

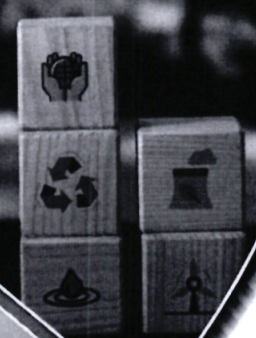
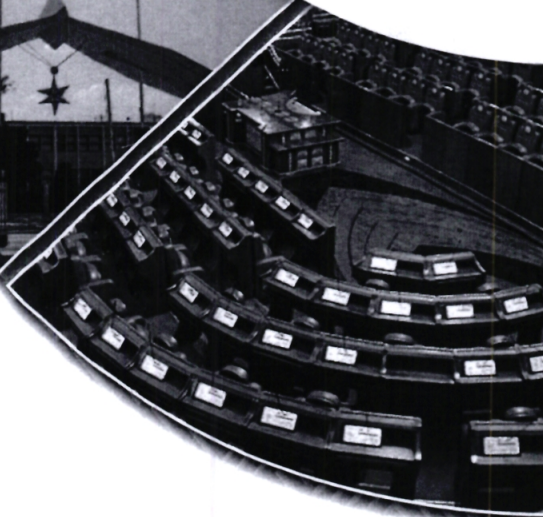
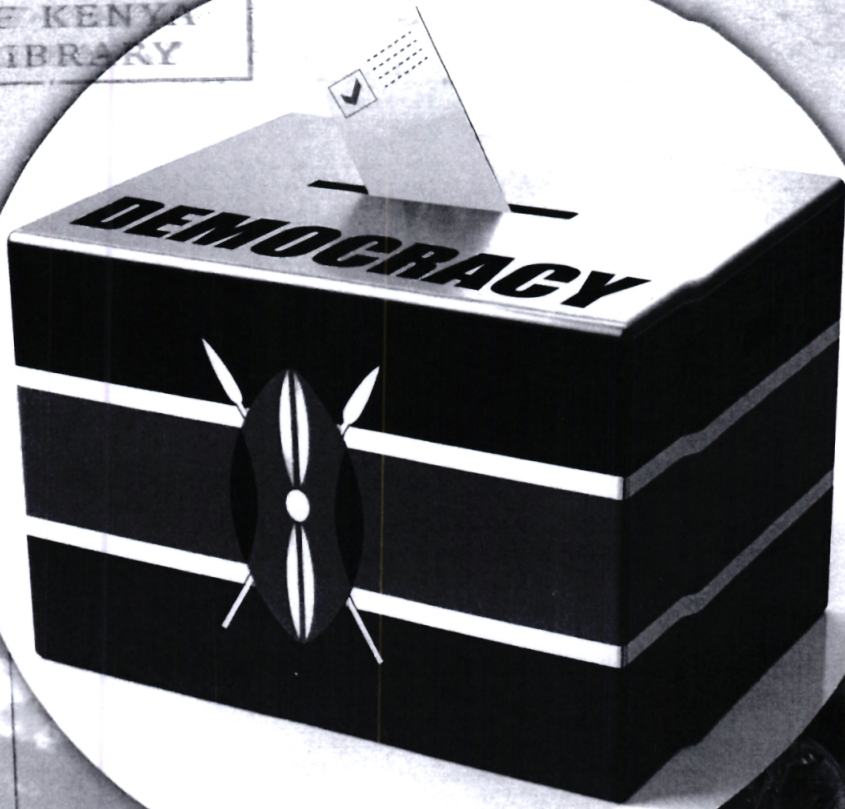


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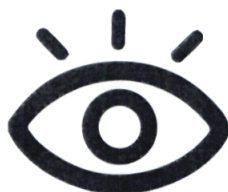


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AUDITOR-GENERAL'S SUMMARY REPORT ON POLITICAL PARTIES -2023/2024



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AUDITOR-GENERAL'S

SUMMARY REPORT

ON

POLITICAL PARTIES

2023/2024


 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 JUL 2024	DAY: Thu.
TABLED BY:	Leader of Majority
CLERK-AT THE-TABLE:	Tracy Arbut

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Foreword

This report is a summary of cross-cutting audit findings in the audit reports of Political Parties for the year ended 30 June, 2024.

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

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

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

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

The Office of the Auditor-General has been continuously improving on the effectiveness and quality of the audit process to ensure that the results of the audit and the recommendations thereof are credible, relevant, reliable and value-adding.

This is geared towards influencing improved decision making and positive impact on the lives and livelihoods of citizens and other stakeholders. Provision of quality and effective audit services and confirmation of the lawfulness and effectiveness in use of public resources requires comprehensive scrutiny and evaluation of supporting documents. Most critical is the physical confirmation of the existence and utilization of projects or programmes implemented throughout the country. To achieve this requires an independent and well-resourced audit Office with guaranteed adequate funding to enable efficient, effective and timely execution of oversight as well as retention of optimal staffing levels to ensure continuous, quality and sustainable audit operations.

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

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


During the period under review, the Office made great strides in enhancing delivery of audit services to the people of Kenya. The Office has entered into partnerships with other Supreme Audit Institutions (SAIs) regionally and globally and with local oversight

institutions such as the Ethics and Anti-Corruption Commission (EACC), the State Corporations Advisory Committee (SCAC), the Salaries and Remuneration Commission (SRC), the Commission on Revenue Allocation (CRA) and the Office of Registrar of Political Parties among other organizations, as we strive to increase the impact of audit through learning, knowledge sharing, innovation, and collaboration.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 June, 2025

1.0 Introduction

1.1 Constitutional Mandate of the Auditor-General

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

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

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

1.2 Responsibilities of Management and those Charged with Governance

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

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

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

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

1.3 Auditor-General's Responsibility

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

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

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

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

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

1.4 Reporting Structure

The structure of my report addresses the requirements of Article 229 of the Constitution of Kenya, which requires that I audit and report on accounts of all government entities at National and County level and any entity funded using public funds, and confirm whether or not public resources have been applied lawfully and in an effective way. Section 7(1) (a) of the Public Audit Act, 2015 also requires that I provide assurance on the effectiveness of internal controls, risk management and overall governance.

Further, I am expected to read the other information provided by Management and report whether the other information is materially inconsistent with the financial statements.

To address these requirements, my audit reports contain the following:

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

- ii. **Report on Lawfulness and Effectiveness in Use of Public Resources**, in which I give a conclusion on whether or not public resources have been applied lawfully and in an effective way.
- iii. **Report on Effectiveness of Internal Controls, Risk Management and Governance**, in which I give a conclusion on whether internal controls, risk management and overall governance were effective.

1.5 Audit Opinions

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

a) Unmodified Opinion

The books of accounts and underlying records agree with the financial statements and no material misstatements were found. The financial statements present fairly, in all material respects, the operations of the entity.

b) Qualified Opinion

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

c) Adverse Opinion

The financial statements exhibit significant misstatements with the underlying accounting records. There exists significant disagreement(s) between the financial statements and the underlying books of accounts and/or standards. These discrepancies and misstatements are widespread, persistent and require considerable interventions by Management to rectify.

d) Disclaimer of Opinion

The financial statements exhibit serious and significant misstatements that may arise from inadequate information, limitation of scope, inadequacy or lack of proper records such that I was not able to form an opinion on the financial operations of the entity.

2.0 Key Audit Findings

The sections below highlight key cross-cutting audit findings arising from the audit of financial statements for - Political Parties for the year ended 30 June, 2024. The audit identified several recurring and significant issues across Political Parties, which are categorised and discussed under the following thematic areas:

- i. Unaudited Political Parties
- ii. Revenue Analysis
- iii. Expenditure Analysis
- iv. Trade and Other Payables
- v. Political Parties Audit Opinions
- vi. Summary of Material Observations

2.1 Unaudited Political Parties

Section 31 of the Political Parties Act, 2011, provides that every Political Party shall submit its accounts for audit by the Auditor-General. However, three (3) Political Parties namely; Jubilee Party, Pamoja Alliance Party and Kenya African Democratic Union-Asili with a total funding of Kshs.80,613,633 were not audited due to late submission of financial statements or failure to submit the financial statements. Notably, Jubilee Party accounted for a significant portion of the amount with Kshs.74,052,078 or 71% of the total unaudited amount of Kshs.80,613,633. Despite receiving funding from the Political Parties Fund, their financial statements were not submitted for audit as detailed in **Table 1** below:

Table 1: Unaudited Political Parties

S/No	Name	Amount Disbursed 2023/2024 (Kshs)	Reasons
1	Jubilee Party (JP)	74,052,078	The Party had a court case on ownership and official signatories to the financial statements. Despite agreeing to submit statutory accounts by 14 March 2025, the officials had not submitted the financial statements at the time of compiling this summary report.
2	Pamoja Alliance Party (PAA)	6,298,772	The party had not submitted the financial statements for audit as at the time of compiling this summary report.
3	Kenya African Democratic Union-Asili	262,783	The Party submitted the financial statements late on 14 April, 2025, and had not been audited.
Total		80,613,633	

As a result, the findings and analysis presented in the subsequent sections of this report apply only to the 45 political parties whose accounts were audited.

The lack of audit coverage for the political parties limit the assurance on the accountability and prudent use of public resources allocated through the Fund.

To address this issue, the Registrar of Political Parties should consistently enforce the timely preparation and submission of financial statements to the Auditor-General for audit by all political parties.

2.2 Political Parties Revenue Analysis

During the year under review, the forty-five (45) audited Political Parties had a cumulative budget of Kshs.2,501,672,337 consisting of transfers from other Government entities (Political Parties Fund) budget of Kshs.1,786,188,670, public contributions and donations budget of Kshs.681,676,843 and other incomes estimated at Kshs.33,806,824.

However, the actual revenue realised amounted to Kshs.1,080,759,493 consisting of transfers from other Government entities (Political Parties Fund) of Kshs.671,557,387, Kshs.393,563,598 from public contributions and donations, and Kshs.5,638,508 from other income sources resulting in revenue under-collection of Kshs.1,420,912,844 as detailed in **Appendix 5** and as summarized in **Table 2** below:

Table 2: Revenue Analysis for Political Parties

	Budgeted Amount (Kshs)	Actual Amount (Kshs)	Revenue Shortfall (Kshs)	Percentage shortfall (%)
Political Parties Fund	1,786,188,670	671,557,387	1,114,631,283	62%
Public Contributions and Donations	681,676,843	393,563,598	288,113,245	42%
Other Income	33,806,824	5,638,508	28,168,316	83%
Total	2,501,672,337	1,080,759,493	1,420,912,844	58%

The budget underperformance negatively affected operations of Political Parties.

As indicated in Table 2 above, the actual disbursements from the Political Parties Fund amounted to Kshs.671,557,387 which represents 62% of the total revenue collected by the parties during the year under review. The heavy reliance on the Government funding by the Political Parties, may not be sustainable in the long term.

2.2.1 Political Parties Revenue Trend Analysis

During the financial year 2023/2024, one (1) political party (Green Thinking Action Party) did not disclose budget statement in their financial statements and therefore the total approved revenue budget of Kshs.2,501,672,337 was in respect of for the remaining forty-four (44) audited political parties. The amount of Kshs.2,501,672,337 showed a decrease of Kshs.1,436,265,203 from the previous financial year's budget allocation of Kshs.3,937,937,540. The budgeted revenue against the actual revenue

for the last two (2) financial years 2022/2023 and 2023/2024 is as analysed in **Table 3** below:

Table 3: Political Parties Revenue Trend Analysis

Description	FY 2022/2023 (Kshs)	FY 2023/2024 (Kshs)
Budgeted Revenue	3,937,937,540	2,501,672,337
Actual Revenue	1,791,196,624	1,080,759,493
Shortfall	2,146,740,916	1,420,912,844
Budget Performance	45%	43%

Continuous decrease of revenue may result to non-sustainability of Political Parties' activities and objectives.

To mitigate the issue, Political Parties should focus on recruiting more members to expand their revenue base and enforce member contributions from elected Member of County Assembly and Members of the National Assembly and explore other lawful sources of revenue.

