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 THE NATIONAL ASSEMBLY	
DATE: 02 JUN 2022	
Day: THURSDAY	
TABLED BY:	HON. EMMANUEL WANJAU (MAJORITY PARTY WHIP)
CLERK-AT-THE-TABLE:	INZOV MWALE



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SUMMARY OF THE REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL GOVERNMENT MINISTRIES, DEPARTMENTS AND AGENCIES FOR THE YEAR 2020/2021

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 Standards of Supreme Audit Institutions (ISSAIs).

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)-Cash Basis, 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 Reporting Structure

The new reporting 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 fiscal indiscipline including misallocations, wastage of resources and lack of value for money in implementation of 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 Government.

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 %
2016/2017	8.253	4.428	3.825	4.311	97
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

OAG Budget Requirement Versus Budget Allocation

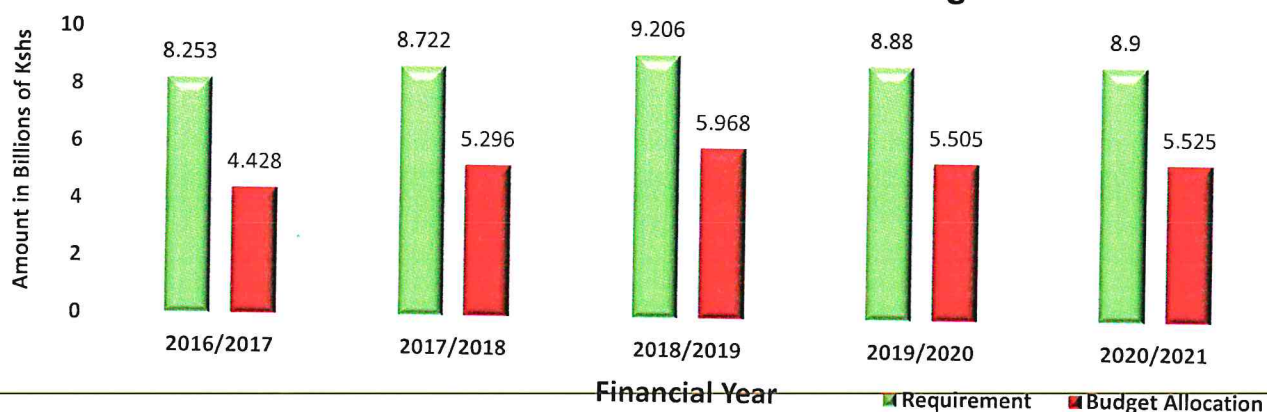
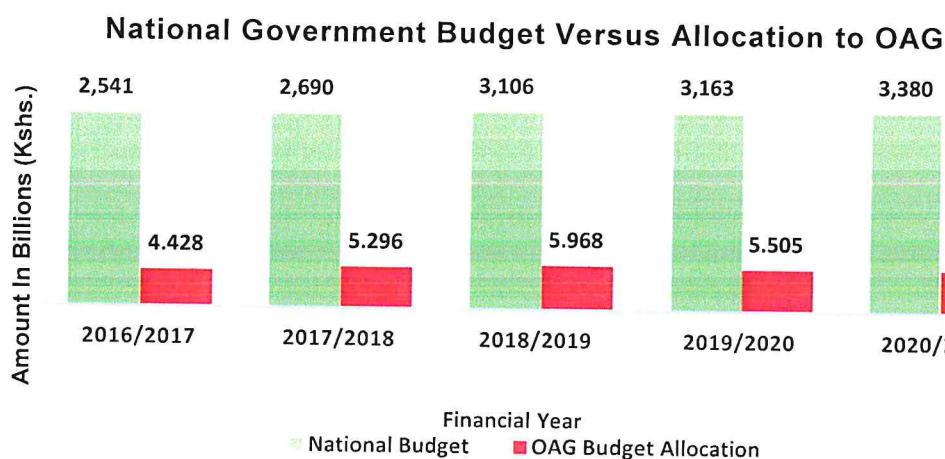


Table 2: National Government Budget Versus Allocation to OAG

Financial Year	National Budget Kshs. (Billions)	OAG Budget Allocation Kshs. (Billions)	% of Allocation to National Budget
2016/2017	2,541	4.428	0.17%
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%



The Office, if adequately resourced, 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.

2.0 Key Audit Findings

The sections below highlight key audit findings from the audit of the financial statements for the year ended 30 June, 2021.

2.1 Government Budgetary and Expenditure Review

2.1.1 Budget Review

Review of the Government's budget and expenditures for the year 2020/2021 revealed the following observations: -

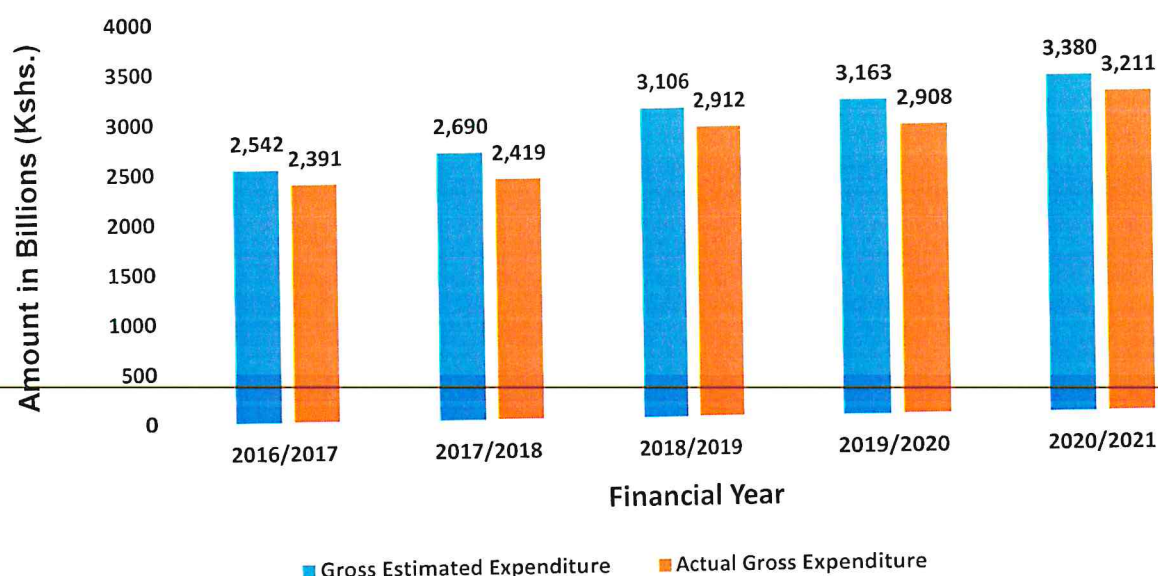
2.1.2 Budget Trend Analysis

The gross estimated Government expenditure has increased over the last five years from Kshs.2,541,568,251,270 in the year 2016/2017 to Kshs.3,379,902,931,417 in the year 2020/2021 representing an increase of Kshs.838,334,680,147 or approximately 33% over the five-year period. Similarly, the actual gross expenditure has increased over the last five years from Kshs.2,390,531,985,901 in the year 2016/2017 to Kshs.3,211,490,363,999 in the year 2020/2021 representing an increase of Kshs.820,958,378,098 or approximately 34% over the period. This indicates that the scope of my audit has also increased considerably over the last five years. The tabulation below depicts this trend:

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

Year	Gross Estimated Expenditure	Actual Gross Expenditure	Under-Absorption	Under-Absorption
	(Kshs.)	(Kshs.)	(Kshs.)	%
2016/2017	2,541,568,251,270	2,390,531,985,901	151,036,265,369	6%
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%

Budget Trend Analysis



The above analysis indicates that the under-absorption of the budget has been on average at 7% of the gross estimated expenditure in the last five (5) years. The under-absorption 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, thereby leading to over estimations.

2.1.3 Budget for 2020/2021

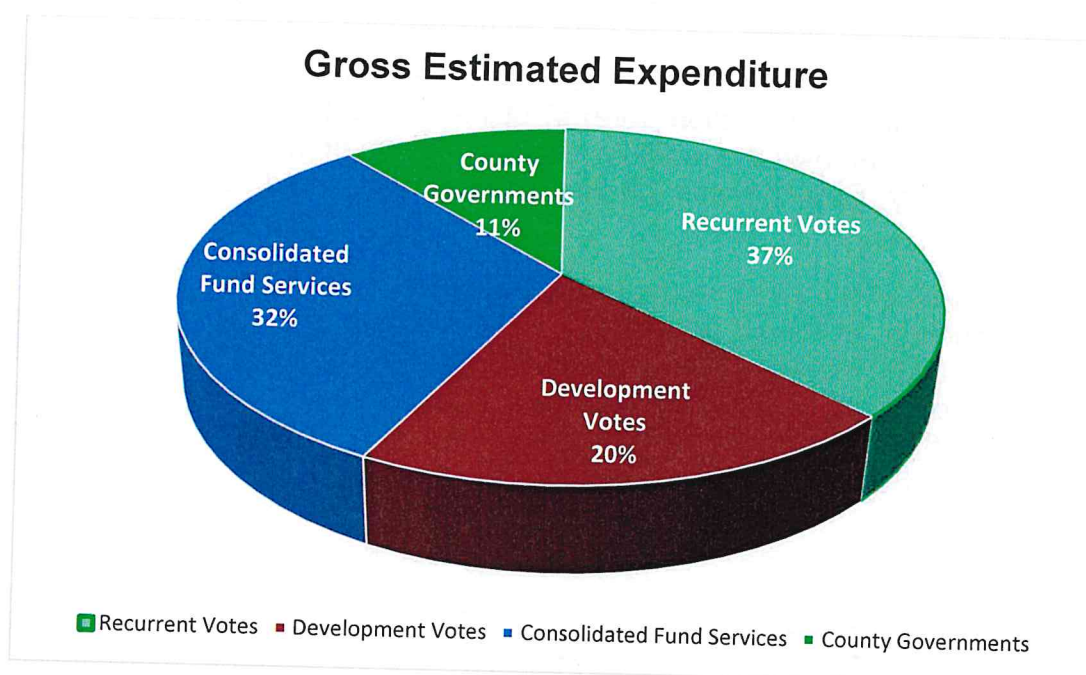
In 2020/2021, the Approved Estimated Gross Expenditure was Kshs.3,379,902,931,417 while approved Appropriations-In-Aid (AIA) was Kshs.432,773,072,565 resulting in Net Approved Expenditure of Kshs.2,947,129,858,852 as tabulated below:

Table 4: Government Gross Expenditure

Description	Gross Estimated Expenditure (Kshs.)	A-I-A (Kshs.)	Approved Net Expenditure (Kshs.)	% of Gross Estimated Expenditure to Grand Total Expenditure
Recurrent Votes	1,253,208,020,217	167,695,732,866	1,085,512,287,351	37%
Development Votes	673,915,562,016	265,077,339,699	408,838,222,317	20%
Consolidated Fund Services	1,070,176,609,500	0	1,070,176,609,500	32%

Description	Gross Estimated Expenditure (Kshs.)	A-I-A (Kshs.)	Approved Net Expenditure (Kshs.)	% of Gross Estimated Expenditure to Grand Total Expenditure
Sub-Total for National Government	2,997,300,191,733	432,773,072,565	2,564,527,119,168	89%
County Governments	382,602,739,684	0	382,602,739,684	11%
Grand Total Expenditure	3,379,902,931,417	432,773,072,565	2,947,129,858,852	100%

As shown above, 37% of the gross estimated expenditure was budgeted for meeting the National Government's recurrent expenditure and 20% for development expenditure. Consolidated Fund Services, including repayments of Public Debt accounted for an additional 32%, while County Governments estimated expenditure accounted for 11% of the gross estimated expenditure.



The County Governments allocation of Kshs.382,602,739,684 for the year 2020/2021 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, 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 2020/2021 Net Actual Expenditure for the National Government

2.2.1 The financial statements for the year 2020/2021 for the National Government show total actual expenditure of Kshs.2,831,978,180,561 which comprised of Kshs.1,221,562,947,443 or 43% for Recurrent Votes, Kshs.612,386,526,166 or 22% for Development Votes and Kshs.998,028,706,951 or 35% for Consolidated Fund Services respectively, as shown below:

Table 5: Actual Expenditure - National Government

Votes	2020/2021 Actual Expenditure (Kshs.)	% of Actual Expenditure to Total Expenditure
Recurrent Votes	1,221,562,947,443	43%
Development Votes	612,386,526,166	22%
Consolidated Fund Services	998,028,706,951	35%
Total	2,831,978,180,561	100%

2.2.2 During the year under review, development expenditure accounted for 22% of the total expenditure 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 budget shall be allocated to the development expenditure.

2.2.3 A comparison of the gross estimated expenditure of Kshs.2,997,300,191,733 with the actual expenditure of Kshs.2,831,978,180,561 results in a gross under-expenditure of Kshs.165,322,011,173. The under-expenditure of Kshs.165,322,011,173 comprised under-expenditure of Kshs.31,645,072,774 under Recurrent Votes, Kshs.61,529,035,850 under Development Votes and Kshs.72,147,902,549 for Consolidated Fund Services as shown below:

Table 6: Extent of Under-Expenditure – National Government MDA's

Votes	Gross Estimated Expenditure 2020/2021 (Kshs.)	Actual Expenditure 2020/2021 (Kshs.)	Under Expenditure (Kshs.)	Under Expenditure %
Recurrent Votes	1,253,208,020,217	1,221,562,947,443	31,645,072,774	3%
Development Votes	673,915,562,016	612,386,526,166	61,529,035,850	9%
Consolidated Fund Services	1,070,176,609,500	998,028,706,951	72,147,902,549	7%
Total	2,997,300,191,733	2,831,978,180,561	165,322,011,173	6%

2.2.4 The under-expenditure of Kshs.31,645,072,774 and Kshs.61,529,035,850 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 (MDA's), delayed disbursement of donor funds and effects of Covid-19 pandemic and the resultant restrictions which hampered implementation of various programmes that had been budgeted for. Detailed analysis of the under-expenditure is provided in the respective MDA's financial statements for the year 2020/2021.

Low absorption of the development budget will affect the rate of development and sustainability of services in the country while low absorption of the recurrent expenditure implies that citizens are denied 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.

