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SUMMARY OF THE AUDITOR-GENERAL'S REPORT ON NATIONAL GOVERNMENT 2021/2022



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SUMMARY

OF

THE AUDITOR-GENERAL'S REPORT

ON

NATIONAL GOVERNMENT

2021/2022

NATIONAL ASSEMBLY
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SUMMARY OF THE AUDITOR-GENERAL'S REPORT ON NATIONAL GOVERNMENT MINISTRIES, DEPARTMENTS AND AGENCIES FOR THE YEAR 2021/2022

1.0 Introduction

1.1 Constitutional Mandate of the Auditor-General

The Auditor-General is mandated by the Constitution of Kenya, under Article 229, to audit and report on the use of public resources by all entities funded from public funds. These entities include; the National Government, County Governments, the Judiciary, Parliament, Statutory Bodies/State Corporations, Commissions, Independent Offices, Public Debt, Political Parties funded from public funds, other government agencies and any other entity funded from public funds. The mandate of the Auditor-General is further expounded by the Public Audit Act, 2015.

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

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

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

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). Management is also responsible for the submission of the financial statements to the

Auditor-General in accordance with the provisions of the Public Finance Management Act, 2012 and Section 47 of the Public Audit Act, 2015.

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

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

Those charged with governance are responsible for; overseeing the financial reporting process; reviewing the effectiveness of how 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.

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 Structure of the Report

The structure of my report addresses the reporting requirements of Article 229(6) of the Constitution of Kenya, which requires that an audit report shall confirm whether or not

public money has been applied lawfully and in an effective way. Section 7(1)(a) of the Public Audit Act, 2015 also requires that I provide assurance on the effectiveness of internal controls, risk management and overall governance in National and County Governments entities.

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

- i. **Report on Financial Statements**, in which I give an audit opinion on whether the financial statements present fairly, in all material respects the financial position and performance of the entity.
- ii. **Report on Lawfulness and Effectiveness in Use of Public Resources**, in which I give a conclusion on whether or not public money has been applied lawfully and in effective way.
- iii. **Report on Effectiveness of Internal Controls, Risk Management and Governance**, in which I give a conclusion on whether internal controls, risk management and overall governance were effective.
- iv. **Report on Other Legal and Regulatory Requirements** is included where applicable, especially for the entities that are registered under the Companies Act, 2015 and any other enabling legislation or authorities that require such disclosure.

1.5 Audit Opinions

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

a) Unmodified Opinion

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

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. The financial statements with qualified opinion are listed in **Appendix B**.

c) Adverse Opinion

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

d) Disclaimer of Opinion

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

1.6 Resource Requirements for the Office of the Auditor-General

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

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

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

with guaranteed availability of resources and optimal staffing, to enable efficient and effective execution of the audit cycle, and to ensure continuous and sustainable audit operations.

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

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 formation of additional entities that I am required to audit and report on. All the over nine thousand (9,000) Public Secondary Schools were from 30 June, 2022 required to prepare and submit financial statements to the Auditor-General for audit. In addition, I am required to audit and report on financial statements for all the three hundred and fifty-eight (358) Level 4 hospitals and fourteen (14) Level 5 hospitals separately. In the current financial year, I am also required to audit a total of two hundred and eighteen (218) Technical and Vocational Education and Training (TVET) Institutions and the number could increase as we are currently undertaking an evaluation exercise with the State Department for Technical, Vocational Education and Training to identify all institutions funded by the Exchequer including the Community Vocational Training Institutions that are estimated to be over one thousand and two hundred (1,200). In addition, new projects and funds have been created that require timely oversight.

Inadequate funding and delayed disbursements affect the audit cycle, which is different from the budget execution cycle of the Ministries, Departments and Agencies (MDAs). This also reduces the scope of audit in terms of coverage and comprehensiveness. The following tables and graphs illustrate the budget requirements by the Office of the Auditor-General versus the allocated amounts, and the National Government budget versus allocation to the Office of the Auditor-General over the last five (5) years.

Table 1: Analysis of Budget Requirement by OAG versus Allocation

Year	Requirement (Kshs. Billions)	Budget Allocation (Kshs. Billions)	Budget Shortfall (Kshs. Billions)	Actual Expenditure (Kshs. Billions)	OAG Budget Absorption %
2017/2018	8.722	5.296	3.426	4.735	89
2018/2019	9.206	5.968	3.238	5.783	97
2019/2020	8.88	5.505	3.375	5.425	99
2020/2021	8.90	5.525	3.375	5.348	96
2021/2022	8.333	6.083	2.25	5.613	92

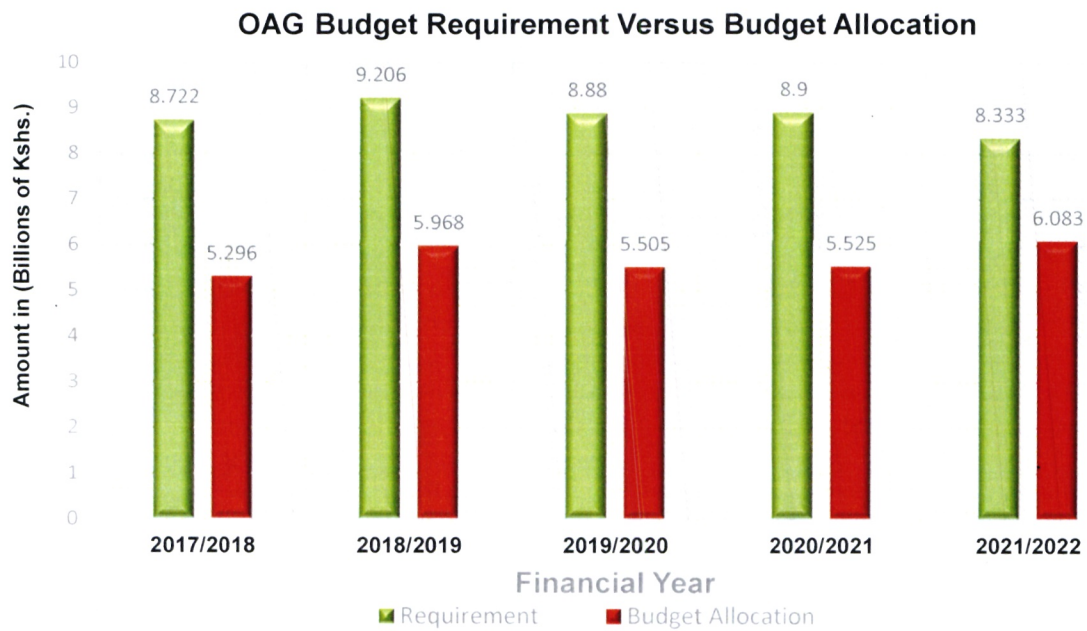
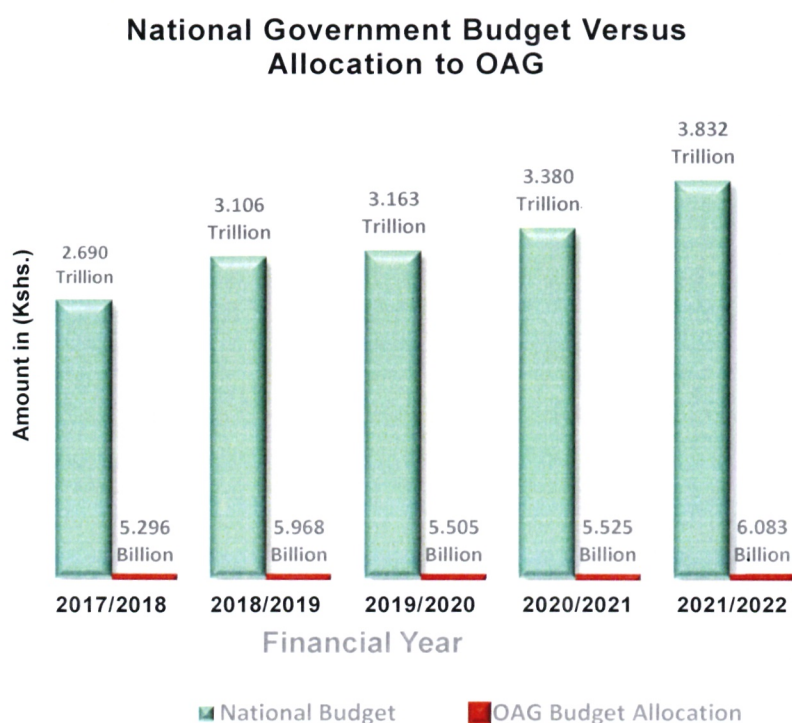


Table 2: National Government Budget Versus Allocation to OAG

Financial Year	National Budget (Kshs. in Trillions)	OAG Budget Allocation (Kshs. in Billions)	% of Allocation to National Budget
2017/2018	2.690	5.296	0.20%
2018/2019	3.106	5.968	0.19%
2019/2020	3.163	5.505	0.17%
2020/2021	3.380	5.525	0.16%
2021/2022	3.832	6.083	0.16%



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

The detailed report for the National Government for the year ended 30 June, 2022 is contained in the Consolidated Audit Report, popularly referred to as the Blue Book. Specific reports together with my opinion for each entity are contained in the respective MDA's audited financial statements for the year ended 30 June, 2022, which have already been submitted to Parliament and to the respective Accounting Officer.

I sincerely appreciate the entire staff of the Office of the Auditor-General for their commitment, passion and professionalism in carrying out their duties despite the challenges posed by lack of adequate funds and the short timelines for audit. Special appreciation goes to the 2021/2022 Reports Review Team and the Blue Book finalization Team which prepared the Consolidated Audit Report together with the Summary Report.

I thank the National Assembly for according to me various fora to discuss issues facing public sector accountability.

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 April, 2023

2.0 Key Audit Findings

The sections below highlight key audit findings from the audit of the financial statements for the National Government for the year ended 30 June, 2022.

2.1 Government Budgetary and Expenditure Review

2.1.1 Budget Review

Review of the Government's budget and expenditures for the year 2021/2022 revealed the following observations: -

2.1.2 Budget Trend Analysis

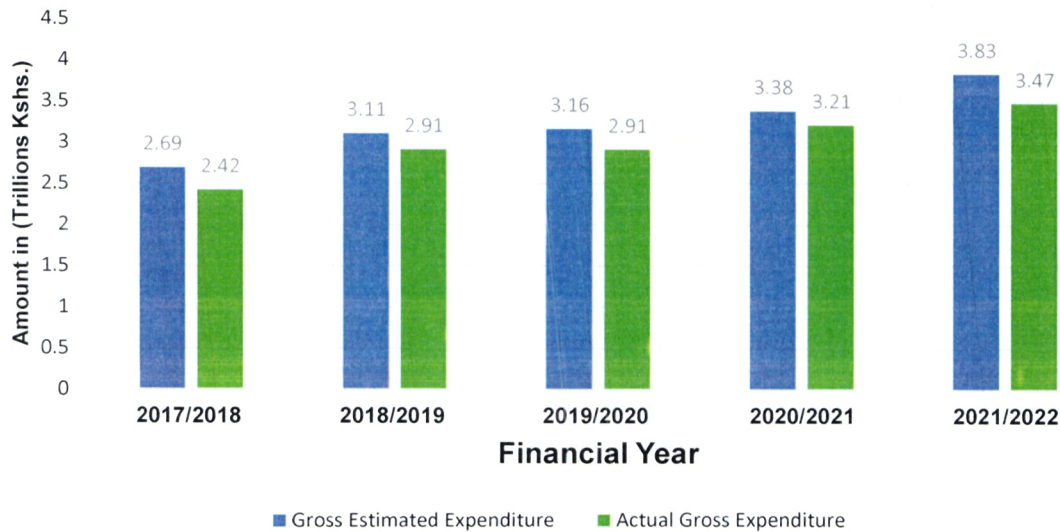
The gross estimated Government expenditure has increased over the last five years from Kshs.2,690,233,829,942 in the year 2017/2018 to Kshs.3,832,087,729,957 in the year 2021/2022 representing an increase in estimated expenditure of Kshs.1,141,853,900,015 or approximately 42% over the five-year period. Similarly, the actual gross expenditure has increased over the last five years from Kshs.2,419,275,195,751 in the year 2017/2018 to Kshs.3,473,135,105,212 in the year 2021/2022 representing an increase of Kshs.1,053,859,909,461 or approximately 44% over the period. This indicates that the scope of my audit has also increased considerably over the last five years. The table below depicts this trend:

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

Year	Gross Estimated Expenditure	Actual Gross Expenditure	Under-Expenditure	Percentage of Under-Expenditure
	(Kshs.)	(Kshs.)	(Kshs.)	%
2017/2018	2,690,233,829,942	2,419,275,195,751	270,958,634,191	10%
2018/2019	3,106,405,817,692	2,911,690,013,343	194,715,804,349	6%
2019/2020	3,162,976,512,141	2,908,327,356,465	254,649,155,676	8%
2020/2021	3,379,902,931,417	3,211,490,363,999	168,412,567,419	5%
2021/2022	3,832,087,729,957	3,473,135,105,212	358,952,624,745	9%

Note: The under-expenditure is the result of comparison of the gross estimated expenditure against the actual gross expenditure.

Budget Trend Analysis



The above analysis indicates that the under-expenditure of the budget has been averaging at 7.6% of the gross estimated expenditure in the last five (5) years. The under-expenditure of the budget implies that some development programmes and delivery of services are not implemented as planned. It may also imply that the estimated expenditure may not be comprehensively backed by correct or accurate data, resulting to overstatements. The under-expenditure is also attributed to under-collection of revenue below the set targets leading to delays in Exchequer releases.

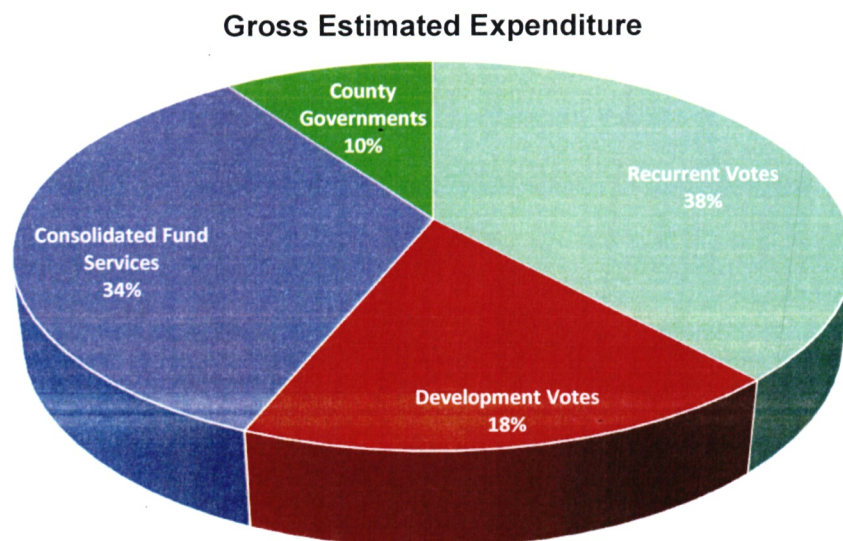
2.1.3 Budget for 2021/2022

In 2021/2022, the Net Approved Expenditure was Kshs.3,334,814,452,571 while approved Appropriations-In-Aid (AIA) was Kshs.497,273,277,386 resulting in Approved Estimated Gross Expenditure of Kshs.3,832,087,729,957 as detailed in Table 4 below:

Table 4: Government Gross Expenditure

Description	Approved Net Expenditure (Kshs.)	A-I-A (Kshs.)	Gross Estimated Expenditure (Kshs.)	Percentage of Gross Estimated Expenditure to Total Expenditure
Recurrent Votes	1,231,158,266,090	232,708,666,621	1,463,866,932,711	38%
Development Votes	424,187,732,291	264,564,610,765	688,752,343,056	18%
Consolidated Fund Services	1,309,468,454,190	0	1,309,468,454,190	34%
Sub-Total for National Government	2,964,814,452,571	497,273,277,386	3,462,087,729,957	90%
County Governments	370,000,000,000	0	370,000,000,000	10%
Total Expenditure	3,334,814,452,571	497,273,277,386	3,832,087,729,957	100%

As shown above, 38% of the gross estimated expenditure was budgeted for meeting the National Government’s recurrent expenditure and 18% for development expenditure. Consolidated Fund Services, including repayments of Public Debt accounted for 34%, while County Governments estimated expenditure accounted for 10% of the gross estimated expenditure as illustrated below:



During the year under review, development expenditure was allocated only 18% of the total budget contrary to Section 15(2)(a) of the Public Finance Management Act, 2012 which requires that, over the medium term, a minimum of thirty percent (30%) of the National and County Governments budgets shall be allocated to development expenditure.

The County Governments allocation of Kshs.370,000,000,000 for the year 2021/2022 was, however, based on the audited revenue for the year 2016/2017, which was the latest audited revenue accounts approved by the National Assembly as indicated in the Division of Revenue Act, 2021 and as per the requirement of Article 203(3) of the Constitution. However, as at the time of the approval of the budget for 2021/2022 in June 2021, the Auditor-General had submitted the audit reports for financial year 2019/2020.

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

2.2 2021/2022 Net Actual Expenditure for the National Government

2.2.1 The financial statements for the financial year 2021/2022 for the National Government indicates a total actual expenditure of Kshs.3,132,735,105,212 which comprised of Kshs.1,417,441,519,813 or 45% for Recurrent Votes, Kshs.517,803,581,541 or 17% for Development Votes and Kshs.1,197,490,003,859 or 38% for Consolidated Fund Services respectively, as shown below:

Table 5: Actual Expenditure - National Government

Description	2021/2022 Actual Expenditure (Kshs.)	% of Actual Expenditure to Total Expenditure
Recurrent Votes	1,417,441,519,813	45%
Development Votes	517,803,581,541	17%
Consolidated Fund Services	1,197,490,003,859	38%
Total	3,132,735,105,212	100%

2.2.2 Comparison of the gross estimated expenditure of Kshs.3,462,087,729,957 with the actual expenditure of Kshs.3,132,735,105,212 results in a gross under-expenditure of Kshs.329,352,624,745. The under-expenditure of Kshs.329,352,624,745 comprised under-expenditure of Kshs.46,425,412,898 under Recurrent Votes, Kshs.170,948,761,516 under Development Votes and Kshs.111,978,450,331 for Consolidated Fund Services as shown in Table 6 below:

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

Description	Gross Estimated Expenditure 2021/2022 (Kshs.)	Actual Expenditure 2021/2022 (Kshs.)	Under Expenditure (Kshs.)	Under Expenditure %
Recurrent Votes	1,463,866,932,711	1,417,441,519,813	46,425,412,898	3%
Development Votes	688,752,343,056	517,803,581,541	170,948,761,516	25%
Consolidated Fund Services	1,309,468,454,190	1,197,490,003,859	111,978,450,331	9%
Total	3,462,087,729,957	3,132,735,105,212	329,352,624,745	10%

2.2.3 The under-expenditure of Kshs.46,425,412,898 and Kshs.170,948,761,516 under the Recurrent and Development Votes, respectively was mainly attributed to lack of adequate Exchequer issues to finance all the budget requests by Ministries, Departments and Agencies (MDAs) and delayed disbursement of donor funds which hampered implementation of various programmes that had been budgeted for. Detailed analysis of the under-expenditure is provided in the respective MDAs financial statements for the year 2021/2022.