2.2.2 Political Parties Fund Disbursements Trend Analysis

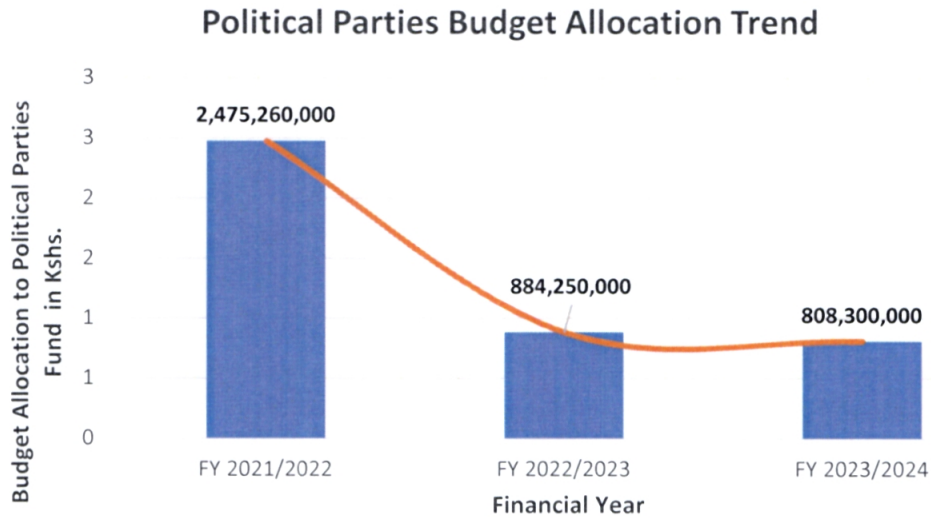
In the 2023/2024 financial year, the Political Parties budgets approved by the National Assembly and disbursed to the forty-eight (48) Political Parties amounted to Kshs.808,300,000 as summarized in **Appendix 6**. This was a drop from the financial year 2022/2023 and 2021/2022 budget allocations of Kshs.884,354,000 and Kshs.2,475,260,000 respectively. **Table 4** below, illustrates budget allocations to Political Parties for the last three (3) years:

Table 4: Political Parties Fund Allocation Trend

	FY 2021/2022 (Kshs)	FY 2022/2023 (Kshs)	FY 2023/2024 (Kshs)
Approved Allocation	2,475,260,000	884,250,000	808,300,000

Figure 1 below shows the budget allocation trend from the financial year 2021/2022 to 2023/2024.

Figure 1: Political Parties Budget Allocation Trend



Continuous decrease of budget revenue may result in political parties' failure to achieve set goals and objectives.

2.2.3 Analysis of Disbursements from the Political Parties Fund Against Amounts Received by Political Parties

Review of the Political Parties Fund disbursements indicates a total allocation of Kshs.687,248,071 to the forty-five (45) audited political parties. However, the amounts reported as received in the financial statements of the Political Parties totalled Kshs.671,557,387, resulting in unexplained variance of Kshs.15,690,684 as detailed in **Appendix 7**. Further, three (3) political parties reported higher receipts than the disbursements recorded by the Political Parties Fund, while seventeen (17) Political Parties understated their receipts from the Fund.

The differences between the disbursements reported by the Registrar of the Political Parties and amount reported by various political parties indicate lack of reconciliation between the two sets of records.

2.2.4 Analysis of Approved Political Parties Allocation Against the Total National Government's Revenue

During the year under review, the Political Parties Fund allocation was Kshs.808,300,000 which accounted for only 0.035% of the total National Government Revenue of Kshs.2,293,893,380,062. However, the allocation was not in compliance with Section 24(1)(a) of the Political Parties Fund Act, 2011(Revised 2022) on funding of political parties, which requires that allocations be at least 0.3% of all the National Government's share of revenue as outlined in the Annual Division of Revenue Act. Comparison of allocations to the fund against the National Government's share of revenue for 2021/2022 to 2023/2024 is illustrated in **Table 5** below:

Table 5: Political Parties Allocation Compared with National Government's Revenue

	FY 2021/2022 (Kshs)	FY 2022/2023 (Kshs)	FY 2023/2024 (Kshs)
Total Actual Ordinary Revenues (DORA)	1,398,798,856,427	1,764,099,760,466	2,177,365,426,000
PPF Expected Allocation (0.3%)	4,196,396,569,281	5,292,299,281,398	6,532,096,278
Approved Allocation	2,475,260,000	884,250,000	808,300,000
Percentage Allocated Vs Actual Ordinary Revenue	0.13%	0.04%	0.035%

The above analysis indicates an inconsistent and unpredictable trend in budget allocation to the Political Parties Fund. The allocation fluctuated from 0.13% in 2021/2022 financial year to 0.04% in 2022/2023 financial year and further down to 0.035% in 2023/2024. Although the Act, stipulates an allocation equivalent to 0.3% of the National Government's ordinary revenue, the allocations have been significantly below the recommended amounts. As a result, the underfunding may have adversely affected the planned activities of the Political Parties.

The Registrar of Political Parties should liaise with The National Treasury to establish a framework for allocating funds to Political Parties Fund ensuring predictability and sustainable funding.

2.3 Political Parties Expenditure Analysis

An analysis of expenditure across the forty-five (45) political parties reveals significant disparities between the budgeted and actual expenditure. The total budgeted expenditure amounted to Kshs.2,463,599,431, while the actual expenditure recorded amounted to Kshs.1,116,618,177 or 45.1%, indicating that only 45.1% of the planned budget was actualized as detailed in **Appendix 8**.

The Political Parties that had the highest expenditure were United Democratic Alliance and Orange Democratic Movement with expenditures of Kshs.592,689,693 and Kshs.254,522,551 respectively.

The under-expenditure negatively affected the operations and planned activities of the political parties.

2.3.1 Expenditure Trend Analysis

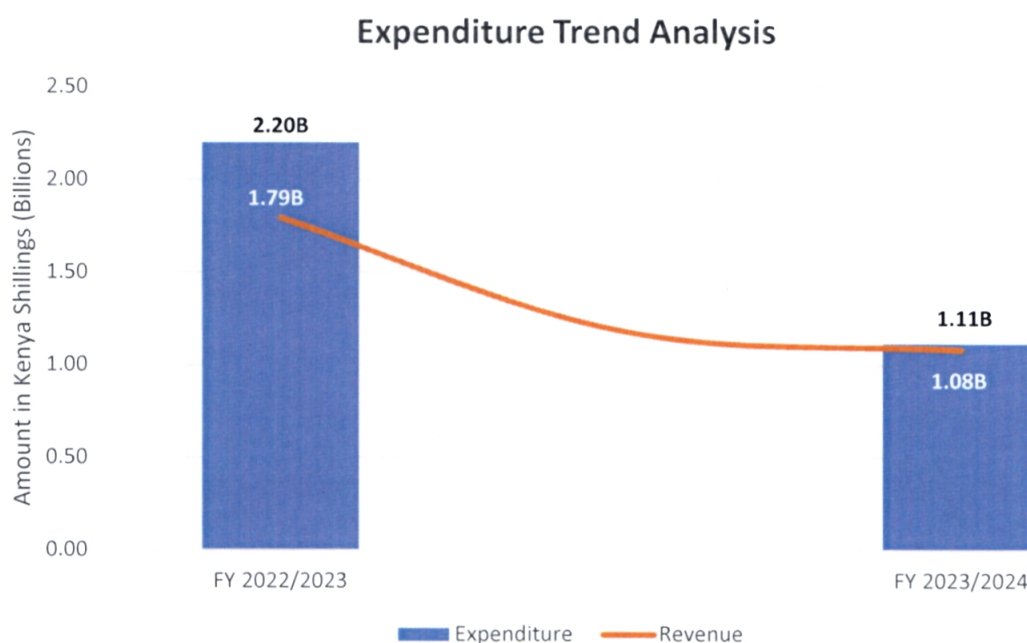
Review of the audited political parties' financial statements for the year 2023/2024 indicates an actual expenditure of Kshs.1,116,618,177 representing an absorption rate of 103% of the total annual Political Parties' actual revenue of Kshs.1,080,759,493. This was a decline from the previous year which had an absorption rate of 122.4% reported in the financial year 2022/2023 when total expenditure amounted to Kshs.2,200,443,254 against the total annual revenue of Kshs.1,791,196,624. **Table 6** below shows the trend in expenditure over the last two (2) years.

Table 6: Expenditure Trend Analysis for the last two (2) years

	FY 2022/2023 (Kshs)	FY 2023/2024 (Kshs)
Actual Revenue	1,791,196,624	1,080,759,493
Actual Expenditure	2,200,443,254	1,114,207,526
Absorption %	122%	103%

The underperformances affected Political Parties' operation and may have impacted negatively on service delivery to the public.

Figure 2: Expenditure Trend Analysis



2.4 Trade and Other Payables

Review of the audited financial statements revealed that thirty (30) political parties reported trade and other payables amounting to Kshs.148,962,969 as detailed in **Appendix 9**. These payables related to suppliers, staff, and statutory deductions. The predominant share of the payables amounting to Kshs.141,776,323, related to amounts owed to suppliers for goods and services rendered. Payables to staff, including salary arrears and other employee-related obligations, amounted to Kshs.5,095,336, while outstanding payables in respect of statutory deductions such as Pay As You Earn (PAYE) and other mandatory remittances amounted to Kshs.2,091,310.

Failure to settle payables when due may attract nugatory expenditure inform of penalties and interest charge for delayed payments, amounts that could otherwise be avoided.

SUMMARY OF AUDIT OPINIONS

2.5 Analysis of Audit Opinions

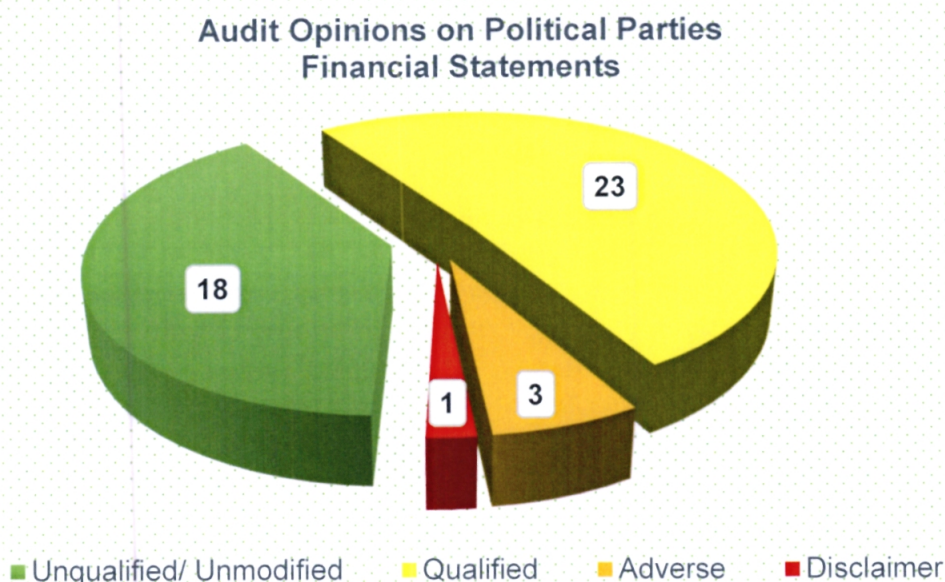
A total of forty-five (45) Political Parties Financial Statements for the year ended 30 June, 2024 were audited on which I expressed my audit opinion as shown in **Appendices 1 to 4** and as summarised in **Table 7** below:

Table 7: Audit Opinions for Political Parties

Opinion		
	Number	Percentage
Unqualified/ Unmodified	18	40%
Qualified	23	51%
Adverse	3	7%
Disclaimer	1	2%
Total	45	

Eighteen (18) financial statements had an unqualified/unmodified opinion compared to the previous year, where only eight (8) Political Parties had an unmodified opinion. I would urge the Management of Political Parties to embrace full accountability and strive to achieve and maintain an unqualified opinion in their financial statements.

Figure 3: Audit Opinions on Political Party Financial Statements



2.6 Audit Opinions Trend Analysis

There has been a positive trajectory with considerable improvements in the opinion on the financial statements for Political Parties over the last two (2) years as illustrated in **Table 8:**

Table 8: Audit Opinions Trend Analysis for the last two (2) years

Opinion	Political Parties	
	2022/2023	2023/2024
Financial Year		
Unmodified	8	18
Qualified	29	23
Adverse	6	3
Disclaimer	4	1
Total	47	45

During the financial year 2023/2024, an analysis of the audit opinions revealed significant improvements in financial reporting standards among political parties. The number of political parties issued with unqualified opinion saw a remarkable 125% increase, rising from eight (8) Political Parties to eighteen (18) Political Parties compared to the previous financial year. This indicates enhanced compliance with accounting standards and greater financial transparency.

Notably, there was a reduction in the number of political parties issued with a qualified opinion from twenty-nine (29) political parties to twenty-three (23) Political Parties, along with fewer political parties with adverse opinions which dropped from six (6) Political Parties to three (3) Political Parties.

Additionally, the number of Political Parties issued with a disclaimer of opinion decreased from four (4) to one (1), indicating an improvement in financial management practices across Political Parties.

