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SPECIAL AUDIT REPORT ON
KENYATTA UNIVERSITY ACCOUNTS FOR
FINANCIAL YEARS 2018/2019 TO 2020/2021



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FOREWORD BY THE AUDITOR-GENERAL

This Special Audit Report responds to a request by the Public Accounts Committee of the National Assembly, through letter Ref: NA/AA&OSC/PIC-G&E/2023/(083), dated 17 October, 2023, to the Auditor-General to undertake a Special Audit of Kenyatta University Accounts for the Financial Years 2018/2019 to 2020/2021.

The objective of the Special Audit was to confirm Kenyatta University's governance and management of projects, budget and budgetary controls for projects and financial and expenditure related issues. The Special Audit was limited to the Terms of Reference issued by the National Assembly. The Special Audit was carried out at the Kenyatta University Main Campus and Kigali Campus.

The Auditor-General carried out the Special Audit in accordance with Article 229, Article 252 (1)(a) and Article 254 (2) of the Constitution of Kenya, 2010. Further, Section 37 of the Public Audit Act, 2015 provides that the Auditor-General, may upon request by Parliament, conduct forensic audits to establish fraud, corruption or other financial improprieties.

The Special Audit Report is submitted to Parliament in accordance with Article 229(7) of the Constitution of Kenya, 2010 and Section 39(1) of the Public Audit Act, 2015. I have remitted copies of the report to the Chief of Staff and Head of the Public Service, the Principal Secretary, The National Treasury, Principal Secretary, State Department for Higher Education and Research, and the Vice Chancellor, Kenyatta University.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

29 May, 2025

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List of Abbreviations

Abbreviation	Full Description
AO	Accounting Officer
DVC	Deputy Vice Chancellor
HEC	Higher Education Commission
KU	Kenyatta University
KUTRRH	Kenyatta University Teaching, Referral and Research Hospital
LPO	Local Purchase Order
OAG	Office of the Auditor-General
TORs	Terms of Reference
PV	Payment Voucher
VC	Vice Chancellor

1. EXECUTIVE SUMMARY

1.1 Introduction and Background

- 1.1.1 On 17 October, 2023, the National Assembly, vide letter Ref: NA/AA&OSC/PIC-G&E/2023/ (083), requested the Auditor-General to carry out a Special Audit on Kenyatta University (KU) Accounts for the financial years 2018/2019 to 2020/2021.
- 1.1.2 The Auditor-General carried out the Special Audit in accordance with Article 229, 252(1)(a) and Article 254(2) of the Constitution of Kenya, and Section 37 of the Public Audit Act, 2015 which provides that the Auditor-General may, upon request by Parliament, conduct forensic audits to establish fraud, corruption or other financial improprieties.
- 1.1.3 Kenyatta University has over the years established new schools and Constituent Colleges. In this pursuit, Jomo Kenyatta University College of Agriculture and Technology became a Constituent College of Kenyatta University in 1988 and in 1998 a fully fledged University, Jomo Kenyatta University of Agriculture and Technology (JKUAT). In 2007, Pwani University College in Kilifi was established as a Constituent College. It became Pwani University, a fully-fledged University in January, 2013. Machakos University College established in 2009 became a fully-fledged University, Machakos University in 2016. Mama Ngina University College was established in 2017.

1.2 Audit Objective

- 1.2.1 The objective of the special audit was to confirm the Kenyatta University's governance and management of projects, budget and budgetary controls for projects and financial and expenditure related issues for the financial years 2018/2019 to 2020/2021.

1.3 Terms of Reference

1.3.1 The following Terms of References (TORs), derived from the request by the National Assembly, guided the special audit: -

a. Governance and Management Issues:

- i. Review the approval processes of projects by the University Council and Management.

b. Budget and Budgetary Controls:

- i. Review the budget processes and controls; and
- ii. Determine the source and availability of funds for projects.

c. Financial and Expenditure Related Issues:

- i. Establish whether the conceptualization and procurement planning for the projects was adequately done;
- ii. Establish whether the procurement processes were in line with the applicable procurement laws and regulations; and
- iii. Establish the eligibility of the amounts paid to the contractors and consultants for the projects.

1.4 Scope of Work and Challenges

1.4.1 The special audit was limited to the TORs issued by the National Assembly on 17 October, 2023. The audit was carried out at the Kenyatta University Main Campus and Kigali Campus.

1.4.2 Some of the challenges encountered by the Audit Team included:

- i. Delay in provision of information as Officers scheduled for interviews by the Audit Team were not available at the requested time; and
- ii. Some documents were not provided on time or were not provided at all.

1.5 Methods of Data Collection

1.5.1 Various meetings were held between the Audit Team and the Management of Kenyatta University in order to gather audit evidence on the Terms of Reference. Entry and exit meetings were held with the Kenyatta University Management on

30 July, 2024 and 28 January, 2025, respectively. Further, the Audit Team gathered audit evidence through document review, analytical review and physical verification.

1.6 Summary of Audit Findings

A. Governance and Management Issues

Review of the Approval Process

i. Projects not Approved by the University Council

- 1.6.1 An interview held between the Audit Team and the Ag. Vice-Chancellor on 5 August, 2024, revealed that projects at Kenyatta University were initiated from different levels. The projects could either be initiated by user departments or various schools. Management also identified strategic projects. The Board of Management would convene meetings where they would propose and recommend to the University Council the needs of user departments and Management for approval.
- 1.6.2 Review of audited Kenyatta University financial statements for the financial year ended 30 June, 2021 revealed capital work in progress of Kshs.805,144,606, which included Kshs.733,589,833 in respect of twelve (12) projects. However, documents on approval of the twelve (12) projects by the University Council were not provided for audit.

ii. Failure to Obtain Prior Approval in Establishment of Kenyatta University, Kigali Campus

- 1.6.3 Review of minutes of the 6th Regular Meeting of the Finance, Building and Development Committee of the 9th Kenyatta University Council held on Tuesday 9 June, 2015, revealed that the Committee considered and approved the establishment of a Campus in Kigali. However, no evidence was provided to prove that Kenyatta University sought and obtained the required approval on

establishment of the campus, as required by Section 20(2A) of the Universities Act No.42 of 2012 and Section 87(1) of the Public Finance Management Act, 2012.

- 1.6.4 A letter Ref: KU/VC/MHE/D23/VOL.1 dated 18 July, 2016 from KU to the Cabinet Secretary, Ministry of Education, Science and Technology, through the Principal Secretary, State Department for Higher Education, provided a report on the purchase of the Kigali Campus property. In the report, the University requested the Ministry of Higher Education, Science and Technology and The National Treasury to review the Kigali Campus Business Plan and approve it post facto. Further, the letter requested the Ministry of Education, Science and Technology to give authority to the KU Management to operate a campus in Rwanda.
- 1.6.5 The Audit Team noted that Kenyatta University sought approval from the Ministry of Education post facto, on 18 July, 2016. This was after Kenyatta University had already purchased the Rwanda property on 3 August, 2015 and had applied and been issued with an investment certificate on 5 August, 2015.

iii. Failure to Provide the Feasibility Study and Due Diligence Report for the Kenyatta University Kigali Campus

- 1.6.6 Kenyatta University established a campus in Kigali, Rwanda in 2015. A request for the feasibility study and due diligence report to support the need for the establishment of the Campus was not provided.
- 1.6.7 Failure to carry out a feasibility study and conduct proper due diligence resulted in the University incurring irregular costs amounting to Kshs.511,144,181. The costs relate to purchase of land and buildings, legal costs, valuation costs, works and office expenses, including staff costs for a project that did not commence operations.

iv. Failure to Prepare Financial Statements

- 1.6.8 Section 47(1) of the Universities Act, 2012 states that a public university shall cause to be kept all proper books of records of accounts of the income, expenditure and the assets of the University.

- 1.6.9 Kenyatta University registered the Kenyatta University Limited Rwanda, Company Code 103721252 on 12 August, 2015. The purpose of the Company incorporated in Rwanda was to oversee the operations of the KU, Kigali Campus.
- 1.6.10 The Audit Team noted that the Company is still registered and has active Directors, however, no evidence of preparation of financial statements by the Kenyatta University Limited was provided for review. Further, there was no evidence to show that the Company filed annual returns, either in Kenya or Rwanda.

v. Holding Negotiations before Valuation of the Property for the Kenyatta University Kigali Campus

- 1.6.11 The then Vice Chancellor (VC) appointed a three (3) member negotiations committee on 2 June, 2015 to negotiate the price for the purchase of the property identified for the Kigali Campus.
- 1.6.12 According to an internal memo dated 18 June, 2015 and referenced KU/REG/FIN/70/VOL.2 from the Chairman of the Negotiations Committee to the VC, a meeting was held on 16 June, 2015 between the Committee and the owner of the property, Mr. Segatabazi Protais.
- 1.6.13 After discussions, the vendor indicated that the lowest he could sell the property was USD3,000,000 from the initial offer of USD3,600,000. The Committee therefore, recommended that the University gives a counter offer of USD3,000,000 and also seek the services of both a government and private valuer for the property. Thereafter, on 26 June, 2015, Mr. Segatabazi Protais wrote to KU accepting the offer to sell the property at USD3,000,000.
- 1.6.14 Kenyatta University engaged the services of two (2) valuers certified by the Institute of Real Property Valuers of Rwanda to value the property. These were: Eng. Munyabugingo Bonaventure, who was identified through quotation 004/2015, and valued the property on 9 July, 2015 at USD3,201,631 at a fee of

Kshs.234,458.60; and Eng. Rutazana Jerome, who valued the property on 10 July, 2015 at USD3,676,746). Eng. Rutazana was identified through request for quotation as per Internal Memo Ref: KU/PD/GF/XIV/487 dated 30 June, 2015 at a fee of Kshs.128,067.

- 1.6.15 The audit revealed that the valuation of the property was requested for on a date later than the negotiations and agreement for purchase of the property. Therefore, the basis of the negotiations could not be confirmed.

B. Budget and Budgetary Controls

I. Review of Budget Processes and Controls

Non-Compliance with the Budget Process - Failure to Provide Budget Estimates Presented to the Ministry of Education for Approval

- 1.6.16 Review of the University Council approved budgets for the financial years 2014/2015 to 2022/2023 revealed that Kenyatta University budgeted for projects totaling Kshs.1,732,000,000.
- 1.6.17 An interview carried out between the Audit Team and the Head of Finance, Kenyatta University on 5 August, 2024 revealed that the projects were to be funded from internally generated revenue. Further, the Chief Finance Officer indicated that after the budget circular is released, the Finance Department circularizes, prepares and presents the budget estimates to the University Council within the set deadlines. The budget is then presented to the Ministry of Education for approval, after approval, it is then allocated, rationalized and circulated to departments. However, budget estimates presented to the Ministry of Education for approval were not provided for audit.

II. Source and Availability of Funds for Projects

i. Under Budgeting for Projects

- 1.6.18 The Audit Team reviewed the budgetary allocation for the stalled projects against the approved Bills of Quantities and noted that there was under budgeting for two (2) projects.

1.6.19 Review of the approved budgets for the KU Recreation Centre and the Kenyatta University Children's Hospital revealed that the projects were allocated budgets of Kshs.77,000,000 and Kshs.871,500,000, respectively. This was against approved Bills of Quantities of Kshs.441,532,810 and Kshs.1,926,869,863, respectively. This therefore, resulted in underbudgeting for the two (2) projects by Kshs.1,419,902,673.

ii. Unutilized Budgetary Allocation

1.6.20 Review of the approved budgets for the projects revealed that six (6) of the stalled projects had budgetary allocation, and had not exhausted the budgeted amounts totaling Kshs.285,070,193.

1.6.21 The KU Management did not provide information or explanations on the balance of Kshs.285,070,193, which had been budgeted for but not utilized.

iii. Payments Made Outside Budgetary Allocation

1.6.22 Review of the approved budgets for the projects revealed that four (4) of the stalled projects had payments made above the approved budgetary allocation, totaling Kshs.172,945,431.

1.6.23 The KU Management did not provide information on the source and approval of Kshs.172,945,431, which had been paid above the approved budgetary allocations.

C. Financial and Expenditure Related Issues

I. Conceptualization and Procurement Planning for Projects

1.6.24 For the period under review, KU initiated eleven (11) projects which later stalled due to various reasons. An interview carried out on 5 August, 2024 between the Audit Team and the Head of Finance, Kenyatta University revealed that the projects were either identified by the Management Board, University Senate or the relevant departments. Further, after the projects were identified, project proposals were prepared by the University's Management and submitted to the University Council for approval.

- 1.6.25 An Internal Memo from the Dean, School of Architecture and Built Environment, to the VC, dated 31 May, 2016 and referenced KU/RCSABE/DVCAD/5/Vol.1/77, stated the need to construct the School of Architecture building at the main campus, beginning July, 2016. This was due to expected intake in September, 2016 and the subsequent years, which would result in an increased demand for lecture halls, studios and seminar rooms.
- 1.6.26 However, user requisition and KU Management minutes proposing the identified projects to the University Council were not provided for audit.

II. Non-Compliance with Applicable Procurement Laws and Regulations

i. Projects not Factored in the Procurement Plans

- 1.6.27 Review of the approved procurement plans for the period under review, revealed that eight (8) out of twelve (12) projects were not factored in the procurement plans.

ii. Mismatch Between Procurement Plans and Budgets

- 1.6.28 Comparison of the procurement plans and budgets for eleven (11) projects revealed that some projects were overbudgeted by Kshs.713,000,000, while the School of Business was underbudgeted by Kshs.8,000,000.

III. Eligibility of Amounts Paid to Contractors and Consultants for Projects

i. Unsupported Overpayment in the Acquisition of the Property in Kigali, Rwanda

- 1.6.29 A sale agreement between Segatabazi Protais and Uwantege Jacqueline for the Vendor, and KU as the buyer, was entered into on 3 August, 2015. Review of the sale agreement revealed that KU procured a property in Kigali, Rwanda at an agreed cost of Kshs.307,790,940. However, a comparison between the payment vouchers used to process the payment for the property and the bank statements revealed that KU made extra payments totaling Kshs.7,524,060, which were neither explained nor supported.

ii. Unsupported Expenditure for the School of Architecture

1.6.30 As at the time of audit, construction of the School of Architecture Project had not commenced. The KU Management explained that the project was still at the design stage. Review of invoices for the Project revealed that KU made payments totaling Kshs.10,482,258 to DLR Group for consultancy fees, outline, proposal, design and tender issuance for the School of Architecture. However, documentation on how the DLR Group was identified, the scope of work they were to perform and the contract agreement were not provided for audit. Further, no evidence was provided to show that the deliverables agreed upon were performed, to warrant the payment. In the circumstances, the eligibility of Kshs.10,482,258 paid to the contractor could not be confirmed.

iii. Unsupported Expenditure for the Stadium Complex Project

1.6.31 As at the time of audit, the Stadium Complex project had not commenced. The KU Management explained that the project was still at the design stage. Review of invoices revealed that KU made payments totaling Kshs.9,685,641 to DLR Group for consultancy fees for a proposal outline for Stadium Complex. However, documentation on how DLR Group was identified, the scope of work they were to perform and the contract agreement were not provided for audit. Further, no evidence was provided to show that the deliverables agreed upon were performed to warrant the payment. In the circumstances, the eligibility of Kshs.9,685,641 paid to the contractor could not be confirmed.

iv. Unaccounted-for Expenditure for the Kenyatta University Recreation Centre

1.6.32 Review of payment vouchers provided for audit for the financial year 2014/2015 revealed that payments totaling Kshs.7,088,284 were not approved by the Registrar or Chief Finance Officer.

1.6.33 Further, review of payment records provided for audit for the financial year 2014/2015 revealed that the Kenyatta University Accounting System reported payments totaling Kshs.60,101,010, in respect to the construction of the Kenyatta University Recreation Centre. However, stores records revealed that project costs

amounting to Kshs.56,297,048 had been incurred in respect to the Project, resulting to an unreconciled variance of Kshs.3,803,962.

1.6.34 In addition, the Kenyatta University Accounting System reported payments totaling Kshs.60,101,010, which differed with the payment vouchers provided for review, amounting to Kshs.19,261,364. This resulted to an unaccounted-for payment of Kshs.40,839,646. It was further noted that the payments were not supported by progress reports by the project implementation team or inspection and acceptance committee reports.

v. Unaccounted-for Expenditure for Underground and Elevated Water Tanks

1.6.35 Review of payment records provided for audit revealed that the Kenyatta University Accounting System reported payments totaling Kshs.51,099,808 in respect to construction of an underground water tank and an elevated water tank at the Kenyatta University Teaching, Referral and Research Hospital (KUTRRH). However, work in progress records as at 31 June, 2021 revealed that project costs amounting to Kshs.77,429,037 had been incurred in respect to the projects, resulting to an unreconciled variance of Kshs.26,329,229.

