 reflected in the statement of receipts and payments by Ksh.129,995,070.</p> <p>Following the amendments on (i) and (ii) above both financial statement and the ledger agree at Ksh.2, 742,288,074 and were submitted to Auditor for verification.</p> <p>The committee marked the matter as resolved.</p>	The Committee resolved the matter.
	62	Variances between ledger and the payroll	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>In addition, the ledger and the payroll expense for the year ended 30 June 2016 for various Heads were at variance and the National Treasury had not carried out reconciliation or given any explanation.</p> <p>The Accounting Officer stated that the reconciliation has since been done and availed for audit review and that after all the above adjustments; the Financial Statements and the Ledger are in agreement.</p> <p>The Committee marked the matter as resolved.</p> <p>Committee Recommends that the Accounting Officer must at all times ensure entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	<p>The Committee resolved the matter.</p>
	63	<p>Unsupported Payments under Guaranteed Loans Act</p> <p>The Accounting Officer Submitted that Kenya Broadcasting Corporation and Tana and Athi Rivers Development Authority requested the Government, as a guarantor to meet the debt service obligations on their behalf since they were experiencing liquidity constraints. The unfavourable liquidity position has persisted and therefore both organizations have continued to rely on the Government for financial support. The defaulting institutions are expected to refund the actual amounts paid and interest pursuant to the provisions of Treasury circular No. 9 and PFM Act 2012, Section 61 once their</p>	<p>The Committee resolved the matter.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>financial positions improve. The guaranteed loans are recognized and reported by the borrowers in their financial statements except that they are still accumulating losses and therefore unable to meet the debt service obligations. The defaulted instalments have been paid by the Government as a guarantor in line with the terms and conditions set out in the PFM Act, 2012. The guaranteed loans have not been taken over by the Government.</p> <p>Committee Observed that the explanation by the accounting officer was satisfactory and marked the matter as resolved.</p>	
	64	<p>Prior Year Adjustments</p> <p>Committee Observed that the Accounting Officer explained and provided details of the said adjustments of the prior year adjustment of Kshs. 8,883,205,334 relating to reversal of accumulated exchequer under issues that had been carried in the books and reported as receivables.</p> <p>The Committee marked the matter as resolved.</p>	The Committee resolved the matter.
	65	<p>Omitted Expenditure and Receipts</p> <p>The Accounting Officer stated that receipts and expenditures not reflected in the report for June 2016 was due to erroneous omission due to expenditure under invalid account number and was returned.</p> <p>The explanation by the Accounting Officer was satisfactory and the Committee marked the matter as resolved.</p>	The Committee resolved the matter.
	66	<p>Unspent Appropriation/Cash Balance</p> <p>The statement of financial position reflects bank balance under the comparative balances for the financial year 2014/2015 of Kshs.397,382,932 (re-stated</p>	More information was given to the auditor

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>Kshs.8,848,051,762). The balance was carried forward to the financial year 2015/2016 as shown in the statement of financial position as at 30 June 2016. The unspent appropriation in 2014/2015 ought to have been paid back to the National Exchequer Account as required under Section 45 of the Public Finance Management Act, 2012. No explanation has been provided for failure to repay the unspent sum to the Exchequer.</p> <p>The Accounting Officer stated that the unspent cash book balance of Kshs.172,450,397.00 was carried forward to Financial Year 2015/2016 and was utilized to meet expenditures falling due early in the year. The same amount was recovered from the exchequer issue for the year under review. However, from financial year 2017/2018 the unspent will be surrendered back to the exchequer.</p> <p>The Committee adopts its recommendation on the matter as it appears in the Committee's report on the examination of the Accounts of the Auditor General for the Financial Year 2014/2015</p>	
	67	<p>GOVERNMENT OF KENYA SHARE SUBSCRIPTION AND CAPITAL CONTRIBUTION TO INTERNATIONAL ORGANIZATIONS – VOTE R-053</p> <p>Unsupported Balance</p> <p>The statement of details of Kenya Government share subscription and capital contribution to international organizations under note 5 to the financial statements reflects local value of subscriptions totalling Kshs. 51,403,651,783 against various amounts in foreign currencies as at 30 June 2016. However, independent confirmation of balances as at 30 June 2016, were received from only four out of the twelve organizations.</p>	More information was given to the auditor

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>In addition, the amount confirmed by two out of those four organizations differs with the balances reflected in the statement submitted by the National Treasury.</p> <p>No explanation has been provided for these differences. In addition, independent confirmations of Government of Kenya share subscriptions and capital contribution balances as at 30 June 2016 were not received from some of the organizations.</p> <p>Notes explaining the restated balances were not presented for audit. Consequently, it has not been possible to confirm the validity and accuracy of the comparative balances as at 30 June 2016.</p> <p>The Accounting Officer stated that by the time of audit, four organizations namely African Capacity Building Foundation, P.T.A. Bank, International Finance Corporation and MEFMI had responded to our requests to confirm the status of Kenya's subscriptions. However, the following additional seven institutions have since confirmed leaving only one namely International Monetary Fund (IMF) yet to confirm.</p> <p>Reminder has been sent to International Monetary Fund who is yet to confirm the balances as requested. Our last reminder was dated 10th March, 2017.</p> <p>The Committee adopts its recommendation on the matter as it appears in the Committee's report on the examination of the Accounts of the Auditor General for the Financial Year 2014/2015</p>	

STATE DEPARTMENT FOR INTERIOR AND CITIZEN

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/2016	73.	<p>BANK ACCOUNT NUMBER 1109896077 AT KENYA COMMERCIAL BANK (KCB), MOI AVENUE</p> <p>i. Non-Disclosure of the Account</p> <p>The National Treasury should, within one (1) month of adoption of the Report, give an advisory to the National Assembly on the circumstances surrounding the account and its operations for deliberation and consideration with the aim of making further recommendations on the matter.</p> <p>ii. Irregular use of Letters of Credit (LC)</p> <p>The Auditor-General should, within three (3) months of adoption of the Report, carry out a further audit on the forty-two (42) LCs valued at Kshs. 8,605,888,050.00 used for procurement of goods and services from both local and foreign suppliers and present his findings to the National Assembly for necessary action.</p> <p>iii. Incomplete Bank Statements</p> <p>The explanation given by the Accounting Officer was satisfactory. Therefore, the matter is resolved.</p> <p>iv. Unaccounted for Cash Transfers</p> <p>The explanation given by the Accounting Officer was satisfactory. Therefore, the matter is resolved.</p>	<p>Resolved the matter.</p> <p>Resolved the matter.</p> <p>Resolved the matter.</p> <p>Resolved the matter.</p>
	74.	<p>PROCUREMENT OF TWIN TURBINE ENGINE VIP CARRIER HELICOPTER – KSHS. 2,276,740,840.00</p> <p>i. Contract Documents</p> <p>The Accounting officer should always ensure that contracts and tenders documents</p>	<p>Resolved the matter.</p>

	<p>including for classified contracts are availed for audit review in line with provisions of Section 9(1e) of the Public Audit Act, 2015 which gives the Auditor-General powers of unrestricted access to all books, records, returns, reports, electronic or otherwise and other documents of entities.</p> <p>ii. Payment Records</p> <p>The Accounting officer should always ensure that all payment vouchers including classified contracts are availed for audit review in line with the provisions of Section 9(1e) of the Public Audit Act, 2015 which gives the Auditor-Genial powers of unrestricted access to all books, records, returns, reports, electronic or otherwise and other documents of entities; and</p> <p>(ii) The Auditor-General should undertake a further audit of the Ksh.72,305,824.00 paid in excess for the Twin Turbine Engine VIP Carrier Helicopter with a view to establishing whether there was value for money and report back to the National Assembly.</p> <p>iii. ACCIDENT OF THE HELICOPTER</p> <p>iii a) Accident Report</p> <p>The Accounting Officer should ensure that within three (3) months of adoption of this Report, the air accident report is submitted to the Auditor-General for review.</p> <p>iii b. Insurance</p> <p>The Accounting Officer should ensure that all aircrafts and personnel manning National Police Aircrafts are insured to cover the costs in case of accident.</p> <p>iii c. Warranty</p> <p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved.</p>	<p>Resolved</p> <p>Resolved</p> <p>Resolved</p> <p>Resolved</p>
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		<p>iv d. Documents not availed for Audit Review</p> <p>The Accounting Officer should always ensure that all documents availed for audit review in line with provisions of Section 9(1e) of the Public Audit Act, 2015 which gives the Auditor-General powers of unrestricted access to all books, records, returns, reports, electronic or otherwise and other documents of entities. Further, accounting officer should submit the documents to the Auditor-General for review.</p>	Resolved
	75.	<p>IRREGULAR PROCUREMENT OF FOOTWEAR – KSHS. 267,876,000.00</p> <p>i. Excess Purchase of Footwear</p> <p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved. Further, the Accounting Officer should ensure prudent use of all items and goods supplied to the Kenya Police Service to avoid wastage and loss of public funds.</p> <p>ii. Fictitious Entry in Stores Records</p> <p>The DCI and EACC is directed to carry out an investigation into the fictitious records for store records for S3 card numbers A241223, A241295, A241057 and A268592 with a view to establishing whether there was a loss of public money and initiating prosecution against persons found culpable.</p> <p>iii. Physical Verification of Footwear</p> <p>a) Reconciliation of Footwear</p> <p>The DCI and EACC is directed to carry out an investigation into the distribution of 12,852 pairs of foot wears to fifty-seven (57) police field units across the Country with a view to establishing whether there was a loss of public money and initiating prosecution against persons found culpable.</p>	<p>Resolved</p> <p>Resolved</p> <p>Resolved</p>

78.	<p>MISMANAGEMENT OF FUNDS AT MURANG'A SOUTH – KSHS. 4,540,900.00</p> <p>i. Unlawful Transfer of Funds</p> <p>The DCI is directed to complete, within three months of adoption of this Report, investigations relating to the transfer of Kshs.3,750,000.00 from Central Bank account no. 110000836 to Kenya Commercial Bank account No. 1145500218 for Ministry of Interior and Coordination of National Government Office of the President – Murang'a South Current Account – Central with a view to establishing whether there was fraud, mismanagement and loss of public money and initiating prosecution against persons found culpable.</p> <p>ii. Unlawful Cash Withdrawal of Kshs. 4,540,900.00</p> <p>The DCI should within three months (3) upon adoption of this report submit to the National Assembly the report on the investigations of the Unlawful Cash Withdrawal of Kshs.4,540,900.00 from a Kenya Commercial Bank account No. 1145500218 for the Ministry of Interior and Coordination of National Government Office of the President – Murang'a South Current Account – Central.</p> <p>iii. Missing Payment Vouchers</p> <p>The DCI should within three months (3) upon adoption of this report submit to the National Assembly the report on the investigations into the Unlawful Cash Withdrawal of Kshs.4,540,900.00 from a Kenya Commercial Bank account No. 1145500218 for the Ministry.</p>	<p>DCI to further investigate</p> <p>DCI to further investigate</p> <p>DCI to further investigate</p>
79.	<p>MISMANAGEMENT OF CASH BAILS</p> <p>i. Irregular Surrender of Cash Bails</p> <p>The Accounting Officer must at all times ensure that the resources of the respective</p>	

		<p>entity for which he or she is the accounting officer are used in a way that is lawful, authorized, effective, efficient, economical and transparent as provided under section 68(1)(b) of Public Finance Management Act, 2012</p> <p>ii. Lost Cash Bail Books</p> <p>The accounting officer submitted that it was true that the ten (10) Cash Bail Books Serial Numbers 1018501 to 1019000 were issued and received by the Regional Commander Mombasa but not by the Officer Commanding Police Division therefore the books are available for verification at Regional Commander Mombasa.</p> <p>(ii) The explanation by the accounting officer was satisfactory.</p>	<p>Resolved</p> <p>Resolved</p>
	80.	<p>Loss of Kshs.5, 107,000.00</p> <p>The installation was completed and certificate of completion and hand over issued. The explanation by the accounting officer was satisfactory</p>	Resolved
	81.	<p>EMBU COUNTY</p> <p>i. Unsupported Expenditure</p> <p>The Committee directs that the Office of the Auditor General to verify documents tabled by the State Department and report back in the subsequent audit review period.</p> <p>ii. Irregular Procurement of Goods</p> <p>The explanation by the accounting officer was satisfactory. However, the Committee directs that the Office of the Auditor General to verify documents tabled by the State Department and report back in the subsequent audit review period.</p> <p>iii. Imprest Management</p>	<p>Resolved</p> <p>Resolved.</p>

		The explanation by the accounting officer was satisfactory. However, the Committee directs that the Office of the Auditor General to verify documents tabled by the State Department and report back in the subsequent audit review period.	Resolved.
	82.	<p>Provision of Comprehensive Group Life Insurance Cover, Contract No. NPS/002/2014/2015</p> <p>From the submissions by various witnesses and the evidence placed before the Committee, it has not been possible for the Committee to make a determination on whether the process, in totality, was irregular or not. The Committee, therefore, directs the relevant investigative agencies to initiate thorough and conclusive investigations into the matter and make appropriate recommendations within three months upon adoption of this report.</p>	DCI to further investigate
	83.	<p>ACCOUNTABILITY OF VISA STICKERS AND PASSPORTS</p> <p>i. Visa Stickers</p> <p>The explanation by the Accounting Officer was satisfactory.</p> <p>ii. Passports</p> <p>(ii) The Committee directs the Auditor General to make a follow up on this matter with the Ministry of Foreign Affairs and report back to the Committee three months after adoption of this report.</p> <p>The Accounting Officer responsible for Immigration should, within three months upon adoption of this report, liaise with the Accounting Officer for the Ministry of Foreign Affairs and submit a joint report to the National Assembly on the records of blank passports issued to the five missions for further action.</p>	<p>Resolved</p> <p>Resolved</p>

84.	<p>CASH BOOKS AND BANK RECONCILIATIONS</p> <p>i. Unaccounted for Expenditure</p> <p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved.</p> <p>ii. Un-surrendered Cash Balance</p> <p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved.</p>	<p>Resolved</p> <p>Resolved</p>
85.	<p>Acquisition of Assets</p> <p>Within three months upon adoption of this report, the Accounting Officer should furnish the National Assembly with a fully updated fixed asset register for the State Department.</p>	<p>Fixed Assets register opened</p>
86.	<p>Pending Bills</p> <p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved.</p>	<p>Resolved</p>
87.	<p>District Suspense</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	<p>Resolved</p>
88.	<p>Presentation of Financial Statements</p> <p>The Accounting Officer should prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting</p>	<p>Resolved</p>

		Standards Board from time to time in compliance with the provisions of Section 81(3) of the PFM Act 2012 and that the correct financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	
	89.	<p>ACCURACY OF THE REVENUE STATEMENT</p> <p>i. The statement of revenue reflects Kshs.10,177,309,165 which differs with the trial balance amount of Kshs.9,816,403,654 resulting in a difference of Kshs.360,905,511.00 which has not been reconciled.</p> <p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved</p> <p>ii. Audit inspection undertaken at the Directorate of Criminal Investigations (DCI) Headquarters indicates that 543,108 Police Clearance Certificates were issued, out of which Kshs.543,108,000 was realized as application fees. However, the statement reflects a collection of Kshs. 350,078,533 against DCI resulting in a loss of Kshs. 193,029,467 which has not been explained or reconciled.</p> <p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved.</p> <p>iii. Although the revenue statement reflects an amount of Kshs. 2,632,208,599 against immigration visa and other consular fees, it was not possible to confirm the accuracy and completeness of this amount as entry declaration forms and applications for visa forms together with the receipts could not be verified due to poor record keeping at the immigration offices at Jomo Kenyatta and Moi International Airports.</p>	<p>Resolved</p> <p>Resolved</p> <p>Resolved</p>

	<p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved.</p> <p>iv. Field audit inspections revealed that revenue amounting to Kshs. 77,925,416 was collected at various County and Sub-County Administration Police offices from Hire of Police Services. However, the completeness of revenue collected could not be confirmed since the Department does not keep Miscellaneous Receipts (MR) Receipt Vouchers (F.O. 17) and the same has not been posted to cash books and Integrated Financial Management Information (IFMIS) ledger.</p> <p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved.</p> <p>v. Examination of bank reconciliation statements maintained at Kilifi Sub-County (Bahari), for bank account number 1145222625 KCB, Kilifi, Ministry of Interior and Coordination of National Government dated 8 April 2016 indicates that revenue amounting to Kshs. 1,538,800 received through Cheque No. 829 from hire of security was not surrendered or accounted for, contrary to Section 76 (2) of the Public Finance Management Act, 2012.</p> <p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved.</p> <p>vi. Examination of revenue records maintained at the District Accountant's office, Likoni indicates that revenue totaling Kshs.1,606,180 was received from hire of security, out of which Kshs.863,300 was surrendered to the Permanent Secretary, Ministry of Interior, resulting in a loss of Kshs.742,880 which has not been recovered or explained.</p>	<p>Resolved</p> <p>Resolved</p> <p>Resolved</p>
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		<p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved.</p> <p>vii. Revenue records maintained at Sub-County Administration Police Commander's office, Kwale reflect that revenue amounting to Kshs. 1,575,020 was collected from hire of security services. However, available records show that Kshs.705,000 was surrendered to the District Accountant, resulting in a loss of Kshs.870,020 that has not been recovered or explained.</p> <p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved. Further, the Accounting Officer must ensure that the banks which hire police guarding services pay the agreed amounts as per contract.</p> <p>viii. Examination of Counter Receipt Book Register (CRBR) maintained at the District Accountant's office at Kilifi Sub-County (Bahari) indicates that eight (8) miscellaneous receipt books were issued to DCIO Kilifi. However, a verification undertaken at the DCIO's offices in Kilifi and Mtwapa revealed that these books were not received. Consequently, the revenue collected using these books has been lost.</p> <p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved.</p> <p>Viii. Information and records available indicates that NSSF Kisumu paid a total of Kshs.4,408, 500 to the Sub-County AP Commander Kisumu Central for provision of armed security services on their plot at Milimani. However, fake receipts which are not accountable documents were issued in exchange of money which was not surrendered to the Ministry. Although the</p>	<p>Resolved</p> <p>Resolved</p> <p>Resolved</p>
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		<p>responsible officer has since been transferred to Kwale County, the loss has not been recovered.</p> <p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved.</p>	
	90.	<p>Huduma Centers</p> <p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved. Further, the Accounting Officer should ensure that the pending balance of Kshs. 67,084,230.00 is duly surrendered by the Huduma Centers to the State Department.</p>	Resolved
	91.	<p>KENYA CITIZENS AND FOREIGN NATIONALS MANAGEMENT SERVICE</p> <p>Prior Year Matters</p> <p>Recruitment of the Director General, the KCFNMS Board, advertised for the post internally and conducted interviews for the post of the Director General and the names of the shortlisted candidates were forwarded to the Cabinet Secretary for him to appoint one among the qualified shortlisted candidates and the Board is still awaiting response from the Cabinet Secretary.</p>	Resolved
	92.	<p>Irregular Expenditure</p> <p>The explanation by the Accounting Officer was satisfactory. However, the Cabinet Secretary for Ministry of Interior and Co-ordination of National Government should, within three (3) months of adoption of this report, finalize the appointment of a substantive Director-General for the KCFNMS.</p>	Resolved

STATE DEPARTMENT FOR CORRECTIONAL SERVICES

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/2016	95	Differences between the Financial Statements and the Trial Balance National Treasury to table IFMIS guidelines within 3 months after adoption of the 2015 2016 report to the National Assembly	Resolved
	96	Acquisition of Assets Complete and avail to the Auditor General within three months the fixed asset register	Availed
	97	Rental of Produced Assets Avail within three months valid and signed lease contracts for Teleposta and Re-insurance Plaza	Availed
	98	Fraudulent Payment of Water bills Submit to the Auditor general statements reflecting how the over payment of water bills has been accounted for	Availed
	99	Accounts Receivables The explanation by Accounting officer satisfactory	Resolved
	100	Pending Bills Pending Bills closing Committee handling the matter at the National Treasury	Ongoing
	101	Cash and Bank Balances Cashbook and Bank balances have been resolved.	Resolved
	102.1	Prior Year Matters-Un Accounted for revenue National Treasury to pay Kes 175,987,430.51 and State Department for	Resolved

	Interior to pay Kes 175,985,430.51 to Prison Fund.	
102.2	Prior Year Matters-Biogas Project Estimates for the remaining works in the 2019 2020 budget	Ongoing
103.1	Debtors Kenya Railways	Demand letter
103.2	Debtors Kakamega County Government to settle the debt failure to which the National Treasury should deduct the debt at source on any money due to the County Government.	Demand made
103.3	Debtors Bomet County Government to settle the debt failure to which the National Treasury should deduct the debt at source on any money due to the County Government.	Demand made
	Resolved Analysis provided to the Auditor General	Resolved
105	Creditors Account Explanation by the Accounting Officer satisfactory	Resolved
106	Paymaster General Accounting Officer follow up with the State Department for Interior and the National Treasury on the transfer of Kes 154,794,265	Ongoing
107	Fixed Assets Register The fixed Assets register availed to the audit General.	Resolved
108	Debtors	Resolved

		Explanation by the Accounting Officer satisfactory	
	109	Suspense Account Separation of Farm and Industry Central Bank Accounts to enhance accountability.	Ongoing

STATE DEPARTMENT FOR PLANNING

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
2015/2016	110.1	Variance between actual and budget figures 1. Finalization by the appointed task force to clean old balances. 2. Accounting officers to ensure timelines are met as recommended	Accounting officer- The National Treasury
	110.2	Incomplete construction project 1. The Accounting Officer during the period under review should provide for audit review all the information on the project site meetings. 2. The Submission of the information to the Auditor General upon adaption was given 3 months	Director General - The National Youth Service
	110.3	Unconfirmed transfer to other government entities 1. Explanation by the Accounting Officer was satisfactory. However matter awaiting finalization by the appointed taskforce. 2. Accounting Officer to ensure the timelines are met as recommended.	Accounting Officer - The National Treasury
	110.4	Variance in disbursement to semi-autonomous government agencies (SAGAs)	

		1. The explanation by the Accounting Officer was satisfactory, however the accounting officer to ensure that all entities keep updated and reconciled accounting records to comply with the provisions of PFM Act 2012	Matter resolved
111.	Trial balance	1. The explanation by the Accounting Officer was satisfactory, however the accounting officer to ensure that all entities keep updated and reconciled accounting records to comply with the provisions of PFM Act 2012	Matter resolved
112	Variance in disbursement to semi-autonomous government agencies (SAGAS)	1. Explanation by the Accounting Officer satisfactory matter resolved	Matter Resolved
113.	Use of goods and services	1. The Accounting Officer in office during the financial year under review to avail documents supporting payments totaling to Kshs. 6,635,470.728 pursuant to the provisions of section 9 (1e) of the public audit act. 2. DCI in three (3) months of tabling and adaption of the report to investing the Accounting Officer in Office during the financial year under review.	The Matter is in court
114.	Other capital grants and transfer	1. The Cabinet Secretary should within three (3) months of adaption of this report issue a reprimand to the Accounting Officer in office during the financial year under review for failure to avail necessary document for Kshs. 124,480.440 contrary to the provision of section 9 (1c) of Public Audit Act 2015	The Cabinet Secretary - National Treasury
115.	Acquisition of assets		

	<ol style="list-style-type: none"> 1. The Accounting Officer in office during the financial year under review should be reprimanded by the Cabinet Secretary for National Treasury for failing to ensure that National Youth Service prepares and maintains a complete fixed asset register pursuant to the regulation 143 (1) of PFM (National Government) regulation 2015. 2. The Accounting Officer should within 3 months of adaption of the report embark on preparing a complete asset register to be availed to the Auditor General 	The Matter is in Court
116.	<p>Cash and cash equivalent</p> <ol style="list-style-type: none"> 1. The explanation by the accounting officer was satisfactory and the matter was resolved. 	Matter Resolved
117.	<p>Outstanding imprests</p> <ol style="list-style-type: none"> 1. Within three (3) months of the adaption of this report the Accounting Officer should ensure that the outstanding balance of Kshs. 154,440 is fully recovered. 	Accounting Officer – The amount was fully recovered.
118.	<p>Deposit and retention</p> <ol style="list-style-type: none"> 1. The explanation by the Accounting Officer was satisfactory. 	Matter resolved
119.	<p>Pending bills</p> <ol style="list-style-type: none"> 1. The explanation by the Accounting Officer was satisfactory. 	Matter resolved
120.	<p>Suspense</p> <ol style="list-style-type: none"> 1. The explanation by the Accounting Officer was satisfactory. 	Matter resolved
121.	<p>Director General National Youth Service Payments</p> <ol style="list-style-type: none"> 1. The Accounting Officer should within three (3) months upon adoption for this 	Director General - The National Youth Service

		<p>report submit to the Auditor General for audit review, a report on the status of the implementation of this project.</p> <p>The Accounting Officer should also avail for audit review all information on site meetings or other management meetings in line with section 9 (1c) of the Public Audit Act 2015</p>	
	122.	<p>Affirmative Action Social Development Fund</p> <p>1. The explanation by the Accounting Officer was satisfactory. Matter resolved</p>	Matter resolved
	123.	<p>Budget And Budgetary Controls</p> <p>1. The explanation by the accounting officer was satisfactory. Matter was resolved.</p>	Matter resolved
	124.	<p>Audit Committee And Internal Audit</p> <p>1. The explanation by the accounting office was satisfactory therefore the matter was resolved. However the accounting officer should ensure that there is a work plan supporting the operation of the Internal Audit Unit.</p>	Matter resolved

STATE DEPARTMENT FOR DEVOLUTION

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/16	125.	<p>Pending Bills</p> <p>Accounting Officer should ensure that all pending bills are verified and cleared within the stipulated measures that the State Department has put in place.</p>	<p>All pending bills have been cleared except Kshs.2,813,832,324 for contribution in lieu of rates (CILOR) for the former local authorities. Department waiting for IGRTC to complete its report and recommendations on Assets and Liabilities</p>
2015/16	126.	Outstanding Imprests	

		Accounting Officers must at all times ensure that they adhere to the regime regulating issuance and recovery of imprest pursuant to the provisions of Regulation 93 of the Public Finance Management Regulations, 2015.	Provisions of Regulation 93 of the Public Finance Management Regulations, 2015 have since been adhered to.
2015/16	127.	<p>Cash-and-Cash-Equivalents</p> <p>(i) Recurrent bank account</p> <p>(ii) Development Bank Account</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	The department has kept up-to-date financial and accounting records that are dully reconciled. The unexplained processing errors were cleared.
		<p>(iii) Unexplained Reconciling Items</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012</p>	All reconciling items were cleared through cash book adjustments
		<p>(iv) Failure to Provide Records</p> <p>The Cabinet Secretary for the National Treasury should, within three (3) months of adoption of this report, reprimand the Accounting Officer for failure to provide for audit files for death gratuities under their custody contrary to the provisions of Section 9(1e) which gives the Auditor-General</p>	All documents were provided to the auditors for audit purposes.

		powers of unrestricted access to all books, records, returns, reports, electronic or otherwise and other documents of entities.	
2015/16	128	<p>Proceeds from Domestic and Foreign Grants</p> <p>i. The State Department of Devolution provided an Appropriation-in-Aid (AIA).</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012</p>	The department has complied with provisions of Section 68(2) of the PFM Act 2012 by keeping up-to-date and reconciled financial and accounting records.
		<p>ii. Proceeds from domestic and foreign grants comparative figure</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012</p>	The anomaly was adjusted and up-to-date and reconciled financial and accounting records are kept.
2015/16	129	<p>Current Grants to other Government Agencies – (Street Families)</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution</p>	The department kept up-to-date and reconciled financial and accounting records and provided to the auditors.

		of Kenya 2010 and Section 68(2k) of the PFM Act 2012	
2015/16	130	<p>Other Grants and Transfers</p> <p>(i) Emergency relief and refugee assistance</p> <p>The EACC and DCI should, within three (3) months upon adoption of this report, investigate the entire procurement process of the contract for provision of emergency relief and refugee assistance programme particularly the two sets of supplies i.e. M/s Unifresh Exotics Ltd and B.N. Kotecha VS M/S Jambo Grocers and M/s Pabari Distributors who were contracted to supply rice under two different contracts and at different prices of Kshs. 4,450 which was varied to Kshs. 7,250 and Kshs. 5,300 respectively</p>	To be investigated
		<p>(ii) Other Capital Grants and Transfers</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012</p>	The department have complied with provisions of Section 68(2) of the PFM Act 2012 by keeping up-to-date and reconciled financial and accounting records.
2015/16	131	<p>Budget and Budgetary Control</p> <p>(i) The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012</p>	The department have complied with provisions of Section 68(2) of the PFM Act 2012 by keeping up-to-date and reconciled financial and accounting records.