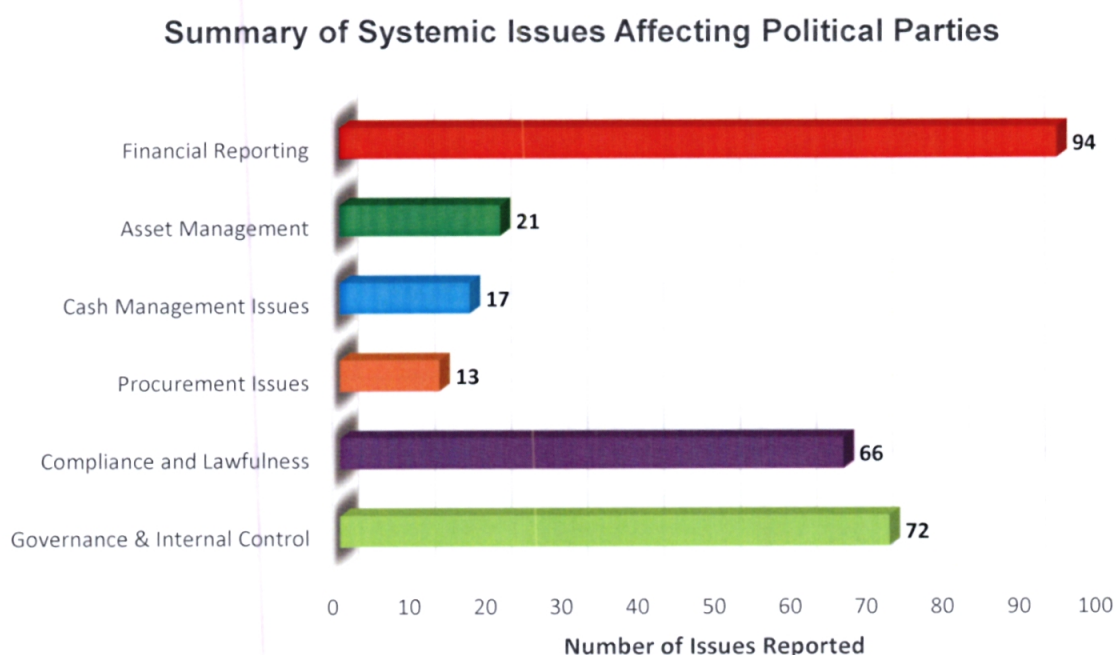
While the total number of audited Political Parties declined slightly from forty-seven (47) to forty-five (45), the increase in unqualified financial statements signifies enhanced compliance with the International Public Sector Accounting Standards (IPSAS) Accrual-Basis Accounting Framework, demonstrating improved financial reporting. However, I noted that several Political Parties had fundamental issues relating to governance and compliance with the laws and regulations that govern their operations. I noted that instances of weak or inadequate internal controls coupled with non-compliance with the laws and regulations may have compromised the accountability and reliability of the financial statements. My report on governance and compliance issues is highlighted in my summary of material observations section of this report.

3.0 SUMMARY OF MATERIAL OBSERVATIONS

3.1 Summary of Systemic Issues

The audit for the 2023/2024 financial year has identified several systemic issues affecting Political Parties. The issues include inaccuracies in financial reporting, lack of supporting documentation and weak internal controls. Additional concerns include poor governance practices, non-compliance with regulatory requirements, and limited assurance of value-for-money in the use of public funds. **Figure 4** below summarizes these issues by thematic area:

Figure 4: Systemic Issues Affecting Political Parties



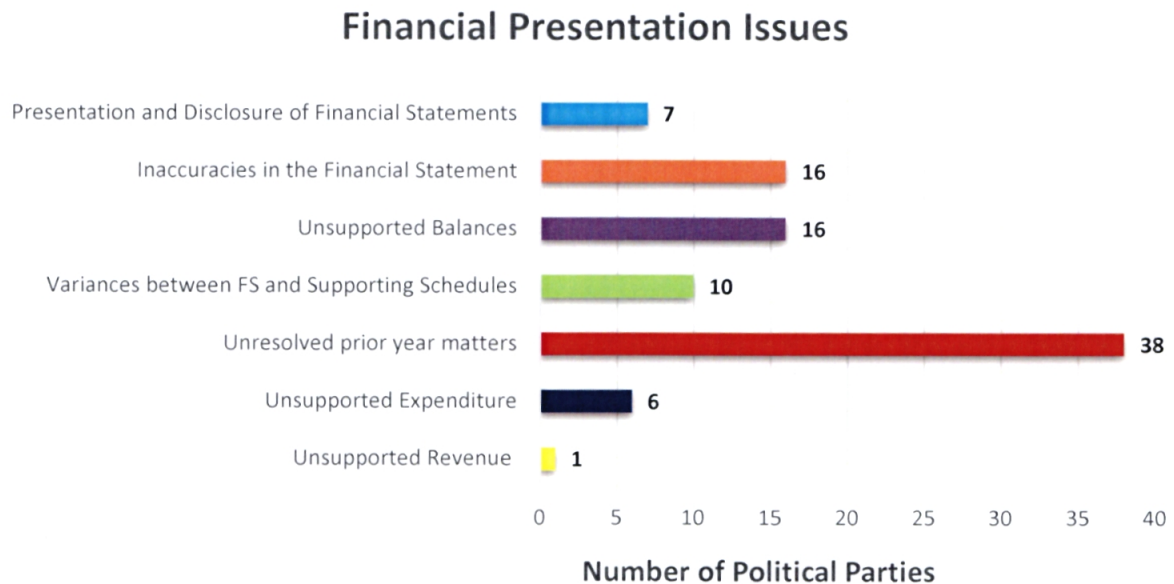
Based on these findings, Accounting Officers are urged to identify the root causes of the systemic issues and implement targeted, effective interventions. These should include capacity building, development of standard operating procedures and strengthening internal controls and risk management frameworks. Particular attention must be given to addressing governance and compliance weaknesses, as well as irregularities in financial reporting, to promote greater transparency, accountability and good governance in the management of public resources.

3.2 Presentation of Financial Statements

Over the past two (2) years, there has been a noticeable improvement in the presentation of financial statements and maintenance of accounting records among Political Parties. This is reflected in the reduced number of adverse and disclaimer audit opinions. A summary of the main issues related to the presentation of financial

statements that were observed and the number of Political Parties affected are outlined in **Figure 5** below;

Figure 5: Issues Related to Financial Presentation



3.2.1 Presentation and Disclosure of Financial Statements

Review of the financial statements revealed that seven (7) Political Parties had issues related to unsatisfactory presentation and incomplete disclosure of financial statements, compromising the transparency and reliability of their financial reporting.

These issues included:

- a) Omission of the Statement of Changes in Net Assets.
- b) Omission of the Statement of Comparison of Budget and Actual Amounts.
- c) Failure to disclose income from member contributions.
- d) Non-disclosure of receivables.
- e) Omission of key entity information and management.
- f) Misrepresentation of the financial year.
- g) Lack of disclosures on financial and liquidity risk management.
- h) Submission of incomplete financial statements.
- i) Failure to have annual reports signed by key officials.

The issues are as detailed in **Table 9** below:

Table 9: Political Parties with issues related to Presentation and Disclosure of Financial Statements

S/No	Party Name	Issues Observed
1	Shirikisho Party of Kenya	Member contribution not disclosed as revenues or receivables
2	Kenya Social Congress (KSC)	Omissions of Statement of change in net asset and statement of comparison of budget and actual amounts
3	Communist Party of Kenya	The financial statements lacked key disclosures, including the names and qualifications of the central committee, proper financial year labeling, a five-year strategic plan, risk management details, and member contribution income.
4	Amani National Congress Party	Non-disclosure of Receivables.
5	NARC Kenya	Incomplete Financial Statements.
6	Kenya African National Union (KANU)	Failure to sign the annual reports by the chairman.
7	Green Thinking Action Party (GTAP)	Failure to disclose budgeted amounts in the statement of comparison of budget and actual amounts.

These findings underscore widespread non-adherence to the reporting format prescribed by the Public Sector Accounting Standards Board (PSASB) and reflect broader challenges in financial governance across the affected Political Parties.

3.2.2 Inaccuracies in the Financial Statements

Review of the forty-five (45) financial statements revealed inaccuracies amounting to Kshs.10,192,148,134 in the financial statements of sixteen (16) Political Parties as detailed in **Appendix 10**. These inaccuracies range from unreconciled cash flow variances to misstatements in the statement of financial positions and budget execution reports. Significant discrepancies were recorded in Kenya African National Union (KANU), which reported variances totalling Kshs.10,142,882,455, and Wiper Democratic Movement, with inaccuracies amounting to Kshs.35,576,153. These substantial amounts undermine the reliability of financial information and raise concerns about transparency, accountability, and governance in the use of public funds by the Political Parties.

3.2.3 Unsupported Expenditure

The audit revealed significant instances of unsupported expenditure across six (6) political parties, amounting to Kshs.22,373,983 as summarized in **Appendix 11**. These expenditures primarily relate to unverified operating costs, staff allowances, and program-related expenses not backed by ledgers, bank statements, or reconciliations. The most significant case was observed in the Kenya African National Union (KANU), which reported an unsupported expenditure amounting to Kshs.15,676,831, largely attributed to unsubstantiated program activities and employee-related costs. Other notable cases include the United Progressive Alliance (UPA) amounting to Kshs.2,611,600, and Wiper Democratic Movement amounting to Kshs.2,336,000.

3.2.4 Unsupported Trade and Other Payables

During the year under review, the audit identified unsupported trade and other payables amounting to Kshs.42,819,805 in four (4) political parties as detailed in **Table 10** below. These balances were not accompanied by adequate documentation such as payment vouchers, invoices, supplier statements or lease agreements, rendering them unverifiable:

Table 10: Unsupported Trade and Other Payables

S/No	Political Party	Unsupported Payables (Kshs.)	Issues Noted
1	Democratic Party of Kenya	2,154,971	Trade Payable - Kshs.1,528,075 Employee payable - Kshs.626,896 supporting schedule showing the parties owed, amount owing and for how long the amount has been outstanding was not provided for audit review
2	Wiper Democratic Movement	2,960,200	Payment vouchers, invoices, demand letters and suppliers statement not provided.
3	Communist Party of Kenya	351,900	Payable amount of Kshs.351,900 in respect of rent not supported by lease agreements
4	Kenya African National Union	37,352,734	Unpaid amounts owed to suppliers
TOTAL		42,819,805	

3.2.5 Unreconciled Variances between Financial Statements and Supporting Schedules

Review of the Political Parties' financial statements revealed that ten (10) Political Parties reported variances between their financial statements and supporting schedules amounting to Kshs.220,690,794 as detailed in **Appendix 12**. Key issues include unexplained variances between financial statement balances and supporting documentation such as prior year audited accounts, payment records, and asset registers. Several parties had variances in transfers from Government entities, with others showing variances in key expenditure areas including employee costs, administrative expenses, and depreciation. Additionally, discrepancies were observed in revenue amounts and property, plant, and equipment balances. Notably, the Kenya African National Union (KANU) accounted for the highest unreconciled variance at Kshs.186,716,438, followed by the Ubuntu People's Forum-Party with unreconciled variances amounting to Kshs.26,149,554.

3.2.6 Unsupported Balances

Review of the Political Parties' financial statements revealed that sixteen (16) Political Parties as detailed in **Appendix 13** had unsupported balances amounting to Kshs.275,953,826. Notably, the Kenya African National Union (KANU) was reported to have the highest unsupported balances totalling Kshs.212,743,031, comprising trade payables totalling Kshs.37,352,734 and borrowings/loans totalling Kshs.175,390,297, which did not have supporting schedules or documentation.

Similarly, NARC-Kenya had unsupported balances totalling Kshs.27,746,652, related to members contributions, receivables, trade and other payables, and cash and cash equivalents without accompanying schedules supporting the amounts presented in the financial statements. The Wiper Democratic Movement also had an unsupported balance of Kshs.14,032,082, arising from a prior year adjustment that was not supported by relevant documentation or reconciliation schedules.

These cases reflect a broader pattern observed across the sixteen (16) political parties, where unsupported balances were largely from undocumented contributions, receivables, liabilities, prior year adjustments, and asset entries. Key gaps included missing schedules for member contributions, unsupported cash and cash equivalents, unverified borrowings and initial/share capital, and the absence of documentation for fixed assets.

3.2.7 Unresolved Prior Year Issues

The audit revealed that out of the forty-five (45) Political Parties audited, thirty-eight (38) had unresolved prior year issues raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance, as detailed in **Appendix 14**. However, Management had not resolved these issues or provided explanations for the failure to comply with the reporting format prescribed by the Public Sector Accounting Standards Board.