1.6.36 Further, the system reported payments totaling Kshs.51,099,808 which had a variance with the payment vouchers provided for review. The variance amounted to Kshs.39,024,081, resulting to an unaccounted-for payment of Kshs.12,075,727. It was also noted that the payments were not supported by progress reports by the project implementation team, inspection and acceptance committee reports or project completion certificates.

vi. Unreconciled Variance for the Construction of a Perimeter Wall

1.6.37 Review of payment records provided for audit revealed that the Kenyatta University Accounting System reported payments totaling Kshs.11,759,882 in respect to construction of a perimeter wall at the Kenyatta University Teaching, Referral and Research Hospital. However, work in progress records revealed that project costs amounting to Kshs.64,669,351 had been incurred in respect to the construction of the perimeter wall, resulting to an unreconciled variance of

Kshs.52,909,469. Further, system reported payments totaling Kshs.11,759,882 had a variance with the payment vouchers provided for review, amounting to Kshs.822,500, resulting to an unaccounted-for payment of Kshs.10,937,382.

vii. Unsupported Expenditure for Central Stores

- 1.6.38 According to an Internal Memo from the University Architect to the Vice-Chancellor dated 10 June, 2015, Ref: KU/Arch/Vol.1/115(5), whose subject was Proposed Extension of Central Stores Drawings, the University Architect sought approval for the drawings from the Vice-Chancellor. The VC approved the drawings on 11 June, 2015.
- 1.6.39 The Audit Team reviewed the AccPac System and noted that Kshs.18,762,851 was paid in respect to extension of the central stores project. Further, the Audit Team reviewed the payment records provided in respect to the central stores amounting to Kshs.18,768,359. It was observed that the payments related mainly to wages for casual workers, however, the payments were not supported by respective signed attendance registers.

viii. Unaccounted-for Expenditure for the School of Business

- 1.6.40 Review of work-in-progress records revealed that project costs amounting to Kshs.91,630,441 had been incurred in respect to the School of Business Project. The project costs had a variance with the payment vouchers provided for review amounting to Kshs.18,956,651, resulting to an unaccounted-for payment of Kshs.72,673,790.

ix. Use of In-House Construction without Justification and Approval

- 1.6.41 Review of project files provided for audit revealed that Kenyatta University used in-house construction/sourcing in construction of Kenyatta University Projects. A project management team was established to oversee the implementation of the projects. Materials and labor for construction of the Kenyatta University projects were sourced locally without following the prescribed procurement methods.
- 1.6.42 Further, an interview conducted on 5 August, 2024 between the Audit Team and the Head of Procurement revealed that projects were done in-house or a

contractor was sought to implement the projects. The Head of Procurement indicated that for in-house construction of projects, the project management team was responsible for overseeing the project implementation. He indicated that a quantitative justification was issued by the Procurement Head in form of professional opinion on whether the reason of adopting in-house sourcing was to save cost or ensure there was value for money.

1.6.43 However, written approval by the Tender Committee and professional opinion issued by the Head of Procurement recommending the approval of use of in-house construction in the implementation of Kenyatta University projects were not provided for audit review.

x. Lack of Documentation for the Formation of the Kenyatta University Construction Company

1.6.44 An interview carried out on 5 August, 2024 between the Audit Team and the Head of Finance, Kenyatta University revealed that the Kenyatta University Construction Company Limited was established by the University to comply with the National Construction Authority (NCA) requirements. Although the National Construction Authority Certificate for Category 1 for the Kenyatta University Construction Company Limited was provided for audit review, documentation on the formation of the Kenyatta University Construction Company and its role in project implementation was not provided for audit review.

xi. Unsupported Procurement of Consultancy Services

1.6.45 Review of procurement documents provided for audit revealed that Kenyatta University procured consultancy services using the request for proposal method for; structural and civil works, mechanical and electrical engineering, geotechnical surveys and architectural drawings for the proposed Kenyatta University Recreation Centre, at a total contract sum of Kshs.32,000,000.

1.6.46 Review of the tender evaluation minutes for the procurement of four (4) consultancy services revealed that the tender evaluation reports were not signed by all the committee members and were also not initialed on each page by the

tender evaluation committee members. Further, the tender documents were not provided for review.

xii. Irregularities in Procurement of Material Supplies and Hire of Machinery

- 1.6.47 Review of payment vouchers and other supporting documents for the construction of the Kenyatta University Recreation Centre revealed that procurement of building materials and hire of machinery amounting to Kshs.13,376,564 was through the direct procurement method.
- 1.6.48 The Project Manager requisitioned for the supply of materials and machinery hire, which after approval by the Deputy Vice Chancellor, a local purchase order was issued to a supplier for supply of materials and hire of machinery for foundation and excavation works of the project. However, documentation on the procurement process indicating how the suppliers were sourced, and the justification for use of the direct procurement method in award of contracts for material supplies and hire of machinery were not provided for audit review.
- 1.6.49 Further, there was no written approval by the tender committee indicating reasons for using direct procurement for supply of materials and hire of machinery for excavation works. In addition, review of contract documents provided for audit revealed that hire of similar machine services were awarded to suppliers at different rates, without justification on how the rates were arrived at. Clearly defined requirements for the services requisitioned were not provided for audit review.

xiii. Lack of Inspection and Acceptance Committee Minutes for Materials Supplies and Hire of Machinery

- 1.6.50 Review of payment vouchers and other supporting documents provided for audit on the construction of the Kenyatta University Recreation Centre revealed that materials supplied for foundation works and machinery hired for excavation works totaling Kshs.13,376,564 were not inspected by an inspection and acceptance committee in order to confirm whether they were of the right quality and quantity. Further, appointment letters for the inspection and acceptance committee members were not provided for review.

xiv. Local Purchase Orders Issued after Delivery of Goods

1.6.51 Review of payment vouchers and other supporting documents provided for audit revealed that local purchase orders totaling Kshs.8,502,500 were issued for supply of materials and hire of machine services after the receipt of goods and services.

xv. Receipt of Goods and Services Beyond the Local Purchase Order Validity Period

1.6.52 Review of procurement documents provided for audit revealed that machine hire services totaling Kshs.960,000 were received after the lapse of the Local Purchase Order validity period of 30 days.

xvi. Observations on the Construction of an Access Road from Thika Superhighway to Unicity Mall Service Lane

1.6.53 Ms. Kodaji Building and Construction Works Ltd was contracted to construct an access road from Thika Superhighway to Unicity Mall service lane, through a contract Ref No. KU/TNDR/W/191/PAR-UCM/2017-2018, dated 6 July, 2018 for a contract sum of Kshs.21,533,654. The contract was directly procured and awarded on 8 June, 2018 without competition.

1.6.54 The performance bond for the construction of an access road joining Thika Superhighway to Unicity Mall service lane for the contractor expired on 30 April, 2019. However, the works were not complete and Management did not revoke the contract to avert the loss. This is contrary to Section 19.8 on Special Conditions on the Contract that stated liquidated damages at Kshs.40,000 per week.

1.6.55 In a letter dated 12 July, 2019 the VC instructed the contractor to vacate the site within fourteen (14) days since the contract period had lapsed. However, the contract was not terminated and it was not clear why Management instructed the contractor to leave the site without following due process, as stipulated in the contract.

1.6.56 Further, it was noted that the VC sent an award letter dated 1 February, 2020 to Yowma Investment Ltd for construction works, road marking and road signage for

the access road from Thika Superhighway , at a cost of Kshs.731,960. However, there were no procurement documents provided for audit.

As per the internal memo dated 25 November, 2020, the project engineer wrote to DVC Finance requesting for approval for an expenditure of Kshs.113,544, to cater for the project's remaining works. The request was approved, however, the scope of works was not specified. There was no inspection and acceptance report for the work done and a completion certificate was not issued.

xvii. Observations on the School of Business

- 1.6.57 The tender for design of the School of Business was approved by the DVC Finance and Development, for invitation of prequalified suppliers to bid on 4 October, 2013. Nine (9) bidders responded as per the tender opening report dated 16 December, 2013. However, there was no appointment of the tender opening committee. Further, it was noted that in the tender evaluation, the tender was referenced as KU/PRO/68/SOB/2013/2014, while the award letter, reference was KU/PRO/30/PSE/2013/2014. This discrepancy was not explained.
- 1.6.58 Review of the minutes of the 6th Regular Meeting of the 9th Kenyatta University Council held on 4 April, 2014 revealed that the School of Business Project was not part of the ongoing or planned projects. The audit revealed that although the project was included in the original budget with an amount of Kshs.100,000,000, the project was not incorporated in the final budget. The project was therefore, not budgeted for in the financial year 2013/2014.
- 1.6.59 The audit revealed that between FY 2015/2016 to 2017/2018, the School of Business was allocated Kshs.94,000,000 in the budget and payments amounting to Kshs.91,000,000 were made in respect to its construction of the during the same period.
- 1.6.60 The University's Management held a special meeting, chaired by the Vice Chancellor, on 25 January, 2014 to deliberate on the design competition for the tender of the School of Business Project. The meeting proposed the budget of Kshs.250,000,000 for the project. Further, the meeting decided to reward all the

bidders with a token of appreciation for participating in the exercise; the winning bidder Kshs.150,000, second bidder Kshs.100,000, third bidder Kshs.75,000, and the other six (6) bidders Kshs.50,000 each. This was misappropriation of public funds, as there was no value for money in the expenditure amounting to Kshs.625,000, utilized as a token of appreciation to the bidders. In addition, the minutes of the meeting were only signed by the VC, who chaired the meeting, and there was no evidence of tender evaluation in the signed minutes.

- 1.6.61 Review of the minutes dated 25 March, 2014 revealed that the University's Management engaged JW Arch Plans for a negotiation on the design of the School of Business Project. The minutes indicated that the cost of the Project was estimated to be Kshs.250,000,000. The architectural company had charged a fee of 4.5% of the estimated cost, totaling Kshs.11,250,000. The Negotiation Committee negotiated the fee to 3.5%, inclusive of VAT, which totaled Kshs.9,054,000. However, recomputation of the 3.5% of Kshs.250,000,000 resulted to an amount of Kshs.8,750,000, leading to an overpayment of Kshs.304,000 to the architectural company.

xviii. Irregularities in the Implementation of the Kenyatta University Children's Hospital Project

- 1.6.62 In a letter from the contracted Architect, Gitutho Architects and Planners, to the VC, dated 20 July, 2016, the Architect outlined various concerns and delays in the project works. Review of the letter revealed that the delay was as a result of KU being the Client and also the Contractor. The concerns highlighted included:
- a) Recommendation of a Resident Site Engineer for the works due to the scope of works;
 - b) Pending registration with relevant authorities such as plumbing sub-contractors;
 - c) Appointment of the Electrical Engineer in March, 2016 when the ground floor slab had already been cast;
 - d) The Project in the past and at the time had a Project Manager in acting capacity;

- e) Lack of transparency in sharing information on Bill of Quantities with the Consulting Architects;
- f) Need for KU to appoint an experienced independent Category 1 NCA Contractor; and
- g) Lack of sign-off by the client of the detailed drawings that had been numerous submitted to the Client.

xix. Irregular Acquisition of Construction Materials for the Kenyatta University Children's Hospital Project

1.6.63 An internal memo dated 28 November, 2016 from the Clerk of Works, to the Deputy Vice Chancellor Administration, through the Registrar, Finance and Development, revealed a summons to appear in Court regarding reported theft of materials (35 steel trappers, 3 Y-16 bars, Y-12 bars length 30, Y-10 bars length 24, Y-20 off-cut, Y-25 off-cut, Y-10 bars) of unknown value at the KU Children's Hospital Project on 17 June, 2016. No explanation was provided on why the materials not in use had not been secured.

xx. Unsupported Disbursements from the Ministry of Education for the KU Children's Hospital Project

1.6.64 Review of an internal memo from the Senior Internal Auditor to the Chief Internal Auditor dated 22 November, 2017, revealed that the project commenced in the financial year 2014/2015, with the first payment having been made on 25 March, 2015. Kenyatta University was the Client, registered by the National Construction Authority as a Mechanical Engineering Contractor for plumbing, drainage and sanitary fittings and as a building contractor. The Internal Memo revealed that Kenyatta University had received Kshs.769,471,052 from the Ministry of Education for the KU Children's Hospital Project as at 30 June, 2017. Analysis of payments indicated that a total amount of Kshs.726,960,841 had been utilized on the Project, resulting to an unexplained variance of Kshs.42,510,211.

xxi. Gaps in Project Monitoring and Evaluation of the Kenyatta University Children's Hospital

- 1.6.65 Review of the approved minutes dated 23 February, 2018, for the 4th Regular Meeting of the Audit Committee, of the 10th Kenyatta University Council, held on Thursday 25 January, 2018 in the Council Boardroom in Kenyatta University at 9.30am, revealed that the Internal Audit Unit issued a recommendation to the University Management to provide a way forward since the construction of the KU Children's Hospital had slowed down, almost to a halt, since July 2016.
- 1.6.66 Further, the Audit Committee's deliberations indicated that the project architect had not been in agreement with the users; the School of Medicine and School of Nursing. The users had raised a concern that the architectural designs were not good for the proposed Children's Hospital. The minutes also indicated that the architects had held several meetings with the users, and in each meeting, there was a promise to revise the drawings. However, when subsequent meetings were held, the designs were either deemed as worse or the same. In the circumstances, the University may not have taken into consideration the views of the users from the onset of the project.

xxii. Payment without an Interim Payment Certificate for an Earth Dam

- 1.6.67 The contract for construction of a 12,500 cubic metres earth dam at KU's Kitui Campus was awarded to Amarolle Construction Company, at a contract sum of Kshs.9,885,000. Review of the Certificate of Making Good Defects dated 19 February, 2016, issued to the Contractor, revealed that the Project Manager issued the Certificate. However, the Certificate had only been signed by the Contractor.
- 1.6.68 Further, the Contractor did not raise an invoice or interim payment certificate, however, on 23 May, 2016, the Project Manager sought authorization from DVC Finance and Development to pay the Contractor an amount of Kshs.9,024,620. The payment was approved and paid on 7 July, 2016. In addition, retention money of Kshs.851,379 was released to the contractor on 6 October, 2016

without a project completion certificate. An inspection and acceptance report and project progress reports were not provided to the Audit Team for review.

1.6.69 Review of email communication dated 16 November, 2017, written by the then Kitui Campus Director to the then Vice Chancellor, the Director informed the VC that the dam was washed away on 15 November, 2017, which was a year after it was constructed. The contractor had repaired the dam and removed some soil out of the way. Although the Campus Director had complained about the poor workmanship to the Project Manager, no action was taken.

1.6.70 In the circumstances, there was no value for money for the expenditure amounting to Kshs.9,024,620, paid to the Contractor in respect to the construction of the dam.

1.7 Conclusion

1.7.1 On 17 October, 2023, the Clerk of the National Assembly, vide a letter referenced NA/AA&OSC/PIC-G&E/2023/ (083), requested the Auditor-General to carry out a Special Audit on Kenyatta University Accounts for the financial years 2018/2019 to 2020/2021.

1.7.2 This Audit Report examines the financial operations, procurement processes, and project implementation by Kenyatta University (KU), concerning various capital projects and procurement activities. The review covers project budget allocations, procurement plans, payment variances, and the eligibility of payments made to contractors and consultants. The findings reveal significant discrepancies between budgeted amounts and procurement plan amounts, unsupported payments, and irregularities in procurement procedures.

1.7.3 The audit identifies significant financial management and procurement challenges within Kenyatta University. The challenges include, discrepancies between budgets and procurement plans, unsupported payments, and unaccounted-for funds which highlight the need for strict financial oversight.

1.7.4 The establishment process of Kigali Campus encompasses significant financial transactions. Notably, the property acquisition cost of USD3,000,000. It further

highlights the legal and valuation costs, indicating payments for legal and valuation services totaling Kshs.7,103,971. The University was in receipt of a letter seeking concurrence for the University to proceed with the closure of the Kigali Campus, as advised by the Ministry of Education, Kenya, an indication of the commencement of the closure process.

1.8 Recommendations

- 1.8.1 The recommendations on the issues raised are summarized below and detailed in Section 4.0 of the Report. The Kenyatta University Management should:
- 1.8.2 Strengthen internal controls to ensure that there is proper documentation and support for all financial transactions;
- 1.8.3 Enhance transparency in the procurement process to ensure compliance with the Constitution of Kenya and other statutory requirements;
- 1.8.4 Conduct regular project audits and ensure compliance with project deliverables before making payments; and
- 1.8.5 Conduct detailed studies and perform due diligence for new capital projects it intends to undertake.

2. INTRODUCTION AND BACKGROUND

2.1 Introduction

2.1.1 On 17 October, 2023, the National Assembly, vide a letter referenced NA/AA&OSC/PIC-G&E/2023/ (083), requested the Auditor-General to carry out a Special Audit on Kenyatta University (KU) Accounts for the financial years 2018/2019 to 2020/2021.

2.1.2 Consequently, and pursuant to Section 37 of the Public Audit Act, 2015, the Committee on Public Investments on Governance and Education requested the Auditor-General to undertake a special audit on the following:

- i. Stalled Projects- There were stalled projects at Kenyatta University valued at Kshs.616,427,834, which included the Children's Hospital, Recreational Centre and School of Business; and
- ii. Nugatory Expenditure- After closure of the Kigali Campus, there was nugatory expenditure amounting to Kshs.420,749,207. The Committee sought clarification on the expenses incurred, in order to ensure transparency and accountability in the utilization of public funds.

2.1.3 The request indicated the following as the Terms of Reference for the special audit:

- a. Analyze the budgeting and procurement processes in respect to the expenditure incurred in relation to stalled projects and nugatory expenditure;
- b. Ascertain the authenticity, effectiveness and nature of expenditure incurred towards implementation of the projects;
- c. Establish whether the process of approval was lawful, transparent, accountable and without collusion, conflict of interest, or abuse of power;
- d. Ascertain the value for money in all the expenditure incurred; and
- e. Any other matter that may interest the Auditor-General in these expenditures.

2.2 Background Information

2.2.1 Kenyatta University is an international Public University based in Nairobi, Kenya. The main campus of the University is located 23 kilometers from the City Centre,

along the Nairobi-Thika Super Highway. It is set on 1,105 acres of land, providing a quiet and serene environment, conducive to learning, research and intellectual growth.

- 2.2.2 Kenyatta University began its long journey to the attainment of university status in 1965, when the British Government handed over the Templer Barracks to the Government of Kenya, which was converted into an institution of higher learning known as Kenyatta College. Following the Act of Parliament of 1970, Kenyatta College became a Constituent College of the University of Nairobi. Consequently, the name changed from Kenyatta College to Kenyatta University College. Kenyatta University College admitted its first batch of 200 students in 1972, to pursue studies leading to the award of Bachelor of Education from the University of Nairobi.
- 2.2.3 In July 1978, the Faculty of Education of the University of Nairobi was transferred to Kenyatta University College. As a result, the College became the only institution training teachers at both undergraduate and postgraduate levels at that time. The university status was attained on 13 August, 1985, when the Kenyatta University Act received Presidential assent, making the institution a fully-fledged University. The Act became operational on 1 September, 1985 and the University was inaugurated on 17 December, 1985.
- 2.2.4 In December 2012, the Government of Kenya brought the governance and management of all Universities under one umbrella, through the enactment of the Universities Act, 2012, which repealed the individual Public University's Acts, including the Kenyatta University Act, 1985. Under the new Universities Act, 2012, Kenyatta University was granted a Charter on 1 March, 2013.
- 2.2.5 Kenyatta University has over the years established new Schools and Constituent Colleges. In this pursuit, Jomo Kenyatta University College of Agriculture and Technology became a Constituent College of Kenyatta University in 1988, and in 1998 a fully-fledged University, Jomo Kenyatta University of Agriculture and Technology (JKUAT). In 2007, Pwani University College in Kilifi was established as a Constituent College and became Pwani University, a fully-fledged University

in January, 2013. Machakos University College was established in 2009 and became a fully-fledged University, Machakos University in 2016. Mama Ngina University College was established in 2017.