2.3 Revenue Analysis

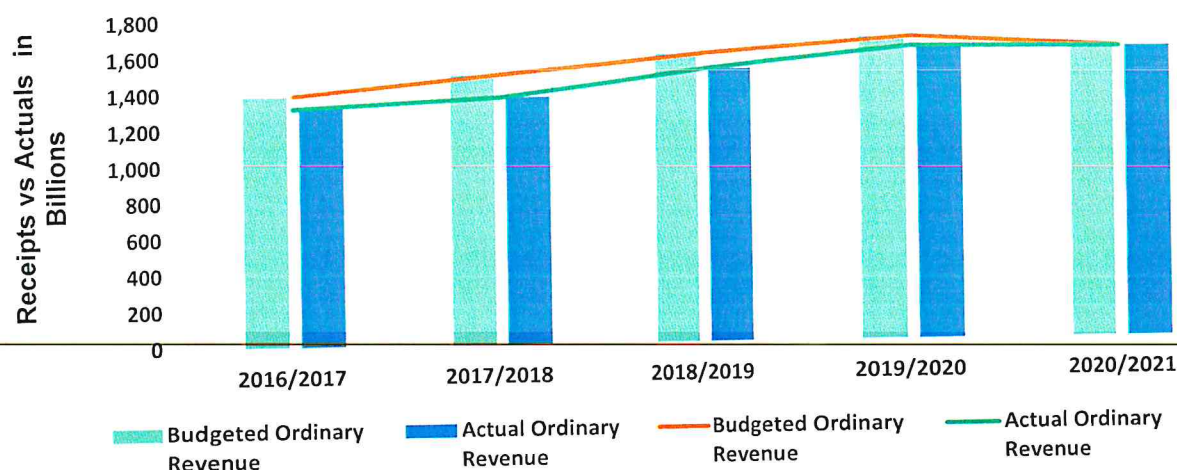
2.3.1 Estimated Receipts Versus Actual Receipts of Ordinary Revenue

The estimated receipts from tax and non-tax receipts (ordinary revenue) increased over the last five years from Kshs.1,387,966,307,421 in the year 2016/2017 to Kshs.1,601,597,982,154 in the year 2020/2021. This is an increase of Kshs.213,631,674,733, approximately 15% over the five-year period. Similarly, the actual receipts from tax and non-tax receipts increased over the same period from Kshs.1,319,297,139,846 in the year 2016/2017 to Kshs.1,601,016,386,868 in the year 2020/2021 representing an increase of Kshs.281,719,247,022 or approximately 21% over the five-year period as tabulated below:

Table 7: Estimated Revenue Versus Actual Receipts

Year	Budgeted Ordinary Revenue (Tax & Non-Tax Receipts) (Kshs.)	Actual Ordinary Revenue (Tax & Non-Tax Receipts) (Kshs.)	Revenue Surplus/ (Shortfall) (Kshs.)	Surplus/(Shortfall) %
2016/2017	1,387,966,307,421	1,319,297,139,846	(68,669,167,575)	(4.9%)
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%)

Estimated Receipts Versus Actual Receipts of Ordinary Revenue



The revenue shortfall may be a critical contributor to delayed Exchequer releases and under absorption of the budget. 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 Revenue Authority (KRA). This will ensure more realistic and effective forecasts of revenue and cash flows.

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 2016/2017 to 2020/2021. 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 & Non-Tax Receipts) (Kshs.)	Gross Estimated Expenditure (Kshs.)	% of Estimated Ordinary Revenue to Gross Estimated Expenditure
2016/2017	1,387,966,307,421	2,541,568,251,270	55%
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%

Table 9: Actual Revenue Versus Actual Gross Expenditure

Year	Actual Ordinary Revenue/ (Tax & Non-Tax Receipts) (Kshs.)	Actual Gross Expenditure (Kshs.)	% of Actual Ordinary Revenue to Actual Gross Expenditure
2016/2017	1,319,297,139,846	2,390,531,985,901	55%
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%

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.

2.3.3 Actual Revenue as per Audited Revenue Statements

During the 2020/2021 financial year, total revenue recorded under various revenue statements as received by the National Government amounted to Kshs.1,713,642,981,513 representing a decrease of Kshs.17,349,712,351 or about 1% when compared to actual collections of Kshs.1,730,992,693,864 realized in the year 2019/2020 as tabulated below:

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

Details	2020/2021 Actual Receipts (Kshs.)	2019/2020 Actual Receipts (Kshs.)	Increase/ (Decrease) (Kshs.)	Increase/ (Decrease) %
Recurrent Revenue	1,626,801,249,470	1,673,714,909,446	(46,913,659,976)	(3%)
Development Revenue	86,841,732,043	57,277,784,418	29,563,947,625	52%
Total	1,713,642,981,513	1,730,992,693,864	(17,349,712,351)	(1%)

The total revenue of Kshs.1,713,642,981,513 for the year 2020/2021 comprised of Kshs.1,626,801,249,470 and Kshs.86,841,732,043 relating to Recurrent (ordinary revenue) and Development revenue respectively. However, the actual ordinary revenue (tax and non-tax income receipts) of Kshs.1,626,801,249,470 reported in the audited revenue statements during the year differs by Kshs.25,784,862,602 with the ordinary revenue receipts of Kshs.1,601,016,386,868 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 over-collection of Kshs.25,203,267,316 while there was a shortfall of Development Revenue collected of Kshs.17,778,436,853 or 17% as tabulated below:

Table 11: Shortfall in Receipts

Details	Estimated Receipts (Kshs.)	Actual Receipts (Kshs.)	Revenue Over Collection/(Shortfall) (Kshs.)	% Over Collection/(Shortfall)
Recurrent Revenue	1,601,597,982,154	1,626,801,249,470	25,203,267,316	2%
Development Revenue	104,620,168,896	86,841,732,043	(17,778,436,853)	(17%)
Total	1,706,218,151,050	1,713,642,981,513	7,424,830,463	

2.4 The National Exchequer Account as at 30 June, 2021

2.4.1 The Statement of Receipts and Payments for the National Exchequer Account for the year ended 30 June, 2021 reflects an overall net deficit of Kshs.26,748,618,717 compared to a net deficit of Kshs.50,839,562,497 as at 30 June, 2020. However, after taking into consideration the Exchequer balance of Kshs.48,028,919,425 brought forward from 2019/2020, the result is an overall net surplus of Kshs.21,280,300,708 as at 30 June, 2021 as follows:

	2020/2021 (Kshs.)	2019/2020 (Kshs.)
Total Receipts	2,768,744,278,321	2,479,088,379,057
Total Issues	<u>2,795,492,897,038</u>	<u>2,529,927,941,554</u>
Surplus/(Deficit) for the Year	(26,748,618,717)	(50,839,562,497)
Exchequer Balance Brought Forward	<u>48,028,919,425</u>	<u>98,868,481,922</u>
Exchequer Balance as at 30 June	<u>21,280,300,708</u>	<u>48,028,919,425</u>

2.4.2 The Exchequer balance of Kshs.21,280,300,708 as at 30 June, 2021 is arrived as follows:

	Amount (Kshs.)
Exchequer Bank Balance as at 30 June, 2021	5,331,253,669
Add: Revenue in transit	160,643,198,918
Less: Uncleared items (Exchequer disbursements between 1 July, 2021 and 8 July, 2021)	<u>(165,455,973,366)</u>
Exchequer Cash Book balance as at 30 June, 2021	518,479,221

Add: Sovereign Bond Account balance as at 30 June, 2021

20,761,821,487

Total Balance as at 30 June, 2021

21,280,300,708

2.4.3 As indicated above, Exchequer issues totalling Kshs.165,455,973,366 comprising of Kshs.66,370,638,321, Kshs.48,868,764,740, Kshs.33,875,358,775, Kshs.15,973,626,829 and Kshs.367,584,701 for Recurrent Votes, Development Votes, County Governments, Pensions and Gratuities, and Public Debt respectively, were disbursed by The National Treasury between 1 July, 2021 and 8 July, 2021. Although Management explained that the amount represented receipts of proceeds from Sovereign Bond and International Monetary Fund (IMF) and that approval was given by the Office of the Controller of Budget, 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 in their financial statements.

2.4.4 Receipts of Kshs.2,768,744,278,321 into the National Exchequer Account during the year 2020/2021 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</u> <u>(Kshs.)</u>	<u>Total</u> <u>(Kshs.)</u>
a)	Ordinary Revenue		
	Tax Income	1,487,520,219,390	
	Non-Tax Income (Profits and Dividends, Immigration Visas, Fines, Penalties & Forfeitures, Miscellaneous Revenue, etc.)	<u>113,496,167,478</u>	1,601,016,386,868
b)	(i) Loans and Grants		
	External Grants	20,084,297,549	
	External Loans	<u>357,065,670,218</u>	377,149,967,767
	(ii) Domestic Borrowing		
	Treasury Bills (Net)	-	
	Treasury Bonds	<u>790,577,923,686</u>	<u>790,577,923,686</u>
	Total Receipts		<u>2,768,744,278,321</u>

2.4.5 Issues from the National Exchequer Account during the year amounted to Kshs.2,795,492,897,038 and comprised of Exchequer transfers of Kshs.1,067,686,519,134, Kshs.372,485,625,698, Kshs.975,808,568,769 and

Kshs.379,512,183,437 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.151,636,961,812 as tabulated below:

Table 12: Underfunding of Approved Expenditure

Details	Approved Net Expenditure (Kshs.)	Actual Issues (Kshs.)	Under Funding (Kshs.)	% Variance
Recurrent Votes	1,085,512,287,351	1,067,686,519,134	17,825,768,217	2%
Development Votes	408,838,222,317	372,485,625,698	36,352,596,619	9%
Consolidated Fund Services	1,070,176,609,500	975,808,568,769	94,368,040,731	9%
County Governments	382,602,739,684	379,512,183,437	3,090,556,245	1%
Grand Total	2,947,129,858,852	2,795,492,897,038	151,636,961,814	5%

The underfunding of the development budget by 9% was attributed to constraints in revenue collection mostly due to the effects of COVID-19 pandemic and delayed disbursement of donor funds. Under funding 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).

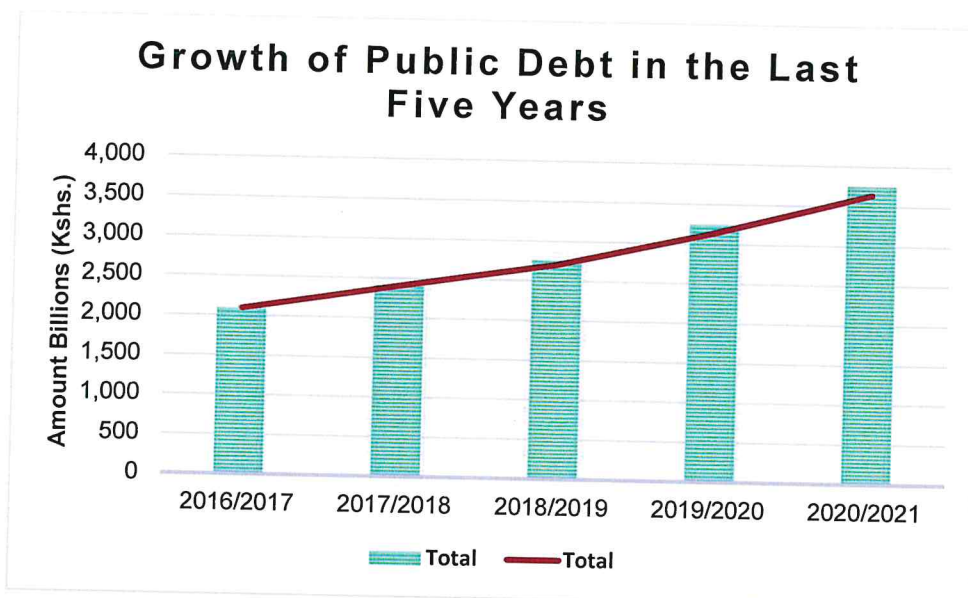
2.5 Management of Public Debt – Kshs.7,545,923,130,128

2.5.1 The outstanding amount of public debt has increased over the years from Kshs.4,168,943,902,577 reported in the year 2016/2017 to Kshs.7,545,923,130,128 reported in the year 2020/2021. This represents an increase of Kshs.3,376,979,227,551 or approximately 81% over the five (5) year period as tabulated below:

Table 13: Growth of Public Debt in the last Five Years

Financial Year	External Debt (Kshs.)	Internal Debt (Kshs.)	Guaranteed Loans (Kshs.)	Total Debt (Kshs.)
2016/2017	2,083,279,300,924	2,085,664,601,653	-	4,168,943,902,577
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

The findings are graphically presented in the chart below:



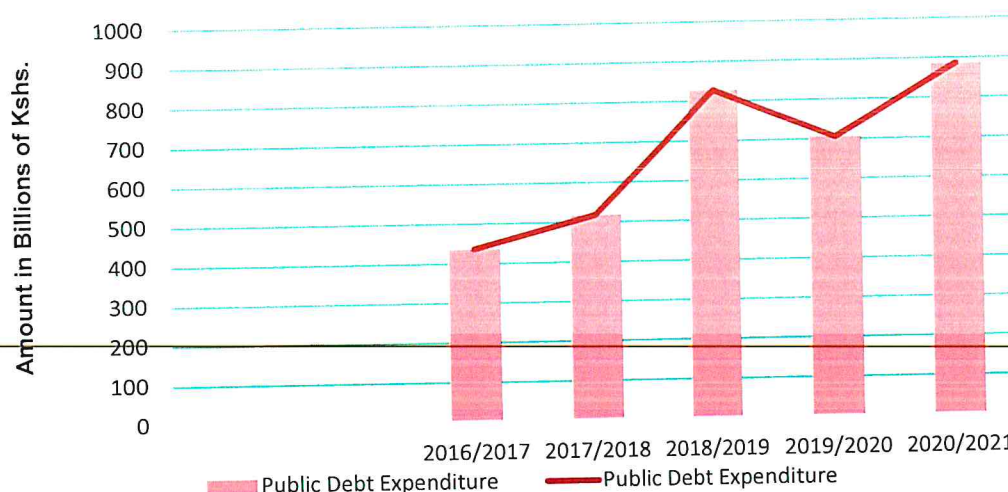
2.5.2 The outstanding amount of public debt of Kshs.7,545,923,130,128 represents 84% of the maximum ceiling of Kshs.9,000,000,000,000 approved by Parliament through Legal Notice No.155 of 26 September, 2019 which provides that the national public debt shall not exceed nine trillion shillings. However, the outstanding public debt of Kshs.7,545,923,130,128 does not include pending bills amounting to Kshs.108,136,925,853 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.

2.5.3 Further, the expenditure on public debt has increased from Kshs.435,717,114,376 reported in 2016/2017 to Kshs.884,919,345,869 incurred in 2020/2021 financial year denoting an increase of Kshs.449,202,231,493 or 103% over the five (5) years period as shown below:

Table 14: Public Debt Expenditure

Financial Year	Public Debt Expenditure (Kshs.)	% Increase Per Year
2016/2017	435,717,114,376	-
2017/2018	516,935,293,342	19%
2018/2019	827,036,163,185	60%
2019/2020	704,789,802,097	(15%)
2020/2021	884,919,345,869	26%

Public Debt Expenditure for 2016/2017 to 2020/2021 Financial Years



2.5.4 Consolidated Fund Services total expenditure of Kshs.998,028,706,951 comprised Kshs.884,919,345,869 or 88.67% for Public Debt, Kshs.110,480,560,178 or 11.07% for Pension and Gratuities, Kshs.2,628,800,904 or 0.26% for Salaries, Allowances and Miscellaneous Services, and a Nil expenditure for Subscriptions to International Organizations as tabulated below:

Table 15: Consolidated Fund Services Expenditure

Details	Estimated Expenditure (Kshs.)	Actual Expenditure (Kshs.)	% of Actual Expenditure on Total CFS Actual Expenditure
Public Debt	954,866,219,490	884,919,345,869	88.67%
Pension and Gratuities	111,142,481,232	110,480,560,178	11.07%
Salaries, Allowances and Miscellaneous Services	4,167,408,778	2,628,800,904	0.26%
Subscriptions to International Organisations	500,000	0	0.00%
Total	1,070,176,609,500	998,028,706,951	100.00%

2.5.5 Further, I have raised various issues pertaining to the public debt. For the year 2020/2021, the issues include;

- Payment of commitment fees amounting to Kshs.2,063,104,537 on undrawn amounts in respect of loans signed between the Government of Kenya and foreign lenders for the loans that had not been drawn. Had the implementing Agencies put proper mechanisms in place 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.7,545,923,130,128 as at 30 June, 2021 does not include loans and overdrafts, if any, held by other National and County Governments entities. The National Treasury indicated that it did not guarantee any loan by State Agencies and there were no borrowings by the County Governments 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 is obliged to bail out any amount that could be defaulted by the County Governments and State Agencies using public resources.
- iii. The Government defaulted on servicing an amount of Kshs.5,108,764,705 in respect of three (3) loans advanced by an international commercial bank towards the construction of Arror Dam (Kshs.790,661,549), Itare Dam (Kshs.3,057,668,414) and Kimwarer Dam (Kshs.1,260,434,742). Default on debt repayment exposes the Government to risks of legal suits that may lead to punitive penalties and subsequent loss of public resources.