3.3 Cash Management

The statements of financial position for the forty-five (45) audited Political Parties reflected cash and cash equivalents balance totalled Kshs.325,984,575 as at 30 June, 2024. Review of records revealed the following anomalies:

3.3.1 Unsupported Cash and Cash Equivalents Balances

During the year under review, the audit revealed cash and cash equivalents balances totalling Kshs.6,976,356 from eleven (11) political parties as detailed in **Appendix 15**, which were not supported by Board of Survey Reports, bank reconciliation statements, or certificates of bank balances.

3.3.2 Unreconciled Balances Cash Book and Bank Statement Balances

The audit identified unreconciled balances between the cash book and bank statements across two (2) political parties, amounting to Kshs.242,338. These variances arose from missing monthly bank reconciliation statements, unsupported cash balances, and differences in mobile banking account records. Details are as shown **Table 11** below:

Table 11: Unreconciled Balances

Political Party	Issues Observed	Unreconciled Balances (Kshs.)
Ubuntu People's Forum-Party	Monthly bank reconciliation statements not prepared	102,935
Kenya African National Union (KANU)	Unreconciled Mpesa account balance	139,403
Total		242,338

3.3.3 Other Cash Management Issues

Further review of the cash management practices revealed that Ubuntu People's Forum-Party and Party of Independent Candidates of Kenya (PICK) did not provide monthly bank reconciliation statements for the year under review. This was contrary to Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015 which requires Accounting Officers to prepare and submit bank reconciliation statements for each bank account held by the entity to The National Treasury, with a copy to the Auditor-General, by the 10th day of the following month.

Timely and accurate financial reporting is a cornerstone of good financial governance. Some Political Parties either fail to submit financial statements on time or present incomplete and non-compliant reports. These inaccuracies and poor financial reporting are often due to limited understanding of the Public Sector Accounting Standards Board (PSASB) requirements, manual processes, lack of internal deadlines, and insufficient review mechanisms. Inaccurate reporting undermines decision-making, reduces stakeholder confidence, and increases the likelihood of audit findings.

Further, Political Parties face significant human resource challenges. These include understaffing, lack of technical expertise, and limited access to professional development opportunities. Without adequately trained and experienced personnel, entities struggle to maintain sound financial management practices, implement effective controls, and respond to audit findings. Capacity gaps also hinder the ability to adapt to new systems, regulations, and technologies.

To address these challenges, all Political Parties must fully align with PSASB standards and ensure that financial statements are complete, accurate, and submitted on time. This requires internal planning calendars, pre-submission quality checks, and periodic staff training. Linking compliance with reporting timelines to funding eligibility can further incentivize discipline and accountability.

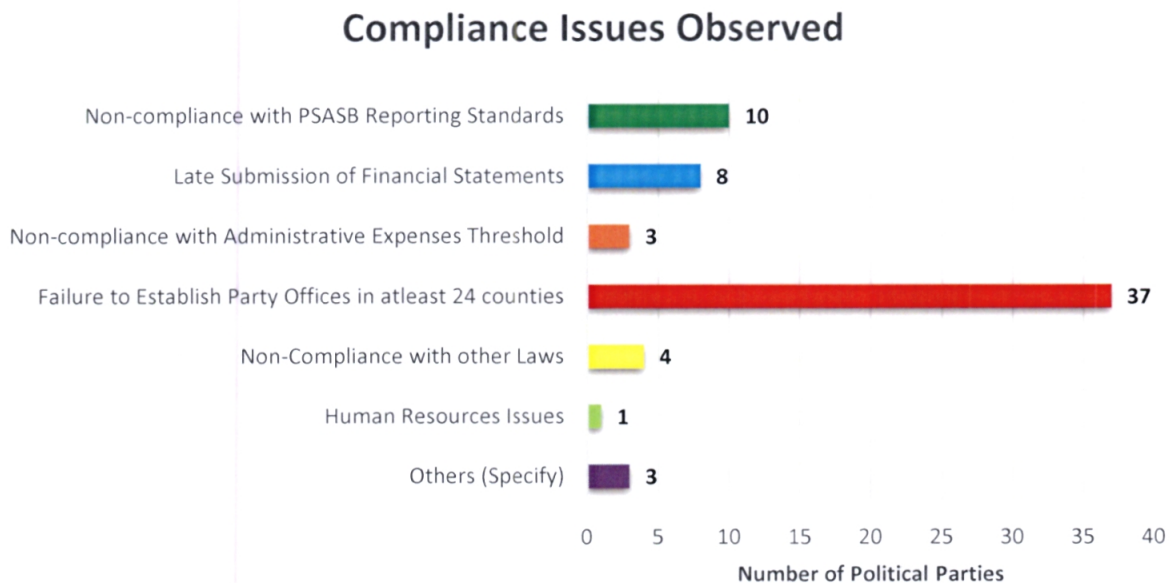
To close the existing capacity gaps, political parties must invest in the recruitment, training, and retention of qualified personnel. This should be complemented by the adoption of digital systems for financial records, fixed asset registers, and document management. Secure, efficient, and accessible systems support better audit preparedness and long-term institutional performance.

3.4 Compliance Issues

As required by Article 229(6) of the Constitution, audit procedures are applied to determine whether each political party that receives public funding operates within the law and whether public resources were applied lawfully and effectively. The audit observations on compliance matters revealed a general lack of adherence to the laws and regulations governing the management of public resources.

The graph below is a summary of the compliance issues observed, and the number of Political Parties affected:

Figure 6: Issues related to Compliance in Political Parties



3.4.1 Non-Compliance with the Public Sector Accounting Standards Board Reporting Standards

The audit of Political Parties revealed non-compliance with the Public Sector Accounting Standards Board (PSASB) financial reporting requirements. Specifically, ten (10) political parties as detailed in **Table 12** failed to adhere to the prescribed reporting formats and standards. The issues noted included:

- i. **Failure to Use the Standardized Template** – Some parties submitted financial statements that did not adhere to the format as provided by Public Sector Accounting Standards Board (PSASB), with unedited guiding notes, blank pages, or inconsistent page numbering.
- ii. **Incomplete Financial Disclosures** – Review of the financial statements submitted by the political parties revealed omissions and inconsistencies in key reports, including the statement of changes in net assets, statement of cash flows, and statement of comparison of budget and actual amounts. Specific issues included failure to present movements in retained earnings and

reserves, omission of implementation status of prior audit recommendations, and lack of detailed disclosure on property, plant, and equipment. Additionally, some explanatory notes failed to address required elements such as financial instruments, impairments, related parties, and provisions.

- iii. **Incorrect Comparative Information** – Several statements presented inaccurate comparative years balances, affecting the reliability of the statement of financial position.
- iv. **Omission of Required Notes** – Relevant disclosure explanations on financial instruments, impairments, related parties and provisions were not included in explanatory notes
- v. **Presentation Errors** – Amounts were inconsistently presented (e.g decimals instead of whole numbers), and key compliance declarations omitted the legal references required under the Public Finance Management Act and Political Parties Act.
- vi. **Omission of Strategic and Performance Reporting** – Some financial statements failed to include the statement of performance against predetermined objectives, as well as a report on achievements relative to the party's strategic goals. Key disclosures such as strategic pillars, related activities, outputs, and alignment to performance contracts were missing:

Table 12: Political Parties with Non-compliance with Public Sector Accounting Standards Board

No	Political Party
1	Safina Party
2	Ubuntu People's Forum-Party
3	United Democratic Movement
4	United Progressive Alliance (UPA)
5	Kenya Social Congress (KSC)
6	Maendeleo Democratic Party
7	National Ordinary People Empowerment Union
8	People's Empowerment Party
9	Green Thinking Action Party (GTAP)
10	Kenya National Congress

3.4.2 Late Submission of Financial Statements

The audit revealed that eight (8) political parties as detailed in **Table 13** submitted their financial statements past the statutory deadline of 30 September, 2024, contrary to Section 31(2) of the Political Parties Act, 2011 (Revised 2022). This provision requires every Political Party to prepare and submit annual financial statements to the Auditor-General within three months after the end of the financial year:

Table 13: Political Parties with Late Submission of Financial Statements

No	Political Party
1	Safina Party
2	Ubuntu People's Forum-Party
3	United Democratic Movement
4	United Progressive Alliance (UPA)
5	Kenya Social Congress (KSC)
6	Maendeleo Democratic Party
7	National Ordinary People Empowerment Union
8	People's Empowerment Party
9	Green Thinking Action Party (GTAP)
10	Kenya National Congress

3.4.3 Failure to Establish Party Offices in at Least Twenty-Four Counties

The audit revealed that thirty-seven (37) political parties, as detailed in **Appendix 16**, had not established branch offices in at least twenty-four (24) Counties. Twenty-five (25) of these Political Parties had as few as one (1) to five (5) County offices, while others lacked documentation such as lease agreements, staff lists, or activity reports to verify the existence of County branches. This was contrary to Section 7(2)(f)(iii) of the Political Parties Act, 2011, which requires a political party to have branch offices in more than half of the Counties as a condition for full registration.

3.4.4 Non-Compliance with the 30% Administrative Expenses Allocation Limit

Review of the Political Parties' financial statements revealed that three (3) Political Parties, as detailed in **Table 14** below, exceeded the allowable threshold for administrative expenses from the Political Parties Fund. This is contrary to Section 26(1)(f) of the Political Parties Act, 2011, which states that funds allocated to a political party shall be used for purposes compatible with democracy including administrative and staff expenses, and such expenses shall not exceed thirty percent (30%) of the total allocation:

Table 14: Political Parties that did not Comply with the 30% Limit on Administrative Expenses

No	Political Party	Administrative Expenses (Kshs)	Allocation from Fund (Kshs)	% of Allocation Used
1	Mabadiliko Party of Kenya	499,540	325,907	154%
2	United Democratic Movement	23,762,756	11,079,709	214%
3	Party of National Unity (PNU)	4,502,930	5,955,676	76%

3.4.5 Non-Compliance with Public Procurement and Asset Disposal Act

Review of procurement records revealed that twelve (12) political parties had various procurement irregularities amounting to Kshs.16,275,844, as detailed in **Appendix 17**. The United Progressive Alliance (UPA) had the highest procurement irregularities valued at Kshs.5,248,069, followed by Kenya Union Party at Kshs.4,067,980, and Chama Cha Kazi at Kshs.3,010,380.

Some of the cross-cutting issues raised include:

i. **Failure to Establish a Functional Procurement Unit**

Two (2) political parties, Chama Cha Uzalendo and FORD-Kenya, operated contrary to Section 47(1) and (2) of the Public Procurement and Asset Disposal Act, 2015 which mandates that procurement functions must be handled by qualified procurement professionals and be adequately structured to provide procurement oversight and advice.

ii. **Lack of Approved Procurement Plans**

Lack of approved procurement plans was noted in seven (7) Political parties, that is, Chama Cha Uzalendo, Safina Party, United Progressive Alliance (UPA), Chama Cha Kazi, United Democratic Party, Maendeleo Chap Chap Party, and Kenya Union Party. This was contrary to Regulation 40(1) of the Public Procurement and Asset Disposal Regulations, 2020, which requires procuring entities to have annual procurement plans aligned with budgets and needs.

iii. **Failure to align Annual Work Plans with Procurement Plans and Approved Budgets**

Ubuntu People's Forum-Party, violated Section 45(3) of the Public Procurement and Asset Disposal Act, 2015 which requires that procurement be based on approved plans and budgeted activities.

iv. **Cash Purchases Exceeding the Allowable Threshold for Cash Procurement**

The People's Democratic Party, spent an amount of Kshs.2,320,015 in cash, contrary to Regulation 92 and the Second Schedule of the Public Procurement and Asset Disposal Regulations, 2020, which limits cash procurement per item to Kshs.50,000 for low-value purchases.

v. **Lack of Necessary Procurement Records**

Review of procurement structures and procedures of political parties revealed lack of tender evaluation reports, professional opinions, and appointment of Evaluation Committees in four (4) Political Parties, that is, Chama Cha Uzalendo, NARC Kenya, and National Ordinary People Empowerment Union and Peoples Democratic Party. This was contrary to Section 80(1) and (2) of the Public Procurement and Asset Disposal Act, 2015, which states that "the Evaluation Committee shall evaluate and compare the tenders using the

procedures and criteria set out in the tender documents and prepare an evaluation report.” It is also contrary to Section 84(1) of the same Act, which requires that “upon completion of the evaluation process, the head of procurement function shall prepare and submit a professional opinion to the Accounting Officer.” Furthermore, these parties breached Section 46(2)(f) of the Act, which mandates that procuring entities must “maintain records of procurement proceedings.” Additionally, failure to properly appoint Evaluation Committees violated Regulation 22 of the Public Procurement and Asset Disposal Regulations, 2020, which provides that “the accounting officer shall appoint in writing An ad hoc Evaluation Committee in accordance with the prescribed structure and qualifications.

