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**OFFICE OF THE AUDITOR-GENERAL
ANNUAL CORPORATE REPORT
2023 - 2024**

OUR VALUES

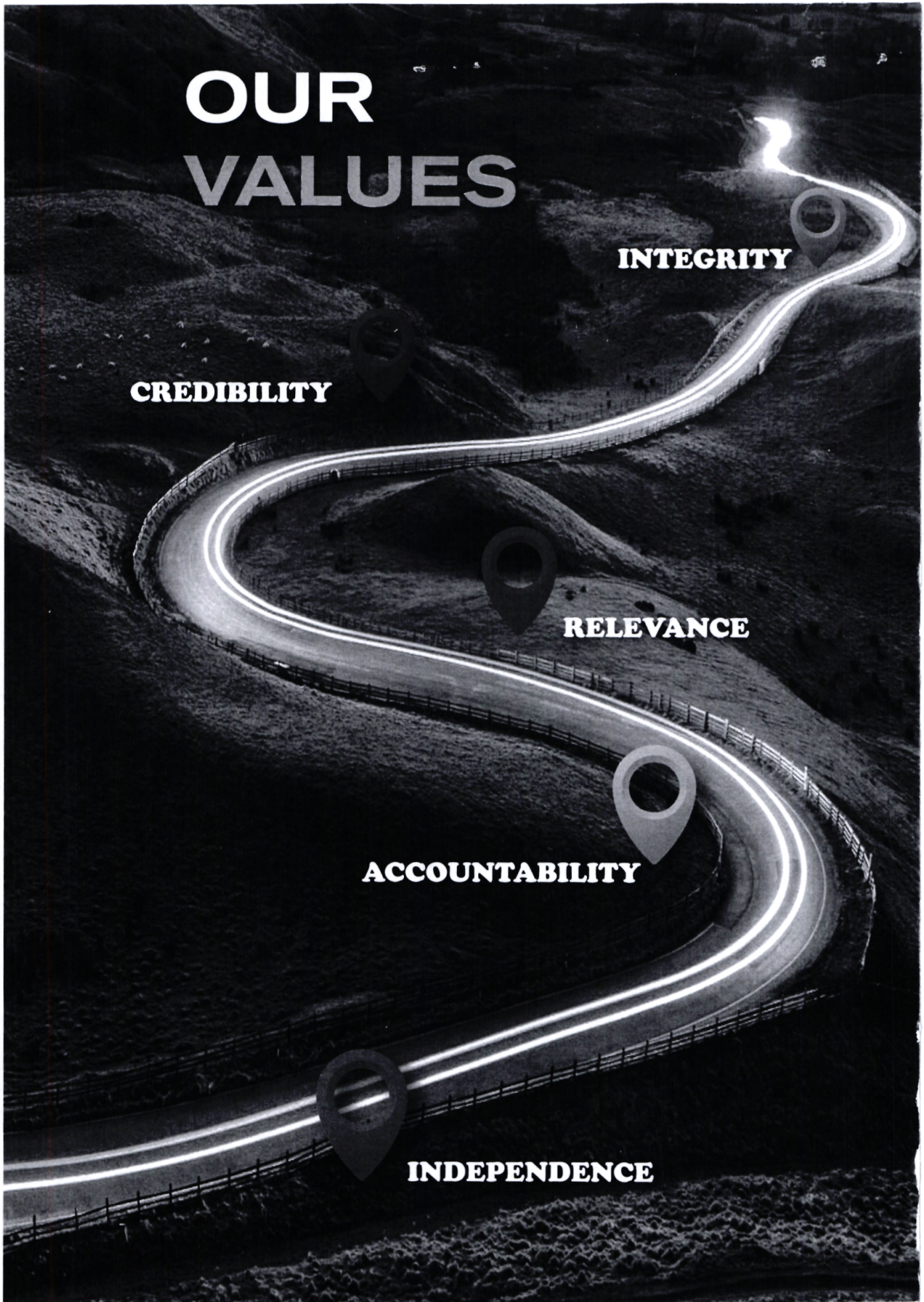
INTEGRITY

CREDIBILITY

RELEVANCE

ACCOUNTABILITY

INDEPENDENCE



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HIGHLIGHTS

ACHIEVEMENTS



1,919

Audit reports submitted to Parliament and relevant County Assemblies



16

Specialised Audit reports submitted to Parliament and relevant County Assemblies



828

Parliamentary meetings supported



Parliament discussed the first Performance Audit Report



Migrated to a web-based Audit Management System to enhance tracking of planning, execution and reporting on audits.



45
Counties

Counties we assessed in Financing Locally Led Climate Action (FLLoCA) Programme

CHALLENGES



Inadequate budgetary allocation



Tight Audit timelines (only three months to audit)

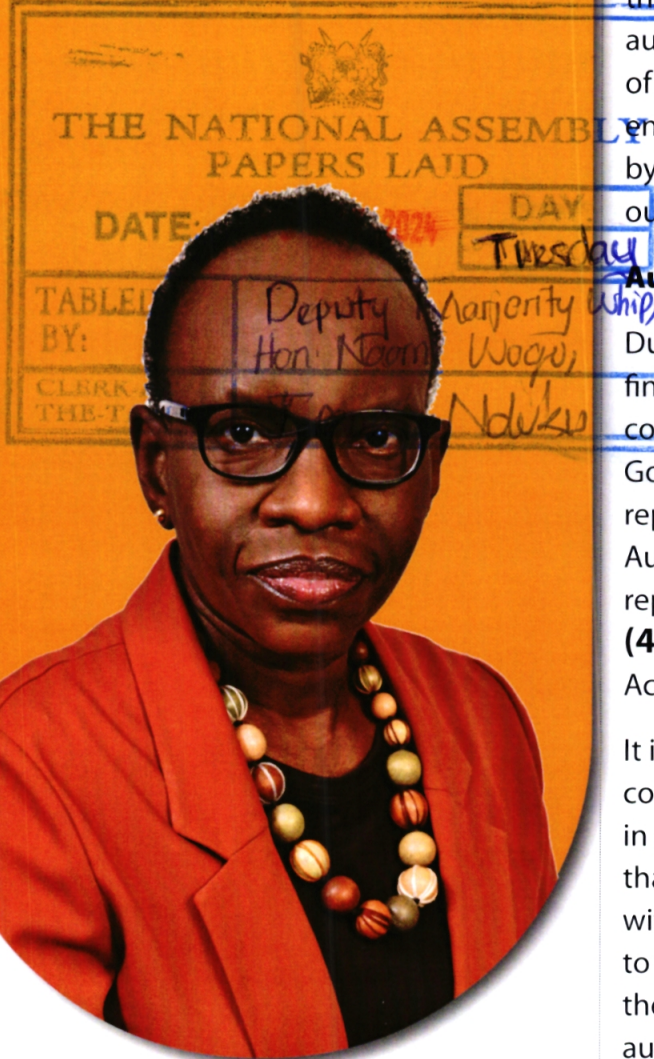


Delay in discussing Performance Audit Reports



Low implementation of audit recommendations

WORD FROM THE AUDITOR-GENERAL



Introduction

It is my pleasure and honour to present the Annual Corporate Report for the Office of the Auditor-General. This is in pursuant to Article 254 (1) of the Constitution of Kenya, which requires that after the end of each financial year, a holder of an Independent Office submits a report to the President and to Parliament.

This report gives an account of our

performance for the Financial Year 2023/2024 and is based on Article 229 of the Constitution, which outlines the mandate of the Office of the Auditor-General (OAG). As we audit and report on the use and management of public resources, we go beyond the audit of entities, to building public trust in the Office by upholding professionalism and reliability in our work.

Audit Reports Submitted

During the year, we submitted **1,919** financial audit reports to Parliament, comprising **1,047** reports for the National Government and **872** County Governments' reports. We issued sixteen (**16**) Specialised Audit reports-Six (**6**) Performance Audits reports, five (**5**) Forensic Audits reports, four (**4**) Public Debt Audits reports and (**1**) Citizen Accountability Audit report.

It is encouraging that Parliament is now considering Performance Audit Reports in addition to the Financial Audit Reports that they have previously been familiar with for a long time. I am glad that our plea to the Members of Parliament to consider the reports the same way they do financial audit reports, is now being addressed. The significant interest and public discourse in our performance audit reports is highly commendable.

I applaud the Speaker of the National Assembly for specifically directing that performance audit reports be prioritised for discussion by Departmental Committees. This has given us impetus to conduct more performance audits in line with our Vision of ***Making a difference in the lives and livelihoods of Kenyan people.***

Achievements

I am pleased to report that during the year, we posted the following key achievements:

- i) Parliament discussed the Performance Audit Report on ***Provision of Services to Persons with Disability***; the first ever Performance audit report to be discussed by a Committee of Parliament;
- ii) We transitioned to a more robust web-based Audit Management System (AMS) that has improved efficiency, transparency and accountability in the audit process;
- iii) We developed a Performance Management System to inculcate a high performance culture and spur productivity in the Office;
- iv) We developed a system for tracking and follow-up implementation of recommendations emanating from Parliamentary Committees and the Office;
- v) We also enhanced decentralisation of our audit services by establishing two additional Regional Offices, making them fifteen (15) in total;
- vi) Our Office witnessed an increase in stakeholder interest in our audit services through extensive media coverage and social media mentions;
- vii) We conducted a Stakeholder Satisfaction Survey on Service Delivery which indicated an overall satisfaction level of 75%.

Audit Scope

Our audit universe has been increasing and now comprises 12,784 clients. We have new public sector entities such as hospitals and schools that are now self accounting and required to prepare financial statements for audit.

This expansion of clientele, together with requests from Parliament and our Stakeholders for special audits, requires more resources for timely execution of our audit services. We appeal for increased funding from The National Treasury and Parliament as we seek further support from Development Partners to enable us effectively deliver on our Constitutional mandate.



Citizens' Voice

The Office has a fiduciary responsibility to ensure prudent management and use of public resources. Citizens are strategic stakeholders in this noble duty and their involvement in oversight is therefore critical in enhancing accountability and value for money.

As a result, under Citizen Accountability Audits (CAA), we conduct participatory audits where citizens, through community-based organisations are involved in the audit process to confirm performance and beneficial impact in the management and use of public resources. This ensures that we submit audit reports that are more impactful and address the needs of the people and the requirements of Stakeholders.

Recurring Audit Issues

Every year, we issue audit reports. Unfortunately, often times, the same issues keep recurring. We have concluded through our in-depth analysis that these issues are recurring because recommendations are not being implemented and there are no consequences for failure to implement recommendations.

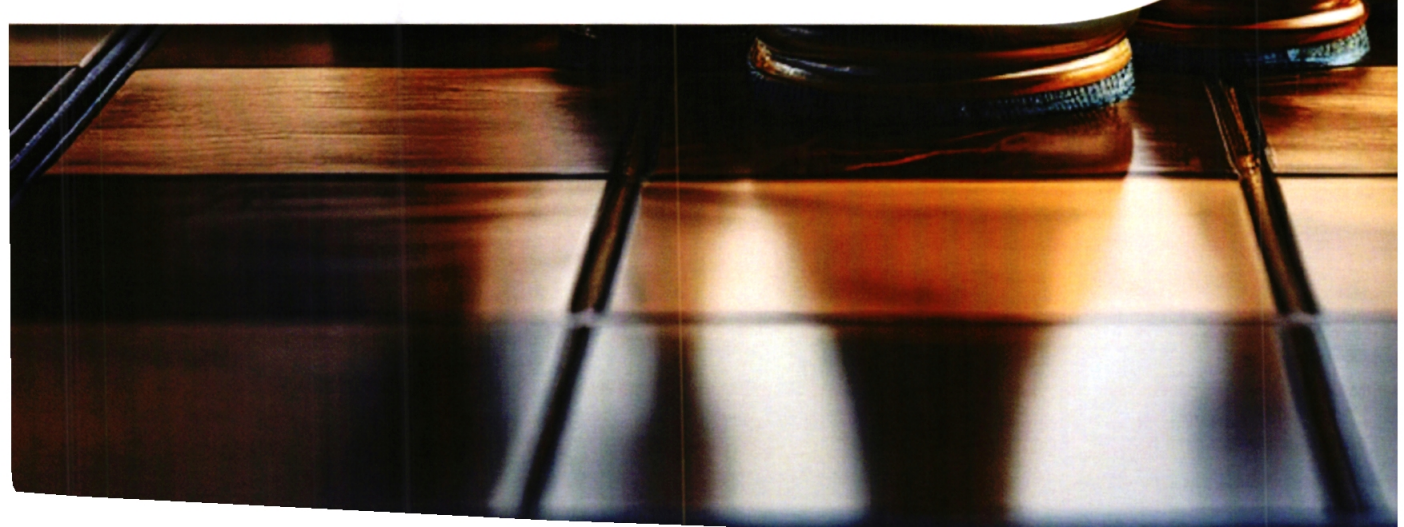
Consequently, we have engaged the Executive and Parliament through the Framework for Tracking Follow-up and Reporting on Implementation of Audit Recommendations, to ensure that Accounting Officers are compelled to implement audit recommendations issued by Parliament after they discuss our reports. Accounting Officers must take notice of the issues the Auditor-General has been raising and the action taken on those issues, to ensure that they do not recur. When recommendations are not implemented, we cannot be as impactful as we should be as needed change does not occur.

