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REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FIFTH SESSION (2026)

SPECIAL FUNDS ACCOUNTS COMMITTEE

TWENTY-FIRST REPORT

OF

THE SPECIAL FUNDS ACCOUNTS COMMITTEE ON EXAMINATION OF THE REPORTS OF THE AUDITOR-GENERAL ON THE AUDITED FINANCIAL STATEMENTS OF:

1. **NATIONAL DROUGHT EMERGENCY FUND FOR THE FINANCIAL YEARS 2022/2023 TO 2024/2025.**
2. **OCCUPATIONAL SAFETY AND HEALTH FUND FOR THE FINANCIAL YEARS 2022/2023 TO 2024/2025**
3. **KENYA ENERGY-SECTOR ENVIRONMENT AND SOCIAL RESPONSIBILITY PROGRAMME FUND FOR THE FINANCIAL YEARS 2018/2019 TO 2024/2025**

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NOVEMBER, 2026

Table of Contents

ANNEXURES 4
LIST OF ABBREVIATIONS AND ACRONYMS 4
CHAIRPERSON'S FOREWORD 6
EXECUTIVE SUMMARY 7
1.0. PREFACE 8
1.1. Establishment and Mandate of the Committee 8
1.2 Committee Membership 10
1.3 Committee Secretariat 10
2.0 GENERAL OBSERVATIONS AND RECOMMENDATIONS 11
3.0 EXAMINATION OF THE AUDITOR-GENERAL'S REPORT ON THE FINANCIAL STATEMENT OF THE NATIONAL DROUGHT EMERGENCY FUND FOR THE FINANCIAL YEARS 2022/2023 TO 2024/2025. 13
3.1 AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2022/2023 13
3.2 AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2023/2024 14
3.3 AUDITED STATEMENTS FOR THE FINANCIAL YEAR 2024/2025 16
4.0 EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS FOR THE OCCUPATIONAL SAFETY AND HEALTH FUND FOR THE FINANCIAL YEARS 2022/2023 TO 2024/2025 19
4.1 AUDITED STATEMENTS FOR THE FINANCIAL YEAR 2022/2023 19
4.2 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2023/2024 .. 22
4.3 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2024/2025 .. 32
5.0 EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS FOR THE KENYA ENERGY-SECTOR ENVIRONMENT AND SOCIAL RESPONSIBILITY PROGRAMME FUND FOR THE FINANCIAL YEARS 2018/2019 TO 2024/2025 38
5.1 AUDITED FINANCIAL STATEMENTS FOR THE FY 2018/2019 38
5.2 AUDITED FINANCIAL STATEMENTS FOR THE FY 2019/2020 40
5.3 AUDITED FINANCIAL STATEMENTS FOR THE FY 2020/2021 42
5.4 AUDITED FINANCIAL STATEMENTS FOR THE FY 2021/2022 46
5.5 AUDITED FINANCIAL STATEMENTS FOR THE FY 2022/2023 50
5.6 AUDITED FINANCIAL STATEMENTS FOR THE FY 2023/2024 54
5.7 AUDITED FINANCIAL STATEMENTS FOR THE FY 2024/2025 66

ANNEXURES

Annexure 1	-	Adoption List
Annexure 2	-	Committee Minutes

LIST OF ABBREVIATIONS AND ACRONYMS

BOWEC	-	Building Operations and Works of Engineering Construction
CWR	-	County Woman Representative
DOSHS	-	Directorate of Occupational Safety and Health Services
EPRA	-	Energy and Petroleum Regulatory Authority
FY	-	Financial Year
GDC	-	Geothermal Development Company
IPSAS	-	International Public Sector Accounting Standards
ISSAI	-	International Standards of Supreme Audit Institutions
KEEP	-	Kenya Energy Sector Environment and Social Responsibility Programme
KenGen	-	Kenya Electricity Generating Company PLC
KETRACO	-	Kenya Electricity Transmission Company
KPLC	-	Kenya Power and Lighting Company Limited
KRA	-	Kenya Revenue Authority
MDAs	-	Ministries, Departments and Agencies
MoE	-	Ministry of Energy
NACOSH	-	National Council for Occupational Safety and Health
NAOSH	-	National Occupational Safety and Health Policy
NDEF	-	National Drought Emergency Fund
NITA	-	National Industrial Training Authority
NuPEA	-	Nuclear Power and Energy Agency
OSH	-	Occupational Safety and Health
OSHMIS	-	Occupational Safety and Health Management Information System
PAYE	-	Pay As You Earn
PFM	-	Public Finance Management
PPE	-	Property, Plant and Equipment
REREC	-	Rural Electrification and Renewable Energy Corporation
SAGA	-	Semi-Autonomous Government Agency
SCFO	-	Senior Chief Finance Officer
VAT	-	Value Added Tax
WIBA	-	Work Injury Benefits Act