2.3 Audit Objective

2.3.1 The objective of the special audit was to confirm Kenyatta University's governance and management of projects, budget and budgetary controls for projects and financial management issues for the financial years 2018/2019 to 2020/2021.

2.4 Terms of Reference

2.4.1 The following Terms of References (TORs), derived from the request by the National Assembly, guided the special audit: -

i. Governance and Management Issues:

- a) Review the approval processes of projects by the University Council and Management.

ii. Budget and Budgetary Controls:

- a. Review the budget processes and controls; and
- b. Determine the source and availability of funds for projects.

iii. Financial Management Issues:

- a. Establish whether the conceptualization and procurement planning for the projects was adequately done;
- b. Establish whether the procurement processes were in line with the applicable procurement laws and regulations; and
- c. Establish the eligibility of the amounts paid to the contractors and consultants for the projects.

2.5 Scope of Work and Challenges

Scope of Work

- 2.5.1 The scope of the special audit was limited to the Terms of Reference and covered the period 2018/2019 to 2020/2021 financial years.
- 2.5.2 The special audit was carried out at the Kenyatta University Main Campus and the Kigali Campus, Rwanda.

Challenges

- 2.5.3 Some of the challenges encountered by the Audit Team included:
 - i. Delay in provision of information as Officers scheduled for interviews by the Audit Team were not available at the requested time; and
 - ii. Some documents were not provided on time or were not provided at all.

2.6 Audit Approach

- 2.6.1 The Audit Team collected audit evidence through interviews, document review, analytical review and physical verification, as detailed below: -
 - i. **Interviews**
- 2.6.2 Various meetings were held between the Audit Team and the Management of Kenyatta University, in order to collect audit evidence on the Terms of Reference. Entry and exit meetings were held with the Kenyatta University Management on 30 July, 2024 and 28 January, 2025, respectively. Further, interviews to gather audit evidence were conducted with the Officers detailed on **Table 1**.

Table 1: List of Officers Interviewed

No.	Name	Designation	Date Interviewed
1.	Prof. Waceke Wanjohi	Ag. Vice Chancellor	5 August, 2024
2.	Prof. Nelson Wawire and Dr. Gachuga Paul	Ag. DVC, Finance and Administration, and Registrar Academic and Finance, respectively	5 August, 2024
3.	Samuel Mwai	Chief Finance Officer	5 August, 2024
4.	Alati Atichi	Head of Procurement	5 August, 2024
5.	Stephen Ndegwa and George Gichu	Head of Internal Audit & Immediate former Head of Internal Audit, respectively	5 August, 2024
6.	Aaron Tanui and Elizabeth Karanja (Now deceased)	Head of Legal and Legal Officer, respectively	5 August, 2024

2.6.3 The information obtained through interviews was further analyzed, authenticated and corroborated before using it as evidence in this report.

ii. Document Review

2.6.4 The Audit Team reviewed documents which included: approved procurement plans, approved budgets, circulars, memos, Council minutes, payment vouchers, payment statements, bank statements, project files, tender documents, professional opinions issued for tenders, tender opening minutes, tender evaluation reports, Public Procurement and Disposal Act, 2005, Public Procurement and Asset Disposal Act, 2015, Public Procurement and Disposal Regulations 2006, Public Finance Management Act, 2012, Public Finance Management (National Government) Regulations, 2015, relevant policies and circulars, and other relevant documents.

iii. Analytical Review

2.6.5 The Audit Team analyzed and summarized documents and data relating to the procurement processes, budgeting, project implementation and payments.

iv. Physical Verification

2.6.6 Physical verification was carried out to ascertain existence and status of the projects at the University.

2.7 Report Structure

2.7.1 This report is presented in the following format:

- i. Executive Summary;
- ii. Introduction and Background;
- iii. Detailed Findings;
- iv. Irregularities, Responsibilities and Recommendations;
- v. Conclusion; and
- vi. Appendices.

2.7.2 The report should be read in its entirety in order to comprehend fully the approach and findings of the special audit. The report has covered analysis and facts as understood, with the aim of informing the National Assembly and the Kenyatta University Management on the findings of the special audit.

3. DETAILED FINDINGS

A. Governance and Management Issues

3.1 Review of the Approval Process

- 3.1.1 Section 20(2A) of the Universities Act No.42 of 2012, requires that despite the provisions of Section (1)(d), a public university shall not establish a campus or a college in a foreign country without the approval of the Cabinet Secretary in consultation with the Cabinet Secretary for the time being responsible for matters relating to finance.
- 3.1.2 Section 87(1) of the Public Finance Management Act, 2012, requires that the National Government or National Government entity may not invest— (a) in a state corporation; or (b) in a Government-linked company, without the prior approval of the Cabinet, which approval may be given only after taking into account any recommendations of The National Treasury, regarding the financial implications of the investment.

i.Lack of Approval of Projects by the University Council

- 3.1.3 An interview held between the Audit Team and the Ag. Vice-Chancellor on 5 August, 2024, revealed that projects at Kenyatta University can be initiated from different levels. The projects could either initiated by user departments or various schools. Management could also identify strategic projects. The Board of Management would convene meetings where they would propose and recommend to the University Council the needs from the user departments and Management for approval.
- 3.1.4 Review of audited Kenyatta University financial statements for the financial year ended 30 June, 2021 revealed capital work in progress of Kshs.805,144,606 which included Kshs.733,589,833 in respect of twelve (12) projects, as analyzed in **Table2**.

Table 2: Capital Work-In-Progress FY 2020/2021

Capital Work-In-Progress FY 2020/2021	Amount (Kshs.)
Kenyatta University Recreation Centre	56,297,048
Kenyatta University Children's Hospital	201,644,139
School of Business	81,069,865
Perimeter Wall - KU Teaching and Referral Hospital	64,669,351
School of Architecture	10,620,712
Stadium Complex	9,814,401
Central Stores	20,456,693
Kitui Campus Boundary Wall	5,076,468
Rwanda Campus	177,511,618
Underground Tank Kitui Campus	11,205,154
Water Tanks - KU Teaching and Referral Hospital	77,429,037
Thika Superhighway - KU Access Road	17,795,347
Total	733,589,833

3.1.5 However, documents on the approval of the twelve (12) projects by the University Council were not provided for audit.

ii. Failure to Obtain Prior Approval in Establishment of Kenyatta University, Kigali Campus

3.1.6 Review of minutes of the 6th Regular Meeting of the Finance, Building and Development Committee of the 9th Kenyatta University Council, held on Tuesday 9 June, 2015 revealed that the Committee considered and approved the establishment of a Campus in Kigali. However, no evidence was provided to prove that Kenyatta University sought and obtained the required approval on establishment of the campus, as required by Section 20(2A) of the Universities Act No.42 of 2012 and Section 87(1) of the Public Finance Management Act, 2012.

3.1.7 A letter referenced KU/VC/MHE/D23/VOL.1 and dated 18 July, 2016 from KU to the Cabinet Secretary, Ministry of Education, Science and Technology through the Principal Secretary, State Department for Higher Education, KU provided a report on the purchase of the KU Kigali Campus property. In the report, the University

requested the Ministry of Higher Education, Science and Technology and The National Treasury to review the KU Kigali Campus Business plan and approve it post facto. Further, the letter requested the Ministry of Education, Science and Technology to give authority to the KU Management to operate a campus in Rwanda.

- 3.1.8 The Audit Team noted that Kenyatta University sought approval from the Ministry of Education post facto, on 18 July, 2016. This was after Kenyatta University had already purchased the Rwanda property on 3 August, 2015 and had applied and been issued with an investment certificate company code 103721252 on 12 August, 2015.

iii.Failure to Provide the Feasibility Study and Due Diligence Report for the Kenyatta University Kigali Campus

- 3.1.9 Kenyatta University established a campus in Kigali, Rwanda in 2015. A request for the feasibility study and due diligence report to support the need for the establishment of the Campus was not provided.
- 3.1.10 Failure to carry out a feasibility study and conduct proper due diligence resulted in the University incurring irregular costs amounting to Kshs.511,144,181 as detailed in **Appendix I**. The costs relate to purchase of land and buildings, legal costs, valuation costs, works and office expenses, including staff costs for a project that did not commence operations.
- 3.1.11 Consequently, value for money and impact of the project by Kenyatta University was not realized.

iv.Failure to Prepare Financial Statements

- 3.1.12 Section 47(1) of the Universities Act, 2012 states that a public university shall cause to be kept all proper books of records of accounts of the income, expenditure and the assets of the University.
- 3.1.13 Kenyatta University registered the Kenyatta University Limited Rwanda Company Code 103721252 on 12 August, 2015. The purpose of the Company incorporated in Rwanda was to oversee the operations of the KU, Kigali Campus.

3.1.14 The Audit Team noted that the Company is still registered and has active Directors, however, no evidence of preparation of financial statements by the Kenyatta University Limited was provided for audit. Further, there was no evidence to show that the Company filed annual returns, either in Kenya or Rwanda.

v. Holding Negotiations Before Valuation of the Property for the Kenyatta University Kigali Campus

3.1.15 The then Vice Chancellor appointed a three (3) member negotiations committee on 2 June, 2015 to negotiate the price for the purchase of the property identified for the Kigali Campus. The Members of the Committee were Dr. Nelson Karagu, Mr. Sam Mburu and Mr. Kalu Kitaba.

3.1.16 According to an internal memo dated 18 June, 2015 reference number KU/REG/FIN/70/VOL.2 from the Chairman of the Negotiations Committee to the VC, a meeting was held on 16 June, 2015 between the Committee and the owner of the property Mr. Segatabazi Protais.

3.1.17 After discussions, the vendor indicated that the lowest he can sell the property was USD3,000,000 from the initial offer of USD3,600,000. The Committee therefore recommended that the University gives a counter offer of USD3,000,000 and also seek the services of both a government and private valuer for the property. Thereafter, on 26 June, 2015, Mr. Segatabazi Protais wrote to KU accepting the offer to sell the property at USD3,000,000.

3.1.18 Kenyatta University engaged the services of two (2) valuers certified by the Institute of Real Property Valuers of Rwanda to value the property. These were: Eng. Munyabugingo Bonaventure, who was identified through quotation number 004/2015, valued the property on 9 July, 2015 at USD3,201,631 at a fee of Kshs.234,458.60; and Eng. Rutazana Jerome, who valued the property on 10 July, 2015 at USD3,676,746. Eng. Rutazana was identified through request for quotation as per Internal Memo Ref: KU/PD/GF/XIV/487 dated 30 June, 2015 at a fee of Kshs.128,066.90.

- 3.1.19 The Finance, Building and Development Committee and the University Council, in their meetings held on 28 July, 2015 and 20 August, 2015, respectively, approved the purchase of the property on Plot No.2420 Remera, located in Kigali, Rwanda to establish the Kenyatta University, Kigali Campus. The property was valued at USD3,000,000.
- 3.1.20 The audit revealed that the valuation of the property was requested for on a date later than the negotiations and agreement for purchase of the property. Therefore, the basis of the negotiations could not be confirmed.

B. Budget and Budgetary Controls

3.2 Review of Budget Processes and Controls

i. Non-Compliance with the Budget Process - Failure to Provide Budget Estimates Presented to the Ministry of Education for Approval

- 3.2.1 Regulation 32(5) of the Public Finance Management (National Government) Regulations, 2015 requires that all budget proposals shall be supported by the National Government entity' strategic plan.
- 3.2.2 Section (1) of the Universities Act, 2012 states that a public university shall prepare and submit its annual estimates of revenue and expenditure to the Cabinet Secretary for approval in such form and at such times as the Cabinet Secretary shall from time to time prescribe.
- 3.2.3 Review of the University Council approved budgets for the financial years 2014/2015 to 2022/2023 revealed that Kenyatta University budgeted for projects, as detailed in **Table 3**, and further analyzed in **Appendix II**.

Table 3: The Project Budget for Kenyatta University

No.	Project Name	Total Budgeted Amount (Kshs.)
1.	Kenyatta University Recreation Centre	77,000,000
2.	Kenyatta University Children's Hospital	871,500,000
3.	School of Business	94,000,000
4.	Central Stores Main Building	105,000,000
5.	School of Architecture	17,000,000
6.	Stadium Complex	1,500,000
7.	Perimeter Wall - KUTRRH	60,000,000
8.	Underground Water Tank - KUTRRH	31,000,000
9.	Elevated Water Tank - KUTRRH	23,000,000
10.	Access Road from Thika Superhighway	35,000,000
11.	Kenyatta University, Kigali Campus	370,000,000
12.	Underground Tank, Kitui Campus	47,000,000
	Total	1,732,000,000

3.2.4 An interview conducted on 5 August, 2024, between the Audit Team and the Head of Finance, Kenyatta University, revealed that the projects were to be funded from internally generated revenue. Further, the Chief Finance Officer indicated that after the budget circular is released, the Finance Department circularizes, prepares and presents the budget estimates to the University Council within the set deadlines. The budget is then presented to the Ministry of Education for approval, after which, it is then allocated, rationalized and circulated to departments. However, budget estimates presented to the Ministry of Education for approval were not provided for audit.

3.3 Source and Availability of Funds for Projects

i. Under Budgeting for Projects

3.3.1 Section 26 (6) of the Public Procurement and Disposal Act, 2005 requires that a procuring entity shall not commence any procurement procedure until it is satisfied that sufficient funds have been set aside in its budget to meet the obligations of the resulting contract.

- 3.3.2 Section 44(2)(a) of the Public Procurement and Asset Disposal Act, 2015 requires that in the performance of the responsibility under Sub-Section (1), an Accounting Officer shall ensure that procurements of goods, works and services of the public entity are within approved budget of that entity;
- 3.3.3 Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 states that an Accounting Officer shall not commence any procurement proceeding until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates.
- 3.3.4 Section 53(9) of the Public Procurement and Asset Disposal Act, 2015 states that an Accounting Officer who knowingly commences any procurement process without ascertaining whether the good, work or service is budgeted for, commits an offence under this Act.
- 3.3.5 Regulation 22(2) of the Public Procurement and Disposal Regulations, 2006 requires that when estimating the value of the goods, works or services, the procuring entity shall ensure that the estimate is realistic and based on up-to-date information on economic and market conditions.
- 3.3.6 The Audit Team reviewed the budgetary allocation for the stalled projects against the approved Bills of Quantities and noted that there was under budgeting for two (2) projects.
- 3.3.7 Review of the approved budgets for the KU Recreation Centre and the Kenyatta University Children's Hospital revealed that the projects were allocated budgets of Kshs.77,000,000 and Kshs.871,500,000, respectively. This was against approved Bills of Quantities of Kshs.441,532,810 and Kshs.1,926,869,863, respectively. This therefore, resulted in underbudgeting for the two (2) projects by Kshs.1,419,902,673, as illustrated in the **Table 4**.

Table 4: Project Under Budgeting

No.	Project Name	Approved Bills of Quantities (Kshs.)	Total Budgeted Amount (Kshs.)	Variance (Kshs.)
1.	KU Recreation Centre	441,532,810	77,000,000	364,532,810
2.	Kenyatta University Children's Hospital	1,926,869,863	871,500,000	1,055,369,863
	Total	2,368,402,673	948,500,000	1,419,902,673

ii. Unutilized Budgetary Allocation

- 3.3.8 Section 44(2)(a) of the Public Procurement and Asset Disposal Act, 2015 requires that in the performance of the responsibility under Sub-Section (1), an Accounting Officer shall ensure that procurements of goods, works and services of the public entity are within approved budget of that entity.
- 3.3.9 Section 12(2)(b) of the Public Finance Management Act, 2012 stipulates the need to ensure proper management and control of and accounting for, finances in order to promote the efficient and effective use of budgetary resources. Further, it emphasizes the need to monitor the management of public finances and their financial performance.
- 3.3.10 Review of the approved budgets for the projects revealed that six (6) of the stalled projects had budgetary allocation totaling Kshs.285,070,193, which had not been exhausted, as illustrated in **Table 5**.

Table 5: Unutilized Budgetary Allocation

No.	Project Name	Total Budgeted Amount (Kshs.)	Amount Paid to Date (Kshs.)	Variance / unutilized funds (Kshs.)
1.	KU Recreation Centre	77,000,000	60,101,010	16,898,990
2.	Kenyatta University Children's Hospital	871,500,000	726,960,841	144,539,159
3.	Central Stores Main Building	105,000,000	18,762,851	86,237,149
4.	School of Architecture	17,000,000	10,482,258	6,517,742
5.	Access Road from Thika Superhighway	35,000,000	18,702,415	16,297,585
6.	Underground Tank, Kitui Campus	47,000,000	32,420,432	14,579,568
	Total	1,152,500,000	867,429,807	285,070,193

3.3.11 The KU Management did not provide information or explanations on the balance of Kshs.285,070,193, which had been budgeted for but not utilized.

iii. Payments Made Outside Budgetary Allocation

3.3.12 Review of the approved budgets for the projects revealed that four (4) of the stalled projects had payments made above the approved budgetary allocation, totaling Kshs.172,945,431, as illustrated in **Table 6**.

Table 6: Payments Outside Budgetary Allocation

No.	Project Name	Total Budgeted Amount (Kshs.)	Total Amount Paid (Kshs.)	Variance (Kshs.)
1.	KUTRRH Perimeter Wall	60,000,000	64,669,351	4,669,351
2.	KUTRRH Underground and Elevated Water Tanks	54,000,000	77,429,037	23,429,037
3.	Stadium Complex	1,500,000	9,685,641	8,185,641
4.	Kigali Campus	370,000,000	506,661,402	136,661,402
	Total	485,500,000	658,445,431	172,945,431

3.3.13 The KU Management did not provide information on the source and approval of an amount of Kshs.172,945,431 paid above the approved budgetary allocation.