2.5.6 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 absorption for public debt indicates an under absorption of Kshs.69,946,873,621 from the budgeted amount of Kshs.954,866,219,490 and the actual amount of Kshs.884,919,345,869. This is an indication that borrowing costs are being incurred without concurrent development as the borrowed funds are not fully absorbed.

2.6 Non-Performing or Dormant Loans - Kshs.218,811,487,711

2.6.1 The statement of outstanding loans as at 30 June, 2021 reflects a net balance of Kshs.921,930,325,958 which represents an increase of Kshs.54,924,664,686 or approximately 6% of the total outstanding loan balance of Kshs.867,005,661,272 reported as at 30 June, 2020. The balance of Kshs.921,930,325,958 includes new loans issued in 2019/2020 totalling Kshs.47,662,524,966. However, entities with a total loan balance amounting to Kshs.801,382,820,943 reflected in the statement, differed with the loan balance of Kshs.468,063,607,436 independently confirmed from the entities. Further, debtors with outstanding balances amounting to Kshs.116,884,137,600 did not confirm their loan balances as at 30 June, 2021. It was 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.

2.6.2 In addition, and as was reported during the 2019/2020 financial year, the total outstanding loans balance of Kshs.921,930,325,958 reflected in the financial statements

for the year ended 30 June, 2021 includes loans amounting to Kshs.218,811,487,711 which fell due for redemption at diverse dates over the years but were not repaid. During the year under review, the affected institutions did not make any repayment against their respective due loan balances as shown below:

Table 16: Non-Performing Loans Issued to Local Entities

No.	Institution	Balance as at 30 June, 2019 (Kshs.)	Remarks
1.	Kenya Railways Corporation	179,042,472,762	Facing financial challenges
2.	Kenyatta University	10,857,620,656	Facing financial challenges
3.	Tanathi Water Services Board	9,713,565,506	Facing financial challenges
4.	Tana Water Services Board	7,543,116,143	Facing financial challenges
5.	Mumias Sugar Company Limited	3,000,000,000	Facing financial challenges
6.	National Water Conservation and Pipeline Corporation	2,460,874,897	Awaiting transfer of the loan to Water Boards
7.	National Irrigation Board	2,262,036,544	Company has requested for conversion to grant
8.	Water Resource Management	1,397,341,243	Company is unable to pay
9.	Uchumi Supermarkets Limited	1,200,000,000	Under Receivership
10.	Kenya Meat Commission	940,241,100	Facing financial challenges/Under new Management
11.	East African Sugar Industries Limited, Muhoroni	177,123,100	Under Receivership
12.	Miwani Sugar Mills Limited	78,088,180	Under Receivership
13.	Kenya Tourist Development Corporation	48,000,000	Not indicated
14.	Kenya Urban Transport - Various Towns	40,706,140	Loans issued under the defunct Local Authorities
15.	Halal Meat Products	27,701,420	Court ruled that the Company had no debt
16.	Miwani Sugar Company (1989) Ltd	16,000,020	Facing financial challenges
17.	Miwani Outgrowers Mills Limited	6,600,000	Company is dormant
	Total	218,811,487,711	

It is 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, 2021 reflects an outstanding balance of Kshs.152,317,825 being Capital and Interest owed by Cereals and Sugar Finance Company. However, the balance was not supported by any verifiable records and documents based on which I issued a Disclaimer of Opinion. Further, the Consolidated National Government Investment Report for the year 2020/2021, 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.157,220,000,000 as at 30 June, 2021. 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.157,220,000,000 reported in the Consolidated National Government Investment Report as detailed below:

Table 17: Outstanding Obligations Guaranteed by GOK

Agency	Outstanding Government Guaranteed Debt as at 30 June, 2021 (Kshs.)
Kenya Electricity Generating Company PLC	26,577,000,000
Kenya Ports Authority	37,901,000,000
Kenya Power and Lighting Company	11,779,000,000
Kenya Airways	80,963,000,000
Total	157,220,000,000

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, 2021 contrary to Sections 81(1) and 81(2) (c) of the Public Finance Management Act, 2012. It is only The National Treasury which 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.

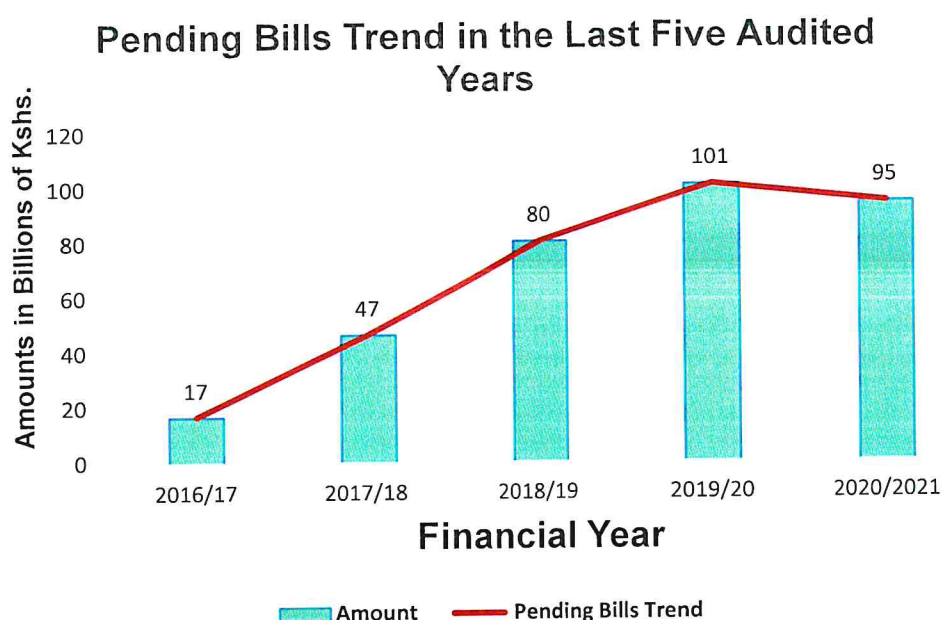
2.7.3 Consequently, the total amount of outstanding obligations guaranteed by the Government of Kenya reflected in the statement submitted for audit by The National Treasury is understated by Kshs.157,220,000,000. Lack of preparation of respective statements is not only a breach of the Public Finance 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.108,136,925,853 were not settled but were instead carried forward to the 2021/2022 financial year. The pending bills balance comprise of Kshs.72,315,870,508 and Kshs.35,821,055,347 reported under Ministries, Department and Agencies (MDAs) and Donor Funded Projects respectively, as detailed below:

3.1 Pending Bills - Ministries, Department and Agencies - Kshs.72,315,870,508

~~3.1.1~~ The reported pending bills for Ministries, Department and Agencies (MDAs) for the year ended 30 June, 2021 decreased to Kshs.72,315,870,508 from the previous years' reported amount of Kshs.101,109,118,284, denoting a decrease of 6.5%. The amount of pending bills reported in the last five (5) years stood at Kshs.94,530,346,896 in 2020/2021; 2019/2020 - Kshs.101,109,118,284; 2018/2019 - Kshs.80,477,945,730; 2017/2018 - Kshs.46,529,173,323; and 2016/2017 - Kshs.16,712,379,101. 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 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 minimize the occurrence of pending bills.

3.1.5 The Government entities which reported unpaid bills as at 30 June, 2021 are listed in the table below:

Table 18: Ministries, Department and Agencies (MDA's) Pending Bills 2020/2021

No.	Vote	Ministry/Department/Agency	Pending Bill Amount in (Kshs.)
1.	1081	Ministry of Health	41,789,113,924
2.	1169	State Department for Crop Development and Agricultural Research	10,782,845,180
3.	1011	The Executive Office of the President	5,349,989,714
4.	1222	State Department for Regional and Northern Corridor Development	2,448,920,483
5.	2031	Independent Electoral and Boundaries Commission	2,299,626,000
6.	1021	State Department for Interior and Citizen Services	1,989,542,041
7.	1261	The Judiciary	1,678,137,276
8.	1123	State Department for Broadcasting and Telecommunications	873,106,334

No.	Vote	Ministry/Department/Agency	Pending Bill Amount in (Kshs.)
9.	1095	State Department for Public Works	830,444,586
10.	1108	Ministry of Environment and Forestry	754,319,373
11.	2021	National Land Commission	588,936,595
12.	1032	State Department for Devolution	385,782,680
13.	2043	Parliamentary Joint Services	357,688,738
14.	1162	State Department for Livestock	341,516,639
15.	1052	Ministry of Foreign Affairs	264,979,240
16.	1166	State Department for Fisheries, Aquaculture and the Blue Economy	252,422,165
17.	1213	State Department for Public Service	231,416,395
18.	1175	State Department for Industrialization	120,698,294
19.	1193	State Department for Petroleum	115,724,246
20.	1252	State Law Office and Department of Justice	106,678,629
21.	2041	Parliamentary Service Commission	82,653,588
22.	1184	State Department for Labour	81,872,393
23.	2042	National Assembly	80,008,601
24.	1109	Ministry of Water, Sanitation and Irrigation	78,530,845
25.	1134	State Department for Culture and Heritage	74,437,396
26.	1192	State Department for Mining	65,784,775
27.	1092	State Department for Transport	55,873,513
28.	1185	State Department for Social Protection	42,300,409
29.	1035	State Department for Development of the Arid and Semi-Arid Lands (ASALS)	34,253,871
30.	1122	State Department for Information, Communication Technology and Innovation	28,559,663
31.	1072	State Department for Planning	28,062,845
32.	1214	State Department for Youth Affairs	21,737,242
33.	1212	State Department for Gender	18,936,066
34.	2051	Judicial Service Commission	18,656,969
35.	1221	State Department for East African Community	13,002,057
36.	1093	State Department for Shipping and Maritime	8,666,783
37.	2011	Kenya National Commission on Human Rights	8,257,097

No.	Vote	Ministry/Department/Agency	Pending Bill Amount in (Kshs.)
38.	1066	State Department for Early Learning and Basic Education	6,313,285
39.	2131	The Commission on Administrative Justice	2,545,903
40.	1291	Office of the Director of Public Prosecutions	1,495,850
41.	1068	State Department for Post Training and Skills Development	1,070,500
42.	2141	National Gender and Equality Commission	962,325
		Total	72,315,870,508

3.2 Pending Bills - Donor Funded Projects – Kshs.35,821,055,347

Similarly, pending bills amounting to Kshs.35,821,055,347 reported under Donor Funded Projects were not settled during the year but were carried forward to the 2021/2022 financial year as detailed in **Appendix E**.

4.0 Summary of Audit Observations

4.1 Overall Summary of Audit Opinions

During the year under review, a total of three hundred and two (302) National Government financial statements in respect of Ministries, Department and Agencies (MDAs), Revenue Statements, Donor Funded Projects, and Other unique clients such as Public Debt, National Exchequer Account, Public Trustee, Business Registration Service and Subscriptions to International Organizations among others were examined and audit opinions issued as summarized below:

Table 19: Audit Opinions on National Government Entities Excluding National Funds

No.	Client Type	Type of Opinion Issued				
		Unmodified	Qualified	Adverse	Disclaimer	Total
1.	MDAs - Voted Entities	32	38	1	-	71
2.	Revenue Statements	7	5	1	-	13
3.	Donor Funded Projects	146	64	1	1	212
4.	Others	3	2	-	1	6
	Total	188	109	3	2	302

The tabulation above indicates that one hundred and eighty-eight (188) financial statements had an unmodified opinion; one hundred and nine (109) 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 will be reported on separately.

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

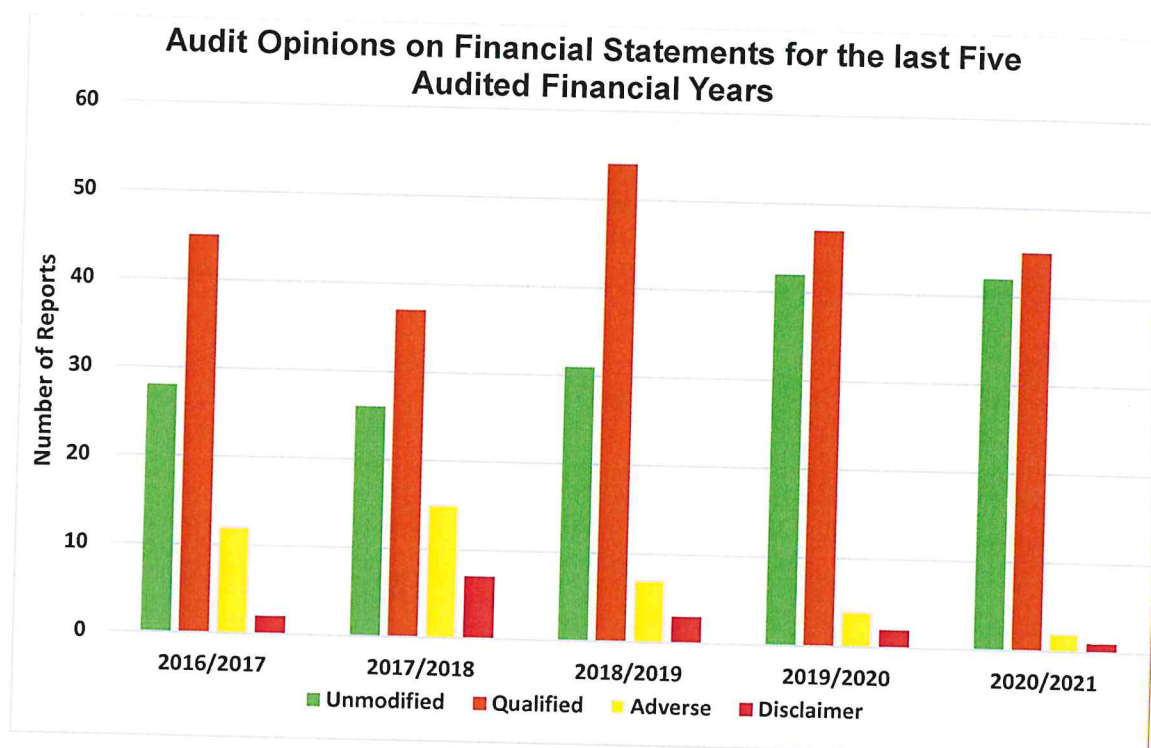
4.2.1 A total of ninety (90) National Government financial statements, excluding Donor Funded Projects and National Funds, were examined during the year ended 30 June, 2021. The tabulation below indicates the type of audit opinions expressed on the financial statements in the last five years excluding donor funded projects and National Funds;

Table 20: Audit Opinions on Financial Statements in the Last Five Years

Audit Opinion	2016/2017		2017/2018		2018/2019		2019/2020		2020/2021	
	No. of FS	%	No. of FS	%	No. of FS	%	No. of FS	%	No. of FS	%
Unmodified	28	32.2%	26	30.6%	31	32.6%	42	44.2%	42	46.7%
Qualified	45	51.7%	37	43.5%	54	56.8%	47	49.5%	45	50.0%
Adverse	12	13.8%	15	17.6%	7	7.4%	4	4.2%	2	2.2%
Disclaimer	2	2.3%	7	8.2%	3	3.2%	2	2.1%	1	1.1%
Total	87	100%	85	100%	95	100%	95	100%	90	100%

4.2.2 Compared to the previous year, the number of financial statements with unmodified opinion increased from 44.2 % to 46.7%. The number of financial statements with qualified opinion slightly increased from 49.5% to 50%. 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 the way the financial statements were prepared which 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).