CHAIRPERSON'S FOREWORD

The Special Funds Accounts Committee (hereinafter referred to as "the Committee") is one of the six 'Watchdog Committees' which were established in the Fifth Session of the Eleventh Parliament following the review of the National Assembly's Standing Orders. The Committee is established pursuant to Standing Order 205A to examine the audited accounts of Funds established by Statute or by subsidiary legislation, the Equalization Fund, the Equalization Fund Advisory Board, and the Political Parties Fund. This ensures compliance with Article 229(8) of the Constitution of Kenya, 2010, regarding reports laid before the House by the Auditor-General.

In examining the reports of the Auditor-General on the National Drought Emergency Fund, the Occupational Safety and Health Fund for the Financial Years 2022/2023 to 2024/2025, and the Kenya Energy Sector Environment and Social Responsibility Programme Fund for the Financial Years 2018/2019 to 2024/2025, the Committee received oral and written submissions from Mr. Hared Adan, the Chief Executive Officer, National Drought Management Authority; Mr. Shadrack Mwadime, the Principal Secretary, State Department for Labour and Skills Development; and Mr. Alex K. Wachira, MBS, the Principal Secretary, State Department for Energy.

This report contains the observations and recommendations arising from the examination of thirteen (13) reports of the Auditor-General on the three (3) Funds, comprising three (3) reports each for the National Drought Emergency Fund and the Occupational Safety and Health Fund and seven (7) reports for the Kenya Energy Sector Environment and Social Responsibility Programme Fund.

The Committee appreciates the Offices of the Speaker and the Clerk of the National Assembly for the support accorded to it in enabling it to fulfil its mandate. The Committee further appreciates the Office of the Auditor General for the services it provided throughout the period, as well as the Accounting Officers who complied with audit timelines and provided satisfactory responses to queries raised. I also appreciate my fellow Members of the Committee and the Secretariat, whose immense contributions and dedication to duty enabled the Committee to examine the audit queries and produce this report.

On behalf of the Special Funds Accounts Committee and pursuant to National Assembly Standing Order 199(6), it is my pleasant duty and honour to present to the House the **Twenty-First Report of the Special Funds Accounts Committee on the audited financial statements of the National Drought Emergency Fund for the Financial Years 2022/2023 to 2024/2025**, the **Occupational Safety and Health Fund for the Financial Years 2022/2023 to 2024/2025** and the **Kenya Energy Sector Environment and Social Responsibility Programme Fund for the Financial Years 2018/2019 to 2024/2025**.

HON. FATUMA ZAINAB MOHAMMED, CBS, MP
CHAIRPERSON, SPECIAL FUNDS ACCOUNTS COMMITTEE

EXECUTIVE SUMMARY

The Twenty-First Report of the Special Funds Accounts Committee contains the Committee's examination of the reports of the Auditor-General on the audited financial statements of the National Drought Emergency Fund for the Financial Years 2022/2023 to 2024/2025, the Occupational Safety and Health Fund for the Financial Years 2022/2023 to 2024/2025, and the Kenya Energy Sector Environment and Social Responsibility Programme Fund for the Financial Years 2018/2019 to 2024/2025. In total, the Committee examined thirteen (13) Auditor-General reports.

In examining the audited financial statements of the three Funds, the Committee's primary approach was to elicit background information on why particular courses of financial and/or management action were or were not taken. This was done with the relevant Public Financial Management principles in mind, including the Constitution of Kenya, 2010, the Public Audit Act, 2015, the Public Finance Management Act, 2012 (Cap. 412A), the Public Finance Management (National Government) Regulations, 2015, the Public Procurement and Asset Disposal Act, 2015 and the attendant regulations, the Income Tax Act, Cap. 470, the International Public Sector Accounting Standards (IPSAS), and the Treasury and Salaries and Remuneration Commission circulars relevant to the Funds.