C. Financial and Expenditure Related Issues

3.4 Conceptualization and Procurement Planning for Projects

3.4.1 Regulation 22(1) of the Public Procurement and Disposal Regulations, 2006 states that every procurement requirement shall be initiated using a purchase requisition, which shall include all necessary information pertaining to the procurement and the purchase requisition shall be approved by the person specified in the First Schedule, prior to the initiation of procurement proceedings.

3.4.2 For the period under review, KU initiated eleven (11) projects which later stalled due to various reasons.

3.4.3 An interview carried out on 5 August, 2024 between the Audit Team and the Head of Finance, Kenyatta University revealed that the projects were either identified by the Management Board, University Senate or the relevant departments. Further,

after the projects were identified, project proposals were prepared by the University's Management and submitted to University Council for approval.

- 3.4.4 An Internal Memo from the Dean, School of Architecture and Built Environment, to the VC, dated 31 May, 2016 referenced KU/RCSABE/DVCAD/5/Vol.1/77, stated the need to construct the School of Architecture building beginning July, 2016. This was to address the anticipated increase in demand for lecture halls, studios and seminar rooms, due to the expected intake in September, 2016 and the subsequent years.
- 3.4.5 However, user requisition and KU Management minutes proposing the identified projects to the University Council were not provided for audit.

3.5 Non-Compliance with Applicable Procurement Laws and Regulations

i. Projects not Factored in the Procurement Plans

- 3.5.1 Section 26(3)(a) of the Public Procurement and Disposal Act, 2005 requires that all procurement shall be within the approved budget of the procuring entity, and shall be planned by the procuring entity concerned through an annual procurement plan.
- 3.5.2 Section 45(3)(a) of the Public Procurement and Asset Disposal Act, 2015 requires that all procurement processes shall be within the approved budget of the procuring entity, and shall be planned by the procuring entity concerned through an annual procurement plan.
- 3.5.3 Review of the approved procurement plans for the period under review, revealed that eight (8) out of twelve (12) projects were not factored in the procurement plans. This is detailed in **Table 7** and further analyzed in **Appendix III**.

Table 7: Project Procurement Planning

No.	Project Name	Total (Kshs.)
1	KU Recreation Centre	39,000,000
2	Kenyatta University Children's Hospital	158,500,000
3	School of Business	102,000,000
4	Central Stores Main Building	40,000,000
5	School of Architecture	-
6	Stadium Complex	-
7	KUTRRH Perimeter Wall	-
8	KUTRRH Underground Water tank	-
9	Elevated Water Tank, KUTRRH	-
10	Access Road from Thika Superhighway	-
11	KU Kigali Campus	-
12	Underground Tank, Kitui Campus	-
	Total	339,500,000

ii. Mismatch Between Procurement Plans and Budgets

3.5.4 Comparison of procurement plans and budgets for eleven (11) projects revealed that some projects were overbudgeted by Kshs.713,000,000, while the School of Business was underbudgeted by Kshs.8,000,000, as analyzed in **Table 8**.

Table 8: Mismatch Between Procurement Plans and Budgets

No.	Project Name	Procurement Plan Amount (Kshs.)	Budget Amount (Kshs.)	Variance (Kshs.)
1.	KU Recreation Centre	39,000,000	77,000,000	(38,000,000)
2.	Kenyatta University Children's Hospital	158,500,000	871,500,000	(713,000,000)
3.	School of Business	102,000,000	94,000,000	8,000,000
4.	Central Stores Main Building	40,000,000	105,000,000	(65,000,000)
5.	School of Architecture	-	17,000,000	(17,000,000)
6.	Stadium Complex	-	1,500,000	(1,500,000)
7.	KUTRRH Perimeter Wall	-	60,000,000	(60,000,000)
8.	KUTRRH Underground Water Tank	-	31,000,000	(31,000,000)
9.	Elevated Water Tank KUTRRH	-	23,000,000	(23,000,000)
10.	Access Road from Thika Superhighway	-	35,000,000	(35,000,000)
11.	Underground Tank Kitui Campus	-	47,000,000	(47,000,000)

3.6 Eligibility of the Amounts Paid to the Contractors and Consultants for Projects

- 3.6.1 Section 9(1) of the Public Audit Act, 2015 states that, without prejudice to the powers given under the Constitution and the Act, and for the purposes of carrying out his or her duties effectively, the Auditor-General, or an officer authorized for the purpose of the Act, shall have powers — (e) of unrestricted access to- (i) all books, records, returns, reports, electronic or otherwise, and other documents of entities listed under Article 229(4) of the Constitution.
- 3.6.2 Section 68(1) of the Public Finance Management Act, 2012 states that an Accounting Officer for a National Government entity, Parliamentary Service Commission and the Judiciary shall be accountable to the National Assembly for ensuring that the resources of the respective entity for which he or she is the Accounting Officer are used in a way that is lawful and authorized; and effective, efficient, economical and transparent.
- 3.6.3 Section 149(1) of the Public Finance Management Act, 2012 requires an Accounting Officer to ensure that resources are used in a lawful, effective, efficient, economical and transparent manner.
- 3.6.4 Section 47(1) of the Universities Act, 2012 states that a public university shall cause to be kept all proper books of records of accounts of the income, expenditure and the assets of the University.

i. Unsupported Overpayment in the Acquisition of the Property in Kigali, Rwanda

- 3.6.5 A sale agreement between Segatabazi Protais and Uwantege Jacqueline as the Vendor, and KU as the buyer, was entered into on 3 August, 2015. Review of the sale agreement revealed that KU procured a property in Kigali, Rwanda at an agreed price of Kshs.307,790,940. However, payment vouchers indicate that KU paid Kshs.307,790,940 for the property, while the bank statements revealed that KU made payments totaling Kshs.315,315,000. This resulted in an unexplained and unsupported expenditure variance of Kshs.7,524,060, as indicated in **Table 9**.

Table 9: Variance Between Payment Vouchers and Bank Statements

No.	Date	PV No.	PV Amount (Kshs.)	Bank Statement (Kshs.)	Variance (Kshs.)
1	13 October, 2015	10-02477-16	90,825,030	94,815,000	3,989,970
2	14 October, 2015	10-06839-16	216,965,910	220,500,000	3,534,090
		Total	307,790,940	315,315,000	7,524,060

ii. Unsupported Expenditure for the School of Architecture

3.6.6 As at the time of audit, the construction of the School of Architecture Project had not commenced. The KU Management explained that the project was still at design stage.

3.6.7 Review of invoices for the project revealed that KU made payments totaling Kshs.10,482,258 to DLR Group for consultancy fees, outline, proposal, design and tender issuance for the School of Architecture, as analyzed in **Table 10**.

Table 10: Payments for the School of Architecture Project

PV No.	Date	Invoice No.	Particulars	Amount (Kshs.)
11-00439-15	12/9/2014	0111586	Consultancy fees at 3.22% of cost and scheme design stage calculated at 42% of total fees	6,450,636
10-06326-16	12/2/ 2016	0109939,0112393, 0115238,0115505, 0116011,0116655, 0117331	Payment for outline, proposal, design, tender issuance	4,031,622
			Total	10,482,258

3.6.8 However, documentation on how DLR Group was identified, the scope of work they were to perform and the contract agreement were not provided for audit. Further, no evidence was provided to show that the deliverables agreed upon were performed, to warrant the payment.

3.6.9 In the circumstances, the eligibility of Kshs.10,482,258 paid to the contractor could not be confirmed.

iii. Unsupported Expenditure for the Stadium Complex Project

3.6.10 As at the time of audit, works under the stadium complex project had not commenced. The KU Management explained that, the project was still at the design stage.

3.6.11 The Audit Team noted that KU made payments totaling Kshs.9,685,641 to DLR Group for consultancy fees for a proposal outline for Stadium Complex as analyzed in **Table 11**.

Table 11: Payments for the Stadium Complex Project

PV No.	Date	Invoice No.	Particulars	Amount (Kshs.)
11-00440-15	11 September, 2014	0111587	Consultancy fees 3.22% of cost and outline proposal stage calculated at 17% of total fees	8,560,997
10-06325-16	2 February, 2016	0109941,0112394, 0115239,0115506, 0116013,0116657, 0117333	Outline proposal fees	1,124,644
			Total	9,685,641

3.6.12 However, documentation on how DLR Group was identified, the scope of work they were to perform and the contract agreement were not provided for audit. Further, no evidence was provided to show that the deliverables agreed upon were performed to warrant the payment.

3.6.13 In the circumstances, the eligibility of Kshs.9,685,641 paid to the contractor could not be confirmed.

iv. Unaccounted-for Expenditure for the Kenyatta University Recreation Centre

3.6.14 Review of payment vouchers provided for audit for the year 2014/2015, revealed that payments totaling Kshs.7,088,284 were not approved by the Registrar or Chief Finance Officer as shown in **Appendix IV**. Further, review of payment records provided for audit revealed that the Kenyatta University Accounting System reported payments totaling Kshs.60,101,010, in respect to the construction of the Kenyatta University Recreation Centre. However, stores

records revealed that project costs amounting to Kshs.56,297,048 had been incurred in respect to the Project, resulting to an unreconciled variance of Kshs.3,803,962.

- 3.6.15 In addition, the Kenyatta University Accounting System reported payments totaling Kshs.60,101,010, which differed with the payment vouchers provided for review, amounting to Kshs.19,261,364. This resulted to an unaccounted-for payment of Kshs.40,839,646. It was further noted that the payments were not supported by progress reports by the project implementation team or inspection and acceptance committee reports.

v. Unaccounted-for Expenditure for Underground and Elevated Water Tanks

- 3.6.16 Review of payment records provided for audit revealed that the Kenyatta University Accounting System reported payments totaling Kshs.51,099,808 in respect to construction of an underground water tank and an elevated water tank at the Kenyatta University Teaching, Referral and Research Hospital (KUTRRH). However, work-in-progress records revealed that project costs amounting to Kshs.77,429,037 had been incurred in respect to the projects resulting to an unreconciled variance of Kshs.26,329,229.
- 3.6.17 Further, the system reported payments totaling Kshs.51,099,808 which had a variance with the payment vouchers provided for review. The variance amounted to Kshs.39,024,081, resulting to unaccounted-for payment of Kshs.12,075,727. It was further noted that the payments were not supported by progress reports by the project implementation team, inspection and acceptance committee reports or project completion certificates.

vi. Unreconciled Variance for the Construction of a Perimeter Wall

- 3.6.18 Review of payment records provided for audit revealed that the Kenyatta University Accounting System reported payments totaling Kshs.11,759,882 in respect to construction of a perimeter wall at the Kenyatta University Teaching, Referral and Research Hospital. However, work-in-progress records revealed that

project costs amounting to Kshs.64,669,351 had been incurred in respect to the construction of the perimeter wall, resulting to an unreconciled variance of Kshs.52,909,469. In addition, system reported payments totaling Kshs.11,759,882, had a variance with the payment vouchers provided for review, amounting of Kshs.822,500, resulting to unaccounted-for payments of Kshs.10,937,382.

vii. Unsupported Expenditure for Central Stores

- 3.6.19 According to an Internal Memo from the University Architect to the Vice-Chancellor dated 10 June, 2015 Ref: KU/Arch/Vol.1/115(5), whose subject was Proposed Extension of Central Stores Drawings, the University Architect sought approval for the drawings from the Vice-Chancellor. The VC approved the drawings on 11 June, 2015.
- 3.6.20 The Audit Team reviewed the AccPac System and noted that, Kshs.18,762,851 was paid in respect to extension of the central stores project. Physical verification however showed that the Central Store works had not commenced. Further, the Audit Team reviewed the payment records provided in respect to the central stores amounting to Kshs.18,768,359. It was observed that the payments were mainly wages for casual workers, however, the payments were not supported by respective signed attendance registers. **Table 12** summarizes the payments made.

Table 12: Payments in Respect of Central Stores

No.	Date	PV No.	Details	Amount (Kshs.)
1.	20 July, 2016	11-00025-17	Hire of Tipper	71,121
2.	2 August, 2016	10-01601-17	July, 2016 Casuals Salary	2,170,903
3.	4 October, 2016	10-05500-17	September 2016 Deductions	79,441
4.	1 November, 2016	10-07454-17	October 2016 Casual Salary	109,350
5.	4 January, 2017	10-11464-17	December 2016 Casual Salaries	192,501
6.	14 February, 2017	10-15388-171	January Wages	63,552
7.	1 September, 2016	10-03624-17	August 2016 Casual Salaries	55,141
8.	22 December, 2015	10-11932-16	December 2015 Casual Salaries	1,531,026
9.	2 December, 2015	10-10734-16	November 2015 Casual Salaries	1,208,428
10.	1 February, 2016	10-13773-16	January 2016 Casual Salaries	2,646,092
11.	1 March, 2016	10-16334-16	February 2016 Casual Salaries	2,325,813
12.	5 April, 2016	10-18534-16	March 2016 Casual Salaries	2,237,044
13.	3 May, 2016	10-20271-16	April 2016 Casual salaries	2,057,242
14.	2 June, 2016	10-22270-16	May 2016 Casual Salaries 1	2,011,621
15.	7 July, 2016	10-00280-17	June 2016 Casual Salaries	2,009,084
			Total	18,768,359

3.6.21 On 23 August, 2016, through an internal memo Ref: KU/F&D/HAS/C1/VOL.1/76, from the Project Manager to Deputy Vice-Chancellor (Finance and Development), the Project Manager informed the DVC that the project had been suspended for an unspecified period. The Project Manager then requested for the materials to be transferred to the maintenance store for proper storage, with immediate effect. However, the Memo did not state the reason why the project was suspended.

viii. Observations on Kenyatta University Children's Hospital

3.6.22 Minutes of the 11th Regular Meeting of the 9th Kenyatta University Council held on Wednesday 16 December, 2015 in the Kenyatta University Council Boardroom at 9.30am, indicated that the Kenyatta University Children's Hospital Project commencement date was 18 May, 2015, and Kshs.542,097,928 had been spent on the Project as at that date. However, minutes of the Council's approval of the

Project were not provided for audit review. Further, analysis of the expenditure of Kshs.542,097,928 was not provided for audit review.

- 3.6.23 Further, minutes of the 14th Regular Meeting of the 9th Kenyatta University Council held on Thursday 1 September, 2016 in the Council Boardroom at 9.30am, revealed that the amount certified for the Project as at that date was Kshs.660,651,423, and there was a new budget allocation for the year amounting to Kshs.73,000,000. Similarly, the analysis of the amount of Kshs.660,651,423 was not provided for audit review.
- 3.6.24 According to an internal memo from the Senior Internal Auditor to the Chief Internal Auditor dated 22 November, 2017, by 30 June, 2017, expenditure totaling Kshs.371,889,039 had been allocated to the Project. The expenditure constituted of labor amounting to Kshs.38,693,792, building materials of Kshs.171,145,163 and other expenses of Kshs.162,050,084. Included in the other expenses amount of Kshs.162,050,084 were project vehicles valued at Kshs.110,649,600, details of the vehicles and their physical location were not provided for audit review.
- 3.6.25 The 4th Regular Meeting of the Audit Committee of the 10th Kenyatta University Council was held on Thursday 25 January, 2018 in the Council Boardroom at 9.30am. Minutes approved for circulation by the Chairman on 23 February, 2018 indicated that Kenyatta University had received a total of Kshs.769,471,052 by 30 June, 2017 from the Ministry of Education for the Project. Review of the minutes indicated that the funds had been utilized as analyzed in **Table 13**.

Table 13: Utilization of Funds from the Ministry of Education

F/Y	Consultancy (Kshs.)	Materials (Kshs.)	Labor (Kshs.)	Total (Kshs.)
2014/2015	7,211,900	495,039,363	673,286	502,924,549
2015/2016	0	157,560,158	25,541,912	183,102,070
2016/2017	0	29,128,117	11,806,105	40,934,222
Total	7,211,900	681,727,638	38,021,303	726,960,841

- 3.6.26 The materials on site amounted to Kshs.61,487,959 and the Project was at substructural level, awaiting laying of the slab. However, the analysis of the

expenditure totaling Kshs.726,960,841 was not provided for audit review and the expenditure amount could not be reconciled to the level of works performed. Further, during the audit, only vouchers for payments totaling Kshs.12,834,194 were provided for audit, resulting to an unsupported expenditure of Kshs.714,126,647. In addition, stores records reflected a total expenditure of Kshs.201,644,139, which differed with the actual payments amounting to Kshs.726,960,841. This resulted to an unreconciled and unexplained variance of Kshs.525,316,702.

ix. Unaccounted-for Expenditure for the School of Business

3.6.27 Review of work-in-progress records revealed that project had incurred a cost of Kshs.91,630,441, which had a variance amounting to Kshs.18,956,651 with the payment vouchers provided for review. This resulted to unaccounted-for payments of Kshs.72,673,790.

x. Use of In-House Construction without Justification and Approval

- 3.6.28 Article 227(1) of the Constitution of Kenya on procurement of public goods and services requires a state organ or any other public entity which contracts for goods or services, to do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.
- 3.6.29 Section 34(1) and (2) of the Public Procurement and Disposal Act, 2005 states that the procuring entity shall prepare specific requirements relating to the goods, works or services being procured that are clear, that give a correct and complete description of what is to be procured and that allow for fair and open competition among those who may wish to participate in the procurement proceedings. The specific requirements shall include all the procuring entity's technical requirements with respect to the goods, works or services being procured.
- 3.6.30 Review of project files provided for audit revealed that Kenyatta University used in-house construction/sourcing in construction of Kenyatta University projects. A Project Management Team was established to oversee the implementation of the

projects and materials and labor for construction of the Kenyatta University projects were sourced locally without following the prescribed procurement methods.