2015/16	132	<p>Unexplained and Unsupported Adjustments</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012</p>	<p>The department have complied with provisions of Section 68(2) of the PFM Act 2012 by keeping up-to-date and reconciled financial and accounting records and has since provided the supporting documents for the adjustments</p>
2015/16	133.	<p>Trial Balance</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012</p>	<p>The department have complied with provisions of Section 68(2) of the PFM Act 2012 by keeping up-to-date and reconciled financial and accounting records and has since provided the Trial balance.</p>
2015/16	134	<p>Summary Statement of Provisioning's</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012</p>	<p>The department have complied with provisions of Section 68(2) of the PFM Act 2012 by keeping up-to-date and reconciled financial and accounting records and has since provided records and documents to support of the balances.</p>
2015/16	135	<p>Imprest and Advances</p> <p>(i) The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2)</p>	<p>The department have complied with provisions of Section 68(2) of the PFM Act 2012 by keeping</p>

		of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012	up-to-date and reconciled financial and accounting records
2015/16	136.	<p>Bank balances</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012</p>	The department have complied with provisions of Section 68(2) of the PFM Act 2012 by keeping up-to-date and reconciled financial and accounting records and supporting payments documents provided.
2015/16	160.	<p>Unsupported Payments</p> <p>The Committee commends the Project Team for Co-ordination of Population Policy Implementation Project (UNFPA CREDIT NO. KEN 7P11A) – National Council For Population and Development for maintaining financial statements that present fairly, in all material respects, the financial position as at 30th June 2016, and of its operations for the year.</p>	The matter was resolved
2015/16	165.	<p>Bank balance</p> <p>(i) The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	
2015/16	166.	Imprest	

		(i) The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved.	The matter was resolved
2015/16	167.	Demand Driven Development Planning Expenses (i) The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved.	The matter was resolved
2015/16	168.	ASAL Secretariat and Knowledge Management Expense (i) The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved.	The matter was resolved
2015/16	169.	Imprest and Advances (i) The explanation by the Accounting Officer was satisfactory. Therefore, the matter is resolved.	The matter was resolved
2015/16	170.	Accuracy of Financial Statements The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	The matter was resolved

MINISTRY OF DEFENCE

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/2016	173	Proposed ORS Single Accommodation at Embakasi: Award of Contract	

		The DCI and EACC should, within three months after adoption of this report, investigate the use of restricted tendering contrary to the provisions of Section 29(3) of the Public Procurement and Disposal Act 2005 and allow for prosecution, if evidence permits.	To be undertaken by the oversight bodies as recommended by PAC
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MINISTRY OF FOREIGN AFFAIRS

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/16	176	<p>Understatement of Receipts</p> <p>Committee Observations and Findings</p> <p>The Committee noted that the revenues were eventually captured and reflected in 2016/2017 financial statement. The matter was marked as resolved.</p> <p>Committee Recommendations</p> <p>The accounting officer must at all times ensure that all revenues are reflected in the appropriate financial statements.</p>	The Ministry has since ensured that the data captured for purposes of preparation of Financial Statements is complete and that necessary amendments to the accounts are done before submission of the accounts for audit review.
	177	<p>Compensation of Employees</p> <p>The statement of receipts and payments reflects payments totalling Kshs.6,583,386,161 under compensation of employees as further disclosed in Note 5 to the financial statements. The amount includes Foreign Service allowances that were paid irregularly as follows:</p>	
	177.1	<p>Overpayment of Foreign Services Allowance at Kenyan Embassy in Moscow</p> <p>Committee Observations and Findings</p> <p>The matter was marked as resolved.</p>	<p>The Matter was resolved.</p> <p>The Ministry has since availed to the Missions their applicable categorizations for purposes of allowances, and has regularly reminded the Missions to adhere</p>

	<p>Committee Recommendations</p> <p>The accounting officer must at all times ensure that foreign missions adhere to guidelines issued by the ministry.</p>	<p>to this regulations, through circulars. Non compliance with this regulations are met with commensurate penalties.</p>
177.2	<p>Payment of Foreign Service Allowance to an Ineligible Officer</p> <p>Committee Observations and Findings</p> <p>The matter was marked as resolved.</p> <p>Committee Recommendations</p> <p>The accounting officer must at all times ensure that proper explanations are given to the Auditor-General on time in order to avoid audit queries.</p>	<p>The Matter was resolved.</p> <p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanations provided and additional information availed promptly during the audit exercise.</p> <p>Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.</p>
178.	<p>Use of Goods and Services</p> <p>The statement of receipts and payments reflects payments totalling Kshs.6,703,810,253 under use of goods and services as further disclosed in Note 6 to the financial statements. The amount includes irregular payments as follows:</p>	
178.1	<p>Event Organization and Management of the World Trade Organization Ministerial Conference Expenses</p> <p>Committee Observations and Findings</p> <p>(i) The Committee noted the urgency of the matter which informed the use of direct procurement. 209 Report on the Examination of the Report of the Auditor General on the Financial Statements for the National Government for the Year ended 30th June 2016</p>	<p>The Ministry continues to maintain an updated list of pre-qualified service providers pursuant to Section 93 of the Public Procurement and Disposal Act 2015 from which service providers are procured on need basis.</p>

	<p>(ii) The Committee further noted the international character of the WTO event and the need for due diligence on the potential event organizers.</p> <p>The Ministry should ensure that there is a list of pre-qualified service providers in specialized services pursuant to Section 93 of the Public Procurement and Disposal Act 2015.</p> <p>Committee Recommendations</p> <p>The Ministry should ensure that there is a list of pre-qualified service providers in specialized services pursuant to Section 93 of the Public Procurement and Disposal Act 2015.</p>	<p>Further the Ministry ensures strict adherence to the Public Procurement and Disposal Act and Regulations.</p>
178.2	<p>Rental Expenditure at Kenya Missions and Embassies</p>	<p>The Matter was resolved</p>
178.2.1	<p>Bangkok, Thailand</p> <p>Committee Observations and Findings</p> <p>The explanation by the accounting officer was satisfactory. The matter was marked as resolved.</p> <p>Committee Recommendations</p> <p>The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries.</p>	<p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanation provided and additional information availed promptly during the audit exercise.</p> <p>Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.</p>
178.2.2	<p>Seoul, South Korea</p> <p>Committee Observations and Findings</p> <p>The explanation by the accounting officer was satisfactory. The matter was marked as resolved.</p> <p>Committee Recommendations</p>	<p>The Matter was resolved.</p> <p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanation provided and additional information availed promptly during the audit exercise.</p>

		The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries.	Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.
178.2.3	Mogadishu, Somalia	<p>Committee Observations and Findings</p> <p>The explanation by the accounting officer was satisfactory and the matter was marked as resolved.</p> <p>Committee Recommendations</p> <p>The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries.</p>	<p>The Matter was resolved</p> <p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanation provided and additional information availed promptly during the audit exercise.</p> <p>Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.</p>
178.3	Irregular Payment for Contract for Digitization of the Ministry's Records	<p>Committee Observations and Findings</p> <p>The explanation by the accounting officer was satisfactory. The matter was marked as resolved.</p> <p>Committee Recommendations</p> <p>The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries.</p>	<p>The Matter was resolved.</p> <p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanation provided and additional information availed promptly during the audit exercise.</p> <p>Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.</p>
178.4	Payments for Undelivered Storage Solution Servers		The Matter was resolved

	<p>Committee Observations and Findings</p> <p>The explanation by the accounting officer was satisfactory. The matter was marked as resolved.</p> <p>Committee Recommendations</p> <p>The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries.</p>	<p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanation provided and additional information availed promptly during the audit exercise.</p> <p>Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.</p>
179.	Refurbishment of Buildings at Kenya High Commission Windhoek, Namibia	The Matter was resolved.
179.1	Contract Price	The Ministry in liaison with The National Treasury releases development funding in a timely manner to avoid cases of contractual claims arising from delayed payments.
179.2	<p>Delay in Completing the Works</p> <p>Committee Observations and Findings</p> <p>The explanation by the accounting officer was satisfactory. The matter was marked as resolved.</p> <p>Committee Recommendations</p> <p>The accounting officer must at all times liaise with the National Treasury to ensure that exchequer release for budgeted projects is done on time to avoid exposing the Government to contractual liabilities.</p>	
179.3	<p>Site Inspection</p> <p>Committee Observations and Findings</p> <p>(i) The explanation by the accounting officer was satisfactory. However, the Committee noted that late involvement of the State Department of Public Works.</p> <p>(ii) The matter was marked as resolved.</p>	<p>The Matter was resolved.</p> <p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanation provided and additional information availed promptly during the audit exercise.</p>

		<p>Committee Recommendations</p> <p>(iii) The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries.</p> <p>(iv) The State Department of Public Works must be involved in such projects from the onset in order to provide the necessary quality assurance.</p>	<p>Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.</p>
180.		<p>Proposed Construction and Renovation of Buildings for High Commission of the Republic of Kenya in Pretoria, South Africa</p>	<p>The Matter was resolved</p>
180.1		<p>Award of Contract</p> <p>Committee Observations and Findings</p> <p>The explanation by the accounting officer was satisfactory. The matter was marked as resolved.</p> <p>Committee Recommendations</p> <p>The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries.</p>	<p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanation provided and additional information availed promptly during the audit exercise.</p> <p>Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.</p>
180.2		<p>Contract period</p> <p>Committee Observations and Findings</p> <p>The explanation by the accounting officer was satisfactory. The matter was marked as resolved.</p> <p>Committee Recommendations</p> <p>(i) The accounting officer must at all times liaise with the National Treasury to ensure that exchequer release for budgeted projects is done on time to</p>	<p>The Matter was resolved.</p> <p>The Ministry in liaison with The National Treasury releases development funding in a timely manner to avoid cases of contractual claims arising from delayed payments.</p> <p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanation provided and additional information availed</p>

	<p>avoid exposing the Government to contractual liabilities.</p> <p>(ii) The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries.</p>	<p>promptly during the audit exercise.</p> <p>Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.</p>
180.3	<p>Audit Inspection</p>	<p>The matter was resolved.</p>
180.3.1	<p>Stalled Works</p> <p>Committee Observations and Findings</p> <p>The explanation by the accounting officer was satisfactory. The matter was marked as resolved.</p> <p>Committee Recommendations</p> <p>The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries.</p>	<p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanation provided and additional information availed promptly during the audit exercise.</p> <p>Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.</p>
180.3.2	<p>Conflict on Construction Site</p> <p>Committee Observations and Findings</p> <p>The explanation by the accounting officer was satisfactory. The matter was marked as resolved.</p> <p>Committee Recommendations</p> <p>The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries.</p>	<p>The matter was resolved.</p> <p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanation provided and additional information availed promptly during the audit exercise.</p> <p>Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.</p>

	180.3.3	<p>Delay in Delivery of the Project</p> <p>Committee Observations and Findings</p> <p>The explanation by the accounting officer was satisfactory. The matter was marked as resolved.</p> <p>Committee Recommendations</p> <p>(i) The accounting officer must at all times liaise with the National Treasury to ensure that exchequer release for budgeted projects is done on time to avoid exposing the Government to contractual liabilities</p> <p>(ii) The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries.</p>	<p>The Matter was resolved.</p> <p>The Ministry in liason with The National Treasury releases development funding in a timely manner to avoid cases of contractual claims arising from delayed payments.</p> <p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanation provided and additional information availed promptly during the audit exercise.</p> <p>Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.</p>
	181	<p>Construction of Chancery and High Commissioner's Residence in Islamabad-Pakistan</p>	<p>The matter was resolved.</p>
	181.1	<p>Award of Contract</p>	<p>The Ministry in liason with The National Treasury releases development funding in a timely manner to avoid cases of contractual claims arising from delayed payments.</p>
	181.2	<p>Contract Termination</p> <p>Committee Observations and Findings</p> <p>The explanation by the accounting officer was satisfactory. The matter was marked as resolved.</p> <p>Committee Recommendations</p> <p>(i) The accounting officer must at all times liaise with the National Treasury to ensure that exchequer release for budgeted projects is done on time to avoid exposing the Government to contractual liabilities</p>	<p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanation provided and additional information availed promptly during the audit exercise.</p> <p>Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in</p>

		(ii) The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries.	provision of the audit information.
181.3	<p>Irregular Payment of Works</p> <p>Committee Observations and Findings</p> <p>The Committee noted the various setbacks that affected the project including delayed payments.</p> <p>Committee Recommendations</p> <p>(i) The accounting officer must at all times ensure that the advice of the Attorney General is sought and obtained in determination of contractual claims and counter-claims in order to safeguard public interest.</p> <p>(ii) The Accounting Officer should, within three (3) months after adoption of the report, avail to the National Assembly the final account of this project for scrutiny.</p>		<p>The Ministry has continued to obtain advice from the relevant technical arms of the government in resolution of contractual issues/conflicts</p> <p>The project is in final stages of completion with the construction of the new Ambassadors residence (currently at 90% completion) being the only pending item. Upon completion, final remeasurements of works will be done, final financial appraisal of the project will be done upon which the final account of the project will be prepared. The Ministry undertakes to avail the final account upon execution.</p>
181.4	Award of New Contract		The Matter was resolved.
181.5	<p>Slow Progress of Works</p> <p>Committee Observations and Findings</p> <p>The explanation by the accounting officer was satisfactory. The matter was marked as resolved.</p> <p>Committee Recommendations</p> <p>(i) The accounting officer must at all times liaise with the National Treasury to ensure that exchequer release for budgeted projects is done on time to avoid exposing the Government to contractual liabilities</p>		<p>The Ministry in liaison with The National Treasury releases development funding in a timely manner to avoid cases of contractual claims arising from delayed payments.</p> <p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanation provided and additional information availed promptly during the audit exercise.</p> <p>Towards this the Ministry has appointed a contact person to</p>

		(ii) The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries.	coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.
181.6	Title Deed Committee Observations and Findings The Committee noted the explanation by the accounting officer. Committee Recommendations The Accounting Officer should, within three (3) months after adoption of the report, appraise the National Assembly on the progress made in acquiring the title deed.		The certificate of possession for the Kenyan property in Islamabad has been obtained and a copy availed for audit review. The Mission is yet to obtain the title deed from the Palestinian authorities – The same will be availed for audit review upon receipt. The Public Accounts Committee has been appraised on this position during the Ministry's appearance before it to discuss matters in the 2016/2017 financial years' audit report.
182	Construction of Buildings for Kenya Embassy, Mogadishu, Somalia		The Matter was resolved.
182.1	Irregular Award of Contract Committee Observations and Findings The explanation by the accounting officer was satisfactory. The matter was marked as resolved. Committee Recommendations The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries.		The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanation provided and additional information availed promptly during the audit exercise. Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.
182.2	Audit Inspection Title Deed Mogadishu Committee Observations and Findings The Committee noted the explanation by the accounting officer.		The Ministry has developed an Asset Management Policy document which guides the development of properties in Missions. The Ministry in liaison with The National Treasury releases development funding in a timely

		<p>Committee Recommendations</p> <p>(i) Ministries should develop clear criteria on building foreign missions and should consider issues of security and Finance.</p> <p>(ii) The accounting officer must at all times liaise with the National Treasury to ensure that exchequer release for budgeted projects is done on time to avoid exposing the Government to contractual liabilities.</p> <p>(iii) The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries</p> <p>(iv) the Accounting Officer should, within three (3) months after adoption of the report, appraise the National Assembly on the progress made in acquiring the title deed.</p>	<p>manner to avoid cases of contractual claims arising from delayed payments.</p> <p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanations provided and additional information availed promptly during the audit exercise.</p> <p>Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.</p> <p>The government of the Federal Republic of Somalia issued a letter of allocation to the government of Kenya, but the Mission is still pursuing title to the land. Once the title is obtained, the same will be availed for audit review. The Public Accounts Committee has been appraised on this position during the Ministry's appearance before it to discuss matters in the 2016/2017 financial years' audit report.</p>
183	Cash and Cash Equivalents		
183.1	<p>Loss of Cash at Kenya Embassy Moscow</p> <p>Committee Observations and Findings</p> <p>The Committee has noted the explanation by the accounting officer. It further noted that the Head of Mission at the material time was Ambassador Paul Kurgat.</p> <p>Committee Recommendations</p>		<p>The Ministry conducted an internal audit/investigation exercise on this matter through which it was established that the amount in question relates to posting errors into the cash book of expenditures on diplomatic courtesies over a period of six years (2007 – 2013). These errors have been corrected by updating the cash books and passing relevant journal entries to post expenditures to the right items in the financial statements. The</p>

	<p>(i) The Accounting Officer should, Within three (3) months after adoption of the report, appraise the National Assembly on the outcome of the internal audit process.</p> <p>(ii) The DCI should, within three (3) months after adoption of the report, initiate independent investigations into the matter with a view to prosecuting those found culpable.</p>	<p>Ministry recalled the officer who occasioned the backlog and commenced disciplinary procedures which are yet to be concluded.</p> <p>The Ministry undertakes to appraise the Public Accounts Committee on the position once the disciplinary procedures are concluded.</p> <p>The Ministry further welcomes the recommendation to have the matter investigated independently by the DCI, and promises full corporation during the investigation.</p>
183.2	<p>Loss of Cash at Kenya Embassy, Juba</p> <p>Committee Observations and Findings</p> <p>The explanation by the accounting officer was satisfactory. The matter was marked as resolved.</p> <p>Committee Recommendations</p> <p>The accounting officer must at all times ensure that proper explanations on issues raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries</p>	<p>The matter was marked as resolved.</p> <p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanations provided and additional information availed promptly during the audit exercise.</p> <p>Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.</p>
183.3	<p>Misstatement of Cash and Bank Balances</p> <p>Committee Observations and Findings</p> <p>The Committee noted that the variances were corrected in the 2016/2017 financial statement.</p> <p>Committee Recommendations</p> <p>The accounting officer must at all times ensure that proper explanations on issues</p>	<p>The matter was resolved.</p> <p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanations provided and additional information availed promptly during the audit exercise</p> <p>Towards this the Ministry has appointed a contact person to</p>

	<p>raised by the Auditor-General plus supporting documents are provided on time to avoid audit queries</p>	<p>coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.</p>
184	<p>Bank Reconciliation Statements</p>	<p>The Ministry has noted with appreciation the recommendations of the committee and awaits the report of the old balances committee from the National Treasury.</p>
184.1	<p>Long Outstanding Reconciling Items</p> <p>Committee Observations and Findings</p> <p>The Committee noted the explanation by the accounting officer.</p> <p>Committee Recommendations</p> <p>The Cabinet Secretary responsible for National Treasury should, within three (3) months after adoption of the report, appraise the National Assembly on the progress of work on the Committee on Old Balances.</p>	<p>The Ministry has noted with appreciation the recommendations of the committee and awaits the report of the old balances committee from the National Treasury.</p>
184.2	<p>Payments and Receipts without Reference / Cheque Numbers</p> <p>Committee Observations and Findings</p> <p>The Committee noted the explanation by the accounting officer.</p> <p>Committee Recommendations</p> <p>The Cabinet Secretary responsible for National Treasury should, within three (3) months after adoption of the report,, appraise the National Assembly on the progress of work by the Committee on Old Balances.</p>	<p>The Ministry has noted with appreciation the recommendations of the committee and awaits the report of the old balances committee from the National Treasury.</p>
185	<p>Transfer to Other Government Units</p> <p>Committee Observations and Findings</p> <p>The Committee noted that the supporting documents have since been availed and reconciliations done. The matter was marked as resolved.</p> <p>Committee Recommendations</p>	<p>The Matter was resolved.</p> <p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanations provided and additional information availed promptly during the audit exercise.</p>

		The accounting officer must at all times ensure that explanations sought by the Auditor General plus all supporting documents are provided on time to avoid audit queries.	Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.
	186	<p>Outstanding Imprests</p> <p>Committee Observations and Findings</p> <ul style="list-style-type: none"> The Committee noted that all outstanding imprest has since been surrendered. It further noted the new measures put in place by the ministry to manage imprest. The matter was marked as resolved. <p>Committee Recommendations</p> <ul style="list-style-type: none"> The accounting officer must at all times ensure that explanations sought by the Auditor General plus all supporting documents are provided on time to avoid audit queries. 	<p>The matter was resolved.</p> <p>The Ministry and audit team have enhanced corporation through which all necessary consultations are done timely, necessary explanations provided and additional information availed promptly during the audit exercise.</p> <p>Towards this the Ministry has appointed a contact person to coordinate the audit issues with the audit team thus bridging the gap that was causing the delays in provision of the audit information.</p>

STATE DEPARTMENT FOR BASIC EDUCATION

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/16	187.1	<p>CASH AND BANK BALANCES</p> <p>Bank Reconciliation Statement – Recurrent Vote</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the</p>	<p>The state department has deployed a qualified personnel who is preparing bank reconciliation on monthly basis and doing updates for the cash book</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012	
	188	<p>Supply of Desktop Computers to Schools</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved.</p>	Communication has been made the entire department staff to adhere to the regulations
	189	<p>Irregular Expenditures</p> <p>Accounting Officers must ensure that any change of reservations are borne by respective officers unless prior approval is sort and granted</p>	Communication has been made the entire department staff to adhere to the regulations
	190	<p>Expired Contract</p> <p>Accounting Officers must ensure that all contracts are renewed on time prior to any procurement</p>	The state department has directed the legal, procurement and finance department to adhere to the directive.
	191	<p>Pending Bills</p> <p>Accounting officers must at all times ensure that pending bills are listed as first charge in subsequent financial year when preparing estimates of expenditure and revenues of the entity in conformity with the strategic plan pursuant to the provisions of section 68(2) (h) of the Public Finance Management Act, 2012.</p>	Communication has been made the entire department staff to adhere to the regulations
	192.1	<p>TRANSFERS TO OTHER GOVERNMENT UNITS</p> <p>Supports for Mobile Schools</p> <p>The Cabinet Secretary responsible for Education should, within three (3) months of adoption of this report in consultation</p>	The report has been adopted. The framework is in the process of

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		with all relevant stakeholders, embark on developing a comprehensive framework for supporting mobile schools including recruitment of teachers and instructional materials; (ii) Within three (3) months of the adoption of this Report, the Accounting Officer should avail to the Auditor General detailed supporting schedules for audit review.	development. The supporting documents have been availed
	192.2	<p>Expenditure on Schools Co-Curricular Activities</p> <p>The Accounting Officer should ensure that the entity provides timely unrestricted access to all books, records, returns, reports, electronic or otherwise and other documents to the Auditor-General and his/her authorized officers in line with Section 9(1e) of the Public Audit Act 2015.</p>	The officers have been instructed to cooperate with the auditor. A team has been put in place to specifically handle audit issues
	193	<p>Overpricing of Goods</p> <p>(i) The EACC should within three (3) months of adoption of this report investigate the procurement of goods at prices that were far much higher than prevailing market prices resulting in overpricing of goods by Kshs. 5,147,465 contrary to the provisions of Section 54(2) of the PPAD Act 2015; and</p> <p>(ii) All Accounting Officers must at all times use the quarterly market price index issued by the PPRA under Section 54(3) of the PPAD Act 2015 as the reference guide to assist them makes informed price decisions and not price quotations from partisan suppliers such as Victoria Furniture as was submitted by the Accounting Officer.</p>	Communication has been made the entire department staff to adhere to the regulations.
	194	<p>Unconfirmed Delivery of Goods</p> <p>The EACC should within three (3) months of adoption of this report investigate the expenditure of Kshs. 10,620,600 in respect of various items procured from various suppliers and failure to provide evidence of the receipt of good procured to ascertain</p>	Communication has been made the entire department staff to adhere to the regulations. Accountability has also been ascertained

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		their accountability contrary to the provisions of Article 201(a) Constitution on accountability of public finances.	
	195.1	<p>AUDIT OF SECONDARY SCHOOLS</p> <p>Rent Arrears</p> <p>(i) The Cabinet Secretary responsible for education should within three (3) months of tabling and adoption of this report issue a guideline that mandates the head teachers of all schools to ensure that teachers and other members of staff who stays in school houses commit to use salary check-off system to pay rent due as a prerequisite for continued stay in school houses and;</p> <p>(ii) The Accounting Officer should, within three (3) months of adoption of this report, issue reprimand letters to all teachers and other staff who have rent arrears. Failure to pay rent in time by teachers and other staff who are paid house allowance amounts to improper enrichment contrary to the provisions of Section of POE Act 2003.</p>	Guidelines have been issued to schools to ensure officers occupying institutional houses pay rent. And those who default are surcharged
	195.2	<p>Institutional Creditors</p> <p>The Accounting Officer Should, within three (3) months of adoption of this report, submit to the Auditors for audit review all supporting documents such as payment vouchers, counterfeit cheque bank payment vouchers and bank statements to ascertain the true position of these institutional creditors</p>	Institutions have been instructed to clear outstanding creditors with immediate effect
	195.3	<p>Alliance High School</p> <p>(i) The Board of Managements and Heads of all public schools should at all times utilize the services of government public works department ins architectural designs and supervision of school projects unless otherwise authorized by law; (ii) Within three (3) months of adoption of this report,</p>	The institution has adopted the recommendation and are now using the public works