In examining whether the affairs of the Funds are managed in accordance with sound business principles and prudent commercial practices, the Committee heard and received oral and written evidence from the Chief Executive Officer of the National Drought Management Authority, the Principal Secretary, State Department for Labour and Skills Development, and the Principal Secretary, State Department for Energy, as the Accounting Officers of the respective Funds.

The preface contains preliminaries on the establishment of the Committee; its membership and secretariat; its mandate; and the guiding principles governing the Committee in undertaking its mandate. Part two contains the Committee's general observations and recommendations on each of the three Funds.

Parts three, four and five contain the examination of the financial statements of the National Drought Emergency Fund, the Occupational Safety and Health Fund and the Kenya Energy Sector Environment and Social Responsibility Programme Fund respectively. For each Fund, the report sets out the financial years considered; the specific audit reservations raised by the Auditor-General in each financial year; the submissions by the Accounting Officer on each audit reservation; the Committee's observations after considering each audit reservation; and, finally, the Committee's recommendations on each audit query.

1.0. PREFACE

1.1. Establishment and Mandate of the Committee

1. The Special Funds Accounts Committee is one of the six Watchdog Committees of the National Assembly established under Standing Order 205A and is responsible for the examination of the operations, management and audited accounts of Special Funds established by the National Government, based on the reports of the Auditor-General. It is mandated to examine the reports of the Auditor-General on the following:
   i) Funds established by statute or by subsidiary legislation, except Funds under Standing Order 205B (Decentralized Funds Accounts Committee)
   ii) The Equalization Fund;
   iii) The Equalization Fund Advisory Board;
   iv) The Political Parties Fund; and
   v) Other funds as may be communicated by the Honourable Speaker

2. The Committee, in considering the Audited accounts of the Funds, is guided by the Constitution of Kenya and the following statutes and codes/regulations in carrying out its mandate.

1.2 Guiding Principles

1.2.1 Chapter Twelve of the Constitution on Public Finance

Part I-Principles of Public Finance

3. **Article 201** provides for the fundamental principles that...*shall guide all aspects of public finance in the Republic....*" These principles are, inter alia-
   (i) 201(a)) there shall be openness and accountability, including public participation in financial matters
   (ii) 201(d)) public money shall be used in a prudent and responsible way; and
   (iii) 201(e) financial management shall be responsible, and fiscal reporting shall be clear

Part 6-Control of Public Money

4. **Article 226** deals with the accounts and audit of public entities and provides that:
   (i) the accounting officer of a national public entity is accountable to the National Assembly for its financial management (Article 226(2)); and
   (ii) the holder of a public office, including a political office, who directs or approves the use of public funds contrary to law or instructions, is personally liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not (Article 226(5)).

5. **Article 227** deals with the procurement of public goods and services. Article 227(1) in particular, provides that "when a State organ or any other public entity contracts for goods or

services, it shall do so in accordance with a system that is fair, equitable, transparent, competitive, and cost-effective".

6. **Article 229(8)** of the Constitution of Kenya 2010 mandates the National Assembly to debate and take appropriate action on audit reports within three months of receipt of the reports from the Auditor.

1.2.2 Obligations of Accounting Officers

7. The Public Finance Management Act, Cap. 412A

8. **Section 68** sets out the responsibilities of accounting officers for national government entities, Parliament and the Judiciary. This includes accountability to the National Assembly for ensuring that the resources of the respective entity for which he or she is the accounting officer are used in a lawful, authorized, effective, efficient, economical and transparent manner (section
68(1)).9.

9. **Section 72** focuses on the accounting officers' responsibility to manage the assets and liabilities of national government entities. On this basis, each Fund Account Manager, as the Accounting Officer, is held directly and personally liable for any loss of public funds under their watch.

10. Apart from the above-named laws, the Committee was further guided by the following: -
    i) The Parliamentary Powers and Privileges Act, Cap. 6;
    ii) The Public Finance Management (National Government) Regulations, 2015;
    iii) The Public Procurement and Asset Disposal Act, Cap. 412C;
    iv) The Public Procurement and Asset Disposal Regulations, 2020;
    v) The Public Audit Act, Cap. 412B;
    vi) The Fair Administrative Action Act, Cap. 7L;
    vii) The Accountants Act, Cap. 531; and
    viii) The National Assembly Standing Orders.