3.4.6 Non-Compliance with Other Legal and Regulatory Requirements

The audit also revealed that four (4) Political Parties failed to comply with key statutory and regulatory requirements beyond the Political Parties Act. These lapses affect transparency, legality, and the prudent use of public resources. The instances of non-compliance are outlined below:

- i. Safina Party failed to support its 2023/2024 budget proposal with a strategic plan, contrary to Regulation 32(5) of the Public Finance Management (National Government) Regulations, 2015, which requires budget submissions to align with an entity’s strategic objectives.
- ii. Ubuntu People's Forum-Party did not register its lease agreements as required by Section 47 of the Registered Land Act, CAP 300, which mandates that leases exceeding a specific duration must be registered to be legally enforceable.
- iii. United Progressive Alliance (UPA) failed to deduct and remit mandatory statutory deductions from employee salaries, which is a breach of multiple legal provisions:
 - o Pay As You Earn (PAYE) – in violation of Section 37 of the Income Tax Act, CAP 470, which requires employers to deduct income tax from employees’ earnings and remit it to the Kenya Revenue Authority (KRA).
 - o National Social Security Fund (NSSF) – contrary to Section 18 of the NSSF Act, No. 45 of 2013, which mandates employer contributions and remittances for social security.
 - o National Hospital Insurance Fund (NHIF) – non-compliance with Section 15 of the NHIF Act, Cap 255, which obligates employers to deduct and remit health insurance contributions.
 - o Housing Levy – a breach of Section 84 of the Finance Act, 2023, which introduced the mandatory Housing Levy for both employers and employees.

Additionally, the party's budget for the 2023/2024 financial year lacked an accompanying strategic plan, also breaching Regulation 32(5) of the Public Finance Management (National Government) Regulations, 2015.

- iv. Wiper Democratic Movement failed to deduct and remit VAT on rent payments, contrary to Section 42A of the Value Added Tax Act, 2013. The party also failed to register its lease agreement, which is a violation of Section 47 of the Registered Land Act, CAP 300.

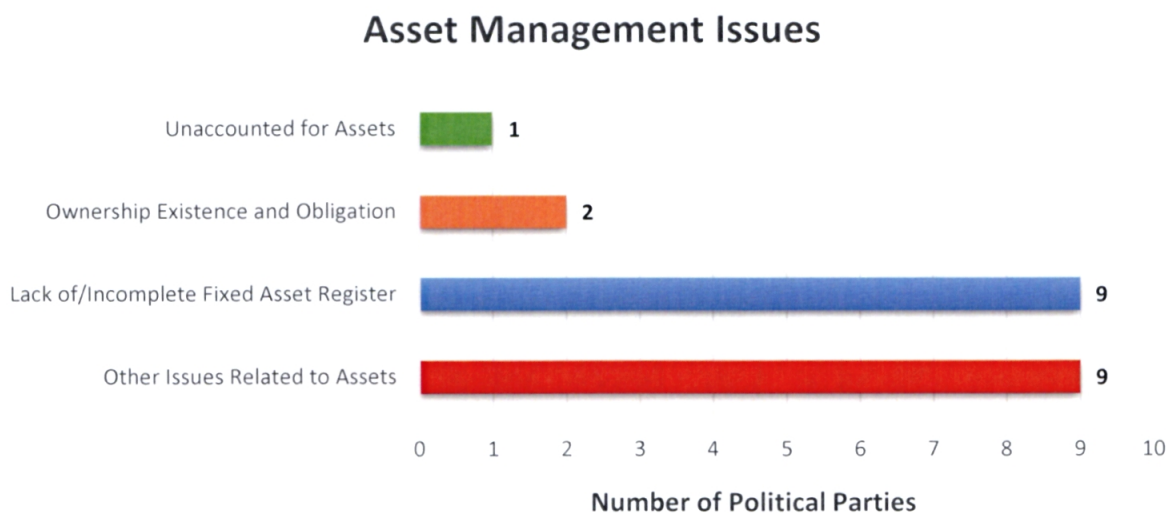
The above indicates widespread non-adherence to key financial and procurement regulations, including the Public Finance Management Act, 2012 and the Public Procurement and Asset Disposal Act, 2015. This is often due to inadequate staff training, low awareness of regulatory requirements, and a culture of non-compliance. Such practices not only lead to audit queries but also expose entities to legal and reputational risks.

To improve on legal and regulatory compliance, continuous training on financial and procurement laws is critical to foster a culture of compliance. Political parties should conduct internal compliance audits, with oversight from the Registrar of Political Parties and other regulatory bodies. Strict enforcement of procurement laws and transparent documentation will reduce irregularities and improve audit confidence.

3.5 Asset Management

Political Parties that receive public funding are subject to the provisions of the Public Finance Management Act, 2012, which governs the use of public resources by all public entities. As such, these parties are required to maintain accurate and up-to-date records of their assets, regularly verify their existence, and implement effective safeguards to prevent misuse or loss. This includes maintaining proper asset registers, ensuring ownership documents are in place, and conducting periodic reconciliations to uphold transparency, accountability, and good governance. The **Figure 7** below summarizes the issues highlighted and the number of Political Parties affected:

Figure 7: Issues Related to Asset Management in Political Parties



3.5.1 Failure to Maintain Fixed Assets Registers

Review of records revealed that nine (9) political parties as shown in **Appendix 18**, did not maintain their fixed assets registers or maintained incomplete versions that lacked critical information such as asset descriptions, acquisition dates, original and revalued costs, fair value, or supplier details. Parties such as the Democratic Party of Kenya, Safina Party, United Democratic Movement, and WIPER Democratic Movement had no proper asset documentation, while Chama Cha Kazi and Maendeleo Chap Chap disclosed substantial asset values (Kshs.730,335 and Kshs.1,076,620 respectively) without supporting details in their registers. These shortcomings contravene Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015, which requires entities receiving public funds to maintain comprehensive and up-to-date records of all assets under their control.

3.5.2 Lack of Ownership Documents

Review of asset ownership records for the Political Parties revealed weaknesses in the documentation and verification of property rights. Two (2) parties, Tujibebe Wakenya Party and United Democratic Alliance (UDA), were noted to have significant assets for which ownership could not be confirmed. Tujibebe Wakenya Party reported a motor vehicle valued at Kshs.210,983 that was not registered under the party's name, raising questions about control and legal ownership. Similarly, UDA reported land assets worth Kshs.1,953,000,000 without a supporting title deeds or valuation reports.

3.5.3 Unaccounted for Assets

Review of political parties' records revealed instances of unaccounted-for assets, notably involving the Kenya African National Union (KANU). The party reported procurement of goods valued at Kshs.448,000, yet failed to provide essential documentation including delivery notes, inspection and acceptance reports, and counter receipt vouchers. The absence of these supporting records raises concerns over the existence and accountability of the procured assets, indicating possible weaknesses in asset management.

3.5.4 Other Issues Related to Assets Management

Other issues that were highlighted across the Political Parties include:

- i. **Failure to Tag or Serialize Assets** – Several Political Parties did not tag or serialize property, plant, and equipment, contrary to Section 77(7) of The National Treasury Guidelines on Asset and Liability Management, compromising traceability and asset control.
- ii. **Incorrect Depreciation of Assets** – In some cases, parties used inappropriate depreciation rates when calculating asset values, potentially misstating asset balances in financial statements.
- iii. **Failure to Verify Physical Existence of Assets** – Some parties disclosed assets in registers or financial statements that could not be physically verified due to missing tags or location details.

- iv. **Lack of Asset Valuation** – Assets disclosed in registers were not valued to confirm their present worth, limiting the reliability of the reported asset position.

The above issues related to assets management indicate lack of technical expertise, and limited access to professional development opportunities leading to poor financial management practices and ineffective controls. Capacity gaps also hinder the ability to adapt to new systems, regulations, and technologies.

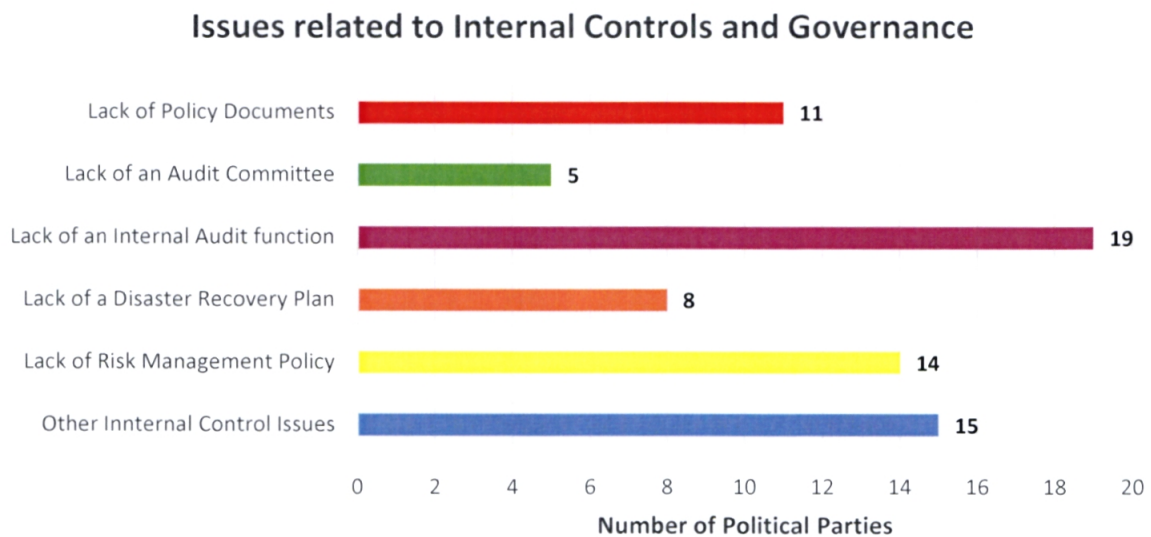
To reduce the existing capacity gaps, political parties must invest in the recruitment, training, and retention of qualified personnel. This should be complemented by the adoption of digital systems for financial records, fixed asset registers, and document management. Secure, efficient, and accessible systems support better audit preparedness, assets management and long-term institutional performance.

3.6 Internal Controls and Governance

As required by Section 7(1)(a) of the Public Audit Act, 2015, the Office conducted and performed audit procedures to confirm whether the internal controls, risk management and overall governance structures were effective.

The **Figure 8** below indicates the major issues identified and the number of Political Parties affected.

Figure 8: Issues Related to Internal Controls and Governance in Political Parties



3.6.1 Failure to Establish Audit Committees

Review of the Political Parties’ governance structures revealed that five (5) political parties as detailed in **Table 15** below, failed to establish an audit committee, contrary to the requirements of Section 73(5) of the Public Finance Management Act, 2012 which requires every public entity, including Political Parties receiving public funds, must establish an independent audit committee. The purpose of this committee is to monitor internal controls, oversee risk management, and ensure good governance

practices within the organization. With no such a committee in place, a political party lacks proper internal oversight over how funds are managed, increasing the risk of mismanagement, irregularities, or non-compliance with other financial regulations:

Table 15: Political Parties without an Audit Committee

S/No	Political Party
1	Mabadiliko Party of Kenya
2	Muongano Party
3	National Agenda Party of Kenya
4	Maendeleo Democratic Party
5	Party of National Unity (PNU)

3.6.2 Failure to Establish Internal Audit Functions

Review of political parties' internal audit functions revealed that nineteen (19) political parties as detailed in **Appendix 19** failed to establish an internal audit function. This contravenes Section 73(1)(a) of the Public Finance Management Act, 2012, which requires public entities, including political parties receiving public funds, to put in place adequate internal audit mechanisms to continuously review and evaluate the financial and operational activities of the entity to ensure proper use of resources and adherence to financial laws and policies.

Weak Governance and oversight in political parties undermines accountability, weakens internal oversight, and leads to an environment where mismanagement and non-compliance can flourish.

To strengthen governance and leadership, Political Parties should establish and operationalize audit committees and oversight boards with clearly defined mandates. Leadership must set a strong tone on transparency, compliance, and accountability.

3.6.3 Lack of Risk Management Policies

During the year under review, the audit revealed that fourteen (14) political parties as summarized in **Appendix 20** did not prepare risk management strategies and therefore had no approved processes and guidelines on how to mitigate operational, legal and financial risks. Further, Management of these entities did not perform formal risk assessments on all key financial risk areas such as cash, revenue and expenditure. This was contrary to Regulation 165(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which states that an Accounting Officer shall ensure that the National Government entity develops a risk management strategy, which includes fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.

In addition, eleven (11) political parties were found to lack Human Resource Policies and Procedural Manuals, Staff Establishments and Organizational Structures, Finance Policies and Procedural Manuals and ICT Policies necessary for effective governance and internal control.