My Office will continue to conduct audits that impact on the lives and livelihoods of the Citizens, by ensuring that our audits are timely, relevant and address issues affecting the citizens.



FCPA Nancy Gathungu, CBS

Auditor-General





1

CHAPTER 1: ABOUT US

What we do

The Office of the Auditor-General (OAG) is an Independent Office established by Article 229 of the Constitution of Kenya.

The Office is charged with the primary oversight role of ensuring accountability in the use and management of public resources within the three arms of government (the Legislature, the Judiciary and the Executive) as well as the Constitutional Commissions and Independent Offices. Our oversight role extends to both at the National and County Governments.

Our work is crucial in promoting accountability within the public sector, ultimately aiming at improving the lives of citizens, guided by the following constitutional provisions:



ARTICLE 229(4)

Focuses on the audit of accounts of all entities funded from public funds, with respect to financial accountability

ARTICLE 229(6)

Focuses on the aspect of lawfulness and effectiveness in the use of public resources. We address compliance in the use of public resources. We also address the impact on the use of public resources by conducting Performance Audits or Value for Money Audits by looking at the efficiency, economy and effectiveness on the use and management of public funds for the benefit of the people

ARTICLE 249(1)

Gives the Auditor-General, alongside other Independent Offices and Commissions, the power to:-

- (a) protect the sovereignty of the people;
- (b) secure the observance by all State Organs of democratic values and principles; and
- (c) promote constitutionalism.

ARTICLE 252

We conduct investigations on complaints made by members of the public and conduct conciliation, mediation and arbitrations on matters related to public financial management

The mandate of the Office is further expounded by the Public Audit Act, 2015.



Strategic Direction

The Office has set its strategic direction based on the OAG Strategic Plan 2021-2026 to deliver on its mandate. This Plan emphasises the need to conduct impactful audits that contribute to improving citizens' lives and livelihoods. It aligns with the International Organisation of Supreme Audit Institution's (INTOSAI's) Framework for Professional Pronouncements- Principle 12, which emphasises on Supreme Audit Institutions (SAIs) demonstrating their **value** and **benefits** to the public.

The strategic direction is anchored on three priorities:

strategic priorities	Priority 1 <i>Enhance the quality of audit services for improved management of public resources</i>	Priority 2 <i>Position OAG for greater relevance and credibility to Stakeholders</i>	Priority 3 <i>Be a model organisation for effective service delivery</i>
strategic objectives	➤ Provide audit services that meet professional standards ➤ Enhance the value and benefits of audit reports ➤ Safeguard OAG independence	➤ Sustain stakeholders' interest in audit services for greater impact ➤ Sustain OAG as a credible source of independent and objective insight on public sector accountability ➤ Enhance visibility for impact. ➤ Improve OAG communication	➤ Institutionalize good governance focusing on transparency and accountability and Cumulative Corporate culture and change management that enhances performance ➤ Attract, retain and maintain a competent, productive and motivated workforce; and improve and sustain a conducive work environment. ➤ Leverage ICT for efficient service delivery

Risks Analysis

We identified risks that may affect effective implementation of our Strategic Plan and put in place the relevant measures to mitigate them, as shown:

RISK FACTOR	LIKELIHOOD	IMPACT	MITIGATION
Failure to meet statutory audit timelines	High	High	- Optimization on use of technology and Information Systems and Data Science in audit - Audit workload redistribution - Ensure adequacy of resources and enhance resource optimisation
Inadequate funding	High	High	Resource mobilisation
Negative reputation	Medium	High	Enhanced stakeholder engagement
Cyber and information security risks	High	High	- Security awareness - Enforcement of the Code of Ethics - Enhancement of ICT security
Changes in Government policies	Medium	High	- Enhanced stakeholder engagement - Risk management
Emergencies/crises	High	Medium	Adherence to mitigation and response guidelines

OUR LEADERSHIP



AUDITOR-GENERAL

FCPA Nancy Gathungu, CBS

Board Member of the INTOSAI Development Initiative (IDI)
Chair of AFROSAI Technical and Institutional Capacity Building Committee
Chair of the AFROSAI-E Governing Board
Chair of EAC Audit Commission
Patron of AFROSAI Women Leadership Academy



**DEPUTY
AUDITOR GENERAL**
Financial Audit Services

CPA Sylvester Kiini

In charge of the following Sectors and Regional Offices;

- ↳ National Security and Foreign Relations
- ↳ Energy, Mining and Blue Economy
- ↳ Public Service and ICT
- ↳ Kericho Regional Office
- ↳ Machakos Regional Office
- ↳ Mombasa Regional Office



**DEPUTY
AUDITOR GENERAL**
Financial Audit Services

CPA Fredrick Odhiambo

In charge of the following Sectors and Regional Offices;

- ↳ Governance, Justice and Law
- ↳ Housing, Lands and Transport
- ↳ Embu Regional Office
- ↳ Kilifi Regional Office
- ↳ Nakuru Regional Office



Financial Audit Services

CPA Edwin Kamar

In charge of the following Sectors and Regional Offices;

- ↳ Education
- ↳ Health, Labour and Social Protection
- ↳ Garissa Regional Office
- ↳ Homabay Regional Office
- ↳ Kisumu Regional Office



**DEPUTY
AUDITOR GENERAL**
Financial Audit Services

Dr. CPA Leonard Lari

In charge of the following Sectors and Regional Offices;

- ↳ Agriculture, Water and Sanitation
- ↳ Environment and Natural Resources
- ↳ Sports, Culture and Affirmative Action
- ↳ Kitale Regional Office
- ↳ Nairobi Regional Office
- ↳ Nyeri Regional Office



**DEPUTY
AUDITOR GENERAL**
Financial Audit Services

CPA Stanley Mwangi

In charge of the following Sectors and Regional Offices;

- ↳ National Treasury and Economic Planning
- ↳ General Economic and Commercial Affairs
- ↳ Revenue Audit Services
- ↳ Eldoret Regional Office
- ↳ Isiolo Regional Office
- ↳ Kakamega Regional Office



**DEPUTY
AUDITOR GENERAL**
Specialised Audit Services

CPA Joyce Ndung'u

In charge of the following specialised areas;

- ↳ Performance Audit
- ↳ Forensic Audit
- ↳ Public Debt Audit
- ↳ System Assurance and Data Science
- ↳ Citizen Accountability Audit
- ↳ Public Private Partnerships Audit



**DEPUTY
AUDITOR GENERAL**
Corporate Services

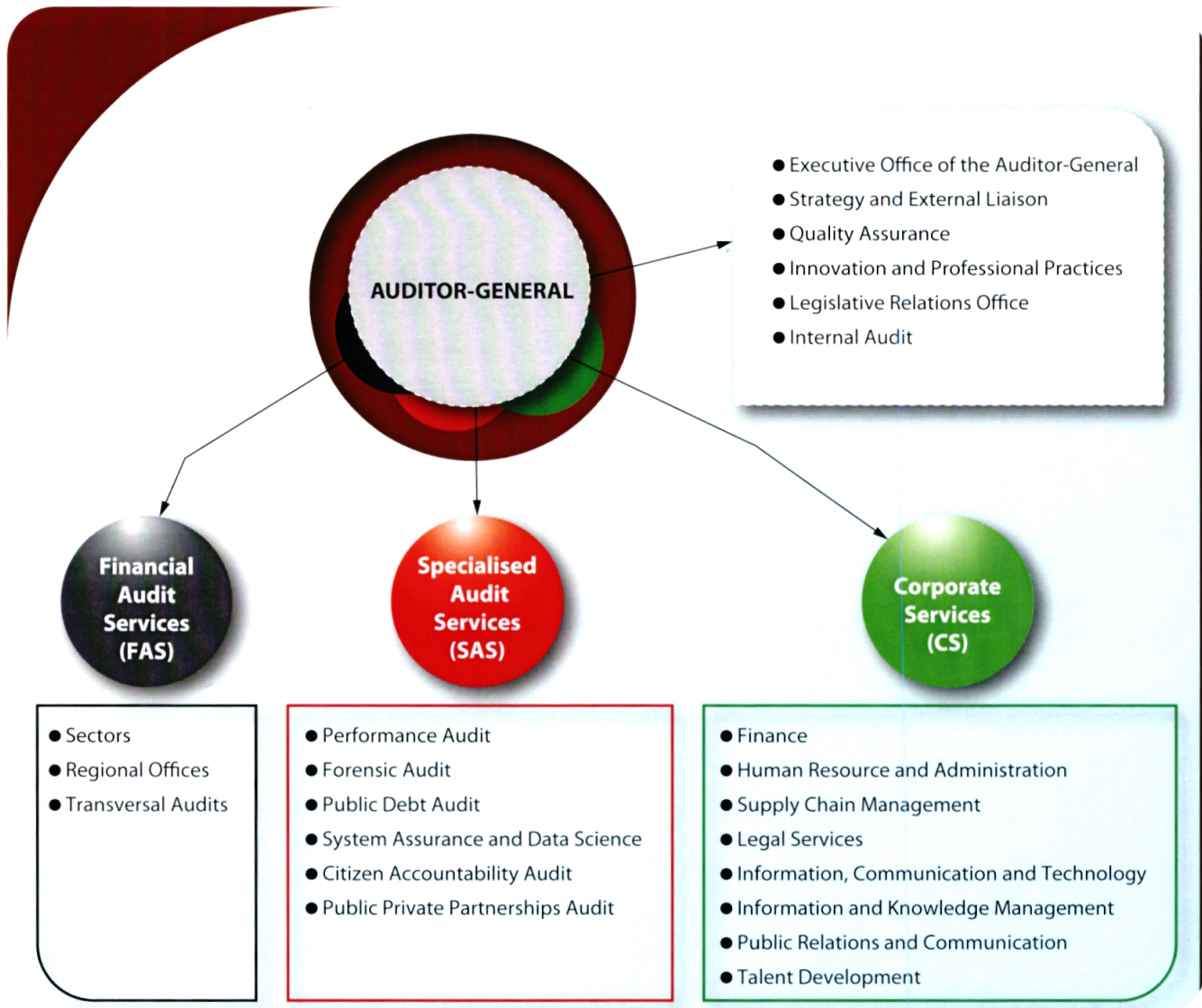
CPA Isaac Ng'ang'a

In charge of the following Corporate Services;

- ↳ Finance
- ↳ Human Resource and Administration
- ↳ Supply Chain Management
- ↳ Legal Services
- ↳ Information, Communication and Technology
- ↳ Information and Knowledge Management
- ↳ Public Relations and Communication
- ↳ Talent Development