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, seven (7) revenue statements had an unmodified opinion; five (5) revenue statements had a qualified opinion while one (1) revenue statement had an adverse opinion.

Below is a listing of the various Revenue Statements that were audited and the corresponding audit opinions.

Table 21: Summary of Audit Opinions on Revenue Statements

Opinion	No. of Revenue Statements	Percentage
Unmodified	7	54%
Qualified	5	38%
Adverse	1	8%
Total	13	100%

Table 22: Revenue Statements whose Opinion was Unmodified

	Collecting Entity/Department	Amount Collected (Kshs.)
1.	The National Treasury – Development Revenue	86,841,732,043
2.	East Africa Tourist Visa Fee Collection Account	8,842,906
3.	Ministry of Defence	4,069,814,890
4.	The National Treasury – Pensions Department	336,358,015
5.	Business Registration Service	1,095,892,617
6.	State Law Office and Department of Justice	224,882,354
7.	The Judiciary	1,938,500,267
	Total	94,516,023,092

Table 23: Revenue Statements whose Opinion was Qualified

	Collecting Entity/Department	Amount Collected (Kshs.)	Main Reasons for Qualification
1.	The National Treasury – Recurrent Revenue	1,549,344,518,145	<ul style="list-style-type: none"> • Long Outstanding Arrears of Revenue
2.	Ministry of Lands and Physical Planning	1,017,346,339	<ul style="list-style-type: none"> • Failure to Surrender Revenue to the Exchequer • Unreconciled Revenue Balances
3.	State Department for Interior and Citizen Services	10,547,501,530	<ul style="list-style-type: none"> • Long Outstanding Arrears of Revenue • Wrong Billings • Manual Collection of Revenue
4.	Ministry of Mining	1,843,684,919	<ul style="list-style-type: none"> • Unsupported Receipts • Unauthorized Use of Revenue Receipts • Unreported Cement Levy Arrears • Unremitted Mining Royalties • Long outstanding Arrears of Revenue
5.	State Department for Fisheries, Aquaculture and the Blue Economy	135,603,032	<ul style="list-style-type: none"> • Undisclosed Rent Revenue
	Total	1,562,888,653,965	

Table 24: Revenue Statement with an Adverse Opinion

	Collecting Entity/Department	Amount Collected (Kshs.)	Reasons for Adverse Opinion
1.	Government Investment and Public Enterprises – The National Treasury	56,238,304,456	<ul style="list-style-type: none"> • Unreconciled and un-confirmed Outstanding loans Balances • Dormant Loans • Failure to prepare revenue statements as per the prescribed reporting template

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 2020/2021 was Kshs.2,831,978,180,561 compared to Kshs.2,592,356,535,297 reported in the year 2019/2020. The expenditure of Kshs.2,831,978,180,561 was recorded in the combined MDA's Recurrent and Development votes which received various audit opinions as listed in **Appendices A to D**.

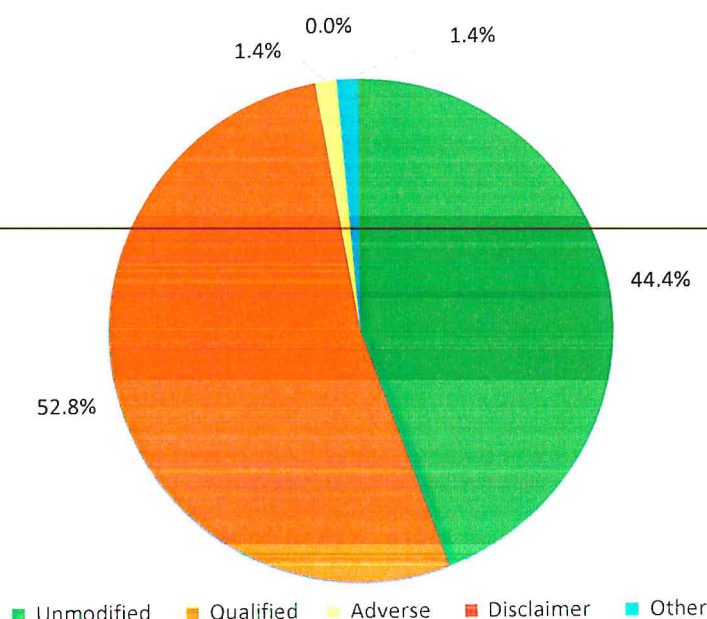
Table 25: Summary of Audit Opinions on Combined Recurrent and Development Expenditure

Opinion	No. of Financial Statements	Percentage
Unmodified	32	44.4%
Qualified	38	52.8%
Adverse	1	1.4%
Disclaimer	-	0.0%
Other	1	1.4%
Total	72	100%

4.4.2 Table 25 above indicates that there were seventy-two (72) financial statements for entities with voted provisions during the year under review. Out of the seventy-two (72), no material misstatements were found in financial statements of thirty-two (32) entities hence they got an unmodified opinion. The financial statements for thirty-eight (38) entities to a large extent were in agreement with the underlying records, except for cases where material misstatements or omissions were noted, leading to a qualified opinion. Further, the financial statements of one (1) entity exhibited significant misstatements and deviations with the underlying accounting framework or standards leading to an adverse opinion.

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 of Kenya.

Audit Opinions on Expenditure Financial Statements on Voted Provision



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 and Parliamentary hearings, recommendations and directives have also led to improved accountability in some areas. The presentation of the financial statements is however, still below expectations when viewed holistically.

4.4.5 During the year under review, the Public Sector Accounting Standards Board operated without a functional Board of Directors as the term of the Chairman and four other Directors lapsed on 20 February, 2020. Further, the Board lost two other directors through demise and lapse of term in March and June, 2020 respectively. Consequently, the Board has operated without a functional Board of Directors to provide strategic direction and oversight over management decisions since February, 2020. This has also delayed the migration from cash to accrual accounting for National and County Government entities, envisaged as critical for enhancing accountability in the use of public resources. The Board of Directors was however appointed by the Cabinet Secretary for The National Treasury and Planning on 8 April, 2022.

4.5 COVID-19 Pandemic Expenditure

During the year under review, the following observations were made in respect of COVID-19 pandemic related expenditures.

4.5.1 Ministry of Health

- An expenditure of Kshs.300,000,000 incurred on procurement of GAVI-vaccines was not approved by The National Treasury hence the propriety of the expenditure could not be confirmed.
- An expenditure of Kshs.424,774,914 incurred on research, COVID-19 response, allowances and other supplies was reported under acquisition of assets instead of use of goods and services. Management did not provide justification or explanations of the misclassification of the expenditure casting doubt on the accuracy of the financial statements of the Ministry.
- The Ministry entered into an agreement to procure ten million doses of Johnson and Johnson vaccine at a sum of Kshs.10,967,000,000. However, only a budgetary allocation of Kshs.7,613,217,632 had been approved resulting to over commitment of Kshs.3,353,782,368. At the time of the audit in December, 2021 the country had received only 1,552,800 vaccines from Johnson and Johnson.
- An amount of Kshs.20,000,000 for psychological support to health workers was paid to the Kenya Medical Training College on 30 June, 2021 to implement the program, about one year after the validity period. The amount was meant to cushion frontline health care workers in all forty-seven (47) counties during the COVID-19 pandemic for a period of three (3) months with effect from April, 2020. Further, the program activities entailed holding brief sessions with counsellors daily, having a dedicated line with tele-counselling for health workers, psychological support to families of health workers who turn positive of COVID-19, expansion of psychological support to cover all employees and citizenry and to develop targeted messages on Covid19 to reach all citizenry through mass and social media. However, no evidence was provided to indicate that the Institution utilized the funds to undertake the stated activities in all forty-seven (47) counties.
- An amount of Kshs.59,000,000 was spent on emergency procurement of COVID-19 ventilators and masks using retrospective direct procurement under Transforming Health Systems For Universal Care (THS-UC) Project (Grant IDA Credit No.5836-KE, TFOA2561, TFOA2792 and CR. P152394). However, there was no evidence of contract negotiation and award after the delivery of the COVID-19 ventilators and masks. Therefore, the supplier may have been single sourced contrary to Section 69 (2) Public Procurement and Asset Disposal Act, 2015. Further, physical verification on 24 September, 2021 revealed that out of the twenty (20) ventilators, thirteen (13) of them valued at Kshs.33,800,000 were still at the KEMSA warehouses, seventeen (17) months after emergency procurement

to mitigate the effects of COVID-19. No explanation was provided for failure to distribute the ventilators.

- An additional amount of Kshs.16,420,000 under the Transforming Health Systems for Universal Care (THS-UC) Project was transferred to KEMSA for payment of four (4) suppliers of masks. Although, the specifications for the masks were THE same, one (1) supplierr was paid at a unit price of Kshs.250 while the other three (3) were paid at a unit price of Kshs.700. The price of masks from the three (3) suppliers may have therefore been exaggerated. Further, there was no evidence of carrying out market survey which is contrary to Regulation 33(3) of the Public Procurement and Asset Disposal Regulations, 2020, which states that the role of the procurement function shall be to carry out market surveys to inform the placing of orders or adjudication by the relevant awarding authority.
-
- A total of Kshs.10,434,500 was incurred on printing and stationery under the United Nations Population Fund (UNFPA) 9th Country Programme for Kenya. The amount was spent on printing of COVID-19 job aids, RH policy, care guidelines for HCW and RMNH screening forms. However, supporting documents for distribution of the items to counties indicating the name of the counties, officers involved, work tickets for the vehicles used, signed issue (S11) and receipt (S13) vouchers were not provided for audit verification. In the absence of supporting documents, the propriety, accuracy and completeness of expenditure of Kshs.10,434,500 incurred on printing and stationery could not be confirmed.
 - The COVID-19 Emergency Response Project (Grant/Credit No.6598-KE) under the Ministry had total commitments of Kshs.5,662,652,356 and total receipts of Kshs.2,518,534,796, resulting into an undrawn balance of Kshs.3,144,117,560. Failure to utilize the funds could have negatively affected public health preparedness in prevention, detection and early response to the threats posed by COVID-19. Further, an amount of Kshs.384,226,829 was incurred on supply and delivery of Abbot Real Time SARS COVS Testing Kits that were procured from the manufacturer. Notification for award and letter of acceptance were both dated 17 June, 2020. However, the Local Purchase Order had been issued earlier on 13 May, 2020 while the contract was signed on 23 June, 2020. The goods were received on 17 June, 2020. No explanation was provided for failure to adhere to the procurement process.

4.5.2 The National Treasury

4.5.2.1 Lack of a Management Board

- The COVID-19 Emergency Response Fund has continued to exist without a properly constituted Board to manage the Fund as required by the Public Finance Management (COVID-19 Emergency Response Fund) Regulations, 2020. The National Treasury indicated that there exists a similar Fund under the Office of the President, with a fully constituted Board and whose roles and mandate are similar to the Fund being run by The National Treasury. However, there is no evidence

that the existing Board was appointed within the provisions of the Public Finance Management (COVID-19 Emergency Response Fund) Regulations, 2020.

- Further, available information indicates that on 12 June, 2020, the Fund Board registered Kenya COVID-19 Emergency Fund Limited under the Companies Act, 2015 as a company limited by guarantee. According to the registration documents the Cabinet Secretary in charge of the Ministry of Interior and Coordination of National Government and the Chairperson of the Council of Governors had not been listed as Board Members/Directors of the Kenya COVID-19 Emergency Fund Limited Company as per Regulation 7(1) of the COVID-19 Emergency Response Fund Regulation, 2020. There was no explanation for the exclusion of the two Board Members as Directors of the Kenya COVID-19 Emergency Fund Limited Company. In addition, there was no explanation why a public fund reportedly established under the Public Finance Management Act, 2012 was again registered as a Company Limited by Guarantee under the Companies Act, 2015.

4.5.2.2 Failure to Utilize Funds

- The COVID-19 Emergency Response Fund has been in existence for two (2) years with total accumulated receipts of Kshs.9,700,586,977 as at 30 June, 2021. However, and despite the fact that the Fund was created to alleviate the effects of the rampaging COVID-19 pandemic, no expenditure has been incurred since inception of the Fund. The Fund did not therefore achieve its objective of alleviating the effects of the COVID-19 pandemic as envisaged. This issue is not included in the Blue Book as the National Funds will be reported on separately.

4.5.3 Teachers Service Commission

- During the year under review, the Teachers Service Commission granted a rent waiver of Kshs.621,622 to one of the Commission's tenants due to COVID-19 challenges which had affected its business. The tenant was supposed to pay an annual rent of Kshs.1,896,060 as per the lease agreement but this was reduced to Kshs.1,274,438. The Commission did not provide any evidence of seeking authority from The National Treasury. This is contrary to Section 77 of the Public Finance Management Act, 2012 which requires an entity to seek authority from The National Treasury for any waiver or write-off for any amount owing.

4.5.4 Budgetary Control and Performance

- Most of the MDAs including Donor Funded Projects recorded under-funding and under expenditure of their approved budgets during the year under review. This was largely attributed to the Covid-19 pandemic and the resultant restrictions which hampered implementation of various programmes that had been budgeted for. The underfunding and under expenditures of the planned activities may have impacted negatively on service delivery to the public.

4.6 Other Observations

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

4.6.1 Inaccuracy of the Financial Statements

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

- a) Difference between supporting schedules and reported amounts.
 - b) Mis-posting of entries - posting to wrong accounts, unauthorized reallocation of funds.
-
- c) Variances between the reported amounts and the Trial Balance.
 - d) Understatement of pending bills.
 - e) Unreconciled variances.

4.6.2 Variances between the Integrated Financial Management Information System (IFMIS) Balances and Amounts Reported in the Financial Statements

4.6.2.1 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.