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

2.3 Revenue Analysis

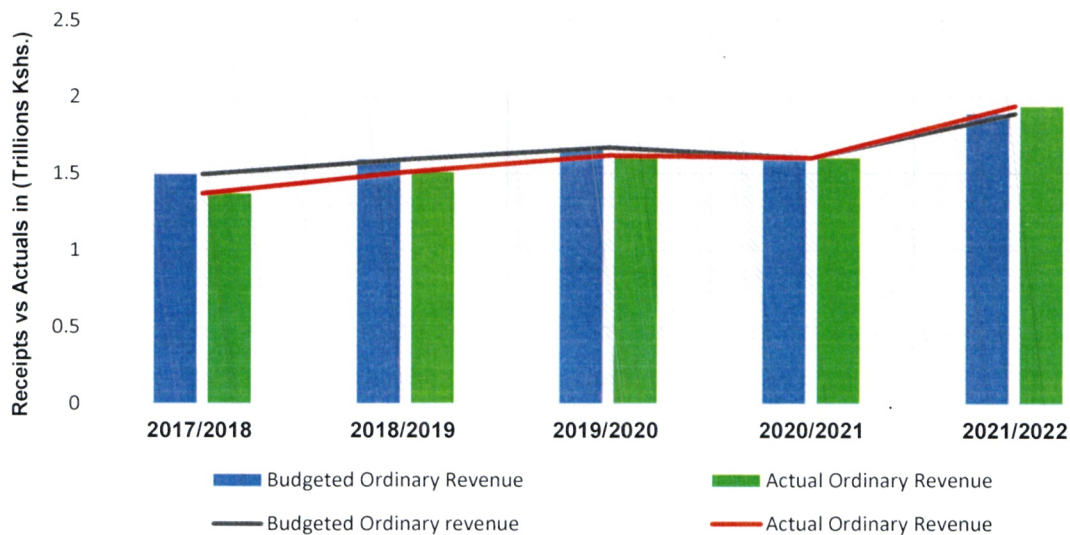
2.3.1 Estimated Receipts Versus Actual Receipts of Ordinary Revenue

The estimated receipts from tax and non-tax receipts (ordinary revenue) has increased over the last five years from Kshs.1,493,671,554,882 in the year 2017/2018 to Kshs.1,891,602,330,060 in the year 2021/2022. This is an increase in estimated revenue of Kshs.397,930,775,178 or approximately 27% over the five-year period. Similarly, the actual receipts from tax and non-tax receipts increased over the same period from Kshs.1,369,095,080,001 in the year 2017/2018 to Kshs.1,940,971,132,408 in the year 2021/2022 representing an increase of Kshs.571,876,052,407 or approximately 42% over the five-year period as tabulated below:

Table 7: Estimated Revenue Versus Actual Receipts

Year	Budgeted Ordinary Revenue (Tax and Non-Tax Receipts) (Kshs.)	Actual Ordinary Revenue (Tax and Non-Tax Receipts) (Kshs.)	Revenue Surplus/ (Shortfall) (Kshs.)	Percentage of Surplus/(Shortfall)
2017/2018	1,493,671,554,882	1,369,095,080,001	(124,576,474,881)	(8.3%)
2018/2019	1,592,056,746,143	1,509,057,905,396	(82,998,840,747)	(5.2%)
2019/2020	1,669,701,355,816	1,618,797,777,894	(50,903,577,922)	(3%)
2020/2021	1,601,597,982,154	1,601,016,386,868	(581,595,286)	(0.04%)
2021/2022	1,891,602,330,060	1,940,971,132,408	101,497,970,074	5.5%

Estimated Receipts Versus Actual Receipts of Ordinary Revenue



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

2.3.2 Comparison of Ordinary Revenue to Expenditure

The proportion of projected ordinary revenue against the estimated gross expenditure fluctuated between 47% and 56% in the period 2017/2018 to 2021/2022. Similarly, the proportion of actual ordinary revenue against the actual gross expenditure fluctuated between 50% and 57% during the same period as tabulated below:

Table 8: Estimated Revenue Versus Estimated Expenditure

Year	Estimated Ordinary Revenue (Tax and Non-Tax Receipts) (Kshs.)	Gross Estimated Expenditure (Kshs.)	Percentage of Estimated Ordinary Revenue to Gross Estimated Expenditure
2017/2018	1,493,671,554,882	2,690,233,829,942	56%
2018/2019	1,592,056,746,143	3,106,405,817,692	51%
2019/2020	1,669,701,355,816	3,162,976,512,141	53%
2020/2021	1,601,597,982,154	3,379,902,931,417	47%
2021/2022	1,891,602,330,060	3,832,087,729,957	48%

Table 9: Actual Revenue Versus Actual Gross Expenditure

Year	Actual Ordinary Revenue/ (Tax and Non-Tax Receipts) (Kshs.)	Actual Gross Expenditure (Kshs.)	Percentage of Actual Ordinary Revenue to Actual Gross Expenditure
2017/2018	1,369,095,080,001	2,419,275,195,751	57%
2018/2019	1,509,057,905,396	2,911,690,013,343	52%
2019/2020	1,618,797,777,894	2,908,327,356,465	56%
2020/2021	1,601,016,386,868	3,211,490,363,999	50%
2021/2022	1,940,971,132,408	3,473,135,105,212	56%

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

2.3.3 Actual Revenue as per Audited Revenue Statements

During the 2021/2022 financial year, total revenue recorded under various revenue statements as received by the National Government amounted to Kshs.2,028,236,839,950 representing an increase of Kshs.314,593,858,437 or 18% compared to actual collections of Kshs.1,713,642,981,513 realized in the previous year. This is illustrated in Table 10 below:

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

Details	2021/2022 Actual Receipts (Kshs.)	2020/2021 Actual Receipts (Kshs.)	Increase/ (Decrease) (Kshs.)	Percentage of Increase/ (Decrease)
Recurrent Revenue	1,967,190,835,775	1,626,801,249,470	340,389,586,305	21%
Development Revenue	61,046,004,175	86,841,732,043	(25,795,727,868)	(30%)
Total	2,028,236,839,950	1,713,642,981,513	314,593,858,437	18%

The total revenue of Kshs.2,028,236,839,950 for the year 2021/2022 comprised of Kshs.1,967,190,835,775 and Kshs.61,046,004,175 relating to Recurrent (ordinary revenue) and Development revenue, respectively. However, the actual ordinary revenue (tax and non-tax income receipts) of Kshs.1,967,190,835,775 reported in the audited revenue statements during the year differs by Kshs.26,219,703,367 with the ordinary revenue receipts of Kshs.1,940,971,132,408 reflected in the National Exchequer Account. The difference is attributed to failure by some Receivers of Revenue to transfer all the collected revenue to the Exchequer by the close of the financial year.

Further, analysis of estimated receipts indicates that actual Recurrent Revenue collected during the year reflected an overcollection of Kshs.75,588,505,715 while there was a shortfall of Kshs.35,524,515,786 or 37% reported under Development Revenue.

Table 11: Shortfall in Revenue Receipts

Details	Estimated Receipts (Kshs.)	Actual Receipts (Kshs.)	Revenue Over Collection/(Shortfall) (Kshs.)	% Over Collection/ (Shortfall)
Recurrent Revenue	1,891,602,330,060	1,967,190,835,775	75,588,505,715	4%
Development Revenue	96,570,519,961	61,046,004,175	(35,524,515,786)	(37%)
Total	1,988,172,850,021	2,028,236,839,950	40,063,989,929	

2.4 The National Exchequer Account as at 30 June, 2022

2.4.1 The Statement of Receipts and Payments for the National Exchequer Account for the year ended 30 June, 2022 reflects an overall deficit of Kshs.20,663,751,757 compared to a deficit of Kshs.26,748,618,718 for the prior year as at 30 June, 2021. However, after taking into consideration the Exchequer balance of Kshs.21,280,300,708 brought forward from 2020/2021, the result is an overall net surplus of Kshs.616,548,951 as at 30 June, 2022 as follows:

	2021/2022 (Kshs.)	2020/2021 (Kshs.)
Total Receipts	3,057,721,853,257	2,768,744,278,321
Total Issues	<u>3,078,385,605,013</u>	<u>2,795,492,897,038</u>
Surplus/(Deficit) for the Year	(20,663,751,757)	(26,748,618,717)
Exchequer Balance Brought Forward	21,280,300,708	<u>48,028,919,425</u>
Exchequer Balance as at 30 June	<u>616,548,951</u>	<u>21,280,300,708</u>

2.4.2 The Exchequer balance of Kshs.616,548,951 as at 30 June, 2022 is arrived as follows:

	Amount (Kshs.)
Exchequer Bank Balance as at 30 June, 2022	21,138,818,679
Add: Revenue in transit	19,442,564,366
Less: Uncleared items (Exchequer disbursements between 1 July, 2022 and 7 July, 2022)	<u>(39,964,834,094)</u>
Exchequer Cash Book Balance as at 30 June, 2022	<u>616,548,951</u>

2.4.3 Out of the total Exchequers issues of Kshs.3,078,385,605,013, Kshs.707,926,436,528 or 23% was issued in Quarter 1, Kshs.693,509,881,440 or 23% was issued in Quarter 2, Kshs.733,326,684,760 or 24% was issued in Quarter 3 while Kshs.943,622,602,286 or 31% was issued in Quarter 4 as detailed below:

Table 12: Exchequer Issues in 2021/2022

Type	Quarter 1 Exchequer Issues (Kshs.)	Quarter 2 Exchequer Issues (Kshs.)	Quarter 3 Exchequer Issues (Kshs.)	Quarter 4 Exchequer Issues (Kshs.)	Total (Kshs.)
Recurrent	257,438,030,435	270,609,772,132	271,318,898,666	406,542,672,650	1,205,909,373,883
Development	81,853,319,665	62,106,270,520	77,397,005,951	119,649,230,983	341,005,827,118
CFS	276,135,086,428	270,143,838,788	292,110,780,143	352,680,698,653	1,191,070,404,012
County Government	92,500,000,000	90,650,000,000	92,500,000,000	64,750,000,000	340,400,000,000
Total Exchequer Issues	707,926,436,528	693,509,881,440	733,326,684,760	943,622,602,286	3,078,385,605,013
% of the Total Exchequer Issues	23%	23%	24%	31%	100%

2.4.4 Further, out of Kshs.943,622,602,286 issued in Quarter 4, Kshs.323,697,891,644 or 34% was issued in the month of April 2022, Kshs.232,023,204,745 or 25% was issued in May 2022 while Kshs.387,901,505,897 or 41% was issued in June, 2022. In addition, out of the amount of Kshs.387,901,505,897 indicated as issued in June 2022, only an amount of Kshs.347,936,671,803 or 90% was actually issued in June 2022 while the remaining balance of Kshs.39,964,834,094 or 10% was issued between 1 July, 2022 and 7 July, 2022 and backdated to 30 June.

2.4.5 As indicated above, Exchequer issues totalling Kshs.39,964,834,094 comprising of Kshs.25,271,540,747, Kshs.14,340,992,157, and Kshs.352,301,190 for Recurrent Votes, Development Votes, and Public Debt respectively, were disbursed by The National Treasury between 1 July, 2022 and 7 July, 2022. Management explained that substantial revenue for funding Exchequer requests was received on 30 June, 2022. Further, all the revenue and loans received as at 30 June, 2022 were budgeted to fund expenditures relating to that financial year. However, this was against the provisions of Regulation 97(4) of the Public Finance Management (National Government) Regulations, 2015 which states, inter alia, "that an actual cash transaction taking place after the 30 June, shall not be treated as pertaining to the previous financial year." This is also in breach of Article 260 of the Constitution which states that "financial year means the period of twelve months ending on the thirtieth day of June or other day prescribed by national legislation."

Further, the practice of backdating transactions to 30 June, is against the concept of IPSAS cash accounting. The practice has also resulted in discrepancies between Exchequer disbursements reported by The National Treasury and Exchequer receipts reported by some counties and other entities in their financial statements.

2.4.6 Receipts of Kshs.3,057,721,853,257 into the National Exchequer Account during the year 2021/2022 comprised of Ordinary Revenue and Other Receipts in form of Loans and Grants, and Treasury Bonds as follows:

	<u>Type of Receipt</u>	<u>Amount (Kshs.)</u>	<u>Total (Kshs.)</u>
a)	Ordinary Revenue		
	Tax Income	1,839,473,162,344	
	Non-Tax Income (Profits and Dividends, Immigration Visas, Fines, Penalties and Forfeitures, Miscellaneous Revenue, etc.)	<u>101,497,970,074</u>	1,940,971,132,408
b)	(i) Loans and Grants		
	External Grants	11,023,919,928	
	External Loans	<u>228,688,059,741</u>	239,711,979,669
	(ii) Domestic Borrowing		
	Treasury Bills (Net)	-	
	Treasury Bonds	<u>877,038,741,180</u>	<u>877,038,741,180</u>
	Total Receipts		<u>3,057,721,853,257</u>

2.4.7 Issues from the National Exchequer Account during the year amounted to Kshs.3,078,385,605,013 and comprised of Exchequer transfers of Kshs.1,205,909,373,883, Kshs.341,005,827,118, Kshs.1,191,070,404,012 and Kshs.340,400,000,000 in respect of National Government Recurrent Votes, Development Votes, Consolidated Fund Services and County Governments, respectively. There was an underfunding of the approved expenditure by an amount of Kshs.256,428,847,558 or 8% as tabulated below:

Table 13: Underfunding of Approved Expenditure

Details	Approved Net Expenditure (Kshs.)	Actual Issues (Kshs.)	Under Funding (Kshs.)	Percentage Variance
Recurrent Votes	1,231,158,266,090	1,205,909,373,883	25,248,892,207	2%
Development Votes	424,187,732,291	341,005,827,118	83,181,905,173	20%
Consolidated Fund Services	1,309,468,454,190	1,191,070,404,012	118,398,050,178	9%
County Governments	370,000,000,000	340,400,000,000	29,600,000,000	8%
Grand Total	3,334,814,452,571	3,078,385,605,013	256,428,847,558	

2.4.8 The underfunding of the development budget by 20% was attributed to delayed disbursement of donor funds and delayed counterpart funding from the Government. However, underfunding of development projects is likely to affect the rate of development in the Country as envisaged in the National Development Plan, Vision 2030, sustainability of service delivery, and achievement of critical Sustainable Development Goals (SDGs).

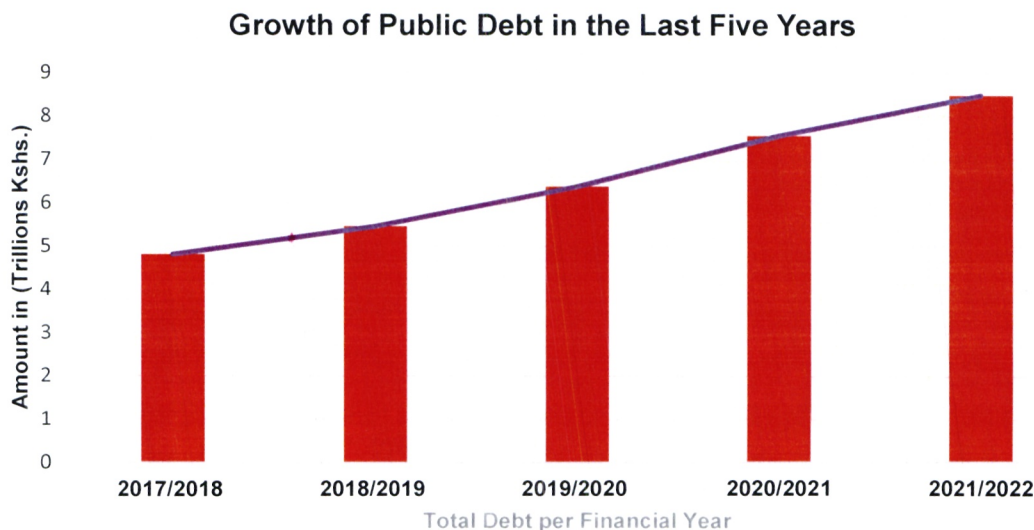
2.5 Management of Public Debt – Kshs.8,478,949,965,757

2.5.1 The outstanding amount of public debt has increased over the years from Kshs.4,801,416,851,482 reported in the year 2017/2018 to Kshs.8,478,949,965,757 reported in the year 2021/2022. This represents an increase of Kshs.3,677,533,114,275 or approximately 77% over the five (5) year period as tabulated below:

Table 14: Growth of Public Debt in the Last Five Years

Financial Year	External Debt (Kshs.)	Internal Debt (Kshs.)	Guaranteed Loans (Kshs.)	Total Debt (Kshs.)
2017/2018	2,403,899,102,184	2,397,517,749,298	-	4,801,416,851,482
2018/2019	2,752,467,840,668	2,698,685,962,748	-	5,451,153,803,416
2019/2020	3,240,193,767,182	3,128,600,060,451	-	6,368,793,827,633
2020/2021	3,753,484,243,264	3,635,219,144,950	157,219,741,914	7,545,923,130,128
2021/2022	4,076,028,476,708	4,257,564,791,323	145,356,697,726	8,478,949,965,757

The findings are graphically presented in the chart below:



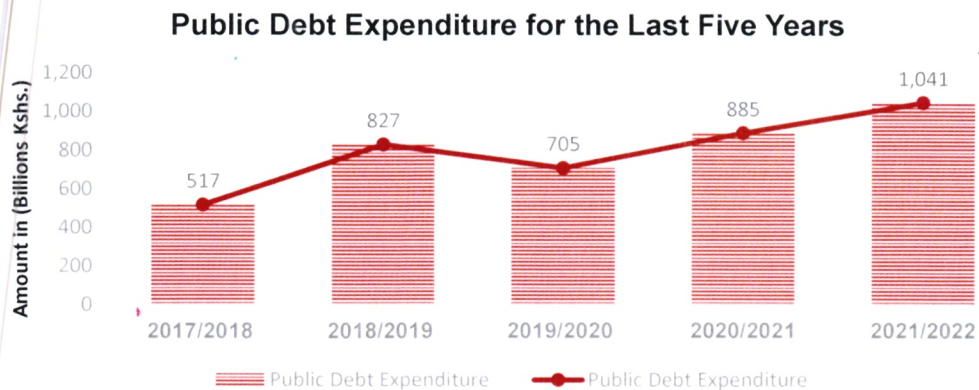
2.5.2 The outstanding amount of public debt of Kshs.8,478,949,965,757 represents 84.8% of the maximum ceiling of Kshs.10,000,000,000,000 approved by Parliament through Legal Notice No.89 of 26 May, 2022 which provides that the national public debt shall not exceed ten trillion shillings.

2.5.3 The outstanding debt of Kshs.8,478,949,965,757 does not include pending bills amounting to Kshs.105,782,664,596 which are current liabilities owed to providers of goods and services reported under Ministries, Departments and Agencies (MDAs) and Donor Funded Projects during the year under review or other liabilities and bank overdrafts incurred by national public sector entities.