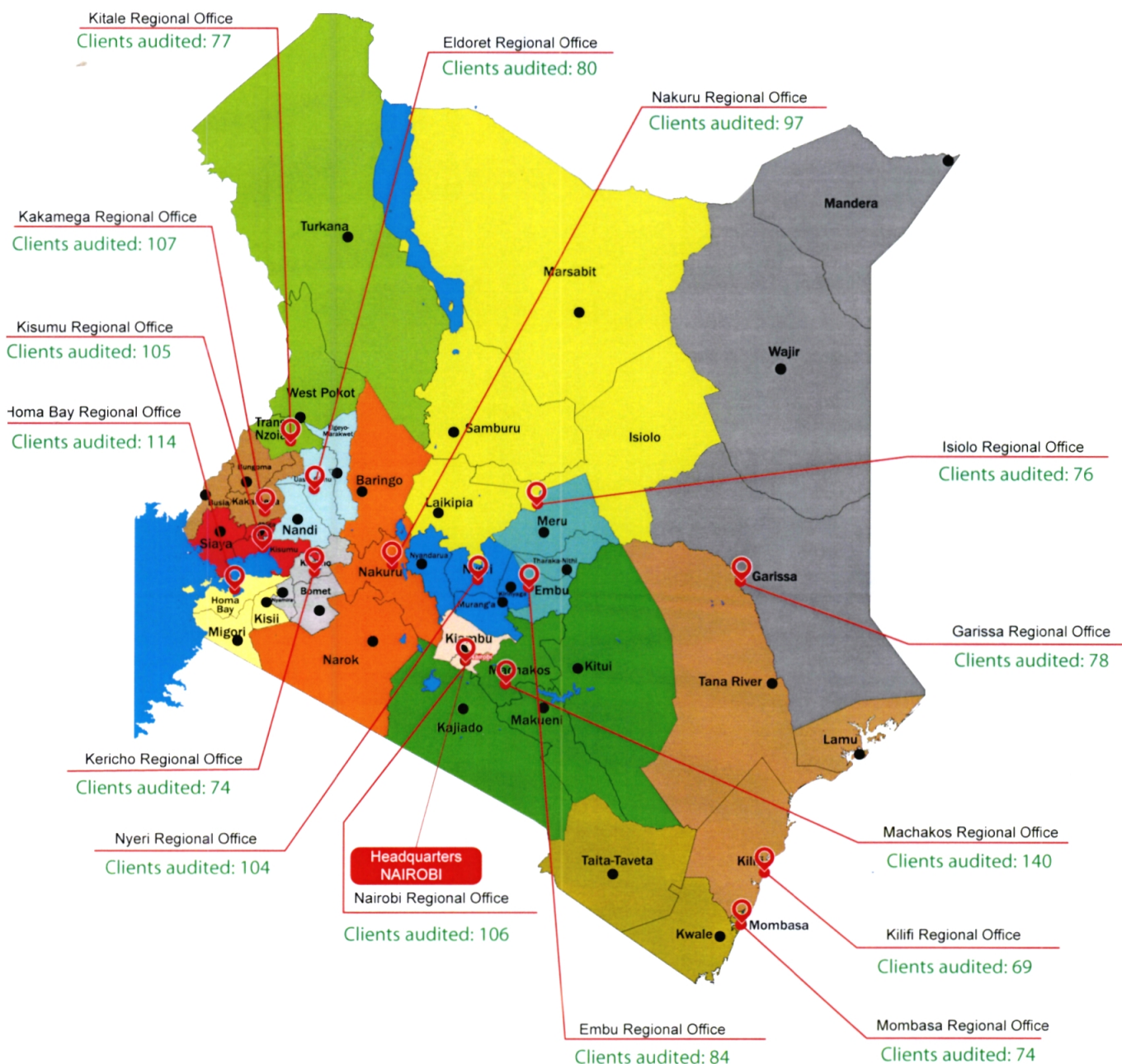
Our Structure

The Office is structured into two service categories: Audit Services and Corporate Services. The Audit Services category is further subdivided into the Financial Audit Services (FAS) and the Specialised Audit Services Departments. The Corporate Services Department supports the audit function.



Regional Presence

The Office of the Auditor-General has established fifteen(15) Regional Offices spread across the country, aimed at not only maintaining a continuous audit presence at the grassroots level, but also enhancing efficient and cost-effective provision of audit services.



Sectors
Clients audited: 534





CHAPTER 2: OAG PERFORMANCE

Our performance is guided by Articles 229, 249, 252 and 254 of the Constitution and the Public Audit Act, 2015, which mandate us to audit and report on all public entity accounts by 31 December each year. Additionally, Articles 229(6) and 229(7) of the Constitution, together with Section 7 of the Public Audit Act 2015, require us to confirm and report to Parliament and relevant County Assemblies on the legality and effectiveness of public resource management.

These constitutional and statutory requirements are integrated in our Strategic Plan, which is implemented through three Strategic Priorities. The priorities are driven by our strategic objectives and core values of Integrity, Credibility, Relevance, Accountability, and Independence, that underpin our commitment to service delivery to the citizens.

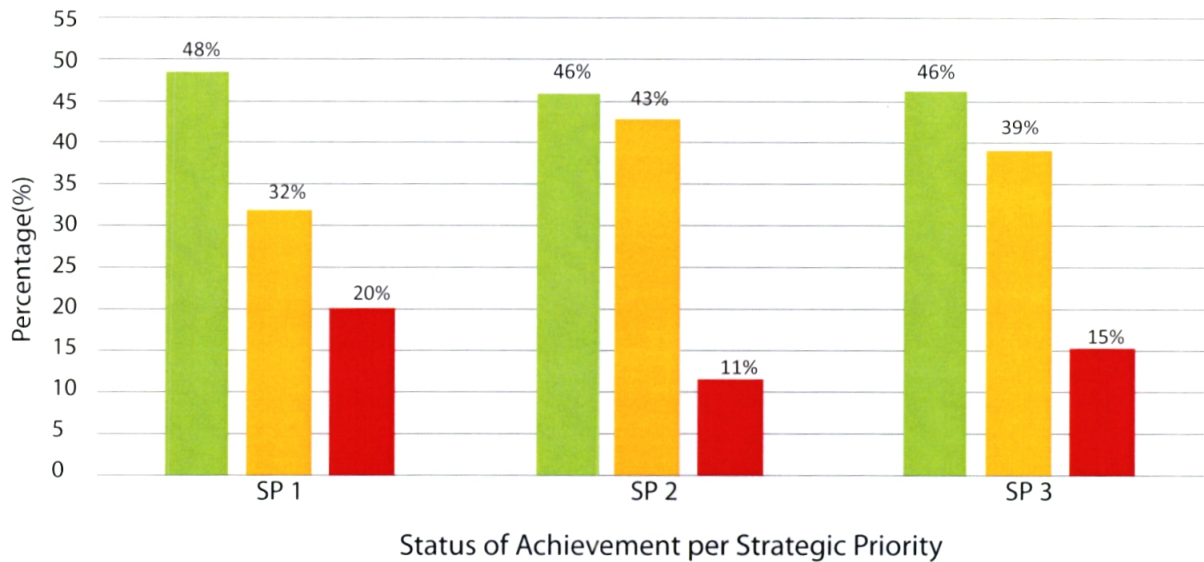


The following are highlights of our performance against the three strategic priorities:

STRATEGIC PRIORITY	OUR PERFORMANCE
1. Enhance the quality of audit services for improved management of public resources	Certified 1,919 financial statements.
	Completed 16 specialised audits focusing on various topical issues.
	Migrated to a web-based Audit Management System to enhance tracking of planning, execution and reporting on audits.
	Conducted In-Year audits of State Departments which led to efficient completion of State Departments' financial audits.
	Managed 100% National representation of OAG in all Oversight Committee meetings to support the oversight role of Parliament.
	Conducted Financing Locally Led Climate Action (FLLoCA) Programme assessment in 45 Counties.
	First Performance Audit Report on Provision of Services to Persons with Disability discussed by a Committee of Parliament.
2. Position the Office of the Auditor-General for greater relevance and credibility to stakeholders	Enhanced access of audit reports through publication of simplified audit report, translation of audit report to Kiswahili and uploading of reports on the website.
	Increased social media presence and media coverage.
	Conducted a Stakeholder Satisfaction Survey on Service Delivery which showed an overall satisfaction level of 75% .
	Organised and participated in various stakeholder engagements both locally and internationally to strengthen relations and collaboration, knowledge sharing and visibility.
3. Be a model organisation for effective service delivery	Undertook various capacity-building initiatives on audit execution and reporting, Audit Management System (AMS), professional communication, performance management, general wellness among others, which enhanced staff knowledge, skills and attitude.
	Automated Fleet Management System
	Automated Document Management System

Summary of our performance

Performance trends in achievement of key activities per Strategic Priority 2023 - 2024



Key

Green	Key step achieved
Amber	Key step has been delayed for less than 6 months (encountered few barriers to progress and thus can be achieved) or is on course to being achieved
Red	Key step achievement has been delayed for 6 months or more (encountered major barriers to progress)





AUDIT ACTIVITIES

Our audit activities are aligned with the government administrative structure to effectively respond to the audit needs at the National and County levels.

Our audit universe is as indicated:

National Government	Number of clients
Ministries, Departments and Agencies (MDAs)	69
Semi Autonomous Government Agencies (SAGAs)	118
Commissions and Independent Offices	14
Consolidated Fund Services (CFS)	4
Corporation – Trading and Non-Trading	206
Donor Funded Project	220
National Fund	69
National Polytechnic	12
National Government-Car Loan and Mortgage Fund	30
National Government Constituency Development Fund (NG-CDF)	290
Pension Scheme	2
Political Party	46
Receiver of Revenue	15
Special Deposit Account	1
Regional Development Authority	3
University	41
Secondary Schools	9,290
Teachers Training College	39
Technical and Vocational Educational Training Institutions	286
Water Development Agency	6

County Government	Number of clients
County Executive	47
County Executive Fund	200
County Receiver of Revenue	44
County Revenue Fund	44
County Corporation	20
County Assembly	47
County Assembly Fund	57
Level 4 Hospital	365
Level 5 Hospital	21
County Technical and Vocational Centres	986
Municipality	112
Water Company	80
Total as at 2023/2024	12,784



Our Audits

During the year, we conducted the following audits:

Financial Audits

These audits examine and evaluate financial statements of public entities to confirm whether they present a true, fair view and transparent disclosure of their transactions. A certificate/an opinion is given.

We carried out **1,919** financial audits comprising **1,047** at the National level and **872** at the County level. These are the clients who submitted their financial statements for auditing:

National Government	Audited Financial Statements
Ministries Department and Agencies	71
Semi Autonomous Government Agencies (SAGAs)	69
Commissions and Independent Offices	14
Consolidated Fund Services (CFS)	4
Corporation – Trading and Non-Trading	176
Donor Funded Project	220
National Fund	67
National Polytechnic	11
National Government Car Loan and Mortgage Fund	37
National Government Constituency Development Fund (NG-CDF)	290

National Government	Audited Financial Statements
Pension Scheme	2
Political Party	47
Receiver of Revenue	14
Regional Development Authority	3
University	40
University Enterprise	7
Teachers' Training College	8
Technical and Vocational Educational Training Institutions	5
Water Development Agency	9
County Government	Audited Financial Statements
County Executive	47
County Executive Fund	266
County Receiver of Revenue	37
County Revenue Fund	11
County Corporation	9
County Assembly	47
County Assembly Fund	66
Level 4 Hospital	195
Level 5 Hospital	15
Municipality	46
Water Company	86
Grand Total	1,919

The Office of the Auditor-General continues to improve the effectiveness and quality of the audit process to ensure that audit reports and recommendations are credible, relevant, reliable and value adding. This is geared towards influencing improved decision-making and enhancing positive impact on the lives and livelihoods of citizens.