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>the Accounting Officer in consultation with the relevant stakeholders including Schools Heads Association embark on continuous capacity building programme on public finance management including PPAD Act 2015 for Boards of Management and Heads of Schools.</p>	
	195.4	<p>Jamhuri High School</p> <p>(i) The Cabinet Secretary responsible for education should, within three (3) months of tabling and adoption of this report, issue a guideline that mandates the head teachers of all schools to ensure that teachers and other members of staff who stays in school houses commit to use salary check-off system to pay rent due as a prerequisite for continued stay in school houses;</p> <p>(ii) The Accounting Officer should, within three (3) months of adoption of this report, issue reprimand letters to all Jamhuri High School teachers and other staff who have rent arrears. Failure to pay rent in time by teachers and other staff who are paid house allowance amounts to improper enrichment contrary to the provisions of Section of POE Act 2003; and (iii)The Committee commends the Board of Management of Jamhuri High School for repossessing the land and taking measures to secure the school land by erecting a perimeter wall.</p>	<p>Guidelines have been issued to schools to ensure officers occupying institutional houses pay rent. And those who default are surcharged. The land has been reposed and fenced.</p>
	195.5	<p>Pangani Girls High School</p> <p>(i) The EACC should, within three (3) months of adoption of this report, investigate the then Principal, Pangani Girls High School and Members of Board of Management for incurring an expenditure of Kshs. 2,084,704 on non-functional generator without following the laid down procurement laws and regulations;</p>	<p>The accounting officer has instituted the necessary processes</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>(ii) The Accounting Officer should, within three (3) months of adoption of this report, ensure that the Principal and Board of Managements of Pangani Girls High School stop the processing of bonding of the non-function generator which was purchased at Kshs. 2,084,704 and instead recover the full amount from the supplier; and</p> <p>(iii) Accounting Officer should, within three (3) months of adoption of this report, in consultation with the relevant stakeholders including Schools Heads Association embark on continuous capacity building programme on public finance management including PPAD Act 2015 for Boards of Management and Heads of Schools.</p>	
	196.1	<p>UNRESOLVED PRIOR YEAR MATTERS</p> <p>Current Grants, and Transfers to Government Agencies and other Levels of Government</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved.</p>	<p>Communication has been made the entire department staff to adhere to the regulations</p>
	198	<p>Recurrent Vote</p> <p>The Accounting Officer should ensure that the Ministry prepares a realistic budget and annual implementation work plan to increase the levels of absorption. Further, there is need for timely release of exchequer by the National Treasury to reduce low absorption of development funds</p>	<p>We have adopted the cash plan management system in the IFMIS</p>
	199	<p>Development Vote</p> <p>The Accounting Officer should ensure that the Ministry prepares a realistic budget and annual implementation work plan to increase the levels of absorption. Further, there is need for timely release of exchequer by the National Treasury to</p>	<p>We have adopted the cash plan management system in the IFMIS</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		reduce low absorption of development funds.	
	200	<p>Land Ownership</p> <p>The Cabinet Secretary for National Treasury should, within three (3) months of adoption of this report, ensure that adequate budget is allocated to the National Technical Working Group on Public Schools Titling programme to ensure all public schools are secured through fencing and have title deeds.</p>	The process is on-going and some of the cases in court
	216	<p>FOOD ASSISTANCE TO PRIMARY AND PRE-PRIMARY SCHOOLS IN ARID AND SEMI ARID AREAS AND DISADVANTAGED URBAN CHILDREN (WFP) PROJECT NO. CP 200680</p> <p>Unsupported Receipts</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	The records are now up to date and an agency section put in place. The reconciliation has been done
	217	<p>Unaccounted for District Expenditures</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and timely reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution</p>	The records are now up to date and an agency section put in place. The reconciliation has been done

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	
	218	<p>Unreconciled Food Records and Expenditure</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and timely reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	The state department has assigned a team of staff to carry out reconciliation of the food stuffs
	221	<p>GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME</p> <p>Presentation of the Financial Statements</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and timely reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	A team of accounts staff have been assigned to deal with preparation of the financial statements
	225	<p>KENYA PRIMARY EDUCATION DEVELOPMENT (PRIEDE) PROJECT</p> <p>Unconfirmed Transfers</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved</p>	Communication has been made the entire department staff to adhere to the regulations

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
	226	<p>Un-accounted for Expenditures</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved</p>	Communication has been made the entire department staff to adhere to the regulations
	227	<p>Unsupported Consultancy Contract</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved</p>	Communication has been made the entire department staff to adhere to the regulations
	228	<p>Unsupported Expenditure</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved</p>	Communication has been made the entire department staff to adhere to the regulations
	228.1	<p>Purchase of Motor Vehicles</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved.</p>	Communication has been made the entire department staff to adhere to the regulations
	229	<p>Non-Disclosure of Loan in the Special Account Statement</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved</p>	Communication has been made the entire department staff to adhere to the regulations

STATE DEPARTMENT FOR VOCATIONAL AND TECHNICAL TRAINING

FINANCIAL YEAR	PARAGRAPH NO	PAC RECOMMENDATION	ACTION TAKEN
2015/2016	209.2	<p>Economic Stimulus Program proposed Bo met TTI</p> <p>a) Ministry of Education to provide policy proof that allowed conversion of Technical Schools to University.</p>	<p>a) The Ministry is in the process of preparing policy to guide on conversion of TTI to University.</p>

		b) The committee directed the office of the Auditor General to verify the documents brought forward by the State Department and report back to committee as soon as possible	b) The necessary documents were given to the Office of Auditor General for verification.
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MINISTRY OF HEALTH

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
2015/16	231.1	<p>Un-surrendered Old Deposits Balances from Former Ministries</p> <p>The Committee observed the following</p> <p>i. That the explanation by the Accounting Officer that documentation relating to Kshs 7,701,815 and Ksh.71,306,375.25 had been submitted to the Auditor General for audit review was reasonable.</p> <p>ii. That Kshs 10,956,114,687 is accumulated balances of former Ministries of Medical Services and Public Health and Sanitation that is still outstanding.</p>	<p>The Ministry wrote to the National Treasury to recover the Salary disbursements from Counties in Subsequent allocation disbursement.</p> <p>Treasury is yet to communicate the action they have taken on the PAC recommendation</p>
	231.2	<p>Un-Reconciled Balances Between Manual and IFMS Cash Books</p> <p>The Committee observed that the Accounting officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of the PFM Act 2012.</p>	<p>The Ministry has worked with a Committee established by the Treasury to address issues relating old balances and made significant progress; the exercise is at the conclusion stage</p>
	232.	<p>Outstanding Imprest and Advances</p> <p>The Committee observed that the Accounting officers must at all times ensure that they do not issue an officer with multiple imprests before accounting for the a previous one contrary to the provisions of regulation 93(2) of the Public Finance</p>	<p>The Accounting Officer takes note of the provisions of regulation on government imprests and undertakes to recover all the outstanding imprests within the stipulated time.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
		<p>Management (National Government) Regulations, 2015.</p> <p>They also observed that the Accounting officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of the PFM Act 2012.</p>	<p>The support documentation shall be provided promptly as required by the ensuing act</p>
	233.	<p>Compensation of Employees</p> <p>Accounting officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of the PFM Act 2012.</p>	<p>The accounting officer shall provide supporting documentation promptly at all times within the stipulated time as required, pursuant to section 68 (2) (k) of the PFM Act 2012.</p>
	234.	<p>Expenditure</p> <p>The Committee recommended that Funds from the national government should not be allocated to the Ministry of Health to undertake functions that belong to the county governments under part II of Schedule 4 of the Constitution. The funds should, instead, be channelled as conditional grants to the county governments for implementation of specific projects pursuant to the Public Finance Management Act, 2012 and section 84 of the Health Act, 2017.</p> <p>They also observed that within three months upon adoption of this report, the EACC should conclude the ongoing investigations, if any, and commence prosecution of all individuals found culpable.</p>	<p>The Accounting Officer undertakes to seek approval for reallocation before approving any expenditure</p> <p>The Ministry regrets that the approval of the National Assembly was not sought for and commits that this will not re-occur again in future.</p>
	235.	<p>Irregular Payment on Portable Clinics</p> <p>The Committee recommended that within three months upon adoption of the report, EACC should conclude the on-going</p>	<p>The Accounting Officer confirms that the matter is in court.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
		investigations, if any, and commence prosecution of all individuals found culpable.	However, the Ministry sought for concurrence from EACC to deploy the portable clinics for use which was permitted.
	236.	<p>Stalled Projects - Proposed Upgrading of Othaya District Hospital Phase I</p> <p>The Committee observed that within three months upon adoption of this report, the National Government should take over and manage the facility as one of the referral hospitals as envisaged under section 23 of the Fourth Schedule of the Constitution.</p>	The Accounting Officer affirms that the Ministry has adapted Othaya Hospital as one of the referral hospital and is currently operating under the National government-MOH.
	237.	<p>Long Outstanding County Debts</p> <p>The Committee observed that within three months of the adoption of this report, the Accounting Officer should liaise with the National Treasury with a view of recovering the Ksh.4,370,306,417 outstanding pursuant to the provisions of sections 168 (2)(l) of the Public Finance Management Act, 2012.</p>	The Ministry wrote to the National Treasury to recover the outstanding balances from the annual allocations to the respective counties.
	238.	<p>Un Reconciled Disbursements</p> <p>The Committee observed that within three months of the adoption of this report, the Accounting Officer should complete the pending reconciliations and furnish the National Assembly with evidence to that effect.</p>	<p>The Accounting officer has tasked a team of officers drawn from the responsible departments to support the audit process the Ministry by providing all the relevant documents and timely responses to queries as may arise from time to time.</p> <p>All the unreconciled disbursements for the period under review have been tied between the Ministry and the Sagas</p>
	239.	<p>Rental of Produced Assets – Medical Equipment Services</p> <p>The Committee recommended that within three months upon adoption of the report, EACC should conclude the on-going investigations, if any, and commence</p>	The Accounting officer has tasked a team of officers drawn from the responsible departments to support the audit process the Ministry by providing all the relevant documents and timely responses to queries as may arise from time to time.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
		prosecution of all individuals found culpable.	Meanwhile, the Ministry awaits conclusion of EACC investigation on the payments relating to MES
	240.	<p>Failure to Submit Fund Accounts</p> <p>The Committee noted that within six months of the adoption of this report, the Accounting Officer should submit the financial statements in respect of Health Services Fund and Medical Services Fund have not been submitted for annual audit pursuant to the requirements of the Public Audit Act, 2015.provided by 31st December, 2016.</p>	The Accounting Officer states that through the Taskforce set up in Treasury to review the Old Balances, the Ministry will be able to conclude outstanding issues relating to deposit and fund balances and make necessary disclosures subsequent statutory reporting
	241.	<p>Pending Bills</p> <p>The Committee recommended that the Accounting Officer should ensure that pending bills in any financial year are avoided at all cost. But where pending bills are available, they should form a first charge in the Subsequent year's budget to avoid impeding smooth implementation of the subsequent budget.</p>	(I).The Ministry has taken note of the Committee recommendation and will comply with the circular from National Treasury on guidelines of treatment of pending bills when issued
	242.1	<p>Budget Absorption</p> <p>The Committee observed that there is need for the Accounting Officer to re-focus the budgetary process with a view to focusing on priority areas in health infrastructure to boost the health services for the citizens of Kenya and ensure prudent, effective, efficient, economical and transparent use of public resources pursuant to the provisions of section 68(1)(b) of the PFM Act, 2012.</p>	<p>The Accounting officer commits to re-focusing the budgetary process to priority areas in health infrastructure with the view to boost the health services for the citizens of Kenya.</p> <p>This will be achieved through strict implementation of the approved budget to increase absorption as it is currently</p>
	242.2	<p>Recurrent Vote</p> <p>The Committee observed that the Accounting Officer always endeavor to present a realistic budget on recurrent Expenditure to ensure prudent, effective,</p>	The Accounting officer undertakes to ensure optimum implementation of the budget within the provision of the act.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
		efficient, economical and transparent use of public resources pursuant to the provisions of section 68(1)(b) of the PFM Act, 2012.	
	242.3	<p>Development Vote</p> <p>The Committee recommended the following</p> <p>(i) Accounting Officers should at all times ensure that monies received by way of grants and donations are managed in accordance with the provisions of regulation 78 of the Public Finance Management (National Government) Regulations, 2015.</p> <p>(ii) Accounting Officers should at all times ensure that they prepare estimates of expenditure and revenue of the entity in conformity with the strategic plan in accordance with the provisions of section 68(2) of the Public Finance Management Act, 2012.</p>	<p>The Accounting Officer has engaged competent Project Managers with forthright project planning and execution skills to oversee implementation of current Ministry's' projects.</p> <p>The Ministry currently engages all Directorates and projects in the budget preparation and executions process</p>
	243.	<p>Ethnicity Composition of Staff</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions Pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012.</p>	<p>The Accounting officer confirms that the current staff establishment adheres to the Public Service Commission requirement of ethnic balance in staff composition.</p>
	244.	<p>Special Audit</p> <p>The Committee recommended that within six months upon adoption of this report and subsequent examination of the said special audit report by the Committee, the Ministry and other relevant state agencies should Implement the recommendations thereof.</p>	<p>The Ministry has taken note of the committee's recommendation and undertakes to cooperate with other state agencies in implementation of the recommendation of the special audit</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
	245.	<p>Non-Compliance with Imprest Regulations</p> <p>-GLOBAL FUND - EXPANDING HIV PREVENTION, CARE AND TREATMENT SERVICES TO REACH UNIVERSAL ACCESS (80% COVERAGE) PROGRAM GRANT NO.KEN-H-MOF/KEN-H-TNT NO. 853</p> <p>The committee recommended that the Accounting officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of the PFM Act 2012.</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>
	245.	<p>Non-Compliance with Imprest Regulations</p> <p>-EAST AFRICA PUBLIC HEALTH LABORATORY NETWORKING PROJECT CREDIT NO. 4732</p> <p>The committee directed that The Ministry should liaise with the Directorate of Criminal Investigation with a view to bring the case to a conclusion.</p>	<p>The accounting officer is aware that Department of Criminal Investigation on the case. Investigation is yet to be concluded.</p>
	246.	<p>Cash Book and Bank Balances</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer has since provided the explanation to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>
	247.	<p>Imprests and Advances</p> <p>The recommended as follows:</p>	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
		<p>(i) The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p> <p>(ii) The Accounting officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of the PFM Act 2012.</p>	<p>The Accounting Officer has since submitted the requested documents and relevant explanation on the propriety of imprests issued to KENAO for review.</p> <p>The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>
	248.	<p>Purchase of Goods and Services</p> <p>They recommended as follows:</p> <p>(i) The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p> <p>(ii) The Accounting officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of the PFM Act 2012.</p>	<p>The Accounting Officer has since submitted the information to reconcile the disparity on expenditure incurred on purchase of goods and services to KENAO for review.</p> <p>The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>
	249.	<p>Diversion of Funds</p> <p>The Committee recommended that within three months of the adoption of this report, the Accounting Officer in liaison with the National Treasury, should furnish the National Assembly with guidelines, if any, that guide inter entity borrowing of development funds.</p>	<p>The Accounting Office undertakes to comply with the requirements of the PFM Act, 2012 on prudent application of funds and avoid possibility of inter entity borrowing in future</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
	250.	<p>Unsupported Expenditure</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>
	251.	<p>Pending Bills</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer has since submitted the requested explanation on pending bills to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (n) of the PFM Act 2012</p>
	252.	<p>Imprests and Advances</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer has since submitted the requested information to support the Imprest and Advances Equivalents to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (n) of the PFM Act 2012</p>
	253.	<p>Cash and Cash Equivalents</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions pursuant to</p>	<p>The Accounting Officer has since submitted the requested information to support the Cash and Cash Equivalents to KENAO for review.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
		the provisions of section 68(2)(n) of the Public Finance Management Act, 2012	The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012
	254.	<p>Unsupported Expenditure- Purchase of Goods and Services</p> <p>The recommended as follows:</p> <p>(i) The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p> <p>(ii) The Accounting officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of the PFM Act 2012.</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review.</p> <p>The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) and (n) of the PFM Act 2012</p>
	255.	<p>Unsupported Income</p> <p>The recommended as follows</p> <p>(i) The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p> <p>(ii) The Accounting officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of the PFM Act 2012.</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review.</p> <p>The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
	256.	<p>Inaccuracies in the Financial Statements</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>
	257.	<p>Unsupported Cash and Cash Equivalents' Balance</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>
	258.	<p>Unsupported Expenditure</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>
	259.	<p>Deficit Brought Forward</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
	260.	<p>Bank Balances</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>
	261.	<p>Dormant Project</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>
	262.	<p>Outstanding Imprest Balance</p> <p>The Committee recommended that within three months of the adoption of this report, the Accounting Officer should take action to recover the full amount from the salaries of the defaulting officers with an interest at the prevailing Central Bank Rate pursuant to the provisions of regulation 93(2)(6) of the Public Finance Management (National Government) Regulations, 2015.</p>	<p>The accounting officer has recovered significantly the imprests that were outstanding at the time of report from the salaries of officers.</p>
	263.	<p>Unsupported Expenditure</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
	264.	<p>Exchequer Releases</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>
	265.	<p>Unremitted Statutory Deductions (PAYE)</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>
	266.	<p>Long Outstanding Imprest</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>
	267.	<p>Unsupported Cash Balances</p> <p>Committee Observations and Findings(i)The submission by the Accounting Officer that a private audit firm visited all the 47 counties to verify the unsupported balances and have prepared a report which was discussed with the Kenya National Audit Office on 19thJune 2018 was persuasive.(ii)The Committee marked the matter as resolved</p>	<p>Matter was resolved</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
	268.	<p>Irregular Payments</p> <p>The Committee recommended that the Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>
	269.	<p>Incomplete Research Publication</p> <p>The Committee- recommended that the Accounting officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of the PFM Act 2012.</p>	<p>The Accounting Officer has since submitted the requested documents to KENAO for review. The Accounting officer further undertakes to comply in future audit exercises, with the requirements of PFM pursuant to section 68 (2) (k) of the PFM Act 2012</p>

STATE DEPARTMENT FOR SCIENCE AND TECHNOLOGY

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
2015/2016	201.	<p>Inaccuracies in Cash and Cash Equivalents</p> <p>Committee Recommendation; Accounting officer should institute measures to ensure that the Agency always acts on the Auditor General's management letters to forestall audit queries.</p>	<p>Resolved.</p> <p>The state Department is now responding to management letters from the Auditor General in time.</p>
2015/2016	202.	<p>Nugatory Payments</p> <p>Committee Recommendation;</p> <p>Accounting officer should institute measures to ensure that the Agency always acts on the</p>	<p>Resolved.</p> <p>The state Department is now responding to management</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		Auditor General's management letters to forestall audit queries.	letters from the Auditor General in time.
2015/2016	204.	Unsupported School fees expenditure Committee Recommendations; Amb Francis Muthaura and Prof. Nick Wanjohi should be reprimanded for acting on a purported presidential directive that did not meet the requirements of Article 135 of the Constitution.	Implemented.
2015/2016	251.1.	Equipment not delivered Committee Recommendation; Accounting officer should institute measures to ensure that the Agency always acts on the Auditor General's management letters to forestall audit queries.	Resolved. The state Department is now responding to management letters from the Auditor General in time.

STATE DEPARTMENT FOR INFRASTRUCTURE

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/16	270.1.1:	Cash and Cash Equivalents' Balance Equivalents Statement of assets reflects a bank balance of Kshs.327, 071,125 as at 30 June 2016. However, the supporting cashbooks for this balance reflect a balance of Kshs.300,800,231 resulting in an unexplained net difference of Kshs.26,270,894 Accounting Officers must at all times keep complete financial and accounting records that are fully reconciled and are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010.	The errors have since been rectified and Financial Statements for the 2015/2016 Financial Year have since been revised and submitted to the Auditor General

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
	270.2:	<p>ACCOUNTS PAYABLES-DEPOSITS AND RETENTIONS</p> <p>Details on the composition of Kshs.250,713,023 reflected as payables were not availed for audit verification. Further, audit examination of the Deposit cash book showed that it had a balance of Kshs.240,597,922 as opposed to the reported balance of Kshs.250,713,023 resulting in a variance of Kshs. 10,115,101</p> <p>(a) The Accounting Officers must at all times provide all documents required by the Auditors in line with Section 9(1e) of the Public Audit Act, 2015 which gives the Auditor-General powers of unrestricted access to all books, records, returns, reports, electronic or otherwise and other documents of entities</p> <p>Comparison of the payables balance for the year under review and that of the previous year showed that the payable balance reduced from Kshs.33,212,868,865 in 2014/15 to Kshs.250,713,023 in 2015/16 financial year representing a reduction by Kshs.32,962,155,842. However, the change in the balance was not explained.</p> <p>(b) Accounting Officers must at all times keep complete financial and accounting records that are fully reconciled and are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010.</p>	<p>(a) All the documents have since been availed to the Auditors. The errors have since been rectified and Financial Statements for the 2015/2016 Financial Year have since been revised and submitted to the Auditor General</p> <p>(b) The errors have since been rectified and Financial Statements for the 2015/2016 Financial Year have since been revised and submitted to the Auditor General</p>
	270.3:	<p>ACCOUNTS RECEIVABLES</p> <p>Included in the balance of Kshs.1,180,648,413 is an amount of Kshs.1,104,260,165 described as Clearance Accounts. The management did not provide documents to support the total balance of Kshs. 1,104,260,165</p>	<p>In consultation with National Treasury</p>

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		(i) The Accounting Officer and the National Treasury should within three (3) months of adoption of this report resolve the outstanding issues generated by the IFMIS systems and resubmit the books for audit	
	271:	<p>BANK RECONCILIATIONS (A)RECURRENT BANK ACCOUNT</p> <p>(i) Stale Cheques</p> <p>The bank reconciliation statement for recurrent bank account shows Kshs.3, 524,991,742 as payments in cash book not recorded in bank statement. Included in this amount is a total of Kshs.20, 410,250 comprising of cheques which have been outstanding for more than six months and are unlikely to be cleared by the bank. Management did not explain why these payments had remained outstanding for so long.</p> <p>(i) The explanation by the accounting officer was satisfactory and, therefore, the matter is resolved.</p>	(i) Matter resolved
		<p>ii. RECEIPTS IN BANK STATEMENTS NOT RECORDED IN CASH BOOK</p> <p>The reconciliation statement also shows an amount of Kshs.11, 045,760 as receipts in bank statement not recorded in cash book. However, no information or documents were availed to confirm the nature of the receipts.</p> <p>(ii) The explanation by the accounting officer was satisfactory and, therefore, the matter is resolved.</p>	(ii) Matter resolved
		<p>iii. PAYMENTS IN BANK STATEMENTS NOT RECORDED IN CASH BOOK</p> <p>The bank reconciliation statement shows an amount of Kshs.36, 559,281 as payments in</p>	iii Matter resolved

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>the bank statement not yet recorded in the cash book. Included in the amount are items totaling Kshs.19, 543,471 which have been outstanding for more than six months. Management has not provided information on the payments and why these have not been resolved</p> <p>iii The explanation by the accounting officer was satisfactory and, therefore, the matter is resolved.</p> <p>iv. RECEIPTS IN CASH BOOK NOT RECORDED IN BANK STATEMENT</p> <p>The statement also shows a balance of Kshs.83,050,078 as receipts in cash book not recorded in bank statement which include a total of Kshs.365,425 described as cash book under casts. Cash book adjustments are by nature not reconciling items since they are passed to correct errors. Therefore, the validity of the said balance could not be confirmed</p> <p>iv The explanation by the accounting officer was satisfactory. However, the accounting officer must at all times ensure the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012</p>	<p>iv Matter resolved</p>
		<p>(b) DEVELOPMENT BANK ACCOUNT</p> <p>The bank reconciliation statement for the Development Bank account shows an amount of Kshs.5, 955,908,818.25 as payment in cashbook not yet recorded in the bank statement. Review of the supporting schedule for the balance shows an item described as treasury unspent</p>	<p>(b) (iii) Matter resolved</p>

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>balance amounting to Kshs.72, 925,350.75 which was however not analyzed. The balance also includes an amount of Kshs.247, 500 dated 29 June 2016 described as cashbook under-cast which should not appear as a reconciling item. In the circumstances, the accuracy and correctness of the bank balance of Kshs.327, 071,125 as at 30 June 2016 could not be confirmed.</p> <p>(b) The explanation by the Accounting Officer was satisfactory and, therefore, the matter is resolved.</p>	
	272.	<p>PENDING BILLS</p> <p>Note 15 to the financial statements shows that the Department had outstanding bills totalling Kshs.122, 496,227 as at 30 June 2016. The management did not explain the reason for committing the Department's resources in excess of funds available. Had the pending bills been paid in the year under review, the reported surplus would have been reduced to Kshs.1, 102,690,296 as opposed to the reported surplus of Kshs.1, 225,186,523</p> <p>The Cabinet Secretary, National Treasury and the relevant institutions must make demonstrable efforts in collecting and accounting for tax revenue arrears for PAYE and Other Income Tax. The tax policy, reforms, & administrative measures should be geared towards collecting the arrears of revenue due and uncollected; sealing leaking revenue loopholes; providing the requisite support to SMEs entrepreneurs; leveraging on ICT to harness the country's revenue potential, and use of alternative disputes resolutions (ADR) mechanism to solve revenue related disputes</p>	In consultation with National Treasury
	273.	OPERATIONS OF DEPOSIT ACCOUNT	Matter resolved

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>Audit review of the operations of the deposit account during the year revealed that retention refunds totalled Kshs.22,190,587. However, examination of documents supporting the balance revealed that the retention monies were paid out without reference to original retention receipts. Further, the balance included Kshs.1,573,465 paid to a contractor without proof of completion of works done under the contract. In the circumstances, it has not been possible to confirm whether the refunds totalling Kshs.22,190,587 were valid</p> <p>The Committee marked the matter as resolved</p>	
	274:	<p>UNRESOLVED PRIOR YEAR MATTERS-INACCURACIES IN THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015</p> <p>1. Accounts Receivables</p> <p>It was not possible to confirm the accuracy and correctness of account receivables balance of negative Kshs.41,992,571,850 as at 30 June 2015 and why receivables had a credit (negative) balance</p> <p>(i) The Cabinet Secretary, National treasury should ensure that reconciliation of data should be done within the IFMIS system.</p> <p>(ii) The Cabinet Secretary, National Treasury should, within three (3) months of adoption of this report, review and present policy guidelines to the National Assembly relating to processes including reporting and efficacy of the IFMIS system</p>	(1) Reconciliations have since been done through the IFMIS system and revised Financial Statements submitted to the Auditors
	274.2	<p>ACCOUNTS PAYABLES AND DEPOSITS</p> <p>The statement of financial position disclosed an account payables balance of Kshs.33,212,868,865 made up of deposits,</p>	In consultation with National Treasury