2.5.4 Further, expenditure on public debt has increased from Kshs.516,935,293,342 reported in 2017/2018 to Kshs.1,041,304,135,476 incurred in 2021/2022 financial year denoting an increase of Kshs.524,368,842,134 or 101% over the five (5) years period as shown below:

Table 15: Public Debt Expenditure

Financial Year	Public Debt Expenditure (Kshs.)	Increase/(Decrease) per Year (Kshs.)	Percentage Increase/(Decrease) per Year
2017/2018	516,935,293,342	-	-
2018/2019	827,036,163,185	310,100,869,843	60%
2019/2020	704,789,802,097	(122,246,361,088)	(15%)
2020/2021	884,919,345,869	180,129,543,772	26%
2021/2022	1,041,304,135,476	156,384,789,607	18%



2.5.5 Consolidated Fund Services total expenditure of Kshs.1,197,490,003,859 comprises of Kshs.1,041,304,135,476 or 86.96% for Public Debt, Kshs.152,984,902,368 or 12.78% for Pension and Gratuities, Kshs.3,200,966,015 or 0.27% for Salaries, Allowances and Miscellaneous Services, and a Nil expenditure for Subscriptions to International Organizations as tabulated below:

Table 16: Consolidated Fund Services Expenditure

Details	Estimated Expenditure (Kshs.)	Actual Expenditure (Kshs.)	Percentage of Actual Expenditure on Total CFS Actual Expenditure
Public Debt	1,151,292,498,633	1,041,304,135,476	86.96%
Pension and Gratuities	153,639,593,168	152,984,902,368	12.78%
Salaries, Allowances and Miscellaneous Services	4,535,862,389	3,200,966,015	0.27%
Subscriptions to International Organisations	500,000	0	0.00%
Total	1,309,468,454,190	1,197,490,003,859	100%

2.5.6 Further, I have raised various issues pertaining to public debt. For the year 2021/2022, the issues include;

- i. Payment of commitment fees amounting to Kshs.1,486,813,083 on undrawn amounts in respect of loans signed between the Government of Kenya and foreign lenders. Had the implementing Agencies put in place proper mechanisms to enable absorption of the committed credit within the agreed timeframe, the payment of commitment fees would have been minimized. The National Treasury, being the overall supervisor of Government Ministries, Departments and Implementing Agencies should ensure that programmes and projects are ready for execution before committing the Government with the credits.

- ii. The outstanding amount of public debt of Kshs.8,478,949,965,757 as at 30 June, 2022 does not include loans and overdrafts held by other National and County Governments entities. The National Treasury indicated that it did not guarantee any loan to County Governments and State Agencies during the year. Further, The National Treasury also indicated that where a State Agency secures a loan, it is the responsibility of the Board of Directors of that Agency to ensure that the amount is repaid and is not chargeable to the Consolidated Fund. However, the National Government may be obliged to bail out any amount that could be defaulted by County Governments and State Agencies.
- iii. The Government defaulted on servicing an amount of Kshs.11,039,138,761 in respect of three (3) loans advanced by an international commercial bank towards the construction of Arror Dam (Kshs.2,861,297,485), Itare Dam (Kshs.5,348,242,211) and Kimwarer Dam (Kshs.2,829,599,065). Default on debt repayment exposes the Government to risks of legal suits that may lead to punitive penalties and subsequent loss of public resources.
- iv. External debt rose from Kshs.3,761,235,298,615 to Kshs.4,076,028,476,708 or 8.37% compared to internal debt which increased from Kshs.3,635,319,130,686 to Kshs.4,257,564,791,323 or 14.62%. Interest on internal debt for the financial year ended 30 June, 2022 was at 76% and interest for external debt which was at 24% of the total finance costs, including loan interest. The cost of domestic debt is three times the cost of external borrowings. Management has not indicated the measures being put in place to guard against the excessive internal borrowings which may have a negative impact on the country's interest rates, inflation rates and may lead to crowding out of private investors due to reduced loanable funds in the market.

2.5.7 The growth in public debt is attributed to disbursements of new loans to the Government by various Development Partners and additional borrowings from the domestic market through Treasury Bonds and Treasury Bills to fund the budget. Further analysis of the budget for public debt indicates an under-expenditure of Kshs.109,988,363,157 from the budgeted expenditure amount of Kshs.1,151,292,498,633 and actual expenditure amount of Kshs.1,041,304,135,476. This is an indication that borrowing costs are being incurred without concurrent development as the borrowed funds are not fully absorbed.

2.6 Outstanding Loans - Kshs.920,690,539,503

The summary schedule of outstanding loans as at 30 June, 2022 reflects total outstanding loans of Kshs.920,690,539,503 which represents a decrease of Kshs.1,239,786,455 or approximately 0.13% of the total outstanding loan balance of Kshs.921,930,325,958 reported as at 30 June, 2021. The balance of Kshs.920,690,539,503 includes new loans issued in 2021/2022 totalling Kshs.33,576,257,099. However, eighteen (18) entities with a total loan balance amounting to Kshs.268,875,962,951 reflected in the summary schedule, differed with the independently confirmed loan balance of Kshs.268,241,119,147 by Kshs.634,843,804 as detailed in Table 17 below:

Table 17: Unexplained Variances in Loan Balances

No.	Company/Institution	Balance as per the Revenue Statements (Kshs.)	Balance Confirmed After Circularization (Kshs.)	Variance (Kshs.)
1.	Athi Water Services Board	47,181,677,443	44,780,310,172	2,401,367,271
2.	Coast Water Service Board	15,839,546,804	12,865,923,145	2,973,623,659
3.	Equity Bank Limited	136,672,275	14,913,236	121,759,039
4.	Kenya Airports Authority	1,708,012,739	1,709,808,167	(1,795,428)
5.	Kenya Electricity Generating Company Limited	81,533,589,265	88,136,215,941	(6,602,626,676)
6.	Kenya Electricity Transmission Company Limited	2,306,257,099	2,563,713,710	(257,456,611)
7.	Kenya Meat Commission	940,241,100	300,000,000	640,241,100
8.	Kenya Power and Lighting Company Limited	56,147,469,037	56,340,742,324	(193,273,287)
9.	Kilifi Mariakani Water and Sewerage Company Limited	283,998,236	379,210,338	(95,212,102)
10.	Lake Victoria North Water Services Board	11,594,143,705	12,618,417,315	(1,024,273,610)
11.	Lake Victoria South Water Services Board	12,991,985,210	9,471,336,598	3,520,648,612
12.	Malindi Water, Sewerage and Sanitation Company Limited	284,748,410	354,033,526	(69,285,116)
13.	Northern Water Services Board	5,389,000,000	3,267,383,722	2,121,616,278
14.	Nzoia Sugar Company Limited	458,510,100	11,454,385,173	(10,995,875,073)
15.	Rural Electrification Authority	13,426,088,636	13,385,625,937	40,462,699
16.	Tana Water Services Board	7,543,116,143	4,545,195,118	2,997,921,025
17.	Tanathi Water Services Board	9,713,565,506	5,691,292,426	4,022,273,080
18.	Water Resource Management Authority	1,397,341,243	362,612,300	1,034,728,943
Total		268,875,962,951	268,241,119,147	

Further, twelve (12) institutions with a total outstanding loan balance of Kshs.14,566,060,517 did not confirm their loan balances as at 30 June, 2022. It was also noted that institutions continued to receive additional funding even when they are underperforming, thereby casting doubt on the criteria used to determine the advancement of additional loans.

2.6.1 In addition, and as was reported during the 2020/2021 financial year, the total outstanding loans balance of Kshs.920,690,539,503 reflected in the summary schedule includes loans amounting to Kshs.13,151,255,401 which had been due for redemption at diverse dates over the years but had not been repaid. During the year under review, the affected institutions did not make any repayment against their respective due loan balances as shown below:

Table 18: Non-Performing Loans Issued to Local Entities

No.	Institution	Amount Outstanding as at 30 June, 2022 (Kshs.)	Remarks
1.	Mumias Sugar Company Limited	3,000,000,000	Facing financial challenges
2.	Agro-chemical and Food Company Limited	2,941,884,000	Facing financial challenges
3.	National Water Conservation and Pipeline Corporation	2,460,874,897	Awaiting transfer of the loan to Water Boards
4.	National Irrigation Board	2,262,036,544	Company has requested for conversion to grant
5.	Uchumi Supermarkets Limited	1,200,000,000	Under Receivership
6.	Kenya Meat Commission	940,241,100	Facing financial challenges
7.	East African Sugar Industries Limited, Muhoroni	177,123,100	Under Receivership
8.	Miwani Sugar Mills Limited	78,088,180	Under Receivership
9.	Kenya Urban Transport Various Towns	40,706,140	No reason was provided
10.	Halal Meat Products	27,701,420	Court ruled that the Company had no debt owed to the Government
11.	Miwani Sugar Company (1989) Limited	16,000,020	Facing financial challenges
12.	Miwani Outgrowers Mills Limited	6,600,000	Company is dormant
Total		13,151,255,401	

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

2.7 Outstanding Obligations Guaranteed by the Government of Kenya

2.7.1 The statement of outstanding obligations guaranteed by the Government of Kenya as at 30 June, 2022 reflects an outstanding balance of Kshs.152,317,825 being capital and interest owed by the Cereals and Sugar Finance Company. However, the balance was not supported by any verifiable records and documents. Further, the Consolidated National Government Investment Report for the year 2021/2022, prepared by The National Treasury in accordance with Section 89 of the Public Finance Management Act, 2012, indicates that the total outstanding Government guaranteed debt amounted to Kshs.145,357,000,000 as at 30 June, 2022. The outstanding amount of Kshs.152,317,825 reflected in the statement submitted for audit by The National Treasury is, however, excluded from the balance of Kshs.145,357,000,000 reported in the Consolidated National Government Investment Report as detailed below:

Table 19: Outstanding Obligations Guaranteed by GOK

Agency	Outstanding Government Guaranteed Debt as at 30 June, 2022 (Kshs.)
Kenya Airways	77,824,000,000
Kenya Ports Authority	33,077,000,000
Kenya Electricity Generating Company PLC	24,513,000,000
Kenya Power and Lighting Company	9,943,000,000
Total	145,357,000,000

2.7.2 The parent Ministries for the Agencies mentioned above did not prepare and submit for audit, their respective statements of outstanding obligations guaranteed by the Government of Kenya as at 30 June, 2022 contrary to Sections 81(1) and 81(2) (c) of the Public Finance Management Act, 2012. Only The National Treasury prepared and submitted for audit a statement of outstanding obligations guaranteed by the Government of Kenya which reflected an outstanding balance of Kshs.152,317,825 being capital and interest owed by the Cereals and Sugar Finance Company.

2.7.3 Consequently, the total amount of outstanding obligations guaranteed by the Government of Kenya reflected in the statement submitted for audit by The National Treasury is understated by Kshs.145,357,000,000. Lack of preparation of respective statements is not only a breach of the Public Finance Management Act, 2012 but also an indicator that the total Government Guaranteed Debt could not be confirmed.

3.0 Pending Bills

During the year under review, pending bills totalling Kshs.105,782,664,596 were not settled but were instead carried forward to the 2022/2023 financial year. The pending bills balance comprise of Kshs.57,469,530,401 and Kshs.48,313,134,195 reported under Ministries, Department and Agencies (MDAs) and Donor Funded Projects respectively, as detailed below:

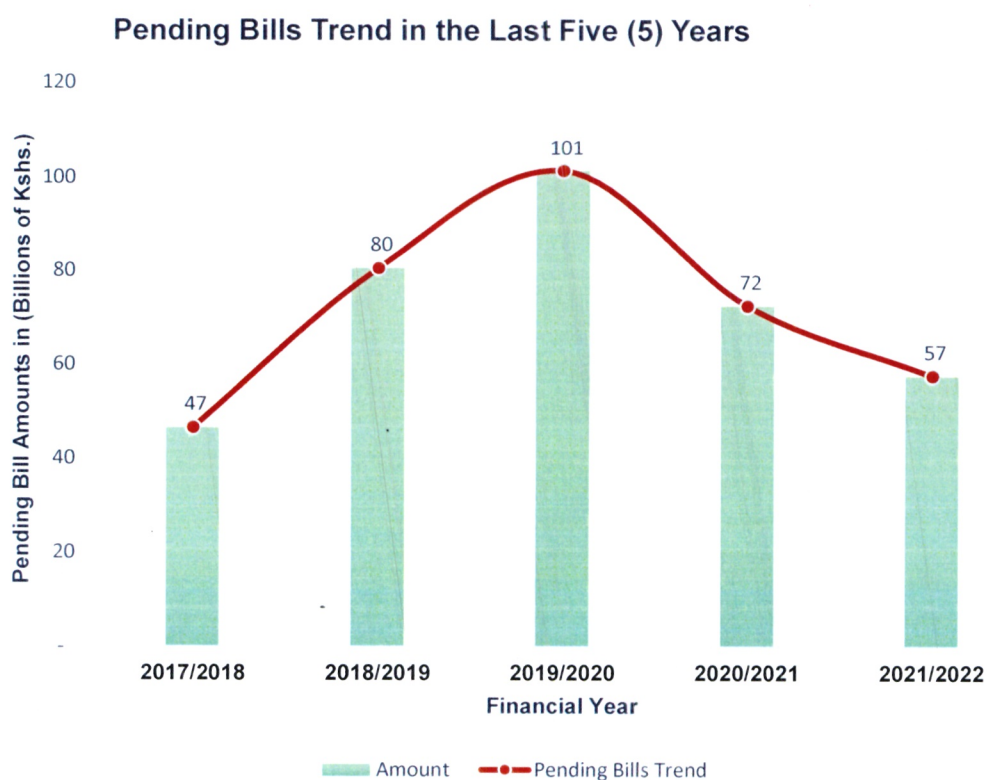
3.1 Pending Bills - Ministries, Department and Agencies – Kshs.57,469,530,401

3.1.1 The reported pending bills for Ministries, Department and Agencies (MDAs) for the year ended 30 June, 2022 decreased by Kshs.14,846,340,107 or 21% to Kshs.57,469,530,401 from the previous years' reported amount of Kshs.72,315,870,508. The amount of pending bills reported in the last five (5) years is shown in Table 20 below:

Table 20: Pending Bills for the Last Five Years

Financial Year	Pending Bills for MDAs (Kshs.)
2017/2018	46,529,173,323
2018/2019	80,477,945,730
2019/2020	101,109,118,284
2020/2021	72,315,870,508
2021/2022	57,469,530,401

The graph below indicates the trend of pending bills in the last five (5) years:



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

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

3.1.4 Further, the pending bills have continued to put pressure on the scarce resources, with some of these bills attracting penalties, thereby putting more strain on the available resources. The suppliers of goods and services to public entities may also face unwarranted financial charges from their financiers as they supply goods and services on credit to the Government without proper arrangements or agreements on credit facilities with the Government. Failure to settle the bills has an effect of withholding circulation of cash in the economy and affects the smooth operations of suppliers and Micro, Small and Medium Enterprises (MSMEs). In addition, failure to pay affects revenue collection due from Value Added Tax (VAT) and Withholding Tax. All these factors viewed holistically call for the Executive to put in place strict measures to deter the escalation of pending bills.

3.1.5 The Ministries, Department and Agencies (MDAs) which reported unpaid bills as at 30 June, 2022 are listed in the table below:

Table 21: Ministries, Department and Agencies (MDAs) Pending Bills 2021/2022

No.	Vote	Ministry/Department/Agency	Pending Bills (Kshs.)
1.	1011	The Executive Office of the President	15,950,133,545
2.	1169	State Department for Crop Development and Agricultural Research	9,396,775,821
3.	1021	State Department for Interior and Citizen Services	5,508,101,204
4.	1081	Ministry of Health	4,799,030,226
5.	1203	State Department for Wildlife	2,715,987,161
6.	1222	State Department for Regional and Northern Corridor Development	2,451,916,061
7.	2031	Independent Electoral and Boundaries Commission	2,083,171,000
8.	1041	Ministry of Defence	1,755,046,240
9.	1094	State Department for Housing and Urban Development	1,634,354,560
10.	1213	State Department for Public Service	1,478,128,900
11.	1032	State Department for Devolution	1,373,260,296

No.	Vote	Ministry/Department/Agency	Pending Bills (Kshs.)
12.	1095	State Department for Public Works	1,293,499,573
13.	1052	Ministry of Foreign Affairs	701,161,995
14.	1108	Ministry of Environment and Forestry	670,596,158
15.	1152	Ministry of Energy	644,980,895
16.	2043	Parliamentary Joint Services	558,027,648
17.	2021	National Land Commission	531,496,362
18.	1261	The Judiciary	431,181,964
19.	1066	State Department for Early Learning and Basic Education	429,299,232
20.	1109	Ministry of Water, Sanitation and Irrigation	305,255,357
21.	2042	The National Assembly	290,665,300
22.	1123	State Department for Broadcasting and Telecommunications	257,017,835
23.	1132	State Department for Sports	223,356,294
24.	1112	Ministry of Lands and Physical Planning	204,369,942
25.	1023	State Department for Correctional Services	200,444,053
26.	1162	State Department for Livestock	189,748,207
27.	1122	State Department for Information, Communication Technology and Innovation	178,918,663
28.	2091	Teachers Service Commission	158,711,298
29.	2041	Parliamentary Service Commission	152,814,517
30.	1194	Ministry of Petroleum and Mining	132,775,321
31.	1166	State Department for Fisheries, Aquaculture and the Blue Economy	112,169,309
32.	1175	State Department for Industrialization	90,272,732
33.	1174	State Department for Trade and Enterprise Development	66,980,829
34.	1214	State Department for Youth Affairs	66,186,271
35.	1065	State Department for University Education and Research	65,448,989
36.	2071	Public Service Commission	58,733,175
37.	1252	State Law Office and Department of Justice	53,634,452
38.	1134	State Department for Culture and Heritage	48,170,956
39.	1311	Office of the Registrar of Political Parties	39,151,275

No.	Vote	Ministry/Department/Agency	Pending Bills (Kshs.)
40.	1035	State Department for Development of the Arid and Semi-Arid Lands (ASALS)	38,346,731
41.	1184	Ministry of Labour	24,327,228
42.	1092	State Department for Transport	23,764,147
43.	2051	Judicial Service Commission	18,781,934
44.	1221	State Department for East African Community	13,818,936
45.	2011	Kenya National Commission on Human Rights	13,242,693
46.	1202	State Department for Tourism	13,060,343
47.	1093	State Department for Shipping and Maritime	5,832,493
48.	2131	The Commission on Administrative Justice	5,533,492
49.	1212	State Department for Gender	3,608,065
50.	1072	State Department for Planning	2,789,002
51.	2061	Commission on Revenue Allocation	2,788,890
52.	2101	National Police Service Commission	2,182,652
53.	2151	Independent Policing Oversight Authority	480,179
		Total	57,469,530,401

3.2 Pending Bills - Donor Funded Projects – Kshs.48,313,134,195

Similarly, pending bills amounting to Kshs.48,313,134,195 reported under Donor Funded Projects were not settled during the year but were carried forward to the 2022/2023 financial year as detailed in **Appendix E**.