4.6.2.2 During the year under review, instances were noted where balances reflected in the financial statements and amounts extracted from IFMIS had huge variances. Ordinarily the balances reflected in the financial statements and the corresponding figures extracted from IFMIS should be the same. However, variances were noted between:

- (i) Balances reflected in the financial statements submitted for audit and balances in the Trial balance/Ledger extracted from IFMIS.
- (ii) Balances reflected in the financial statements /ledgers and balances in the IFMIS supporting schedules.
- (iii) Balances reflected in the financial statements and IFMIS records regarding provisions, opening balances and reserves.

- (iv) IFMIS figures and reported amounts for recurrent, development and deposit bank balances as well as cash in hand balances.

4.6.2.3 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. This therefore, means that the transactions for a previous financial year are included in the succeeding financial year's Payment Register report and excluded from General Ledger which remains open for updates.

4.6.2.4 Further, the accumulated cash book balances do not flow with the debits and credits in the cash books. This is 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.

4.6.2.5 The payments register should be aligned and synchronized with the ledgers for accurate reporting and ease of identifying and explaining any differences thereof. It is also important that 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 as the period of twelve months ending on the thirtieth day of June or any other day prescribed by National Legislation. This matter should be taken up with the National Treasury for resolution.

4.6.2.6 The variances point to both control weaknesses in the IFMIS system and 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 figures and the financial statements figures is of material concern on the effectiveness and efficiency of the system. It may also be an indicator to lack of adequate internal controls and governance where supervision may not be consistently applied, and monthly reconciliations which should flag out the discrepancies and requisite action taken before the close of the financial year is not done.

4.6.2.7 The National Treasury which is charged with the governance of IFMIS should therefore, design and implement proper controls to ensure the completeness, accuracy and reliability of the financial information generated from the system and that there is value for money for the huge investment. Details of discrepancies are contained in the audit reports for the respective entities.

4.6.2.8 To address the weakness of cash accounting, public sector entities must embrace accrual accounting, a system which records revenues when earned and expenses when incurred rather than when payments are made. The advantage of the accrual framework is that revenue is matched against the expenses incurred in each financial period. Accrual accounting, therefore, presents a true and fair view of the state of affairs of any given entity at any particular time. Further, financial reports prepared using an accrual basis give a more holistic view of the National Government's financial

position hence adopting accrual accounting will enhance transparency, accountability, and fiscal credibility and guides the production of useful information for decision-making.

4.6.3 Weaknesses in Accounting for Cash and Cash Equivalents

As has been reported in previous years, the audit of cash and cash equivalents revealed a number of weaknesses. The critical weaknesses include:

- (i) Poor maintenance of cash books - It was noted that a number of Government entities continued to report material receipts and payments in the cash books which were not reflected in the bank statements and also receipts and payments in the bank statements which were not reflected in the cash books;
- (ii) Un-analysed entries – some entries in the bank statements were not analysed while some have been outstanding for a long period of time;
- (iii) Unreconciled items, failure to perform bank reconciliations;
- (iv) Un-surrendered deposits and
- (v) Unsupported cash and cash equivalents' balances.

Owing to the risks associated with cash and cash equivalents items, I recommend that the Accounting Officers concerned address the issues noted and further comply with Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015. This Regulation requires the Accounting Officer to ensure that bank reconciliation statements are completed and submitted to The National Treasury with a copy to the Auditor-General not later than the 10th of the subsequent month, for each bank account held by a National Government entity. Further, Regulation 90(3) requires the Accounting Officer to ensure that any discrepancies noted during the bank reconciliation exercise are investigated immediately and appropriate action taken including updating the relevant cash books.

4.6.4 Unsupported Expenditure – Kshs.6,475,046,711

During the year under review, the audit revealed unsupported expenditure totalling Kshs.6,475,046,711. This was comprised of Kshs.3,355,216,645 and Kshs.3,119,830,066 under Ministries, Departments and Agencies (MDAs) and Donor Funded Projects respectively, as detailed below:

Table 26: Unsupported Expenditure-MDA's

Vote	MDA	Amount (Kshs.)	Details
1032	State Department for Devolution	8,950,441	<p>Payment vouchers and other supporting documentation on the expenditure of Kshs.1,301,000 on domestic travel and subsistence allowances not provided.</p> <p>Unsupported expenditure of Kshs.7,649,441 in respect of acquisition of assets.</p>
1064	State Department for Vocational and Technical Training	1,890,738,396	<p>Utilities, supplies and services payments of Kshs.3,240,260 related to District expenditure was not supported.</p> <p>Unsupported amount of Kshs.1,009,810 described as correction of electricity expenditure charged in wrong account.</p> <p>Unsupported amount of Kshs.2,056,560 in respect of rental payments for District offices that was not supported by lease agreements.</p> <p>Unsupported training expenses amount of Kshs.14,963,448 in respect to allowances to staff which do not relate to training activities.</p> <p>Direct payments for two projects amounting to Kshs.1,143,096,785 for specialized materials and services expenditure made to an international supplier by financing bank for supply of goods delivered to various TVET institutions. However, the expenditure was not supported by a financing agreement and the projects have not been audited since inception.</p> <p>Amount of Kshs.722,131,333 was in respect of contractors undertaking constructions at various Technical Training Institutions. Supporting documents in form of expenditure summaries, procurement procedures and project periodic architect's valuation certificates provided.</p> <p>The payments for specialized material and services included unsupported imprest surrenders by staff in respect of travel allowances amounting to Kshs.4,240,200 that could not be matched to any activities related to the procurement of specialized materials and services.</p>

Vote	MDA	Amount (Kshs.)	Details
1065	State Department for University Education and Research	36,351,561	<p>Unsupported payments totalling Kshs.7,202,480 to staff. Workplans and details when activities took place not provided.</p> <p>Payment of Kshs.29,149,081 rent arrears for office space and service charge at Teleposta Towers not supported by a signed lease agreements.</p>
1081	Ministry of Health	29,049,544	<p>Unsupported amount of Kshs.17,700,000 for drug rehabilitation centre at Coast General Hospital.</p> <p>Unsupported legal charges of Kshs.11,349,544 paid to Solicitor General for case number 626 of 2017.</p>
1152	Ministry of Energy	6,458,700	<p>Unsupported payments totalling Kshs.4,283,700 made at the close of the financial year.</p> <p>Unsupported payments totalling Kshs.2,175,000 to the Sub-Committee on finalization of the budget.</p>
1166	State Department for Fisheries, Aquaculture and the Blue Economy	276,329,735	<p>Unsupported advance payment of Kshs.43,289,344 made to the Bandari Maritime Academy for fishermen training services.</p> <p>Unsupported expenditure returns on training amounting to Kshs.145,290,396 and Kshs.5,499,996 from Mombasa and Kirinyaga West regional offices, respectively.</p> <p>Unsupported expenditure for construction and civil works amounting to Kshs.82,249,999 issued to Kieni East and Kirinyaga West regional offices. expenditure returns were not supported with the relevant documents including payment vouchers, requisitions from the user departments, invoices, delivery notes, inspection and acceptance committee reports, tender opening and evaluation reports, award letters and ownership records for the assets acquired.</p>
1169	State Department for Crop Development and Agricultural Research	945,746,538	<p>Unsupported acquisition of strategic stocks and commodities expenditure of Kshs.945,746,538 relating to settlement of maize subsidy pending bills.</p>

Vote	MDA	Amount (Kshs.)	Details
1193	State Department for Petroleum	105,957,655	Unsupported payments of Kshs.100,088,805 and Kshs.443,850 paid to staff and suppliers on 30 June, 2021 from development and recurrent accounts, respectively. Unsupported payments totalling Kshs.5,425,000 made to the National Oil Corporation of Kenya for purchase of bulk fuel during the year.
1203	State Department for Wildlife	10,000,000	Unsupported purchase of certified seeds totalling Kshs.10,000,000 by Kenya Wildlife Services.
1213	State Department for Public Service	45,634,075	Unsupported several expenditure adjustments and corrections totalling Kshs.45,634,075 in respect to twelve (12) expenditure items.
	Total	3,355,216,645	

Table 27: Unsupported Expenditure - Donor Funded Projects

No.	Vote	Donor Funded Project	Amount (Kshs.)	Details
1.	1081	United Nations Population Fund (UNFPA) 9th Country Programme for Kenya	10,434,500	• Unsupported expenditure on printing and stationery
2.	1091	Upgrading of Kibwezi-Mutomo-Kitui Road Project - Kenya National Highways Authority	1,501,838,874	• Unsupported expenditure on acquisition of non-financial assets
3.	1091	Mombasa Port Area Road Development Project – Kenya National Highways Authority	686,105,936	• Expenditure was not supported with entries in the ledger, payment vouchers and interim payment certificates
4.	1091	Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero – (A1-Road Rehabilitation) - Kenya National Highways Authority	22,935,682	• Unsupported Expenditure in Construction of Roads
5.	1092	Kenya Urban Support Program (IDA Credit No.6134 KE)	1,994,000	• Unsupported RTGS Payment (Lodwar Municipality)
6.	1108	Capacity Development Project for Sustainable Forest Management In Kenya (CADEP Grant No.22) - Kenya Forest Service	282,000,000	• Unsupported Direct Purchase of Goods and Services

No.	Vote	Donor Funded Project	Amount (Kshs.)	Details
7.	1109	Water and Sanitation Services Improvement Project (IDA Cr. No.5103-KE) – Lake Victoria North Water Works Development Agency	1,818,688	<ul style="list-style-type: none"> Expenditure was not supported by an approved budget and taskforce reports.
8.	1169	Multi-National Drought Resilience and Sustainable Livelihoods Programme in the Horn of Africa (ADF Loan No.2100150028345)	517,951,704	<ul style="list-style-type: none"> Supporting documents and records for an expenditure of Kshs.515,177,604 were not provided. Unsupported expenditure of Kshs.2,774,000 on domestic travel and subsistence
9.	1169	Small-Scale Irrigation and Value Addition Project - (ADF Loan No.2000130014530 and Grant No.5570155000751)	33,669,883	<ul style="list-style-type: none"> Unsupported Over-payment of Kshs.20,917,383 in respect of Contract for Construction of Makanyaga Irrigation Scheme. Unsupported expenditure of Kshs.12,752,500 on Seeds and Seedlings
10.	1169	Kenya Climate Smart Agriculture Project (IDA Credit No.5945 – KE)	46,744,621	<ul style="list-style-type: none"> Unsupported Subsistence Allowances for Contingency Emergency Response- Kshs.36,332,800 Unsupported Expenditure in Isiolo County- Kshs.10,411,821
11.	1174	Kenya Industry and Entrepreneurship Project (Credit No. IDA 6268-KE)	2,292,500	<ul style="list-style-type: none"> Unsupported Payments – Hire of Conference Facilities
12.	1184	Kenya Youth Employment and Opportunities Project (KYEOP) IDA - 5812-KE - National Industrial Training Authority (NITA)	3,654,538	<ul style="list-style-type: none"> Unsupported monthly salary payments made to 10 contracted drivers- Kshs.2,400,000. Unsupported Fuel Expenditure - Kshs.1,254,538
13.	1203	Combating Poaching and Illegal Wildlife Trafficking In Kenya Through Integrated Approach (IWT-Kenya) Project	8,389,140	<ul style="list-style-type: none"> Unsupported expenditure on office furniture and general equipment-Kshs.3,292,404. Unsupported purchase of goods and services- Kshs.5,096,736
		Total	3,119,830,066	

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 entities affected.

4.6.5 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 these 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 costs 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 28: Stalled / Incomplete Projects

Vote	Ministry/ Department/ Agency/National Fund/Donor Funded Project	Contract Amount (Kshs.)	Amount Paid (Kshs.)	Description
1021	State Department for Interior and Citizen Services - Vote 1021	154,132,538	Not indicated	• Stalled Project at Buna Police Station, Wajir County
		164,605,081		- • Abandoned Construction Works of Laisamis Police Station
		179,719,530		- • Stalled Construction of Police Station at Balambala in Garissa County
		701,536,030		- • Stalled Construction of Nyanza South Headquarters - Migori County
		8,541,416		- • Stalled Construction of Magunga District Headquarters - Homabay County
1023	State Department for Correctional Services	24,850,993		- Perimeter Wall at Shimo La Tewa Prison - Mombasa (60% complete)

Vote	Ministry/ Department/ Agency/National Fund/Donor Funded Project	Contract Amount (Kshs.)	Amount Paid (Kshs.)	Description
1081	Ministry of Health	-	9,993,800	Delayed Construction of a Cancer Centre in Kisii Level 5 Hospital
1091	Support to Road Sector Policy: 10th EDF Rural Roads Rehabilitation Project in Kenya (Agreement No. KE/FED/023-571) – Kenya Rural Roads Authority	231,570,571	172,117,546	Abandoned Works - Lot 1: Kyeni – Kathanjure – Karurumo Road Works
		537,264,086	231,022,802	Abandoned Works - Lot 2: Chuka- Kaanwa -Karen Road
	Dualling of Magongo Road Phase 2 Project – Kenya National Highways Authority	362,001,255	255,314,503	Abandoned Works - Lot 5: Katuaa-Kee-Nunguni Road (20.5 km)-Makueni County
		126,312,917	-	Delay in Completion of the Project
1094	Kenya Urban Support Program (IDA Credit No.6134 KE)	94,428,477	41,639,876	Delayed Construction of Parking Lots and Installation of Solar Powered Street Lights (Turkana County)
		151,468,960	-	Delayed Construction of Kaloleni Community Centre (Kisumu County)
		255,022,996	-	Construction of Central Fire Station and Fire Management System Kisumu Municipality-76% Complete.
		46,942,144	-	Construction of a Fire Station and Structural Improvement to Uhuru Garden- (Kericho Municipality)
		83,959,580	74,841,042	Construction of Qorahey Market in the Township Sul County (Garis Municipality)

Vote	Ministry/ Department/ Agency/National Fund/Donor Funded Project	Contract Amount (Kshs.)	Amount Paid (Kshs.)	Description
1095	State Department for Public Works	701,535,321	539,010,127	Proposed Completion of Migori District Headquarters (Phase 1)
		617,644,564	101,623,125	Proposed Headquarters for Nyandarua County at Ol Kalou. At the time of termination at 16%, payments amounting to Kshs.101,623,125 had already been made to the contractor.
		72,468,735	50,685,400	Uncomplete Project- Rehabilitation of Mtangawanda Jetty
		365,103,794	284,504,648	Uncomplete Project - Construction of Ndau Sea Wall
		1,202,694,850	434,028,886	Delayed Project- Voi Pool Housing Project
		1,212,414,732	-	Proposed Completion of Mathare Nyayo Hospital
1109	Ministry of Water, Sanitation and Irrigation	34,409,368	25,606,899	Delayed Projects - Kanini Irrigation Project Tharaka Nithi
		889,397,520	-	Delayed Project - Maragua Bulk Water Supply and Irrigation Project
	Kenya Towns Sustainable Water Supply and Sanitation Program (Loan No.2000200000501) - Athi Water Works Development Agency	204,483,295	72,816,261	Stalled Project - Changamwe Re-pooling Sewer Network
1166	State Department for Fisheries, Aquaculture and The Blue Economy	1,797,912,745	866,526,472	Eighteen Stalled Projects.