Audit Opinions

In our audit reports, the Auditor-General expresses satisfaction or non-satisfaction of the financial statements through an audit opinion. Opinions expressed depending on the level of transparency, accountability and disclosure may be as follows:



1. Unqualified Opinion (Unmodified Opinion)

This means that the books of accounts and the supporting records agree with the financial statements presented and no material misstatements have been found. The financial statements present fairly, in all material respects the operations of the audited entity.



2. Qualified Opinion (Modified Opinion)

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



3. Adverse Opinion

This opinion is issued where financial statements exhibit significant misstatements from the underlying accounting records. The financial statements significantly disagree with the underlying books of accounts and/or standards. The problems are widespread, persistent and require considerable interventions by management for rectification.

4. Disclaimer of opinion



This is an opinion issued when financial statements exhibit serious and significant misstatements that may arise from inadequate information, limitation of scope, inadequacy or lack of proper records such that the Auditor-General is not able to form an opinion on the financial operations.

Summary of Audit Opinions

The following audit opinions were expressed for the year ended 30 June, 2023.

Clients	Unqualified	Qualified	Adverse	Disclaimer	TOTAL
National Government	380	617	38	12	1,047
County Government	98	663	101	10	872
TOTAL	478	1,280	139	22	1,919

Performance Audits



A Performance Audit is an independent examination of a programme, function, operation or the management systems and procedures of a public entity to assess its Efficiency, Economy and Effectiveness as well as recommend areas for improvements.

The six **(6)** Performance Audits completed in key sectors impacting on key Government Priority Areas were on;

- ⦿ Provision of Emergency Medical Care Services in Kajiado County
- ⦿ Prevention and Response to Gender Based Violence
- ⦿ National School Meals and Nutrition Programme
- ⦿ Conservation of Water Towers in Kenya by the Kenya Water Towers Agency
- ⦿ Conservation of Heritage Sites by National Museums of Kenya
- ⦿ Kenya Youth and Opportunities Project by the State Department for Youth Affairs and Micro and Small Enterprises Authority

Additionally, we conducted assessments for the Financing Locally Led Climate Action programme (FLLoCA) in 45 counties.

Our Performance Audit reports are receiving attention and interest from Parliament and other Stakeholders and we are delighted that for the first time a parliamentary committee discussed one of our reports. The report on *Provision of Services to Persons with Disabilities* was discussed by the National Assembly's Public Investments Committee on Social Services, Administration and Agriculture.

Citizen Accountability Audit



Citizen Accountability Audit entails conducting participatory audits where citizens, through Community-Based Organisations (CBOs), are involved in the audit process to enhance service delivery and good governance principles.

During the year, we conducted an assessment on the level of compliance by counties to relevant legal requirements while providing health care services under the Global Fund Programme and specifically, the extent to which counties;

- ⦿ Enabled citizens to access health information;
- ⦿ Provided health care services to citizens
- ⦿ Ensured that human rights were upheld in the health facilities.

The audit examined implementation of the Global Fund Programme under the Ministry of Health in seven (7) counties (Nairobi, Busia, Bungoma, Homabay, Nyeri, Isiolo and Taita Taveta) and sampled eighteen (18) facilities in these counties. The assessment covered two financial years (2020/2021 and 2021/2022).

The Office continues to engage stakeholders in Citizen Accountability Audits in order to enhance public participation and strengthen trust in our work. The stakeholders who have been brought on board for these types of audits include International Organisations like the World Bank, GIZ, Transparency International, Non-Governmental Organisations (NGOs), Civil Society Organisations (CSOs), Community-Based Organisations (CBOs) and Faith-Based Organisations (FBOs).

Forensic Audit

Forensic audits seek to establish fraud, corruption or other financial improprieties and ensure those who misuse public funds are held accountable. The audits are performed on

request or through own initiatives.

We completed and issued the following five(5) forensic audits reports to the institutions that had requested for the audits;

- ⦿ Admission and Registration of Students at Egerton University
- ⦿ Land Compensation Claims in the State Department for Roads Regional Mombasa Port Access Road Project
- ⦿ Agricultural Finance Corporation for the Financial Years 2018/2019 and 2019/2020
- ⦿ Kenya National Trading Corporation Limited - Financial Audit for 2022/2023
- ⦿ Special Audit Report on Kenya Railways Corporation

Public Debt Audit

The audit focuses on confirming whether the Government is managing public debt in a sustainable manner and including the modalities and cost. The audit involves carrying out financial, compliance or performance audits on management of public debt.

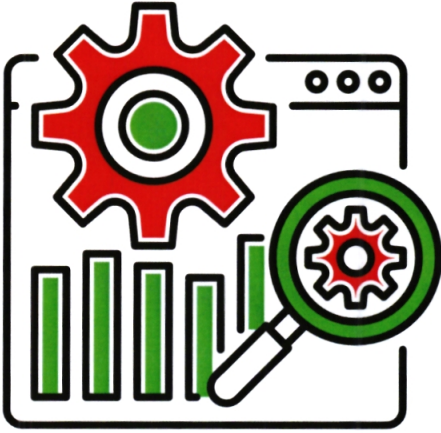
We carried out the following four (4) Public Debt Audits;

- ⦿ Deficit Financing Operations by The National Treasury
- ⦿ Efficiency in Utilisation of Debt Funds by The Ministry of Agriculture and Livestock Development - Case Study of Kenya Climate Smart Agriculture Project (KCSAP)
- ⦿ Contracting of External Loans for Public Development Projects
- ⦿ Special Audit on Servicing of External Loans in Kenya



Systems Assurance and Data Science

These types of audit focus on examination and evaluation of information technology infrastructure, policies and operations in various public entities to establish the level of performance and compliance related to specific subject matters of Information Systems.



Our Systems Assurance and Data Science auditors support our colleagues in financial and specialised audits in data extraction and analysis. They confirm the integrity and reliability of the systems used to record transactions and generate financial statements.



Contributions to Sustainable Development Goals (SDGs)

Sustainable Development Goals (SDGs) are a set of **17 global goals** adopted by the United Nations in 2015 as part of the 2030 Agenda for Sustainable Development. The goals aim to address the world’s most pressing challenges, including poverty, inequality, climate change, and environmental degradation. Some of our reports look at how government programmes have contributed to achievement of the Sustainable Development Goals (SDGs). We conducted audits that focused on the following SDGs:

SDG 3: Good Health and Well-Being



We carried out a performance audit on ***Provision of Emergency Medical Care Services in Kajiado County.***

The objective of the audit was to assess whether the County Government of Kajiado has ensured timely response and adequate delivery of emergency medical care services. This aligns with SDG 3 Target 3.6 which seeks to halve the number of global deaths and injuries from road traffic accidents by 2030. Further, the audit responds to SDG 3 Target 3.8 which seeks to achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

The audit established that the County Government of Kajiado has put in place systems towards provision of emergency medical care services. However, the systems in place have not ensured timely response and adequate delivery of emergency medical care services.

The audit recommends that the County Government of Kajiado should ensure that the systems in place are efficient and effective in order to ensure timely response and adequate delivery of emergency medical care services.



SDG 4 : Quality Education



We conducted a performance audit on the **National School Meals and Nutrition Programme**. The audit addresses SDG 4 Target 4.1 that seeks to ensure that all girls

and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes by 2030.

The objective of the audit was to assess whether the programme as implemented by the State Department for Early Learning and Basic Education (SDEL&BE) has ensured access to adequate, and quality school meals to pupils in primary schools in arid and semi-arid lands, and urban informal settlements in Kenya.

The audit established that the State Department for Early Learning and Basic Education did not ensure access to adequate, safe and nutritious food commodities to feed pupils every school day. The audit recommends for the State Department for Early Learning and Basic Education to carry out continuous market research to ascertain actual cost of a meal, and ensure enrolment data used reflects the actual enrolment in beneficiary schools, so as to inform better planning and budgeting for the programme. Additionally, the State Department for Early Learning and Basic Education should coordinate with relevant stakeholders to explore mechanisms for provision of safe, quality and nutritious school meals.

SDG 5 : Gender Equality



Our performance audit report on the **Prevention and Response to Gender-Based Violence** (GBV) addresses

Sustainable Development Goal (SDG) 5, which focuses on achieving gender equality and empowering all women and girls. Specifically, it aligns with Target 5.2, which aims to eliminate all forms of violence against women and girls.

The objective of the audit was to evaluate the effectiveness of measures implemented by the State Department for Gender and Affirmative Action, along with other state actors, in preventing and responding to GBV. The findings revealed that the State Department has not effectively coordinated actors involved in GBV prevention and response due to lack of a data management system, hindering the development of impactful interventions.

The report recommends that the State Department for Gender and Affirmative Action implements measures to ensure the collection and consolidation of data from various stakeholders, thereby improving coordination among actors in GBV prevention and response. Further, the State Department should formulate and implement policies and guidelines that ensure equitable treatment of the



different forms of GBV to ensure that the services are more accessible to all survivors of GBV.

SDG 6 : Clean Water and Sanitation



We carried out a performance audit on **Conservation of Water Towers in Kenya** which is in line with SDG 6 Target 6.1 which seeks to achieve universal

and equitable access to safe and affordable drinking water for all, by 2030. The audit is in line with SDG 6 Target 6.6 which sought to protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes, by 2020.

The audit objective was to assess the measures implemented by the government, through the Kenya Water Towers Agency (KwTA), to conserve water towers for sustainable water supply.

The audit revealed that the Agency was yet to undertake a comprehensive survey, mapping and fencing of the gazetted water towers exposing them to encroachment. The Agency had also not identified critical water catchment areas in all the gazetted water towers for protection purposes. Even though the Agency rehabilitated the degraded water towers through tree planting, it was observed that much of the efforts were directed towards non-gazetted water towers.

Focus was not on tree growing and hence the reforested sites registered low seedling survival rates. Due to the inadequacies in protection and rehabilitation activities, the audit revealed that the water towers experienced a decline in forest cover and flow volumes for rivers emanating from the affected water towers.

The audit recommends that the Agency should work closely with the State Department for Environment and Climate Change to fast-track the finalisation and enactment of the Kenya Water Towers Agency Conservation and Coordination Policy, 2019 and Kenya Water Towers Bill, 2019. This would strengthen the Agency's mandate as a lead coordinator and overseer in water conservation. The audit also recommended that the Agency undertakes a comprehensive assessment of the extent of encroachment in all the water towers to facilitate reclamation of the water tower land. The Agency should also develop and implement a guideline on tree planting with emphasis on **tree growing**.

SDG 8: Decent Work and Economic Growth



Our audit on the **Implementation of the Support for Job Creation Component under the Kenya Youth Employment and Opportunities Project (KYEOP)** assessed

the extent to which the State Department for Youth Affairs and Micro and Small Enterprises Authority increased earning opportunities for the youth, through effective implementation of the Support for Job Creation Component under KYEOP. The audit is in line with SDG 8 Target 8.6 which calls for substantial reduction of the



proportion of youth not in employment, education or training by 2020.

The audit indicated that the intended objective of increasing earning opportunities for the youth may not have been optimally achieved. This was evidenced by delays in disbursements of the business plan competition tranches and inadequate follow-up, monitoring, and supervision of project beneficiaries.

The report recommends that the State Department for Youth Affairs and Micro and Small Enterprise Authority implement measures to ensure timely processing and disbursement of funds to beneficiaries to enhance the effective implementation of the project. Further, the State Department should ensure that there is regular monitoring of the projects being implemented by the beneficiaries.

SDG 11: Sustainable Cities and Communities



Our report on the ***Conservation of Heritage Sites by the National Museums of Kenya***

addresses SDG 11 Target

11.4, which emphasises on the protection and safeguarding of the world's cultural and natural heritage. This goal highlights the importance of preserving these assets for future generations.

The objective of the audit was to assess the effectiveness of the measures implemented by the National Museums

of Kenya to conserve heritage sites. The audit revealed that there was partial implementation of the National Museums and Heritage Act, 2006, Section 4(c), which mandates the identification, protection, conservation, and transmission of Kenya's cultural and natural heritage.