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>other liabilities and system required liabilities of Kshs.264,258,608, Kshs.30,827,757 and Kshs.32,917,782,500 respectively However, the deposit account cash book balance as at 30 June 2015 was Kshs.265, 118,800 resulting in an unexplained difference of Kshs. 860,192. Further, the figure of Kshs.30, 827,757 representing other liabilities and Kshs.32, 917,782,500 representing system required liabilities were not analyzed. In addition, the Department had not disclosed pending bills as at 30 June 2015 for recurrent and development vote amounting to Kshs.57, 651,140 and Kshs.30, 265,963 respectively. In the circumstances, the accuracy and correctness of the accounts payables balance of Kshs.33,212,868,865 as at 30 June 2015 could not have been confirmed.</p> <p>The Integrated Financial Management Information Systems (IFMIS) has persistently been bedeviled by various challenges that impede effective public finance management. The Cabinet Secretary for the National Treasury should, within three months (3) after adoption of this report, submit to the National Assembly an IFMIS reconfiguration plan that support timely budget execution</p>	
	274.3	<p>CASH AND CASH EQUIVALENTS</p> <p>The statement of financial position also reflected total cash and cash equivalents of Kshs.75,237,260,707 as at 30 June 2015 while the supporting records and documents showed total cash and cash equivalents' balance of Kshs.389, 670,252. The variance of Kshs.74, 847,590,455 had not been reconciled or explained and therefore the accuracy of total cash and cash equivalents' balance was doubtful</p>	In consultation with National Treasury

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>The Integrated Financial Management Information Systems (IFMIS) has persistently been bedeviled by various challenges that impede effective public finance management. The Cabinet Secretary for the National Treasury should within three months after adoption of this report submit to the National Assembly an IFMIS reconfiguration plan that support timely budget execution and seal loophole for siphoning public money</p>	
	274.4	<p>BANK BALANCES</p> <p>Included in total cash and cash equivalents balance of Kshs.75, 237,260,707 was a bank balance of Kshs.267, 935,814 composed of Kshs.266, 632,602 and Kshs.1, 303,212 for Deposits and Kenya Transport Sector Support Project (KTSSP) bank balance respectively. However, the cashbooks and the supporting bank reconciliations reflected a bank balance of Kshs.389, 670,252. Apparently, the bank balance of Kshs.267, 935,814 excluded Kshs.121, 139,158 and Kshs.2, 109,083 in respect of recurrent and development bank account balances respectively. In addition, deposit account cash book showed a balance of Kshs.265, 118,800 resulting in a difference of Kshs.1, 513,802. The bank balance was therefore understated by Kshs.123, 248,240</p> <p>The Integrated Financial Management Information Systems (IFMIS) has persistently been bedeviled by various challenges that impede effective public finance management. The Cabinet Secretary for the National Treasury should within three months after adoption of this report submit to the National Assembly an IFMIS reconfiguration plan that support timely budget execution</p>	In consultation with National Treasury
	274.5	CASH BALANCE	

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>The statement of assets further reflected cash balance of Kshs.74, 969,324,893 which was however not analyzed. In addition, the board of survey confirmed that there was no cash balance as at 30 June 2015.</p> <p>In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.75, 237,260,707 as at 30 June 2015 could not be confirmed.</p> <p>The IFMIS has persistently been bedeviled by various challenges that impede effective public finance management. The Cabinet Secretary for the National Treasury should within three months after adoption of this report submit to the National Assembly an IFMIS reconfiguration plan that support timely budget execution.</p>	<p>In consultation with National Treasury</p>
	274.6	<p>NET INCREASE IN CASH-AND-CASH EQUIVALENTS</p> <p>The statement of cash flow for the year ended 30 June 2015 showed net increase in cash- and-cash equivalents of Kshs.8, 747,882,993. However, addition of cash flows from all activities revealed that there was actually a net decrease in cash and cash equivalents by the same amount.</p> <p>The erstwhile Accounting Officer of the entity should have ensured that the entity kept correct financial and accounting records that are supported by necessary documents and reconciled in line with Section 68 of the PFM Act 2012. The present Accounting Officer should ensure that error is corrected and the financial statements re-submitted to the Auditor General for audit review.</p>	<p>The errors have since been rectified and Financial Statements for the 2015/2016 Financial Year have since been revised and submitted to the Auditor General</p>
	274.7	<p>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</p> <p>The statement of cash flows also reflected Kshs.8,747,882,993 as balance of cash-and</p>	<p>The errors have since been rectified and Financial Statements</p>

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>cash equivalents as at 30 June 2015, while the statement of financial position reflected Kshs.75,237,260,707 despite the fact that the audited cash and cash equivalent was Kshs.389,670,252. The discrepancies among these three similar accounts were not explained</p> <p>The Accounting Officer and the National Treasury should, within three (3) months of adoption of this report, resolve the outstanding issues generated by the IFMIS systems and re-submit the books for audit.</p>	<p>for the 2015/2016 Financial Year have since been revised and submitted to the Auditor General</p>
	274.8	<p>TRANSFERS TO OTHER GOVERNMENT AGENCIES</p> <p>The statement of receipts and payments for the year ended 30 June 2015 showed an amount of Kshs.84,478,361,622 on account of transfers to other Governments Agencies comprising Kshs.23,409,273,292 and Kshs.61,069,088,329 relating to Recurrent and Development votes respectively. The variance of Kshs.545,793,461 between the balance of Kshs.61,069,088,329 shown in the financial statements and that of Kshs.61,614,881,740 reflected in the supporting documents was not explained.</p> <p>The Accounting Officer should have ensured that the entity kept correct financial and accounting records that are supported by necessary documents and reconciled in line with Section 68 of the PFM Act 2012. The Accounting Officer should, therefore, ensure that error is corrected and the financial statements re-submitted to the Auditor General for audit review within three months of the adoption of this report</p>	<p>The errors have since been rectified and Financial Statements for the 2015/2016 Financial Year have since been revised and submitted to the Auditor General</p>
	274.9	<p>TRANSFERS FROM OTHER GOVERNMENT ENTITIES</p> <p>The statement of receipts and payments reflected an amount of Kshs.22,446,501,146 as having been received from Kenya Roads</p>	<p>In consultation with National Treasury</p>

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>Board. However, examination of records from Kenya Roads Board showed that an amount of Kshs.25,036,325,644 was remitted to the Ministry for onward disbursement to roads authorities, resulting in unaccounted for transfers of Kshs. 2,589,824,498</p> <p>The Cabinet Secretary for the National Treasury should, within three (3) months after adoption of this report, ensure that the Public Sector Accounting Standard Board (PSASB) in line with its functions as stipulated in Section 194 of the PFM Act 2012 embark on developing a framework & standards for the adoption of the IPSAS accrual basis of accounting and reporting by the national government MDAs as opposed to the IPSAS cash basis of accounting and reporting which has been in force since 1st July 2014 and has not addressed pertinent matters such as timing differences in accounting and reporting for revenue</p>	
	274.10	<p>APPROPRIATION IN AID COLLECTED FROM REGIONAL OFFICES</p> <p>During the year 2014/2015, regional offices of the Department collected appropriations in-aid (AIA) amounting to Kshs.14,568,050 which were not disclosed in the statement of receipts and payments for the year. Management did not provide a satisfactory explanation on the whereabouts of the funds</p> <p>The matter is resolved as per the PAC report for the FY 2014/2015</p>	Matter Resolved
	274.11	<p>PROCEEDS FROM FOREIGN BORROWING</p> <p>The statement of receipts and payments further reflected Kshs.24,746,958,750 in respect of proceeds from foreign borrowing, which differed from the total of journal entries of Kshs.27,541,044,073 resulting in an understatement of Kshs.2,794,085,323.</p>	The errors have since been rectified and Financial Statements for the 2015/2016 Financial Year have since been revised and submitted to the Auditor General

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>The correctness and accuracy of the statement of receipts and payments for the year ended 30 June 2015 could not be confirmed.</p> <p>The Accounting Officer should have ensured that the entity kept correct financial and accounting records that are supported by necessary documents and reconciled in line with Section 68 of the PFM Act 2012. The Accounting Officer should, therefore, ensure that error is corrected and the financial statements re-submitted to the Auditor General for audit review within three months of adoption of this report.</p>	
	274.12	<p>PROCEEDS FROM FOREIGN GRANTS</p> <p>The statement of receipts and payments showed an amount of Kshs.5,030,114,823 as receipts from foreign grants. However, the supporting schedule and the ledger showed an amount of Kshs.3,861,475,171 resulting in an unexplained difference of Kshs.1,168,639,652.</p> <p>The Accounting Officer should have ensured that the entity kept correct financial and accounting records that are supported by necessary documents and reconciled in line with Section 68 of the PFM Act 2012. The Accounting Officer should, therefore, ensure that error is corrected and the financial statements re-submitted to the Auditor General for audit review within three months of adoption of this report.</p>	<p>The errors have since been rectified and Financial Statements for the 2015/2016 Financial Year have since been revised and submitted to the Auditor General</p>
	275:	<p>CONSULTANCY SERVICES FOR PROSPECTING AND MAPPING OF ROAD CONSTRUCTION MATERIALS SOURCES</p> <p>The Department entered into two consultancy contracts of Kshs.78,340,020 and Kshs.51,500,126 Examination of Development Vote Estimates showed that the two projects were not allocated any funds in the financial year 2014-2015.</p>	<p>The Reports have since been availed to the Auditors and verified</p>

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>It was noted that the two consultancies covered the same geographical area but it was not explained why they were not packaged as one consultancy contract. There was no evidence submitted to show how results of prospecting and mapping under the two consultancies were applied and whether the public obtained value for money</p> <p>Within three months of the adoption of this report, the Accounting Officer (during the period under review) must provide the said reports and mapping of both the natural gravel in the 3 Counties of Machakos, Makueni and Tharaka Nithi under the first Contract and report on mapping of hardstone sources in the 6 Counties of Embu, Meru, Kitui, Machakos, Makueni and Tharaka Nithi under the second Contract for audit review.</p>	
	276.:	<p>CONTRACT NO.490/04 (ROAD 2000) IMPROVEMENT AND GRAVELLING OF ATHI MARKET – KIGUCHA MARKET ROAD D482</p> <p>As at 30 June 2015, the Ministry had already paid a total of Kshs. 21,500,000 vide payment voucher No.240 dated 8 September 2014 for Kshs. 11,000,000 and payment voucher No.2124 dated 10 February 2015 for Kshs. 10,500,000 leaving unsettled balance of Kshs. 42,155,268.90 which continues to attract interest until settled in full.</p> <p>The Accounting Officer should, within three (3) months of adoption this report, engage the Attorney General with a view to negotiating for settlement of the outstanding balance of Kshs. 42,155,268.90 which continues to attract interest</p>	The State Department has since paid in full the decretal amount and awaits the Attorney General's recommendation on payment of interest
	277:	<p>Unresolved Issues for Deposit Accounts</p> <p>1.Unresolved issues for deposit accounts for 2012/13 and Earlier Years</p>	

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>The EACC should expedite the on-going investigations into the irregularities regarding retention Funds for Years 2006/2007, 2007/2008, 2008/2009 and 2009/2010 with a view to prosecuting those involved in the misuse of public funds, if culpability is established</p>	EACC
	277.3	<p>The schedule supporting the retention money closing balance of Kshs.1,192,886,515 reflected debit balances under various accounts amounting to Kshs.233,311,537 implying irregular over-refunding of retention money. One contractor was paid Kshs.17,213,703 when the account already had a debit balance of Kshs.59,940,017 resulting in an overpayment of Kshs.77,153,720. Payment voucher No.008618 for the amount of Kshs.17,213,703 paid was still not availed for audit review as at 30 June 2016.</p> <p>The EACC should expedite the on-going investigations into the irregularities regarding retention Funds for Years 2006/2007, 2007/2008, 2008/2009 and 2009/2010 with a view to prosecuting those involved in the misuse of public funds, if culpability is Established</p>	EACC
	277.4	<p>Debit balances reflected in the 2011/2012 statement of Kshs.2,181,697,190 differed with the balance of Kshs.10,288,638,370 shown in the Ministry's trial balance as at 30 June 2012 by Kshs.8,106,941,180. Similarly, the credit balances totaling Kshs.2,181,697,190 differed with the trial balance totals of Kshs.3,335,760,496 by Kshs.1,154,063,305. Additionally several accounts totaling Kshs.72,528,192 and credit balances of Kshs.16,549,108,680 shown in the trial balance were excluded from the statement of assets and liabilities as at 30 June 2012.</p>	EACC

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>The EACC should expedite the on-going investigations into the irregularities regarding retention Funds for Years 2006/2007, 2007/2008, 2008/2009 and 2009/2010 with a view to prosecuting those involved in the misuse of public funds, if culpability is established</p>	
		<p>Donor Funded Projects Kenya Transport Sector Support Project(IDA Credit No 4926/5410 KE Component B1-Support to Ministry of Roads) Unqualified Opinion</p> <p>There was no material issues noted during the audit of the financial statements of this Project.</p> <p>The Committee commends the Project Team for the Kenya Transport Sector Support Project (IDA CREDIT NO.4926/5410KE Component B1 - Support to Ministry of Roads) for maintaining financial statements that present fairly, in all material respects, the financial position as at 30th June 2016, and of its operations for the year</p>	<p>No Issues Raised</p>
	<p>278.</p>	<p>National Urban Transport Improvement Project(IDA No 5140 KE) Special Account Reconciliation</p> <p>The statement of receipts and payments reflects total receipts from development partners for the year as Kshs.48,744,572 while the special account statement prepared and submitted by National Treasury reflects Kshs.8,000,736.46 withdrawn to finance project activities. The variance of Kshs.40,743,835.54 has not been explained or reconciled.</p> <p>The explanation by the accounting officer was satisfactory.</p>	<p>Matter Resolved</p>

STATE DEPARTMENT FOR TRANSPORT

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/2016	279.1	<p>Budgetary Control</p> <p>The Cabinet Secretary for the National Treasury should put in place robust management systems in government that ensure there is timely dispute resolution whenever it arises to enable financing of government programmes and projects to avoid cases of under-utilization of the budget.</p>	<p>This is to be addressed by the National Treasury.</p>
	279.2	<p>Budgetary Control</p> <p>The Accounting officers should at all cost avoid incurring pending bills in any financial year since any pending bill forms a first charge in the subsequent financial year's budget thereby impeding smooth implementation of the subsequent budget: and</p> <p>The Cabinet Secretary for the National Treasury should put in place robust cash flow management systems in government that ensure there is adequate and timely financing of government programmes and projects to avoid incurring costly pending bills attributed to delays/inadequate exchequer releases.</p>	<p>The Accounting Officer adheres to the Procurement Plan and cash flow projection in the implementation of the budget to ensure there are no pending bills.</p> <p>This is to be addressed by the National Treasury.</p>
		<p>PRIOR YEAR MATTERS</p>	
	280	<p>Budgetary Control</p> <p>The Accounting officers should at all cost avoid incurring pending bills in any financial year since any pending bill forms a first charge in the subsequent financial year's budget thereby impeding smooth implementation of the subsequent budget: and</p> <p>The Cabinet Secretary for the National Treasury should put in place robust cash flow management systems in government that</p>	<p>The Accounting Officer adheres to the Procurement Plan and cash flow projection in the implementation of the budget to ensure there are no pending bills.</p> <p>This is to be addressed by the National Treasury</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		ensure there is adequate and timely financing of government programmes and projects to avoid incurring costly pending bills attributed to delays/inadequate exchequer releases.	
	282	<p>Unaccounted for Deposits</p> <p>The Accounting Officer should be held liable for failure to ensure that the entity kept complete financial and accounting records that are supported by necessary documents including payment vouchers compliance with the provisions of Section 68(2) of the PFM Act 2012 and that the correct financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2) of the PFM Act 2012.</p>	Mr. Nduva Muli personally appeared before the Public Accounts Committee of financial year 2015/16. The committee recommended that all adverse findings and recommendations made against Mr Nduva Muli be expunged
	284	<p>Supply of Computers and Related Equipment</p> <p>The Accounting Officer should institute measures to ensure that the agency always acts on the Auditor General's Management Letters to forestall audit queries.</p>	The Accounting Officer has put in place systems to ensure that the Agency promptly addresses to the Auditor General Management letter to forestall audit queries.
	285	<p>Special Account Statement</p> <p>The Accounting Officer should institute measures to ensure that the agency always acts on the Auditor General's management letters to forestall audit queries.</p> <p>Accounting Officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2)(k) of the PFM Act.2012.</p>	<p>The Accounting Officer has put in place systems to ensure that the Agency promptly addresses to the Auditor General Management letter to forestall audit queries.</p> <p>The Accounting Officer has ensured that all supporting documents to the Financial Statements are availed pursuant to the PFM Act 2012 section 68.</p>

STATE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/2016	286.1	<p>Recurrent Account</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012</p>	The department has endeavored to ensure that up to date reconciled financial and accounting records are kept and these comply with the provisions of the PFM Act.
	286.2.1	<p>Unpresented and Unrecorded Cheques</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	
	286.2.2.	<p>Unbanked Receipts</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	
2015/16	286.2.3	<p>Direct Bank Receipts not posted in Cash book</p>	

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68 (2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	The department has endeavored to ensure that up to date reconciled financial and accounting records are kept and these comply with the provisions of the PFM Act and IPSAS
2015/16	287.	Account Receivables The Accounting Officer must at all times ensure that imprest are recovered within the stipulated time as provided for in Regulation 93 of the PFM (National Government) Regulations 2015.	The department has put measures in place to ensure that imprests are issued and surrendered as stipulated in the PFM Act
2015/16	288.1	Summary Fixed Assets Register The Accounting Officers should ensure they maintain a Fixed Asset Register pursuant to Regulation 143(1) of the PFM (National Government) Regulations 2015. Further, the Accounting should within three (3) months of adoption of this report embark on preparing complete assets register which should be availed to the Auditor-General for audit review.	A fixed asset register has been developed updated and presented to the auditors for review. The National Treasury is working on the Assets and Valuation Policy which will guide Ministries in costing the assets to comply with IPSAS requirements.
2015/16	288.2	Acquisition of Assets Within three (3) months of adoption of this report, the Cabinet Secretary, National Treasury should embark on development of a framework to guide government entities on asset classification and valuation.	Action is with the National Treasury
2015/16	291.2	Commuted Leave The Accounting Officers should ensure that officers take their annual leave in line with the Government Code of Regulations Revised 2006.	The accounting officer has put measures in place to ensure that officers take their annual leave in accordance with the Human

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
			Resource Management Policy 2015
2015/16	291.4	<p>Unexplained Casual Wages</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	The department has endeavored to ensure that up to date reconciled financial and accounting records are kept and these comply with the provisions of the PFM Act.
	292.2	<p>Expenditure Misclassification and Misposting</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records devoid of expenditures misclassification are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	
2015/16	292.3	<p>Non-Submission of Project Financial Statements</p> <p>Accounting Officers must all times comply with the provisions of article 226 of the COK 2010, the relevant provisions of the PFM Act 2012, the PFM (National Government) Regulations 2015, and other Government Financial Regulations on preparation of financial statements.</p>	The department now submits project financial statements as required by the law
2015/16	293.3	<p>Supply of 2 Nos. 20KVA UPS</p> <p>(i) The DCI should, Within three (3) months of adoption of this report, investigate with a view to determine possible loss of funds,</p>	Matter has since been referred to the DCI

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>the tender which was awarded to Ms. Grapejoi Enterprises for the supply and delivery of 2 No.20 KVA UPS' at a total cost of Kshs.7,331,250.0; and</p> <p>(ii) Any public officer found liable for any loss arising from the tender shall make good the loss, whether the person remains the holder of the office or not in line with Article 226 (5) of the Constitution of Kenya 2010</p>	
2015/16	293.4	<p>Sub-contracting of Supply, Delivery, Installation and Commissioning of Integrated Meteorological Data Collection System</p> <p>The Director-General for PPRA should, within three (3) months of adoption of this report, investigate any possible violation of the PPAD Act 2015 the action of M/S New Edge Solutions Limited subcontracting the whole tender to M/S Klass.</p>	Matter referred to Director PPRA
2015/16	293.5	<p>Irregular Construction of Embu County Office</p> <p>The EACC and DCI should, within three months after adoption of this report, investigate the propriety of using restricted tendering to construct a model County office in Embu at a contract sum of Kshs.11, 532,396 by the State department of Environment and Natural Resources during the financial year 2014/2015.</p>	The matter has since been referred to EACC and DCI
2015/16	293.6	<p>Tender to Construct Observatory Units</p> <p>Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012.</p>	The department has been providing the office of the Auditor General and any other office with information that it requires to fulfill its obligation and will continue to do so as and when required.
2015/16	294.	Loss of Government Vehicle	

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>(i) The DCI should expedite these investigations and have the matter concluded within three months after adoption of this report.</p> <p>(ii) The Accounting Officer should, within three months after adoption of this report, take administrative action against any officer who is adversely mentioned in this incident</p>	The matter has since been referred to DCI

MINISTRY OF WATER

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/2016	315. 315.1	<p>Compensation of Employees</p> <p>Unsupported Compensation to Employees on Unrelated Expenses</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that are devoid of IFMIS mis-posting and in compliance with provisions of Section 68(2) of the PFM Act 2012 and presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012; The EACC should, within three (3) months of adoption of this report, undertake investigations into apparent contravention of Regulation 121(3) of the PFM (National Government) 2015 through certification of payroll including payment of Ksh. 1,730,469 as leave commutation to various members of staff who had already applied for leave and were paid leave allowance. This double payment is contrary to the provisions of Section 11(1) of the Public Office Ethics (POE) Act 2003;</p>	Matter referred to Ethics and Anti-Corruption Commission
	315.2	<p>Improper Expenditure on Employees Seconded to NWPC</p>	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		The Committee marked the matter as resolved.	Resolved
	316.	<p>Grants and Transfers to Other Government Units</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved.</p>	Resolved
	317.	<p>Acquisition of Assets</p> <p>The Accounting Officer should be requested to prepare an asset register three months upon adoption of this report and avail to the auditor general for verification. Pursuant to Regulation 143(1) of the PFM (National Government) Regulations 2015. Further, the Accounting should within three (3) months of adoption this report embark on preparing complete assets register which should be availed to the Auditor-General for audit review.</p>	Register prepared and availed to the auditors
	318.	<p>Other Grants and Transfers</p> <p>The Accounting Officers should at all times ensures that expenditure items are properly classified during budget preparation in line with the Government Financial Statistics (GFS) manual to avoid unnecessary audit queries such as unrelated expenditures.</p>	Expenditure items are now properly classified
	319.	<p>Pending Bills</p> <p>The Accounting Office should within three (3) months after the adoption of this report avail to the Auditor-General all contracts and other suppliers' documents relating to the pending bills for audit verification.</p>	Contracts and documents were availed to the Auditor General and were verified
	320. 320.1	<p>Cash and Cash Equivalent</p> <p>Recurrent Account</p>	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
	320.2	<p>The matter was satisfactorily resolved between the Department and the Auditor-General</p> <p>Development Account</p> <p>The matter was satisfactorily resolved between the Department and the Auditor-General</p>	<p>Resolved</p> <p>Resolved</p>
	321.	<p>Accounts Receivables - Suspense Account</p> <p>The matter was satisfactorily resolved between the Department and the Auditor-General</p>	Resolved
	322.	<p>Irregular Payment for Cabinet Secretary's Vehicle</p> <p>The Accounting Officer needs to take measure to recover the erroneous payment and remit the tax to KRA within (3) months of adoption of this report, failure to which he should be surcharged.</p>	Amount is being recovered and remitted to KRA letter ref:MFA.2013014087/(38)
	323.	<p>Accounts Payables</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that the complete financial and accounting records including the necessary supporting documents are presented to the Auditor-General within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012; and</p> <p>The matter was satisfactorily resolved between the Department and the Auditor-General.</p>	Resolved
	324.	Other Operating Expenses	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that the complete financial and accounting records including the necessary supporting documents are presented to the Auditor-General within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012; and</p> <p>The matter was satisfactorily resolved between the Department and the Auditor-General</p>	Resolved
	325.	<p>Failure to Prepare Project Financial Statements.</p> <p>Accounting Officers must all times comply with the provisions of article 226 of the COK 2010, the relevant provisions of the PFM Act 2012, the PFM (National Government) Regulations 2015, and other Government Financial Regulations on preparation of financial statements.</p>	Financial statements for all existing projects prepared and submitted for audit review
	<p>326.</p> <p>326.1</p> <p>326.1.1</p>	<p>Budgetary Control and Performance</p> <p>Shortfall of Exchequer Release</p> <p>The Cabinet Secretary for the National Treasury should, within three months (3) after adoption of this report, put in place a framework to address the budget execution problem of persistent development budget exchequer release shortfalls that adversely affect implementation of development programmes and projects.</p> <p>Recurrent and Development Grants</p> <p>The Cabinet Secretary for the National Treasury should, within three months (3) after adoption of this report, put in place a framework to address the budget execution</p>	<p>Matter referred to Cabinet Secretary Treasury</p> <p>Letter written to the cabinet secretary to resolve these issues Ref:AUD/REP/2019/2020/35</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
	326.2	<p>problem of persistent development budget exchequer release shortfalls that adversely affect implementation of development programmes and projects. Further, the persistent revenue performance shortfalls should be addressed and realistic expenditure budgets supported by the available resources prepared.</p> <p>Under Expenditure</p> <p>The Cabinet Secretary, National Treasury should within three (3) months of adoption of this report embark on identification of bottlenecks and propose concrete mechanism to address the persistent challenges faced by the various government entities in absorption of the budget particularly development vote.</p>	Letter done to Cabinet Secretary Treasury Ref:
	327. 327.1 327.2 327.3	<p>Weak Internal Control</p> <p>Lack of Audit Committee</p> <p>The matter was satisfactorily resolved between the Department and the Auditor-General</p> <p>Lack of Segregation of Duties</p> <p>The Accounting Officer should ensure that there is competent transport officer charge with management of vehicles and not the driver. Further, avail the vehicles' records including work tickets and fuel records which are maintained and kept by the Transport office for audit review</p> <p>Grounded Motor Vehicles</p> <p>The Accounting Officer should fast-track the process of bonding and constitute a disposal committee to manage the process of disposal of unserviceable vehicles in line with part XIV of the PPAD Act 2015 on disposal of assets.</p>	<p>Resolved</p> <p>Transport officers now fully incharge of all transport issues</p> <p>Records of vehicles was afailed to the Auditor-General for review</p> <p>Bonding was done but vehicles not disposed due to high reserve price. Process under way to bond again</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
	328.	<p>Irregular Secondment of Staff</p> <p>The EACC should, within three (3) months of adoption of this report, investigate the three members of staff who may have benefited from the double payment of salary and if found culpable charge with improper enrichment contrary to the provisions of Section 11(1) of the POE Act 2003.</p>	Matters referred to Ethics and Anti-Corruption Commission
	329.	<p>KENYA WATER SECURITY AND CLIMATE RESILIENCE PROJECT- (IDA CREDIT NO. 5268-KE)</p> <p>Compliance to Project Work Plan Implementation</p> <p>The Accounting Officer should closely monitor and fast-track the implementation of the various activities so as to reduce any time and costs overruns.</p>	Close monitoring and evaluation and reporting going on
	330.	<p>Unsupported Purchases</p> <p>The matter was satisfactorily resolved between the Department and the Auditor-General</p>	Resolved
	331.	<p>Unsupported Foreign Travel Expenditure</p> <p>The matter was satisfactorily resolved between the Department and the Auditor-General</p>	Resolved
	332.	<p>Unsupported Local Travel and Subsistence</p> <p>The Accounting Officer should, within three (3) months of adoption of this report, avail to the Auditor-General all supporting documents for payments totaling Kshs. 7,251,266 which were not supported and a further Kshs. 12,478,400 which was paid in cash to nine accountants to carry out a survey.</p>	Supporting documents were availed to the Auditor General

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
	334.	<p>THWAKE MULTI-PURPOSE WATER DEVELOPMENT PROGRAM PHASE 1</p> <p>Unjustified Additional Geological Investigations</p> <p>The matter was satisfactorily resolved between the Department and the Auditor-General</p>	Resolved
	335.	<p>Project Land Ownership</p> <p>The Government should, within three (3) months of adoption of this report, complete the process of compensation of land owners fully on the issue of the dam ownerships between the Tana Athi Water Services Board and National Water Conservation and Pipeline Corporation.</p>	<p>Land compensation was completed.</p> <p>Study on ownership of the dam is on-going.</p>
		<p>UPPER TANA NATURAL RESOURCES MANAGEMENT PROJECT (UTANRMP) IFAD LOAN I-867-KE AND SPANISH TRUST FUND LOAN I-E-8-KE</p> <p>The Committee commends the Project Team for the Upper Tana Natural Resources Management Project (UTANRMP) IFAD Loan I-867-Ke and Spanish Trust Fund Loan I-E-8-KE for maintaining financial statements that present fairly, in all material respects, the financial position as at 30th June 2016, and of its operations for the year.</p>	No issues

MINISTRY OF LANDS AND PHYSICAL PLANNING

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/2016	336.1	Financial Statements prepared Outside IFMIS	Resolved
	336.2	Summary of Fixed Assets	

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		Accounting officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of the PFM Act 2012.	Supporting documents to the financial statements availed in subsequent years as per the requirements
	337.1	<p>Construction of Civil Works</p> <p>The Accounting Officer must, within three (3) months of adoption of this report, provide an explanation to the Cabinet Secretary to the National Treasury for failure to seek authorization to charge Kshs.534,083,193 to the item for construction of civil works contrary to the provisions of sections 197(1)(k) and 68(2)(l) of the Public Finance Management Act, 2012.</p>	
	337.2	<p>Research, Studies, Project Preparation, Design, Supervision</p> <p>The Accounting Officer during the period under review should be reprimanded for failure to provide payment vouchers amounting to 44,245,151 relating to Research, Studies, Project Preparation, Design and Supervision were not availed for audit review pursuant to the manner provided under section 74(4)(b) of the Public Finance Management Act, 2012</p>	Accounting Officer in the office passed on.
	337.3	<p>Construction of Roads</p> <p>The Accounting Officer (during the period under review) must, within three (3) months of adoption of this report, provide an explanation to the Cabinet Secretary to the National Treasury for failure to provide explanation indicating whether any steps had been taken to address the propriety of an amount of Kshs.123,534,600 which does not relate to road construction for audit review contrary to the provisions of sections 197(1)(k) and 68(2)(l) of the Public Finance Management Act, 2012.</p>	Accounting Officer in the office passed on.