Vote	Ministry/ Department/ Agency/National Fund/Donor Funded Project	Contract Amount (Kshs.)	Amount Paid (Kshs.)	Description
1174	State Department for Trade and Enterprise Development	146,600,150	-	Delayed Completion of Contract - Kenya Institute of Business Training (KIBT) Phase II
1261	The Judiciary	2,315,209,741	-	Delayed Completion of Construction of Thirty (30) Courts

4.7 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:

4.7.1 Unresolved Prior Year Audit Issues

4.7.1.1 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 availed to support how issues were resolved.

4.7.1.2 Further, Section 53(1) of the Public Audit Act, 2015 states that an Accounting Officer of a state organ or public entity shall 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 the Parliament on why the report has not been acted upon.

4.7.1.3 In addition, Section 53(2) of the Public Audit Act, 2015 states that failure to comply with the provisions of 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.

4.7.1.4 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.

4.7.2 Land Without Ownership Documents

The following MDA's did not have title documents for land as detailed below:

Table 29: Land Without Ownership Documents

No.	Vote	MDA	Description
1.	1081	Ministry of Health	The Ministry does not have a title deed for the parcel of land measuring approximately 34.3 hectares that the Mathari Teaching and Referral Hospital sits on, instead only an allotment letter was provided to confirm ownership.
2.	1152	Ministry of Energy	The Ministry did not have title deeds for eight (8) plots of land measuring 21.42 hectares in aggregate and estimated to have an aggregate market value of Kshs.180,700,000.
3.	1185	State Department for Social Protection	The State Department did not have ownership documents for 35 parcels of land spread across the country.
4.	2031	Independent Electoral and Boundaries Commission	The Commission is yet to obtain ownership documents for eighty-five (85) parcels of land allocated by the National and County Governments and whose values have also not been included in the financial statements.

In the absence of title documents, it has not been possible to ascertain that all the above properties and improvements thereon belong to the MDA's.

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, 2021. I also evaluated whether the public realized value for money in the management and use of public resources.

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 Public Procurement and Disposal Regulations, 2006. The main issues include the following:

-
- Contract and tender documents were not provided for audit
 - Use of non-competitive procurement practices
 - Goods received were not inspected or taken on charge in the stores
 - Irregular variations of contracts
 - Use of expired contracts

(ii) Value for Money Issues

- Delays in projects completion
- Unapproved over expenditures
- Idle cash in bank accounts
- Unauthorized allowances

(iii) Other Compliance and Governance Issues

- Fixed assets registers not in existence or poorly maintained
- Non-establishment of Audit Committees
- Ineffective Internal Audit and Audit Committees
- Entities not maintaining documented enterprise-wide risk management process
- Non-establishment of IT Strategic Committees
- Late submission of Financial Statements
- Non-compliance with affirmative action on gender, ethnicity and regional distribution
- Irregular payment of special duty allowances
- Unapproved positions in Establishment
- Non-remittance of statutory deductions
- Irregular issuance of multiple imprests
- Non-adherence to one-third basic salary rule
- Non-compliance with law on fiscal responsibility – wage bill

6.0 The Equalisation Fund

6.1 Article 204(1) of the Constitution of Kenya, 2010 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 Equalisation 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 2019/2020 is Kshs.30.78 billion as at 30 June, 2021 as shown below:

Table 30: Total Accumulated Entitlement – Equalisation Fund

Financial Year	Approved Audited Revenue (Kshs.)	Equalisation Fund Entitlement (Kshs.)
2011/2012	465,811,210,150	2,329,056,051
2012/2013	526,653,500,000	2,633,267,500
2013/2014	526,653,500,000	2,633,267,500
2014/2015	773,015,500,000	3,865,077,500
2015/2016	773,015,500,000	3,865,077,500
2016/2017	773,015,500,000	3,865,077,500
2017/2018	773,015,500,000	3,865,077,500
2018/2019	773,015,500,000	3,865,077,500
2019/2020	773,015,500,000	3,865,077,500
Total	6,157,211,210,150	30,786,056,051

6.4 A review of the financial statements for the Equalisation Fund for the year ended 30 June, 2021 revealed that only an amount of Kshs.12,400,000,000 out of the expected Kshs.30,786,056,051 of the total entitlement had been transferred to the Equalisation Fund Account. The National Treasury had not remitted the remaining balance of

Kshs.18,386,056,051 to the Fund as at 30 June, 2021 and is, therefore, in breach of the Constitution.

6.5 Further, the amount transferred of Kshs.12,400,000,000 was done in two tranches of Kshs.6,400,000,000 during 2015/2016 financial year, and a further Kshs.6,000,000,000 in the 2016/2017 financial year. This is only 40% of the total entitlements of Kshs.30,786,056,051 for the financial years 2011/2012 to 2019/2020. The National Treasury did not transfer any allocation to the Fund during the financial years 2020/2021. This has been attributed to a High Court of Kenya ruling dated 05 November, 2019 that declared the Guidelines on the Administration of the Equalisation Fund published on 13 March, 2015 null and void.

6.6 In addition, out of the Kshs.12,400,000,000 so far transferred to the Fund Account, only Kshs.10,188,821,952 or 82% had been disbursed for the approved projects, through the parent Ministries to the identified Counties, leaving a balance of Kshs.2,211,178,048 still held in the Fund Account as at 30 June, 2021.

6.7 Further, out of the disbursed amount of Kshs.10,188,821,952, only Kshs.8,836,046,718 or 87% of the disbursed amount had been spent as 30 June, 2021 leaving a balance of Kshs.1,352,775,234 still held by the parent Ministries in their respective bank accounts.

6.8 Comparison between the total entitlement of Kshs.30,786,056,051 and the disbursed amount of Kshs.10,188,821,952 represents a dismal overall performance of 33% for the nine (9) years, since the inception of the Fund. The Fund administration has attributed the low level of disbursement to delayed formulation of policies, delayed project identification and legislative hurdles.

6.9 In accordance with Article 204(6) of the Constitution, 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(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.

CONCLUSION

The detailed report for the National Government for the year ended 30 June, 2021 is contained in the consolidated 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, 2021, which I have already submitted to Parliament and to each Accounting Officer.

APPRECIATION

I wish to sincerely thank the entire staff of the Office of the Auditor-General for their commitment, passion and professionalism in carrying out their duties despite the challenges posed by lack of adequate funds and the Covid-19 pandemic. Special appreciation goes to the 2020/2021 reports review team that also prepared the Consolidated Audit Report.

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

27 May, 2022



APPENDICES

Appendix A: Unmodified Opinion

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

1. The Executive Office of the President
2. Ministry of Defence
3. State Department for Post Training and Skills Development
4. State Department for Infrastructure
5. State Department for Shipping and Maritime
6. State Department for Housing and Urban Development
7. State Department for Co-operatives
8. State Department for Trade and Enterprise Development
9. State Department for Youth Affairs
10. State Department for East African Community
11. State Department for Regional and Northern Corridor Development
12. Ethics and Anti-Corruption Commission
13. National Intelligence Service
14. Office of the Director of Public Prosecutions
15. Office of the Registrar of Political Parties
16. Witness Protection Agency
17. Kenya National Commission on Human Rights
18. Parliamentary Service Commission
19. National Assembly

Appendix A: Unmodified Opinion

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

20. Parliamentary Joint Services
 21. Judicial Service Commission
 22. Commission on Revenue Allocation
 23. Public Service Commission
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24. Salaries and Remuneration Commission
 25. National Police Service Commission
 26. National Cohesion and Integration Commission
 27. Office of the Controller of Budget
 28. The Commission on Administrative Justice
 29. National Gender and Equality Commission
 30. Independent Policing Oversight Authority
 31. Consolidated Fund Services – Public Debt
 32. Consolidated Fund Services - Salaries, Allowances and Miscellaneous Services
 33. Consolidated Fund Services - Subscriptions to International Organizations
 34. Statements of Revenue - Ministry of Defence
 35. Revenue Statements (Development)
 36. Revenue Statements of the Pensions Department
 37. East Africa Tourist Visa Fee Collection Account
 38. Revenue Statements of the State Law Office and Department of Justice
 39. Revenue Statements of The Judiciary

Appendix A: Unmodified Opinion

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

40. Revenue Statements of Business Registration Service
41. National Exchequer Account
42. Business Registration Service - Official Receiver – State Law Office and Department of Justice
43. Financial Sector Support Project (IDA Credit No. 5627-KE) – The National Treasury
44. Infrastructure Finance and Public Private Partnership Project - IDA Credit No. 5157-KE – The National Treasury
45. Study and Capacity Building Fund Project (Credit No. CKE 6015 01K, CKE 1043 01F AND CKE 1047 01K) – The National Treasury
46. Public Debt Management Support Project – ADB Grant Agreement No. 5500155013708 – The National Treasury
47. Technical Support Programme (Financing Agreements No. KE/FED/2009/021421; No. KE/FED/023-733 and No. KE/FED/037-941) – The National Treasury
48. Micro Finance Sector Support Credit Project (Credit No. CKE 3004 01E and CKE 6010 01E) – The National Treasury
49. Programme for Rural Outreach of Financial Innovations and Technologies (Profit) (IFAD Loan No.814-KE and Grant No.1218-KE) – The National Treasury
50. Additional Financing for the Infrastructure Finance and Public Private Partnership Project (IDA Credit No. 6121-KE) – The National Treasury
51. Financing Locally-Led Climate Action Program (Preparation Advance No. IDA V319-KE) – The National Treasury
52. Public Financial Management Reforms Program (Credit Nos. DANIDA FY06, SIDA 51110081, IDA GESDEK- 6133-KE & KDSP-5765-KE) – The National Treasury

Appendix A: Unmodified Opinion

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

53. UNICEF – Kenya Generation Unlimited (GenU) Project (Programme No. 2400/A0/A6) - Executive Office of the President
54. Technical Assistance to Enhance the Capacity of the President's Delivery Unit (ADB Grant No.5500155012902) – The Executive Office of the President
55. Kenya - EU Partnership for The Implementation of The National Strategy To Counter Violent Extremism In Kenya – National Counter Terrorism Centre
56. Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA Credit No. 5638-KE) - Kenya Revenue Authority
57. Data Collection and Database Development Project (UNFPA-KEN7P32A) - Kenya National Bureau of Statistics
58. Multiple Indicator Cluster Survey Project - UNICEF - Kenya National Bureau of Statistics
59. Kenya South Sudan Link Road Project (Ref. No.202062065 and BMZ No.202083939) – Kenya National Highways Authority
60. Kenya Italy Debt for Development Program (KIDDP) – State Department for Vocational and Technical Training
61. Support to Technical Vocational Education and Training for Relevant Skills Development Project - Phase II (Loan No.2100150033295) - State Department for Vocational and Technical Training
62. East Africa Skills for Transformation and Regional Integration Project (EASTRIP) IDA Loan Credit No.6334-KE - State Department for Vocational and Technical Training
63. Promotion of Youth Employment and Vocational Training In Kenya Project, Loan Reference: BMZ No.2016 67 211 & BMZ No.2016 65 298 And Project Grant Reference No.1930 05 527 - State Department for Vocational and Technical Training
64. East Africa Skills Transformation and Regional Integration Project (EASTRIP) – Grant/Credit No. IDA 6334-KE - Kisumu National Polytechnic
65. East Africa Skills Transformation and Regional Integration Project (Credit Number: IDA 6334-KE) – Kenya Coast National Polytechnic

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

66. Africa Center 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
67. Eastern and Southern Africa Higher Education Centers of Excellence (ACE II) Project (Credit No. 5798-KE) – State Department for University Education
68. East Africa Public Health Laboratory Networking Project (EAPHLN) Credit No.5616-KE – Ministry of Health
69. East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences – Phase 1 (Loan No.2100150031997) Project – Ministry of Health
70. Global Fund Tuberculosis Grant Programme (Grant No.KEN-T-TNT-854 and KEN-T-TNT-1548) - Ministry of Health
71. Global Fund Malaria Round Control Programme Grant/Credit No.KEN-M-TNT-1546 and Round 10 No. KEN-011-G13-M – Ministry of Health
72. Support of The Health Care Financing Strategy - Reproductive Health - Output Based Approach Project (Credit BMZ No. Kenya 201065853) – Ministry of Health
73. Kenya Health Sector Programme Support III (Danida Ref. 104. Kenya.810.300 - Grant) - County Government of Kisii
74. East Africa Skills for Transformation and Regional Integration Project (Credit No. 6334-KE) - State Department for Infrastructure
75. Support to Road Sector Policy: 10th EDF Rural Roads Rehabilitation Project in Kenya (Agreement No. KE/FED/023-571) – Kenya Rural Roads Authority
76. Roads 2000 Phase Two Project (AFD Credit No. CKE 101201B, Credit No. CKE 1046 01 J and Credit No. CKE 1094 01 M) – Kenya Rural Roads Authority
77. Nuno-Modogashe Road Project – Kenya National Highways Authority
78. Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) Credit Nos.5050200000901 and 20020004504 – Kenya National Highways Authority

Appendix A: Unmodified Opinion

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

79. Nairobi Outer Ring Road Improvement Project No. P-KE-Db0-020 – Kenya Urban Roads Authority
80. Kapchorwa-Suam-Kitale and Eldoret Bypass Roads (Kenya) Project ID No. P-Z1-DB0-183 – Kenya National Highways Authority
81. Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase III (Turbi - Moyale) No. P-ZI-DB0-095 Loan No. 2100150025546 – Kenya National Highways Authority
82. EPC / Turnkey Construction of Five Footbridges and T-Mall Flyover in Mombasa and Langata Road Credit No. KEN-01001-19 and No. KEN-02001-19 – Kenya National Highways Authority
83. Timboroa-Eldoret Road Rehabilitation Project No. P-KE-DB0-019 (Loan No. 2100150023344) – Kenya National Highways Authority
84. Nairobi-Thika Highway Improvement Project Lot I and II (Credit No. 2100150015544) – Kenya National Highways Authority
85. Multinational Arusha-Holili/Taveta-Voi Road Corridor Development Project Phase I – Loan No.2100150028894 – Kenya National Highways Authority
86. Port Reitz/Moi International Airport Access (C110) Road (FIDIC EPC/Turnkey Based) – Kenya National Highways Authority
87. East Africa Trade and Transport Facilitation Project (IDA Credit No. 4148-KE) – Kenya National Highways Authority
88. Northern Corridor Rehabilitation Programme Phase III – Kenya National Highways Authority
89. Kenya Transport Sector Support Project Credit No.4926-Ke and No.5410-KE – Kenya National Highways Authority
90. Regional Roads Component (Merille-Marsabit Road) (KE/001/09) Project Loan Agreement No.KE/FED/2009/021-655 – Kenya National Highways Authority
91. Nairobi Missing Links Road and Non Motorised Transport Facilities (KE/001/09) EDFX – Kenya Urban Roads Authority