1.2 Committee Membership

11. The Committee comprises the following fifteen (15) Members:

	Name	Constituency	Party
1	Hon. Fatuma Zainab Mohammed, CBS, MP (**Chairperson**)	Migori (CWR)	Independent
2	Hon. Dawood Abdul Rahim, CBS, HSC, MP (**Vice Chairperson**)	North Imenti	Independent
3	Hon. Koyi, John Waluke, CBS, MP	Sirisia	JP
4	Hon. Dr. Christine Ombaka Oduor, MP	Siaya (CWR)	ODM
5	Hon. Erastus Kivasu Nzioka, MP	Mbooni	Wiper
6	Hon. Eve Akinyi Obara, MP	Kabondo Kasipul	ODM
7	Hon. Charles Ngusya Nguna, MP	Mwingi West	Wiper
8	Hon. Joseph Majimbo Kalasinga, MP	Kabuchai	FORD-K
9	Hon. Tom Mboya Odege, MP	Nyatike	ODM
10	Hon. Catherine Nakhabi Omanyo, MP	Busia (CWR)	ODM
11	Hon. Cecilia Asinyen Ngitit, MP	Turkana (CWR)	UDA
12	Hon. Erick Wamumbi, MP	Mathira	UDA
13	Hon. Joseph Kimutai Cherorot, MP	Kipkelion East	UDA
14	Hon. Onchoke Charles Mamwacha, MP	Bonchari	UPA
15	Hon. Leah Soipato Sankaire, MP	Kajiado	UDA

1.3 Committee Secretariat

12. The Secretariat facilitating the Committee comprises the following technical staff:

	Name	Designation
1.	Ms. Ella Kendi	Clerk Assistant I
2.	Ms. Kathleen Nanzala	Clerk Assistant III
3.	Mr. Nimrod Mate	Clerk Assistant III
4.	Mr. Robert Ngetich	Fiscal Analyst II
5.	Ms. Nancy Chepkemoi	Legal Counsel II
6.	Ms. Bevaline Mosoti	Research Officer III
7.	Ms. Maryan Gabow	Public Communications Officer III
8.	Ms. Ivy Maritim	Media Relations Officer III
9.	Mr. John Nga'ng'a	Audio Officer III
10.	Mr. Joshua Lenambet	Serjeant At Arms

CHAPTER TWO

2.0 GENERAL OBSERVATIONS AND RECOMMENDATIONS

13. During its examination of the audited financial statements of the three Funds, the Committee made the following general observations and recommendations on each Fund:

National Drought Emergency Fund

(i) Inadequate Seed Capital

14. The Committee observed that, as at the end of the Financial Year 2024/2025, the Fund had received a cumulative seed capital of Kshs. 483,300,000 against the Kshs. 2,000,000,000 required under Regulation 4(1) of the Public Finance Management (National Drought Emergency Fund) Regulations, 2021.

15. The Committee recommends that-

i) Within six (6) months of the adoption of this Report, the Accounting Officer to engage the National Treasury to provide for the shortfall of Kshs. 1,516,700,000 in the budget estimates

ii) Within six (6) months of the adoption of this Report, the Cabinet Secretary for East African Community, Arid and Semi-Arid Lands and Regional Development should review the Fund to determine whether it is achieving its intended mandate and advise the House on its continued operation.

(ii) Non-Implementation of Approved Projects

16. The Committee observed that ten (10) projects approved by the Fund Board had not been implemented due to the lack of a budgetary allocation and delays by County Governments and other partners in confirming their counterpart funding commitments.

17. The Committee recommends that within three (3) months of the adoption of this Report, the Accounting Officer should establish a counterpart funding framework requiring County Governments and development partners to provide formal funding commitments before projects are approved by the Fund Board.

Occupational Safety and Health Fund

Failure to review the Occupational Safety and Health Legal and Policy Framework and operationalise the autonomy of Fund

18. The Committee observed that-

i) The Directorate of Occupational Safety and Health Services, which runs the Fund, operates as a department under the State Department for Labour and Skills Development without the autonomy envisaged under the National Occupational Safety and Health Policy;

ii) The Occupational Safety and Health Act, 2007 had not been reviewed to reflect the current trends in safety and occupation; and

iii) The Building Operations and Works of Engineering Construction (BOWEC) Rules, 1984 had not been reviewed to reflect the current occupational safety and health.

19. The Committee recommends that within six (6) months of the adoption of this Report the Accounting Officer to fast-tracks the enactment of the Occupational Safety and Health Bill, 2024 and reviews of the National Occupational Safety and Health Policy, 2012 and the BOWEC Rules, 1984.