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
	337.4	<p>Refurbishment of Building</p> <p>The Accounting Officer (during the period under review) must, within three (3) months of adoption of this report, provide an explanation to the Cabinet Secretary to the National Treasury for failure to provide explanation indicating whether any steps had been taken to address the propriety of an amount of Kshs.123,534,600 which does not relate to road construction for audit review contrary to the provisions of sections 197(1)(k) and 68(2)(l) of the Public Finance Management Act, 2012.</p>	Accounting Officer in the office passed on.
	337.5	<p>Construction of Buildings</p> <p>The Accounting Officer (during the period under review) must, within three (3) months of adoption of this report, provide an explanation to the Cabinet Secretary to the National Treasury for failure to provide explanation indicating whether any steps had been taken to address the propriety of an amount of Kshs.190,787,881.50 which does not relate to road construction of buildings for audit review contrary to the provisions of sections 197(1)(k) and 68(2)(l) of the Public Finance Management Act, 2012</p>	Accounting Officer in the office passed on.
	338.1	<p>Other Operating Expenses</p> <p>Accounting officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of the PFM Act 2012</p>	Supporting documents were availed to the auditors
	338.2	Fuel, Oil and Lubricants	Resolved
	339	<p>Cash and Cash Equivalents</p> <p>The Accounting Officer must, within three (3) months of adoption of this report, conclude the reconciliation of financial statements</p>	The reconciliation was done and forwarded to auditors. The matter is resolved.

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		relating to cash and cash equivalents balance of Kshs.2,089,206,837 and submit the same for audit review pursuant to the provisions of section 68(2)(l) of the Public Finance Management Act, 2012.	
	340	Imprest and Clearance Accounts	Resolved
	341	Account Payables - Deposit	Resolved
	342.1	<p>Construction of Olenguruone Stadium</p> <p>The Accounting Officer (during the period under review) must, within three (3) months of adoption of this report, provide an explanation to the Cabinet Secretary to the National Treasury for the overpayment of Kshs.21,966,150 contrary to the contract agreement Clause 3.02 of inspection of site and Clause 3.03 of excavation in trenches which would have amounted to a variation beyond 50% contrary to section 47 of the Public Procurement and Disposal Act, 2005 and regulation 32 of the Public Procurement and Disposal (National Government) Regulations, 2006 for audit review contrary to the provisions of sections 197(1)(k) and 68(2)(l) of the Public Finance Management Act, 2012.</p>	The matter is being handled by State Department of Housing
	342.2	Construction of Narok Stadium	Resolved
	343	Construction of Kenya Industrial Training Institute (KITI), Nakuru Phase IV for the Ministry of Industrialization & Enterprise Development	
	344.1	Budgetary Control and Performance	Resolved
	344.2	Recurrent Expenditure	Resolved
	344.3	Development Expenditure	Resolved
	345	Pending Bills	Resolved
	346	Land Rent collected by KRA on behalf of the Ministry	

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		The Accounting Officer (during the period under review) must, within three (3) months of adoption of this report provide an explanation to the Cabinet Secretary to the National Treasury for failure to provide for failure to submit the Agency Agreement between the Ministry of Lands, Housing and Urban Development and Kenya Revenue Authority for audit review for confirmation of specific terms and conditions of the agreement contrary to the provisions of sections 197(1)(k) and 68(2)(l) of the Public Finance Management Act, 2012.	Matter resolved as per Public Finance Management Act, 2012
	347	<p>Property Income</p> <p>Accounting officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of the PFM Act 2012.</p>	Supporting documents to the financial statements availed in subsequent years as per the requirements
	348	<p>Revenue Transfer to Exchequer</p> <p>Accounting officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of the PFM Act 2012</p>	Supporting documents to the financial statements availed in subsequent years as per the requirements
	349	<p>Sale of Goods and Services</p> <p>Accounting officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of the PFM Act 2012.</p>	Supporting documents attached to the financial statements availed in subsequent years as per the requirements
	350	<p>Unexplained Variance Between the Ministry, Controller of Budget and Treasury Records</p> <p>Accounting Officers must at all times ensure that they provide the Auditor General and</p>	Supporting documents attached to the financial statements

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012	availed in subsequent years as per the requirements
	351	<p>Statement of Arrears of Revenue</p> <p>Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012.</p>	Supporting documents attached to the financial statements availed in subsequent years as per the requirements
	352	<p>Land Rent Revenue Collected at Headquarters</p> <p>Accounting Officers must at all times ensure that they comply with the principles of public finance relating to financial management and fiscal reporting as set out in the management of public resources in compliance with the provisions of Article 201 of the Constitution and the Public Finance Management Act, 2012</p>	Continuous training and consultation with the National Treasury has helped to improve compliance with the provisions.
	352.1	<p>Source Documents</p> <p>Accounting Officers must at all times ensure that they comply with the principles of public finance relating to financial management and fiscal reporting as set out in the management of public resources in compliance with the provisions of Article 201 of the Constitution and the Public Finance Management Act, 2012</p>	Continuous training and consultation with the National Treasury has helped to improve compliance with the provisions.
	352.2	<p>Source Documents</p> <p>Accounting Officers must at all times ensure that they comply with the principles of public finance relating to financial management and fiscal reporting as set out in the management of 462 Report on the Examination of the Report of the Auditor General on the Financial Statements for the National Government for the Year ended 30th June</p>	Continuous training and consultation with the National Treasury has helped to improve compliance with the provisions.

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		2016 public resources in compliance with the provisions of Article 201 of the Constitution and the Public Finance Management Act, 2012	

MINISTRY OF INFORMATION, COMMUNICATION AND TECHNOLOGY

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/16	369:	Accounts Receivables – Outstanding Imprest Accounting Officers must at all times ensure that they adhere to the regime regulating issuance and recovery of imprest pursuant to the provisions of Regulation 93 of the Public Finance Management Regulations, 2015.	Matters were resolved as per PACs recommendations 2014/15.
	370	Partitioning and Refurbishment work to 9 and 11 floors Tele Posta Towers The committee recommends that the Ministry should provide the evidence on how Ksh 1,149,796.40 was utilized three months after the adoption of this report.	A letter has since made to ministry of public works asking for extraction of information regarding utilization of Ksh 1,149,796.40
	371.	Tender for Renovation and Refurbishment Works on the Ministry's Stand- Nairobi Show Ground The Ministry should liaise with the Office of the Auditor General to resolve the issue after verification of the missing information.	A letter has since made to ministry of public works asking for information regarding tender for renovation and refurbishment works at 9 th and 11 th floors teleposta towers.
	372.	Tender for Tilling Works to the Department of Information at Uchumi House The committee marked the matter as resolved.	Matters were resolved as per PACs recommendations 2014/15.
	373.	Unresolved Prior Year Matters	

		The Accounting Officer noted that the query was addressed in the FY 2014/15 responses whose report has already been tabled.	
373.1	Legal fees		Matters were resolved as per PACs recommendations 2014/15.
373.2	Transfers to Other Government Units	The Accounting Officer noted that the query was addressed in the FY 2014/15 responses whose report has already been tabled.	Matters were resolved as per PACs recommendations 2014/15.
373.2.1	Transfer of Grants to Kenya Yearbook Editorial Board	The Accounting Officer noted that the query was addressed in the FY 2014/15 responses whose report has already been tabled.	Matters were resolved as per PACs recommendations 2014/15.
373.2.2	Unclear Transfer of Grants to Ministry Departments	The Accounting Officer noted that the query was addressed in the FY 2014/15 responses, whose report has already been tabled.	Matters were resolved as per PACs recommendations 2014/15.
373.3	Acquisition of Assets	The Accounting Officer noted that the query was addressed in the FY 2014/15 responses, whose report has already been tabled.	Matters were resolved as per PACs recommendations 2014/15.
373.3.1	Un-authorized Expenditure on Purchase of Motor Vehicles.		
373.3.2	Agency and Disbursement Fees to Huawei Technologies Ltd	The Accounting Officer noted that the query was addressed in the FY 2014/15 responses, whose report has already been tabled.	Matters were resolved as per PACs recommendations 2014/15.
373.4	Kenya Institute of Mass Communications (KIMC)	The Accounting Officer noted that the query was addressed in the FY 2014/15 responses, whose report has already been tabled.	Matters were resolved as per PACs recommendations 2014/15.

	373.4.1	Construction of Men's Hostel at KIMC	
	373.4.2	Failure to Deduct Withholding Tax on Payments to Contractor The Accounting Officer noted that the query was addressed in the FY 2014/15 responses, whose report has already been tabled.	Matters were resolved as per PACs recommendations 2014/15.
	374.	Budgetary Controls and Performance The National Treasury should release exchequer on time to facilitate the smooth running of activities.	Matters were resolved as per PACs recommendations 2014/15.

STATE DEPARTMENT FOR SPORTS, CULTURE AND ARTS

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/16	377	Accounting Officers must at all times ensure that they seek approval for reallocations from the National Treasury pursuant to the provisions of regulation 48 of the Public Finance Management (National Government) Regulations, 2015.	The Accounting Officer has ensured that adequate budgetary estimates are prepared and submitted to National Treasury. Where reallocation is necessary, the Accounting officer has been formally writing to the Treasury seeking authority.
2015/16	378 (i)	The Accounting Officer should ensure that the department responsible makes the follow up and reports to the Auditor General within three (3) months of adoption of this report.	The Accounting Officer formed a taskforce that visited the counties / districts with outstanding balances and managed to collect data on AIEs issued and expenditure incurred and the information was submitted to the Auditor General for verification.
2015/16	378(ii)	Accounting Officers must at all times ensure that they adhere to the law regulating issuance and recovery of imprest pursuant to the provisions of Regulation 93 of the Public Finance Management (National Government) Regulations, 2015.	The Accounting Officer has instituted measures to ensure adherence to regulations on issuance and recovery of imprests; including:

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
			<p>a) Ensuring imprest request are approved by responsible officers.</p> <p>b) Ensuring that imprests issued are surrendered on time.</p> <p>c) Ensuring that returns on outstanding imprests are prepared weekly.</p>
2015/16	379 (i & ii)	<p>(i) The Accounting Officer (during the period under review) must, within three (3) months of adoption of this report, provide documentation to support the bills of Kshs. 56,326,648 within three (3) months of the adoption of this report pursuant to the provisions of section 68(2) (n) of the Public Finance Management Act, 2012.</p> <p>(ii) Where the accounting officer fails to provide an explanation, they should be surcharged Kshs. 56,326,648 pursuant to the provision of section 202 of the Public Finance Management Act, 2012.</p>	The supporting documents for pending bills totaling Kshs. 56,326,648 were traced and submitted to the Auditor General for verification.
2015/16	381 (a)	Accounting officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012.	The Accounting Officer has committed and instructed relevant officers to be providing the audit office and any other institution with the information required and which should be confirmed as received.
2015/16	381 (b)	Accounting officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with reasons for failure to seek National Treasury approval for the reallocations as it may require to fulfill its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012.	The Accounting Officer commits to ensure adherence to budgetary provisions and where necessary, to seek Treasury approval for reallocations. Clear explanations will also be provided for failure to seek Treasury approval in pursuant to provisions of the Public Finance Management Act, 2012.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/16	382	The Cabinet Secretary for the National Treasury should put in place robust cash flow management systems in government that ensures there is adequate and timely financing of government programmes and projects to avoid cash not being received by state corporations.	The Accounting Officer has put mechanism to ensure that requisition for funding is placed with the National Treasury early enough to ensure timely financing of programmes and projects.
2015/16	383	Accounting officers must at all times ensure that they prepare and submit clear and comprehensible annual financial statements with explanatory notes to the Auditor General within three months after the end of each financial year pursuant to the provisions of section 81(3) of the Public Finance Management Act, 2012.	The Accounting Officer is ensuring that correct, clear and comprehensive financial statement and notes are prepared and submitted to the Auditor General as per the Kenya Constitution and in pursuant to the provisions of section 81(3) of the PFM Act 2012.
2015/16	386	The Accounting Officer must ensure that all the entities comply with Section 82 of the Public Finance Management Act, 2012 by opening separate financial statements.	The Accounting Officer has ensured that the SAGAs (Sports Fund and Kenya Academy of Sports) are operating independent bank accounts and are also preparing individual financial statements in compliance with section 82 of Public Finance Management Act, 2012. The SAGAs are now audited separately.
2015/16	387	Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfill its functions pursuant to the provisions of section 68(2)(n) of the Public Finance Management Act, 2012.	The Accounting Officer has provided details of the grounded motor vehicles to the Auditor General and is ensuring that all information is provided to the auditors or any other officer as required pursuant to provision of section 68(2)(n) of Public Finance Management Act, 2012.

MINISTRY OF ENERGY OF PETROLEUM

FINANCIAL YEAR	PARAGRAPH	RECOMMENDATION BY PAC	ACTION TAKEN
2015/2016	420	<p>Land Without Title Deeds</p> <p>Accounting Officers must ensure that the land titles of the 16 Energy Centre are obtained.</p>	The acquisition of land titles deeds is in the process.
2015/2016	421	<p>Utilization of Mitunguu Energy Centre</p> <p>Accounting Officers must ensure the Energy Resource Centre is fully operational and an official launch of the Centre and address the outstanding issues.</p>	The matter has been resolved
2015/2016	422.1	<p>Budgetary Absorption</p> <p>The Accounting Officer must ensure that they submit financial statements for review at least within three months after the end of the financial year</p>	The issue has been resolved
2015/16	422.2	<p>Development Budget</p> <p>The Cabinet Secretary National Treasury to put in place robust management systems in government to ensure programmes and projects are financed in time to avoid underutilization of the budget</p>	The matter has been resolved

STATE DEPARTMENT FOR AGRICULTURE

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/2016	431 (i)	<p>Accuracy of the Financial Statements – Cash and Bank Balances</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records devoid of anomalies in compliance with the provisions of Section 68(2) of the PFM Act 2012 and that the correct financial and accounting records are</p>	The PAC recommendation were noted and accounts staff advised to act within the financial regulation. The financial statements are being submitted

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	not later than 30th September in all subsequent years.
	431 (ii) a)	<p>Transfers to other Government Units</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records devoid of anomalies in compliance with the provisions of Section 68(2) of the PFM Act 2012 and that the correct financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	The financial statements are being submitted in time and books of account are maintained in compliance with Section 68 (2) of the PFM Act 2012. The difference had been reconciled
	431 (ii) b)	The Accounting Officer should ensure that the entity keeps complete financial and accounting records devoid of anomalies in compliance with the provisions of Section 68(2) of the PFM Act 2012 and that the correct financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	The matter had been resolved. The books of accounts are being maintained as per PFM regulations 2015
	431 (ii) c)	The Accounting Officer should ensure that the entity keeps complete financial and accounting records devoid of anomalies in compliance with the provisions of Section 68(2) of the PFM Act 2012 and that the correct financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	The matter had been resolved. The State Department is strictly following the PFM Act 2012 regulations
	431 (ii) d)	The Accounting Officer should ensure that the entity keeps complete financial and accounting records devoid of anomalies in	The matter was resolved. The PFM Act 2012 is being followed and Financial Statements are

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		compliance with the provisions of Section 68(2) of the PFM Act 2012 and that the correct financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	being prepared and submitted in time.
	431 (iii)	The Accounting Officer should ensure that the entity keeps complete financial and accounting records devoid of anomalies in compliance with the provisions of Section 68(2) of the PFM Act 2012 and that the correct financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	The matter was resolved. The Public Accounts Committee (PAC) recommendation has been adhered to and the entity is keeping complete financial statement as per PFM Act 2012 as stipulated in section 68(2)
	431 (iv)	The Accounting Officer should ensure that the entity keeps complete financial and accounting records devoid of anomalies in compliance with the provisions of Section 68(2) of the PFM Act 2012 and that the correct financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	The matter was resolved and cleared by Public Accounts Committee (PAC)
	431 (v)	The Accounting Officer should ensure that the entity keeps complete financial and accounting records devoid of anomalies in compliance with the provisions of Section 68(2) of the PFM Act 2012 and that the correct financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	The matter was resolved The Financial Statements are being prepared and submitted in time as per the provision of PFM Act 2012
	432.	Financial Management and Budgetary control	

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records devoid of anomalies in compliance with the provisions of Section 68(2) of the PFM Act 2012 and that the correct financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	<p>The matter was resolved</p> <p>The Financial Statements are being prepared and submitted in time as per the provision of PFM Act 2012</p>
	433.	<p>Pending Bills</p> <p>(i) The Accounting Officers should at all times avoid incurring pending bills in any financial year since any pending bill is treated as a first charge in the subsequent financial year's budget thereby impeding smooth implementation of the subsequent budget; and</p> <p>(ii) The Cabinet Secretary for the National Treasury should put in place robust cash flow management systems in government that ensures there is adequate and timely financing of government programmes and projects to avoid incurring costly pending bills attributed to delays/inadequate exchequer releases.</p>	<p>The pending bills were cleared as first charge in the subsequent financial year. The National Treasury is implementing system based exchequer requisitioning and it is anticipated timely financing of exchequer request will be achieved in the future. This will enable smooth implementation of the budget</p>
	434.	<p>Avoidable Expenditure – procurement of Subsidized Fertilizer</p> <p>(i) Accounting Officers must, at all times, ensure that all requisite information is submitted to the Auditor-General for review in a timely manner.</p> <p>(ii) The DCI and EACC should, within three (3) months of adoption of this report, investigate the payment of Kshs.147,574,229.00 made on account of interest on Post Import Facility that arose from a 2013/2014 contractual obligation that the State Department of Agriculture failed to honour, to determine if,</p>	<p>The accounting officer has availed all requisite information to the Auditor General.</p> <p>The DCI is investigating some matters relating to fertilizer and we are not in position to know the exact progress of this investigation.</p>

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		public money was utilized for the intended purpose and, the total money realized from the purported sale of subsidized fertilizer to farmers by the government and allow for prosecution, if evidence permits.	
	435.1	<p>Procurement of Seed Potato</p> <p>The Accounting Officer stated that it was true that the The Ministry was concerned with the low level of availability of certified potato seed and in a meeting convened for the major seed potato stakeholders in July 2014, it was noted that the bottlenecks are at the production and availability of basic seed potato from KALRO and certified seed potato from ADC who depend on KALRO to provide the basic seed which is multiplied to certified seed for sale to farmers. The Ministry hence resolved to support the two National Institutions to increase seed potato production to 10 % of the requirement in 3 years. Other Private and Development Partners were also to be roped in to have a further increase of certified seed potato availability to 30% in the same period (3 years). The government of Netherlands had already entered into an MOU with The Kenya Plant Health Inspectorate Service (KEPHIS) in 2012 to introduce new potato varieties in Kenya especially the processing type which were lacking in the country leading to potato processors importing potatoes from other countries like Egypt for crisps processing.</p>	<p>No Public Accounts Committee recommendation on the matter.</p> <p>All information requested by the auditor has been provided.</p>
	435.2	<p>Procurement of certified seeds, Breeding Stock and Live Animals</p> <p>(i) Accounting Officers must, at all times, ensure that all requisite information is submitted to the Auditor-General for review in a timely manner.</p> <p>(ii) The EACC and DCI should, within three (3) months of adoption of this report, investigate the payment of Ksh. 300 million to Kenya Seed Company Ltd purportedly to subsidize</p>	<p>The State Department is not in a position to confirm the progress of the investigation by the EACC and DCI.</p> <p>The auditor has been allowed to access our books of accounts and information provided as demanded.</p>

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		sale of seeds by the company to farmers during the period.	
	435.3	<p>Purchase and Transportation of Subsidized Fertilizer</p> <p>(i) Accounting Officers must, at all times, ensure that all requisite information is submitted to the Auditor-General for review in a timely manner.</p> <p>(ii) The DCI and EACC should, within three (3) months of adoption of this report, investigate the payment of Ksh.2,129,128,557.70 to National Cereals and Produce Board (NCPB) to determine if public money was utilized for the intended purpose and the total money realized from the purported sale of subsidized fertilizer to farmers by the government and allow for prosecution, if evidence permits.</p>	The State Department cannot independently confirm the progress of investigation but some investigation by DCI has been going on
	435.4	<p>Bulking of Traditional High Value (opharned) Crops</p> <p>Accounting Officers must, at all times, ensure that all requisite information is submitted to the Auditor-General for review in a timely manner.</p>	The accounting officer has directed compliance with the Auditor requests for information and documents as provided in the law and in a timely manner.
	435.5	<p>Purchase of Tecno S9 Tablet Gadgets</p> <p>Accounting Officers must, at all times, ensure that all requisite information is submitted to the Auditor-General for review in a timely manner.</p>	<p>Information and documents have been availed to the auditor.</p> <p>The Accounting officer has directed compliance with the Auditor requests for information and documents as provided in the Law and a timely manner</p> <p>Documents were provided and the matter resolved</p>
	435.6	<p>Procurement of Fertilizer</p> <p>The DCI and EACC should, within three months after adoption of this report,</p>	Information and documentation has been provided to the Auditor

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		investigate the award of this contract to the second lowest evaluated bidder resulting into loss of Ksh. 126,850,000.00, being the difference between the amount paid to the second lowest evaluated bidder and the amount that would have been paid to the lowest evaluated bidder, and allow for prosecution, if evidence permits.	in support of the award to the second lowest bidder after lowest bidder failed to sign performance agreement. The DCI and EACC has already initiated investigations
	435.7	<p>Funds Disbursed to establish revolving funds</p> <p>The EACC should within three (3) months of adoption of this report investigate Dr. Eliud K. Kireger, the Director-General, KALRO for failure to manage public funds in a prudent and responsible manner pursuant to Article 201(d) of the Constitution of Kenya, 2010 and particularly for non-achievement of targets and timelines despite KALRO having received a total Ksh. 27,889,325.00 for 34,000 in vitro plantlets, 472,220 mini tubers, 12,400 (50 Kg) bags of basic seeds which were never realized and no Revolving Fund established in line with the MoU.</p>	<p>The office has not been contacted by EACC and it is not clear whether investigations are being carried out.</p> <p>The matter of setting a revolving fund is being followed up with Treasury which has the full mandate of this function</p>
	436	<p>Non submission of financial statements and failure to accounts for funds (ASCU)</p> <p>(i) The Accounting Officers of the State Departments constituting the Inter-Ministerial Committee that is providing oversight for ASCU have failed to submit audited accounts and financial statement to the Auditor-General in contravention of the provisions of Article 229 of the Constitution of Kenya, 2010;</p> <p>(ii) The Accounting Officers of the State Departments constituting the Inter-Ministerial Committee for ASCU failed to heed previous directive of the PAC to ensure that ASCU books and financial statements are submitted to the Auditor-General; and</p> <p>(iii) The ASCU project coordinator has to date not availed the financial statements for audit</p>	<p>The accounting officer has ensured that all donor projects have been accounted for and financial statements prepared and submitted before 30th September as per the constitution and PFM Act 2012</p>

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>as previously instructed by the Public Accounts Committee. Further, the ASCU has gone ahead and appointed M/s Deloitte & Touché (a private auditor) to audit the project without approval of the Auditor-General as provided for in Section 23 of the Public Audit Act No, 34 of 2015. Committee Recommendation Accounting Officers must at all times ensure that all donor funds are accounted and reported in accordance with the guidelines set out in the PFM Act, 2012.</p>	
	437	<p>Strategic Grain Reserve Trust Fund</p> <p>The Accounting Officer and the Oversight Board of the Fund should ensure that the Fund achieves its strategic objectives particularly stabilization of the food supply and prices in the country and maintaining adequate strategic food reserves in physical stock to ensure value for annual money appropriated by Parliament</p>	<p>The accounting officer has advised the board to ensure that they remain focused on their core functions</p> <p>The NCPB has been directed to release funds on grains sold on behalf of SFR within the shortest period possible after sale.</p> <p>The SFR has been directed to ensure sufficient grain reserve is available at any time to cushion against low supply and ensure stabilization of prices</p>
	438	<p>Cash and Cash equivalents</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2.</p>	<p>The accounting officer has directed all officers to comply with auditors requests within the confines of various laws governing audit engagement</p> <p>Financial statements have been submitted within statutory deadlines and books of accounts and records maintained properly</p>
	439	<p>Inventories</p> <p>(i) Obsolete and Unfit Stock of maize</p>	

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>The SGR/SFR Trustees who served during the period should be held jointly liable for their failure/slow action to grant authority to the management to sale off the maize which were in stores in time leading to loss of public funds to the tune of approximately Ksh. 1.77 billion.</p> <p>(i) The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012; and</p> <p>(ii) The Accounting Officer should at all times in line with Section 9 of the Public Audit Act 2015 provide unrestricted access to all books, records, returns, reports, electronic or otherwise and other documents of entities and any property or premises used or held by State Organs or public entities covered by Article 229 (4) of the Constitution of Kenya 2010</p>	<p>The accounting officer has since directed that prudent management of maize reserves and sales be enforced to ensure optimal value for money</p> <p>Close monitoring and observation should be regular to ensure grains are not stored beyond their usable date. First in first out policy will be enhanced to ensure old stocks is offloaded when the grains are still good for human consumption</p>
	440.	<p>Receivables</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records devoid of anomalies in compliance with the provisions of Section 68 (2) of the PFM Act 2012 and that the correct financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	<p>The accounting officer has directed all officers to comply with auditors requests within the confines of various laws governing audit engagement</p> <p>Financial statements have been submitted within statutory deadlines and books of accounts and records maintained properly</p>
	441.	<p>Trade and Other Payables</p>	

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		The Accounting Officer and the Management of the NCPB should reconcile their books and ascertain the completeness and accuracy of the trade and other payables balance of Kshs.1,807,680,657.00.	Books were reconciled between the Ministry and NCPB and common balances adopted
	442.	<p>Agency Agreement</p> <p>The Accounting Officers should ensure that agency agreements are signed in time and that the existing agreements provides for a transition clause to protect contractual agreements entered into during new agency agreement negotiations.</p>	PAC recommendations were noted and every effort will be taken to ensure that contractual obligation in form of agreement are signed without delay in any future engagement
	443. (ii)	<p>Receivables</p> <p>Agricultural Information Resource Centre (AIRC)</p> <p>The Accounting should ensure that all debts owed to Agricultural Information Resource Centre are fully recovered in line with Regulation 83(2g) of the PFM (National Government) Regulations 2015 that requires accounting to pursue debtors with appropriate sensitivity and rigor to ensure that amounts receivable by the government are collected and banked promptly.</p>	<p>The accounting officer has requested Heads of departments to ensure all debts are received and accounted for.</p> <p>Demand invoices have been sent and some funds have already been recovered and the balance is expected to be received</p>
	444.	<p>Inventories</p> <p>(i) The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012 and;</p> <p>(ii) The Accounting Officer should at all times in line with Section 9 of the Public Audit Act 2015 provide unrestricted access to all books,</p>	The accounting officer has ensured proper books of accounts are kept as per the regulation. He has also instructed that auditors should be given full assess to accounting documentation at any time needed.