The total pending bills of Kshs.105,782,664,596 reported under Ministries, Departments and Agencies (MDAs) and Donor Funded Projects in 2021/2022 does not include an amount of Kshs.29,600,000,000 Exchequer releases owed to the County Governments by the National Government as at 30 June, 2022. The pending bills balance of Kshs.105,782,664,596 is also exclusive of Kshs.32,117,739,850 required to be paid into the Equalisation Fund. Further, the total pending bills balance of Kshs.105,782,664,596 does not include contingent liabilities totalling Kshs.69,038,837,869 as detailed below:

Table 22: Contingent Liabilities

Vote	Ministry/Dept/Agency	Contingent Liability (Kshs.)	Description
1081	Ministry of Health	39,613,135,462	Contingent liability for various Court cases against the Ministry
1112	Ministry of Lands and Physical Planning	19,745,016,189	Contingent liability for various Court cases against the Ministry
1162	State Department for Livestock	4,030,406,440	Contingent liability for Court cases against the State Department
1041	Ministry of Defence	1,807,350,099	Contingent liability for various Court cases against the Ministry
1261	The Judiciary	1,088,021,644	Contingent liability relating to courts and arbitration awards because of disputes between the Judiciary and various contractors for construction of court buildings.
1108	Ministry of Environment and Forestry	595,618,173	Contingent liability for Court cases against the Ministry
1094	State Department for Housing and Urban Development	491,768,237	Contingent liability for arbitral awards and accrued interest for Court cases against the State Department
2021	National Land Commission	490,961,706	Contingent liability arising from legal fees, Court cases and awards against the Commission
1021	State Department for Interior and Citizen Services	373,086,481	Contingent liability for Court cases against the State Department
1252	State Law Office and Department of Justice	344,734,789	Contingent liability for Court cases against the State Law Office
1194	Ministry of Petroleum and Mining	220,896,978	Contingent liability for Court cases against the Ministry
1023	State Department for Correctional Services	65,822,046	Contingent liability for Court cases against the State Department
1271	Ethics and Anti- Corruption Commission	43,987,916	Contingent liability for Court cases against the Commission
1169	State Department for Crop Development and Agricultural Research	42,112,117	Contingent liability for Court cases against the State Department
1092	State Department for Transport	41,597,500	Contingent liability
1122	State Department for Information Communication Technology and Innovation	17,886,198	Contingent liability for Court case against the State Department

Vote	Ministry/Dept/Agency	Contingent Liability (Kshs.)	Description
2141	National Gender and Equality Commission	16,255,894	Contingent liability for a Court case against the Commission
1203	State Department for Wildlife	10,180,000	Contingent liability relating to human wildlife compensation claims
	Total	69,038,837,869	

4.0 Summary of Audit Observations

4.1 Overall Summary of Audit Opinions

During the year under review, a total of three hundred and twenty-six (326) National Government financial statements in respect of Ministries, Department and Agencies (MDAs), Revenue Statements, Donor Funded Projects, and Other clients such as Public Debt, National Exchequer Account, Public Trustee, Business Registration Service, Staff Mortgage and Car Loan Schemes, and Subscriptions to International Organizations among others were examined and audit opinions issued as summarized in Table 23 below:

Table 23: Audit Opinions on National Government Entities Excluding National Funds

No.	Client Type	Type of Opinion Issued				Total
		Unmodified	Qualified	Adverse	Disclaimer	
1.	MDAs - Voted Entities	31	40	-	-	71
2.	Revenue Statements	8	5	-	-	13
3.	Donor Funded Projects	120	94	2	1	217
4.	Others	18	5	1	1	25
	Total	177	144	3	2	326

The tabulation above indicates that one hundred and seventy-seven (177) financial statements had an unmodified opinion; one hundred and forty-four (144) financial statements had a qualified opinion, three (3) financial statements had an adverse opinion while two (2) financial statements had a disclaimer of opinion as listed in **Appendices A, B, C and D** respectively. The analysis does not include the National Funds which are reported on separately.

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

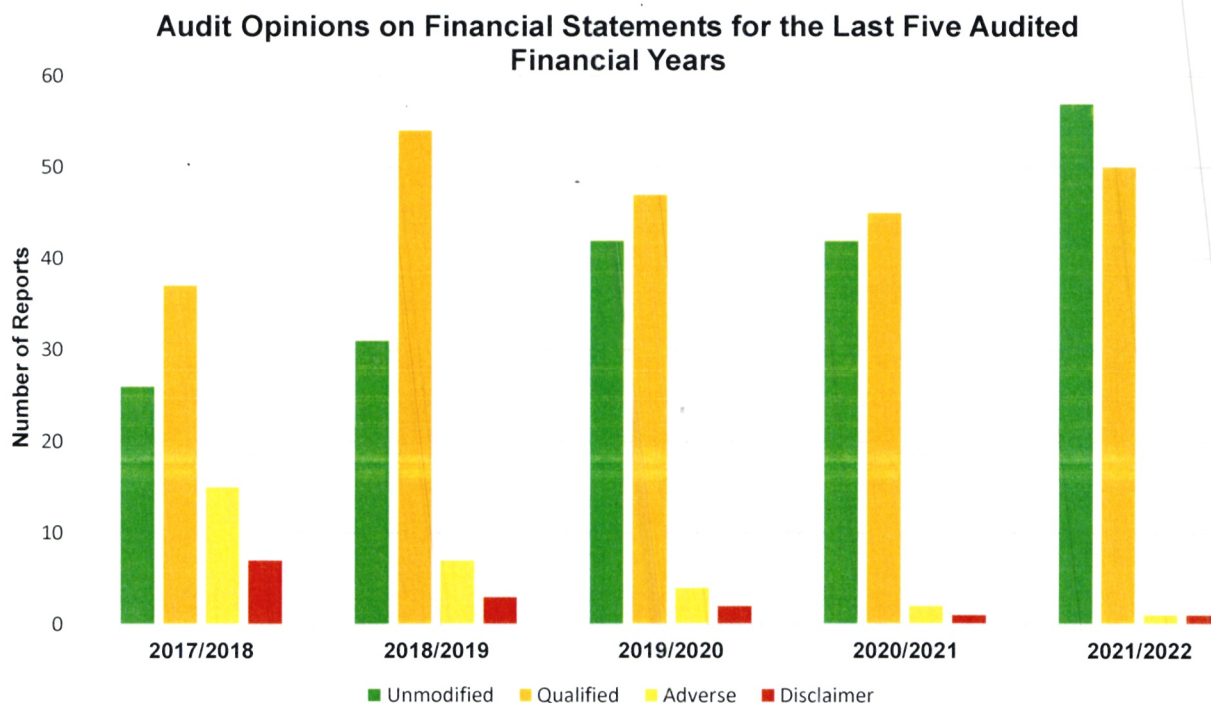
4.2.1 A total of one hundred and nine (109) National Government financial statements, were examined during the year ended 30 June, 2022. The table below indicates the type of audit opinion expressed on the financial statements in the last five years on National Government entities excluding Donor Funded Projects and National Funds;

Table 24: Audit Opinions on Financial Statements in the Last Five Years

Audit Opinion	2017/2018		2018/2019		2019/2020		2020/2021		2021/2022	
	No. of FS	%	No. of FS	%	No. of FS	%	No. of FS	%	No. of FS	%
Unmodified	26	30.6%	31	32.6%	42	44.2%	42	46.7%	57	52.3%
Qualified	37	43.5%	54	56.8%	47	49.5%	45	50.0%	50	45.9%
Adverse	15	17.6%	7	7.4%	4	4.2%	2	2.2%	1	0.9%
Disclaimer	7	8.2%	3	3.2%	2	2.1%	1	1.1%	1	0.9%
Total	85	100%	95	100%	95	100%	90	100%	109	100%

4.2.2 The number of financial statements with unmodified opinion increased from 46.7% reported in the previous year to 52.3%. The number of financial statements with qualified opinion decreased from 50% to 45.9%. There was a drop in the percentages of adverse and disclaimer of opinion compared to the previous year. Overall, there has been an improvement in presentation of the financial statements. This is attributed to use of IFMIS, guidance by The National Treasury through circulars and issuance of reporting templates to Ministries, Departments and Agencies (MDAs) by the Public Sector Accounting Standards Board (PSASB). Review and amendments of financial statements to correct errors noted during the audit process has also contributed to the improvement.

The graph below depicts the analysis of audit opinions:



4.3 Audit of Revenue Statements

4.3.1 During the year under review, thirteen (13) revenue statements were audited. Out of these, eight (8) revenue statements had an unmodified opinion while five (5) revenue statements had a qualified opinion. Below is a listing of the various Revenue Statements that were audited and the corresponding audit opinions.

Table 25: Summary of Audit Opinions on Revenue Statements

Opinion	No. of Revenue Statements	Percentage
Unmodified	8	62%
Qualified	5	38%
Total	13	100%

Table 26: Revenue Statements whose Opinion was Unmodified

	Collecting Entity/Department	Amount Collected (Kshs.)	Other Issues Reported Under Other Matter/Compliance/Internal Controls
1.	The National Treasury – Recurrent Revenue	1,891,470,606,448	Long outstanding arrears of revenue Under-collection of revenue
2.	The National Treasury – Development Revenue	61,046,004,175	Under-collection of revenue
3.	Ministry of Defence	3,921,159,913	Irregular transfer of Kshs.496,791,300 to an Escrow account
4.	The Judiciary	2,411,035,481	No issue reported
5.	Ministry of Lands and Physical Planning	1,355,298,956	Lack of land valuation index Under-collection of revenue
6.	The National Treasury – Pensions Department	588,577,979	Unrealistic budgeted revenue
7.	State Department for Fisheries, Aquaculture, and the Blue Economy	125,504,664	Delay in banking of revenue. Delay in remitting revenue to the Exchequer Lack of tenancy agreement. Under-collection of revenue
8.	East Africa Tourist Visa Fee Collection Account	104,076,119	Lack of a Joint Verification Committee to carry out annual audit
	Total	1,961,022,263,735	

Table 27: Revenue Statements whose Opinion was Qualified

	Collecting Entity/Department	Amount Collected (Kshs.)	Main Reasons for Qualification	Other Issues Reported under Compliance/Internal Controls
1.	The National Treasury - GIPE- Outstanding Loans	46,756,750,697	<ul style="list-style-type: none"> Unreconciled outstanding loans balances 	<ul style="list-style-type: none"> Dormant Loans
2.	State Department for Interior and Citizen Services	14,423,267,175	<ul style="list-style-type: none"> Long outstanding arrears of revenue totalling Kshs.453,872,900 	<ul style="list-style-type: none"> Manual Collection of Revenue by Civil Registration Service Under-collection of revenue
3.	Ministry of Petroleum and Mining	4,838,661,230	<ul style="list-style-type: none"> Unsupported receipts Irregular variation of cement levy rates and unconfirmed accuracy of cement levy received Long outstanding arrears of revenue 	<ul style="list-style-type: none"> Unauthorized use of prospecting fees Lack of revenue sharing framework Unlicensed mining operations Irregular issuance of mineral exploration rights Lack of updated cadastre records
4.	Business Registration Service	972,935,504	<ul style="list-style-type: none"> Unsupported transfer of collected revenue 	<ul style="list-style-type: none"> Non-provision of service providers' contracts
5.	State Law Office and Department of Justice	222,961,609	<ul style="list-style-type: none"> Discrepancies between revenue statements and IFMIS figures 	<ul style="list-style-type: none"> Failure to surrender Kshs.168,776,500 to Exchequer Failure to prepare and submit marriage fees periodical reports
	Total	67,214,576,215		

4.4 Audit of Financial Statements for Voted Provisions

4.4.1 The actual expenditure reflected in the financial statements for the National Government voted provisions for the year 2021/2022 was Kshs.3,132,735,105,212 compared to Kshs.2,831,978,180,561 reported in the year 2020/2021. The expenditure of Kshs.3,132,735,105,212 was recorded in the combined MDA's Recurrent and Development votes which received various audit opinions as listed in **Appendices A to D** and as summarized in Table 28 and Pie-chart below:

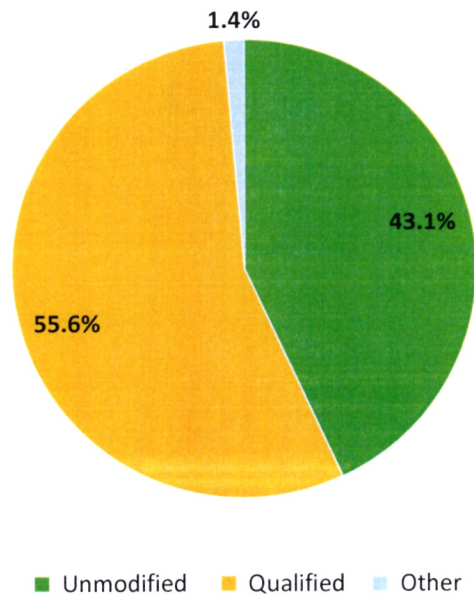
Table 28: Summary of Audit Opinions on Combined Recurrent and Development Expenditure

Opinion	No. of Financial Statements	Percentage
Unmodified	31	43.1%
Qualified	40	55.6%
Other	1	1.4%
Total	72	100%

4.4.2 Table 28 above indicates that there were seventy-two (72) financial statements for entities with voted provisions during the year under review. No material misstatements were found in financial statements of thirty-one (31) entities out of the seventy-two (72), and hence they got an unmodified opinion. The financial statements for forty (40) entities were however issued with a qualified/modified opinion due to omissions and in some cases material misstatements.

4.4.3 One financial statement relates to my Office (Office of the Auditor-General), which is audited and reported on separately to Parliament by an Independent Auditor appointed by the National Assembly in accordance with Article 226(4) of the Constitution.

Audit Opinions on Financial Statements



4.4.4 During the last two years, there has been a general improvement in the presentation of financial statements and the maintenance of accounting records, compared to the previous years. The improvement is mainly attributed to adoption of the International Public Sector Accounting Standards (IPSAS) accounting framework by the National Government entities as prescribed by the Public Sector Accounting Standards Board (PSASB). In addition, other interventions by The National Treasury, aimed at improving accountability in the public sector have also influenced this improvement. Audit recommendations, directives and recommendations from Parliamentary hearings have also led to improved accountability in some areas. The presentation of the financial statements is however, still below expectations when viewed holistically, hence the need to hasten migration from cash to accrual accounting for both National and County Government entities which is envisaged as critical for enhancing accountability, transparency and disclosures in the use of public resources.

4.5 Other Observations

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

4.5.1 Inaccuracies in the Financial Statements

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

- a) Differences between supporting schedules and reported amounts
- b) Mis-posting of entries - posting to wrong accounts, unauthorized reallocation of funds
- c) Variances between reported amounts and Ledger Balances
- d) Understatement of pending bills
- e) Unreconciled variances

4.5.2 Inadequacies in the Integrated Financial Management Information System

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

- (i) Improved financial controls through reliable and timely financial information.
- (ii) Improved accounting, recording and reporting of financial aspects through timely and accurate provision of financial data.

These benefits are yet to be fully realized.

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

- i. Balances reflected in the financial statements submitted for audit were at variance with balances in the Trial balance/Ledgers extracted from IFMIS.
- ii. Balances reflected in the financial statements /ledgers were at variance with balances in the IFMIS supporting schedules.
- iii. The reported balances for recurrent, development and deposit bank balances as well as cash in hand balances were at variance with the IFMIS amounts.
- iv. Some payments were made in IFMIS but could not be traced to the financial statements, whereas some payments in the financial records were not posted in IFMIS.
- v. There were instances where accounting for AIEs issued to National Government officers in County offices were not processed in IFMIS but were instead done manually, since the offices were not linked to IFMIS.
- vi. Review of the transactions in IFMIS revealed cases where numerous transactions were cancelled (voided) in the system but no evidence was provided to confirm that the cancellation was approved.
- vii. Override of internal controls was noted where an account was created in IFMIS under an individual's name which occasioned loss of funds, an indication that the internal controls in IFMIS were not effective.

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

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

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

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

4.5.2.7 Review of procurement processes in public procuring entities revealed that, by the time of the audit, the entities' procurement processes had not been linked with the Integrated Financial Management Information System as per Executive Order No. 2 of 2018. The Order had directed that by 01 January, 2019, The National Treasury was to facilitate seamless integration of all public procurement entities to the Integrated Financial Management Information System and that by that same date, all Public Procuring entities would undertake all their procurement through the e-procurement module. Most of the non-complying procuring entities blamed The National Treasury for failing to create the integration platform.

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

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

4.5.3 Unsupported Expenditure – Kshs.5,833,917,137

During the year under review, the audit revealed unsupported expenditure totalling Kshs.5,833,917,137. This was comprised of Kshs.3,257,715,422 and Kshs.2,576,201,715 under Ministries, Departments and Agencies (MDAs) and Donor Funded Projects respectively, as detailed below:

Table 29: Unsupported Expenditure-MDAs

Vote	Ministry/Dept/Agency	Amount (Kshs.)	Description/Issue(s)
1066	State Department for University Education and Research	1,315,477,373	Unsupported expenditure relating to scholarships, foreign travel transfer to other entities, disbursement to both public and private universities
1194	Ministry of Petroleum and Mining	479,000,000	Unsupported transfers to the National Oil Corporation, Energy and Petroleum Regulatory Authority and National Mining Corporation
1081	Ministry of Health	310,057,485	Unsupported adjustments, consultancy payments, emergency relief and refugee assistance, transfer to health attaches in Geneva and disbursement to an International Company for the vector control project
1185	State Department for Social Security and Protection	244,901,512	Unsupported expenditure on purchase of specialized materials and supplies
1035	State Department for Development of the Arid and Semi-Arid Lands (ASALs)	188,659,889	Unsupported payments incurred on printing and advertising, and unsupported expenditure on routine maintenance of motor vehicles and other assets
1166	State Department for Fisheries, Aquaculture and the Blue Economy	171,809,662	Unsupported payments for construction and civil works, reversal transactions payments off IPPD and unverifiable expenditure on use of goods and services and social security benefits
1064	State Department for Vocational and Technical Training	149,799,955	Unsupported disbursement for supply of low voltage boards to fifteen TVET institutions. Payment vouchers and information on how the firm was identified, selected and awarded not provided
1091	State Department for Infrastructure	120,296,410	Unsupported expenditure incurred on training, specialized materials and services, refurbishment of buildings, construction of civil works, purchase of specialized plant, equipment and machinery and rehabilitation and renovation of plant and machinery
1094	State Department for Housing and Urban Development	111,494,693	Unsupported transfers to Civil Servants Housing Fund and unsupported payments made outside the IPPD system

Vote	Ministry/Dept/Agency	Amount (Kshs.)	Description/Issue(s)
1064	State Department for Vocational and Technical Training	50,052,418	Unsupported rent expenditure for various Departments
1212	State Department for Gender	24,142,473	Unsupported expenditure incurred on hospitality supplies and training
1108	Ministry of Environment and Forestry	21,798,621	Unsupported expenditure on tree seedlings potting bags
1202	State Department for Tourism	20,591,158	Unsupported payments to a local Company
1169	State Department for Crop Development and Agricultural Research	19,760,111	Unsupported payments for specialized materials and installation of a gypsum ceiling at Kilimo house
1291	Office of the Director of Public Prosecutions	14,553,496	Unsupported expenditure
2071	Public Service Commission	8,548,038	Unsupported leave commutation expenditure
1132	State Department for Sports	3,308,210	Unsupported expenditure incurred on fuel and repairs of motor vehicles
1173	State Department for Co-operatives	2,033,224	Unsupported expenditure incurred on Modernization of Luanda Farmers' Co-operative Union Ginnery
1214	State Department for Youth Affairs	1,430,694	Unsupported fuel expenditure
	Total	3,257,715,422	