(i) Irregular Payment of Allowances

20. The Committee observed allowances amounting to Kshs. 5,440,000 were paid to members of staff for performing accounting duties contrary to the Salaries and Remuneration Commission Circular of 7th August, 2023, which prohibits paying sitting allowances to officers earning a basic salary.

21. The Committee recommends that within one (1) month of the adoption of this report, the Accounting Officer institutes recovery of the irregular allowances of Kshs. 5,440,000 and submit evidence of the recovery to the Auditor-General for audit verification.

Kenya Energy Sector Environment and Social Responsibility Programme Fund

(i) Low Contribution by agencies in the Energy Sector

22. The Committee observed that four (4) agencies namely, Kenya Electricity Transmission Company, Geothermal Development Company, Nuclear Power & Energy Agency Rural Electrification and Renewable Energy Corporation did not remit their contributions to the Kenya Energy Sector Environment and Social Responsibility Programme Fund, as required under the KEEP 2019 -2029 Action Plan.

23. The Committee recommends that within three (3) months of the adoption of this Report, the Principal Secretary, State Department for Energy, engages the defaulting agencies to agree on remittance schedules, facilitate the inclusion of their contributions in their annual budgets, and submit a status report to the National Assembly and the Auditor-General.

(ii) Failure to achieve the Bio-Fuel Objective of the Fund

24. The Committee observed that the Fund did not achieve one of its primary objective which is to produce energy crops for bio fuels as provided in Action Plan for the period 2008 - 2018

25. The Committee recommends that within three (3) months of the adoption of this Report, the Accounting Officer explores more commercially sustainable energy crops or alternative bioenergy technologies and submits a status report to the Auditor-General for audit verification.

CHAPTER THREE

3.0 EXAMINATION OF THE AUDITOR-GENERAL'S REPORT ON THE FINANCIAL STATEMENT OF THE NATIONAL DROUGHT EMERGENCY FUND FOR THE FINANCIAL YEARS 2022/2023 TO 2024/2025.

26. Mr. Hared Adan, the Chief Executive Officer of the National Drought Management Authority, appeared before the Committee on Tuesday, 12th May, 2026, to adduce evidence on the audited financial statements for the National Drought Emergency Fund for the Financial Years 2022/2023 to 2024/2025. During the meeting, the Accounting Officer was accompanied by:

1. Mr. Felix Adoyo	-	Director Resilience
2. Mr. Yussuf Bagaja	-	Deputy Director Finance

3.1 AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2022/2023

1) Seed Capital

27. During the year under review, the fund received a cumulative amount of Kshs. 463,300,000 against a seed capital of two (2) billion shillings provided for in Regulation 4(1) of the National Drought Emergency Fund Regulations, 2021, which requires the initial capital of the fund to be two (2) billion shillings appropriated by Parliament. In the circumstances, the delayed release of the seed capital may affect the optimal implementation of the envisaged drought risk management actions.

Submissions by the Accounting Officer

28. The Management stated that the Authority had continued to engage the National Treasury and the Parliamentary Budget and Appropriations Committee to advocate for full capitalization of the Fund as envisaged in the Regulations. The engagements are anchored on demonstrating the strategic importance of the Fund in enabling timely and cost-effective drought risk management interventions, including anticipatory action, long-term resilience building and early response.

Committee Observations

29. The Committee observed that -

i) **The Fund had received a cumulative amount of Kshs. 463,300,000 against the prescribed seed capital of Kshs. 2,000,000,000 provided under Regulation 4(1) of the National Drought Emergency Fund Regulations, 2021, resulting in a funding shortfall of Kshs. 1,536,700,000; and**

ii) **The matter is not resolved**

Committee Recommendations

30. The Committee recommends that -

    i) **Within six (6) months of the adoption of this report, the Accounting Officer explores alternative resource mobilization strategies, including engagement with development partners and other stakeholders to supplement Government funding and enhance the sustainability of the Fund; and**

    ii) **Within six (6) months of the adoption of this report, the Cabinet Secretary for East African Community, Arid and Semi-Arid Lands and Regional Development, reviews the Fund to determine whether it is achieving its intended mandate and submits a report to the National Assembly on its continued operation and the most appropriate institutional arrangement for implementing its mandate.**

3.2 AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2023/2024

1) Budgetary Control and Performance

31. The statement of comparison of budget and actual amounts reflects final budgeted and actual receipts on comparable basis of Kshs. 20,000,000 and Kshs. 47,125,221 respectively, resulting to an over collection of Kshs. 27,125,221. Management has explained that the over collection of Kshs. 27,125,221, which was not budgeted for, resulted from interest income generated from bank deposits. Similarly, the Fund spent an amount of Kshs. 54,240,320 against actual receipts of Kshs. 47,125,221 resulting to an over- expenditure of Kshs. 7,115,099 or 15% of the actual receipts.