- 3.6.31 Further, an interview conducted out on 5 August, 2024 between the Audit Team and the Head of Procurement revealed that projects were done in-house or a contractor was sought to implement the project. The Head of Procurement indicated that for in-house construction of projects, the Project Management Team was responsible for overseeing the project implementation. He indicated that a quantitative justification was issued by the Procurement Head in form of professional opinion on whether the reason of adopting in-house sourcing was to save cost or ensure there was value for money. However, written approval by the Tender Committee and professional opinion issued by the Head of Procurement recommending the approval of use of in-house construction in the implementation of Kenyatta University projects were not provided for audit review.

xi. Lack of Documentation for the Formation of the Kenyatta University Construction Company

- 3.6.32 Section 7(e) of the Public Procurement and Disposal Act, 2005 states that in addition to the responsibilities stipulated under Section 27(2) of the Act, the Accounting Officer shall be responsible for ensuring that the procuring entity properly documents procurement proceedings and manages records in accordance with these Regulations.
- 3.6.33 An interview carried out on 5 August, 2024 between the Audit Team and the Kenyatta University Head of Finance, revealed that the Kenyatta University Construction Company Limited was established by the University to comply with the National Construction Authority (NCA) requirements. Although the National Construction Authority Certificate for Category 1 for the Kenyatta University Construction Company Limited was provided for review, documentation on the

formation of Kenyatta University Construction Company and its role in project implementation was not provided for review.

xii. Unsupported Procurement of Consultancy Services for the Kenyatta University Recreation Centre

3.6.34 Review of procurement documents provided for audit revealed that Kenyatta University procured consultancy services using the request for proposal method for; structural and civil works, mechanical and electrical engineering, geotechnical surveys and architectural drawings for the proposed Kenyatta University Recreation Centre, at a total contract sum of Kshs.32,000,000, as detailed in **Table 14**.

Table 14: Unsupported Procurement of Consultancy Services

Consultancy Services	Service Provider	Contract No.	Contract Sum (Kshs.)	Contract Date
Structural and Civil Works	Tertiary Consulting Engineers Limited	KU/RFFP/64/SCWE/RC/2013/2014	6,600,000	March 2014
Mechanical and Electrical Engineering	Servcon Associates Limited	KU/RFFP/65/MEE/RC/2013/2014 ON 4/6/2015	5,100,000	June 2015
Geotechnical Surveys	Across Africa Limited	KU/RFFP/57/GSCS/RC/2013-2014	1,400,000	March 2014
Architectural Drawings	Icon Concepts	KU/PD/LTA/2013-2014/373	18,900,000	2015
		Total	32,000,000	

3.6.35 Review of the tender evaluation minutes for the procurement of the four (4) consultancy services listed above revealed that the tender evaluation reports were not signed by all the committee members and were also not initialed on each page by the tender evaluation committee members. Further, the tender documents were not provided for audit review.

xiii. Irregularities in Procurement of Material Supplies and Hire of Machinery for the Kenyatta University Recreation Centre

3.6.36 Section 103(1) of the Public Procurement and Asset Disposal Act, 2015 states that a procuring entity may use direct procurement as allowed under sub-section (2) as long

as the purpose is not to avoid competition (2) A procuring entity may use direct procurement if any of the following are satisfied — (a) the goods, works or services are available only from a particular supplier or contractor, or a particular supplier or contractor has exclusive rights in respect of the goods, works or services, and no reasonable alternative or substitute exists; (b) due to war, invasion, disorder, natural disaster or there is an urgent need for the goods, works or services, and engaging in tendering proceedings or any other method of procurement would therefore be impractical, provided that the circumstances giving rise to the urgency were neither foreseeable by the procuring entity nor the result of dilatory conduct on its part; (c) owing to a catastrophic event, there is an urgent need for the goods, works or services, making it impractical to use other methods of procurement because of the time involved in using those methods.

3.6.37 Review of payment vouchers and other supporting documents for the construction of the Kenyatta University Recreation Centre revealed that procurement of building materials and hire of machinery amounting to Kshs.13,376,564 as shown in **Appendix V** was through the direct procurement method. The Project Manager requisitioned for the supply of materials and machinery hire, which after approval by the Deputy Vice Chancellor, a local purchase order was issued to a supplier for supply of materials and hire of machinery for foundation and excavation works of the project. However, documentation on the procurement process indicating how the suppliers were sourced, and the justification for use of the direct procurement in award of contracts for material supplies and hire of machinery were not provided for review.

3.6.38 Further, there was no written approval by the tender committee indicating reasons for using direct procurement for supply of materials and hire of machinery for excavation works. In addition, review of contract documents provided for audit revealed that hire of similar machine services were awarded to suppliers at different rates, without justification on how the rates were arrived at, as shown in **Appendix VI**. Clearly defined requirements for the services requisitioned were also not provided.

xiv. Lack of Inspection and Acceptance Committee Minutes for Materials Supplies and Hire of Machinery for the Kenyatta University Recreation Centre

3.6.39 Regulation 17(3) of the Public Procurement and Disposal Regulations, 2006 states that the inspection and acceptance committee shall immediately, after delivery of the goods, works or services inspect and where necessary, test the goods received and inspect and review the goods, works or services in order to ensure compliance with the terms and specifications of the contract.

3.6.40 Review of payment vouchers and other supporting documents provided for audit for the construction of the Kenyatta University Recreation Centre revealed that materials supplied for foundation works and machinery hired for excavation works totaling Kshs.13,376,564 were not inspected by an inspection and acceptance committee in order to confirm whether they were of the right quality and quantity. Further, appointment letters for the inspection and acceptance committee members were not provided for review.

xv. Local Purchase Orders Issued after Delivery of Goods for the Kenyatta University Recreation Centre

3.6.41 Regulation 27(1) and (2) of the Public Procurement and Disposal Regulations, 2006 states that subject to the Act, all approvals relating to any procedures in procurement shall be in writing and properly dated, documented and filed. No procurement approval shall be made to operate retrospectively to any date earlier than the date on which it is made.

3.6.42 Review of payment vouchers and other supporting documents provided for audit revealed that local purchase orders totaling Kshs.8,502,500 were issued for supply of materials and hire of machine services after the receipt of goods and services as detailed in **Appendix VII**.

xvi. Receipt of Goods and Services Beyond the Local Purchase Order Validity Period for the Kenyatta University Recreation Centre

3.6.43 Regulations 53(1-2) of the Public Finance Management (National Government) Regulations, 2015 states that a local purchase order or local service order shall be valid for a period of thirty days from the date of issue and any public officer who receives goods or services beyond the stipulated period specified in Paragraph (1) commits an offence under the Act.

Review of procurement documents provided for audit revealed that machine hire services totaling Kshs.960,000 were received after the lapse of the Local Purchase Order validity period of 30 days, as tabulated in **Table 15**.

Table 15: Receipt of Goods beyond the LPO Validity Period

PV No	Date	Particulars	Amount (Kshs.)	Observation
10-07279-18	6 November, 2017	Hire of backhoe shovels-backfilling	560,000	Local Purchase Order of Kshs.300,000 was issued on 5 September, 2016 and delivery notes issued on 20 February, 2017 which was approximately four months after the lapse of the LPO validity period.
10-04776-17	27 September, 2016	Hire of chain excavator machine	400,000	Local Purchase Order of Kshs.400,000 was issued on 18 May, 2016 and delivery notes issued on 9 August, 2016. This was approximately 80 days after the lapse of the LPO validity period.

xvii. Observations on the Construction of an Access Road from Thika Superhighway to Unicity Mall Service Lane

3.6.44 Ms. Kodaji Building and Construction Works Ltd was appointed as the contractor to carry out the construction of an access road from Thika Superhighway to Unicity Mall service lane, through a contract referenced KU/TNDR/W/191/PAR-UCM/2017-2018 and dated 6 July, 2018 for a contract sum of Kshs.21,533,654.

The contract was directly procured and awarded on 8 June, 2018 without competition.

- 3.6.45 The performance bond for the construction of an access road joining Thika Superhighway to Unicity Mall service lane for the contractor expired on 30 April, 2019. However, the works were not complete and Management did not revoke the contract to avert the loss. This is contrary to Section 19.8 on Special Conditions on the Contract that stated liquidated damages at Kshs.40,000 per week.
- 3.6.46 In a letter dated 12 July, 2019 the VC instructed the contractor to vacate the site within 14 days, since the contract period had lapsed. However, the contract was not terminated and it was not clear why Management instructed the contractor to leave the site without following due process, as stipulated in the contract.
- 3.6.47 In a letter dated 12 November, 2019, the Project Manager wrote to the DVC Finance, to seek approval for issuance of construction materials from stores. This was to enable him complete the works of the access road from Thika Superhighway. However, the DVC indicated that the works had been paid for and executed by the contractor who was on site.
- 3.6.48 Further, it was noted that the VC sent an award letter dated 1 February, 2020 to Yowma Investment Ltd for construction works, road marking and road signage for the access road from Thika Superhighway at a cost of Kshs.731,960. However, there were no procurement documents provided for audit.
- 3.6.49 As per the internal memo dated 25 November, 2020, the project engineer wrote to DVC Finance requesting for approval for an expenditure of Kshs.113,544, to cater for the project's remaining works. The request was approved, however, the scope of works was not specified. There was also no inspection and acceptance report for the works done, and a completion certificate was not issued.

xviii. Observations on the School of Business

- 3.6.50 The tender for design of the School of Business was approved by the DVC Finance and Development, for invitation of prequalified suppliers to bid on 4

October, 2013. Nine (9) bidders responded as per the tender opening report dated on 16 December, 2013. However, there was no appointment of the tender opening committee. Further, it was noted that in the tender evaluation, the tender was referenced as KU/PRO/68/SOB/2013/2014, while the award letter was reference KU/PRO/30/PSE/2013/2014. The discrepancy was not explained.

- 3.6.51 Review of the minutes of the 6th Regular Meeting of 9th Kenyatta University Council held on 4 April, 2014 revealed that the School of Business Project was not part of the ongoing or planned projects. Further, the audit established that the project was included in the original budget with an amount of Kshs.100,000,000, however the project was not incorporated in the final budget. The project was therefore not budgeted for in the financial year 2013/2014.
- 3.6.52 The audit revealed that between FY 2015/2016 to 2017/2018, the School of Business was allocated Kshs.94,000,000 in the budget, as detailed in Appendix II. Further, the audit established that payments amounting to Kshs.91,000,000 were made in respect to its construction during the same period.
- 3.6.53 The University's Management held a special meeting, chaired by the Vice Chancellor, on 25 January, 2014 to deliberate on the design competition for the tender of the School of Business Project. The meeting proposed the budget of Kshs.250,000,000 for the project. Further, the meeting decided to reward all the bidders with a token of appreciation for participating in the exercise; the winning bidder Kshs.150,000, second bidder Kshs.100,000, third bidder Kshs.75,000, and the other six (6) bidders Kshs.50,000 each. This was misuse of public funds, as there was no value for money in the expenditure amounting to Kshs.625,000 utilized as a token of appreciation to the bidders. In addition, the minutes of the meeting were only signed by the VC, who chaired the meeting, and there was no evidence of tender evaluation in the signed minutes.
- 3.6.54 Review of the minutes dated 25 March, 2014 revealed that the University's Management engaged JW Arch Plans for a negotiation on the design of the School of Business project. The minutes indicated that the cost of the Project was estimated to be Kshs.250,000,000. The architectural company had charged

a fee of 4.5% of the cost, which totaled Kshs.11,250,000. The Negotiation Committee negotiated the fee to 3.5%, inclusive of VAT, which totaled Kshs.9,054,000. However, recomputation of the 3.5% of Kshs.250,000,000 resulted to an amount of Kshs.8,750,000, leading to an overpayment of Kshs.304,000 to the architectural company.

- 3.6.55 The University's Management awarded the tender to JW Arch Plans on 1 April, 2014 and the Contractor accepted the tender on 4 April, 2014. However, the signed contract agreement between JW Arch Plans and the University's Management indicating the agreed terms and completion time was not provided for audit.
- 3.6.56 The University got approval for the construction of the School of Business from the Nairobi City County. The approval, Ref No. CPD/DC/L. R NO.11026/2/Mni, was issued on 6 June, 2015. On 9 July, 2015, the Project Manager wrote to the DVC Finance and Development seeking budget approval for the construction of the School of Business at a cost of Kshs.350,370,219, however, an amount of Kshs.300,000,000 was approved.

xix. Approval of Kenyatta University as the Main Contractor for the Kenyatta University Children's Hospital

- 3.6.57 A letter, invoice and receipt voucher dated 27 August, 2015, 28 August, 2015 and 13 October, 2015, respectively, from the National Construction Authority to Kenyatta University, on approval of the latter's application for registration of the proposed Kenyatta University Children's Hospital on Plot LR 11026/2 revealed that the Kenyatta University Children's Hospital proposed project was approved by the National Construction Authority on 27 August, 2015. Kenyatta University was the main contractor for building works at a contract sum of Kshs.646,973,029, with a commencement date of August, 2015, for a duration of two (2) years. Further, the letter indicated the Project Registration Number as 531061460013, and the levy payable amounted to Kshs.3,234,865, based on the project cost of Kshs.646,973,029, which was paid and receipted.

3.6.58 Interviews carried out with Management revealed that Kenyatta University carried out the project in-house, using the project management office, which was a fully-fledged department. The Kenyatta University Children's Hospital was approved as a 300-bed, academic, research and referral facility, designed to place Kenyatta University at the forefront of children's healthcare and research.

xx. Kenyatta University Children's Hospital Project Registration with the National Construction Authority

- 3.6.59 An internal memo dated 9 March, 2016, from the Deputy VC to the Registrar Finance and Development, indicated that M/s Cobeam Designs Ltd was awarded a contract for provision of civil and structural engineering consultancy services for construction of KU Children's Hospital at a lumpsum of Kshs.5,000,000. However, according to the National Construction Authority (NCA) project registration, the Project Engineer (Civil/Structural) Consultant was Eng. Njoroge R. Jeremy, of Registration No. E 162. The NCA project registration also indicated Arch. Mugure Njendu of Registration No. A1242 as the Project Architect, Eng. Patrick M. Karigi Registration No. E1470 and Qs. Rita Kathini Registration No. Q639 as the Quantity Surveyor. Eng. James Gitonga Miriti was appointed to offer electrical engineering services for the project, at a contract sum of Kshs.2,320,000.
- 3.6.60 An internal memo dated 28 April, 2016, from the Ag. Project Manager to the Deputy VC, Finance and Development, through the Registrar, revealed that the Architectural Consultancy for KU Children's Hospital was awarded to M/s Gitutho Architects and Planners, at 3% of the construction cost (VAT exclusive). An explanation was not provided as to why the institution did not engage the services of Architect, Eng. Patrick M. Karigi, Registration No. E1470, considering the project was in-house.

xxi. Irregularities in the Implementation of the Kenyatta University Children's Hospital

- 1.8.7 In a letter from the contracted Architect, Gitutho Architects and Planners, to the VC, dated 20 July, 2016, the Architect outlined various concerns and delays in the project works. Review of the letter revealed that the delay was as a result of KU being the Client and also the Contractor. The concerns highlighted included:
- a) Recommendation of a Resident Site Engineer for the works due to the scope of works;
 - b) Pending registration with relevant authorities such as plumbing sub-contractors;
 - c) Appointment of the Electrical Engineer in March, 2016 when the ground floor slab had already been cast;
 - d) The Project in the past and at the time had a Project Manager in acting capacity;
 - e) Lack of transparency in sharing information on Bill of Quantities with the Consulting Architects;
 - f) Need for KU to appoint an experienced independent Category 1 NCA Contractor; and
 - g) Lack of sign-off by the client of the detailed drawings that had been numerous submitted to the Client.
- 3.6.61 As per a draft by the Architect, Gitutho Architects and Planners, to the VC dated 9 September, 2016, the proposed scope consisted of:
- a) Construction of the main hospital building, consisting of ground floor, first floor, second floor and third floor, with an approximate total floor area of 26,200 square metres;
 - b) Central stores and laundry, with an approximate floor area of 1,600 square metres;
 - c) Services which included electrical, mechanical and ICT services; and

- d) External works which included- Guard house, boiler rooms, incinerators, roads and parking, medical gas plant, dustbin cubicles and storm water drainage and sewer construction.

3.6.62 However, as at the time of audit, the works were still at the foundation level.

xxii. Irregular Acquisition of Construction Materials for the Kenyatta University Children's Hospital

3.6.63 An internal memo dated 28 November, 2016 from the Clerk of Works to the Deputy Vice Chancellor Administration through the Registrar, Finance and Development, revealed a summon to appear in Court regarding reported theft of material (35 steel trappers, 3 Y-16 bars, Y-12 bars length 30, Y-10 bars length 24, Y-20 off-cut, Y-25 off-cut, Y-10 bars of unknown value at the KU Children's Hospital Project on 17 June, 2016. No explanation was provided on why the materials not in use had not been secured.

xxiii. Unsupported Disbursements from the Ministry of Education for the Kenyatta University Children's Hospital

3.6.64 Review of an internal memo from the Senior Internal Auditor to the Chief Internal Auditor dated 22 November, 2017, revealed that the KU Children's Hospital Project commenced in the financial year 2014/2015, with the first payment having been made on 25 March, 2015. Kenyatta University was the Client, registered by the National Construction Authority as a Mechanical Engineering Contractor for plumbing, drainage and sanitary fittings and as a building contractor. According to the Internal Memo, Kenyatta University had received Kshs.769,471,052 from the Ministry of Education for the KU Children's Hospital project as at 30 June, 2017. However, the utilization of the funds as per the Internal Memo reflected a total amount of Kshs.726,960,841, resulting to a variance of Kshs.42,510,211.

xxiv. Gaps in Project Monitoring and Evaluation of the Kenyatta University Children's Hospital

- 3.6.65 The 4th Regular Meeting of the Audit Committee of the 10th Kenyatta University Council was held on Thursday 25 January, 2018 in the Council Boardroom at 9.30am. In the minutes approved for circulation by the Chairman on 23 February, 2018, the Internal Audit Unit issued a recommendation to the University Management provide a way forward since the construction of the KU Children's Hospital had slowed down, almost to a halt, since July 2016.
- 3.6.66 The Audit Committees deliberations indicated that the project architect had not been in agreement with the users; the School of Medicine and School of Nursing. The users had raised concerns that the architectural designs were not good for the proposed KU Children's Hospital. The minutes also indicated that the architects had held several meetings with the users, and in each meeting, there was a promise to revise the drawings. However, when subsequent meetings were held, the designs were either deemed as worse or the same. Further, the minutes indicated that it was resolved that the University engages an arbitrator to assist in solving the stalemate between the architects and the users. In the circumstances, the University may not have taken into consideration the views of the users on the design of the project.
- 3.6.67 In addition, the Kenyatta University Procedure Manual, approved and issued on 9 September, 2014, provides for quality management in approval, procurement and in monitoring and evaluation. **Table 16** indicates instances where respective records were not provided to support existence of quality management in approval, procurement and in monitoring and evaluation.