Further, the audit established that there was inadequate preservation and restoration efforts, and delays in devolving museum functions. In addition, the National Museums of Kenya did not adequately plan and budget for conservation activities.

The audit recommends that the National Museums of Kenya prioritises the preparation of conservation work plans and budgets to ensure effective conservation of heritage sites, including proper allocation of resources.





CHAPTER 3: CORPORATE GOVERNANCE

People and Culture

“Great companies are built by great people. Your role in HR is to find, develop, and empower them.”

Steve Jobs,
American businessman,
inventor, and investor

The Office has made deliberate efforts to attract, retain and develop our staff to enable us achieve our strategic priorities.

The Office recruited 229 staff to support the expanded mandate. OAG has created a positive working environment by providing necessary tools, resources and a conducive learning environment for staff.



Age distribution of our staff

AGE	NO	%
18 - 30	254	15.28
31 - 40	832	50.06
41 - 50	383	23.04
51 - 60	341	20.52
Above 60	2	0.12



Professional Development

Professional development of our staff is a catalyst for effective execution of our mandate. During the year, the Office conducted a number of capacity-building interventions geared towards providing relevant knowledge and skills to enable our staff to deliver on our strategic priorities.



Summary of Capacity-Building Interventions

Type of training	Number of staff trained
Audit Management System	1,160
Performance Management System	497
Public Sector Audit Methodologies	186
Continuous Professional Development Training for various professions	163
Performance Improvement	157
Professional Communication for OAG Leadership	130
Data Champions	84
Data Analytics	39
Report writing and Communication	30
Performance Audit Methodology	23
Strategic Leadership Development	16
Leveraging Technological Advancement (LOTA)	3
Professional Education for SAI Auditors(PESA)	5

Staff Welfare

People are the greatest assets for any organisation. Employee welfare is an all-encompassing term that describes the physical and mental health and wellbeing of employees.

The Office is cognisant of the importance of employee welfare. Consequently, we have put in place various welfare initiatives aimed at improving staff motivation, encouraging and promoting healthier attitudes and lifestyles for positive wellbeing of the employees. These include:

- Provision of adequate office space;
- Enhanced counselling services to help staff appreciate work-life balance and manage stress;

- Enhanced medical scheme;
- Staff recognition programmes for exemplary performance;
- Continuous Professional Development (CPD) programmes;
- Regular feedback mechanisms that allow staff to voice their concerns; and
- Financial benefits such as enhanced pension plans to offer financial security to staff post-retirement.

Resource Requirement

Financial Year	OAG Budget			National Budget	% of National Budget
	Requested	Allocated	Shortfall		
2018/2019	9.2 B	5.5 B	3.7 B	3.1 Tr	0.19%
2019/2020	8.9 B	5.7 B	3.2 B	2.7 Tr	0.18%
2020/2021	8.9 B	5.2 B	3.7 B	2.8 Tr	0.17%
2021/2022	8.3 B	5.5 B	2.4 B	3.7 Tr	0.16%
2022/2023	8.7B	6.9 B	1.8 B	4.1 Tr	0.21%
2023/2024	11.3 B	8.1 B	3.2B	4.5Tr	0.18%

The Office registered an increase in the number of requests from various stakeholders for special audits on various topics. This, together with the expanded scope of audit, has put a strain on our limited resources.

The Office was allocated **Kshs.8.1B** to undertake our activities as per the constitutional requirements and our Strategic Plan. This amount was, however, less in comparison to our estimated requirement of **Kshs.11.3B** leading to a shortfall of about **Kshs.3.2B**.

Parliament, aware of our need for more resources, recommended that the funding for the Office be based on a formula of one-half percent (0.5%) of the latest audited and approved revenue figures of the National Government. Currently the latest audited statement of revenue approved by Parliament is for FY 2020/2021 which indicates revenue amount of **Kshs.1.7TR**.

We continue to appeal to Parliament and The National Treasury for adequate funding to enable us effectively execute our constitutional mandate.

Goods and Services to OAG

We procured goods and services worth KShs.1.05B in line with our Procurement Plan and the Public Procurement and Assets Disposal Act, 2015. Approximately KShs.63M worth of contracts were awarded to Youth, Women and Persons with Disabilities.

**KShs.1.05B worth of
goods and services
procured**

**KShs. KShs.62.9M worth of
contracts awarded
to Youth, Women and
Persons with Disabilities**



Facilitating Audit Services



The Office has made strides in improving its Fleet of vehicles to facilitate field visits and verification of projects during audits. During the year, we had a vehicle establishment of 133 against a requirement of 200.

Risk Environment

We reviewed our Risk Management Policy to provide guidance on the management of risks to support the achievement of our strategic objectives. Further, we undertook systems and financial audits across the Office and followed up on implementation of audit recommendations within various functions in the Office.

In addition, the Office partnered with the Ethics and Anti-Corruption Commission (EACC) to undertake a review of its policies, systems and operations with a view to identifying areas that might be prone to corruption and develop strategies of mitigating them.

The Corruption Risk Assessment (CRA) exercise was important in enhancing integrity as it enables organisations to identify and develop appropriate corrective measures to prevent and deal with instances of corruption, proactively.



Compliance with Laws and Regulations

The Office submitted proposals for review of the Public Audit Act, 2015. Some of the proposals have been incorporated in the Public Audit (Amendment) Bill, 2024, currently before Parliament.

The review of the Act was occasioned by the nullification of some sections by the Courts, due to their unconstitutionality as they threatened the independence of the Office.

The review also takes into consideration the evolving public sector environment and enhanced audit standards and methodologies.



Observing quality of our work

In order to improve the quality of our processes, we customised the Quality Assurance Handbook in line with International Standards of Supreme Audit Institutions (ISSAI 140). Additionally, the Office developed the Audit Quality Grading System, finalised the Quality Assurance working papers and reviewed guides for financial and performance audit reviews. We also developed Quality Assurance review guides for Institutional Reviews.

Our Engagement Quality Reviewers interact with our work at every stage to ensure quality control in our processes. In line with the strategic priority 1 on *enhancing the quality of audit services for improved management of public resources*, our Quality Assurance colleagues conduct institutional reviews and individual audit file reviews.

The reviews are meant to assure the Auditor-General that the system of quality management in place is working well and where there are deficiencies, provide recommendations for improved audits and other functions of the Office. Thus, Quality Assurance reviews assist the Office achieve its mandate, respond to the needs of stakeholders, and enhance accountability and better utilisation of public resources for improved lives and livelihoods of citizens.





CHAPTER 4: ENGAGING OUR STAKEHOLDERS

Stakeholder engagement plays a crucial role in promoting responsible management of public resources. This aligns with Principle 12 of the International Standards of Supreme Audit Institutions (INTOSAI-P12), which emphasises the value and impact of Supreme Audit Institutions (SAIs) on citizens' lives. In engaging with stakeholders, our audit standards require us to understand and address stakeholders' expectations promptly while maintaining our independence.

Working with Parliament and County Assemblies

Our Office is constitutionally mandated to submit reports to Parliament and relevant County Assemblies. We provide technical support to enable Parliamentary Committees to effectively examine the reports and make appropriate recommendations.

Thereafter, the Auditor-General follows up to confirm whether the recommendations have been implemented. Our Legislative Relations Directorate work with Parliament and County Assemblies to provide the required support. During the year, this support included training 37 Senior Staff from the National Assembly on Performance Audit and training of Members of County Assemblies.

The Auditor-General gave insights to **eleven (11)** Parliamentary Committees that informed decisions on Public Sector Accountability. She also held a consultative meeting with the Chairs of Parliamentary Oversight Committees where they discussed how the Office can enhance its support to Parliament.



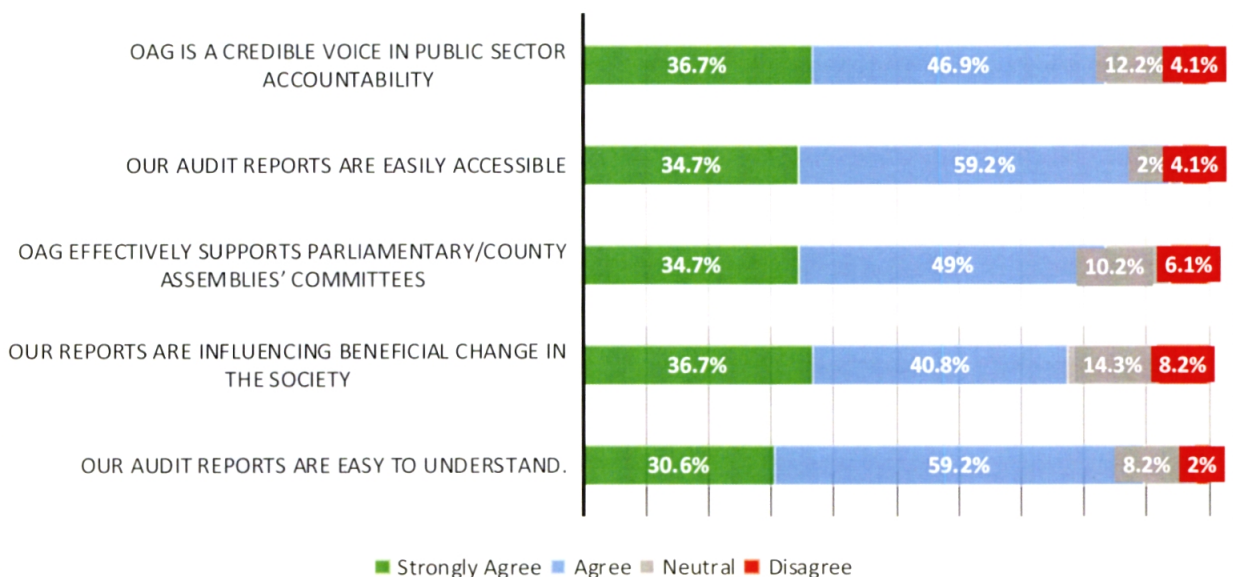
Number of meetings supported by OAG



County Assemblies' Perception of our Work

We interviewed 49 Members of County Assemblies (MCAs), who sit in County Public Accounts and Investments Committees, to assess the level of satisfaction with our audit services.

MCA's Survey Results



To promote accountability in the use and management of public funds, 47% of the MCAs agreed that we are a credible voice and a dependable Office in public sector accountability.

We continue to provide support to Audit Committees at the County level and 49% of the respondents agreed that we are doing so, effectively.

As we strive to make a difference in the lives and livelihoods of Kenyans, 41% of the MCAs agreed that our reports are influencing beneficial change in the society.

In addition, 59% of the MCAs agreed that our reports are easily accessible and also easy to digest.

We shall endeavour to improve our audit services and enhance communication to improve awareness and further improve on our stakeholder engagement at the County level.

Engaging the Citizens

The Office interacted with Citizens through various channels, including media, public forums, and Citizen Accountability Audits (CAA). During these forums, we addressed inquiries related to our mandate, the audit process, audit opinions and follow-up on audit recommendations.

As part of our commitment to transparency, we continue to translate National Government Audit reports into Kiswahili language and simplify them to enhance our stakeholder reach. Ultimately, the engagement and access of the audit reports enhances citizen participation in decision-making.

Citizens access our audit reports mainly from the website, which is the primary source of information.