3.6.4 Lack of Disaster Recovery Plans and Business Continuity Plans

The audit revealed that eight (8) political parties as shown in **Table 16** below were found to lack Disaster Recovery Plans and Business Continuity Plans, exposing them to significant operational risks in the event of system failures or disasters. These plans are crucial for ensuring that essential functions can continue and critical data can be recovered after a disruption. The absence of such safeguards is contrary to Regulation 165(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 and indicates inadequate preparedness for unforeseen emergencies:

Table 16: Political Parties that Lacked Disaster Recovery Plans and Business Continuity Plans

No	Political Party
1	Safina Party
2	United Progressive Alliance (UPA)
3	Wiper Democratic Movement
4	Chama Cha kazi
5	Muungano Party
6	National Agenda Party of Kenya
7	Maendeleo Democratic Party
8	People's Democratic Party

The inadequate risk management and business continuity undermines fraud prevention frameworks, and disaster preparedness strategies. This leaves parties vulnerable to operational and financial disruptions including fraud.

Political parties therefore should institutionalize risk management and business continuity in the strategic and operational planning. Parties should develop and maintain risk registers, fraud prevention strategies, and business continuity plans, in line with Regulation 165 of the PFM Regulations. These frameworks enhance resilience and readiness for both expected and unforeseen challenges.

Development and implementation of core policy documents covering finance, human resources, ICT, and organizational structure are essential to guide day-to-day operations and decision-making.

Other Issues Related to Internal Controls

The audit also revealed that fifteen (15) political parties as detailed in **Appendix 21** were flagged with various governance and compliance weaknesses which contravene specific provisions of the Public Finance Management (PFM) legal framework and related statutes. These included:

- i. **Lack of Strategic Plans** contrary to Regulation 32(5) of the Public Finance Management (National Government) Regulations, 2015, which states that an accounting officer shall ensure that every budget proposal is supported by a strategic plan.

- ii. **Weak Internal Control systems over Payments and Imprests** contrary to Section 68(2)(h) of the Public Finance Management Act, 2012, which states that an accounting officer shall ensure that internal controls exist for the management of finances and assets and are followed.
- iii. **Lack of segregation of duties in financial roles** contrary to Section 68(2)(g) of the PFM Act, which requires that a proper system of internal control in respect of procurement, custody and utilization of assets and liabilities is in place.
- iv. **Employment of unqualified personnel**, such as HR managers, contrary to the Human Resource Management Professionals Act No. 52 of 2012, which mandates that persons performing HR functions must be registered and qualified professionals.
- v. **Failure to maintain payroll records** contrary to Section 74(1)(a) of the Employment Act, 2007, which states that an employer shall keep a written record of all employees employed by him, including their remuneration, hours of work and leave entitlements.
- vi. **Inadequate staffing levels**, contrary to Regulation 61 of the PFM Regulations, which requires that public entities maintain adequate staffing to ensure efficient operations and accountability.
- vii. **Failure to maintain Imprest Registers** contrary to Regulations 91–93, which provide that an imprest shall be issued and surrendered in accordance with specified procedures, including documentation and timelines.

These control weaknesses which arose due outdated or weak internal controls to increase the risk of financial misstatements, irregularities, and mismanagement of public resources.

To remedy these deficiencies, Parties should implement strong internal control frameworks that include regular reconciliations, automated financial systems, and enforced segregation of duties. Operationalizing internal audit units will help detect control lapses early and improve audit outcomes.

Conclusion

This report formulates and suggests high-level cross-cutting root cause-based recommendations for key areas, relating to policy challenges, structural/administrative actions, or where legislation may need to be amended to improve performance. The recommendations are directed towards ensuring that the Political Parties are part of the strategy to achieve Zero Fault Audit Initiative.

These recommendations provide a strategic roadmap for Political Parties, the Registrar of Political Parties, Parliament, and oversight bodies to work together toward enhanced financial governance, accountability, and compliance. Implementation of these recommendations will not only improve audit outcomes but also strengthen public trust in the political party system and the broader democratic process.

APPENDICES

Appendix 1: Unmodified Opinion

No	Political Party
1.	Chama Cha Uzalendo
2.	National Rainbow Coalition (NARC)
3.	Peoples' Trust Party
4.	Progressive Party of Kenya
5.	Muungano Party
6.	The Service Party
7.	United Democratic Party
8.	Democratic Action Party Kenya
9.	Devolution Empowerment Party
10.	Forum for The Restoration of Democracy- FORD KENYA
11.	Chama Cha Mashinani
12.	Orange Democratic Movement
13.	Movement for Democracy and Growth Party
14.	National Reconstruction Alliance
15.	Party of Independent Candidates of Kenya (PICK)
16.	United Democratic Alliance
17.	Justice and Freedom Party
18.	Kenya Union Party

Appendix 2: Qualified Opinion

No. Political Party

1. Democratic Party of Kenya
2. Mabadiliko Party of Kenya
3. Safina Party
4. Shirikisho Party of Kenya
5. United Democratic Movement
6. United Party of Independent Alliance (UPIA)
7. United Progressive Alliance (UPA)
8. WIPER Democratic Movement
9. Chama Cha Kazi
10. Federal Party of Kenya
11. Kenya Social Congress (KSC)
12. National Agenda Party of Kenya
13. Tujibebe Wakenya Party
14. Grand Dream Development Party
15. Amani National Congress Party
16. Maendeleo Chap Chap Party
17. Maendeleo Democratic Party
18. National Ordinary People Empowerment Union
19. Party of National Unity (PNU)
20. Peoples Democratic Party
21. People's Empowerment Party
22. Green Thinking Action Party (GTAP)
23. Kenya National Congress

Appendix 3: Adverse Opinion

No. Political Party

1. Ubuntu People's Forum-Party
2. NARC Kenya
3. Kenya African National Union (KANU)

Appendix 4: Disclaimer of Opinion

No. Political Party

1. Communist Party of Kenya

Appendix 5: Analysis of Budgeted and Actual Revenue-2023/2024

Political Party	Budgeted Revenue (Kshs.)	Actual Revenue Collected (Kshs.)	Variance- (Under)/Over (Kshs.)	%Performance Actual Vs Budgeted
Amani National Congress Party	9,900,000	19,575,431	9,675,431	198
Chama Cha Kazi	3,700,000	3,577,851	(122,149)	97
Chama Cha Mashinani	4,889,368	4,889,368	0	100
Chama Cha Uzalendo	2,545,600	2,520,918	(24,682)	99
Communist Party of Kenya	573,522	573,522	0	100
Democratic Action Party Kenya	22,927,858	17,925,858	(5,002,000)	78
Democratic Party of Kenya	5,004,057	4,882,837	(121,220)	98
Devolution Empowerment Party	11,656,594	8,699,678	(2,956,916)	75
Federal Party of Kenya	1,757,425	688,928	(1,068,497)	39
Forum for The Restoration of Democracy	25,280,777	22,017,132	(3,263,645)	87
Grand Dream Development Party	555,551	495,553	(59,998)	89
Green Thinking Action Party (GTAP)	0	1,669,047	1,669,047	
Justice and Freedom Party	114,149	244,982	130,833	215
Kenya African National Union	43,108,789	21,244,597	(21,864,192)	49
Kenya National Congress	4,815,000	1,327,917	(3,487,083)	28
Kenya Social Congress (KSC)	1,636,514	1,098,170	(538,344)	67
Kenya Union Party	5,426,305	5,426,305	0	100
Mabadiliko Party of Kenya	1,138,534	529,022	(609,512)	46
Maendeleo Chap Chap Party	7,562,794	7,562,794	0	100
Maendeleo Democratic Party	25,100,000	2,894,657	(22,205,343)	12
Movement for Democracy and Growth Party	5,528,392	5,528,392	0	100
Muungano Party	5,303,886	4,390,326	(913,560)	83
NARC Kenya	14,100,000	14,141,885	41,885	100
National Agenda Party of Kenya	4,190,145	3,521,379	(668,766)	84
National Ordinary People Empowerment Union	557,396	1,261,520	704,124	226
National Rainbow Coalition	3,802,575	2,890,125	(912,450)	76
National Reconstruction Alliance	1,862,200	1,862,200	0	100
Orange Democratic Movement	1,390,849,608	203,793,899	(1,187,055,709)	15

Political Party	Budgeted Revenue (Kshs.)	Actual Revenue Collected (Kshs.)	Variance-(Under)/Over (Kshs.)	%Performance Actual Vs Budgeted
Party of Independent Candidates of Kenya (PICK)	481,451	481,451	0	100
Party of National Unity (PNU)	5,955,676	5,955,676	0	100
People's Empowerment Party	1,276,593	938,360	(338,233)	74
Peoples Democratic Party	3,376,221	2,335,265	(1,040,956)	69
Peoples' Trust Party	835,841	794,209	(41,632)	95
Progressive Party of Kenya	1,781,889	1,781,889	0	100
Safina Party	1,745,322	1,745,322	0	100
Shirikisho Party of Kenya	1,482,302	1,389,222	(93,080)	94
The Service Party	6,817,817	6,817,817	0	100
Tujibebe Wakenya Party	4,601,964	4,624,634	22,670	100
Ubuntu People's Forum-Party	2,105,000	2,056,771	(48,229)	98
United Democratic Alliance	725,392,010	586,543,043	(138,848,967)	81
United Democratic Movement	27,500,000	23,199,709	(4,300,291)	84
United Democratic Party	2,943,965	3,477,750	533,785	118
United Party of Independent Alliance (UPIA)	8,696,313	7,971,346	(724,967)	92
United Progressive Alliance (UPA)	9,905,996	5,162,338	(4,743,658)	52
Wiper Democratic Movement	92,886,938	60,250,398	(32,636,540)	65
Total	2,501,672,337	1,080,759,493	(1,420,912,844)	43

**Appendix 6: Approved Budget and Disbursements from Political Parties Fund -
2023/2024**

No.	Political Party	Approved Allocation (Kshs)
1.	Amani National Congress Party	14,577,402
2.	Chama Cha kazi	3,577,851
3.	Chama Cha Mashinani	4,444,228
4.	Chama Cha Uzalendo	2,149,218
5.	Communist Party of Kenya	573,222
6.	Democratic Action Party Kenya	17,329,437
7.	Democratic Party of Kenya	3,004,057
8.	Devolution Empowerment Party	7,546,159
9.	Federal Party of Kenya	688,929
10.	Forum for The Restoration of Democracy	14,162,181
11.	Grand Dream Development Party	255,551
12.	Green Thinking Action Party (GTAP)	319,051
13.	Jubilee Party (JP)	74,052,078
14.	Justice and Freedom Party	151,679
15.	Kenya African National Union (KANU)	13,165,099
16.	Kenya African Democratic Union-Asili	262,783
17.	Kenya National Congress	1,014,519
18.	Kenya Social Congress (KSC)	666,514
19.	Kenya Union Party	5,202,025
20.	Mabadiliko Party of Kenya	349,459
21.	Maendeleo Chap Chap Party	6,939,973
22.	Maendeleo Democratic Party	318,718
23.	Movement for Democracy and Growth Party	5,368,392
24.	Muongano Party	3,692,154
25.	NARC Kenya	4,139,528
26.	National Agenda Party of Kenya	1,224,922
27.	National Ordinary People Empowerment Union	740,659
28.	National Rainbow Coalition (NARC)	2,822,013
29.	National Reconstruction Alliance	1,862,200
30.	Orange Democratic Movement	168,832,050
31.	Pamoja Alliance Party (PAA)	6,298,772
32.	Party of Independent Candidates of Kenya	481,451
33.	Party of National Unity (PNU)	2,422,909

No.	Political Party	Approved Allocation (Kshs)
34.	People's Empowerment Party	458,360
35.	Peoples Democratic Party	435,266
36.	Peoples' Trust Party	461,521
37.	Progressive Party of Kenya	1,726,759
38.	Safina Party	1,719,113
39.	Shirikisho Party of Kenya	376,183
40.	The Service Party	5,779,436
41.	Tujibebe Wakenya Party	4,151,964
42.	Ubuntu People's Forum-Party	1,094,838
43.	United Democratic Alliance	316,061,825
44.	United Democratic Movement	14,722,553
45.	United Democratic Party	2,943,965
46.	United Party of Independent Alliance (UPIA)	4,993,002
47.	United Progressive Alliance (UPA)	4,751,338
48.	Wiper Democratic Movement	39,550,398
49.	Political Parties Fund Administration Component	40,415,000
	Total	808,276,704

Appendix 7: Comparison Between Funds Disbursements from the Political Parties Fund and the Receipts Recorded by the Political Parties- 2023/2024