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		records, returns, reports, electronic or otherwise and other documents of entities and any property or premises used or held by State Organs or public entities covered by Article 229 (4) of the Constitution of Kenya 2010	
	445.	<p>Reserves</p> <p>(i) The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012; and</p> <p>(ii) The Accounting Officer should at all times in line with Section 9 of the Public Audit Act 2015 provide unrestricted access to all books, records, returns, reports, electronic or otherwise and other documents of entities and any property or premises used or held by State Organs or public entities covered by Article 229 (4) of the Constitution of Kenya 2010</p>	The accounting officer has ensured proper books of accounts are kept as per the regulation. He has also instructed that auditors should be given full assess to accounting documentation at any time needed as provided by the constitution and PFM Act regulatory
	446.	<p>Statement of Changes in Net Assets</p> <p>(i) The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012; and</p> <p>(ii) The Accounting Officer should at all times in line with Section 9 of the Public Audit Act</p>	The accounting officer has ensured proper books of accounts are kept as per the regulation. He has also instructed that auditors should be given full assess to accounting documentation at any time needed.

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		2015 provide unrestricted access to all books, records, returns, reports, electronic or otherwise and other documents of entities and any property or premises used or held by State Organs or public entities covered by Article 229 (4) of the Constitution of Kenya 2010	
	447.	<p>Accuracy and Presentation of Financial Statements</p> <p>The Accounting Officer should ensure that the programme fully takes off and funds utilized in accordance with the laws.</p>	<p>The accounting officer has ensured that funds are being utilized according to the law and every effort is being made to secure exchequer in time to ensure programmes are implemented in time.</p>
	448.	<p>Accuracy of the Financial Statements</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012;</p>	<p>The accounting officer has directed staff to ensure complete and accurate books of accounts and records are maintained.</p> <p>The State Department has complied with the Law and financial statements have been submitted within the stipulated time frame in the Law</p>
	449.	<p>Pay-As-You-Earn</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012;</p>	<p>The accounting officer has directed staff to ensure complete and accurate books of accounts and records are maintained</p> <p>The State Department has complied with the Law and financial statements have been submitted within the stipulated time frame in the law</p>

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
	450.	<p>Transfer from Government Entities</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012;</p>	<p>The accounting officer has directed staff to ensure complete and accurate books of accounts and records are maintained.</p> <p>The State Department has complied with the Law and financial statements have been submitted within the stipulated time frame in the law</p>
	451.	<p>Special Accounts Statements</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	<p>The accounting officer has ensured proper records and books of accounts are being maintained. Financial Statement has since been prepared and submitted in time.</p>
	452.	<p>Outstanding Imprests</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012;</p>	<p>The accounting officer has ensured proper records and books of accounts are being maintained. Financial Statement has since been prepared and submitted in time as per the regulations</p>
	453.	<p>Low Funds Absorption</p>	

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012;</p>	<p>Records and books of accounts are being maintained as per the Law. Financial Statements are being submitted in time and within the law.</p> <p>The Accounting officer has ensured prudent management of fund to ensure good absorption of funds in a timely manner.</p>
	454.	<p>Cash and Cash Equivalents</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012;</p>	<p>The matter was resolved.</p> <p>Further, the accounting officer has ensured proper records and books of accounts are being maintained. Financial Statement has since been prepared and submitted in time as per the regulations</p>
	455.	<p>Accuracy of the Financial Statements</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012;</p>	<p>The matter was resolved.</p> <p>Further, the accounting officer has ensured proper records and books of accounts are being maintained. Financial Statement has since been prepared and submitted in time as per the regulations</p>
	456.	<p>Funds Not Received</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date</p>	<p>The matter was resolved.</p>

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012;	Further, the accounting officer has ensured proper records and books of accounts are being maintained. Financial Statement has since been prepared and submitted in time as per the regulations
	457.	<p>Inaccuracies in the Financial Statements</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012;</p>	<p>The matter was resolved.</p> <p>Further, the accounting officer has ensured proper records and books of accounts are being maintained. Financial Statement has since been prepared and submitted in time as per the regulations</p>
	458. (i)	<p>Unsupported Expenditure</p> <p>Acquisition of Non-financial Assets</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012;</p>	<p>The matter was resolved.</p> <p>Further, the accounting officer has ensured proper records and books of accounts are being maintained. Financial Statement has since been prepared and submitted in time as per the regulations</p>
	458. (ii)	<p>Transfers to other Government Entities</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records devoid of anomalies in compliance with the provisions of Section 68(2) of the PFM Act 2012 and that the correct financial and accounting records are</p>	<p>The figure of kshs.9,403,640.00 have since been reconciled and necessary adjustment done in the subsequent financial year.</p>

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS BY PAC	ACTION TAKEN
		presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	Further, the accounting officer has directed staff to ensure matters are resolved with auditors during the audit process. The State Department has since been complying with the Law and financial statements have been submitted within the stipulated time frame.
	459.	<p>Cash and Cash Equivalents</p> <p>The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	<p>The matter was resolved.</p> <p>Further, the accounting officer has ensured proper records and books of accounts are being maintained. Financial Statement has since been prepared and submitted in time as per the regulations</p>

STATE DEPARTMENT FOR LIVESTOCK

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/16	460.	<p>Cash and Cash Equivalents</p> <p>Accounting officers must at all times ensure that they prepare and submit clear and comprehensible annual financial statements to the Auditor General within three months after the end of each financial year pursuant to the provisions of regulation 90 of the Public Finance Management (National Government) Regulations, 2015.</p>	With adoption of IPSAS, the entity has ensured that the financial and accounting records are kept up-to-date and financial statements are submitted to the Auditor General within three months after the closure of the financial year.
	461.	<p>Outstanding Imprests</p> <p>Accounting officers must at all times ensure that the recovery of imprest pursuant to the</p>	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		provisions of regulation 93(5) of the Public Finance Management (National Government) Regulations, 2015.	The entity has ensured that imprest reconciliation is being done on time. Financial and accounting records are kept up-to-date.
	462.	<p>Unsupported Balances</p> <p>Accounting officers must at all times ensure that they prepare and submit clear and comprehensible annual financial statements to the Auditor General within three months after the end of each financial year pursuant to the provisions of section 81(3) of the Public Finance Management Act, 2012.</p>	The entity has ensured that the financial and accounting records are kept up-to-date and financial statements are submitted to the Auditor General within three months after the closure of the financial year.
	463.	<p>Land</p> <p>The Accounting Officer should take prudent steps to secure ownership of 1,485.5 acres of land in Ngong, Kajiado County, allocated to the Department of Veterinary Services for the construction of a veterinary training school, establishment of a veterinary farm, and installation of related facilities.</p>	A task force has been formed to follow up on all land issues
	464.	<p>Pending Bills</p> <p>The Accounting Officers should at all cost avoid incurring pending bills in any financial year since any pending bill forms a first charge in the subsequent financial year's budget thereby impeding smooth implementation of the subsequent budget.</p>	The entity has endeavor to ensure that payment documents are processed in time
	465.	<p>Receipts</p> <p>Matter as resolved.</p>	-
	466.	<p>Use of Goods and Services 445</p> <p>Unsupported Balance</p> <p>Accounting Officers must at all times ensure that explanations sought by the Auditor General plus the necessary supporting</p>	The entity has endeavored to ensure that explanations and the necessary supporting documents

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		documents are provided in time to avoid audit queries.	are given to the Auditor General in time.
VETERINARY SERVICES DEVELOPMENT FUND			
	467.	<p>Cash and Cash Equivalentents</p> <p>The Accounting Officer should ensure that the entity keeps complete and reconciled financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2) (k) of the PFM Act 2012.</p>	The entity has ensured that the financial and accounting records are kept up-to-date and financial statements are presented within three months after the closure of the financial year.
	468.	<p>Employee Costs</p> <p>Matter as resolved.</p>	-
	469.	<p>General Expenses</p> <p>The National Treasury must at all times endeavor to disburse funds allocated to every state department in good time to facilitate the smooth running of activities.</p>	As a department we have endeavored to send the exchequer request timely to enable the National Treasury to disburse funds in good time.
	470.	<p>Accuracy of the Financial Statements</p> <p>Accounting Officers must at all times ensure that explanations sought by the Auditor General plus the necessary supporting documents are provided in time to avoid audit queries.</p>	The entity has endeavored to ensure that explanations and the necessary supporting documents are given to the Auditor General in time.
DONOR FUNDED PROJECTS			

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
MAINSTREAMING SUSTAINABLE LAND MANAGEMENT IN AGRO-PASTORAL SYSTEMS OF KENYA PROJECT - NUMBER 3245, GEF ID 3370			
	471.	<p>Cash and Cash Equivalents</p> <p>(i) Accounting Officers must at all times ensure that any variances captured in financial statements are reconciled promptly.</p> <p>(ii) Accounting Officers must at all times ensure that they submit financial statements for review at least within three months after the end of the financial year pursuant to the provisions of section 81(4)(a) of the Public Finance Management Act, 2012.</p>	<p>(i) Reconciliation done monthly</p> <p>(ii) The entity has ensured that the financial statements are presented within three months after the end of the financial year as per the provisions of section 81(4)(a) of the Public Finance Management Act, 2012.</p>
STANDARDS AND MARKET ACCESS PROGRAMME: GRANT NUMBER 2012/023566			
	472.	<p>Accuracy of the Financial Statements</p> <p>(i) Accounting Officers must at all times ensure that any variances captured in financial statements are reconciled promptly.</p> <p>(ii) Accounting Officers must at all times ensure that they submit financial statements for review at least within three months after the end of the financial year pursuant to the provisions of section 81(4)(a) of the Public Finance Management Act, 2012.</p>	<p>(i) reconciliation to be done promptly</p> <p>(ii) The entity has ensured that the financial statements are presented within three months after the end of the financial year pursuant to the provisions of section 81(4)(a) of the Public Finance Management Act, 2012.</p>
	473.	<p>Unsupported Balances- Purchase of Goods and Services</p> <p>Accounting officers must at all times ensure that they prepare and submit clear and comprehensible annual financial statements to the Auditor General within three months after the end of each financial year pursuant to the provisions of section 81(3) of the Public Finance Management Act, 2012.</p>	<p>The entity is to ensure that the financial statements are clear and comprehensible to be submitted to the Auditor General within three months after the end of each financial year.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
	474.	<p>Cash and Cash Equivalents</p> <p>(i) Accounting Officers must at all times ensure that any variances captured in financial statements are reconciled promptly.</p> <p>(ii) Accounting Officers must at all times ensure that they submit financial statements for review at least within three months after the end of the financial year pursuant to the provisions of section 81(4)(a) of the Public Finance Management Act, 2012</p>	<p>(i) Reconciliation to be done promptly</p> <p>(ii) The entity is to ensure that the financial statements are submitted to the Auditor General within three months after the end of each financial year for review.</p>
REGIONAL PASTORAL LIVELIHOOD RESILIENCE PROJECT – CREDIT NUMBER KE53880			
	475.	<p>Cash and Cash Equivalents</p> <p>(i) Accounting Officers must at all times ensure that any variances captured in financial statements are reconciled promptly.</p> <p>(ii) Accounting Officers must at all times ensure that they submit financial statements for review at least within three months after the end of the financial year pursuant to the provisions of section 81(4)(a) of the Public Finance Management Act, 2012.</p>	<p>(i) Reconciliation done monthly</p> <p>(ii) The entity has ensured that the financial statements are presented within three months after the end of the financial year as per the provisions of section 81(4)(a) of the Public Finance Management Act, 2012.</p>
	476.	<p>Imprests and Advances</p> <p>Matter as resolved.</p>	
	477.	<p>Project Bank Account</p> <p>(i) The Accounting Officer should ensure that a follow up is made with the National Treasury to know the status of the request to open a bank account for receiving GOK counterpart funds, three months after the adoption of this report.</p> <p>(ii) The Accounting Officer should ensure that project management opens a bank account for receiving GOK counterpart funds to</p>	<p>The Accounting Officer made a follow up with the National Treasury but for control purpose National Treasury could not open the bank account. All Government entities are to have one single account for receiving GOK counterpart funds.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		prevent the query from being carried over again.	

MINISTRY OF INDUSTRIALISATION AND ENTERPRISE DEVELOPMENT

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
2015/2016	480	<p>Unexplained Transfers of Coffee Debt Waivers</p> <p>Committee Observations and Findings</p> <p>Payments for Coffee Debt Waivers Kshs. 500 million were confirmed to have been processed on the basis of validation reports and the matter was resolved. After investigation, Kshs 1,474,509.00 was noted to have been an erroneous entry. This issue is being sorted.</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved.</p>	The matter was resolved
	481.	<p>Outstanding Disbursement of Transfer to Other Government Units</p> <p>Committee Observations and Findings</p> <p>The financial statements for the year end 30th June 2016 reflects a balance of Kshs. 6,054,325,173 as transfer to other government units. However, analysis of the financial statements of the respective agencies indicates that a sum of Kshs. 166,515,098 included in the transfers balance though budgeted for was not disbursed to the five MDAs.</p> <p>Committee Recommendations</p>	The matter was resolved.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		The explanation by the Accounting Officer was satisfactory therefore the matter is resolved.	
	482.	<p>Payment of Goods and Services Not Delivered</p> <p>Committee Observations and Findings</p> <p>Members with concurrence from Office of Auditor General observed that the issue has been resolved since the supportive documents have been provided and verified.</p>	The matter was resolved.
	483.	<p>Inaccuracies in Pending Bills</p> <p>Committee Recommendations</p> <p>The Accounting Officer should, within three months upon adoption of this report finalize on the payment of the debt of Kshs. 29,147,652 owed to Messrs. Iseme Kamau and Muema Advocates which has been outstanding since 2014/2015.</p>	The debt was transferred to Portland to pay
	484	<p>Non-compliance with Public Finance Management Act, 2012 – Management Supervision and Liquidation Fund</p> <p>Committee Observations and Findings</p> <p>The Financial Statements of the Management Supervision Fund and Liquidation Accounts for the three financial years are ready or submission to the Auditors.</p>	The matter was resolved.
	485	<p>Reconciled Summary Statements of Comparison between the Appropriation Accounts</p> <p>Committee Observation and Findings</p> <p>Summary statement of appropriation for the period ended 30th June 2016 revealed several instances where performance recorded in the respective appropriation accounts did</p>	The matter was resolved.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>not agree with the summary statements of appropriation account, and eventually, with the statement of receipts and payments. In addition, material deviations between the budget and actual performance was not explained. The reconciliation was subsequently done</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved.</p>	
	486.1	<p>Irregular Procurement Practices Procurement of Consultancy Services</p> <p>Committee Recommendations</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved.</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved.</p>	The matter was resolved.
	486.2	<p>Ease of Doing Business Improvement Programme – Phase II</p> <p>Committee Recommendations</p> <p>(i) The Cabinet Secretary National Treasury should compel Mr. Wilson Songa to provide, within three months of adoption of this report, an explanation for the failure to provide the explanation and documents to the Auditor General for review contrary to s.68(2)(l) of the Public Procurement and Disposal Act; and</p> <p>(ii) The relevant investigative agencies should within three (3) months of adoption of this report, initiate investigations into the apparent financial misconduct relating to making improper payment of public money belonging to the government pursuant to section 198(l) (0) of the public Finance</p>	Mr. Songa appeared before the committee in 2017/18 financial year.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>Management Act, 2012 and recommend appropriate action based on their findings, thereafter.</p> <p>(iii) Irregular Consultancy Services Contract</p> <p>Committee Observations and Findings</p> <p>The explanation by the Accounting Officer was satisfactory therefore the matter is resolved.</p>	
	487	<p>Irregular Reallocation of Development Grants to Recurrent Expenditure</p> <p>Committee Observations and Findings</p> <p>The explanation by the Accounting Officer was satisfactory since the first payment of CIDCs Security Bills, MSEA did indeed settle Kshs.47,460,760. Therefore, the matter is resolved.</p>	The matter was resolved.
	488	<p>Apparent Loss of Cash</p> <p>Committee Recommendations</p> <p>The Accounting Officer should ensure that the resultant different of Kshs. 2,903,200.00 which was paid erroneously to M/s Aquachem Technologies Limited during the 2011/2012 financial year is fully recovered within three months of the adoption of this report.</p>	Case in court civil suit No. 520 of 2013.
	489.	<p>Loss of CIDC Equipment and Tools at Kenya Industrial Research and Development Institute</p> <p>Committee Observations and Findings</p> <p>(i) The explanation by the Accounting Officer that Ms Eunice Miima, was the Director of Administration in this Ministry until she retired on 30th June, 2017; she was charged on 5th October, 2016 being</p>	The matter is in court

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>Criminal Case No. 1523/2016 for theft of Ministry property valued at Kshs.63,906,392.00 and was released on cash bail of Kshs.200,000.00 was compelling.</p> <p>The matter remains unresolved</p> <p>Committee Recommendations</p> <p>There is an active criminal matter in court and the committee's pronouncement on the matter might prejudicial.</p>	
	490	<p>Textile and Leather Working Machinery and Equipment</p> <p>Committee Observations and Findings</p> <p>The fast tracked the process of acquiring the missing components in some of the machines to enable smooth Commissioning of the textile and leather workshop machines as well as ensure that the machines operators are properly trained on the use of the machines.</p> <p>Committee Recommendations</p> <p>The explanation by the Accounting Officer was satisfactory. Therefore, the matter remains unresolved until the plant is commissioned.</p>	N/A
	491	<p>Emphasis of matter</p> <p>Committee Observation and Findings</p> <p>The Ministry submitted the financial statements on 18th October, 2016 and not 30th September 2016 as stipulated by the statutes.</p> <p>Committee Recommendations</p> <p>Accounting Officers must at all times ensure that their entities keep up-to-date and</p>	The recommendation of the PAC was acted on and since then

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		reconciled financial and account records that comply with provisions of Section 68(2) of the PFM Act 2012 and that complete financial and accounting records are presented with three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 69(2k) of the PFM Act 2012.	subsequent financial statements have been submitted on time

STATE DEPARTMENT FOR TOURISM

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/2016	492	<p>Cash and Cash equivalents</p> <p>The Accounting Officer should provide an explanation on how cash flow amounting to Ksh.1,437,402.00 came about and resolve the matter with Auditor General</p>	The cash and cash equivalent of Ksh.1,437,402.00 resulted from mispostings in Cash Book. The Cash Book was adjusted and forwarded to Auditor General for audit and further action.
2015/2016	493	<p>Use of goods and services</p> <p>The Accounting Officer should, within three (3) months of adoption of this report present to the National Assembly a simple and clear report on the value for money arising from this contract for further action</p>	The Accounting officer appointed a committee comprising of all stakeholders involved in the management of the contract to do the report. The report will be submitted to the National Assembly when ready for further action.
2015/2016	494 495	<p>Unpaid rent to Tourism Finance Corporation</p> <p>Pending Bills</p> <p>The Accounting Officer should endeavour to operate at all times within the voted provisions to avoid excess vote. In addition, pending bills should form first charge in the subsequent year pursuant to Public Finance Management regulations</p>	The Accounting Officer issued instructions of Public Finance Management officers to make sure pending bills form the first charge as required by the Public Finance Management regulations

FINANCIAL YEAR	PARAGRAPH	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/2016	496	<p>Budget Performance and analysis</p> <p>The Accounting Officer should fast track procurement of goods and services budgeted for the department within the financial year in order to avoid any under expenditure. Accounting Officers to ensure that all pending bills form a first charge during the subsequent financial year.</p>	<p>The Accounting officer gave instructions to Public Finance Management officers to make sure that procurement plans are aligned to the budget cycle to enhance budget absorption. Also Accounting Officer emphasized that pending bills should form the first charge.</p>

STATE DEPARTMENT OF EAST AFRICAN AFFAIRS

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATIONS	ACTION TAKEN
2015/2016	497	<p>1. The Accounting Office should at all-times ensure that AIE holders submit supporting documentary evidence within the stipulated time and adhere to responsibilities of AIE holders as contained in the PFM (National Government) Regulations 2015.</p>	<p>1. The Accounting Officer provided additional documents wrote to TMEA vide letter No. MEAC/FIN/3/3/VOL III (139) to confirm sufficiency of the expenses. TMEA provided additional documents which were submitted to the Auditor General. The following documents were availed:</p> <ul style="list-style-type: none"> - Payment voucher - Purchase invoices - Invoices - Journal vouchers <p>2. The Accounting officer has constituted a team of officers dedicated to ensuring support documentary evidence is provided to the Auditor General appropriately and in a timely manner to support all revenues and expenditures.</p>
	498	<p>1. Within three months of the adoption of this Act, the Accounting officer and the National Treasury must ensure that additional funding to clear historical outstanding</p>	<p>The Accounting Officer has ensured:</p>

		arrears of USD 1,243,103 which now stands at USD 744,609 as at 30 th June, 2016 is secured and processed as anticipated under Article 132 (4) of the East African Community Treaty, 1999.	<p>The National Treasury has transmitted all the historical arrears amounting to USD 744,609 in the financial year 2018/2019.</p> <p>The following documentary evidence were availed to the Auditors payment Advice dated 29/10/2018 Receipt No. 3316 from the Inter University Council for East Africa Dated 23/11/2018 acknowledging receipt of arrears. The budget for submission to International Organizations has since been transferred to the National Treasury.</p>
2015/2016	500	1. The Accounting Officer should ensure that a complete Fixed Asset Register is maintained pursuant to regulation 143 (1) of the PFM (National Government) Regulations 2015. Further, the register should be availed to the Auditor General for further audit.	The Accounting Officer has constituted a team to put in place, maintain and update a complete fixed Asset Register. The register is being updated for submission to the Auditor.