Media engagements

We trained **125** journalists across the country to enhance their understanding of

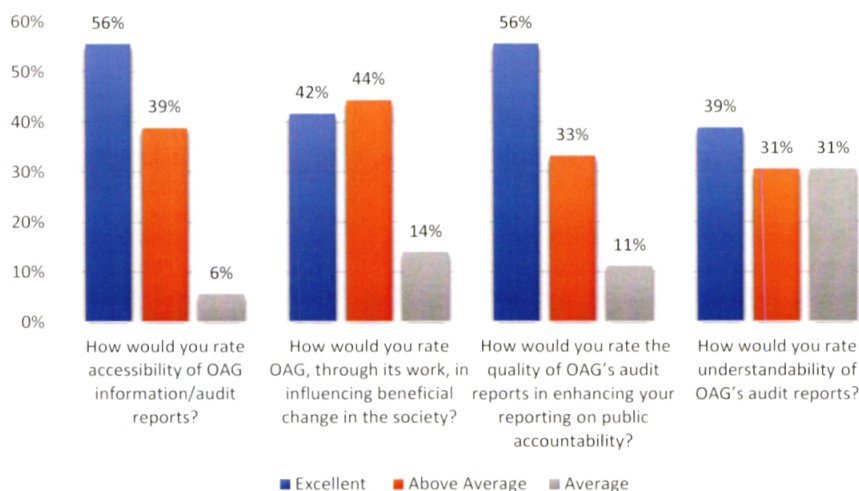
our mandate with special focus on the audit process and audit terminologies to enable them to report accurately. The training was a culmination of five feedback sessions (media receptions) we held with journalists. These engagements sought feedback and insights on our relationship with the media.



Journalists' Perception of our work

We interviewed **36** journalists from various media houses on their perception of our work.

Journalists Survey Results



As we strive to provide impactful audit services, 44% of the journalists rated our work as above average in influencing beneficial change in the society. 56% of the journalists rated the quality of our reports as excellent in enhancing their reporting on public accountability.

In addition, 56% of the respondents rated the accessibility of our reports as excellent while 39% of them rated the understandability of the audit reports as excellent.

We shall endeavour to increase the number of engagements with journalists to have indepth understanding of their needs and develop strategies to address them.



Accuracy of Media Reports

The Office continually assesses the accuracy of reporting by journalists trained in covering audit findings. This allows us to develop suitable interventions to promote objective reporting and improve future media interactions. We have noticed a positive trend, with many journalists interpreting audit reports accurately and effectively sharing relevant information with stakeholders. A summary of the findings from the accuracy tests, is illustrated below:

Accuracy of Media Articles on Audit Findings

July2023-June 2024				July 2022- June 2023		
Month	Number of Articles Reviewed	Number of Accurate Articles	Percentage of Accurate Articles	Number of Articles Reviewed	Number of Accurate Articles	Percentage of Accurate Articles
July	18	17	94%	11	10	91%
August	8	7	87%	2	1	50%
September	5	4	80%	20	17	85%
October	14	13	92%	24	23	96%
November	33	31	93%	20	13	65%
December	26	24	92%	21	18	86%
January	29	26	89%	26	21	81%
February	25	21	84%	11	8	73%
March	9	8	88%	27	25	93%
April	7	7	100%	21	21	100%
May	16	15	93%	12	11	92%
June	11	11	100%	10	10	100%
	201	184	Average 91%	205	178	Average 84%

Social Media

Social media has become an indispensable tool in the field of communication. The Office uses **X (formerly twitter), Facebook and LinkedIn** platforms to connect with stakeholders. To increase the numbers and reach out to more stakeholders, we relied on relevant and user friendly updates that are frequently and consistently shared with key stakeholders.

During the year, our following grew across the three platforms, as outlined in the table below:

Platform		1 July 2023	30 June 2024	Increase
X		15.2K	16.4K	1.2K
Facebook		1.6K	2.9K	1.3K
LinkedIn		2.4K	3.7K	1.3K

Sessions with Auditees

We held four feedback sessions with Principal Secretaries, CEOs of State Corporations, Accounting Officers for Technical and Vocational Education and Training Institutions, and Accounting Officers for Municipal and City Boards. During these engagements, we provided explanations on the audit process and critical areas to focus during audit. We also received feedback on their experience with auditors.



Working with Development Partners

Our Development Partners supported our activities through budgetary support, coordination of programmes and assistance on technical and capacity-building.

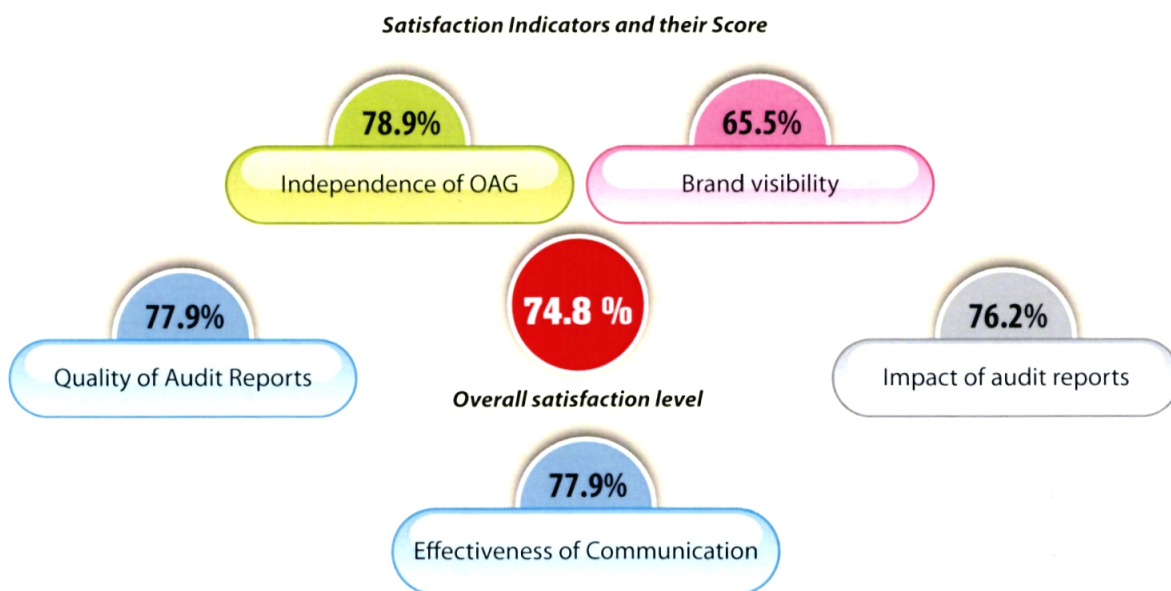
During the year, we partnered with; the African Development Bank (AfDB), German Development Agency – Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ), World Bank, Agence Française de Développement (AFD), The Global Fund, the Swedish National Office (SNAO), United Kingdom National Audit Office (UK-NAO), the Public Finance Management Reforms Programme (PFMR)- Kenya and the Horn of Africa Gateway Development Project (HoAGDP).



Feedback from our Stakeholders

Stakeholder feedback is a valuable guide in our work, and assist us in gauging the impact of our services which ensures we develop requisite strategies to meet their expectations. We conducted a survey to assess level of stakeholder satisfaction with our services to get feedback on our audit services.

The Objective of the survey was to establish the level of awareness, satisfaction and perception of stakeholders on OAG services and audit reports. We sought feedback on our independence, impact of our audit reports, quality of our reports, brand visibility and how effectively we communicate with our stakeholders.



The survey targeted 1,200 stakeholders and 1,640 staff members. The total number of participants was 797 external stakeholders and 440 staff members, giving a response rate of 66.4% and 26.8% respectively. The margin of error for the survey was $\pm 1.36\%$. The survey was conducted between the months of June and August 2023.

A pilot study was conducted to ascertain the reliability of the data collection tool. 12 stakeholders and 8 staff members were involved in the pilot study. Cronbach's Alpha was used to assess the internal consistency of the survey, indicating how well the items measure the same construct. The calculated Cronbach's Alpha was 0.88 giving an excellent level of reliability.

Corporate Social Responsibility (CSR) and Sustainability Initiatives



We engaged in various Corporate Social Responsibility and Sustainability activities as part of our responsibility in giving back to Society. The giving back to society mantra has connected the Office with vulnerable groups besides enhancing good corporate citizenship, creating awareness of our mandate and building trust and positive relationships with our stakeholders.

Case studies

In April 2024, the Office proactively responded to environment and climate change challenges by participating in a tree growing exercise where over 1,200 mangrove seedlings were planted as part of our CSR initiatives. Tree growing is one of the best mitigation actions against Climate Change. The Auditor-General FCPA Nancy Gathungu, CBS launched the exercise at the Majaoni Centre in Mombasa.

She was accompanied by the Migori County Women Representative, Honourable Mohammed Fatuma Zainab, Deputy Auditor Generals, and other staff from the Office. Our staff from Mombasa and Kilifi Regional Offices also participated in the exercise. The Office is partnering with the Kenya Forest Service to provide after-planting care and management of the seedlings as they grow to maturity.

The Office staff also engaged in various CSR activities whenever they went out auditing and capacity-building activities. In June 2024, during the recent audit of public secondary schools, a team assigned to Nyeri County, along with the Headmistress, teachers and others staff members planted indigenous trees at Gatugi Primary School in Othaya. During the same month, staff participating in a syllabus for Audit Methodology Training visited a Children's Home in Embu County and donated assorted foodstuffs and other items in support of the vulnerable children.

The Office analyses its audience in line with its CSR Policy and the constitutional requirement on sustainable development while considering available budgetary allocations, to settle on suitable projects to engage in. The initiatives to support the needy and worthy causes in society are usually realised through voluntary donations and financial contributions from the OAG staff and other well-wishers.

Impact of our Work



Our work continued to elicit interest and attention from our Stakeholders. We registered mentions in the media and other public spaces, where topical issues made reference to some of our reports. Some of the highlights are:

- ⊙ Our Performance Audit **Report on Prevention and Response to Gender Based Violence** was used in an online mini campaign by International Organisation

of Supreme Audit Institutions (INTOSAI) Development Initiative (IDI) during a 16-day period of activism against gender-based violence.

- ⊙ The Auditor-General's Performance **Audit Report on Response to Floods in Kenya** attracted **3,383 views on our social media platforms** and was used by the media to rally for implementation of audit recommendations in order to prevent or mitigate against the flooding menace that led to loss of lives and displacement of people.

- ⊙ Our Financial Audit Reports were the most sought-after information on public accountability based on the number of users who viewed the posts on our social media platforms. The Auditor-General's **Report on the County Governments Executives 2022-2023** registered the highest number of users at **5,081 views** on X followed by an update on the National Assembly Speaker's communication directing Parliamentary Committees to prioritise discussion of the Performance Audit Reports, which attracted **4,790 views** on X.

Our Global Contribution

The Office participates actively in the global and regional public sector auditing community in various roles. On the global stage, we contributed in the following capacities

Body	Responsibility	Role
INTOSAI Development Initiative (IDI)	Board Member	IDI supports capacity development of audit offices in developing countries in the world.
AFROSAI Institutional and Technical Capacity Building Committee (ITCBC)	Priority Chair	ITCBC is a professional working group of AFROSAI (A regional body focusing on capacity building of SAIs in Africa).
African Organisation of English-speaking Supreme Audit Institutions (AFROSAI-E) Governing Board	Chair	AFROSAI-E is a 26-Member organisation with membership from the African region charged with the responsibility to assess future opportunities and match SAI needs with capacity-building initiatives for outcome-driven implementation at the SAI level.
East Africa Community Audit Commission	Chair	Supports the EAC Organs and Institutions in interpreting and applying legal instruments, contributing to effective governance and the rule of law within the Community.
INTOSAI Capacity Building Committee (CBC)	Member Editorial Board	The Board provides editorial support to CBC website content.
Forum for INTOSAI Professional Pronouncements (FIPP)	Member	A body established by INTOSAI to strengthen standard setting role and drive the continued development of appropriate standards for public-sector auditing.
Common Market for Eastern and Southern Africa Board of External Auditors (COBEA)	Member	COBEA is the independent auditor for COMESA. Its role is to audit the accounts of the COMESA Secretariat and its Agencies.
Project Team on Implementation of INTOSAI Strategic Development Plan (SDP) 2023 – 2028 for Professional Pronouncements	Joint Project Leads	Review ISSAIs for greater clarity and easy understanding to support SAIs in delivering high-quality audits

Peer Support

We give peer support to the National Audit Chamber of South Sudan in Audit, Information Technology, and Human Resource. Similarly, we support our colleagues at The National Audit Office of The Gambia in Communication and Stakeholder Management in cooperation with IDI, AFROSAI-E and the Supreme Audit Institution of Norway.