32. Management has further explained that the over expenditure of Kshs. 7,115,099 was financed from prior year closing bank balances.

Submissions by the Accounting Officer

33. The Management acknowledged the observation by the Auditor-General regarding the over-collection of Kshs. 27,125,221. The Authority negotiated for premiums on bank deposits as a way of generating revenue. This was as a result of the banks holding substantial amounts of bank balances for a while before utilization by the Authority. The over-collection noted is therefore a cumulative premium earned in the 2023/2024 financial year.

34. Once the premium is earned, the amount is ploughed back to support the NDEF budget and activities as per the NDEF Regulations (2021), Section 5(d), which states that "The sources of the fund shall consist of income generated from the proceeds of the Fund''.

Committee Observations

35. The Committee observed that -

i) **The Fund had an over-expenditure of Kshs. 7,115,099, which was financed from prior year closing bank balances;**
ii) **The over-collection of Kshs. 27,125,221 arose from interest premiums earned on bank deposits held by the Fund, which were reinvested into Fund activities in accordance with Regulation 5(d) of the National Drought Emergency Fund Regulations, 2021, which provides that income generated from the proceeds of the Fund constitutes a source of funding; and**
iii) **The matter is resolved.**

Committee Recommendation

36. **The Committee recommends that the Accounting Officer ensures that budget estimates for subsequent financial years are accurate and account for all anticipated revenue sources, including interest income and premiums earned on bank deposits, in accordance with Regulation 5(d) of the National Drought Emergency Fund Regulations, 2021.**

2) Inadequate Seed Capital

37. As reported in the previous year, the Fund has received a cumulative amount of Kshs. 483,300,000 against a seed capital of two (2) billion shillings provided for in Regulation 4(1) of the Public Finance Management (National Drought Emergency Fund) Regulations, 2021 which requires that the initial capital for the Fund shall be two (2) billion shillings appropriated by Parliament. In the circumstances, the delayed release of the said capital may affect the optimal implementation of the envisaged drought risk management actions

Submissions by the Accounting Officer

38. Management acknowledged the concern raised by the Auditor-General regarding the inadequate capitalisation of the National Drought Emergency Fund (NDEF) against the prescribed seed capital of Kshs. 2,000,000,000. The Authority will continue to engage the National Treasury and the Departmental Committee on Regional Development of the National Assembly to advocate for the full financing of the Fund as provided for in the Public Finance Management (National Drought Emergency Fund) Regulations, 2021.

Committee Observations

39. The Committee observed that -

i) **The Fund had received a cumulative amount of Kshs. 483,300,000 against the prescribed seed capital of Kshs. 2,000,000,000 provided for under Regulation 4(1) of the National Drought Emergency Fund Regulations, 2021, resulting in a funding shortfall of Kshs. 1,516,700,000; and**
ii) **The matter is not resolved.**

Committee Recommendations

40. The Committee recommends that -

i) **Within six (6) months of the adoption of this report, the Accounting Officer explores alternative resource mobilization strategies, including engagement with development partners and other stakeholders to supplement Government funding and enhance the sustainability of the Fund;**

ii) **Within six (6) months of the adoption of this report, the Cabinet Secretary for East African Community, Arid and Semi-Arid Lands and Regional Development reviews the Fund to determine whether it is achieving its intended mandate and submits a report to the National Assembly on its continued operation and the most appropriate institutional arrangement for implementing its mandate; and**

iii) **The Accounting Officer engages with the National Treasury to ensure provision of the shortfall of Kshs. 1,516,700,000 in the subsequent annual budget estimates and with the relevant Parliamentary Committee to facilitate its appropriation in accordance with Regulation 4(1) of the National Drought Emergency Fund Regulations, 2021.**

3.3 AUDITED STATEMENTS FOR THE FINANCIAL YEAR 2024/2025

1) Delay in Receipt of Seed Capital

41. The Fund has received a cumulative amount of Kshs. 483,300,000 against a seed capital of two (2) billion as provided for in Regulation 4(1) of the Public Finance Management (National Drought Emergency Fund) Regulations, 2021 which requires that the initial capital for the fund shall be two (2) billion shillings appropriated by Parliament.