No.	Political Party	Receipts Recorded by Political Parties (Kshs)	Disbursements as per ORPP (Kshs)	Variances (Kshs)
1.	Amani National Congress Party	13,619,141	14,577,402	(958,261)
2.	Chama Cha Kazi	3,577,851	3,577,851	-
3.	Chama Cha Mashinani	4,444,228	4,444,228	-
4.	Chama Cha Uzalendo	2,149,218	2,149,218	-
5.	Communist Party of Kenya	573,522	573,222	300
6.	Democratic Action Party Kenya	16,180,412	17,329,437	(1,149,025)
7.	Democratic Party of Kenya	3,004,057	3,004,057	-
8.	Devolution Empowerment Party	7,044,258	7,546,159	(501,901)
9.	Federal Party of Kenya	688,929	688,929	-
10.	Forum for The Restoration of Democracy	13,220,777	14,162,181	(941,404)
11.	Grand Dream Development Party	255,551	255,551	-
12.	Green Thinking Action Party	319,051	319,051	-
13.	Justice and Freedom Party	141,582	151,679	(10,097)
14.	Kenya African National Union	13,165,099	13,165,099	
15.	Kenya National Congress	1,014,519	1,014,519	-
16.	Kenya Social Congress	621,870	666,514	(44,644)
17.	Kenya Union Party	5,202,025	5,202,025	-
18.	Mabadiliko Party of Kenya	325,907	349,459	(23,552)
19.	Maendeleo Chap Chap Party	6,482,293	6,939,973	(457,680)
20.	Maendeleo Democratic Party	297,514	318,718	(21,204)
21.	Movement for Democracy and Growth Party	5,368,392	5,368,392	-
22.	Muungano Party	3,446,502	3,692,154	(245,652)
23.	NARC Kenya	3,864,431	4,139,528	(275,097)
24.	National Agenda Party of Kenya	1,146,255	1,224,922	(78,667)

No.	Political Party	Receipts Recorded by Political Parties (Kshs)	Disbursements as per ORPP (Kshs)	Variances (Kshs)
25.	National Ordinary People Empowerment Union	691,520	740,659	(49,139)
26.	National Rainbow Coalition	2,822,013	2,822,013	-
27.	National Reconstruction Alliance	1,862,200	1,862,200	-
28.	Orange Democratic Movement	157,644,787	168,832,050	(11,187,263)
29.	Party of Independent Candidates of Kenya (PICK)	481,451	481,451	-
30.	Party of National Unity	5,115,676	2,422,909	2,692,767
31.	People's Empowerment Party	458,360	458,360	-
32.	Peoples Democratic Party	435,266	435,266	-
33.	Peoples' Trust Party	430,891	461,521	(30,630)
34.	Progressive Party of Kenya	1,726,759	1,726,759	-
35.	Safina Party	1,605,322	1,719,113	(113,791)
36.	Shirikisho Party of Kenya	283,103	376,183	(93,080)
37.	The Service Party	5,779,436	5,779,436	-
38.	Tujibebe Wakenya Party	4,151,964	4,151,964	-
39.	Ubuntu People's Forum-Party	1,022,491	1,094,838	(72,347)
40.	United Democratic Alliance	316,061,825	316,061,825	-
41.	United Democratic Movement	11,079,709	14,722,553	(3,642,844)
42.	United Democratic Party	3,477,750	2,943,965	533,785
43.	United Party of Independent Alliance	5,971,746	4,993,002	978,744
44.	United Progressive Alliance (UPA)	4,751,338	4,751,338	-
45.	Wiper Democratic Movement	39,550,398	39,550,398	-
	Total	671,557,389	687,248,071	15,690,682

Appendix 8: Political Parties Budgeted Versus Actual Expenditure for the year ended 30 June, 2024

No.	Political Party	Budgeted Expenditure (Kshs.)	Actual Expenditure (Kshs.)
1.	Amani National Congress Party	63,062,000	20,829,420
2.	Chama Cha Kazi	3,201,000	3,011,320
3.	Chama Cha Mashinani	4,889,368	4,536,559
4.	Chama Cha Uzalendo	2,490,000	1,913,387
5.	Communist Party of Kenya	573,522	427,960
6.	Democratic Action Party Kenya	22,927,858	18,911,297
7.	Democratic Party of Kenya	6,100,000	5,129,913
8.	Devolution Empowerment Party	11,656,594	8,699,678
9.	Federal Party of Kenya	1,570,000	672,140
10.	Forum for The Restoration of Democracy	22,030,000	8,775,719
11.	Grand Dream Development Party	555,551	557,994
12.	Green Thinking Action Party (GTAP)	-	1,997,503
13.	Justice and Freedom Party	277,033	245,608
14.	Kenya African National Union (KANU)	28,339,600	24,014,121
15.	Kenya National Congress	4,515,000	1,432,305
16.	Kenya Social Congress (KSC)	1,636,514	1,097,394
17.	Kenya Union Party	4,997,980	4,997,980
18.	Mabadiliko Party of Kenya	1,138,534	594,540
19.	Maendeleo Chap Chap Party	7,562,794	7,191,732
20.	Maendeleo Democratic Party	15,500,000	2,902,400
21.	Movement for Democracy and Growth Party	5,328,392	5,452,680
22.	Muungano Party	5,303,886	4,381,999
23.	NARC Kenya	4,900,000	14,488,378
24.	National Agenda Party of Kenya	4,190,145	3,475,366
25.	National Ordinary People Empowerment Union	557,396	1,023,394
26.	National Rainbow Coalition (NARC)	-	1,950,150
27.	National Reconstruction Alliance	1,862,200	3,050,498
28.	Orange Democratic Movement	1,390,849,608	254,522,550
29.	Party of Independent Candidates of Kenya	585,836	585,836
30.	Party of National Unity (PNU)	5,998,750	5,998,750
31.	People's Empowerment Party	1,276,593	995,943
32.	Peoples Democratic Party	2,808,756	2,542,943

No.	Political Party	Budgeted Expenditure (Kshs.)	Actual Expenditure (Kshs.)
33.	Peoples' Trust Party	835,841	787,341
34.	Progressive Party of Kenya	1,789,916	2,015,634
35.	Safina Party	1,536,175	1,407,833
36.	Shirikisho Party of Kenya	1,482,302	1,577,986
37.	The Service Party	6,817,817	6,817,817
38.	Tujibebe Wakenya Party	4,601,964	4,624,634
39.	Ubuntu People's Forum-Party	2,105,000	2,104,846
40.	United Democratic Alliance	709,392,010	578,707,135
41.	United Democratic Movement	24,470,000	24,159,545
42.	United Democratic Party	2,943,965	2,747,337
43.	United Party of Independent Alliance (UPIA)	8,542,941	7,855,136
44.	United Progressive Alliance (UPA)	9,905,996	5,836,345
45.	Wiper Democratic Movement	62,490,594	61,569,131
	Total	2,463,599,431	1,116,618,177

**Appendix 9: Trade and Other Payables Balance for Political Parties as at
30 June 2024**

No.	Party Name	Suppliers (Kshs.)	Staff (Kshs.)	Statutory Deductions (Kshs.)	Total (Kshs.)
1.	Amani National Congress Party	3,311,181	-	-	3,311,181
2.	Chama Cha Mashinani	526,580	-	-	526,580
3.	Chama Cha Uzalendo	2,575,000	-	-	2,575,000
4.	Communist Party of Kenya	421,900	-	-	421,900
6.	Democratic Action Party Kenya	385,000	729,042	-	1,114,042
7.	Democratic Party of Kenya	1,864,359	626,896	-	2,491,255
9.	Federal Party of Kenya	290,000	-	-	290,000
10.	Forum for The Restoration of Democracy	68,440	178,500	-	246,940
12.	Green Thinking Action Party (GTAP)	407,400	-	-	407,400
14.	Kenya African National Union (KANU)	37,352,734	-	-	37,352,734
15.	Kenya National Congress	511,500	-	-	511,500
19.	Maendeleo Chap Chap Party	155,000	-	-	155,000
20.	Maendeleo Democratic Party	752,793	-	-	752,793
22.	Muongano Party	36,440	-	-	36,440
23.	NARC Kenya	392,659	-	-	392,659
24.	National Agenda Party of Kenya	7,336,070	-	-	7,336,070
25.	National Ordinary People Empowerment Union	15,000	-	-	15,000
27.	National Reconstruction Alliance	513,258	-	-	513,258
28.	Orange Democratic Movement	52,095,413	2,981,898	2,091,310	57,168,621
29.	Party of Independent Candidates of Kenya	222,000	-	-	222,000
30.	Party of National Unity (PNU)	139,317	-	-	139,317
32.	Peoples Democratic Party	179,500	-	-	179,500
36.	Shirikisho Party of Kenya	241,000	-	-	241,000
38.	Tujibebe Wakenya Party	1,138,643	-	-	1,138,643

No.	Party Name	Suppliers (Kshs.)	Staff (Kshs.)	Statutory Deductions (Kshs.)	Total (Kshs.)
40.	United Democratic Alliance	21,566,154	-	-	21,566,154
41.	United Democratic Movement	5,487,711	-	-	5,487,711
42.	United Democratic Party	535,071	-	-	535,071
43.	United Party of Independent Alliance	155,000	-	-	155,000
44.	United Progressive Alliance (UPA)	720,000	-	-	720,000
45.	Wiper Democratic Movement	2,381,200	579,000	-	2,960,200
	Total	141,776,323	5,095,336	2,091,310	148,962,969

Appendix 10: Inaccuracies in Political Parties' Financial Statements for the year ended 30 June, 2024

No.	Political Party	Issues Observed	Aggregated Inaccuracies (Kshs.)
1.	Mabadiliko Party of Kenya	The financial statements contain casting and reconciliation errors, including a Kshs.65,518 error in the cash flow statement, an unreconciled variance of Kshs.486,282 in the Statement of Comparison of Budget and Actual amounts, and an unreconciled variance of Kshs.31,978 between reported actual expenditure and recasted figures.	583,778
2.	Shirikisho Party of Kenya	Transfers from other government entities	93,080
3.	Ubuntu People's Forum-Party	The statement of cash flows contains a significant variance of Kshs.883,269 in cash and cash equivalents and omits disclosure of the net change in cash balances.	883,269
4.	United Democratic Movement	Unexplained variances of Kshs.397,304 in the use of goods and services and Kshs.869,839 in employee costs between the statement of financial performance and the statement of cash flows.	1,267,143
5.	Wiper Democratic Movement	The statement of cash flows contains inaccuracies, including an unexplained variance of Kshs.17,637,300 in general expenses, changes in account receivables of Kshs.17,848,853 is reflected as an outflow instead of inflow, and an unreconciled variance of Kshs.90,000 in the net decrease in cash and cash equivalents.	35,576,153
6.	Chama Cha Kazi	Comparative balances for cash and cash equivalents and total assets were misstated by Kshs.182,721 and Kshs.3,984,759 respectively.	4,167,480
7.	Communist Party of Kenya	The financial statement contains presentation and disclosure inaccuracies,	218,786

No.	Political Party	Issues Observed	Aggregated Inaccuracies (Kshs.)
		including a prior year budget amount of Kshs.120,200 omitted from the statement of comparison of budget and actual amounts, an unexplained Kshs.16,639 variance with Note 17(a), and inconsistencies of accumulated deficit totalling Kshs.81,947 between Statement of financial position and the statement of changes in net assets.	
8.	Grand Dream Development Party	The financial statement reflects unreconciled variances of Kshs.7,118 in reserves and liabilities, and Kshs.46,196 in total expenditure performance due to inaccurate disclosures.	53,314
9.	Maendeleo Democratic Party	Inaccuracy in the statement of cash flows	48,314
10.	NARC Kenya	Errors in various statements	1,200,866
11.	National Ordinary People Empowerment Union	Inaccuracies in the statement of cash flows	
12.	Party of National Unity (PNU)	Unexplained variance in cash and cash equivalents	3,527,405
13.	People's Empowerment Party	Inaccurate deficit	59,447
14.	Kenya African National Union (KANU)	Variances in the statement of cash flows, statement of financial position and statement of changes in net assets payments and net change in cash and cash equivalents	10,142,882,455
15.	Green Thinking Action Party (GTAP)	The financial statements contain an unexplained variance of Kshs.465,400 in total net assets and a Kshs.23,600 variance in the comparative year cash flows, along with inconsistencies between comparative balances and the audited 2022/2023 financial statements.	489,000
16.	Kenya National Congress	Unreconciled variances in statement of cash flows payments and net change in cash and cash equivalents	1,097,644
		Total	10,192,148,134