STATE DEPARTMENT FOR MINING

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/2016	501.	<p>Unsupported Donor Funded Expenditure</p> <p>(i)The Committee observed that documents on tax remittance were not submitted to the Auditor-General for verification.</p> <p>(ii) The Committee marked the matter as unresolved. Committee Recommendations The Accounting officer should, within three (3) months of adoption of this report, ensure that the documents have been availed to the Auditor-General for review.</p>	The Accounting Officer had written to the UNDP Country Director requesting a confirmation that the document requested by the Auditors were in their possession. The Ministry may do a reminder of the same in case there was no response to the request.
	503.2	Magadi Soda Royalties	

		<p>Committee Observations and Findings</p> <p>(i) The committee observed that the figure of Kshs.1, 139,124,444 included royalty receipts from Magadi Soda products amounting to Kshs.86, 764,751.</p> <p>(ii) There was no evidence that the Ministry had verified the production quantities reported by the Company.</p> <p>(iii)The Ministry relied solely on the Company self-declared production quantities to compute the royalties.</p> <p>Committee Recommendations</p> <p>The Accounting Officer should ensure that the taskforce which was formed vide letter Ref: MOM/SP.AUD.AUD/09/ (32) dated 17thApril, 2018, with the objective of ascertaining the remittances is adequately facilitated to execute its mandate.</p>	<p>The Accounting Officer has committed to facilitate.</p>
503.3		<p>Royalties from Base Titanium Limited</p> <p>Committee Observations and Findings</p> <p>(i) The Ministry received Titanium royalties of Kshs.294, 694,680 from Base Titanium Limited on account of titanium exports.</p> <p>(ii) There was no evidence of the Ministry having verified the production quantities and prices reported by the Company.</p> <p>(iii) PWC Kenya compiled an audit report ascertaining that there were no material discrepancies between the self-declarations and findings of the audit</p> <p>Committee Recommendations</p> <p>The Cabinet Secretary should within three (3) months after adoption of this report embark on development of policy guidelines on payments of royalties. The guidelines should</p>	<p>The Mining Act, 2016, section 183(3), has provided for Cabinet Secretary to demand the holder of a Mineral Right to make returns relating to any Royalties paid in such manner and within a period as may be prescribed. The Mining Act, 2016, Section 185, further provides for reporting on mineral production, sales and royalty payments by right holders and empowers the Cabinet Secretary to cause verification of production, sales and royalty declarations. The Mining Act, 2016, section 187 has prescribed procedures to be followed in case of default in paying royalties, which include revocation of the mineral right and prohibition of disposal of the mineral under the right. The</p>

		<p>address sales reporting and royalty remittances on various minerals, auditing of sales to ensure mining companies pay the royalties that is due to the government</p>	<p>Draft Royalty Regulations, have proposed due dates for payment of royalties.</p> <p>Auditing of sales to ensure due royalty payments are made; The Mining Act, 2016, section 185(3), states that ' The Cabinet Secretary may designate a qualified person to inspect and examine any samples, books, records and accounts to ascertain the quantity, quality, grade or value of minerals or mineral products for the purpose of ascertaining or verifying the amount of any royalty payable.'" The above section provides for the Cabinet Secretary to cause auditing of mineral sales to ensure that due royalty payments are made. From the foregoing, it is shown that the Mining Act has made provisions for reporting on minerals production, sales and royalty payments. Further, the Cabinet Secretary is empowered to audit the sales reports and royalty payments. For default in royalty payments, the Act has provided punitive actions to be taken against holders defaulting. The draft Royalty Regulations have made proposals to enhance and provide clarity on the above sections of the law touching on royalties. Therefore, in conclusion the Ministry is of the opinion that the Mining Act has made adequate provisions on Royalties management and as such developing policy guidelines is not necessary but rather tightening of implementation of the Act.</p>
505.		Outstanding Temporary Imprests	

		<p>Committee Observations and Findings</p> <p>(i) There was an outstanding imprest of Kshs.3, 861,134.00 held by various officers. Out of the Kshs.1, 175,472.00 outstanding imprests, Kshs.1,021,072.00 has been recovered from the officers' salaries.</p> <p>(ii) The Committee marked the matter as unresolved.</p> <p>Committee Recommendations</p> <p>(i) The Accounting Officer must ensure that the recovery of the outstanding imprest completed within one month upon adoption of this report.</p> <p>(ii) Accounting Officers must, at all times, ensure that the rules and guidelines governing the management of imprest are complied with.</p>	<p>The Accounting Officer ensured that the Imprest was recovered from the officer as per the recommendations by the Public Accounts Committee.</p>
506.	<p>Bank Reconciliation Statement for Development Cashbook</p> <p>Committee Observations and Findings</p> <p>(i) The committee observed that an amount of Kshs.52, 142,800.00 was captured in the books of the ending year to enable proper accounting for the year. It was not possible to process invoices on 30th June 2016 and present them to the bank for payment on the same day. The above amount was therefore cleared in the following month i.e. July 2016.</p> <p>(ii) The figure ought to have been cleared in the Bank Reconciliation of July 2016 but an omission by the one charged with the work made a delay up to December 2016.</p> <p>Committee Recommendations</p> <p>Accounting officers must at all times ensure that fully reconciled financial statements are submitted to the Auditor-General pursuant to</p>	<p>It is true that the provision of Section 68(2) of the PFM Act, 2012 and Article 229 (4) of the Constitution of Kenya, 2010 had not been complied with. To prevent future events of similar nature a Senior Officer (Chief Accountant) has been deployed to be in-charge of unresolved Prior Year Audit Matters after preparation of Financial Statements.</p>	

		section 68 (2) (k) of the PFM Act, 2012 and within three months as provided for under Article 229 (4) of the Constitution of Kenya, 2010	
	508.2	<p>Development Budget</p> <p>Committee Observations and Findings</p> <p>(i) The Committee observed that an amount of Kshs.737, 070,000 (55%) and Kshs.614, 061,429 (45%) were allocated to recurrent and development expenditure respectively, but only Kshs.1, 017,042,051 (75%) was absorbed.</p> <p>(ii) There was an under absorption totaling Kshs.335, 627,293 on four expenditure items.</p> <p>Committee Recommendations</p> <p>(i) Accounting Officers should at all times make their requisition for exchequer in time to enable the Ministry/State Department transmit to the National Treasury for processing in line with the provisions of the PFM Act 2012 and PFM (National Government) Regulations 2015;</p> <p>(ii) The Integrated Financial Management Information Systems (IFMIS) has persistently been bedeviled by various challenges that impede effective public finance management. The Cabinet Secretary for the National Treasury should within three months (3) after adoption of this report submit to the National Assembly an IFMIS audit and reconfiguration plan that support timely budget execution and seal loophole for siphoning public money</p>	<p>The Accounting Officer has agreed to be making timely Exchequer requests to support budget execution.</p> <p>The Cabinet Secretary National Treasury to deal.</p>
	508.2	<p>Development Budget</p> <p>Committee Observations and Findings</p> <p>The Ministry of Mining had a budgetary allocation of Kshs.614,061,430 for development projects but only expended Kshs.370,155,891 (60%), resulting in under expenditure of Kshs.243,905,539 or 40% of budget.</p>	<p>The Accounting Officer has agreed to be making timely Exchequer requests to support budget execution.</p>

		<p>Committee Recommendations</p> <p>(i) The Cabinet Secretary for the National Treasury should within three months (3) after adoption of this report put in place a framework to address the budget execution problem of persistent development budget exchequer release shortfalls that adversely affect implementation of development programmes and projects; and</p> <p>(ii) The Integrated Financial Management Information Systems (IFMIS) has persistently been reported by the Accounting Officers as a hindrance to the budget execution.</p> <p>(iii)The Cabinet Secretary for the National Treasury should within three months (3) after adoption of this report submit to the National Assembly an IFMIS audit and reconfiguration plan that support timely budget execution and seal loopholes for misuse of public funds.</p>	<p>The Cabinet Secretary Treasury to deal.</p>
	<p>508.3</p>	<p>Recurrent Budget</p> <p>Committee Observations and Findings</p> <p>(i) The actual expenditure was Kshs.646, 886,160 (88%), resulting in under expenditure of Kshs.90, 183,840 or 12% of the budget.</p> <p>(ii) Under-utilization of the budgeted expenditure results in non-provision of planned goods and services, which in turn affects service delivery to the public negatively.</p> <p>Committee Recommendations</p> <p>(i) The Integrated Financial Management Information Systems (IFMIS) has persistently been reported by the Accounting Officers as a hindrance to the budget execution and has also been used to siphon public funds. The Cabinet Secretary for the National Treasury should within three months (3) after adoption of this report submit to the National Assembly an IFMIS audit and reconfiguration plan that</p>	<p>The Accounting Officer has agreed to be making timely Exchequer requests to support budget execution.</p> <p>The Cabinet Secretary for the National Treasury to deal with this matter.</p>

		<p>support timely budget execution and seal loopholes for misuse of public funds.</p> <p>(ii) The Cabinet Secretary for the National Treasury should within three months (3) after adoption of this report put in place a framework to address the persistent recurrent budget exchequer release shortfalls that adversely affect implementation of development programmes and projects.</p>	<p>The Cabinet Secretary for the National Treasury to deal with this matter.</p>
	509.	<p>Delays in Commissioning of Ministry Laboratory</p> <p>Committee Observations and Findings</p> <p>The committee observed that the matter was handled in the report for the FY 2014/2015 which has already been adopted by the National Assembly</p>	

**OFFICE OF THE ATTORNEY GENERAL
DEPARTMENT OF STATE LAW AND JUSTICE**

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/2016	510. 510.1	<p>Accuracy and Completeness of the Financial Statements</p> <p>Fixed Assets Register</p> <p>The Accounting Officer should ensure that the asset register is continuously updated to include all assets owned by the entity including the motor vehicles as required under Regulation 143 of the PFM (National Government) Regulations 2015;</p>	<p>All updates to the Asset Register have been done to include all vehicles procured as per PAC recommendations. A Disposal Committee has been formed and revaluation process will commence next financial year.</p>
	510.2.	<p>Suspense Account</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within</p>	<p>The Accounting Officer has ensured that up to date and reconciled financial and accounting records comply with the PFM Act 2012 and PAC recommendations.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	All financial and accounting records are now duly presented within three (3) months after the close of the financial year.
	510.3	<p>Integrated Financial Management System Balances</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	The Accounting Officer has ensured that updated financial statements and records as per PFM Act 2012 and PAC recommendations are maintained and all balances reconciled.
	511.	<p>Cash-and-Cash Equivalents</p> <p>i. Payments in the Cash Book not in the Bank Statement</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p>	Bank reconciliation have been done and provided to auditors.
		<p>ii. Receipts in Bank Statement not in the Cash Book Amount</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of</p>	Up to date reconciliations are being maintained as per PAC recommendations.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	
		<p>iii. Payments in the Bank Statement not Recorded in the Cash Book</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012. Further, the Committee formed by the Accounting Officer to help with the reconciliation of prior years' outstanding receipts in the bank statement should finalize its report and submit to the Auditor-General</p>	Up to date reconciliations are being maintained as per PAC recommendations. Accounting Officer observing all PAC recommendation as required by PAC and Article 229 of the Constitution of Kenya and PFM Act 2012.
		<p>iv. Receipts in the Cash Book not Recorded in the Bank Statement</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012. Further, the Committee formed by the Accounting Officer to help with the reconciliation of prior years' outstanding receipts in the bank statement should finalize its report and submit to the Auditor-General</p>	Up to date reconciliations are being maintained as per PAC recommendations. Accounting Officer observing all PAC recommendation as required by PAC and Article 229 of the Constitution of Kenya and PFM Act 2012.
	512.	<p>Pending Bills</p> <p>The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM</p>	All Pending Bills have been paid and reconciliation done and presented to auditors as per the recommendation.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012. Further, the Accounting Officer should ensure there is prompt payment to service providers and suppliers to avoid incurring pending bills.</p>	
	513.	<p>Excess Service Charge - Rentals of Produced Assets</p> <p>The Solicitor-General as the accounting officer for Office of the Attorney General and State Law Office should follow up on the incurred service charge amounting to Kshs. 3,883,645.00 of which a part payment of Kshs. 2,651,745.00 has already. Accounting Officer should provide a substantive report on the matter to the Auditor-General within three months of tabling and adoption of this report.</p>	<p>The Accounting Officer has provided a report to the auditors on all service charge as per PAC recommendation.</p>
	515.	<p>Previous Years' Matters</p> <p>(i) The Accounting Officer should ensure that the entity keeps up-to-date and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012;</p> <p>(ii) The Accounting Officer should follow up with the relevant Ministry the matter of unsupported revenue expenditure in the FY14/15 and FY 13/14 which is still outstanding;</p> <p>(iii) The Project Coordinator should, within three (3) months of adoption of this report,</p>	<ol style="list-style-type: none"> 1. Accounting Officer Has ensured that Reconciled Financial Records Are In Place As Per PAC – Recommendations And Presented To Auditors Within The Timelines. 2. The Accounting Officer Has Followed – Up The Ministries 3. The Project Co-Ordinator Was Requested To Provide Explanation To The Auditor

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		provide an explanation in writing to the Auditor-General explaining the mechanisms of expensing the project funds and how the returns should be submitted to OAG & DoJ.	General On Mechanisms Of Expensing The Project Funds And How Returns Should Be Submitted to Office Of The Attorney General & Department of Justice. The National Treasury have now removed the project funds from the subsequent budgets.
	516.	<p>Internal Control</p> <p>The Accounting Officer should, within three (3) months of adoption of this report, provide to the Auditor-General an elaborate report on the measures put in place to address the various internal control gaps identified by the Auditor-General</p>	1. The Accounting Officer has put in place measures to address various internal control gaps has commitment control forms, risk assessment committee, policy guidelines, ICT policy and disaster recovery plans established.
	517.	<p>Unremitted Revenue</p> <p>i) Huduma Centre</p> <p>(i) The Chief Executive Officer, Kenya Postal Corporation should within three (3) months of adoption of this report, transfer to OAG&DJ revenue account at Central Bank of Kenya all revenue collected in line with the agency agreement;</p> <p>(ii) The Solicitor-General as the Accounting Officer should, within three (3) months of adoption of this report, avail to the Auditor-General the Huduma Centre agency agreement between the OAG&DJ and the Kenya Postal Corporation.</p>	<p>The money by Post Office is yet to be transferred to the C.B.K as per PAC recommendations.</p> <p>The office has written to Kenya Postal Corporation requisition them to remit the revenues to CBK account.</p>
		<p>ii) E-Citizen</p> <p>The Auditor General should within three (3) months of adoption of this report, undertake a special audit of the E-Citizen platform with a view to determine how much money has been collected through the platform since</p>	We are yet to receive the Auditor General Special Audit report on E-citizen platform.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		inception and how much revenue has been remitted to the various government agencies using the platform for service delivery.	
		<p>iii) Safaricom</p> <p>The Chief Executive Officer of Safaricom should ensure that all revenues collected on behalf of any government agency are remitted to the relevant agency within the stipulated time in line with agency agreement.</p>	The Safaricom is yet to provide the details of all revenue collected and submitted on behalf of the office.
	518.	<p>The revised revenue statements submitted for audit were not signed by the accounting officer as required by regulations.</p> <p>An Accounting Officer must at all times take personal responsibility for correctness of all financial statements by appending his/her signature on the statement in line with Regulation 43 of the PFM (National Government) Regulations 2015.</p>	The Accounting Officer complied and signed the financial statement in line with regulation 43 of the PFMR.
	519.	<p>Prior Year Matters</p> <p>The Cabinet Secretary, National Treasury should submit to the National Assembly a memorandum on how each of the national government entities has addressed the recommendation of the AC report for the FY 2014/2015</p>	The National Treasury has addressed the PAC recommendation throughout the memorandum and submitted to the National Assembly.
	525.	<p>Internal Control Weakness</p> <p>The Solicitor-General should put in place measures to address the internal control weaknesses identified by the Auditor-General particularly risk management policy and annual operational plan to guide the operations and key performance indicators for the Official Receiver.</p>	Accounting Officer has put in place a policy for risk management and plan to guide the official receiver as per PAC requirements.
	526.	<p>Unsupported Investments</p> <p>The Solicitor-General should ensure that the Office of the Official Receiver and Provisional</p>	The Accounting Officer has submitted the reconciled figure of

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		liquidator confirms the whole amount of Kshs. 61,736,814.25. The confirmed and reconciled figure should be submitted to the Auditor-General for subsequent year's audit review.	Kshs 61,736,814.25 to the Auditor General for confirmation and review.
	527.	<p>Cash and Cash Equivalents</p> <p>The Accounting Officer should ensure that the entity keeps complete and reconciled financial and accounting records that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012;</p>	The Accounting Officer ensure that complete and reconciled financial and accounting records are kept in compliance with the provisions of Sec. 68 (2) of PFM Act and all records presented to the auditor within the stipulated time.

COMMISSION FOR THE IMPLEMENTATION OF THE CONSTITUTION

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
	548.	<p>Presentation of Financial Statements</p> <p>(i) Chairman's Statement</p> <p>The Accounting Officers should always ensure that the financial statements prepared and submitted to the Auditor-General have the statement from the Chairman and in compliance with the financial reporting template prescribed by the Public Sector Accounting Standards Board (PSASB) as provided for in Section 192 (1d) of the PFM Act, 2015</p>	Financial statements are now prepared using the prescribed template in conformity with PFM Act.
		<p>(ii) Contingent Liabilities</p> <p>The Accounting Officers should at all times make full disclosures in the financial statements including reporting on contingent liabilities such as possible risk of loss of public funds that may be occasioned by court cases.</p>	The Accounting Officer has ensured that at all times full disclosures in the financial statements including reporting on contingent liabilities are done.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
	549.	<p>Unapproved Over Expenditure</p> <p>Accounting Officers should regularize the excess expenditure by seeking post-factor approval so as to ensure there is compliance with the PFM Act 2012.</p>	Accounting Officer has now controlled all expenditures to avoid over expenditure in all votes.
	550.	<p>Irregular Repair of Motor Vehicle</p> <p>Accounting Officers should ensure there is promptness in responding to service providers and suppliers. Further, suppliers and service providers should only provide services after express permission from a procuring entity in line with the PPAD Act 2015.</p>	Accounting Officer has complied with PAC recommendation for repairs to government vehicles as per PPAD Act 2015.
	551.	<p>Outstanding Imprests</p> <p>The Accounting Officer should, within three (3) months of adoption of the report, take steps to recover the outstanding imprest totalling Ksh.825,168 from the concerned persons.</p>	All the outstanding imprests have been recovered and provided to auditors for review.
	552.	<p>Uncleared Pending Bills</p> <p>The Solicitor-General as the Accounting Officer for the Office of the Attorney General and Department of Justice should within three (3) months of adoption of the report, ensure that a budgetary provision is made for the clearance of these pending bills after scrutiny.</p>	The Accounting Officer settled all the Pending Bills.
	553.	<p>Unaccounted for Assets</p> <p>The DCI should, Within three (3) months of adoption of the report, investigate and if found culpable recommend for prosecution Mr. Joseph N. Kosure the then Accounting Officer for failure to manage assets and liabilities of the defunct Commission in line with the provisions of Section 72 of the PFM Act 2012.</p>	The office reported the matter to police and DCI is following up with the matter.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
	554.	<p>Un-disclosed Information in Winding up Report</p> <p>(i) The Solicitor-General as the Accounting Officer for the Office of the Attorney General and Department of Justice should, within three (3) months of adoption of the report, ensure that a reconciliation of the cash bank balances is done and report submitted to the Auditor-General for audit; and</p> <p>(ii) Within three (3) months after adoption of the report, The DCI should, within three (3) months after adoption of the report, investigate and if found culpable recommend for prosecution Mr. Joseph N. Kosure the then Accounting Officer for failure to manage and properly hand over assets and liabilities of the defunct Commission in line with the provisions of Section 72 of the PFM Act 2012</p>	<p>i. The Solicitor General is following up with the reconciliation of cash and bank balances for audit review.</p> <p>ii. The DCI is yet to provide a report on the investigation of Mr. Joseph N. Kosure.</p>
	555.	<p>Unresolved Previous Year Issues (2014/2015)</p> <p>a) Unauthorized Excess Vote</p> <p>(i) The Cabinet Secretary National Treasury should invoke power assigned under section 13(1) (d) of the Public Finance Management, 2012 to compel Joseph. N. Kosure to provide within three months after adoption of this report, the basis for making a payment totaling Kshs 5,291,190 used for the purported procurement of advertising and flowers;</p> <p>(ii) Where there is no satisfactory explanation provided to the CS National Treasury and Auditor General within the stipulated time, Joseph. N. Kosure should be investigated with a view to prosecute for financial misconduct relating to incurring expenditure on behalf of that entity without lawful authority</p>	<p>i. Action by PS National Treasury against Mr. Kosure the CIC-Accounting Officer to misuse of Kshs. 5,291,190.00 is yet to be provided to Office of the Attorney General & Department of Justice.</p> <p>ii. The DCI to act and investigate this loss of Kshs. 5,291,190.00 to all parties involved and prosecute as appropriate.</p> <p>ii. No explanation has been provided on the financial misconduct of Mr. Joseph N. Kosure.</p> <p>i. The DCI is yet to carry-out an investigation and provide a report on the payment done.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>contrary to section 197(1) (h) of the Public Finance Management Act, 2012; and</p> <p>(iii)The DCI is directed to carry out an investigation relating to the payment totaling Kshs 5,291,190 used for the purported procurement of advertising and flowers with a view to establishing whether there was a breach of law and initiating prosecution against any person found culpable.</p>	
		<p>b) Cash and Cash Equivalents</p> <p>Accounting officers must ensure that they submit the financial statements not later than three months after the end of each financial year to the Auditor-General pursuant to the provisions of section 81(4)(a) of the Public Finance Management Act, 2012</p>	<p>The Accounting Officer is complying with all provisions of Sec. 81(4)(a) PFM Act 2012.</p>
		<p>c) Outstanding Imprests and Advances</p> <p>Accounting officers must ensure that they adhere to the provisions guiding the management of imprest under regulation 93 of the Public Finance Management Act, 2012.</p>	<p>Accounting Officer is complying with management of imprests advanced as per Sec. 93 PFM Act 2012.</p>
		<p>d) Fraudulent Procurement of Goods and Services</p> <p>(i) The Accounting Officer should institute measures to ensure that the agency always acts promptly on the Auditor General's management letters to forestall audit queries;</p> <p>(ii) The DCI should conclude investigations of this matter expeditiously; The Cabinet Secretary for the National Treasury a policy framework for wind up commissions that addresses pertinent public finance matters for smooth handing over.</p>	<p>Accounting Officer instituted measures to ensure Auditor General requirement are achieved by the office. The Cabinet Secretary and National Treasury to come with winding policy for all winding ups commission to avoid this backlash.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
			<p>budgetary challenge since the funds allocated were in the previous financial years.</p> <p>3. During the 18 months, it was established that the BVR system was not functional after the expiry of the original contract in October 2013. There was need to establish the functional and Technical status of the system by undertaking a comprehensive technical assessment and audit of the BVR system to inform the necessary intervention. This is because the system had been in operational i.e. dormant since 2013.</p> <p>4. It was necessary for the Commission to appreciate the actual status of the system versus the requirements of the Tender in 2013/2014.</p> <p>5. The technical assessment report informed the scope of the required intervention to enable the BVR system to restart and operate optionally. This led to the development of new terms of reference/technical specifications that informed the second tender.</p> <p>6. As per the law, the first Tender No. IEBC 2/2014-2015 was terminated before initiation of Tender No. IEBC 2/2014-2015 following due process.</p> <p>7. The Commission has put in place accounting and financial</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
			controls and procurement systems to enhance compliance with the Public Procurement and Assets Disposal Act as well as the circulars issued by the Public Procurement Regulatory Authority.
	558.3	<p>Vendor Support</p> <p>Accounting Officers must always ensure that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods and services pursuant to the provisions of section 68(2)(e) of the Public Finance Management Act, 2012.</p>	<p>The Tender No. IEBC 2/2014-2015 commenced in January 2014 when the Directorate of ICT (DICT) requested for the services to be procured. The process took over 18 months by the time the termination took place. Owing to the long period in the processing of the tender it was obvious to the Commission that a number of things had changed to the extent that they had affected the scope and the processes of that tender:-</p> <ol style="list-style-type: none"> 1. The procurement process had surpassed the Financial Year within which it had to be concluded. The Procurement commenced in 2013/2014 (the requisition was done in January 2014) and awarded by the Tender Committee in 2015/2016 (10th June 2015). This was going to present a budgetary challenge since the funds allocated were in the previous financial years. 2. The Commission required the express authorization by Canadian Commercial Corporation (CCC) on behalf of Canadian government had signed the initial government to government contract with the Government of Kenya in order to and before directly engaging with Safran Morpho.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
			<p>3. During the 18 months, it was established that the BVR system was not functional after the expiry of the original contract in October 2013. There was need to establish the functional and Technical status of the system by undertaking a comprehensive technical assessment and audit of the BVR system to inform the necessary intervention. This is because the system had been in operational i.e. dormant since 2013.</p> <p>It was necessary for the Commission to appreciate the actual status of the system versus the requirements of the Tender in 2013/2014.</p> <p>4. The technical assessment report informed the scope of the required intervention to enable the BVR system to restart and operate optionally. This led to the development of new terms of reference/technical specifications that informed the second tender.</p> <p>Given the above conditions, it is clear that the two tenders were not the same. In particular, the two tenders:</p> <p>a) Had different Tender numbers i.e. Tender No. IEBC 2/2014-2015 and Tender No. IEBC 2/2015-2016 respectively, since they were initiated in different Financial years.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
			<p>b) The Tender name was different.</p> <p>c) The scope and terms of reference were different.</p> <p>d) The negotiating teams were different.</p> <p>As per the law, the first Tender No. IEBC 2/2014-2015 was terminated before initiation of Tender No. IEBC 2/2014-2015 following due process.</p>
	559.1	<p>Irregular Payment of Legal Dues, Arbitration & Compensation</p> <p>The relevant investigative agencies under the law should carry out investigations relating to the propriety of the expenditure of Kshs. 1,054, 889,114.50 incurred for irregular payment of legal dues, arbitration & compensation with a view to instituting appropriate legal action against any person established to be culpable.</p>	<p>Matter does not fall under Commission's purview i.e the relevant investigative agencies.</p>
	559.2	<p>Use of Law Firms that were not prequalified</p> <p>The Commission paid Kshs.17,756,345 to five (5) law firms that were not prequalified and were single sourced contrary to Sections 78 to 85 (1)(b) of the Public Procurement and Disposal Act, 2005.</p> <p>Accounting Officers must always ensure that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods and services pursuant to the provisions of section 68(2)(e) of the Public Finance Management Act, 2012.</p>	<p>The Commission used the prequalification lists of other public entities as is permissible under Section 32 of the now repealed Public Procurement and Disposal Act, 2005.</p>
	559.3	Representation without Valid Contracts	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
		<p>Accounting Officers must always ensure that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods and services pursuant to the provisions of section 68(2)(e) of the Public Finance Management Act, 2012.</p>	<p>The Commission had entered into contract with all the firms before the payment of all legal fees. Duly approved letters of instructions were issued by the Commission to all the firms.</p>
	560.	<p>Nugatory Payment</p> <p>As reported in the previous year, the Commission paid Kshs.220, 400,000 for supply of 290 printers instead of 337 contracted. Information availed in the year under review indicates that due to the delay in payment, the supplier sued the Commission and an interest of Kshs.54, 223,524 was awarded for payment by the Commission. The Commission, therefore, incurred wasteful expenditure.</p> <p>Accounting Officers must always ensure that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods and services pursuant to the provisions of section 68(2)(e) of the Public Finance Management Act, 2012.</p>	<ol style="list-style-type: none"> 1. The Commission procured 290 printers from Office Technologies Ltd. 2. Due to inadequate support documentation, the Commission was unable to pay for the printers. 3. The amount therefore accrued as part of the pending bills which resulted from the 2013 general election. 4. Owing to failure and/or delay in payments, M/s Office Technologies sued the Commission successfully and was awarded the principal sum together with interest at commercial rates which amounted to Ksh 54 million. 5. The Commission made the payment via a court decree dated 11th July 2014 and 17th October 2014 and payment made to honour court orders cannot be regarded as a wasteful expenditure.
	561.	<p>Late Delivery of Election Materials</p> <p>Accounting officers must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of the PFM Act 2012.</p>	<ol style="list-style-type: none"> 1. The Commission has put in place accounting and financial controls and procurement systems to enhance compliance with the Public Procurement and Assets Disposal Act as well as the circulars issued by the Public

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
			<p>Procurement Regulatory Authority.</p> <p>2. The Commission has put in place accounting and financial controls and procurement systems to enhance compliance with the Public Procurement and Assets Disposal Act as well as the circulars issued by the Public Procurement Regulatory Authority.</p>
	562.	<p>Procurement of Air Tickets</p> <p>The Commission procured air tickets for foreign travel totaling Kshs.9, 247,782 through direct procurement contrary to Section 74 (3) of the Public Procurement and Disposal Act, 2005. In addition, two (2) firms which were not prequalified to supply air tickets were paid Kshs.5, 108,402.</p> <p>Accounting Officers must always ensure that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods and services pursuant to the provisions of section 68(2)(e) of the Public Finance Management Act, 2012.</p>	<p>1. The tickets were procured directly from vendors who are registered with the National Treasury under Access to Government Procurement Opportunities (AGPO) arrangement.</p> <p>2. The Commission has put in place accounting and financial controls and procurement systems to enhance compliance with the Public Procurement and Assets Disposal Act as well as the circulars issued by the Public Procurement Regulatory Authority.</p>
	563.	<p>Fixed Assets Register</p> <p>As reported in the prior year's audit report, the fixed assets register has not been updated to capture 68 Olympia generators and 1,329 solar panels which are lying idle in various regional offices of the Commission. In consequence, it is not possible to confirm that the carrying values of property, plant and equipment as stated in the financial statements reflect the fair values as at 30 June 2016.</p>	<p>IEBC updated its inventory to recognize the generators and solar panels in the Commissions' Asset register and reflected in the 2016/2017 financial statements.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
		It was resolved that any individuals who were adversely mentioned under the report in respect to the matter would be accorded an opportunity to be heard before the Committee.	
	564.1	<p>Contract for Supply, Delivery, Installation, Configuration, Training, Testing and Commissioning of Electronic Voter Identification Devices (EVIDS)</p> <p>The Committee would invoke Standing Order 89 and refrain from addressing the matter as was actively in court.</p>	<ol style="list-style-type: none"> 1. Matter is court/Awaiting court judgement. 2. Officers who perpetuated the illegalities have since been replaced at the Commission.
	564.2	<p>Procurement of Additional 4,600 Electronic Voter Identification Devices (EVIDs) Unsatisfactory matters were disclosed relating to irregular procurement of additional 4,000 EVIDS out of which 4,600 EVIDS were purportedly delivered.</p> <p>The matter was addressed extensively during the last session. The Committee marked the matter as unresolved.</p>	<ol style="list-style-type: none"> 1. Matter is court/Awaiting court judgement. 2. The Commission has put in place accounting and financial controls, systems, standards to enhance compliance with the stipulated laws and regulations. IEBC instituted special internal audits and took administrative actions on senior officers responsible.
	564.3	<p>Irregular Payment for Transportation of Election Materials</p> <p>The matter was addressed extensively during the last session. The Committee marked the matter as unresolved.</p>	IEBC has enhanced controls and management of transporting election materials by use of Postal Corporation of Kenya in 2017 General Elections.
	564.4	<p>Examination of Two (2) Payment Vouchers Totalling Kshs.79,106,538.</p> <p>The Commission irregularly made excess payment to a company for transportation of election materials totalling Kshs.46,496,478. The Commission also failed to provide procurement documents relating to the contract as required under Section 37 (a) (ii) of the then Public Audit Act, 2003.</p>	Applicable accounting and financial controls, systems, standards, laws and procedures have been enhanced.