Our audit team is also engaged in peer support programme in The Gambia in a partnership supported by AFROSAI-E.

We also participate in Quality Peer Reviews of Supreme Audit Institutions (SAIs) in the Region.

Resource Persons

We value knowledge and experience sharing within the global public sector auditing community. Our pool of resource persons in Financial and Performance Audits, Communication, Human Resource, Monitoring and Evaluation continue to share their experiences in various AFROSAI-E and IDI programmes meant to support and build capacity for various SAIs.

International Cooperation

We derive value in working with partners to transform the lives and livelihoods of the citizens. Cooperation with partners therefore play a significant role in this mission and we are acknowledged to be part of such cooperation agreements.

Our partnership with the Swedish National Audit Office (Riksrevisionen), under the East African Regional Cooperation, has registered significant milestones in the areas

of Parliamentary Liaison, Quality Assurance, Communication, Performance Audit, and Information Systems and Data Science. The Cooperation brings together the Supreme Audit Institutions of Uganda, United Republic of Tanzania and Rwanda.

In the same spirit, we are working with the National Audit Office of the United Kingdom to build effective relationships with Parliament and measure audit impact for purposes of reporting on our annual performance.

HIGHLIGHTS

Recognition in HR Practices

We were recognised by AFROSAI-E and bestowed the Excellence Award during the 18th AFROSAI-E's Technical Conference on 9 November, 2023. The Award recognised us for excellence in adhering to free and fair internationally recognised recruitment practices. The Award was informed by the OAG's exceptional dedication to advancing its recruitment process.



Professional and Leadership Awards

Our Auditor-General was awarded the Fellowship title by the Institute of Certified Public Accountants of Kenya (ICPAK), for exemplary contribution to the Accounting profession. The Award is the highest recognition for individuals who have made outstanding contributions to the accounting profession.

The Auditor-General was also awarded for being one of the outstanding women in leadership within the public sector in the country. She was recognised and celebrated for her exemplary efforts in enhancing accountability in the use and management of public resources.

The Award is a testament of her dedication to serving citizens in line with the Office's Vision of ***"Making a difference in the lives and livelihoods of Kenyan people"***. The AG received the Award during a special event for *'Celebrating Women in Leadership'* in commemoration of the International Women's Day at the University of Nairobi (UoN), organised by the African Women Studies Centre and the Women's Economic Empowerment (WEE) hub, in collaboration with the UoN.

The occasion honoured and celebrated women who have excelled in leadership roles, acknowledging those who have broken barriers in traditionally male dominated spaces, and provided a platform for mentoring the next generation of women leaders.

Similarly, the Auditor-General, was honoured with the ***Billy Mwencha Award***. The Award was bestowed to her by the Institute of Internal Auditors, and it is given to institutions that

have contributed to the advancement and growth of the Internal Audit Profession in Kenya.

The Award is named in honour of Billy Mwencha, former Chairman of the Board of Institute of Internal Auditors-Kenya, and a driving force behind the development of the Internal Audit profession in Kenya.

Our Contribution to Climate Change

Our Staff are members of the International Organisation of Supreme Audit Institutions (INTOSAI) Executive Group that developed the ClimateScanner Tool. The Group is composed of 18 Supreme Audit Institutions (SAIs) from different regions in the world.

The ClimateScanner Project is a global initiative by Supreme Audit Institutions (SAIs) for rapid assessment of governments' actions to address climate change. The Project aims to achieve the following objectives:

1. Assess national governments' action on climate change;
2. Consolidate data in a global overview showing the areas of strengths and challenges on climate action;
3. Communicate relevant information in an easily understandable manner;
4. Support decision for future audit work by SAIs; and
5. Contribute to INTOSAI's global voice on climate change



The project is being implemented in more than 100 countries across the world. The goal is to present a consolidated report during the 29th Conference of Parties (COP29) in Azerbaijan, highlighting the areas of strengths and challenges on climate action.

Our Membership in Working Groups and Committees

INTOSAI Working Group on Public Debt
INTOSAI Working Group on Environmental Audit
INTOSAI Working Group on Evaluation of Public Policies and Programmes
INTOSAI Working Group of Science and Technology on Auditing
INTOSAI Working Group on IT Audit (WGITA)
INTOSAI Working Group on Extractive Industries (WGEI)
INTOSAI SAI Performance Measurement Fund Advisory Council
INTOSAI Working Group on Stakeholder Engagement
AFROSAI-E Working Group on Information Systems Audit and Management

Our Challenges

In carrying out our role, we face the following operational challenges;

1. Inadequate budgetary allocations and late disbursements



During 2023/2024, the Office was allocated Kshs. 8.1Billion against our requirement of Kshs11.4 Billion, translating to a funding gap of Kshs 3.3Billion. This, together with delays in Exchequer releases affected the implementation of planned activities. We however, continue to seek support from The National Treasury and Parliament for enhanced budgetary allocation.

2. Increase in our audit universe

Our audit universe has been increasing over the years as citizens continue to grow interest in enhancing accountability in the use and management of public resources. The zeal for accountability has resulted to numerous requests for special audits by our stakeholders on topical areas, thereby increasing our scope of work.

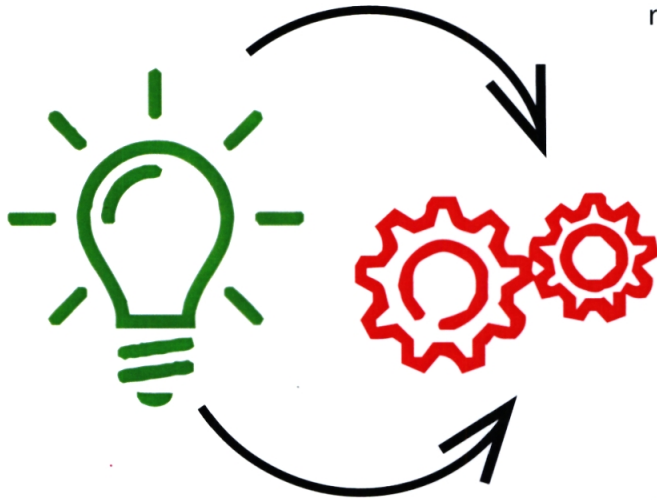


3. Delay by Parliament to discuss Performance Audit Reports



Despite submitting 63 Performance Audit Reports to Parliament since 2012, only one report has been discussed by Parliament. During 2023-2024, we submitted six audit reports to Parliament, none of which have been discussed by Parliament. The reports give recommendations that, if implemented, would address some of the challenges the country experiences. We acknowledge that the Speaker of the National Assembly, aware of the importance of these reports in transforming the lives of Kenyans, communicated to Parliamentary Committees on 13 May 2024 May to prioritise discussion and adoption of performance audit reports for action.

4. Low Implementation of Audit Recommendations



The Office and Parliament makes recommendations to enhance the accountability and effective utilisation of public resources. Unfortunately, these recommendations are not always implemented due to lack of follow-up and enforcement mechanisms.

In line with our Mission of **Audit services that impact on effective and sustainable service delivery**, we have taken proactive measures to develop a framework for tracking, follow-up and reporting on implementation of audit recommendations.

The framework proposes a multi-agency approach to effectively implement the recommendations. Additionally, we have submitted recommendations to Parliament to review the Public Finance Management Act, 2012, to make implementation of audit recommendations mandatory for all public entities and introduce and enforce sanctions to those who fail to comply.

5. Tight Audit Timelines

Our timelines for submission of audit reports to Parliament and County Assemblies are very tight owing to a provision of the Public Finance Management Act, 2012, which gives public entities three (3) months after the end of the financial year to present their financial statements for auditing. This reduces the duration to 3 months from the 6 months constitutional timelines given to the Auditor-General to audit and report.





CHAPTER 5: ASSESSMENT OF OUR OPERATIONS

The Supreme Audit Institutions (SAIs) of the African Organisation of English-speaking Supreme Audit Institutions (AFROSAI-E) annually conduct self assessment using the Institutional Capacity Building Framework (ICBF), a tool that enables SAIs to consider and prioritise their capacity building needs, gaps and challenges.

The ICBF assesses the level of development of SAIs on five domain areas:

- ⦿ **Independence and Legal Framework** - This assesses the operational, financial and administrative independence of the Auditor-General and the staff.
- ⦿ **Organisation and Management** This focuses on the governance and leadership matters as well as operational and strategic planning.

⦿ **Human Resources**- This domain assesses management and development of staff. It covers recruitment, induction, retention, recognition, performance management, training, career development and staff wellness.

⦿ **Audit Standards and Methodology** - This focuses on development, implementation and maintenance of appropriate up-to-date ISSAI compliant audit tools like manuals, guidelines, and templates, in accordance with the SAI's mandate and national legislative requirements.

⦿ **Communication and Stakeholder Management**- This domain focuses on engagement with stakeholders guided by strategies and plans that are aligned with, and in support of the strategic goals and mandate of the SAI.



An assessment questionnaire was administered to assess the levels of development in the five domains. The development levels are graded from Level 1 to 5, with the following explanations:

Level 1

This is the foundation Level. When a SAI scores Level 1, it means the SAI exists but operations are at rudimentary Level. The SAI is part of the executive government structure and not independent in any area. The audit work is not organised according to a strategic, annual operational or audit work plan and the work is not carried out according to the INTOSAI Code of Ethics.

Level 2

This is the development Level. The SAI exists and has some legal provisions for its independence, but this provision is not adequate and the SAI is dependent on the executive for its human and financial resources. The Head of the SAI is appointed by the Executive. Access to information, discretion to select audit topics, freedom to decide on content, timing and publishing of reports can be provided by the legislation, but is not carried out without obstacles. The SAI has no direct access to parliament to submit audit reports. Strategic, annual operational, audit, development and communication plans and the thinking behind these can be under planning or development but are not implemented.

Level 3

This is the established Level. At this Level plans prepared or under development at Level 2 are implemented at Level 3, however improvement in some areas or in the implementation is needed. The SAI has a legislative, administrative/managerial and financial independence. The SAI reports directly to Parliament. The Head of SAI is appointed by and can only be removed by Parliament. Functional strategic and operational plans are implemented as well as important quality control requirements for the SAI as set by the Top Management.

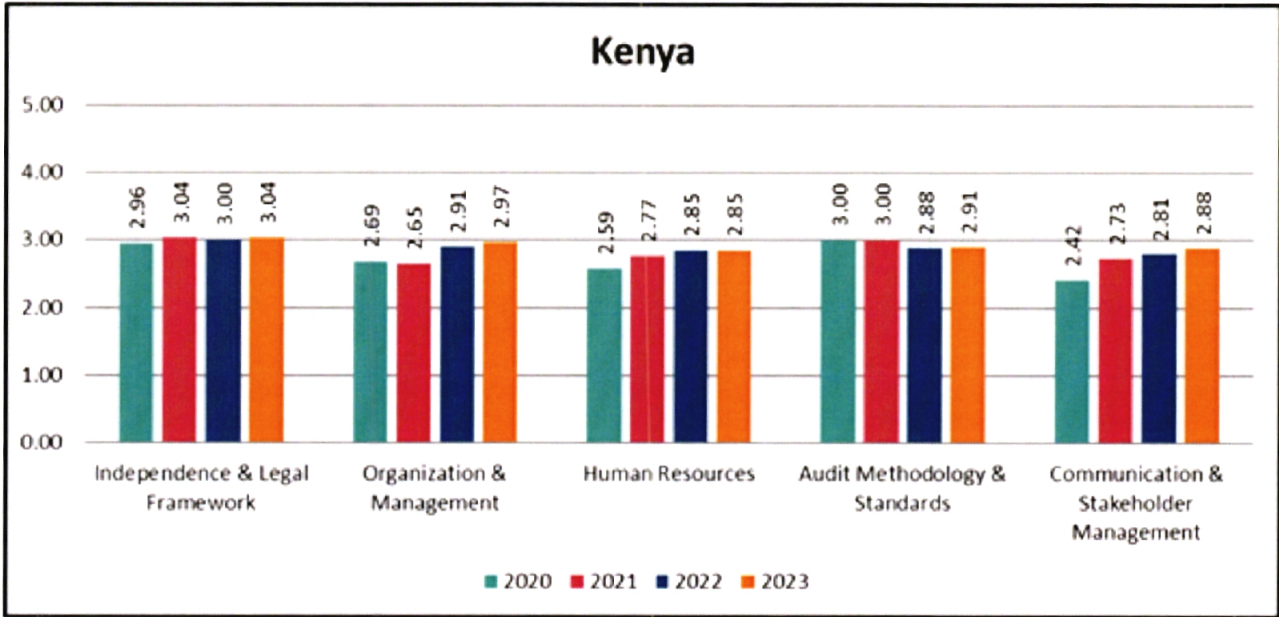
Level 4

This is the managed Level. At this Level full compliance with all requirements on Level 3 is achieved by the SAI. The SAI and the key stakeholders are fully satisfied at Level 4 with the implementation of plans and procedures. In addition to the conditions at level 3, the SAI is capable of managing its core business in the most cost efficient and cost-effective way.