Table 16: Gaps in Project Monitoring and Evaluation

Procedure/Activity	Who	When	Record
The contractor/Clerk of Works sets out the building to be checked by the construction team/Management	Project Manager/Clerk of Works/Project Manager Overall	After the drawings have already been submitted	Brief from Management
Site meetings are convened regularly	Architect/Project Manager	Monthly	Minutes
Site inspection meetings are held regularly	Architect/Engineer/ Project Manager/and other consultants	Monthly	Site Instruction Book
Instruction Book is provided on site for recording clarification/instruction	Clerk of Works	Throughout the construction period	Site Instruction Book
Sample of fittings and accessories are bought and kept on site after approval by the construction team	Project Manager	When materials are procured	LPO from Procurement Department
Weekly projects meetings are held to review progress of all projects	Project Manager/Engineers/ Quantity Surveyors and some members of the Management Team	Weekly	Minutes/ Weekly Progress Report

xxv. Payment Without an Interim Payment Certificate for an Earth Dam at Kitui Campus

- 3.6.68 Section 44(1-2) of the Public Procurement and Asset Disposal Act, 2015 states that an Accounting Officer of a public entity shall be primarily responsible for ensuring that the public entity complies with the Act. (2) In the performance of the responsibility under Sub-Section (1), an Accounting Officer shall— (a) ensure that procurements of goods, works and services of the public entity are within approved budget of that entity.
- 3.6.69 Section 45(1-3) provides that for the purpose of ensuring that the Accounting Officer's decisions are made in a systematic and structured way, an Accounting Officer shall establish systems and procedures to facilitate decision making for procurement and asset disposal. (2) The procedures required under Sub-Section

(1), shall be consistent with this Act and the Regulations. (3) All procurement processes shall be— (a) within the approved budget of the procuring entity and shall be planned by the procuring entity concerned through an annual procurement plan;

- 3.6.70 The contract for construction of a 12,500 cubic metres earth dam at KU's Kitui Campus was awarded to Amarolle Construction Company, at a contract sum of Kshs.9,885,000. Review of the Certificate of Making Good Defects dated 19 February, 2016, issued to the Contractor revealed that the Project Manager issued the Certificate. However, the Certificate had only been signed by the Contractor.
- 3.6.71 Further, the Contractor did not raise an invoice or interim payment certificate, however, on 23 May, 2016, the Project Manager wrote to the DVC Finance and Development seeking authorization to pay the Contractor an amount of Kshs.9,024,620. The payment was approved and paid on 7 July, 2016. In addition, retention money was released on 6 October, 2016, and an amount of Kshs.851,379 paid to the contractor without a project completion certificate.
- 3.6.72 Review of a memo dated 20 November, 2017 revealed that a team of three (3) officers inspected the Project, namely:
- i. Daniel Mwangi – Engineer;
 - ii. Rita Kathini – Quantity Surveyor; and
 - iii. Joan Mahugu – Engineer.
- 3.6.73 However, the inspection and acceptance report and project progress reports were not provided to the Audit Team for audit review.
- 3.6.74 Review of email communication dated 16 November, 2017, written by the then Kitui Campus Director to the then Vice Chancellor, the Director informed the VC that the dam was washed away on 15 November, 2017, which was a year after it was constructed. The contractor had repaired the dam and removed some soil out of the way. Although the Campus Director had complained about the poor workmanship to the Project Manager, no action was taken.

3.6.75 In the circumstances, there was no value for money for the expenditure amounting to Kshs.9,024,620, paid to the Contractor in respect to the construction of the dam.

3.7 Physical Verification of Stalled Projects

3.7.1 Section 72(1) of the Public Finance Management Act, 2012 states that the Accounting Officer for a National Government entity shall be responsible for the management of the entity's assets and liabilities; and manage those assets in a way which ensures that the National Government entity achieves value for money in acquiring, using and disposing of those assets.

3.7.2 Physical verification carried out on 30 July, 2024 revealed the following: -

i. Kenyatta University Recreation Centre

Physical inspection revealed that the construction of the Kenyatta University Recreation Centre had stalled at the foundation level. Hence, there was no value for money for an expenditure amounting to Kshs.60,101,010.

ii. School of Business

3.7.3 Physical inspection revealed that the Project stalled at the foundation level and cement of unknown value had expired on site. Further, there was no visible structure on the ground to account for the amount of Kshs.91,630,441 incurred on the Project, which represents 31% of the contract sum of Kshs.300,000,000.

3.7.4 In the circumstances, there was no value for money for the expenditure amounting to Kshs.91,630,441.

iii. Kenyatta University Children's Hospital

3.7.5 Physical inspection revealed that the construction of the Kenyatta University Children's Hospital stalled at the sub structure level, before the foundation slab was cast. . There was no justification for the expenditure of Kshs.725,960,841 that had been incurred on the Project.

iv. School of Architecture

3.7.6 Physical inspection carried out on 30 July, 2024 at the proposed project site revealed that the construction of the School of Architecture had not commenced.

v. Central Stores

3.7.7 Physical inspection carried out at the proposed project site revealed that the construction of the Central Stores had not commenced.

vi. Stadium Complex

3.7.8 Physical inspection carried out at the proposed project site revealed that the construction of the Stadium Complex had not commenced.

vii. Kigali Campus

3.7.9 Physical inspection carried out at the Kigali Campus revealed that all the works were done and completed and the Campus was ready for occupation.

3.7.10 Following the order to close the Campus, the KU Management attempted to dispose the property, however, the property did not attract the right price, as compared to the investment incurred.

3.7.11 The Kenyatta University Management, after failure to find a suitable buyer, leased the property to Miami Wholesale Limited. The lease agreement outlined a payment schedule of six (6) years, totaling Kshs.2,379,563 (RWF19,042,692.68). There was no value for money on the lease as the University will not be in a position to recoup the initial capital of Kshs.307,790,940 invested in the Kigali Campus.

4. IRREGULARITIES, RESPONSIBILITIES AND RECOMMENDATIONS

Table 17: Irregularities, Responsibilities and Recommendations

No.	Irregularity/Weakness	Risk /Law Violated	Amount (Kshs.)	Section of Report	Responsibility	Recommendations
Review of the Approval Process						
1.	Lack of approval from the University Council and Management for commencement of Kenyatta University Projects	Public Finance Management Act, 2012, Section 87(1).	733,589,833	1.6.2, 3.1.3	KU Management/University Council	KU Management should obtain relevant approval before commencement of projects.
2.	Failure to obtain prior approval for the establishment of the Kenyatta University, Kigali Campus	Universities Act No.42 of 2012, Section 20(2A)	NA	1.6.3, 3.1.6	KU Management/University Council	KU Management should obtain relevant approval before commencement of projects.
3.	Failure to provide a feasibility study and due diligence report for KU Kigali Campus	Section 72(1) of the Public Finance Management Act, 2012	511,144,181	1.6.7, 3.1.9	KU Management	KU Management should conduct detailed studies and perform due diligence on projects that require substantial financial resources.
4.	Failure to prepare Financial Statements for Kenyatta University Limited	Section 47(1) of the Universities Act, 2012	NA	1.6.8, 3.1.12	Accounting Officer	The Accounting Officer should ensure proper books of account are prepared for accountability.
5.	Holding negotiations before the valuation of the KU Kigali Campus property		NA	1.6.11, 3.1.15	KU Management	KU Management should follow due process in

No.	Irregularity/Weakness	Risk /Law Violated	Amount (Kshs.)	Section of Report	Responsibility	Recommendations
						engaging with service providers.
Review of the Budget Process and Controls						
6.	Failure to provide budget estimates presented to the Ministry of Education for approval	Section 1 of the Universities Act, 2012	1,732,000,000	1.6.16, 3.2.1	KU Management/ Head of Finance Department	KU Management and the Head of Finance should ensure adherence to the law.
Source and Availability of Funds for the Projects						
7.	Under budgeting for the Projects	Regulation 22(2) of the Public Procurement Regulations, 2006	1,419,902,673	1.6.19, 3.3.1	Management/ Head of the Procurement Department	KU Management and the Head of Procurement should ensure budgetary controls are adhered to.
8.	Unutilized budgetary allocation for the projects	Section 12(2)(b) of the Public Finance Management Act, 2012	285,070,193	1.6.21, 3.3.8	KU Management/ Head of Finance	KU Management and the Head of Finance should ensure that budgetary controls are adhered to.
9.	Payments made outside budgetary allocation	Section 12(2)(b) of the Public Finance Management Act, 2012	172,945,431	1.6.23, 3.3.12	Accounting Officer/Head of Finance	The Accounting Officer and the Head of Finance should ensure budgetary controls are adhered to.
Non-Compliance with the Applicable Procurement Laws and Regulations						
10.	Projects not factored in the Procurement Plans	Section 26(3) of the Public Procurement and Assets Disposal Act, 2005	339,500,000	1.6.27, 3.5.1	KU Management/ Head of Procurement Department	KU Management and the Head of Procurement should ensure that all its projects are provided for in an annual procurement plan.

No.	Irregularity/Weakness	Risk /Law Violated	Amount (Kshs.)	Section of Report	Responsibility	Recommendations
11.	Mismatch between Procurement Plans and Budgets	Section 26(3)(a) of the Public Procurement and Disposal Act, 2005	1,022,500,000	1.6.28, 3.5.4	The Head of Finance and the Head of Procurement Department	The Head of Finance and the Head of Procurement should ensure that all projects are provided for in annual procurement plans and the budgets.
Eligibility of Amounts Paid to Contractors and Consultants for the Projects						
12.	Overpayment in the acquisition of KU Kigali Campus property	Section 47(1) of the Universities Act, 2012 and Section 68(1) of the Public Finance Management Act 2012	7,524,060	1.6.29, 3.6.5	Head of Finance Department/ Accounting Officer	The Accounting Officer and the Head of Finance should ensure that only approved payments are made.
13.	Unsupported payment for the School of Architecture	Section 68(1) of the Public Finance Management Act 2012	10,482,258	1.6.30, 3.6.6	Head of Finance Department/ Accounting Officer	The Accounting Officer and the Head of Finance should ensure that all payments are adequately supported.
14.	Unsupported payment for the Stadium Complex	Section 68(1) of the PFM Act, 2012	9,685,641	1.6.31, 3.6.10	Head of Finance Department/ Accounting Officer	The Accounting Officer and the Head of Finance should ensure that all payments are adequately supported.
15.	Unaccounted expenditure for the KU Recreation Centre	Section 68(1) of the PFM Act, 2012	40,839,646	1.6.32, 3.6.14	Head of Finance Department/ Accounting Officer	The Accounting Officer and the Head of Finance should ensure that all payments are adequately supported.

No.	Irregularity/Weakness	Risk /Law Violated	Amount (Kshs.)	Section of Report	Responsibility	Recommendations
16.	Unaccounted expenditure for the underground and elevated water tanks at KUTRRH	Section 68(1) of the PFM Act, 2012	12,075,727	1.6.36, 3.6.16	Head of Finance Department/ Accounting Officer	The Accounting Officer and the Head of Finance should ensure that all payments are adequately supported.
17.	Unreconciled variance for the perimeter wall at KUTRRH	Section 68(1) of the PFM Act, 2012	52,909,469	1.6.37, 3.6.17	Head of Finance Department/ Accounting Officer	The Accounting Officer and the Head of Finance should ensure that all payments are adequately supported.
18.	Unaccounted expenditure for the perimeter wall at KUTRRH	Section 68(1) of the PFM Act, 2012	10,937,383.	1.6.37, 3.6.17	Head of Finance Department/ Accounting Officer	The Accounting Officer and the Head of Finance should ensure that all payments are adequately supported.
19.	Unsupported expenditure for the Central Stores	Section 68(1) of the PFM Act, 2012	18,768,359	1.6.39, 3.6.20	Finance Department/ Accounting Officer	The Accounting Officer and the Head of Finance should ensure that all payments are adequately supported.
20.	Failure to provide an analysis of payments for the Kenyatta University Children's Hospital	Section 68(1) of the PFM Act, 2012	660,651,423	3.6.23	Finance Department/ Accounting Officer	The Accounting Officer and the Head of Finance should ensure that all payments are adequately supported.
21.	Failure to provide details on project vehicles	Section 68(1) of the PFM Act, 2012	110,649,600	3.6.24	Procurement Department/ Accounting Officer	The Accounting Officer and the Head of the Procurement Department should ensure details of assets are provided.

No.	Irregularity/Weakness	Risk /Law Violated	Amount (Kshs.)	Section of Report	Responsibility	Recommendations
22.	Unsupported expenditure for the KU Children's Hospital	Section 68(1) of the PFM Act, 2012	525,316,702	3.6.26	Finance Department/ Accounting Officer	The Accounting Officer and the Head of Finance should ensure that all payments are adequately supported.
23.	Unaccounted expenditure for the School of Business	Section 68(1) of the PFM Act, 2012	72,673,790	1.6.40, 3.6.27	Head of Finance Department/ Accounting Officer	The Accounting Officer and the Head of Finance should ensure that all payments are adequately supported.
24.	Use of in-house construction without justification and approval	Section 29(3) of the Public PPDA, 2005	NA	1.6.41, 3.6.28	KU Management/Head of the Procurement Department	KU Management and the Head of the Procurement Department should ensure that all procurement procedures are followed.
25.	Lack of documentation for the formation of the Kenyatta University Construction Company	Section 72(1) of the Public Finance Management Act, 2012	NA	1.6.44, 3.6.32	Head of the Procurement Department	KU Management should ensure that records are properly kept.
26.	Unsupported procurement of consultancy services	Section 72(1) of the Public Finance Management Act, 2012	32,000,000	1.6.45, 3.6.34	Accounting Officer/Head of the Procurement Department	Accounting Officer/Head of the Procurement Department should ensure that all procurement procedures are followed.
27.	Irregularities in the procurement of materials, supplies and hire of machinery	Article 227(1) of the Constitution of Kenya 2010 and Section 7(e) of the PPDA, 2005		1.6.47, 3.6.36	Head of the Procurement Department	The Head of the Procurement Department should ensure that all procurement procedures are followed.

No.	Irregularity/Weakness	Risk /Law Violated	Amount (Kshs.)	Section of Report	Responsibility	Recommendations
28.	Lack of inspection and acceptance committee minutes/report for materials, supplies and hire of machinery	Section 72(1) of the Public Finance Management Act, 2012	13,376,564	1.6.50, 3.6.39	Head of the Procurement Department	The Head of the Procurement Department should ensure that all procurement procedures are followed.
29.	LPO issued after delivery of goods		8,502,500	1.6.51, 3.6.41	Head of the Procurement Department	The Head of the Procurement Department should ensure that all procurement procedures are followed.
30.	Receipt of goods and services after the LPO validity period		960,000	1.6.52, 3.6.43	Head of the Procurement Department	The Head of the Procurement Department should ensure that all procurement procedures are followed.
31.	Lack of value for money for Kshs.625,000 for expenditure on the School of Business	Section 68(1) of the PFM Act, 2012	625,000	1.6.60, 3.6.53	Head of the Finance Department	The Accounting Officer and the Head of Finance should ensure that all payments are adequately supported.
32.	Overpayment for the School of Business	Section 68(1) of the Public Finance Management Act 2012	304,000	1.6.61, 3.6.54	Head of the Finance Department	The Accounting Officer and the Head of Finance should ensure that all payments are adequately supported.
33.	Irregularities in the KU Children's Hospital project implementation	Article 227(1) of the Constitution of Kenya and Section 7(e) of the PPDA, 2005	NA	1.6.62, 3.6.61	Head of the Procurement Department	The Head of the Procurement Department should ensure that all procurement procedures are followed.

No.	Irregularity/Weakness	Risk /Law Violated	Amount (Kshs.)	Section of Report	Responsibility	Recommendations
34.	Irregularities in acquisition of construction materials	Article 227(1) of the Constitution of Kenya and Section 7(e) of the PPDA, 2005	NA	1.6.63, 3.6.63	Head of the Procurement Department	The Head of the Procurement Department should ensure that all procurement procedures are followed.
35.	Unsupported disbursement from the Ministry of Education	Section 68(1) of the PFM Act, 2012	50,500,000	1.6.64, 3.6.64	Finance Department/ Accounting Officer	The Accounting Officer and the Head of Finance should ensure that all payments are adequately supported.
36.	Gaps in project monitoring and evaluation		NA	1.6.65, 3.6.65	Head of the Procurement Department	The Head of Procurement the Procurement Department should ensure that all procurement procedures are followed.
37.	Payment without an Interim Payment Certificate and a Completion Certificate	Section 68(1) of the PFM Act, 2012	9,885,000	1.6.67, 3.6.70	Finance Department/ Accounting Officer	The Accounting Officer and the Head of Finance should ensure that all payments are adequately supported.