Submission by the Accounting Officer

42. Management acknowledged the concern raised by the Auditor-General regarding the inadequate capitalization of the National Drought Emergency Fund (NDEF) against the prescribed seed capital of Kshs. 2,000,000,000. The Authority will continue to engage the National Treasury and the Departmental Committee on Regional Development of the National Assembly to advocate for the full financing of the Fund as provided for in the Public Finance Management (National Drought Emergency Fund) Regulations, 2021.

Committee Observations

43. The Committee observed that -

i) **The Fund had received a cumulative amount of Kshs. 483,300,000 against the prescribed seed capital of Kshs. 2,000,000,000 provided for under Regulation 4(1) of the National Drought Emergency Fund Regulations, 2021, resulting in a funding shortfall of Kshs. 1,516,700,000; and**

ii) **The matter is not resolved.**

Committee Recommendations

44. The Committee recommends that -

i) **Within six (6) months of the adoption of this report, the Accounting Officer explores alternative resource mobilization strategies, including engagement with development partners and other stakeholders to supplement Government funding and enhance the sustainability of the Fund;**

ii) **Within six (6) months of the adoption of this report, the Cabinet Secretary for East African Community, Arid and Semi-Arid Lands and Regional Development, to review the Fund to determine whether it is achieving its intended mandate and submits a report to the National Assembly on its continued operation and the most appropriate institutional arrangement for implementing its mandate; and**

iii) **The Accounting Officer engages with the National Treasury to ensure provision of the shortfall of Kshs. 1,516,700,000 in the subsequent annual budget estimates and with the relevant Parliamentary Committee to facilitate its appropriation in accordance with Regulation 4(1) of the National Drought Emergency Fund Regulations, 2021.**

2) Non-Implementation of Approved Projects

45. Appendix II to the financial statements reflects six (6) projects and four (4) projects with estimated costs of Kshs. 334,359,215 and Kshs. 114,720,328 that were approved by the Fund Board in the year 2023/2024 and 2024/2025 respectively but were not implemented. No explanation was provided for the delayed implementation of the projects. Further, Fund Management indicated that the County Government had not provided a commitment letter for partner contribution towards the implementation of the projects. Failure to implement the projects within the period they were approved affects the operations of the subsequent year. In the circumstances, value for money was not obtained from the delayed implementation of the projects.

Submissions by the Accounting Officer

46. Management acknowledged the audit concern regarding the delayed implementation of projects which were approved by the Fund Board during the Financial Years 2023/2024 and 2024/2025, with estimated costs of Kshs. 334,359,215 and Kshs. 114,720,328, respectively. The delay in implementation is primarily attributable to funding constraints affecting the NDEF. Regulation 4(2) of the Public Finance Management (National Drought Emergency Fund) Regulations, 2021 provides that Parliament shall finance the Fund through annual appropriations.

47. The Accounting Officer stated that during the FY 2024/2025 budget cycle, the Authority presented several projects for approval by the Board in anticipation of a budget allocation of Kshs. 350,000,000. However, the Fund received no budgetary allocation during the financial year, which affected the commencement of the approved projects. Similarly, during FY

2025/2026, the Authority expected to receive Kshs. 350,000,000, but only Kshs. 165,000,000 was disbursed, thereby limiting the Fund's capacity to implement the approved projects.

48. Additionally, some of the projects were designed under co-financing arrangements with County Governments and other partners. Delays in confirmation of counterpart commitments further affected implementation timelines for the affected projects. To address these challenges, the management has put in place various measures.

Committee Observation

49. The Committee observed that -

i) **Ten projecst approved by the Fund Board during the Financial Years 2023/2024 and 2024/2025, had not been implemented due to inadequate funding; and**

ii) **The matter is not resolved.**

Committee recommendation

50. The Committee recommends that -

i) **Within three (3) months of the adoption of this report, the Accounting Officer establishes and operationalizes a counterpart funding framework requiring County Governments and development partners to provide formal funding commitments before projects are approved by the Fund Board; and**

ii) **The Accounting Officer engages the National Treasury to ensure adequate budgetary provision for implementation of approved projects and liaises with the relevant Parliamentary Committee to facilitate appropriation of funds in accordance with Regulation 4(2) of the National Drought Emergency Fund Regulations, 2021.**