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

92. Nairobi Southern Bypass Project Loan No. China Exim Bank PBC No.(2011) 32 Total No.(183) No.(1420303052011211528) – Kenya National Highways Authority
93. Kenya Nairobi-Thika Highway Improvement Project (Lot 3) Government Concessional Loan Agreement No.(2009) 39 Total No.(290) – Kenya National Highways Authority
94. National Urban Transport Improvement Project - IDA Credit No. 5140 - KE – Kenya National Highways Authority
95. Regional Mombasa Port Access Road Project (Loan No. 27459, Credit No. 84010 and Grant No. 202061919) – Kenya National Highways Authority
96. Upgrading of “Gilgil Machinery” Road Project – Kenya Rural Roads Authority
97. Arusha-Namanga-Athi River Road Development Project No. P-Z1-DB0-040 – Kenya National Highways Authority
98. Coordination of Population Policy Implementation Project (UNFPA Project No. KEN08POP) – National Council for Population and Development
99. East Africa Trade and Transport Facilitation Project Ida Credit No. 4148-KE and Credit No. 4977-KE (MOT Component) - State Department for Transport
100. East Africa Trade and Transport Facilitation Project (MOT/KRC Component) Credit No.4148-KE and Credit No. 4977-KE – State Department for Transport
101. Northern Corridor Transport Improvement Project Credit No.4571-KE and 3930-KE (MOT Component) - State Department for Transport
102. National Urban Transport Improvement Project Credit No. IDA 5140-KE (KRC Component) – Kenya Railways Corporation
103. Kenya Aviation Modernization Project (Preparation Advance No. V0440) - Kenya Airports Authority
104. Kenya Transport Sector Support Project (IDA Credit No. 4926-KE and 5410-KE) - Kenya Civil Aviation Authority

Appendix A: Unmodified Opinion

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

105. Instruments for Devolution Advice and Support Project - Grant No.KE/FED/024/230 – State Department for Devolution
106. Safe Roads/Usalama Barabarani Programme (EU Grant No. KE/FED/037-778) - National Transport and Safety Authority
107. Kenya Informal Settlement Improvement Project No. P113542 – State Department for Housing and Urban Development
108. Nairobi Metropolitan Services Improvement Project (IDA Credit No. 5102-KE) – State Department for Housing and Urban Development
109. Upper Tana Catchment Natural Resources 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
110. Coastal Region Water Security and Climate Resilience Project (IDA Credit. No.5543-KE) – Ministry of Water, Sanitation and Irrigation
111. Thwake Multi-Purpose Development Program Phase I (AfDB Loan No. 2100150029993, No. 2000200003351 and No. 5050200000501; and AfDB Grant No. 2100155025973) – Ministry of Water, Sanitation and Irrigation
112. Kenya Italy Debt for Development Programme - Ministry of Water, Sanitation and Irrigation
113. Kenya Water Security and Climate Resilience Project (IDA Cr. No. 5268/5674-KE – Ministry of Water, Sanitation and Irrigation
114. Water and Sanitation Development Project (IDA Credit. No.6029/6030-KE) - Ministry of Water, Sanitation and Irrigation
115. Lake Victoria Water Supply and Sanitation Program - (Phase II) Project No. P-Z1-EA0-004 (ADF Grant No.2100155019967) - Lake Victoria South Water Works Development Agency
116. Trilateral Development Cooperation in Kenya, Water and Sanitation Sector Project (Credit No. BMZ 201365352) – Lake Victoria South Water Works Development Agency

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

117. Lake Victoria Water and Sanitation Project – Number Convention AFD CKE 1093 02 M – Lake Victoria South Water Works Development Agency
118. Kenya Towns Sustainable Water Supply and Sanitation Program (Loan No.2000200000501) - Athi Water Works Development Agency
119. Support to Water and Sanitation Services in Peri-Urban Area Project (Loan No.BMZ 2013.6543.6) – Athi Water Works Development Agency
120. Nairobi Water Distribution Network Project (Credit No. BMZ 2020.82.527/KV26833) – Athi Water Works Development Agency
121. Northern Collector Phase 1 and Additional Rehabilitation and Development of the Network Project - Athi Water Works Development Agency
122. Kenya Urban Water and Sanitation OBA Project Fund for Low Income Areas - Water Sector Trust Fund
123. Sound Chemicals Management Mainstreaming and UPOPs Reduction in Kenya Project (Grant No.99820) – Ministry of Environment and Forestry
124. Kenya Institutional Strengthening Project Phase XI (NO.UNEP/KEN/SEV/80/INS/63) - Ministry of Environment and Forestry
125. National Action Plan on Artisanal Small – Scale Gold Mining No. AFR/NAP ASGM Project/C/10-2016 - Ministry of Environment and Forestry
126. Green Growth and Employment Thematic Programme (GGETP) – Danish Embassy File No.2015 - Ministry of Environment and Forestry
127. System for Land Based Emissions and Estimation in Kenya (SLEEK) Project – Ministry of Environment and Forestry
128. Green Zones Development Support Project Phase II (Credit No.P.KE-AAD-005) - Kenya Forest Service
129. National Information Platform for Food Security and Nutrition Project-Food/2017/393-022 - Kenya National Bureau of Statistics
130. Northern Kenya Conservation Project Credit No. CKE 1036 01 H – Kenya Wildlife Service

Appendix A: Unmodified Opinion

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

131. Water and Sanitation Services Improvement Project (IDA Credit No.5103 KE) - Athi Water Works Development Agency
132. Kenya Urban Support Program (IDA Credit No.6134-KE) - State Department for Housing and Urban Development
133. Green Growth and Employment Thematic Programme (Cr No:2015-39789) - National Environment Management Authority

134. Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities In Kenya - National Environment Management Authority
135. GCF Project Preparation Facility: "Devolved Climate Change Governance to Strengthen Resilience of Communities' in Target Counties" - National Environment Management Authority
136. GCF Readiness and Preparatory Support: "NEMA Capacity Strengthening Programme Towards Accessing Climate Finance From Green Climate Fund" - National Environment Management Authority
137. Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA Credit No.5638-KE) - Information and Communication Technology Authority
138. Kenya Electricity Modernization Project (IDA Cr. No. 5587 KE) – Ministry of Energy
139. Kenya Off-Grid Solar Access Project for Underserved Counties (IDA Cr. No. 6135-KE) - Ministry of Energy
140. Kenya Off-Grid Solar Access Project for Underserved Counties (IDA Cr.No.6135-KE) - Rural Electrification and Renewable Energy Corporation
141. Water and Sanitation Services Improvement Project (IDA Cr. No.5103-KE) – Lake Victoria North Water Works Development Agency

Appendix A: Unmodified Opinion

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

142. Multinational - Kenya Section of Interconnection Project of Electricity Grids of Nile Equatorial Lakes Countries (ADF Loan No. 2100150022643) - Kenya Electricity Transmission Company Limited
143. Multinational Kenya-Tanzania Power Interconnection Project (Kenyan Component) (ADF Loan No.2100150032846) - Kenya Electricity Transmission Company Limited
144. Last Mile Connectivity Project (Loan No.2100150032195) – Kenya Power and Lighting Company PLC
145. Last Mile Connectivity Project II (Loan No.2000200000152) – Kenya Power and Lighting Company PLC
146. 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
147. Rural Electrification in Five Regions Project (Cr.No.11/597KE, 1407PKE) - Rural Electrification and Renewable Energy Corporation
148. Olkaria-Lessos-Kisumu Transmission Lines Construction Project (JICA Loan No. KE-P28) – Kenya Electricity Transmission Company Limited
149. 220KV and 132KV Transmission Lines and Substations (Exim Bank of India Funded) Projects - Kenya Electricity Transmission Company Limited
150. Kenya Electricity Modernisation Project (IDA Credit 5587-KE) – Rural Electrification and Renewable Energy Corporation
151. Nairobi Ring Transmission Line Project (AFD Credit No. CKE6012.01, AFD Credit No. CKE1068 01, AFD Credit No. CKE1030.01.B, EIB Credit No.25.367/KE and GOK) – Kenya Electricity Transmission Company Limited
152. Power Transmission System Improvement Project (ADF Loan No.2100150023752) - Kenya Electricity Transmission Company LTD
153. Menengai Geothermal Project - Geothermal Development Company Limited
154. Africa Centre of Excellence (ACE II) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project (IDA Credit No. 5798-KE) – Moi University

Appendix A: Unmodified Opinion

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

155. Regional Pastoral Livelihood Resilience Project (IDA Credit No. KE 53880-KE) – State Department for Livestock
156. Kenya Cereal Enhancement Programme - Climate Resilient Agricultural Livelihood Window (EU Grant No.200000623 EU, Grant No.2000001522, IFAD No. Loan 2000001121, and ASAP Grant No.2000001122) – State Department for Crop Development and Agricultural Research

157. Improvement of Rural Roads and Market Infrastructure in Western Kenya Project Credit No. BMZ 2007-65 123 (KFW) – Kenya Rural Roads Authority
158. Capacity Development Project for Enhancement of Rice Production in Irrigation Scheme in Kenya - (Project Grant/Credit No: 1161001009) - State Department for Crop Development and Agricultural Research
159. National Agricultural and Rural Inclusive Growth Project (IDA Credit No.5900-KE) - State Department for Crop Development and Agricultural Research
160. Enable Youth Kenya Program – (ADF Loan No. 2100150038895) - State Department for Crop Development and Agricultural Research
161. Agricultural Sector Development Support Programme II (SIDA Grant No. 51110109) - State Department for Crop Development and Agricultural Research
162. Kenya Marine Fisheries and Socio-Economic Development Project (IDA Credit No.65400-KE) – State Department for Crop Development and Agricultural Research
163. Aquaculture Business Development Programme (IFAD Loan No.2000002052) - State Department for Fisheries, Aquaculture and the Blue Economy
164. Mwea Irrigation Development Project (Loan No. KE-P27) – National Irrigation Authority
165. Strengthening Fertilizer Quality and Regulatory Standards In Kenya Project (Agra Grant No. 2013 Ship 001) – State Department for Crop Development and Agricultural Research
166. Kenya Petroleum Technical Assistance Project (IDA Credit No.5526-KE and Grant No. TFOA 3418) – State Department for Petroleum

Appendix A: Unmodified Opinion

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

167. Kenya Industry and Entrepreneurship Project (Credit No. IDA 6268-KE) – State Department for Industrialization
168. Kenya Youth Employment and Opportunities Project (IDA Credit No.5812-KE) - Micro and Small Enterprise Authority
169. Global Fund HIV/AIDS Project Grant No. KEN-H-TNT-1547 – National Aids Control Council
170. Kimira Oluch Smallholder Farm Improvement Project (ADF Loan No. 2100150012296) - State Department for Regional and Northern Corridor Development
171. Support to the Attainment of Vision 2030 Through Devolved Land Reforms in Community Land of Kenya Project No. GCP/KEN/085/EC (Letter of Agreement No. FAOR 2018/001) – National Lands Commission
172. Support of the Health Financing Strategy - Output Based Approach (OBA) Programme (Credit No. 201065853) – Ministry of Health
173. Horn of Africa Gateway Development Project - State Department for Infrastructure
174. Horn of Africa Gateway Development Project (IDA Credit No.6768KE) - State Department of Transport
175. Horn of Africa Gateway Development Project (IDA Credit No. 6768) - Kenya Revenue Authority
176. Horn of Africa Gateway Development Project Loan No.6768-KE – Kenya National Highways Authority
177. Horn of Africa Gateway Development Project (IDA Credit No. 6768 KE) – National Transport and Safety Authority
178. Kenya GPE Covid-19 Learning Continuity in Basic Education Project GPE Grant Number TFB 3336 - State Department for Early Learning and Basic Education
179. Kenya Gold Mercury Free ASGM Project Grant/Project NO.GEF/UNDP/GOK-00108253 - Ministry of Environment and Forestry
180. Kenya Special Project for BRSM And SAICM – Ministry of Environment and Forestry

Appendix A: Unmodified Opinion

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

181. Emergency Locust Response Project (IDA Credit No.6648-KE) - State Department for Crop Development and Agricultural Research
182. Integrated Health & 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
183. Kenya Electricity Expansion Project (OFID CR.NO.1487P) - Rural Electrification and Renewable Energy Corporation
184. Bura Rehabilitation Development Project (Loan Numbers: BADEA 3530:LA/763, KUWAIT 752, OPEC 1154P) - National Irrigation Authority
185. Kenya Urban Support Program - Kisii Municipality
186. Rwabura Irrigation Development Project – National Irrigation Authority
187. 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
188. Ethiopia – Kenya Electricity Highway Project (ADB LOAN No. 2000200003502-Mariakani Substation Project ID NO: P-ZI-FA0-162) - Kenya Electricity Transmission Company Limited

Appendix B: Qualified Opinion

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

1. State Department for Interior and Citizen Services
2. State Department for Correctional Services
3. State Department for Devolution
4. State Department for Development of the Arid and Semi-Arid Lands (ASALS)
5. Ministry of Foreign Affairs
6. State Department for Vocational and Technical Training
7. State Department for University Education and Research
8. State Department for Early Learning and Basic Education
9. The National Treasury
10. State Department for Planning
11. Ministry of Health
12. State Department for Transport
13. State Department for Public Works
14. Ministry of Environment and Forestry
15. Ministry of Water, Sanitation and Irrigation
16. Ministry of Lands and Physical Planning
17. State Department for Information, Communication Technology and Innovation
18. State Department for Broadcasting and Telecommunications
19. State Department for Sports
20. State Department for Culture and Heritage

Appendix B: Qualified Opinion

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

21. Ministry of Energy
 22. State Department for Livestock
 23. State Department for Fisheries, Aquaculture and the Blue Economy
 24. State Department for Crop Development and Agricultural Research
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25. State Department for Industrialization
 26. State Department for Labour
 27. State Department for Mining
 28. State Department for Petroleum
 29. State Department for Tourism
 30. State Department for Wildlife
 31. State Department for Gender
 32. State Department for Public Service
 33. State Law Office and Department of Justice
 34. The Judiciary
 35. National Land Commission
 36. Independent Electoral and Boundaries Commission
 37. Teachers Service Commission
 38. CFS-Pensions and Gratuities
 39. Revenue Statements - State Department for Interior and Citizen Services
 40. Revenue Statements (Recurrent) - The National Treasury
 41. Revenue Statements for the Ministry of Lands and Physical Planning

Appendix B: Qualified Opinion

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

42. Revenue Statements of the State Department for Fisheries, Aquaculture and The Blue Economy
43. Revenue Statements of the State Department for Mining
44. Public Trustee - State Law Office and Department of Justice
45. Business Registration Service
46. Global Fund Programmme - 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 (Grant No. KEN-T-TNT 1548) – The National Treasury
47. Global Fund Program - To Reduce Morbidity and Mortality Caused by Malaria in the Various Epidemiological Zones by Two Thirds of the 2015 Level by 2020 Program-Grant Agreement-KEN-M-TNT No.1546 – The National Treasury
48. Global Fund Program-To Contribute to Achieving Vision 2030 Through Universal Access To Comprehensive HIV Prevention, Treatment and Care Project - KEN-H-TNT, GA No. 1547 - The National Treasury
49. Kenya Symbiocity Programme-Grant No.51110060 - Council of Governors
50. East Africa Skills for Transformation and Regional Integration Project (IDA Loan No. 6334-KE) – Meru National Polytechnic
51. United Nations Population Fund (UNFPA) 9th Country Programme for Kenya – Ministry of Health
52. Covid-19 Emergency Response Project Grant/Credit No.6598-KE – Ministry of Health
53. Kenya Youth Employment and Opportunities Project (KYEOP) IDA - 5812-KE - National Industrial Training Authority (NITA)
54. 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