Level 5

This is the optimised Level. The SAI complies fully with all requirements on Level 4. At this Level, the SAI is able to scan the environment and position itself and use the resources in the most proactive and value adding way. To optimise its use of resources the SAI must constantly evaluate, analyse and assess its policies, objectives, strategies, systems, procedures, capacity, the skill of its staff and the impact of its decisions.

In the period ending 31 December 2023, we posted the following scores on the five domain areas indicating slight improvements, as shown in the graph below:



Source: AFROSAI-E





**FORECASTING
FORECASTING**



CHAPTER 6: FUTURE PLANS

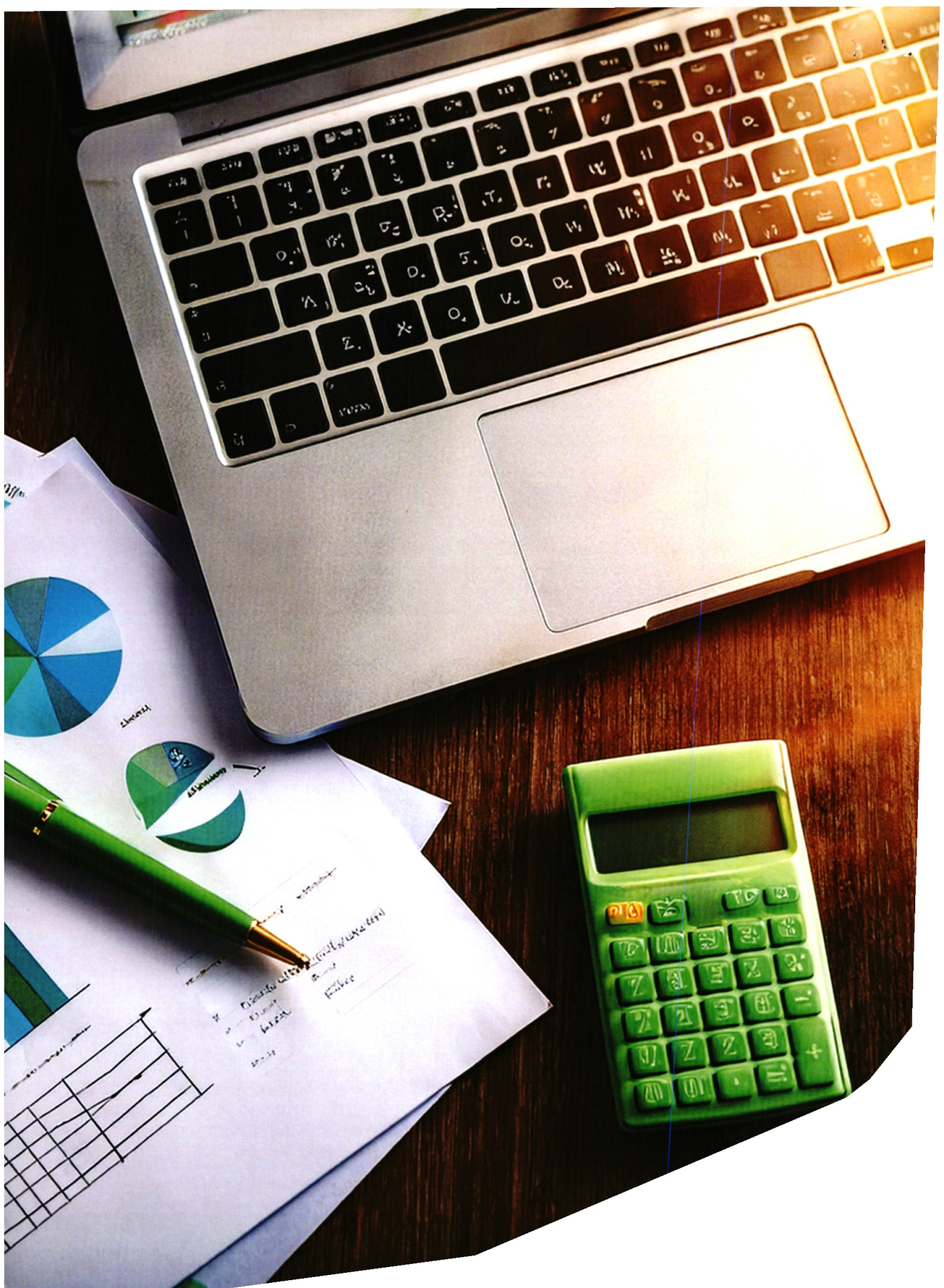
Citizen Accountability Audit Mobile App

The app is meant to compliment other avenues of engaging with citizens for robust and targeted dissemination of results of CAA operations and policies. The portal and the mobile application will improve OAG's visibility and support the institution's outreach to stakeholders and citizens at large. It will also be used as a knowledge and resource sharing platform, cataloguing and disseminating information for the benefit of citizens.

In addition, the Office of the Auditor-General Kenya has been selected by AFROSAI as one the countries in Africa to implement technology-based solutions to engage citizens and obtain feedback. Other Supreme Audit Institutions selected to implement this programme are Botswana, Rwanda and Liberia. This programme is being supported by GIZ South Africa.

Legal Management System

We are developing a Legal Management System that shall address workflow automation, documents management, legal calendaring, case management, contract management and lease management. The system shall improve our efficiency in managing our processes as an Office.



CHAPTER 7: FINANCIAL STATEMENTS

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements to be prepared in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

Attached are the OAG's unaudited financial statements for the period ended June 2024:



OAG UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Statement of Receipts and Payments for the Year ended 30 June 2024

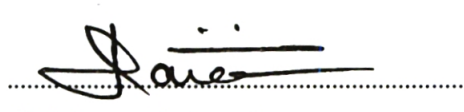
Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Receipts			
Exchequer Releases	1	7,111,663,489	5,803,190,789
Proceeds from Domestic and Foreign Grants	2	4,939,324	10,506,720
Proceeds from Sale of Assets	3	0	2,750,900
Miscellaneous Receipts	4	393,427,750	410,587,383
Total		7,510,030,563	6,227,035,792
Payments			
Compensation of Employees	5	4,799,700,854	4,079,580,151
Use of Goods and Services	6	2,251,088,730	1,905,707,565
Acquisition of Assets	7	334,015,582	176,325,718
Total Payments		7,384,805,166	6,161,613,434
Surplus/(Deficit)		125,225,397	65,422,357

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The entity financial statements were approved on 30 September, 2024 and signed by:



CPA Nancy Gathungu, CBS
Auditor-General



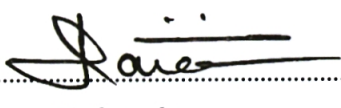
CPA Isaac Ng'ang'a
DAG - Corporate Services

Statement of Financial Assets and Financial Liabilities as at 30 June, 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Financial assets			
Cash and cash equivalents	8		
Bank balances	19A	76,316,460	169,945,258
Cash balances	19B	15,314,171	884,967
Total cash and cash equivalents		91,630,631	170,830,225
Imprests and advances	9	161,467,185	35,228,110
Total financial assets		253,097,816	206,058,336
Financial liabilities			
Third party deposits and retention	10	84,808,929	162,980,061
Net financial assets		168,288,887	43,078,275
Represented by			
Fund balance b/fwd.	11	43,078,275	-3,734,163
Prior year adjustment	12	-14,785	-18,609,920
Surplus/(Deficit) for the year		125,225,397	65,422,357
Net financial position		168,288,887	43,078,274

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30 September, 2024 and signed by:


 CPA Nancy Gathungu, CBS
 Auditor-General

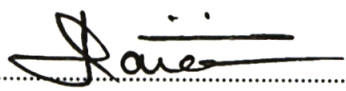

 CPA Isaac Ng'ang'a
 DAG - Corporate Services

Statement of Cash Flows for The Year Ended 30th June 2024

Description	Note	2023-2024 Kshs	2022-2023 Kshs
Operating Activities			
Receipts			
Exchequer releases	1	7,111,663,489	5,803,190,789
Transfers from other government entities	2	4,939,324	4,939,324
Miscellaneous receipts	4	393,427,750	410,587,383
Total Receipts		7,510,030,563	6,224,284,891
Payments			
Compensation of employees	5	4,799,700,854	4,079,580,151
Use of goods and services	6	2,251,088,730	1,905,707,565
Total Payment		7,050,789,584	5,985,287,716
Adjusted For:			
Prior year adjustments	12	(14,785)	(18,609,918)
Decrease/(Increase) in accounts receivable	13	(126,239,075)	(21,132,116)
Increase/(Decrease) in accounts payable	14	(78,171,132)	(212,813,866)
Net Cash Flow from Operating Activities		254,815,987	(13,558,725)
Cash flow From Investing Activities			
Proceeds from sale of assets	6	-	2,750,900
Acquisition of assets	7	(334,015,582)	(176,325,718)
Net Cash Flows from Investing Activities		(334,015,582)	(173,574,818)
Net increase in cash and cash equivalents		(79,199,595)	(187,133,543)
Cash & Cash Equivalent at Start of The Year	19	170,830,225	357,963,770
Cash & Cash Equivalent at End of The Year	19	91,630,630	170,830,227

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30 September 2024 and signed by:


 CPA Nancy Gathungu, CBS
 Auditor-General

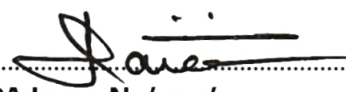

 CPA Isaac Ng'ang'a
 DAG - Corporate Services

Statement of Comparison of Budget and Actual Amounts for FY 2023/2024

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Exchequer releases	7,721,880,000	-20,000,000	7,701,880,000	7,111,663,489	590,216,511	92%
Proceeds from domestic and foreign grants	10,000,000	0	10,000,000	4,939,324	5,060,676	49%
Miscellaneous receipts	257,000,000	150,000,000	407,000,000	393,427,750	13,572,250	97%
Total Receipts	7,988,880,000	370,000,000	8,118,880,000	7,510,030,563	593,849,437	91%
Payments						
Compensation of employees	4,755,980,000	120,000,000	4,875,980,000	4,799,700,854	76,279,146	98%
Use of goods and services	2,657,821,000	23,611,500	2,681,432,600	2,251,088,730	430,343,870	84%
Social security benefits	1,042,100	0	1,042,100	0	1,042,100	0%
Acquisition of assets	574,036,800	-13,611,500	560,425,300	334,015,582	226,409,718	61%
Total Payments	7,988,879,900	130,000,000	8,118,880,000	7,384,805,166	734,074,834	91%
Surplus/ Deficit				125,225,397		

The financial statements were approved on 30 September 2024 and signed by:


 CPA Nancy Gathungu, CBS
 Auditor-General


 CPA Isaac Ng'ang'a
 DAG - Corporate Services

CONTACTS

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Office of the Auditor-General Kenya



Office of the Auditor-General, Kenya



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