Table 30: Unsupported Expenditure - Donor Funded Projects

Unsupported Expenditure (Projects)				
No.	Vote	Project	Amount (Kshs.)	Description/Details
1	1071	Global Fund - To Contribute to Achieving Vision 2030 through Universal Access to comprehensive HIV Prevention, Treatment and Care Program- KEN-H-TNT, GA 2065 - The National Treasury	567,235,810	Supporting expenditure returns and schedules were not provided
2	1152	Menengai Geothermal Project Agreement No. CKE 1038.01K -Geothermal Development Company Limited	510,184,574	Unsupported payments for purchase of specialized plant and equipment, exploration and evaluation activities, medical expenses, and insurance expenses
3	1071	Global Fund - To Ensure Provision of Quality Care and Prevention Services for All People in Kenya with TB, Leprosy and Lung Diseases Program - KEN-T-TNT, GA 2067 - The National Treasury	326,958,900	Supporting expenditure returns and schedules not provided
4	1035	Kenya Development Response to Displacement Impacts Project - State Department for Development of Arid and Semi-Arid Lands	284,277,134	Unsupported payments to temporary employees under Labour Intensive Public Works Program
5	1214	Vijana Vuka Na Afya Youth Programme (Grant No. 201367465) - State Department for Youth	118,752,692	Unsupported payments on purchase of goods and services, and communication, supplies and services
6	1071	Global Fund - To Reduce Malaria Incidence and Deaths by at least 75% of the 2016 Levels by 2023, working Towards a Malaria-Free Kenya Program - KEN-M-TNT, GA2064 - The National Treasury	112,952,484	Expenditure returns and schedules not provided
7	1185	Kenya Social and Economic Inclusion Project Credit No.6348-KE - State Department for Social Protection	94,066,060	Unsupported expenditure on domestic travel, and training programmes

No.	Unsupported Expenditure (Projects)			
	Vote	Project	Amount (Kshs.)	Description/Details
8	1091	Mombasa Port Area Road Development Project - Kenya National Highways Authority	87,181,356	Unsupported expenditure incurred on construction of roads and travel and subsistence allowances
9	1185	Kenya Social and Economic Inclusion Project No. P164654 IDA Credit No. 6348 KE and Grant No. TF0A9527 - Kenya Drought Management Authority	75,737,050	Unsupported payments to service providers
10	1091	Bagamoyo-Horohoro-Lunga Lunga-Malindi Road Project (Phase I) ID No: PZI-DBO-129 - Kenya National Highways Authority	71,510,625	Unsupported expenditure incurred on logistic resources for projects implemented within the East Africa Community and purchase of goods and services
11	1094	Kisumu Urban Project (Project Advance Account) - CKE 1035.01.G - County Government of Kisumu	69,658,671	Unsupported expenditure incurred on audit fees, per-diems, seminars and travel, feasibility study, design and construction of the projects, and unsupported payments to the Commissioner of Domestic Taxes
12	1091	Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero - (A1) Road Rehabilitation - Kenya National Highways Authority	62,993,459	Unsupported expenditure incurred on imprest, air tickets, and purchase of equipment and machinery
13	1091	Eastern Africa Regional Transport, Trade and Development Facilitation Project Cr No. 5638-KE IDA - State Department for Infrastructure	49,532,918	Unsupported expenditure incurred on compensation of employees, training purchase of motor vehicles
14	1091	Upgrading of Kibwezi-Mutomokitui Road Project - Kenya National Highways Authority	46,932,465	Unsupported expenditure on acquisition of non-financial assets
15	1094	Second Informal Settlements Improvement Project No. P167814 Credit No.6759 KE - State Department for Housing and Urban Development	33,399,158	Unsupported imprests and transfers to the State Department for Housing and Urban Development

No.	Unsupported Expenditure (Projects)			
	Vote	Project	Amount (Kshs.)	Description/Details
16	1109	Kenya Towns Sustainable Water Supply and Sanitation Programme-C.R.NO. P-KE-E00-011(AFDB Loan No.2000200000501) - Central Rift Valley Water Works Development Agency	29,232,551	Unsupported expenditure on domestic and subsistence allowances
17	1214	Kenya Youth Employment and Opportunity Project - IDA Credit No. 5812-KE - State Department for Youth Affairs	8,660,000	Unsupported expenditure incurred on the Project
18	1094	Nairobi Metropolitan Services Improvement Project - State Department for Housing and Urban Development	7,372,104	Unsupported expenditure on operating costs, printing, advertising, supplies and services and training
19	1064	Kenya Italy Debt for Development Program-State Department of Vocational and Technical Training	6,319,400	Unsupported expenditure on travel and subsistence allowances
20	1108	Lake Victoria Environmental Management Project Phase III (LVEMP) Project Preparatory Advance No.V1570-KE - Ministry of Environment and Forestry	6,121,272	Unsupported expenditure on domestic travel and allowances, printing, advertisement and other operating expenses
21	1091	Kenya- South Sudan Link Road Project - Kenya National Highways Authority	2,211,600	Unsupported expenditure on domestic travel and subsistence allowances
22	1094	Kenya Informal Settlement Improvement Project No. P113542 Credit No. 4873-KE - State Department for Housing and Urban Development	1,998,450	Unsupported expenditure on domestic travel and subsistence allowances
23	1092	Horn of Africa Gateway Development Project - State Department for Transport	1,301,300	Unsupported expenditure incurred on training
24	1032	Instruments for Devolution Advice and Support (IDEAS) Credit No. KE/FED/024-230 - Ministry of Devolution	510,703	Unsupported VAT refund
25	1065	Establishment of Kenya Advanced Institute of Science and Technology Project No. KEN-4 - State Department for University Education and Research	499,999	Unsupported expenditure on fuel and lubricants

No.	Unsupported Expenditure (Projects)			
	Vote	Project	Amount (Kshs.)	Description/Details
26	1091	Mombasa Gate Bridge Construction Project (I) Loan Agreement No.KE-P34 - Kenya National Highways Authority	412,480	Unsupported expenditure on incurred on travelling and subsistence allowances
27	1094	Kisumu Urban Project (Cash Expenditure Fund)-CKE 1035.01.G - County Government of Kisumu	188,500	Unsupported expenditure on domestic travel and subsistence allowances
		Total	2,576,201,715	

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

Further, failure by the entities to fully support payments casts doubt on the authenticity of the reported expenditure. It is also an indication of weak internal controls and governance in the affected entities.

4.5.4 Stalled/Incomplete and Delayed Projects

The Government has continued to incur huge expenditure on projects which had either stalled or had remained incomplete long after their completion dates had elapsed. What is even more glaring is that some of the stalled projects are attracting penalties due to delays in payment of completion certificates of milestones already achieved, while others have been revised to amounts higher than the original contract sum leading to cost escalations. In addition, payments have been made to projects which appear to have completely stalled casting doubt on value for money for such expenditure. Some of the entities with stalled projects and the corresponding amounts incurred are listed below:

Table 31: Stalled/Incomplete Projects

Vote	Ministry/Department/ Donor Funded Project	Contract Amount (Kshs.)	Amount Paid (Kshs.)	Description
1011	Executive Office of the President	4,475,766,419	1,640,073,278	Delayed expansion of water sewer and street lighting in Dandora, Kangemi, Kawangware, Dagoret Coner, Waithaka, Riruta, Kibera, Korogocho, Mathare, Zimmerman, Thome, Githurai 45, Mwhiko, Kasarani and Mwiki
		869,400,000	869,400,000	Delayed Completion of four health facilities namely Sinai, Pumwani Majengo, Lucky Summer and Gumba/Mabatini in Nairobi County
		15,000,000	-	Incomplete rehabilitation of Jevanje Park in Nairobi County
1021	State Department for Interior and Citizen Services	230,830,590	118,373,232	Delayed construction of Hostel Block at Kenya School of Adventure and Leadership in Meru County and Mwea West Sub County Headquarters
		82,500,648	48,963,305	Incomplete construction of a climbing and rescue tower at the Kenya School of Adventure and Leadership in Meru County and Igembe North Sub County Offices
		43,746,635	43,188,930	Stalled construction of staff houses at the Kenya School of Adventure and Leadership in Meru County, Deputy County Commissioners office block at Tigania Central, Tigania East in Meru County, Staff houses in Kigumo Police Station, Kirinyaga West (Ndia East) Sub County Police Station and Offices at Baricho, Mwea East Sub County Police Station and offices
1023	State Department for Correctional Services	116,655,736	21,889,077	Stalled construction of nine correctional facilities
1032	State Department for Devolution - Vote 1032	890,829,345	-	Delayed construction of AFRICITIES Convention Centre in Kisumu County
	Instruments for Devolution Advice and Support (IDEAS) Credit No. KE/FED/024-230 -	-	1,100,000,000	Delayed completion of four construction projects and seven construction projects were not fully funded

Vote	Ministry/Department/ Donor Funded Project	Contract Amount (Kshs.)	Amount Paid (Kshs.)	Description
	State Department for Devolution			
1064	State Department for Vocational and Technical Training	229,152,539	225,301,305	Five stalled projects in State Department for Vocational and Technical Training
		48,720,833	-	Delayed completion of construction of Kakrao Technical Training Institute
	Support to Technical and Vocational Education and Training for Relevant Skills Development Project- Phase II (Loan No. 2100150033295) State Department for Vocational and Technical Training	798,608,059	629,578,884	Delayed construction works in four Training Institutions
1065	East Africa Skills for Transformation and Regional Integration Project (EASTRIP) (IDA Loan No.6334-KE) Meru National Polytechnic	444,473,290	-	Delayed completion of construction of Building Technology Flagship Center and other facilities project
1081	Ministry of Health	-	9,630,600	Delayed Construction of a Cancer Centre in Kisii Level 5 Hospital
1091	National Urban Transport Improvement Project: James Gichuru Junction - Rironi (A104) - Kenya National Highways Authority	20,414,794,998	23,797,548,056	Project period elapsed was 92% against overall project progress of 72%
	Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero - (A1) Road Rehabilitation - Kenya National Highways Authority	-	20,052,965,638	Suspension of work by three (3) contractors due to pending payments amounting to Kshs.2,048,366,971
	Mombasa-Mariakani Highway Project (Lot 1-Mombasa-Kwa Jomvu) - Kenya National Highways Authority	8,538,736,334	7,836,503,624	Construction time had elapsed while overall project progress was at 95%

Vote	Ministry/Department/ Donor Funded Project	Contract Amount (Kshs.)	Amount Paid (Kshs.)	Description
	Kapchorwa-Suam-Kitale and Eldoret Bypass Roads Project Kenya - National Highways Authority	4,474,991,403	2,439,470,196	Construction time elapsed was 108% against overall project progress of 80%
	Dualling of Magongo Road (A109I): Phase II (FIDIC EPC/Turnkey Based - Kenya National Highways Authority	2,420,327,630	-	Physical progress was at 86% against time lapse of 131%
	Eastern Africa Regional Transport, Trade and Development Facilitation Project - Lot 3: Upgrading of Kalobeiyei River - Nadapal/Nakodok Road Project - Kenya National Highways Authority	9,819,160,609	-	The physical progress was at 93% against time lapse of 105%
	Eastern Africa Regional Transport, Trade and Development Facilitation Project - Lot 1: Upgrading of Lodwar - Lokitaung Junction Road (80Km) - Kenya National Highways Authority	8,334,773,795	-	Failure to construct a One Stop Boarder Post between Kenya and Sudan at Nadapal under
	Support to Roads Sector Policy:10th EDF Rural Roads Rehabilitation Project in Kenya - Kenya Rural Roads Authority	663,252,612	-	Abandoned construction of Kivandini-Kango-Kakalia-Kali Road
1092	State Department for Transport	153,129,261	137,044,745	Delayed supply, installation, testing and commissioning of a Data Centre
1094	State Department for Housing and Urban Development	136,705,536	-	Stalled construction of one hundred (100) units at Emali Administration Police Training Camp
	Kenya Urban Support Program (IDA Credit No.6134 KE) - State Department for Housing and Urban Development	874,280,383	461,603,521	Delayed construction of Multi-Storey Business Complex for County Government of Trans Nzoia

Vote	Ministry/Department/ Donor Funded Project	Contract Amount (Kshs.)	Amount Paid (Kshs.)	Description
		351,585,554	208,131,131	Stalled construction of Kithomboani Modern Market in Kitui Municipality
		104,373,213	100,578,226	Delayed upgrading of Borabu Inn - Golan Heights Resort - Juakali - Nyamira Boys Nyabite Market Road - Phase I in Nyamira Municipality
		120,911,300	71,666,112	Delayed completion of a fire station and emergency centre in Kilifi Municipality
		61,834,700	44,390,597	Delayed construction of 2 Kilometers Phase II storm water drainage in Tana River Municipality
		48,162,006	40,167,148	Delayed completion of infrastructure works in Mwatate Municipality
		117,515,928	29,088,148	Delayed construction of Kathemboni Road in Machakos Municipality
		50,594,197	14,251,270	Delayed completion of Daraja Mbili – Elimu Umoja Road and Augmentation of Huduma Centre – Kisii Hotel Drain and Associated Works in Kisii Municipality
		82,859,330	8,869,921	Stalled upgrading of Public Works Offices - CDF Offices - Nyamira Hospital Junction road in Nyamira Municipality
		283,502,829	-	Delayed construction of storm water drainage facilities in Kericho Municipality and delayed delivery of firefighting truck
		44,370,899	-	Delayed completion of road works in Homa Bay Municipality and road furniture works not done
		56,596,100	-	Delayed completion of construction of road, market and recreational park in Kabarnet Municipality
		1,163,563,925	-	Delayed upgrading of sixty-four (64) Stadium in Eldoret Municipality
	Nairobi Metropolitan Services Improvement Project - State Department for Housing and Urban Development	1,056,478,730	-	Delayed completion of Mitubiri sanitary landfill site, with 99.5% of lapsed time against progress of works at 86%

Vote	Ministry/Department/ Donor Funded Project	Contract Amount (Kshs.)	Amount Paid (Kshs.)	Description
	Kisumu Urban Project (Project Advance Account) - CKE 1035.01.G - County Government of Kisumu	143,156,266	119,215,258	Delayed construction of upgrading Otongolo market, construction of low volume access roads within Kisumu and construction of perimeter wall and installation of gates at KWS Kisumu
1095	State Department for Public Works	4,479,730,223 1,603,284,221	1,086,135,057 1,072,581,333	Delayed completion of Nyandarua County Headquarters, Voi Pool Housing Project, Migori District Headquarters, Mathare Nyayo Hospital and Isiolo County Headquarters Incomplete construction New Mukuwe Jetty, Construction of footbridges at Kapkures, Kiptabsir, Kianganina, Tirgamo Ipsikhu, and Kitutu Chache and Tharaka Nithi and Tana River County headquarters
1108	Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya - National Environment Management Authority	-	29,464,507	Delayed and incomplete establishment of seven (7) adaptation villages in Kisumu and Homa Bay Counties and other projects in Laikipia and Kajiado counties
1109	Ministry of Water, Sanitation and Irrigation	374,678,383	145,609,534	Incomplete construction of Partakilat water supply project at Narok County
	Coastal Region Water Security and Climate Resilience Project (IDA Credit No.5543- KE) - Ministry of Water, Sanitation and Irrigation	-	85,267,787	Delayed Construction of Mwache Multipurpose Dam Project
	Thwake Multi-Purpose Water Development Program Phase I (AfDB Loan No. 2100150029993, 2000200003351, AGTF No.5050200000501 and AfDB Grant No. 2100155025973) - Ministry of Water, Sanitation and Irrigation	36,971,346,551	-	Delayed completion of Thwake Multi-Purpose Dam with physical progress at 70.5% against 92.5% project time lapsed

Vote	Ministry/Department/ Donor Funded Project	Contract Amount (Kshs.)	Amount Paid (Kshs.)	Description
		27,000,000	-	Incomplete drilling of five (5) boreholes and renovation of classrooms in five constituencies under CSR Program of Thwake Multi-Purpose Dam
	Kenya Towns Sustainable Water Supply and Sanitation Programme (AfDB Loan No.2000200000501) - Ministry of Water, Sanitation and Irrigation	4,069,998,423	-	Delayed completion of seven construction of water dams whose overall completion levels ranged between 51% and 76% against time period elapsed
	Kenya Towns Sustainable Water Supply and Sanitation Programme-C.R.NO. P-KE-E00-011(AFDB Loan No.2000200000501) - Central Rift Valley Water Works Development Agency	5,079,260,068	1,758,813,050	Stalled implementation of Keroka Town Water Supply Last Mile Connectivity project
		5,079,260,068	1,758,813,050	Delayed completion of Malaba Water Supply Project Lot. 1
	Kenya Towns Sustainable Water Supply and Sanitation Program (Loan No.2000200000501) - Athi Water Works Development Agency	-	543,539,555	Delayed implementation of Machakos Water Supply, Machakos Sewerage, Kitui Matuu Last Mile and Water Distribution for Malindi/Watamu projects
		787,816,073	206,550,083	Stalled construction of Changamwe Re-pooling Sewer Network Project and Mwala Cluster Water Supply Project
	Bura Rehabilitation Development Project (Loan Nos. Badea 3530: LA/763, Kuwait 752, Opec 1154P) - National Irrigation Authority	1,764,278,550	447,057,535	Delayed implementation of Bura Rehabilitation Development Project
	Mwea Irrigation Development Project (LOAN NO. KE-P27) - National Irrigation Authority	1,500,750,983	-	Delayed construction of Mwea Irrigation Thiba Dam Phase II
	Lake Victoria Water and Sanitation Project Grant No. CKE 1093 02 M - Lake Victoria South Water Works Development Agency	223,137,747	123,021,963	Delayed completion of consultancy services for technical and supervision consultancy whose time had lapsed

Vote	Ministry/Department/ Donor Funded Project	Contract Amount (Kshs.)	Amount Paid (Kshs.)	Description
		311,343,443	58,721,225	Delayed execution of consultancy for feasibility studies, design and supervision of works in Kisumu City
	Improvement of Drinking Water and Sanitation Systems in Mombasa: Mwache Project (AFD Credit Facility No.CKE 1103 01C) - Coast Water Works Development Agency	319,751,128	38,130,757	Delayed drilling of two new ground water boreholes, rehabilitation of eight (8) boreholes and installation of electro-mechanical works and pipe works at fifteen (15) borehole sites at Kaya Bombo and Magodzoni
	Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II (AfDB LOAN NO.2000200003407 AND ADF LOAN NO.2100150040550) - Athi Water Works Development Agency	2,154,077,998	-	Delayed construction of Kahawa West, Githurai 44 and 45, Kahawa Sukari reticulation sewer
		1,794,140,606	-	Delayed construction of Mwiki and Clayworks reticulation sewers
		1,274,465,431	-	Delayed construction of East and West of Nairobi Reticulation Sewers
1116	State Department for Fisheries, Aquaculture and the Blue Economy	-	9,020,466	Incomplete renovation and rehabilitation of Fish Quality Control Laboratory
		-	10,070,046	Delayed rehabilitation of Kichwa cha Kati Fish Landing Sites with physical progress at 75% against lapsed contract period
1132	State Department of Sports	-	1,190,971,897	Delayed construction of the Posta grounds in Nairobi County
		-	696,473,751	Incomplete construction of Wang'uru stadium in Mwea Kirinyaga county
1152	Rural Electrification in Five Regions Project - Rural Electrification and Renewable Energy Corporation	5,856,180,000	2,791,482,423	Delayed implementation of Rural Electrification in Five Regions Project despite lapse of the contract periods
	Kenya Electricity Expansion Project (OFID CR NO.1487P) - Rural Electrification	1,304,225,859	643,271,589	Delayed execution of Kenya Electricity Expansion Project with 52% of the contract not executed despite contract period having lapsed

Vote	Ministry/Department/ Donor Funded Project	Contract Amount (Kshs.)	Amount Paid (Kshs.)	Description
	and Renewable Energy Corporation			
	Multinational Kenya-Tanzania Power Interconnection Project (Kenyan Component) (ADF Loan No. 2100150032846) - Kenya Electricity Transmission Company Limited	3,455,587,779	2,643,019,770	Delayed completion of the project as physical progress was at 93% against 100%-time lapse
1169	State Department for Crop Development and Agricultural Research	239,428,873	164,792,291	Delayed construction of administration offices/hostel block at Agriculture school in Ainabkoi, Uasin Gishu County
		23,502,066	11,683,432	Stalled construction of Laare miraa marketing shed in Meru County
	Small Scale Irrigation and Value Addition Project - ADF Loan No.2000130014530 and Grant No. 557015000751 - State Department for Crop Development and Agricultural Research	803,675,951	395,191,410	Incomplete dams which lacked compaction reports
		257,092,132	173,740,365	Stalled construction of Kabason Irrigation Scheme in Bomet County - Small Scale Irrigation and Value Addition Project
		51,063,955	16,715,286	Stalled drilling of Six boreholes Small Scale Irrigation and Value Addition Project
		34,144,484	-	Culverts and sign boards were not installed and erected
	Multi-National Drought Resilience and Sustainable Livelihoods Programme in the Horn of Africa - State Department for Crop Development and Agricultural Research	713,929,357	145,863,129	Sixteen construction of livestock yards and drilling of boreholes and shallow well stalled in Samburu, West Pokot and Baringo Counties
	Enable Youth Kenya Program - ADF Loan No. 2100150038895 - State Department for Crop Development	731,370,592	-	Delayed renovations and rehabilitation of twelve incubation centres despite lapse of contract periods

Vote	Ministry/Department/ Donor Funded Project	Contract Amount (Kshs.)	Amount Paid (Kshs.)	Description
	and Agricultural Research			
1184	Ministry of Labour and Social Protection	571,350,680	350,484,478	Stalled construction of the National Employment Promotion Centre and Research Institute Office Complex
1213	State Department for Public Service	-	40,106,173	Stalled interior works at Ultra- Modern Huduma Centre, Garden City Mall in Nairobi County
1261	The Judiciary	505,496,668	-	Delayed Completion of eight construction projects
	Judicial Performance Improvement Project (IDA Credit No. 5181- KE) - The Judiciary	826,329,820	644,229,158	Seven incomplete construction of courts projects
2031	Independent Electoral and Boundaries Commission	293,504,959	229,929,888	Delayed construction of County warehouses in Machakos, Garissa, Wajir, Isiolo, Kakamega and renovation of ICT warehouse in Nairobi County
	Total	150,659,813,880	77,448,736,445	

There is no value for money on public funds spent on the stalled or incomplete projects as no services are being provided by these projects. Further, the amount spent is a sunk cost as no development has been achieved from the stalled or incomplete projects.