Appendix B: Qualified Opinion

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

55. Establishment of Kenya Advanced Institute of Science and Technology (KAIST) Project No. KEN-4 – Ministry of Education - State Department for University Education
56. International Partnership Programme – Forest 2020 Project - Kenya Forest Service
- ~~57. Kenya Primary Education Development Project (Grant No. TFO18863) – State Department for Early Learning and Basic Education~~
58. GOK/UNICEF Education for Young People Programme – State Department for Early Learning and Basic Education
59. Kenya Health Sector Support (EMMS/KEMSA COMPONENT) Project (IDA Credit No.4771 and Credit No. 50340 – KE) – Ministry of Health and KEMSA
60. Kenya Health Sector Support Project - Health Sector Services Fund (Grant No.4771-KE and TF-16027) - Ministry of Health
61. Transforming Health Systems for Universal Care (THS-UC) Project Grant IDA Credit No.5836-KE, TFOA2561, TFOA2792 and Credit No.P152394 - Ministry of Health
62. Global Fund HIV AIDS Program Grant No. KEN-H-TNT GA 1547 - Ministry of Health
63. Health Sector Support Project (Credit No.4771-KE) – Kenya Medical Supplies Authority (KEMSA)
64. A Case Study on Integrated Delivery of Selected Non-Communicable Diseases in Kenya (PHGF Grant No. TFOA5636) - Moi Teaching And Referral Hospital
65. Capacity Development Project for Sustainable Forest Management in the Republic of Kenya (CADEP Grant No.22) - Kenya Forest Service
66. Eastern Africa Regional Transport, Trade and Development Facilitation Project Credit No.5638-KE IDA – State Department for Infrastructure
67. Kenya Water Tower Project – Ministry of Environment and Forestry
68. Centre of Excellence In Sustainable Agricultural and Agribusiness Management (CESAAM) Credit No.5798-KE - Egerton University

Appendix B: Qualified Opinion

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

69. Mombasa-Nairobi-Addis Ababa Road Corridor Development Project No. P-ZI-DBO-018 (Isiolo/Merille/Moyale Road) – Kenya National Highways Authority
70. Kenya Transport Sector Support Project (IDA Credit No. 4926-KE and No. 5410-KE) - State Department for Infrastructure
71. Kisumu Urban Project (Project Advance Account)-CKE 1035.01.G - County Government of Kisumu
72. Secondary Education Quality Improvement Project (IDA Credit No.6138-KE) - Teachers Service Commission
73. Kenya Towns Sustainable Water Supply and Sanitation Program (AFDB Loan No.2000200000501) – Tana Water Works Development Agency
74. Kenya Towns Sustainable Water Supply and Sanitation Programme - Rift Valley Water Works Development Agency
75. Kisii Water Supply and Sanitation Project (Grant No. ORIO11/KE/21) - Lake Victoria South Water Works Development Agency
76. Northern Corridor Transport Improvement Project IDA Credit No.3930-KE and No.4571-KE – Kenya National Highways Authority
77. Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance No. V1570 – KE) - Ministry of Environment and Forestry
78. 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
79. Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya Project (Agra Grant No. 2018 KE 005) - State Department for Crop Development and Agricultural Research
80. Kenya Youth Employment and Opportunities Project (IDA Credit No. 5812-KE)- State Department for Youth Affairs
81. Judicial Performance Improvement Project (IDA Credit No.5181- KE) - The Judiciary

Appendix B: Qualified Opinion

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

82. Bogoria Silali Geothermal Project (Loan No.2013.66.103) - Geothermal Development Company Limited
 83. Mombasa–Mariakani Highway Project Lot 1 (Mombasa-Kwa Jomvu) Loan No. 2100150032743 – Kenya National Highways Authority
 84. Dualling of Nairobi - Dagoretti Corner Road Phase 2 - Kenya Urban Roads Authority
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85. Mombasa Port Area Road Development Project - Kenya National Highways Authority
 86. Upgrading of Kibwezi-Mutomo-Kitui Road Project - Kenya National Highways Authority
 87. Secondary Education Quality Improvement Project (Credit No.6138-KE) - State Department for Early Learning and Basic Education
 88. Kenya Development of Solar Power Plant in Garissa Project (GCL No.2015(10) - Rural Electrification and Renewable Energy Corporation
 89. National Urban Transport Improvement Project Credit No. 5140- KE (MOT Component) - State Department for Transport
 90. East Africa Public Health Laboratory Networking (EAPHLN) Project Credit No.4732-KE – Kenya Medical Supplies Authority
 91. Health Sector Support Project – SWAp Secretariat (IDA Cr. No. 4771-KE and Cr. No.5367-KE) – Ministry of Health
 92. Small-Scale Irrigation and Value Addition Project (ADF Loan No.2000130014530 and Grant No.5570155000751) – State Department for Crop Development and Agricultural Research
 93. 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
 94. Kenya Climate Smart Agriculture Project (IDA Credit No. 5945-KE) - State Department for Crop Development and Agricultural Research

Appendix B: Qualified Opinion

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

95. Multi-National Lake Victoria Maritime Communications and Transport Project (ADF Loan No. 2100150036247) – Kenya Maritime Authority
96. Kenya Social and Economic Inclusion Project IDA Cr No. 6348-KE – State Department for Social Protection
97. Kenya Nairobi Western Bypass Project Credit No. China Exim Bank GCL No. (2017) 28 Total No. (633) – Kenya National Highways Authority
98. Dualling of Magongo Road Phase 2 Project - Kenya National Highways Authority
99. Nairobi Sanitation Output Based Aid Project (IDA Grant No. TF014251 and No. TF0A5607) - Nairobi City Water and Sewerage Company Limited
100. Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero – (A1-Road Rehabilitation) – Kenya National Highways Authority
101. Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase II (Marsabit-Turbi Road) ID No. P-Z1-DBO-027 – Kenya National Highways Authority
102. Eastern Africa Regional Transport, Trade and Development Facilitation Project-(IDA CR-5638) – Kenya National Highways Authority
103. Kenya Development Response to Displacement Impacts Project (IDA Credit No.6021-KE - State Department for Development of Arid and Semi-Arid Lands (ASALS)
104. Kenya Off-Grid Solar Access Project for Underserved Counties (IDA Cr. No. 6135-KE) - Ministry of Energy and SNV Netherlands Development Organization
105. Bagamoyo-Horohoro-Lunga Lunga-Malindi Road Project (Phase I) ID NO: P-ZI-DBO-129 – Kenya National Highways Authority
106. Mombasa Gate Bridge Construction Project Loan Agreement NO.KE-P34 - Kenya National Highways Authority
107. 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

Appendix B: Qualified Opinion

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

108. Kenya Youth Employment Opportunity Project Credit No.58120-KE - State Department for Labour
 109. Combating Poaching and Illegal Wildlife Trafficking In Kenya Through Integrated Approach (IWT-Kenya) Project – State Department for Wildlife
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Appendix C: Adverse Opinion

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

1. State Department for Social Protection
2. Revenue Statements – Government Investments and Public Enterprises
3. Kisumu Urban Project (Cash Expenditure Fund)-CKE 1035.01.G – County Government of Kisumu

Appendix D: Disclaimer of Opinion

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

1. Statement of Outstanding Obligations Guaranteed by the Government of Kenya – The National Treasury
 2. Kenya Social and Economic Inclusion Project No.P164654, IDA Credit No.63480 and Grant No.TFA9527 – National Drought Management Authority
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APPENDIX E – Donor Funded Projects Pending Bills

No.	Donor Funded Projects	Implementing Entity	Pending Bills (Kshs.)
1.	Mombasa Port Area Road Development Project	Kenya National Highways Authority	4,789,660,357
2.	National Urban Transport Improvement Project - IDA Credit No. 5140 - KE	Kenya National Highways Authority	4,542,434,807
3.	Kenya Nairobi Western Bypass Project Credit No. China Exim Bank GCL No. (2017) 28 Total No. (633)	Kenya National Highways Authority	3,926,892,951
4.	Nairobi Southern Bypass Project Loan No. China Exim Bank PBC No.(2011) 32 Total No.(183) No.(1420303052011211528)	Kenya National Highways Authority	3,672,093,817
5.	Kenya Transport Sector Support Project Credit No.4926-KE and No.5410-KE	Kenya National Highways Authority	2,301,615,924
6.	Upgrading of Kibwezi-Mutomo-Kitui Road Project	Kenya National Highways Authority	1,920,289,734
7.	Eastern Africa Regional Transport, Trade and Development Facilitation Project-(IDA CR-5638)	Kenya National Highways Authority	1,540,700,413
8.	East Africa Trade and Transport Facilitation Project (MOT/KRC Component) Credit No.4148-KE and Credit No. 4977-KE	State Department for Transport	1,517,967,848
9.	Dualling of Magongo Road Phase 2 Project	Kenya National Highways Authority	1,496,072,975
10.	Kapchorwa-Suam-Kitale and Eldoret Bypass Roads (Kenya) Project ID No. P-Z1-DB0-183	Kenya National Highways Authority	999,981,672
11.	Olkaria-Lessos-Kisumu Transmission Lines Construction Project (JICA Loan No. KE-P28)	Kenya Electricity Transmission Company Limited	919,249,479
12.	Rural Electrification in Five Regions Project (Cr.No.11/597KE, 1407PKE)	Rural Electrification and Renewable Energy Corporation	795,366,464
13.	Kimira Oluch Smallholder Farm Improvement Project (ADF Loan No. 2100150012296)	State Department for Regional and Northern Corridor Development	700,656,527

No.	Donor Funded Projects	Implementing Entity	Pending Bills (Kshs.)
14.	Nuno-Modogashe Road Project	Kenya National Highways Authority	575,470,814
15.	220KV and 132KV Transmission Lines and Substations (Exim Bank of India Funded) Projects	Kenya Electricity Transmission Company Limited	543,475,069
16.	Last Mile Connectivity Project II (Loan No.2000200000152)	Kenya Power and Lighting Company PLC	517,952,000
17.	Nairobi Missing Links Road and Non Motorised Transport Facilities (KE/001/09) EDFX	Kenya Urban Roads Authority	490,647,638
18.	Power Transmission System Improvement Project (ADF Loan No.2100150023752)	Kenya Electricity Transmission Company Limited	469,610,543
19.	Menengai Geothermal Project	Geothermal Development Company Limited	461,177,000
20.	Mombasa–Mariakani Highway Project Lot 1 (Mombasa-Kwa Jomvu) Loan No. 2100150032743	Kenya National Highways Authority	451,001,811
21.	Multinational - Kenya Section of Interconnection Project of Electricity Grids of Nile Equatorial Lakes Countries (ADF Loan No. 2100150022643)	Kenya Electricity Transmission Company Limited	446,539,858
22.	Nairobi-Thika Highway Improvement Project Lot I and II (Credit No. 2100150015544)	Kenya National Highways Authority	428,623,554
23.	Nairobi Outer Ring Road Improvement Project No. P-KE-DB0-020	Kenya Urban Roads Authority	418,926,708
24.	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	383,308,720
25.	Nairobi Ring Transmission Line Project (AFD Credit No. CKE6012.01, AFD Credit No. CKE1068 01, AFD Credit No. CKE1030.01.B, EIB Credit No.25.367/KE and GOK)	Kenya Electricity Transmission Company Limited	194,333,931
26.	Bogoria Silali Geothermal Project (Loan No.2013.66.103)	Geothermal Development Company Limited	184,801,000

No.	Donor Funded Projects	Implementing Entity	Pending Bills (Kshs.)
27.	Arusha-Namanga-Athi River Road Development Project No. P-Z1-DB0-040	Kenya National Highways Authority	155,603,353
28.	Regional Roads Component (Merille-Marsabit Road) (KE/001/09) Project Loan Agreement No.KE/FED/2009/021-655	Kenya National Highways Authority	141,566,761
29.	Multinational Kenya-Tanzania Power Interconnection Project (Kenyan Component) (ADF Loan No.2100150032846)	Kenya Electricity Transmission Company Limited	138,447,196
30.	Kenya Nairobi-Thika Highway Improvement Project (Lot 3) Government Concessional Loan Agreement No.(2009) 39 Total No.(290)	Kenya National Highways Authority	116,274,109
31.	A Case Study on Integrated Delivery of Selected Non-Communicable Diseases In Kenya (PHGF Grant No. TFOA5636)	Moi Teaching and Referral Hospital	93,030,320
32.	Dualling of Nairobi - Dagoretti Corner Road Phase 2	Kenya Urban Roads Authority	90,165,198
33.	Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase II (Marsabit-Turbi Road) ID No. P-Z1-DBO-027	Kenya National Highways Authority	62,165,683
34.	East Africa Trade and Transport Facilitation Project (IDA Credit No. 4148-KE)	Kenya National Highways Authority	46,964,093
35.	Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) Credit Nos.5050200000901 and 20020004504	Kenya National Highways Authority	42,161,578
36.	Roads 2000 Phase Two Project (AFD Credit No. CKE 101201B, Credit No. CKE 1046 01 J and Credit No. CKE 1094 01 M)	Kenya Rural Roads Authority	30,273,407
37.	Port Reitz/Moi International Airport Access (C110) Road (FIDIC EPC/Turnkey Based)	Kenya National Highways Authority	29,624,000
38.	Multinational Arusha-Holili/Taveta-Voi Road Corridor Development Project Phase I – Loan No.2100150028894	Kenya National Highways Authority	25,023,499
39.	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	24,637,368

No.	Donor Funded Projects	Implementing Entity	Pending Bills (Kshs.)
40.	Nairobi Metropolitan Services Improvement Project (IDA Credit No. 5102-KE)	State Department for Housing and Urban Development	20,300,335
41.	Mombasa-Nairobi-Addis Ababa Road Corridor Project Phase III (Turbi - Moyale) No. P-ZI-DB0-095 Loan No. 2100150025546	Kenya National Highways Authority	17,533,871
42.	Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance No. V1570 – KE)	Ministry of Environment and Forestry	17,019,569
43.	Judicial Performance Improvement Project (IDA Credit No.5181– KE)	The Judiciary	16,773,401
44.	Kenya Aviation Modernization Project (Preparation Advance No. V0440)	Kenya Airports Authority	15,244,000
45.	Regional Mombasa Port Access Road Project (Loan No. 27459, Credit No. 84010 and Grant No. 202061919)	Kenya National Highways Authority	15,028,891
46.	Kenya Youth Employment and Opportunities Project (IDA Credit No. 5812-KE)	State Department for Youth Affairs	14,803,297
47.	Sound Chemicals Management Mainstreaming and UPOPs Reduction in Kenya Project (Grant No.99820)	Ministry of Environment and Forestry	4,793,425
48.	Northern Corridor Rehabilitation Programme Phase III	Kenya National Highways Authority	4,101,454
49.	National Urban Transport Improvement Project Credit No. IDA 5140-KE (KRC Component)	Kenya Railways Corporation	3,900,000
50.	Green Growth and Employment Thematic Programme (GGETP) – Danish Embassy File No.2015 -	Ministry of Environment and Forestry	3,068,775
51.	Kenya Urban Support Program (IDA Credit No.6134-KE)	State Department for Housing and Urban Development	2,567,156
52.	System for Land Based Emissions and Estimation in Kenya (SLEEK) Project	Ministry of Environment and Forestry	1,132,994
	Total		35,821,055,347