5. CONCLUSION

- 5.1 On 17 October, 2023, the Clerk of the National Assembly, vide letter referenced NA/AA&OSC/PIC-G&E/2023/ (083), requested the Auditor-General to carry out a Special Audit on Kenyatta University Accounts for the financial years 2018/2019 to 2020/2021.
- 5.2 The review of several projects, such as the Kenyatta University Recreation Centre, Kenyatta University Children Hospital, School of Business, and others, shows a significant mismatch between the budgeted amounts and procurement plan allocations.
- 5.3 Payments made to contractors and consultants lacked proper documentation and justification in several cases.
- 5.4 The audit revealed unsupported and unaccounted-for payments across multiple projects.
- 5.5 The procurement process exhibited multiple violations of the Public Procurement and Asset Disposal Act, 2015. The key issues include:
- i. Direct procurement without written approval from the Tender Committee;
 - ii. Lack of documentation to support procurement decisions, such as records of the selection of contractors and suppliers; and
 - iii. Failure to comply with constitutional requirements for transparency, competitiveness, and fairness in the procurement of public goods and services.
- 5.6 Kenyatta University (KU) used in-house construction for various projects without proper justification or written approval from the Tender Committee. Other in-house construction anomalies include: -
- i. **In-House Construction Without Proper Approval:** Kenyatta University used in-house sourcing for construction projects without the required approvals or documented justification, raising concerns over cost-saving claims.
 - ii. **Lack of Documentation for the Kenyatta University Construction Company:** Documentation to support the formation and role of the Kenyatta University Construction Company Limited was not provided, despite its involvement in project implementation.

- iii. **Unsupported Procurement of Consultancy Services:** Consultancy services for the KU Recreation Centre, amounting to Kshs.32,000,000 lacked proper procurement documentation, questioning the legitimacy of the procurement process.
- iv. **Projects Missing from Procurement Plans:** Several major projects, totaling Kshs.339,500,000, were not included in the approved procurement plans, indicating non-compliance with planning procedures.

5.7 Kenyatta University (KU) had established the Kigali Campus and the following was observed: -

- i. **Establishment Process:** The process encompasses diverse significant financial transactions. Notably, the report details the property acquisition for USD3,000,000. It further highlights the legal and valuation costs, indicating payments for legal and valuation services totaling Kshs.7,103,971. In addition, it specifies the receipt of a letter seeking concurrence for the University to proceed with the closure of Kigali Campus, as advised by the Ministry of Education Kenya, an indication of the commencement of the closure process.
- ii. **Kigali Campus Investment:** The report details diverse expenditures towards enhancing the Kigali Campus, comprising crucial investments such as partitioning works valued at Kshs.32,641,553, installation of a water and sewage treatment plant valued at Kshs.34,887,887 and structured network cabling valued at Kshs.24,699,246.
- iii. **Audit and Closure:** The report underlines the critical challenges during the audit process and the challenges encountered in the campus's closure. The report critiques the absence of tender committee minutes and the need for thorough record-keeping to ensure transparent operations. It points out that the closure plan was initiated without crucial approvals.
Disposal Process: The report identifies the potential lease agreement, outlining the payment schedule over six (6) years, totaling Kshs.2,379,563

(RWF19,042,692.68). It also specifies the lessee, Miami Wholesale Ltd, highlighting the potential disposal of the Kigali Campus.

6. APPENDICES

Appendix I: The Kenyatta University Kigali Campus Costs

No.	Service Provider	Particulars	Award / Contract Date	Amount (Kshs.)
1	Segatabazi Protais/Experts Co	Purchase of land and Buildings	03-Aug-15	307,790,940
2	Eng. Rutazana Jerome	Valuation	*	128,067
3	Eng. Munyabugingo Bonaventure	Valuation	*	234,459
4	Njoroge Regeru & Co Advocate	Legal fees	*	6,741,445
5	Experts Company Limited	Partitioning works at Kigali Campus - Rwanda	12-Aug-15	32,641,553
6	Next Technologies	Structured Network Cabling for the proposed KU Kigali campus	19-Aug-15	24,699,246
7	Experts Company Limited	Installation of Water Sewage Treatment Plant at the Kenyatta University Kigali Campus	17-Mar-16	34,887,887
8	Experts Company Limited	Supply and Installation of Toilet Blocks, Elevators and Access Ramp to Block B - Kigali Campus	17-Mar-16	61,992,817
9	Experts Company Limited	Paint Work at the Kenyatta University Kigali Campus	17-Mar-16	1,163,261
10	High Electronic & General Supplies Ltd	Supply and Installation of an Over Head Projector at the Kenyatta University Kigali Campus	17-Mar-16	2,437,859
11	Mugabe Construction and Carpentry Ltd	Supply and Installation of Flags at the Kenyatta University Kigali Campus	17-Mar-16	115,596
12	Tings Supply & Services Limited	Installation of curtains	*	2,482,922
13	Ruti Company Service Limited	Supply and installation of air conditioning	*	2,795,117
14	Ruti Company Service Limited	Supply and installation of firefighting system	*	1,430,799
15	BKN Associate	Fabrication and installation of signage	*	4,571,615
16	*	Supply and Installation of Internet	*	1,480,500
17	*	Installation of CCTV	*	2,152,805

No.	Service Provider	Particulars	Award / Contract Date	Amount (Kshs.)
18	*	Furniture and Equipment	*	10,707,658
19	*	Motor Vehicles	*	8,206,857
20	Samuel Ngugi Mburu	Office Expenses (includes staff costs)	*	4,482,779
			Total	511,144,181

* Details of service providers and dates of awards of contracts indicated by * were not provided.

Appendix II: Projects Budgeting

No.		FY 2014/2015 (Kshs.)	FY 2015/2016 (Kshs.)	FY 2016/2017 (Kshs.)	FY 2017/2018 (Kshs.)	FY 2018/2019 (Kshs.)	FY 2019/2020 (Kshs.)	FY 2020/2021 (Kshs.)	FY 2021/2022 (Kshs.)	FY 2022/2023 (Kshs.)	FY 2023/2024 (Kshs.)	Tot (Kshs)
1	KU Recreation Centre	15,000,000	6,000,000	50,000,000	6,000,000	-	-	-	-	-	-	77,000,000
2	Kenyatta University Children's Hospital	500,000,000	294,500,000	73,000,000	3,000,000	-	1,000,000	-	-	-	-	871,500,000
3	School of Business	-	50,000,000	30,000,000	14,000,000	-	-	-	-	-	-	94,000,000
4	Central Stores Main Building	-	8,000,000	-	-	-	-	40,000,000	40,000,000	-	17,000,000	105,000,000
5	School of Architecture	10,000,000	7,000,000	-	-	-	-	-	-	-	-	17,000,000
6	Stadium Complex	-	1,500,000	-	-	-	-	-	-	-	-	1,500,000
7	KUTRRH Perimeter Wall	55,000,000	5,000,000	-	-	-	-	-	-	-	-	60,000,000
8	KUTRRH Underground Water Tank	-	-	31,000,000	-	-	-	-	-	-	-	31,000,000
9	Elevated Water Tank KUTRRH	-	13,000,000	10,000,000	-	-	-	-	-	-	-	23,000,000
10	Access Road from Thika Superhighway	-	-	-	-	25,000,000	2,000,000	4,000,000	4,000,000	-	-	35,000,000
11	KU Kigali Campus	-	370,000,000	-	-	-	-	-	-	-	-	370,000,000
12	Underground Tank, Kitui Campus	-	12,000,000	8,000,000	-	-	9,000,000	9,000,000	9,000,000	-	-	47,000,000

Appendix III Projects Procurement Planning

No.		FY 2014/15 (Kshs)	FY 2015/16 (Kshs)	FY 2016/17 (Kshs)	FY 2017/2018 (Kshs)	FY 2018/2019 (Kshs)	FY 2019/2020 (Kshs)	FY 2020/2021 (Kshs)	FY 2021/2022 (Kshs)	FY 2022/2023 (Kshs)	FY 2023/2024 (Kshs)	Total (Kshs)
1	KU Recreation Centre	-	-	-	39,000,000	-	-	-	-	-	-	39,000,000
2	Kenyatta University Children Hospital	-	-	-	58,500,000	100,000,000	-	-	-	-	-	158,500,000
3	School of Business	-	-	60,000,000	42,000,000	-	-	-	-	-	-	102,000,000
4	Central Stores Main Building	-	-	-	-	-	-	40,000,000	-	-	-	40,000,000
5	School of Architecture	-	-	-	-	-	-	-	-	-	-	-
6	Stadium Complex	-	-	-	-	-	-	-	-	-	-	-
7	KUTRRH Perimeter Wall	-	-	-	-	-	-	-	-	-	-	-
8	KUTRRH Underground Water Tank	-	-	-	-	-	-	-	-	-	-	-

No.	FY 2014/15 (Kshs)	FY 2015/16 (Kshs)	FY 2016/17 (Kshs)	FY 2017/2018 (Kshs)	FY 2018/2019 (Kshs)	FY 2019/2020 (Kshs)	FY 2020/2021 (Kshs)	FY 2021/2022 (Kshs)	FY 2022/2023 (Kshs)	FY 2023/2024 (Kshs)	Total (Kshs)
9	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-	-	-
Total											339,500,000

Appendix IV: Unapproved Payment Vouchers

No.	Invoice No.	PV No.	Date	Payee	Particulars	Amount (Kshs.)	Comment
1	*	11-02306-16	29/6/2016	Demachi Agencies	Hire of transport for carrying materials	375,000	No approval for the payment by the CFO/Registrar
2	*	11-01045-16	19/11/2015	Servcon Associates Limited	Consultancy services for electrical and mechanical engineering for the proposed recreational centre	765,000	No approval for the payment by the CFO/Registrar
3	*	11-01909-15	30/4/2015	Domken Limited	Tipper Hire-for KU Arboretum and Recreation Park(washroom)	36,500	No approval for the payment by the CFO/Registrar and no stamp showing that the payment voucher was examined
4	*	11-01908-15	30/4/2015	Domken Limited	Tipper Hire	50,000	No approval for the payment by the CFO/Registrar and no stamp showing that the payment voucher was examined
5	*	11-01851-15	15/4/2015	Demachi Agencies	Hire of transport for backfilling of swamp at KU Arboretum and Recreation Park (100 trips at Kshs.3,650)	365,000	No approval for the payment by the CFO/Registrar
6	*	11-02431-15	27/5/2015	Domken Limited	Machine hire	95,000	No approval for the payment by the CFO/Registrar
7	KU/RFFP/64/SCWE/RC/2013/2014	11-00766-16	23/10/2015	Tertiary Consulting Engineering	Structural and Civil Engineering Services -design drawings	990,000	No approval for the payment by the CFO/Registrar

No.	Invoice No.	PV No.	Date	Payee	Particulars	Amount (Kshs.)	Comment
8	39474	11-02888-15	07/02/2015	Domken Limited	Tipper hire for the KU Arboretum and Recreation Park (washroom)	73,000	No approval for the payment by the CFO/Registrar
9	918	11-02273-16	15/6/2016	Garvins Logistics Limited	Hire of a Chain Excavator	671,920	No approval for the payment by the CFO/Registrar and the Local Purchase Order was issued on 16/12/2015
10	924	11-02272-16	15/6/2016	Garvins Logistics Limited	Hire of a Chain Excavator	400,000	No approval for the payment by the CFO/Registrar and the Local Purchase Order was issued on 20/04/2016
11	*	11-02266-16	14/6/2016	National Environment Management Authority Revenue	NEMA registration for the proposed recreational centre	267,948	No invoice from NEMA and no approval for the payment by the CFO/Registrar
12	*	*	04/12/2017	Selina Chirchir	Payment of wages for March 2017	6,852	No evidence of budgetary allocation No approval by the CFO/Registrar Payment approved by HR Manager
13	*	11-01075-17	25/4/2017	Unilink Limited	supply of ballast and clean river sand	137,629	LPO was issued on 9/2/2015 but not acknowledged by the supplier No approval by the CFO/Registrar Invoice was issued on 27/03/2017
14	262	11-02148-15	06/03/2015	Williamson General Builders & Contractors	Hire of machine-Poker Vibrator Machine to facilitate washroom works	21,551	(poker vibrator 10 days @ 2,500) Equipment hire daily. No. LPO was issued No evidence of voucher examination and payment was paid without approval

No.	Invoice No.	PV No.	Date	Payee	Particulars	Amount (Kshs.)	Comment
15	Various	11-01986-16	25/4/2016	Phimmy Agencies Limited	Supply of building materials-steel wool, engraved mirror	339,150	Various LPOs and requisitions provided. Payment voucher not approved by CFO/Registrar
16	263	11-02214-15	06/03/2015	Williamson general builders & contractors	Hire of machine-concrete mixer for KU Arboretum and recreation park	30,172	Payment not approved and the payment voucher not examined.
17	265 & 266	11-02920-15	19/8/2015	Williamson general builders & contractors	Machine Hire-Concrete mixer for KU Arboretum and recreation park (washroom)	25,862	5 trips @ 3500=17500 ; 5 days @ 2500=12500 payment not approved and the payment voucher not examined.
18	186	11-00281-18	31/10/2017	Prime Time Investments	Supply of clean river sand-construction of recreation centre	431,200	LPO was issued on 1/5/2017.No approval by the CFO/Registrar. Procurement process not followed in award of contracts.
19	133	11-00110-18	24/8/2017	Williamson General Builders & Contractors	Hire of poker vibrator machine-construction of recreation centre	25,000	No approval by the CFO/Registrar
20	132	10-02220-18	21/8/2017	williamson General Builders & Contractors	Hire of concrete mixer for construction of recreation centre	35,000	No approval by the CFO/Registrar and no evidence that the voucher was examined(10days @3500)LPO was issued on 19/1/2017.However, the equipment hire daily delivery sheet shows that the machine was hired between12/10/2016 to 2/11/2016 which was before the LPO was issued. Further, the requisition was raised on 21/12/2016 which was after the machine had been hired.

No.	Invoice No.	PV No.	Date	Payee	Particulars	Amount (Kshs.)	Comment
21	1051	11-01221-17	23/5/2017	Demachi Agencies	Hire of tipper-construction of recreation centre	400,000	No approval by the CFO/Registrar; 160 trips @ 2500=400,000. LPO was issued on 12/4/2017; No requisition from the user department; Some supplies were made on 10/4/2017 of 18 trips @2500=Kshs.45,000 which was before LPO was issued.
22	131	11-00992-17	30/3/2017	Williamson general builders & contractors	Hire of poker vibrator machine for construction of recreation centre	25,000	No approval by the CFO/Registrar; LPO was issued on 16/11/2016; However, the equipment hire daily delivery sheet shows that the machine was hired on 5/8/2016 to 13/10/16. (10days *2500) =25000. Requisition was made on 24/10/2016.
23	various	11-00138-18	31/8/2017	Garvins Logistics Limited	Hire of Machine-Hire of chain excavator to excavate murrum for backfilling	96,1500	Payment was not approved by the CFO/Registrar.
24	2163/224 5/2259	10-07279-18	11/06/2017	Domken Limited	Hire of backhoe shovels-backfilling	560,000	Payment not approved by CFO/registrar. LPO for hire of shovel was issued on 5/9/2016 for Kshs.300,000(60 hours@5000). Invoice and delivery note were issued on 20/2/2017. LPO was issued on 16/11/2016 for Kshs.300,000 for hire of shovel. However, the equipment hire daily delivery sheet were dated 11/11/2016 and 16/11/2016 which was before the LPO was issued.
					Total	7,088,284	

* Information on details of invoice numbers and payment voucher number indicated by * were not provided.

Appendix V: Irregularities in Procurement of Material Supplies and Hire of Machinery

No.	Invoice No.	Pv No.	Date	Payee	Particulars	Amount (Kshs.)
1	*	11-02306-16	29/6/2016	Demachi Agencies	Hire of transport for carrying materials	375,000
2	*	11-01909-15	30/4/2015	Domken Limited	Tipper Hire-for KU Arboretum and Recreation Park (washroom)	36,500
3	*	11-01908-15	30/4/2015	Domken Limited	Tipper Hire	50,000
4	*	11-01851-15	15/4/2015	Demachi Agencies	Hire of Transport for backfilling of a swamp at the KU Arboretum and Recreation Park (100 trips at Kshs.3,650)	365,000
5	*	11-02431-15	27/5/2015	Domken Limited	Machine hire	95,000
6	39474	11-02888-15	07/02/2015	Domken Limited	Tipper hire for the KU Arboretum and Recreation Park(washroom)	73,000
7	918	11-02273-16	15/6/2016	Garvins Logistics Limited	Hire of a Chain Excavator	671,920
8	924	11-02272-16	15/6/2016	Garvins Logistics Limited	Hire of a Chain Excavator	400,000
9	*	11-02388-16	07/08/2016	Demachi Agencies	Hire of transport-(Hire of tipper for carrying excavated materials 200 trips @2500	500,000
10	*	11-01075-17	25/4/2017	Unilink Limited	Supply of ballast and clean river sand	137,629
11	1048	11-01094-17	28/4/2017	Demachi Agencies	Hire of tipper for transportation of excavated soil	750,000
12	37	11-01865-15	03/11/2015	Gold Park City Limited	Hire of tipper -excavation and backfilling of the swamp at KU Arboretum and Recreation Park	317,550
13	48	11-02296-15	05/12/2015	J.F Mcconnell Construction Company Limited	Water proofing works at KU Arboretum	287,280
14	262	11-02148-15	06/03/2015	Williamson general builders & contractors	Hire of machine-Poker Vibrator Machine to facilitate washroom works	21,551
15	*	11-02192-15	22/4/2015	Domken Limited	Machine hire- Hire of a shovel machine for the KU Arboretum and Recreation Park washroom	100,000
16	Various	11-01986-16	25/4/2016	Phimmy Agencies limited	Supply of building materials-steel wool, engraved mirror	339,150