4.6 Other Audit Matters

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

4.6.1 Unresolved Prior Year Audit Issues

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

4.6.1.2 Further, Section 68(2)(l) of the Public Finance Management Act, 2012 requires an Accounting Officer for a national government entity to take appropriate measures to resolve any issues arising from audit which may remain outstanding. In addition, Section 74(4) the Public Finance Management Act, 2012 states that an Accounting Officer

engages in improper conduct in relation to a national government entity if the officer contravenes or fails to comply with this Act, including their accounting responsibilities.

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

- (a) take the relevant steps to implement the recommendations of Parliament on the report of the Auditor-General; or
- (b) give explanations in writing to Parliament on why the report has not been acted upon.

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

4.6.2 Land Without Ownership Documents

The following MDAs did not have ownership documents for land as detailed below:

Table 32: Land Without Ownership Documents

Vote	Ministry/Dept/Agency	Value (Kshs.)	Description
1174	State Department for Trade and Enterprise Development	-	The State Department does not have title documents for a seven (7) acre parcel of land occupied by the Weights and Measures Complex
1166	State Department for Fisheries, Aquaculture, and the Blue Economy	8,500,000	The State Department did not provide ownership documents for land indicated as worth Kshs.8,500,000
2031	Independent Electoral and Boundaries Commission	-	The Commission does not have ownership documents for 84 parcels of land whose value has also not been included in the financial statements
1023	State Department for Correctional Services	-	Various parcels of land encroached by informal settlers
1185	State Department for Social Security and Protection	-	The State Department did not have Ownership documents for thirty-six (36) parcels of land spread across the country
1112	Ministry of Lands and Physical Planning	1,297,261,745	The Ministry did not provide ownership documents for land included in their asset registers

6.0 The Equalisation Fund

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

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

6.3 The total accumulated entitlement to the Fund for the financial years 2011/2012 to 2021/2022 is Kshs.44.5 billion as at 30 June, 2022 as shown below:

Table 33: Total Accumulated Entitlement – Equalisation Fund

Financial Year	Base Year for Most Recent Audited Revenues Approved by the National Assembly	Approved Audited Revenue (Kshs.)	Equalisation Fund Entitlement (Kshs.)
2011/2012	2008/2009	468,151,970,000	2,340,759,850
2012/2013	2009/2010	529,300,000,000	2,646,500,000
2013/2014	2009/2010	529,300,000,000	2,646,500,000
2014/2015	2012/2013	776,900,000,000	3,884,500,000
2015/2016	2012/2013	776,900,000,000	3,884,500,000
2016/2017	2012/2013	776,900,000,000	3,884,500,000
2017/2018	2012/2013	776,900,000,000	3,884,500,000
2018/2019	2012/2013	776,900,000,000	3,884,500,000
2019/2020	2012/2013	776,900,000,000	3,884,500,000
2020/2021	2016/2017	1,357,698,000,000	6,788,490,000
2021/2022	2016/2017	1,357,698,000,000	6,788,490,000
Total		8,903,538,970,000	44,517,739,850

6.4 Review of the financial statements for the Equalisation Fund for the year ended 30 June, 2022 revealed that only an amount of Kshs.12,400,000,000 or 28% out of the expected Kshs.44,517,739,850 of the total entitlement had been transferred to the Equalisation Fund Account. The National Treasury had not remitted the remaining

balance of Kshs.32,117,739,850 to the Fund as at 30 June, 2022 and is, therefore, in breach of the Constitution.

6.5 In addition, out of the Kshs.12,400,000,000 so far transferred to the Fund Account, only Kshs.10,026,641,459 or 81% had been disbursed for the approved projects, through the parent Ministries to the identified Counties, leaving a balance of Kshs.2,373,358,541 still held in the Fund Account as at 30 June, 2022.

6.6 Comparison between the total entitlement of Kshs.44,517,739,850 and the disbursed amount of Kshs.10,026,641,459 represents a dismal overall performance of 23% for the eleven (11) years since the inception of the Fund. Management has indicated that the Equalisation Fund Appropriation Bill, 2022 was prepared and submitted to the National Assembly to authorise the disbursements of funds due to the Equalisation Fund including the allocations for 2021/2022 and 2022/2023 financial years. However, the Bill had not been passed by Parliament as at the time of the audit.

6.7 The Equalisation Fund will lapse in twenty (20) years since inception, after which it will cease if no extension is approved by Parliament as provided by Article 204(6) and (7) of the Constitution. Given the low level of disbursements as indicated above, the country is not likely to achieve the objectives of the Equalisation Fund, which is to improve the quality of requisite services in the marginalised areas within the set timelines, as envisaged by the Constitution.

APPENDICES

Appendix A: Unmodified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

1. State Department for Planning
2. The Executive Office of the President
3. Ministry of Defence
4. State Department for Implementation of Curriculum Reforms
5. State Department for Information Communication Technology and Innovation
6. State Department for Broadcasting and Telecommunications
7. State Department for Trade and Enterprise Development
8. State Department for Wildlife
9. State Department for Public Service
10. State Department for Youth Affairs
11. State Department for East African Community
12. State Law Office and Department of Justice
13. Ethics and Anti-Corruption Commission
14. National Intelligence Service
15. Office of the Registrar of Political Parties
16. Witness Protection Agency
17. Kenya National Commission on Human Rights
18. Parliamentary Service Commission
19. The National Assembly
20. Parliamentary Joint Services
21. Judicial Service Commission
22. Commission on Revenue Allocation
23. Salaries and Remuneration Commission

Appendix A: Unmodified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

24. National Police Service Commission
25. Office of the Controller of Budget
26. The Commission on Administrative Justice
27. National Gender and Equality Commission
28. Independent Policing Oversight Authority
29. National Exchequer Account
30. Consolidated Fund Services - Subscription to International Organizations - The National Treasury
31. Consolidated Fund Services - Public Debt - The National Treasury
32. Consolidated Fund Services - Salaries, Allowances and Miscellaneous Services - The National Treasury
33. Revenue Statements of the Pensions Department - The National Treasury
34. Development Revenue Statements - The National Treasury
35. Receiver of Revenue (Recurrent) - The National Treasury
36. Revenue Statements - Ministry of Defence
37. East Africa Tourist Visa Fee Collection Account
38. Revenue Statements for the Ministry of Lands and Physical Planning
39. Revenue Statements of the State Department for Fisheries, Aquaculture and the Blue Economy
40. Revenue Statements - The Judiciary
41. Business Registration Service
42. Business Registration Service - Official Receiver
43. National Cohesion and Integration Commission
44. Ethics and Anti-Corruption Commission - Staff House Mortgage and Car Loan Scheme
45. Office of the Registrar of Political Parties Staff Mortgage and Car Loan Scheme

Vote	Ministry/Dept/Agency	Value (Kshs.)	Description
1021	State Department for Interior and Citizen Services	-	The State Department does not have ownership documents for 2,536 parcels of land around the country
1109	Ministry of Water, Sanitation and Irrigation	14,000,000	The Ministry does not have ownership documents for the land acquired for the construction of Partakilat water supply project - Narok County-Kilgoris Sub County
1109	Lake Victoria South Water Works Development Agency	-	The Project Management does not have ownership documents for land on which the project for expansion of Kericho Water Supply Systems has been implemented at a contract sum of Kshs.1,189,805,385
1109	Tana Water Ardhi Works	97,093,273	The Project Management does not have ownership documents for land acquired at a cost of Kshs.89,767,498. Further, ownership documents for parcels of land valued at Kshs.7,325,775 had not been acquired

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

5.0 Compliance and Governance Issues

5.1 I carried out compliance audits by assessing whether the National Government entities complied with laws, regulations, policies and guidelines regulating public spending when incurring expenditure for the year ended 30 June, 2022. I also evaluated whether the public realized value for money in the management and use of public resources. Further, I evaluated the effectiveness of the governance structures, risk management and internal controls implemented by National Government entities for orderly, efficient and effective operations.

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

- (i) Non-compliance with the Public Procurement and Asset Disposal Act, 2015 and the attendant Public Procurement and Asset Disposal Regulations, 2020.

The main issues include the following:

- Failure to provide contract and tender documents for audit review
 - Irregular procurements and use of non-competitive procurement practices
 - Irregular variations and terminations of contracts
 - Stalled/incomplete projects
 - Abuse of low-value procurement method
 - Failure to implement e-Procurement
- (ii) Value for money issues
- Delays in completion of projects
 - Unapproved over expenditures
 - Idle cash in bank accounts
 - Lease of unutilized office space
 - Unauthorized allowances
- (iii) Other Compliance and Governance Issues
- Unsupported payments to casual staff
 - Payment of allowances not approved by Salaries and Remuneration Commission (SRC)
 - Processing of salaries outside Integrated Personnel and Payroll Database (IPPD)
 - Unbudgeted expenditures
 - Irregular allowances
 - Lack of or poorly maintained fixed assets registers
 - Incurrence of avoidable nugatory expenditure e.g. fines, penalties and interests
 - Ineffective Internal Audit Function and Audit Committees
 - Non-establishment of IT Strategic Committees
 - Late submission of Financial Statements for audit
 - Non-compliance with affirmative action on gender, and regional distribution in employment
 - Unapproved positions in Staff Establishments
 - Non-remittance of statutory deductions including PAYE, VAT, NHIF, NSSF and Pensions
 - Irregular issuance of multiple imprests
 - Non-adherence to one-third basic salary rule
 - Failure to develop requisite policy documents
 - Failure to collect government revenue
 - Failure to surrender unspent balances
 - Delays and overpayments of cash transfers for social security and protection

Appendix A: Unmodified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

46. Witness Protection Agency Staff Housing Mortgage Scheme Fund
47. Witness Protection Agency Staff Motor Car Loan Scheme Fund
48. Kenya National Commission on Human Rights Car and Mortgage Loan Scheme
49. Independent Electoral and Boundaries Commission Staff Mortgage and Car Loan
50. Parliamentary Car Loan Scheme Fund
51. Commission on Revenue Allocation Staff Mortgage Scheme Fund
52. Commission on Revenue Allocation Staff Car Loan Scheme
53. Salaries and Remuneration Commission Mortgage and Car Loan Scheme Fund
54. National Police Service Commission Staff Car Loan and Mortgage Scheme Fund
55. The Office of the Controller of Budget Staff Mortgage Scheme
56. Commission on Administrative Justice - Staff Mortgage and Car Loan
57. Independent Policing Oversight Authority Staff Mortgage and Car Loan Scheme
58. Public Financial Management Reforms Program (Credit Nos. DANIDA FY06, SIDA 51110081, IDA GESDEK-6133-KE, AFD/CKE 1130 and PASEDE CRISNO:041-658 – The National Treasury.
59. Technical Support Programme (Financing Agreements No.KE/FED/2009/021421; No. KE/FED/023-733 and No. KE/FED/037-941 – The National Treasury
60. Micro Finance Sector Support Credit Project (Credit No. CKE 3004 01E and CKE 6060 01E) – The National Treasury
61. Financing Locally-Led Climate Action Program Credit No. IDA 6980; TF B6810 - KE (P173065) - The National Treasury
62. Financial Sector Support Project (IDA Credit No.5627-KE) - The National Treasury
63. Infrastructure Finance and Public Private Partnerships Project - IDA Credit No.5157-KE - The National Treasury
64. Programme for Rural Outreach of Financial Innovations and Technologies (Profit) (IFAD Loan No.814-KE and Grant No.1218-KE) - The National Treasury
65. Affordable Housing Finance Project (IDA Credit No.8958-KE) - The National Treasury

Appendix A: Unmodified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

66. Public Debt Management Support Project - ADB Grant Agreement No.5500155013708 - The National Treasury
67. Study and Capacity Building Fund Project (Grant Numbers CKE 6015 01K, CKE 1043 01F AND CKE 1047 01K) - The National Treasury
68. Horn of Africa Gateway Development Project (IDA Credit No. 6768) – Kenya Revenue Authority
69. Eastern Africa Regional Transport, Trade And Development Facilitation Project (IDA Credit No.5638-KE) – Kenya Revenue Authority
70. Coordination of Population Policy Implementation Project (UNFPA-KEN09POP) – National Council for Population and Development
71. National Information Platform for Food Security and Nutrition Project (FOOD/2017/393-022) - Kenya National Bureau of Statistics
72. UNICEF - Kenya Generation Unlimited (GENU) Project (Programme No.2400/A0/A6) - Executive Office of the President
73. Kenya - EU Partnership for the Implementation of the National Strategy to Counter Violent Extremism in Kenya - National Counter Terrorism Centre
74. Technical Assistance to Enhance the Capacity of the President's Delivery Unit (AFD Grant No. 5500155012902) - State Department for Interior and Citizen Services
75. Support to Technical and Vocational Education and Training for Relevant Skills Development Project-Phase II (Loan No.2100150033295) - State Department for Vocational and Technical Training
76. Support to Technical and Vocational Education Training and Entrepreneurship (TVETE Project Phase III) (Loan No. 2100150042254) - State Department for Vocational and Technical Training
77. East Africa Skills for Transformation and Regional Integration Project (EASTRIP) IDA Loan Credit No. 6334-KE - Ministry of Education - State Department for Vocational and Technical Training
78. Promotion of Youth Employment and Vocational Training Phase II in Kenya Loan No.BMZ 2018 65 120 - State Department for Vocational and Technical Training

Appendix A: Unmodified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

79. Promotion of Youth Employment and Vocational Training in Kenya (TVET Phase I) Project Loan Reference: BMZ No.2016 67 211 and BMZ No.2016 65 298 and Project Grant Reference No.1930 05 527 - State Department for Vocational Training and Technical Training
80. East Africa Skills Transformation and Regional Integration Project (EASTRIP) Grant/Credit No.IDA 6334-KE – Kisumu National Polytechnic
81. East Africa Skills Transformation and Regional Integration Project (Credit Number 6334 – KE) – Kenya Coast National Polytechnic
82. Eastern and Southern Africa Higher Education Centres of Excellence (ACE II) Project (Credit No.5798-KE) - State Department for University Education and Research
83. Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project (IDA Credit No.5798-KE) - Moi University
84. DANIDA Primary HealthCare (PHC) Support Program - Ministry of Health
85. Support of the Health Care Financing Strategy - Reproductive Health - Output Based Approach Project (Credit BMZ No. Kenya 201065853) - Ministry of Health
86. Resilient Sustainable Systems for Health (RSSH) KEN-T-TNT 2067 - Sub Receipt - Ministry of Health
87. Global Fund Tuberculosis Project Grant/Credit No.KEN-T-TNT-1548 - Ministry of Health
88. Global Fund Tuberculosis Project Grant/Credit No. KEN-T-TNT-2067 - Ministry of Health
89. Transforming Health Systems for Universal Care (THS-UC) PROJECT Grant IDA Credit No. 5836 - KE, TFOA2561, TFOA2792, and CR.P152394 - Ministry of Health
90. Global Fund Malaria New Funding Model (NFM) KEN-M-TNT-2064 - Ministry of Health
91. Global Fund Malaria New Funding Model (NFM) KEN-M-TNT-1546 - Ministry of Health
92. East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences - Phase I (Loan No.2100150031997) Project - Ministry of Health

Appendix A: Unmodified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

93. Global Fund HIV AIDS Program Grant No. KEN-H-TNT GA 1547 - Ministry of Health
94. Health Sector Support Project - SWAp Secretariat - IDA CR NO. 4771-KE and CR. NO. 5367-KE - Ministry of Health
95. Global Fund HIV/AIDS Project Grant Number KEN-H-TNT-2065 - National Aids Control Council
96. Kenya Health Sector Programme Support III (DANIDA/ REF.104.KENYA A.810.300-GRANT – County Government of Kisii
97. A Case Study on Integrated Delivery of Selected Non-Communicable Diseases in Kenya (PHGF Grant No. TFOA5636) - Moi Teaching and Referral Hospital
98. Horn of Africa Gateway Development Project Credit Number 6768-KE - State Department for Infrastructure
99. Kenya Transport Sector Support Project (IDA Credit No. 4926-KE and No. 5410-KE) – State Department for Infrastructure
100. Nairobi - Thika Highway Improvement Project Lot 3 Government Concessional Loan Agreement No. (2009) 39 Total No. (290) - Kenya National Highways Authority
101. Nairobi Southern Bypass Road Project - Kenya National Highways Authority
102. EPC/TURN KEY Construction of Five Footbridges and T-Mall Flyover on Mombasa and Langata Road (Project Loan Credit No. KEN-01001-19 and KEN-02001-19) - Kenya National Highways Authority
103. Mombasa Special Economic Zone Development Project (I) - Kenya National Highways Authority
104. Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase II (Marsabit-Turbi Road) ID NO. P-Z1-DB0-027 - Kenya National Highways Authority
105. Nairobi Outer Ring Road Improvement Project - Kenya Urban Roads Authority
106. National Urban Transport Improvement Project Credit No. IDA 5140-KE (KRC Component) - Kenya Railways Corporation
107. Support to Roads Sector Policy: 10th EDF Rural Roads Rehabilitation Project in Kenya (Agreement No.KE/FED/023/-571) - Kenya Rural Roads Authority
108. Horn of Africa Gateway Development Project (IDA Credit No. 6768 KE) - National Transport and Safety Authority