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
		<p>The matter was addressed extensively during the last session. The Committee marked the matter as unresolved.</p>	
	564.5	<p>Examination of Payment Vouchers Nos. 396 and 386 Totalling Kshs.92, 342,000</p> <p>The Commission irregularly procured election materials worth Kshs.92,342,000 using quotations contrary to Section 26 (3) (b) of the Public Procurement and Disposal Act, 2005.</p> <p>The matter was addressed extensively during the last session. The Committee marked the matter as unresolved.</p>	<p>IEBC has since put in place control measures that have enhanced compliance and improved efficiency and effectiveness in the procurement system.</p>
	564.6	<p>Transfers to Burundi</p> <p>The Commission irregularly transferred 150 EVIDS to Burundi contrary to Section 26 of Independent Electoral and Boundaries Commission Act, 2011.</p> <p>The matter was addressed extensively during the last session. The Committee marked the matter as unresolved.</p>	<p>IEBC has since put in place control measures that have enhanced compliance and improved efficiency and effectiveness in the procurement system.</p>
	564.7	<p>Transfers to Ministry of Devolution.</p> <p>Unsatisfactory matters were disclosed relating to transfer of 200 Biometric Voter Registers (BVR) to the Ministry of Devolution contrary to Section 72 (3) of the Public Finance Management Act, 2012</p> <p>No recommendation given</p>	<p>196 BVR Laptops have since been returned to the Commission while the remaining 4 laptops are at Gigiri Police Station.</p>
	564.8	<p>Loss of Forty Eight (48) Bio- Metric Voter Register (BVR) at Emgwen Constituency, Nandi County</p> <p>48 BVRs were stolen from Kapsabet Warehouse, North Rift Region on 23 August 2014. This puts into doubt the</p>	<p>IEBC has since put in place control measures that have enhanced compliance and improved efficiency and effectiveness in the procurement system.</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTIONS TAKEN
		<p>security of data in terms of backup and unauthorized access.</p> <p>No recommendation given.</p>	

TEACHERS SERVICE COMMISSION

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/16	575	<p>Stores and Cash Losses</p> <p>Loss of Stores Ksh. 10,487,516</p> <p>During their sitting in the 11th parliament - 2016 the committee recommended that the Accounting Officer ensures that this matter is pursued in court to its logical conclusion and submits a status report to the National Assembly by 30th June, 2016.</p> <p>Cash Losses Ksh. 2,928,398</p> <p>During their sitting in the 11th parliament - 2016 the committee recommended that the Accounting Officer ensures that this matter is pursued in court to its logical conclusion and submits a status report to the National Assembly by 30th June, 2016</p> <p>Refund of PAYE Ksh. 128,392,939</p>	<p>Loss of Stores Ksh. 10,487,516</p> <p>(i) These were losses occasioned by theft of stores which the Commission followed up and the suspect was charged at the Kibera Law Courts vide O.B. NO.46/3/6/2013 with the offense of stealing by person employed in public service contrary to section 280 of the penal code.</p> <p>(ii) In response to the Commission's letter Ref: TSC/LS/004/Acc/10 /45 dated 21/3/2018 enquiring on the progress of the case, the prosecuting officer – Kibera Law Courts vide letter Ref: KBR/ODPPP/1 dated 21/3/2018 replied that the case is ongoing and the last hearing date was on 19th March, 2018 when it was adjourned to 25th July, 2018. Though the Commission does not have control over the progress of the case, our legal officer is following up on the matter to ensure that it is finalized as soon as possible.</p> <p>Cash Losses Ksh. 2,928,398</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
		<p>During their sitting in the 11th parliament-2016 on the PAYE matter, the Committee recommended that the Accounting Officer to urgently seek a meeting with the Commissioner General KRA, and resolve the issue. Progress on this matter to be also reported by 30th June 2016</p>	<p>(i) These were cash losses which occurred in the period 1988-2000 and the Commission followed up the matter in the Courts over several years culminating with the Investigating Officer's letter Ref: CID/IB/SEC/4/3/1/A/VOL.III/64 dated 5/9/2014 indicating the insurmountable challenges in charging the culprits.</p> <p>(ii) The Commission recommended for write off in the meeting held on 24/9/15 and has subsequently sought for the National Treasury's approval vide letter Ref: TSC/FIN/32/VOL.IX/34 dated 9/6/17, followed with a reminder Ref: TSC/FIN/60/VOL.IV/109 dated 30/1/18 before recognizing the write off in our books. No response has been received from the National Treasury as at the date of this write up.</p> <p>Refund of PAYE Ksh. 128,392,939</p> <p>(i) The Commission and Kenya Revenue Authority auditors held a meeting on 26/2/2016 to agree on the modalities of verifying the records and documents that supported the claim.</p> <p>(ii) As provided under section 59 of the tax Procedures Act 2015, KRA audited the original claim of Kshs. 128,392,939 on 24/3/2016.</p> <p>(iii) The claim was revised downwards to Kshs.46,060,915 vide their letter dated 9/8/2016 (Appendix III-j) and the Commission received the refund of Kshs.46,057,935.35 on</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
			<p>23/2/2018 from KRA vide their letter dated 1/3/2018. (Appendix III-k)</p> <p>(iv) The Commission has also sought approval for the write off of the un-recoverable balance of Kshs. 68,802,494.55 from the National Treasury vide letter Ref:TSC/FIN/32/VOL.IX/25 dated 10/4/17, (Appendix III-m) followed with a reminder Ref: TSC/FIN/60/VOL.IV/109 dated 30/ 1/18. (Appendix III-n) The Commission is seeking advice from the Committee.</p>
	576	<p>Property, Plant and Equipment</p> <p>(2) Motor vehicles Net Book Value of Ksh. 226,194</p> <p>During their sitting in the 11th parliament-2016 the Committee noted that had the Accounting Officer satisfactorily and timeously responded to the Auditor General's management letter, this matter would not have been an audit query.</p> <p>The Committee recommends that the Accounting Officer should institute measures to ensure that the Commission always acts promptly and satisfactorily on the Auditor General's management letters to forestall audit queries.</p> <p>The Committee also recommends full compliance with IPSAS provisions on depreciating assets by the Accounting Officer with disciplinary action to be taken on accountants who do not comply henceforth. This will be confirmed in the next audit report FY 2014-2015.</p>	<p>(2) Motor vehicles Net Book Value of Ksh. 226,194</p> <p>Revaluation of the two (2) Motor Vehicles whose net book value was Ksh. 226,194 by the Ministry of Public Works & Infrastructure is as follows:</p> <p>(i) GK A 814X- Nissan pick/up whose log book which got lost has since been replaced by NTSA. The vehicle was revalued at Ksh. 445,000 on 19/3/2018. (Appendix IV-q)</p> <p>(ii) This second vehicle registration KAR 246L- Nissan Urvan was repossessed from auctioneers. The original log book was submitted to KRA on 30/6/2011 to verify the rightful owner upon their request vide letter ref: KRA/RTD/TRANS-DUP/10027/0-11 dated 13/6/2011. The case is ready for</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
			<p>hearing after parties exchanged all pleadings.</p> <p>However, crucial documents filed by the Plaintiff are missing from the Court file and consequently, on 24th September, 2014 the Court directed that the documents be replaced forthwith. To date, the Plaintiff is yet to set down the suit for hearing hence the Commission (Defendant) has prepared an application to dismiss the suit for want of prosecution.</p>
	577	Mortgages and loans	<p>Mortgages and loans Kshs. 2,123,293,265</p> <p>The amount of Kshs. 2,123,293,265 relates to 3rd party payroll deductions to various banks and mortgage institutions. Mortgages and Bank loans is the tailored description of this ledger account in the GOK IFMIS but refers to amounts deducted from monthly salaries to clear the bank loans the employees had obtained . The breakdown of Kshs. 2,123,293,265 is at (Appendix V-w)</p> <p>The supporting schedule was availed to the Office of the Auditor General for verification during the audit of the 2016/2017 financial statements. The matter has been resolved.</p>

KENYA NATIONAL POLICE SERVICE COMMISSION

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATION BY PAC	ACTION TAKEN
2015-2016	578.	<p>Procurement of Group Medical Cover and Group Life/Accident Cover</p> <p>(i) Mr. Jairus Ojango Omumu, the Accounting Officer during the year under review should be held liable for failing to adhere to the provisions of Article 227 of the Constitution of Kenya, 2010 and Section 102 of the PPAD Act on the use of restricted tendering to award M/S Heritage Insurance the tender to provide medical insurance services for the Commissioners & Staff of National Police Service Commission (NPSC) at a cost of Kshs. 26,432,077;</p> <p>(ii) Mr. Jairus Ojango Omumu, the Accounting Officer during the year under review should be held liable for failing to adhere to the provisions of Article 227 of the Constitution of Kenya, 2010 and Section 102 of the PPAD Act on the use of restricted tendering to procure group life/accident covers from Disney Insurance Brokers Company at a cost of Kshs. 1,341,336 and extending the contract for a period of one year at of Kshs. 1,341,336/=; and</p> <p>(iii)The current Accounting Officer should issue a reprimand to the then head of procurement function unit for failure to adhere to the provisions of Section 152 PPAD Act 2015 which requires the head of the unit to effectively monitor, prepare and submit monthly progress reports to the accounting Officer on contracts including the group life/accident covers contract with Disney Insurance Brokers Company.</p>	<p>Since the Accounting Officer during the year under review Mr. Jairus Ojango Omumu left the commission, the current Accounting Officer has written to him communicating the findings by Public Accounts Committee.</p> <p>The Accounting Officer during the year under review Mr. Jairus Ojango Omumu ceased to be an employee of the Commission. However, the current Accounting Officer has written to him communicating the findings by Public Accounts Committee.</p> <p>The Accounting Officer has issued a letter to notify the former head of procurement function unit of the findings of PAC.</p>
	579.	<p>Compensation of Employees</p> <p>(i) The Accounting Officer should ensure that the entity keeps complete and reconciled financial and accounting records including up</p>	<p>(i) The Accounting officer has complied with the recommendation and section</p>

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>to date statement of receipts and payments that comply with provisions of Section 68(2) of the PFM Act 2012 and that the records are presented within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012; and</p> <p>(ii) The NPSC should at all times ensure that recruitment process at the Commission is open and transparent for all members of the public. Further, recruitment even if temporary for professional cadres such as research assistants, financial analysts, legal assistants, investigators, and software developers should always be advertised to afford opportunity to all qualified Kenyans.</p>	<p>68(2) of the PFM Act, 2012; and has ensured the Commission keeps complete and reconciled financial statements. The financial statements were presented to the Auditor General within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p> <p>The Commission had an unqualified audit report for the 2017-2018 financial year.</p> <p>The Accounting Officer has complied with the recommendations by ensuring that all vacant positions are advertised through the Newspapers and the Commission's Website to afford an opportunity to all qualified Kenyans to compete for the Positions.</p>
	580.	<p>Pending Bills</p> <p>Accounting Officers should at all times avoid incurring pending bills in any financial year since any pending bill forms a first charge in the subsequent financial year's budget thereby impeding smooth implementation of the subsequent budget.</p>	<p>The Accounting Officer is ensuring that the Commission suppliers for goods and services get their payments promptly in a move to avoid having pending bills.</p>
	581.	<p>Hospitality, Supplies and Services</p> <p>(i) Accounting Officers should ensure that the entity keeps complete and reconciled financial and accounting records including up to date statement of receipts and payments that comply with provisions of Section 68(2) of the PFM Act 2012 and that the records are presented within three (3) months after the</p>	<p>(i) The Accounting officer has complied with the recommendation and section 68(2) of the PFM Act, 2012; and has ensured the Commission complete and reconciled financial and accounting records including</p>

FINANCIAL YEAR	PARAGRAPH NO	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012;</p> <p>(ii) Accounting Officers should at all times avoid incurring pending bills in any financial year since any pending bill forms a first charge in the subsequent financial year's budget thereby impeding smooth implementation of the subsequent budget;</p>	<p>up to date statement of receipts and payments.</p> <p>The financial statements are presented to the Auditor General within three (3) months after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.</p> <p>The Commission received an unqualified audit report for the 2017-2018 financial year.</p> <p>The Accounting Officer is ensuring that all suppliers for goods and services get their payments promptly in a move to avoid having pending bills.</p>
	582.	<p>Unsupported/Disputed Payment of Rent and Parking Fees</p> <p>The Accounting Officer should ensure that all contracts entered into by the Commission are lawful and in strict compliance with all prevailing laws and regulations.</p>	<p>The Accounting officer endeavors to ensure all contracts entered in to by the Commission are lawful and in strict compliance with all prevailing laws and regulations.</p>

THE JUDICIARY OF KENYA

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
2015/16	528	<p>RECURRENT MATTER</p> <p>(i) The Accounting Officer (during the period under review) must, within three (3) months of adoption of this report, provide an explanation for failure to record payments totalling Kshs. 7,877,801 made</p>	<p>The payments totalling Kshs. 7,877,801 made to Jasrise Enterprises and Mima Books Limited on 30th September 2015 and 18th February 2016 were recorded in the cash book. The</p>

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>to Jasrise Enterprises and Mima Books Limited on 30th September 2015 and 18th February 2016 contrary to the provision of sections 197 (1) (k) and 6 (2) of the Public Finance Management Act, 2012.</p> <p>(ii) Where the Accounting Officer fails to provide an explanation, the Accounting Officer (during the period under review) should be reprimanded for failure to record payments totalling Kshs. 7,877,801 made to Jasrise Enterprises and Mima Books Limited on 30th September 2015 and 18th February 2016 pursuant to the manner provided under section 74 (4) (b) of the Public Finance Management Act, 2012</p>	extract of the cash book is attached (Annex 1) and the cash book is available for verification
	529	Accounting Officer must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provision of section 68(2) (n) of the Public Finance Management Act, 2012.	Matter marked resolved
	530	Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provision of section 68 (2) (n) of the Public Finance Act, 2012.	A listing of the pending bills and reasons for non payment have been provided to the audit office and verified (Annex 2)
	531	Accounting Officer must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provision of section 68(2) (n) of the Public Finance Management Act, 2012.	In the subsequent FY controls have been put in place to ensure there is timely production and availing of required documents by the audit office. e.g. an archivist have now been designated for this purpose at the accounts office.
	532	(i) Accounting Officer must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		<p>require to fulfil its functions pursuant to the provision of section 68(2) (n) of the Public Finance Management Act, 2012.</p> <p>(ii) Accounting Officer must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of PFM Act 2012.</p>	
	533	(i) Accounting Officer must at all times ensure that they avail supporting documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of PFM Act 2012.	At the time of initiating payment the IFMIS required that a purchase order be created in the system. This led to accounts department returning the documents to procurement department to create a purchase order in the system. When the document came to procurement the IFMIS system was experiencing technical hitches leading to more delays. The purchase order was later raised in February 2016 and payment done. This is explained to the audit office
		(ii) Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provision of section 68 (2) (n) of the Public Finance Management Act, 2012.	
	534	<p>(i) The Accounting Officer (during the period under review) must, within three (3) months of adoption of this report, provide an explanation to the Cabinet Secretary to the National Treasury for failure to avail the actuarial report indicating how the amount was computed for audit review contrary to the provision of sections 197 (1) (k), and 68 & (2) (1) of the Public Finance Management Act, 2012</p> <p>(ii) Where the Accounting Officer fails to provide an explanation, the Accounting Officer (during the period under review) should be reprimanded for financial misconduct through failure to avail the actuarial report indicating how the amount was computed for audit review of expenditure of Kshs. 122 million to the</p>	The explanation and actuarial report was later avail to the audit.(Annex 3)

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		Judicial Pension Scheme to cater for the loss caused by the freezing of past service pursuant to the manner provided under section 74 (4) (b) of the Public Finance Management Act, 2012.	
	535.1	<p>DEVELOPMENT MATTER</p> <p>The Accounting Officer must, within three (3) months of adoption of this report, ensure that they liaise with the Office of the Auditor General and submit evidence supporting its assertion with a view to indicating the appropriate cost of the contract signed between Dantax Enterprises and the Judiciary.</p>	Evidence to support the actual cost of the contract was availed to the audit office.(Annex 4)
	535.2	Accounting Officers must at all times ensure that they provide the Auditor General and any other office, where relèvant, with any information it may require to fulfil its functions pursuant to the provision of section 68 (2) (n) of the Public Finance Management Act, 2012.	Matter marked resolved
	535.3	Accounting Officers must at all times ensure that they comply with the principles of Public Finance to the extent that public money shall be used in a prudent and responsible way in compliance with the provision of Article 201 (d) of the constitution and section 68 of the Public Finance Management Act, 2012	Controls have been put in place to ensure there is timely production and availing of required documents by the audit office. In this case evidence of a dispute has been avail to the audit office.(Annex. 5)
	535.4	Accounting Officers must at all times ensure that they provide the auditor General and any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provision of section 68 (2) (n) of the Public Finance Management Act, 2012.	The project is still on-going hence the final accounts is yet to be prepared. This explanation was given to the audit office and agreed upon.
	535.5	Accounting Officers must always ensure that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods and services pursuant to	

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		the provision of section 68 (2) (e) of the Public Finance Management Act, 2012.	
	535.6	Accounting Officers must always ensure that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods and services pursuant to the provision of section 68 (2) (e) of the Public Finance Management Act, 2012.	Matter marked resolved
	535.7	<p>(i) The Accounting Officer (during the period under review) must within three (3) months of adoption of this report, provide an explanation to the Cabinet Secretary to the National Treasury for failure to provide for audit review the title deed or other ownership documents showing that the land on which Embu High Court stands belongs to the Judiciary contrary to the provision of sections 197 (1) (k) and 68 (2) (l) of the Public Finance Management Act, 2012.</p> <p>(ii) Where the Accounting Officer fails to provide an explanation, the Accounting Officer (during the period under review) should be reprimanded for failure to provide for audit review the title deed or other ownership documents showing that the land on which the Embu High Court stands belongs to the Judiciary pursuant to the manner provided under section 74 (4) (b) of the Public Finance Management act, 2012.</p>	The explanation given to the audit office is to the effect that the plot where the court stands has a Part development Plan (P.D.P).That a lot of effort has been done to acquire title deed. Lastly, there has never been dispute over the ownership of the land since the court was established in 1973
	536.1	Accounting Officers must always ensure that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods and services pursuant to the provision of section 68 (2) (e) of the Public Finance Management Act, 2012.	Matter marked resolved
	536.2	The Accounting Officer should, within six months of the adoption of this report, ensure that the Committee develops and automates	Efforts by the Judiciary to develop an automated asset register is now in progress as the

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		the Judiciary Asset Register with developing the Asset Register Management System for inventory control, asset and stores management to certify accountability and visibility of their assets.	committee and teams have been put in place and are continuously carrying out the exercise. An online module and platform had been developed by the ICT for this purpose as well.
	537	<p>GRANTS TRANSFER MATTER</p> <p>The National Treasury should, within three (3) Months of the adoption of this report, address the matter relating to independent boards appearing under “transfer to semi-autonomous agencies.</p>	The action had now been taken by the National Treasury (Annex 6) and had been availed to the audit office and corrective measure have been undertaken and henceforth the budget for independent agencies/Tribunals have now been itemised as advised by the audit office.
	538.1	<p>REVENUE MATTER</p> <p>Accounting Officer must at all times ensure that they provide the Auditor General and any other office, where relevant, with any information it may require to fulfil its functions pursuant to the provision of section 68(2) (n) of the Public Finance Management Act, 2012.</p>	Matter marked resolved
	538.2	Accounting Officers must always ensure that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods and services pursuant to the provision of section 68 (2) (e) of the Public Finance Management Act, 2012.	Matter marked resolved
	538.3	Accounting Officers must at all times ensure that they comply with the principles of public finance relating to financial management and fiscal reporting as set out in the management of public resources in compliance with the provision of article 201 of the Constitution and the Public Finance Management Act, 2012.	A task force has been formed to ensure proper reconciliation of all courts deposits are done on time. The specific station now delinked (Annex 7) submits reconciliation reports on monthly basis. Samples and evidence of the same had been availed to the audit office.

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	539	The committee urges the DCIO to ensure that it completes its investigation with a view to prosecuting any persons that is identified as having acted contrary to the law.	The officer involved was interdicted and the matter is now under Directorate of Criminal Investigations. In additions strong internal controls have been put in place under the supervision of the Regional Assistant Director of finance (Annex.8)
	540.1.1	Accounting Officers must at all times ensure that they provide the Auditor General and any office, where relevant, with any information it may require to fulfil its functions pursuant to the provision of section 68 (2) (n) of the Public Finance Management Act, 2012.	Matter marked resolved
	540.1.2	Accounting Officers must at all times ensure that they provide the Auditor General and any office, where relevant, with any information it may require to fulfil its functions pursuant to the provision of section 68 (2) (n) of the Public Finance Management Act, 2012.	All stations now maintain a list of authorised officers to collect accountable documents. The same are appointed by the Head of station who is the AIE holder and the lists have been availed to the audit office for review.
	541	Accounting Officers must at all times ensure that they are responsible for the management of the entity's assets in a way which ensures that the national government entity achieves value for money in acquiring, using and disposing of those assets pursuant to the provision of section 72 (1) of the Public Finance Management Act, 2012.	Matter marked resolved
	P.542	Accounting Officers must at all times ensure that they provide the Auditor General and any office, where relevant, with any information it may require to fulfil its functions pursuant to the provision of section 68 (2) (n) of the Public Finance Management Act, 2012.	Matter marked resolved
	543.1	<p>DONOR FUNDED MATTER</p> <p>The Accounting Officer should, within three (3) months of the adoption of this report</p>	All construction projects are being carried out on existing

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		table a report before parliament indicating the status of the process of acquisitions of land titles for the eight (8) construction projects at various stations at KSHS. 1,021,423,949.	Judiciary land and have allotment letters for the same. The issue of title is being pursued by the management and have written to National Lands Commission to fast track the same (Annex.9)
	543.2.1	Within three months of adoption of this report, The Accounting Officer should, within three (3) months of the adoption of this report, table a report before parliament indicating the status of the process of acquisition of land titles for the eight (8) construction projects at various stations valued at ksh 1,021,423,949.	
	543.2.2	Accounting Officers must always ensure that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods and services pursuant to the provision of section 68 (2) (e) of the Public Finance Management Act, 2012.	Matter marked resolved
	544	Accounting Officers must always ensure that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods and services pursuant to the provision of section 68 (2) (e) of the Public Finance Management Act, 2012.	Matter marked resolved
	545	Accounting Officers must always ensure that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods and services pursuant to the provision of section 68 (2) (e) of the Public Finance Management Act, 2012.	The 36 tablet computers had not been delivered to the Judiciary by the Contractor at the time of the audit. In this regard, the project management has taken steps to terminate the contract for supply of the 36 tablet computers. A request to terminate the contract was submitted to the Judiciary Tender Committee (JTC) on 20 September 2016 (Annex 11). The contract was latter terminated by the JTC.
	546	(i) Accounting Officer must at all times ensure that they avail supporting	All the thirteen vehicles were delivered and distributed as per

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATION BY PAC	ACTION TAKEN
		documentation to the financial statements within (3) three months after the end of the financial year pursuant to section 68 (2) (k) of PFM Act 2012.	the needs of the Judiciary. The S13 were shared with audit office for verification.
		(ii) Accounting Officers must at all times ensure that they provide the Auditor General and any office, where relevant, with any information it may require to fulfil its functions pursuant to the provision of section 68 (2) (n) of the Public Finance Management Act, 2012.	
	547	Accounting Officers must at all times ensure that they prepare annual cash flow which shall be broken down into three months rolling basis and shall be adjusted to reflect any implementation realities in consultation with the National Treasury pursuant to the provision of regulation 44 (3) of the Public Finance Management (National Government) Regulations, 2015.	Matter marked resolved

PARLIAMENTARY SERVICE COMMISSION

FINANCIAL YEAR	PARAGRAPH NO.	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/2016	565.	<p>Stalled refurbishment and petitioning of offices at Harambee Co-operative Plaza.</p> <p>The Project manager should certify the contract of refurbishment and portioning of Harambee Co-operative Plaza as frustrated and proceed to calculate the cost of work actually done so far in order to close the matter.</p>	Contract was terminated and final account prepared but has not been settled.

2016

566.

Interest on delayed payment

That PSC should not focus on building internal capacity for public works supervision as it would make it deviate from its core mandate and unnecessarily increase the recurrent expenditure of the Commission

No action has been taken on this matter. The submission of Certificates of works completed by the project manager has since improved but delay in release of exchequer by the National Treasury still persists. Interest on delayed payment will still be

END