No.	Invoice No.	Pv No.	Date	Payee	Particulars	Amount (Kshs.)
17	263	11-02214-15	06/03/2015	Williamson General Builders & Contractors	Hire of machine-concrete mixer for the KU Arboretum and Recreation Park	30,172
18	1119	11-02443-15	06/02/2015	Domken Limited	Machine Hire-Hire of tipper for the KU Arboretum and Recreation Park(washroom)	54,750
19	265 & 266	11-02920-15	19/8/2015	Williamson General Builders & Contractors	Machine Hire-Concrete mixer for KU Arboretum and Recreation Park(washroom)	25,862
20	186	11-00281-18	31/10/2017	Prime Time Investments	Supply of clean river sand-construction of the KU Arboretum and Recreation Centre	431,200
21	1057	11-00228-18	10/05/2017	Demachi Agencies	Hire of transport-Tipper for soil excavation	500,000
22	133	11-00110-18	24/8/2017	Williamson General Builders & Contractors	Hire of poker vibrator machine-construction of the KU Arboretum and Recreation Centre	25,000
23	132	10-02220-18	21/8/2017	williamson General Builders & Contractors	Hire of concrete mixer for construction of the KU Arboretum and Recreation Centre	35,000
24	1051	11-01221-17	23/5/2017	Demachi Agencies	Hire of tipper for construction of the KU Arboretum and Recreation Centre	400,000
25	131	11-00992-17	30/3/2017	Williamson General Builders & Contractors	Hire of poker vibrator machine for construction of the KU Arboretum and Recreation Centre	25,000
26	044	11-00916	03/06/2017	Demachi Agencies	Hire of tipper	300,000
27	Various	11-00138-18	31/8/2017	Garvins Logistics Limited	Hire of Machine-Hire of chain excavator to excavate murrum for backfilling	961,500
28	2166/2247	10-07287-18	13/12/2017	Domken Limited	Hire of concrete mixer and 5ton roller	235,000
29	2163/2245/2259	10-07279-18	11/06/2017	Domken Limited	Hire of backhoe shovels-backfilling	560,000
30	1034	11-00494-17	24/10/2016	Demachi Agencies	Hire of chain excavator machine	192,000
31	953	11-00445-17	24/9/2016	Garvins Logistics Limited	Hire of rock breaker machine	420,000
32	2179	11-00422-17	10/11/2016	Domken Limited	Hire of poker vibrator machine	37,500
33	1059	10-04488-18	25/9/2017	Demachi Agencies	Hire of a 5 ton roller	135,000
34	2174	11-00145-17	22/8/2016	Domken Limited	Hire of backhoe shovel machine	75,000
35	2173	11-00140-17	08/11/2016	Domken Limited	Hire of backhoe shovel machine	80,000

No.	Invoice No.	Pv No.	Date	Payee	Particulars	Amount (Kshs.)
36	2172	113-00139-17	15/8/2016	Domken Limited	Hire of backhoe shovel machine	75,000
37	2175	10-06152-17	14/10/2016	Domken Limited	Hire of backhoe shovel machine	150,000
38	949 & 954	10-04629-17	23/9/2016	Garvins Logistics Limited	Hire of chain excavator machine Hire of rock breaker	880,000
39	2177	10-03114-17	26/8/2016	Domken Limited	Hire of 5ton roller	45,000
40	123	10-03129-17	30/8/2016	Williamson General Builders & Contractors	Hire of a poker vibrator	70,000
41	1027	10-01552-17	08/11/2016	Demachi Agencies	Hire of a chain excavator	240,000
42	1024	11-00108-17	08/03/2016	Demachi Agencies	Hire of tipper	500,000
43	1013	11-00016-17	08/01/2016	Demachi Agencies	Hire of a chain excavator	440,000
44	1026	11-00100-17	08/01/2016	Demachi Agencies	Hire of a chain excavator	560,000
45	006/929	11-00060-17	26/7/2016	Garvins Logistics Limited	Hire of tipper	375,000
46	2198	10-05949-17	10/11/2016	Domken Limited	Hire of a water pump	50,000
47	1036	10-05991-17	14/10/2016	Demachi Agencies	Hire of tipper	325,000
48	947/967	10-04776-17	27/9/2016	Garvins Logistics Limited	Hire of chain excavator machine	624,000
					Total	13,376,564

* Details of invoice numbers indicated by * were not provided.

Appendix VI: Hire of Similar Machines at Different Rates

No.	Invoice No.	Pv No.	Date	Payee	Particulars	Amount (Kshs)
1	*	11-02388-16	07/08/2016	Demachi Agencies	Hire of transport- (Hire of tipper for carrying excavated materials (200 trips atKshs.2,500)	500,000
2	37	11-01865-15	03/11/2015	Gold Park City Limited	Hire of tipper -excavation and backfilling of the swamp at the KU Arboretum and Recreation Park (87 trips for Kshs.3,650.)	317,550
3	262	11-02148-15	06/03/2015	Williamson General Builders & Contractors	Hire of machine-Poker Vibrator Machine to facilitate washroom works (poker vibrator 10 days at Kshs.2,500)	21,551
4	1119	11-02443-15	06/02/2015	Domken Limited	Machine Hire-Hire of tipper for the KU Arboretum and Recreation Park (washroom) (15 trips at Kshs.3,650).	54,750
5	265 & 266	11-02920-15	19/8/2015	Williamson General Builders & Contractors	Machine Hire-Concrete mixer for the KU Arboretum and Recreation Park (washroom) (5 trips @ Kshs.3,500=Kshs.17,500, 5 days at Kshs.2,500=Kshs.12,500)	25,862
6	1057	11-00228-18	10/05/2017	Demachi Agencies	Hire of transport-Tipper for soil excavation (211 trips at Kshs.2,500=Kshs.497,500)	500,000
7	133	11-00110-18	24/8/2017	Williamson General Builders & Contractors	Hire of poker vibrator machine-construction of the KU Arboretum and Recreation Centre (10 days atKshs.2,500)	25,000
8	132	10-02220-18	21/8/2017	Williamson General Builders & Contractors	Hire of concrete mixer for construction of the KU Arboretum and Recreation Centre (10days atKshs.3,500)	35,000
9	1051	11-01221-17	23/5/2017	Demachi Agencies	Hire of tipper- Construction of the KU Arboretum and Recreation Centre (160 trips at Kshs.2,500= Kshs.400,000)	400,000
10	131	11-00992-17	30/3/2017	Williamson General Builders & Contractors	Hire of poker vibrator machine for the construction of the KU Arboretum and Recreation Centre (10days * Kshs.2,500) = Kshs.25,000	25,000
11	1044	11-00916	03/06/2017	Demachi Agencies	Hire of tipper (10days *2500) =Kshs.25,000	300,000

No.	Invoice No.	Pv No.	Date	Payee	Particulars	Amount (Kshs)
12	various	11-00138-18	31/8/2017	Garvins Logistics Limited	Hire of Machine-Hire of chain excavator to excavate murrum for backfilling (117 hours at Kshs.8,000)	961,500
13	2166/2247	10-07287-18	13/12/2017	Domken Limited	Hire of concrete mixer (20 trips at Kshs.5,000=Kshs.100,000) and 5ton roller (15 trips at Kshs.9,000)	235,000
14	2163/2245/2259	10-07279-18	11/06/2017	Domken Limited	Hire of backhoe shovels-backfilling (60 hours at Kshs.5,000)	560,000
15	953	11-00445-17	24/9/2016	Garvins Logistics Limited	Hire of rock breaker machine (Kshs.14,000* 30 hours)	420,000
16	2179	11-00422-17	10/11/2016	Domken Limited	Hire of poker vibrator machine (15 days at Kshs.2,500)	37,500
17	2177	10-03114-17	26/8/2016	Domken Limited	Hire of 5ton roller (5 days for Kshs.9,000)	45,000
18	1027	10-01552-17	08/11/2016	Demachi Agencies	Hire of a Chain Excavator (30 hours at Kshs.8,000)	240,000
19	006/929	11-00060-17	26/7/2016	Garvins Logistics Limited	Hire of tipper (150 trips each at Kshs.2,500)	375,000
20	2198	10-05949-17	10/11/2016	Domken Limited	Hire of a water pump (20 days at Kshs.2,500)	50,000
21	1036	10-05991-17	14/10/2016	Demachi Agencies	Hire of tipper (20 days at Kshs.2,500)	325,000
					Total	5,453,713

* The invoice number details for item 1 were not provided.

Appendix VII: Local Purchase Orders Issued After Delivery

No.	Invoice No.	PV No.	Date	Payee	Particulars	Amount (Kshs.)	Comment
1	*	11-02306-16	29/6/2016	Demachi Agencies	Hire of transport for carrying materials	375,000	Local Purchase Order number 101638 was issued on 18/05/2016. However, the goods were invoiced and delivered on 9/5/2016, before the award. The daily delivery sheets were signed between 25-29 April, 2016 which was before the award of the contract to Demachi Agencies.
2	*	11-02388-16	07/08/2016	Demachi Agencies	Hire of transport-(Hire of tipper for carrying excavated materials 200 trips at Kshs.2,500	500,000	LPO was issued on 25/5/2016. The invoice and delivery note were issued on 9/6/2016. However, equipment hire daily delivery sheet shows the supplies were done on 27-30 April, 2016 which was before the LPO was awarded.
3	1057	11-00228-18	10/05/2017	Demachi Agencies	Hire of transport-Tipper for soil excavation	500,000	199 trips at 2Kshs.500 totaling Kshs.497,500 LPO was issued on 29/6/2017. However, the tipper operated on 24/4/2017 (12 trips at Kshs.2,500 totaling Kshs.30,000 which was before the LPO was issued.
4	133	11-00110-18	24/8/2017	Williamson General Builders & Contractors	Hire of poker vibrator machine-construction of recreation centre	25,000	LPO issued on 13/1/2017. However, the equipment hire daily delivery sheet shows that the machine was hired between 26/10/2016 to 9/11/2016 which was before the LPO was issued. Further, the requisition was raised on 21/12/2016 which was after the machine had been hired.
5	132	10-02220-18	21/8/2017	Williamson General Builders & Contractors	Hire of concrete mixer for construction of recreation centre	35,000	LPO was issued on 19/1/2017. However, the equipment hire daily delivery sheet shows that the machine was hired between 12/10/2016 to 2/11/2016 which was before the LPO was issued. Further, the requisition was raised on 21/12/2016 which was after the machine had been hired.
6	1051	11-01221-17	23/5/2017	Demachi Agencies	Hire of tipper-construction of recreation centre	400,000	LPO was issued on 12/4/2017. Some supplies were made on 10/4/2017 of 18 trips at Kshs.2,500 totaling Kshs.45,000 which was before LPO was issued.
7	131	11-00992-17	30/3/2017	Williamson general builders & contractors	Hire of poker vibrator machine for construction of recreation centre	25,000	LPO was issued on 16/11/2016; However, the equipment hire daily delivery sheet shows that the machine was hired on 5/8/2016 to 13/10/16. (10 days *2,500) totaling Kshs.25,000. Requisition was made on 24/10/2016.

No.	Invoice No.	PV No.	Date	Payee	Particulars	Amount (Kshs.)	Comment
8	1044	11-00916	03/06/2017	Demachi Agencies	Hire of tipper	300,000	LPO was issued on 23/1/2017; However, the weighing ticket attached range from 15/06/2016 to 19/1/2017 and the equipment hire daily delivery sheets were not provided for review.
9	Various	11-00138-18	31/8/2017	Garvins Logistics Limited	Hire of Machine-Hire of chain excavator to excavate murrum for backfilling	961,500	1. LPO was issued on 28/4/2017 for Kshs.280,000. Invoice and delivery notes were issued on 7/6/2017 and 6/6/2017, respectively. However, equipment hire daily delivery sheet for 35 hours at Kshs.8,000 show the machine was hired between 5/4/2017 and 12/4/2017, which was before the LPO was issued. 2. LPO for Kshs.256,000 was issued on 5/4/2017, invoice and delivery notes were issued on 7/6/2017 and 6/6/2017, respectively. However, equipment hire daily delivery sheet for 32 hours at Kshs.8,000 shows the machine was hired between 29/3/2017 and 4/4/2017, which was before the LPO was issued. 3. LPO for Kshs.400,000 was issued on 16/5/2017, invoice and delivery notes were issued on 7/6/2017 and 6/6/2017, respectively. However, equipment hire daily delivery sheet for 50 hours at Kshs.8,000 shows the machine was hired between 8/4/2017 and 25/4/2017, which was before the LPO was issued.
10	2166/2247	10-07287-18	13/12/2017	Domken Limited	Hire of concrete mixer and 5ton roller	235000	LPO for hire of 5ton roller machine of Kshs.135,000 was issued on 30/1/2017 15 trips at Kshs.9,000. However, the equipment hire daily delivery sheet dated 26/1/2017 and 27/1/2017 shows deliveries were done before LPO was issued. LPO for hire of concrete mixer was done on 4/8/2016.However, the equipment hire daily delivery sheet were issued between 12/7/2016 and 3/8/2016 which was before the LPO was issued. The sheet was also not signed by supplier's representative. 20 trips at Kshs.5,000 totalingKshs.100,000.
11	2163/2245/2259	10-07279-18	11/06/2017	Domken Limited	Hire of backhoe shovels-backfilling	560,000	LPO for hire of shovel was issued on 5/9/2016 for Kshs.300,000(60 hours atKshs.5,000). Invoice and delivery note were issued on 20/2/2017.This was after the LPO validity period of 30 days. LPO was issued on 16/11/2016 for Kshs.300,000 for hire of shovel. However, the equipment hire daily delivery sheet were dated between 11/11/2016 and 16/11/2016 which was before the LPO was issued.

No.	Invoice No.	PV No.	Date	Payee	Particulars	Amount (Kshs.)	Comment
12	1034	11-00494-17	24/10/2016	Demachi Agencies	Hire of chain excavator machine	192,000	LPO for Kshs.192,000 was issued on 4/8/2016. The invoice and delivery note was issued on 17/8/2016.However, equipment hire daily delivery sheets were dated between14/6/2016 to 17/6/2016, which was before the LPO was issued. Further, the requisition was issued on 30/6/2016 which was after the equipment had been hired.
13	953	11-00445-17	24/9/2016	Garvins Logistics Limited	Hire of rock breaker machine	420000	LPO for Kshs.420,000 (Kshs.14,000 for 30 hours) was issued on 29/6/2016 and invoice and delivery notes were issued on 8/8/2016 and 9/8/2016, respectively. However, the equipment hire daily delivery sheet were dated between 13/6/2016 and 23/6/2016, which was before the LPO was issued. The requisition was dated 14/6/2016, which was done after hiring of the equipment.
14	2174	11-00145-17	22/8/2016	Domken Limited	Hire of backhoe shovel machine	75,000	LPO was issued on 16/6/2016. The invoice and delivery note were issued on 13/7/2016. However, equipment hire daily delivery sheets were dated between 20/5/2016 to 4/6/2016.
15	2173	11-00140-17	08/11/2016	Domken Limited	Hire of backhoe shovel machine	80,000	LPO was issued on 23/5/2016. However, the equipment hire daily delivery sheets were dated between 4/5/2016 to 5/5/2016. This was before the LPO was issued and requisition made on 10/5/2016.
16	2175	10-06152-17	14/10/2016	Domken Limited	Hire of backhoe shovel machine	150,000	LPO was issued on 29/6/2016.The invoice and delivery note was issued on 13/7/2016. However, the equipment hire daily delivery sheet was dated between 7/6/2016 and 10/6/2016, which was before LPO was issued. Requisition was made on 13/6/2016, which was after the equipment was hired.
17	949&954	10-04629-17	23/9/2016	Garvins Logistics Limited	1.Hire of chain excavator machine 2. Hire of rock breaker	880,000	LPO of Kshs.560,000 was issued on 29/6/2016.The invoice was issued on 8/8/2016 and delivery done on 9/8/2016.However, the equipment hire daily delivery sheets were signed between 17/6/2016 and 29/6/2016. This was before the LPO was issued. 2.LPO was issued on 16/6/2016 for Kshs.320,000 for rock breaker. However, the equipment hire daily delivery sheet were signed on 4/6/2016 to 12/6/2016, which was before LPO was issued.
18	1027	10-01552-17	08/11/2016	Demachi Agencies	Hire of a Chain Excavator	240,000	LPO was issued on 20/6/2016 and the invoice and delivery note were issued on 6/7/2016. However, equipment hire daily delivery sheets were signed between 8/6/2016 and 13/06/2016, which was before LPO was issued.

No.	Invoice No.	PV No.	Date	Payee	Particulars	Amount (Kshs.)	Comment
19	1024	11-00108-17	08/03/2016	Demachi Agencies	Hire of Tipper	500,000	LPO was issued on 29/6/2016, the invoice and delivery notes were issued on 6/7/2016 and 5/7/2016. However, equipment hire daily delivery sheets were signed on 8/6/2016 and 10/6/2016, which was before the LPO was issued.
20	1013	11-00016-17	08/01/2016	Demachi Agencies	Hire of a Chain Excavator	440,000	LPO was issued on 18/5/2016, the invoice and delivery note was issued on 9/6/2016. Equipment hire daily delivery sheets were dated 25/4/2016 to 30/4/2016, which was before LPO was issued.
21	1026	11-00100-17	08/01/2016	Demachi Agencies	Hire of a Chain Excavator	560,000	LPO was issued on 29/6/2016. The invoice and delivery note were issued on 6/7/2016. Equipment hire daily delivery sheet were signed between 1/6/2016 and 11/6/2016, which was before LPO was issued.
22	006/929	11-00060-17	26/7/2016	Garvins Logistics Limited	Hire of tipper	375,000	LPO was issued on 20/4/2016; Invoice was issued on 23/5/2016 and delivery note was issued on 23/5/2016. However, some equipment hire daily delivery sheets were signed between 15/4/2016 and 19/4/2016, which was before the LPO was issued.
23	2198	10-05949-17	10/11/2016	Domken Limited	Hire of a water pump	50,000	LPO issued on 4/7/2016. However, the equipment hire daily delivery sheet were dated between 10/6/2016 and 22/6/2016, which was before the LPO was issued.
24	947/967	10-04776-17	27/9/2016	Garvins Logistics Limited	Hire of chain excavator machine	624,000	1.LPO was issued on 4/8/2016 for Kshs.224,000. Invoice and delivery notes were issued on 24/8/2016 and 26/8/2016. However, the equipment hire daily delivery sheets were dated between 28/4/2016 and 2/5/2016. Further, the requisition was made on 30/6/2016, which was after the deliveries had been made. 2.LPO for Kshs.400,000 was issued on 18/5/2016 and invoice and delivery notes were issued on 8/8/2016 and 9/8/2016. This was after the LPO validity period of 30 days.
					Total	8,502,500	

* Details of invoice numbers for items 1 and 2 were not provided.

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