Appendix A: Unmodified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

109. Kenya Urban Support Program (IDA Credit No. 6134 KE) - State Department for Housing and Urban Development
110. Green Growth and Employment Thematic Programme (GGETP) – Danish Embassy File No.2015-39790 - Ministry of Environment and Forestry
111. Kenya Gold Mercury Free ASGM Project Credit No. GEF/UNDP/GOK-00108253 - Ministry of Environment and Forestry
112. Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region Project No.03/DRESS-EA/07/0SS-KE/20 - Ministry of Environment and Forestry
113. Kenya Institutional Strengthening Project Phase XII (No. UNEP/KEN/SEV/86/INS/64) Project - Ministry of Environment and Forestry
114. Kenya Special Project on BRSM and SAICM - Ministry of Environment and Forestry
115. Kenya Enabling Activities for HFC Phase - Down Project (Grant No.UNEP/KEN/SEV/81/TAS/01+) - Ministry of Environment and Forestry
116. National Action Plan on Artisanal Small - Scale Gold Mining Project - Ministry of Environment
117. Kenya Water Towers Project (Grant No. FED/2016/375-958) - Kenya Forest Service
118. Green Zones Development Support Project Phase II (Credit NO.P.KE-AAD-005) - Kenya Forest Service
119. Africa Environmental Health and Pollution Management Project (AEHPMP) GEF Grant No: TFOB3322 - National Environment Management Authority
120. Green Growth and Employment Thematic Programme-NEMA (CR NO: 2015-39789) - National Environment Management Authority
121. NEMA-GCF Project Preparation Facility: “Devolved Climate Change Governance to Strengthen Resilience of Communities in Target Counties” (Project No: KEN-PPF-010) - National Environment Management Authority
122. NEMA - GCF Readiness and Preparatory Support: “NEMA Capacity Strengthening Programme Towards Accessing Climate Finance from Green Climate Fund” - (Credit No: KEN-RS-003) – National Environment Management Authority

Appendix A: Unmodified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

123. Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya - National Environment Management Authority
124. Water and Sanitation Development Project (IDA Credit No.6029/6030-KE) - Ministry of Water, Sanitation and Irrigation
125. Coastal Region Water Security and Climate Resilience Project (IDA Credit No.5543-KE) - Ministry of Water, Sanitation and Irrigation
126. Kenya Italy Debt for Development Programme - Ministry of Water, Sanitation and Irrigation
127. Kenya Water Security and Climate Resilience Project (IDA Credit No.5268/5674-KE) - Ministry of Water, Sanitation and Irrigation
128. Upper Tana Catchment Natural Resource Management Project (UTaNRMP) IFAD Loan No.1-867-KE; IFAD Additional Financing Loan No.2000002597-KE; and Spanish Trust Fund Loan No.1-E-8-KE - Ministry of Water, Sanitation and Irrigation
129. Mwea Irrigation Development Project (Loan No. KE-P27) - National Irrigation Authority
130. Bura Rehabilitation Development Project (Loan Nos. BADEA 3530: LA/763, KUWAIT 752, OPEC 1154P) - National Irrigation Authority
131. Nairobi Rivers Basin Rehabilitation and Restoration Program: -Sewerage Improvement Project Phase II (AfDB Loan No.2000200003407 and ADF Loan No.2100150040550) - Athi Water Works Development Agency
132. Northern Collector Phase I-Additional Rehabilitation and Development of the Network (Credit No. CKE-1074) - Athi Water Works Development Agency
133. Nairobi Water Distribution Network Project (Credit BMZ NO. 2020.82.527/KV 26833) - Athi Water Works Development Agency
134. Support to Water and Sanitation Services in Peri-Urban Area (Loan No. BMZ 2013.6543.6) - Athi Water Works Development Agency
135. Nairobi Inclusive Sanitation Improvement Project (Grant No:5600155005153 - Athi Water Works Development Agency
136. Kenya Towns Sustainable Water Supply and Sanitation Program (Loan No.2000200000501) - Athi Water Works Development Agency (AWWDA)

Appendix A: Unmodified Opinion

- NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS**
137. Water and Sanitation Services Improvement Project (IDA CR. NO.5103-KE) - Lake Victoria North Water Works
 138. Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA Credit No.5638-KE) - Information and Communication Technology Authority
 139. Horn of Africa Gateway Development Project - IDA Credit No. 6768-KE - Information and Communication Technology Authority
 140. Kenya Off-Grid Solar Access Project for Under-Served Counties (IDA CR.NO.6135-KE) - Ministry of Energy
 141. Kenya Off-Grid Solar Access Project for Underserved Counties (IDA CR. No.6135-KE) - Ministry of Energy and SNV Netherlands Development Organization
 142. Kenya Electricity Modernization Project (IDA CR. No. 5587 KE) - Ministry of Energy
 143. Rural Electrification in Five Regions Project (CR. NO.11/597KE, CR. No.1407PKE) - Rural Electrification and Renewable Energy Corporation
 144. Kenya Electricity Modernisation Project (IDA Credit No.5587-KE) - Rural Electrification and Renewable Energy Corporation
 145. Kenya Electricity Expansion Project (OFID CR NO.1487P) - Rural Electrification and Renewable Energy Corporation
 146. Kenya Off-Grid Solar Access Project for Underserved Counties (IDA CR. NO.6135-KE) - Rural Electrification and Renewable Energy Corporation
 147. Ethiopia - Kenya Electricity Highway Project (ADB Loan No. 2000200003502-Mariakani Substation Project ID NO: P-ZI-FA0-162) - Kenya Electricity Transmission Company Limited
 148. Olkaria-Lessos-Kisumu Transmission Lines Construction Project (JICA Loan No. KE-P28) - Kenya Electricity Transmission Company Limited
 149. Eastern Electricity Highway Project (IDA Credit No. 5148-KE; AFD Loan No.CKE 1030 01B and ADF Loan No.2100150027845) - Kenya Electricity Transmission Company Limited
 150. Multinational - Kenya Section of Interconnection Project of Electricity Grids of Nile Equatorial Lakes Countries (ADF Loan No.2100150022643) - Kenya Electricity Transmission Company Limited
 151. Power Transmission System Improvement Project (ADF Loan No.2100150023752) - Kenya Electricity Transmission Company Limited

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NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

152. 220KV and 132KV Transmission Lines and Substations (Exim Bank of India Funded) Projects - Kenya Electricity Transmission Company Limited
153. Multinational Kenya-Tanzania Power Interconnection Project (Kenyan Component) (ADF Loan No. 2100150032846) - Kenya Electricity Transmission Company Limited
154. Nairobi Ring Transmission Line Project (AFD Credit No. CKE6012.01, AFD Credit No. CKE 1068 01, AFD Credit No. CKE 1030.01B, EIB Credit No. 25.367/KE and GoK) - Kenya Electricity Transmission Company Limited
155. Last Mile Connectivity Project I (Loan No.2100150032195) – The Kenya Power and Lighting Company PLC
156. Last Mile Connectivity Project II Loan No.2000200000152 – The Kenya Power and Lighting Company Plc
157. Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands (IUCN Grant No. P02886) - State Department for Livestock
158. Regional Pastoral Livelihood Resilience Project (IDA CR. NO KE 53880) - State Department for Livestock
159. Kenya Livestock Commercialization Project Loan Number 2000003566 and 2000003566 - State Department for Livestock
160. Aquaculture Business Development Programme (IFAD Loan No.2000002052 and 2000002614) - State Department for Fisheries, Aquaculture and the Blue Economy
161. Kenya Marine Fisheries and Socio-Economic Development Project (IDA Credit No. 65400-KE) - State Department for Fisheries, Aquaculture and the Blue Economy
162. Kenya Climate Smart Agriculture Project (IDA Credit No. 5945-KE) - State Department for Crop Development and Agricultural Research
163. Capacity Development Project for Enhancement of Rice Production in Irrigation Schemes in Kenya (Project Grant/Credit Number 1161001009) - State Department of Crop Development and Agricultural Research
164. Strengthening Fertilizer Quality and Regulatory Standards in Kenya Project (AGRA Grant No. 2013 SHP 001) - State Department for Crop Development and Agricultural Research

Appendix A: Unmodified Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

165. Enable Youth Kenya Program (ADF Loan No.2100150038895) - State Department for Crop Development and Agricultural Research
166. Small-Scale Irrigation and Value Addition Project - (ADF Loan No. 2000130014530 and Grant No.557015000751) - State Department for Crop Development and Agricultural Research
167. National Agricultural and Rural Inclusive Growth Project (IDA Credit No. 5900-KE) - State Department for Crop Development and Agricultural Research
168. Agricultural Sector Development Support Programme II (SIDA Grant No. 51110109) - State Department for Crop Development and Agricultural Research
169. Kenya Cereal Enhancement Programme - Climate Resilient Agricultural Livelihood Window (EU Grant No.2000000623, Grant No.2000001522, Grant No.2000003493, Grant No.2000001122 and IFAD Loan No.2000001121) - State Department for Crop Development and Agricultural Research
170. Emergency Locust Response Project (IDA Credit No.6648-KE) - State Department for Crop Development and Agricultural Research
171. Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya (AGRA Grant Number 2018 KE 005) - State Department for Crop Development and Agricultural Research
172. Kenya Industry and Entrepreneurship Project (Credit No. IDA 6268-KE) - State Department for Industrialization
173. Kenya Youth Employment and Opportunities Project (Credit No. IDA 5812-KE) - Micro and Small Enterprises Authority
174. Combating Poaching and Illegal Wildlife Trafficking in Kenya Through Integrated Approach (IWT-KENYA) Project - State Department for Wildlife
175. Youth Empowerment Programme Grant/Credit No. B4210 - State Department for Youth Affairs
176. Judicial Performance Improvement Project (IDA Credit No. 5181-KE) - The Judiciary
177. Secondary Education Quality Improvement Project (IDA Credit No. 6138-KE) - Teachers Service Commission

Appendix B: Qualified

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

1. The National Treasury
2. State Department for Interior and Citizen Services
3. State Department for Correctional Services
4. State Department for Devolution
5. State Department for Development of the Arid and Semi-Arid Lands (ASALS)
6. Ministry of Foreign Affairs
7. State Department for Vocational and Technical Training
8. State Department for University Education and Research
9. State Department for Early Learning and Basic Education
10. Statement for Post Training and Skills Development
11. Ministry of Health
12. State Department for Infrastructure
13. State Department for Transport
14. State Department for Shipping and Maritime
15. State Department for Housing and Urban Development
16. State Department for Public Works
17. Ministry of Environment and Forestry
18. Ministry of Water, Sanitation and Irrigation
19. Ministry of Lands and Physical Planning
20. State Department for Sports
21. State Department for Culture and Heritage
22. Ministry of Energy
23. State Department for Livestock
24. State Department for Fisheries, Aquaculture and the Blue Economy
25. State Department for Crop Development and Agricultural Research

Appendix B: Qualified

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

26. State Department for Co-operatives
27. State Department for Industrialization
28. Ministry of Labour
29. State Department for Social Security and Protection
30. Ministry of Petroleum and Mining
31. State Department for Tourism
32. State Department for Gender
33. State Department for Regional and Northern Corridor Development
34. The Judiciary
35. Office of the Director of Public Prosecutions
36. National Land Commission
37. Independent Electoral and Boundaries Commission
38. Teachers Service Commission
39. Consolidated Fund Services - Pension and Gratuities
40. Public Service Commission
41. Government Investments and Public Enterprises - Revenue Statements - The National Treasury
42. Revenue Statements - State Department for Interior and Citizen Services
43. Revenue Statements of the Ministry of Petroleum and Mining
44. Revenue Statements of State Law Office and Department of Justice
45. Revenue Statements of the Business Registration Service
46. Public Trustee of Kenya
47. Office of the Director of Public Prosecutions Staff Housing Mortgage and Car Loan Scheme
48. National Land Commission Staff Car Loan Scheme Fund
49. National Land Commission Housing Scheme Fund

Appendix B: Qualified

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

50. Parliamentary Mortgage Scheme Fund
51. Global Fund - To Reduce Morbidity and Mortality Caused by Malaria in the Various Epidemiological Zones by Two-Thirds of the 2015 Level by 2020 Program - KEN-M-TNT, GA 1546 - The National Treasury
52. Global Fund - To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care Program - KEN-H-TNT, GA 2065 - The National Treasury
53. Global Fund - To ensure Provision of Quality Care and Prevention Services for All People in Kenya with TB, Leprosy and Lung Diseases Program - KEN-TNT, GA 2067 - The National Treasury
54. Global Fund - To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria-Free Kenya Program - KEN-M-TNT, GA 2064 - The National Treasury
55. Global Fund - To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care (NFM 2) Program - KEN-H-TNT, GA 1547 - The National Treasury
56. Global Fund - To Accelerate the Reduction of TB, Leprosy and Lung Disease Burden Through Provision of People-Centered, Universally Accessible, Acceptable and Affordable Quality Services in Kenya Program - KEN-T-TNT, GA 1548 - The National Treasury
57. National Treasury Capacity Strengthening Project (Grant No.5500155013902 ID No.P-KE-KOO-011) - The National Treasury
58. Infrastructure Finance and Public Private Partnerships Project - Additional Financing (IDA Credit No. 6121-KE) - The National Treasury
59. Instruments for Devolution Advice and Support (IDEAS) Credit No.KE/FED/024-230 - Ministry of Devolution
60. Kenya Symbiocity Programme - Project No. SIDA 51110060 - Council of Governors
61. Kenya Cooperation and Partnership Facility (KCPF) Project No. KE/FED 2019/041-712, Credit No.FED/2021/423-175 - Ministry of Devolution
62. Kenya Development Response to Displacement Impacts Project (KRDIP) IDA Credit No.6021-KE and Grant No. TFOA 7762-KE - State Department for Development of Arid and Semi-Arid Lands

Appendix B: Qualified

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

63. Kenya Italy Debt for Development Program - Ministry of Education - State Department of Vocational and Technical Training
64. East Africa Skills for Transformation and Regional Integration Project (EASTRIP) (IDA Loan No. 6334-KE) - Meru National Polytechnic
65. Support to Enhancement of Quality and Relevance in Higher Education, Science and Technology Project (ID No. P-KE-IAD-001-Loan Agreement No. 2100150027993) - State Department for University Education
66. Establishment of Kenya Advanced Institute of Science and Technology Project No KEN-4 - Ministry of Education - State Department for University Education and Research
67. Africa Centre of Excellence in Sustainable use of Insects as Food and Feeds Project (IDA Credit No.5798-KE)-Jaramogi Oginga Odinga University of Science and Technology
68. Centre of Excellence in Sustainable Agriculture and Agribusiness Management Credit No. 5798-KE - Egerton University
69. Kenya Primary Education Development Project (Grant No. TFO18863) - State Department for Early Learning and Basic Education
70. Kenya GPE Covid-19 Learning Continuity in Basic Education Project (Grant ID. P174059 and Credit No. TFB03336) - State Department for Early Learning and Basic Education
71. Secondary Education Quality Improvement Project (Credit No.61380-KE) - State Department for Early Learning and Basic Education
72. GOK/UNICEF Education for Young People Programme - State Department for Early Learning and Basic Education
73. Global Fund HIV AIDS Program Grant No. KEN-H-TNT GA 2065 - Ministry of Health
74. East Africa Public Health Laboratory Networking (EAPHLN) Project Credit No.4732 - KE - Kenya Medical Supplies Authority
75. Health Sector Support Project (Credit No.4771-KE) - Kenya Medical Supplies Authority (KEMSA)
76. COVID-19 Health Emergency Response Project Grant/Credit No.6598-KE - Ministry of Health

Appendix B: Qualified

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

77. East Africa Skills for Transformation and Regional Integration Project – IDA 6334-KE – State Department for Infrastructure
78. Eastern Africa Regional Transport, Trade and Development Facilitation Project CR No. 5638-KE IDA - State Department for Infrastructure
79. Improvement of Rural Roads and Market Infrastructure in Western Kenya Project Credit No. BMZ 2007-65 123 (KFW) - Kenya Rural Roads Authority
80. Upgrading of “Gilgil Machinery” Road Project - Kenya Rural Roads Authority
81. Roads 2000 Phase Two Project (AFD Credit No. CKE 101201B, Credit No. CKE 104601J and Credit No. CKE 109401 M) - Kenya Rural Roads Authority
82. Multinational Arusha-Holili/Taveta-Voi Road Corridor Development Project Phase I - Loan No. 2100150028894 - Kenya National Highways Authority
83. Kenya Transport Sector Support Project (Credit No. 4926 KE and No. 5410 KE) - Kenya National Highways Authority
84. Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase III (Turbi-Moyale) No. P-ZI-DB0-095 Loan No. 21001500255546 - Kenya National Highways Authority
85. Merille – Marsabit Road Rehabilitation Project (KE/001/09) Loan Agreement No. KE/FED/2009/021-655 - Kenya National Highways Authority
86. Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA CR-5638) - Kenya National Highways Authority
87. Mombasa Port Area Road Development Project - Kenya National Highways Authority
88. National Urban Transport Improvement Project-IDA Credit No. 5140-KE - Kenya National Highways Authority
89. Mombasa-Mariakani Highway Project (Lot 1 - Mombasa - Kwa Jomvu) - Kenya National Highways Authority
90. Kapchorwa-Suam-Kitale and Eldoret Bypass Roads Project (Kenya) ID No. P-ZI-DBO-183 - Kenya National Highways Authority
91. Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) CREDIT Nos. 5050200000901 and 2000200004504 - Kenya National Highways Authority
92. Kenya - South Sudan Link Road Project (REF. No. 2020 62 065 and BMZ No. 202083939) - Kenya National Highways Authority

Appendix B: Qualified

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

93. Horn of Africa Gateway Development Project Loan No.6768-KE - Kenya National Highways Authority
94. Bagamoyo-Horohoro Lunga Lunga-Malindi Road Project (PHASE 1) ID No: PZ1-DBO-129 - Kenya National Highways Authority
95. Nuno-Modogashe Road Project - Kenya National Highways Authority
96. Port Reitz/Moi International Airport Access (C110) Road (FIDIC EPC/TURNKEY Based) Project - Kenya National Highways Authority
97. Northern Corridor Rehabilitation Programme Phase III - Kenya National Highways Authority
98. Arusha-Namanga-Athi River Road Development Project No. P-Z1-DB0-040 - Kenya National Highways Authority
99. East Africa Trade and Transport Facilitation Project (IDA Credit No.4148-KE) - Kenya National Highways Authority
100. Nairobi Western Bypass - Kenya National Highways Authority
101. Northern Corridor Transport Improvement Project IDA Credit No.3930-KE and No.4571-KE - Kenya National Highways Authority
102. Regional Mombasa Port Access Road Project (Loan No. 27459, Credit No.84010 and Grant No.202061919 - Kenya National Highways Authority
103. Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero - (A1) Road Rehabilitation - Kenya National Highways Authority
104. Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/TURNKEY Based - Kenya National Highways Authority
105. Mombasa Gate Bridge Construction Project (I) Loan Agreement No.KE-P34 - Kenya National Highways Authority
106. Upgrading of Kibwezi-Mutomo-Kitui Road Project - Kenya National Highways Authority
107. Nairobi-Thika Highway Improvement Project Lot I and II (Credit No.2100150015544) - Kenya National Highways Authority
108. Mombasa-Nairobi-Addis Ababa Road Corridor Development Project: (Isiolo/Merille/Moyale Road - Kenya National Highways Authority