Appendix 11: Unsupported Expenditure

No.	Political Party	Issues Observed	Unsupported Expenditure (Kshs.)
1.	United Progressive Alliance (UPA)	Operating costs - expenditure records including payment vouchers not provided for audit	2,611,600
2.	Wiper Democratic Movement	Staff allowances not supported by approved salary structure	2,336,000
3.	Communist Party of Kenya	Expenditure not supported by ledgers, payment vouchers and bank statements.	503,944
4.	National Ordinary People Empowerment Union	Unsupported Expenditure	788,100
5.	People's Empowerment Party	Unexplained variance in administrative expenses	457,508
6.	Kenya African National Union (KANU)	Unsupported expenditure in respect of program expenses, employees' costs, board management expenses and workshop expenses	15,676,831
		Total	22,373,983

Appendix 12: Unreconciled Variances Between the Financial Statements and Primary Source Records

No.	Political Party	Issues Observed	Variances (Kshs.)
1.	Mabadiliko Party of Kenya	The financial statements reflect variances totalling Kshs.25,734,199 between comparative balances and the prior year audited financial statements across multiple line items, including public contributions, employee costs, and property, plant and equipment. Additional discrepancies include a Kshs.72,347 variance in transfers from government entities and a Kshs.343,008 difference between net book values in the financial statements and the asset register.	1,407,994
2.	Safina Party	The financial statements reflect variances against prior year audited figures, including Kshs.59,393 in total expenses, Kshs.67,103 in cash and cash equivalents, and Kshs.599,898 in capital funds, among others. Additionally, there is a Kshs.113,791 discrepancy between reported revenue from non-exchange transactions and records from the Registrar of Political Parties.	1,262,315
3.	Shirikisho Party of Kenya	Use of goods and services	181,002
4.	Ubuntu People's Forum-Party	The financial statements reflect variances totalling Kshs.25,734,199 from prior year audited balances, along with discrepancies of Kshs.72,347 in transfers from government entities and Kshs.343,008 in asset valuations.	26,149,554
5.	United Party of Independent Alliance (UPIA)	Variance between financial statements figure on plant property and equipment and asset register	392,701
6.	WIPER Democratic Movement	Variance between members monthly remittance on statement of financial performance	2,521,184
7.	NARC Kenya	Variance in revenue from non-exchange transactions	1,397,639
8.	National Ordinary People Empowerment Union	Unreconciled variance in revenue	49,139
9.	Peoples Democratic Party	variance in account receivables and use of goods and services	612,828
10.	Kenya African National Union (KANU)	Unexpalined variance between the financial statements balances and supporting schedules for use of goods and services and trade payables	186,716,438
Total			220,690,794

Appendix 13: Unsupported Balances

No.	Political Party	Issues Observed	Unsupported Balance (Kshs.)
1.	Democratic Party of Kenya	Party contributions and donations not supported with an updated register of member contributions	1,878,780
2.	Mabadiliko Party of Kenya	Net of cash outflows from financing activities was not supported by any documentation	65,518
3.	United Party of Independent Alliance (UPIA)	Unsupported leasehold improvements disclosed in fixed asset movement schedule	250,928
4.	United Progressive Alliance (UPA)	The share capital account balance was not supported with a schedule of members who have bought shares.	5,007,804
5.	WIPER Democratic Movement	Unsupported Prior year adjustment	14,032,082
6.	Chama Cha Kazi	An amount in respect of motor vehicles not supported by logbook and valuation report	275,500
7.	Federal Party of Kenya	Unsupported cash and cash equivalents	10,805
8.	National Agenda Party of Kenya	Unsupported Receivables in respect of accrued contributions from members were not supported by a schedule	6,206,658
9.	Tujibebe Wakenya Party	Lack of vehicles ownership documents	210,983
10.	Amani National Congress Party	Unsupported Cash and Cash Equivalents	4,318,798
11.	Maendeleo Chap Chap Party	Unsupported Receivables	1,399,597
12.	Maendeleo Democratic Party	Unsupported cash and cash balances	35,408
13.	NARC Kenya	Contributions, Receivables, Trade & Other Payables, Cash and Cash Equivalents	27,746,652
14.	National Ordinary People Empowerment Union	Unsupported Accounts Receivables	510,000
15.	Kenya African National Union (KANU)	Unsupported trade payables of Kshs37,352,734 and borrowings/loans amounting to Kshs.175,390,297	212,743,031
16.	Kenya National Congress	Deposits and prepayments of Kshs432,800 and PPE balance of Kshs.828,482 were not supported with ledgers or schedules.	1,261,282
		Total	275,953,826

**Appendix 14: List of Political Parties with Unresolved Prior Year Matters as at
30 June, 2024**

No.	Political Party	No.	Political Party
1.	Chama Cha Uzalendo	20.	United Democratic Party
2.	Democratic Party of Kenya	21.	Democratic Action Party Kenya
3.	National Rainbow Coalition (NARC)	22.	Devolution Empowerment Party
4.	Mabadiliko Party of Kenya	23.	Forum for The Restoration of Democracy
5.	Peoples' Trust Party	24.	Amani National Congress Party
6.	Progressive Party of Kenya	25.	Chama Cha Mashinani
7.	Safina Party	26.	Orange Democratic Movement
8.	Shirikisho Party of Kenya	27.	Maendeleo Chap Chap Party
9.	Ubuntu People's Forum-Party	28.	Maendeleo Democratic Party
10.	United Democratic Movement	29.	NARC Kenya
11.	United Progressive Alliance (UPA)	30.	National Ordinary People Empowerment Union
12.	WIPER Democratic Movement	31.	National Reconstruction Alliance
13.	Chama Cha kazi	32.	Party of Independent Candidates of Kenya
14.	Federal Party of Kenya	33.	Peoples' Empowerment Party
15.	Kenya Social Congress (KSC)	34.	Kenya African National Union (KANU)
16.	Muungano Party	35.	Green Thinking Action Party (GTAP)
17.	National Agenda Party of Kenya	36.	Justice and Freedom Party
18.	The Service Party	37.	Kenya National Congress
19.	Tujibebe Wakenya Party	38.	Kenya Union Party

Appendix 15: Unsupported Cash and Cash Equivalent Balances

No.	Political Party	Issues Observed	Unsupported Amount (Kshs.)
1.	Democratic Party of Kenya	Bank reconciliation not provided for audit	35,280
2.	Safina Party	Not supported with a board of survey report, bank reconciliation statements or certificate of bank balance	969,754
3.	Shirikisho Party of Kenya	The certificate of bank balances was not provided, and the bank reconciliation statements were not signed.	6,931
4.	Chama Cha Kazi	Amount not supported by a board of survey report and cashbook	758,190
5.	Federal Party of Kenya	An amount of Kshs.10,805 differs with the supporting cash survey balance of Kshs.13,279 resulting to unexplained variance of Kshs.2,474	10,805
6.	Kenya Social Congress	Amount not supported by bank reconciliation statement	776
7.	Communist Party of Kenya	Cash and cash equivalents Kshs.6,471 not supported by cashbooks, bank statements, bank reconciliations statements, certificate of balance, and board of survey.	6,471
8.	Kenya African National Union (KANU)	Unsupported bank balances. Lack of bank reconciliation statements	444,018
9.	Green Thinking Action Party (GTAP)	The bank balance held in a commercial bank was not supported with bank reconciliation statements	100,908
10.	Kenya National Congress	The balance was not supported by bank reconciliations and a board of survey report	5,306
11.	Wiper Democratic Movement	Balances not supported by bank reconciliation statement	4,637,917
		Total	6,976,356

Appendix 16: Political Parties that Failed to Establish Party Offices in at Least Twenty-Four (24) Counties

No.	Political Party	Number of Established Party Offices
1.	Chama Cha Uzalendo	1
2.	National Rainbow Coalition (NARC)	2
3.	Mabadiliko Party of Kenya	2
4.	Peoples' Trust Party	1
5.	Progressive Party of Kenya	3
6.	Safina Party	1
7.	Shirikisho Party of Kenya	2
8.	Ubuntu People's Forum-Party	1
9.	United Democratic Movement	1
10.	United Party of Independent Alliance (UPIA)	1
11.	United Progressive Alliance (UPA)	4
12.	WIPER Democratic Movement	14
13.	Chama Cha Kazi	9
14.	Muungano Party	1
15.	The Service Party	9
16.	United Democratic Party	5
17.	Democratic Action Party Kenya	9
18.	Devolution Empowerment Party	4
19.	Forum for The Restoration of Democracy	4
20.	Grand Dream Development Party	3
21.	Amani National Congress Party	7
22.	Chama Cha Mashinani	5
23.	Maendeleo Chap Chap Party	3
24.	Movement for Democracy and Growth Party	3
25.	NARC Kenya	3
26.	National Ordinary People Empowerment Union	2
27.	National Reconstruction Alliance	2
28.	Party of Independent Candidates of Kenya (PICK)	1
29.	Party of National Unity (PNU)	2
30.	Peoples Democratic Party	1
31.	People's Empowerment Party	1
32.	Kenya African National Union (KANU)	5
33.	United Democratic Alliance	21

No.	Political Party	Number of Established Party Offices
34.	Green Thinking Action Party (GTAP)	11
35.	Justice and Freedom Party	1
36.	Kenya National Congress	4
37.	Kenya Union Party	2

Appendix 17: Political Parties with Procurement Related Issues

No.	Political Party	Issues Observed	Amount (Kshs)
1.	Chama Cha Uzalendo	Unsupported Procurements No Procurement Unit Lack of Procurement Plan	879,400
2.	Safina Party	Lack of Procurement Plan	-
3.	Ubuntu People's Forum	Lack of Procurement Plan	-
4.	United Progressive Alliance	Lack of Procurement Plan	5,248,069
5.	Chama Cha Kazi	Lack of Procurement Plan	3,010,380
6.	United Democratic Party	Lack of Procurement Plan	758,261
7.	FORD-Kenya	Lack of Procurement Plan	-
8.	Maendeleo Chap Chap Party	Lack of Procurement Plan	-
9.	NARC Kenya	Unsupported Procurements	435,000
10.	National Ordinary People Empowerment Union	Unsupported Procurements	315,000
11.	Peoples Democratic Party	Irregular use of cash to procure goods and services	2,320,015
12.	Kenya Union Party	Lack of Procurement Plan	4,067,980
		Total	16,275,844

Appendix 18: Political Parties Without Updated Fixed Assets Register

No. Political Party

1. Democratic Party of Kenya
2. Safina Party
3. United Democratic Movement
4. United Progressive Alliance (UPA)
5. Wiper Democratic Movement
6. Chama Cha Kazi
7. Maendeleo Chap Chap Party
8. Peoples' Democratic Party
9. Kenya National Congress

Appendix 19: Political Parties that Lacked Internal Audit Function and/Audit Committee during

No. Political Party

1. Progressive Party of Kenya
2. Safina Party
3. Shirikisho Party of Kenya
4. United Progressive Alliance (UPA)
5. Wiper Democratic Movement
6. Chama Cha Kazi
7. Chama Cha Uzalendo
8. Federal Party of Kenya
9. Forum for The Restoration of Democracy- FORD Kenya
10. Muungano Party
11. National Agenda Party of Kenya
12. United Democratic Party
13. Democratic Action Party Kenya
14. Grand Dream Development Party
15. Amani National Congress Party
16. Chama Cha Mashinani
17. National Ordinary People Empowerment Union
18. National Reconstruction Alliance
19. Party of National Unity (PNU)
20. Kenya African National Union (KANU)
21. Green Thinking Action Party (GTAP)
22. Justice and Freedom Party

Appendix 20: Political Parties that Lacked Risk Management Policies and Other Policy Documents

- | No. | Political Party |
|------------|--|
| 1. | Chama Cha Uzalendo |
| 2. | Chama Cha Mashinani |
| 3. | Grand Dream Development Party |
| 4. | Mabadiliko Party |
| 5. | NARC Kenya |
| 6. | Progressive Party of Kenya |
| 7. | Safina Party |
| 8. | United Progressive Alliance (UPA) |
| 9. | Wiper Democratic Movement |
| 10. | Chama Cha kazi |
| 11. | Muungano Party |
| 12. | National Agenda Party of Kenya |
| 13. | United Democratic Party |
| 14. | Forum for The Restoration of Democracy- FORD Kenya |
| 15. | National Ordinary People Empowerment Union |
| 16. | National Reconstruction Alliance |
| 17. | Party of National Unity (PNU) |
| 18. | Kenya African National Union (KANU) |

Appendix 21: Political Parties with Other Issues Related to Internal Controls

No. Political Party

1. Chama Cha Uzalendo
2. Mabadiliko Party of Kenya
3. Progressive Party of Kenya
4. Ubuntu People's Forum-Party
5. WIPER Democratic Movement
6. The Service Party
7. United Democratic Party
8. Democratic Action Party Kenya
9. Amani National Congress Party
10. Chama Cha Mashinani
11. Maendeleo Democratic Party
12. NARC Kenya
13. National Reconstruction Alliance
14. Party of National Unity (PNU)
15. Peoples' Democratic Party

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