Appendix B: Qualified

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

109. Kisumu Urban Project (Project Advance Account) - CKE 1035.01.G - County Government of Kisumu
110. Horn of Africa Gateway Development Project Grant/Credit Number 6768 - KE - State Department for Transport
111. Safe Roads/Usalama Barabarani Programme (EU Grant No. KE/FED/037-778) - National Transport and Safety Authority
112. Multinational Lake Victoria Maritime Communications and Transport (MLVMCT) Project (ADF Loan No.2100150036247 - Kenya Maritime Authority
113. Kenya Informal Settlement Improvement Project No. P13542 Credit No.4873KE - State Department for Housing and Urban Development
114. Second Informal Settlements Improvement Project No. P167814 Credit No. 6759KE - State Department for Housing and Urban Development
115. Nairobi Metropolitan Services Improvement Project (IDA Credit No.5102-KE) - State Department for Housing and Urban Development
116. Integrated Health and Environment Observatories and Legal and Institutional Strengthening for the Sound Management of Chemicals in Africa (NO.AFR/CHEMOBS PROJECT/C/07-2017) - Ministry of Environment and Forestry
117. Lake Victoria Environmental Management Project Phase III (LVEMP) Project Preparatory Advance No. V1570 - KE - Ministry of Environment and Forestry
118. Sound Chemicals Management Mainstreaming and UPOPS Reduction in Kenya Project (Grant No.P0099820) --Ministry of Environment and Forestry
119. System for Land Based Emissions and Estimation in Kenya (SLEEK) Project - Ministry of Environment and Forestry
120. Capacity Development Project for Sustainable Forest Management in Kenya (CADEP) (GRANT NO.22) - Kenya Forest Service
121. Thwake Multi-Purpose Water Development Program Phase 1 (AfDB Loan No. 2100150029993, 2000200003351, AGTF No. 5050200000501 and AfDB Grant No. 2100155025973) - Ministry of Water, Sanitation and Irrigation
122. Rwabura Irrigation Development Project - National Irrigation Authority
123. Kisii Water Supply and Sanitation Project – ORIO11/KE/21 – Lake Victoria South Water Works Development Agency

Appendix B: Qualified

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

124. Trilateral Development Cooperation in Kenya, Water and Sanitation Sector Project (Credit No. BMZ 201365352 – Lake Victoria South Water Works Development Agency)
125. Kenya Towns Sustainable Water Supply and Sanitation Programme (AfDB Loan No.2000200000501) – Tana Water Works Development Agency
126. Nairobi Sanitation Output Based Aid (OBA) Project - (IDA Grant No.TF014251 and No.TF0A5607) - Nairobi City Water and Sewerage Company Limited
127. Improvement of Drinking Water and Sanitation Systems in Mombasa: Mwache Project (AFD Credit Facility No.CKE 1103 01 C) - Coast Water Works Development Agency
128. Kenya Towns Sustainable Water Supply and Sanitation Programme - CR. No. P-KE-E00-011 (AFDB Loan No.2000200000501) - Central Rift Valley Water Works Development Agency
129. Lake Victoria Water Supply and Sanitation Programme Phase II Project No. P-Z1-EAO-004 (ADF Grant No. 2100155019967) - Lake Victoria South Water Works Development Agency
130. Water Sector Development Programme - Lake Victoria South (Kericho, Kisii, Nyamira and Litein) Loan No.BMZ 2010 65 861 And Grant No.BMZ 2010 70 457 - Lake Victoria South Water Works Development Agency
131. Lake Victoria Water and Sanitation Project Grant No CKE 1093 02 M, Credit No. CKE1093 01 L and EIB No. FI N°83890 Serapis N° 2011-0619 - Lake Victoria South Water Works Development Agency
132. Kenya Development of Solar Power Plant in Garissa Project (GCL No.2015(10) - Rural Electrification and Renewable Energy Corporation
133. Bogoria Silali Geothermal Project (Loan No.2013.66.103) - Geothermal Development Company Limited
134. Menengai Geothermal Project Agreement No.CKE 1038.01K - Geothermal Development Company Limited
135. Multi-National Drought Resilience and Sustainable Livelihoods Programme in the Horn of Africa (ADF Loan No. 2100150028345) - State Department for Crop Development and Agricultural Research
136. Multi-National Rural Livelihoods' Adaptation to Climate Change in the Horn of Africa (ADB/ADF Grant No.5550155001201) - State Department for Crop Development and Agricultural Research

Appendix B: Qualified

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

137. Kenya Youth Employment and Opportunities Project - IDA Credit No. 5812-KE - National Industrial Training Authority
138. Kenya Youth Employment Opportunities Project - Credit No. 58120-KE - State Department for Labour
139. Kenya Social and Economic Inclusion Project Credit No.6348-KE - State Department for Social Protection
140. Kenya Social and Economic Inclusion Project No. P164654 IDA Credit No. 6348KE and Grant No. Tf0a9527 - National Drought Management Authority
141. Kenya Petroleum Technical Assistance Project (IDA Credit No.5526-KE and Grant No. TFOA 3418) - Ministry of Petroleum and Mining
142. Kenya Youth Employment and Opportunities Project (IDA Credit No. 5812 - KE) - State Department for Youth Affairs
143. Vijana Vuka Na Afya Youth Programme (Grant No. 201367465) - State Department for Youth Affairs
144. Kimira Oluch Smallholder Farm Improvement Project (ADF Loan No. 2100150012296) - State Department for Regional and Northern Corridor Development

Appendix C: Adverse Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

1. State Officers House Mortgage Scheme Fund – State Department for Housing and Urban Development
2. Kisumu Urban Project (Cash Expenditure Fund) - CKE 1035.01.G - County Government of Kisumu
3. Programme for Legal Empowerment and Aid Delivery (Grant/Credit Number KE/FED/2018/397-591) - State Law Office and Department of Justice

Appendix D: Disclaimer of Opinion

NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS

1. Statement of Outstanding Obligations Guaranteed by Government of Kenya - The National Treasury
2. Timboroa-Eldoret Road Rehabilitation Project No. P-KE-DBO-019 (Loan No. 2100150023344) - Kenya National Highways Authority

Appendix E – Donor Funded Projects Pending Bills

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
1.	Kenya Transport Sector Support Project (Credit No.4926 KE and No. 5410 KE)	Kenya National Highways Authority	5,924,411,035
2.	National Urban Transport Improvement Project	Kenya National Highways Authority	5,834,320,191
3.	Nairobi Western Bypass	Kenya National Highways Authority	3,926,892,951
4.	Nairobi Southern Bypass Road Project	Kenya National Highways Authority	3,623,386,920
5.	Northern Corridor Transport Improvement Project - IDA Credit No.3930-KE and 4571-KE	Kenya National Highways Authority	3,597,877,130
6.	Upgrading of Kibwezi-Mutomo-Kitui Road Project	Kenya National Highways Authority	3,566,237,990
7.	Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero - (A1) Road Rehabilitation	Kenya National Highways Authority	2,623,642,869
8.	Dualling of Magongo Road (A109L): Phase II (FIDIC EPC/TURNKEY Based	Kenya National Highways Authority	1,810,729,098
9.	Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) Credit Nos.5050200000901 and 2000200004504	Kenya National Highways Authority	1,360,045,476
10.	Mwea Irrigation Development Project (Loan No. KE-P27)	National Irrigation Authority	1,156,488,523
11.	Olkaria -Lesos- Kisumu Transmission Lines Construction Project	Kenya Electricity Transmission Company Limited	1,132,362,641
12.	Nairobi Outer Ring Road Improvement Project	Kenya Urban Roads Authority	885,199,462
13.	Port Reitz/Moi International Airport Access (C110) Road (FIDIC EPC/TURNKEY BASED) Project	Kenya National Highways Authority	822,548,139
14.	Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II (AFDB Loan No.2000200003407 And ADF Loan No.2100150040550)	Athi Water Works Development Agency	716,499,401
15.	Kimira Oluch Smallholder Farm Improvement Project	State Department for Regional and Northern Corridor Development	700,656,527

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
16.	Kenya Towns Sustainable Water Supply and Sanitation Programme (AfDB Loan No. 2000200000501)	Tana Water Works Development Agency	685,954,564
17.	Nairobi - Thika Highway Improvement Project Lot 3 Government Concessional Loan Agreement No.(2009) 39 Total No.(290)	Kenya National Highways Authority	674,721,327
18.	Kenya Towns Sustainable Water Supply and Sanitation Programme-C.R.NO. P-KE-E00-011(AfDB Loan No.2000200000501)	Central Rift Valley Water Works Development Agency	582,574,170
19.	Kapchorwa-Suam-Kitale and Eldoret Bypass Roads Project	Kenya National Highways Authority	536,860,151
20.	Rural Electrification in Five Regions Project	Rural Electrification and Renewable Energy Corporation	501,420,076
21.	Ethiopia - Kenya Electricity Highway Project (ADB Loan No.2000200003502-Mariakani Substation Project ID No: P-ZI-FA0-162)	Kenya Electricity Transmission Company Limited	494,378,218
22.	Menengai Geothermal Project Agreement No. CKE 1038.01K	Geothermal Development Company Limited	480,653,000
23.	Kenya Water Security and Climate Resilience Project (IDA Credit No.5268/5674-KE)	Ministry of Water, Sanitation and Irrigation	456,228,775
24.	Thwake Multi-Purpose Water Development Program Phase I (AfDB Loan No. 2100150029993, 2000200003351, AGTF No.5050200000501 and AfDB Grant No. 2100155025973)	Ministry of Water, Sanitation and Irrigation	454,260,790
25.	Eastern Africa Regional Transport, Trade and Development Facilitation Project	Kenya National Highways Authority	453,148,451
26.	Mombasa-Mariakani Highway Project (Lot 1-Mombasa-Kwa Jomvu)	Kenya National Highways Authority	448,259,325
27.	Nairobi - Thika Highway Improvement Project Lot I and II (Credit No. 2100150015544)	Kenya National Highways Authority	428,623,554
28.	Kenya Towns Sustainable Water Supply and Sanitation Program (Loan No.2000200000501)	Athi Water Works Development Agency	407,679,865
29.	Power Transmission System Improvement Project	Kenya Electricity Transmission Company Limited	373,430,957

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
30.	Multinational - Kenya Section of Interconnection Project of Electricity Grids of Nile Equatorial Lakes Countries	Kenya Electricity Transmission Company Limited	335,081,787
31.	Eastern Electricity Highway Project (IDA Credit No, 5148-KE; AFD Loan no. CKE103001B and ADF Loan No.2100150027845)	Kenya Electricity Transmission Company Limited	298,268,821
32.	Last Mile Connectivity Project II Loan No. 200200000152	The Kenya Power and Lighting Company PLC	263,218,943
33.	Bura Rehabilitation Development Project (Loan Nos. BADEA 3530: LA/763, Kuwait 752, OPEC 1154P)	National Irrigation Authority	261,712,434
34.	Nairobi Ring Transmission Line Project (AFD Credit No. CKE 6012.01, AFD Credit No. CKE 1068 01, AFD Credit No. CKE 1030.01B, EIB Credit No.25367/KE and GoK	Kenya Electricity Transmission Company Limited	253,240,686
35.	Secondary Education Quality Improvement Project	State Department for Early Learning and Basic Education	236,364,305
36.	Covid-19 Health Emergency Response Project	Ministry of Health	187,481,808
37.	220KV and 132 KV Transmission Lines and Substations Projects	Kenya Electricity Transmission Company Limited	185,210,476
38.	Lake Victoria Water Supply and Sanitation Programme Phase II Project No. P-Z1-EAO-004 (ADF Grant No. 2100155019967)	Lake Victoria South Water Works Development Agency	175,943,278
39.	Upgrading of Gilgil Machinery Road Project	Kenya Rural Roads Authority	145,613,575
40.	Merille-Marsabit Road Rehabilitation Project (KE/001/09) Loan Agreement No. KE/FED/2009/021-655	Kenya National Highways Authority	141,566,761
41.	Nuno-Modogashe Road Project	Kenya National Highways Authority	135,891,795
42.	Support to Water and Sanitation Services in Peri-urban Area (Loan No. BMZ 2013.6543.6)	Athi Water Works Development Agency	114,809,656
43.	Last Mile Connectivity Project I (Loan No. 2100150032195)	The Kenya Power and Lighting Company PLC	89,064,000
44.	Arusha-Namanga-Athi River Road Development Project No.P-ZI-DB0-040	Kenya National Highways Authority	83,344,955

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
45.	Regional Mombasa Port Access Road Project - Loan No. 27459, Credit No.84010 and Grant No.202061919	Kenya National Highways Authority	82,589,339
46.	Mombasa - Nairobi - Addis Ababa Road Corridor Development Project Phase II (Marsabit - Turbi Road) ID No. P-Z1-DB0-027	Kenya National Highways Authority	62,165,683
47.	Nairobi Metropolitan Services Improvement Project	State Department for Housing and Urban Development	59,882,484
48.	Improvement of Drinking Water and Sanitation Systems in Mombasa: Mwache Project (AFD Credit Facility No.CKE 1103 01C)	Coast Water Works Development Agency	59,542,814
49.	Multinational Kenya-Tanzania Power Interconnection Project (Kenyan Component)	Kenya Electricity Transmission Company Limited	44,585,190
50.	East Africa Trade and Transport Facilitation Project (IDA Credit No.4148-KE)	Kenya National Highways Authority	43,964,093
51.	EPC/TURNKEY Construction of Five Footbridges and T-Mall Flyover on Mombasa and Langata Road (Project Loan Credit No. KEN-01001-19 and KEN-02001-19)	Kenya National Highways Authority	30,839,426
52.	Global Fund Tuberculosis Project Grant/Credit No. KEN-T-TNT-2067	Ministry of Health	30,555,233
53.	Kisumu Urban Project (Project Advance Account) - CKE 1035.01.G	County Government of Kisumu	29,537,348
54.	Water Sector Development Programme - Lake Victoria South (Kericho, Kisii, Nyamira and Litein) Loan No. BMZ 2010 65 861 and Grant No. BMZ 2010 70 457	Lake Victoria South Water Works Development Agency	28,387,231
55.	Multinational Arusha-Holili/Taveta-Voi Road Corridor Development Project Phase I-Loan No.2100150028894	Kenya National Highways Authority	25,023,499
56.	Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands	State Department for Livestock	23,550,345
57.	Nairobi Water Distribution Network Project (credit BMZ No. 2020.82.527/KV 26833)	Athi Water Works Development Agency	22,507,450
58.	Financing Locally Led Climate Action Program Credit No. IDA 6980: TF B6810 - KE (P173065)	The National Treasury	20,380,419

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
59.	Mombasa- Nairobi -Addis Ababa Road Corridor Project Phase III (Turbi - Moyale) No. P-ZI-DBO-095 Loan No. 21001500255546- Kenya National Highway Authority	Kenya National Highways Authority	17,533,871
60.	Kenya Development of Solar Power Plant in Garissa Project (GCL No.2015190)	Rural Electrification and Renewable Energy Corporation	15,570,404
61.	Lake Victoria Environmental Management Project Phase III (LVEMP) Project Preparatory Advance No.V1570-KE	Ministry of Environment and Forestry	13,898,199
62.	East Africa Skills for Transformation and Regional Integration Project (EASTRIP) (IDA Loan No.6334-KE)	Meru National Polytechnic	13,483,335
63.	Regional Pastoral Livelihood Resilience Project (IDA CR.NO KE 53880)	State Department for Livestock	13,204,806
64.	Emergency Locust Response Project (IDA Credit No. 6648-KE)	State Department for Crop Development and Agricultural Research	12,857,373
65.	Kenya Industry and Entrepreneurship Project (Credit No. IDA 6268-KE)	State Department for Industrialization	10,803,827
66.	Agricultural Sector Development Support Programme II (SIDA GRANT No.51110109)	State Department for Crop Development and Agricultural Research	9,687,037
67.	Kenya Livestock Commercialization Project Loan Number 2000003565 and 2000003566	State Department for Livestock	8,082,961
68.	Rwabura Irrigation Development Project	National Irrigation Authority	7,736,982
69.	Global Fund HIV AIDS Program Grant No.KEN-H-TNT GA 2065	Ministry of Health	7,451,470
70.	Kenya Urban Support Program (IDA Credit No.6134 KE)	State Department for Housing and Urban Development	7,054,118
71.	Kenya- South Sudan Link Road Project -Kenya National Highways	Kenya National Highways Authority	6,024,205
72.	Africa Environmental Health and Pollution Management Project (AEHPMP) GEF Grant No: TFOB3322	National Environment Management Authority	5,869,493
73.	Global Fund HIV Aids Program Grant No. KEN-H-TNT GA 1547	Ministry of Health	5,818,699
74.	Kenya Youth Employment and Opportunity Project - IDA Credit No. 5812-KE	National Industrial Training Authority	5,684,624

No.	Donor Funded Project	Implementing Entity	Pending Bills (Kshs.)
75.	Northern Corridor Rehabilitation Programme Phase III	Kenya National Highways Authority	4,101,454
76.	Financial Sector Support Project (IDA Credit No. 5627-KE)	The National Treasury	3,930,401
77.	Kenya Youth Employment and opportunities Project (Credit No. IDA 5812-KE)	Micro and Small Enterprises Authority	2,481,780
78.	Centre of Excellence in Sustainable Agriculture and Agribusiness Management Credit No. 5798-KE - Egerton University	Egerton University	2,475,500
79.	National Information Platform for Food Security and Nutrition Project (Food/2017/393-022)	Kenya National Bureau of Statistics	2,362,062
80.	A Case Study on Integrated Delivery of Selected Non-Communicable Diseases in Kenya (PHGF Grant No. TFOA5636)	Moi Teaching and Referral Hospital	2,318,966
81.	Transforming Health Systems for Universal Care (THS-UC) Project Grant IDA Credit No.5836-KE, TFOA2561, TFOA2792 and CR.P152394	Ministry of Health	1,262,926
82.	Green Growth and Employment Thematic Programme-NEMA CR No.2015-39789	National Environment Management Authority	941,210
83.	Global Fund HIV/AIDS Project Grant Number KEN-H-TNT-2065	National Aids Control Council	758,876
84.	Kenya Gold Mercury Free ASGM Project Credit No. GEF/UNDP/ GOK-00108253	Ministry of Environment and Forestry	692,606
85.	System for Land Based Emissions and Estimation in Kenya (SLEEK) Project	Ministry of Environment and Forestry	421,600
86.	Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region Project No.03/DRESS-EA/07/OSS-KE/20	Ministry of Environment and Forestry	380,000
87.	National Action Plan on Artisanal Small - Scale Gold Mining Project	Ministry of Environment and Forestry	250,000
88.	Kenya Special Project on BRSM and SAICM	Ministry of Environment and Forestry	180,000
	Total		48,313,134,195