4.0 EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS FOR THE OCCUPATIONAL SAFETY AND HEALTH FUND FOR THE FINANCIAL YEARS 2022/2023 TO 2024/2025

51. Mr. Shadrack Mwadime, the Principal Secretary State Department for Labour and Skills Development, Occupational Safety and Health Fund appeared before the Committee on Thursday 9th April 2026 to adduce evidence on the audited financial statements for the, Occupational Safety and Health Fund for the Financial Years 2022/2023 to 2024/2025. During the meeting, the Accounting Officer was accompanied by:

1. Mr. Stephen W. Muthuma	Chief Finance Officer.
2. Ms. Milly Eve Akoth	Senior Deputy Accountant.
3. Dr. Musa Nyandusi	Secretary, DOSHS.
4. Ms. Nancy Onw'onga	Assistant Accountant General.
5. Mr. Isaac Mosigenia	Assistant Accountant General.
6. Mr. Jones Nyakundi	Senior Supply Chain Management Assistant.
7. Ms. Catherine Kamau	Public Communications Officer.
8. Ms. Cynthia Mebor	Personal Assistant.

4.1 AUDITED STATEMENTS FOR THE FINANCIAL YEAR 2022/2023

1) Risk Management and Governance.

52. Review of the Occupational Safety and Health Fund operations revealed the following weaknesses in risk management and overall governance:

1.1 Failure to Implement an Automated Occupational Safety and Health Management Information System

53. The Management has not implemented an automated Occupational Safety and Health Management Information System (OSHMIS), which would have enhanced data management, data analysis, and service delivery by the Fund.

1.2 Failure to Review the Occupational Safety and Health Act, 2007

54. The Occupational Safety and Health Act, 2007 has not been reviewed to reflect the current trends in safety and occupation. Further, the National Occupational Safety and Health Policy (NAOSH) in operation, which was updated in 2012, does not include the emerging issues on safety and risk management.

1.3 Failure to Review the Building Operations and Works of Engineering Construction (BOWEC) Rules, 1984

55. There is a need to review the Building Operations and Works of Engineering Construction (BOWEC) Rules, 1984, which have been in use for the last thirty-five (35) years to reflect current Occupational Safety and Health and emerging knowledge and industry experience.

1.4 Lack of Autonomy

56. The Directorate of Occupational Safety and Health Services, which run the activities of the Fund, operates as a department of the State Department instead of being a Semi-Autonomous Government Agency, does not give autonomy, and requires regulatory independence and mandate to avoid overlaps at both levels of Government and within Ministries Departments and Agencies.

1.5 Understaffing

57. The Strategic Plan 2023-2028 for the Directorate has an approved staff establishment of 529 against the in-post of 226. This indicates an understaffing, which may hinder effective service delivery. In the circumstances, the effectiveness of internal controls and overall governance of the Fund could not be confirmed.

Submissions by the Accounting Officer

58. In the response, the Management acknowledged the concerns raised regarding the governance and risk management framework of the Fund. The Accounting Officer stated that the plan to transform the Directorate into a SAGA has been in place since 2012 and is spelt out in the National OSH Policy. The process has been derailed several times due to changes in government Policy on the establishment of Agencies. Clause 4 of the current OSH Bill 2024 provides for the establishment of the Occupational Safety and Health Authority.

59. Regarding the National Occupational Safety and Health Policy (NAOSH), 2012. Management stated that the policy was currently under review to incorporate emerging issues in safety and risk management, in line with evolving workplace dynamics and international best practices.

60. The development of the Occupational Safety and Health Management Information System (OSHMIS) commenced on 20th September 2023 and has been in use since 29th April 2024. The Management recognizes its importance in enhancing data management and service delivery. The Directorate Services are now accessible to the external stakeholders through the online portal via www.doshmis.go.ke, and to the internal stakeholders through the back-end portal www.doshmis.go.ke/admin

61. Management acknowledged the existing shortfall of staff against the approved establishment. However, in the Financial Year 2024/2025 the Public Service Commission recruited 123 technical staff for DOSHS and there is hope that the number will progressively increase.

Committee Observations

62. The Committee observed that-

    i) **The National Occupational Safety and Health Policy (NAOSH), 2012 was under review to incorporate emerging issues in safety and risk management;**

    ii) **The Directorate of Occupational Safety and Health Services operated as a department within the State Department for Labour and Skills Development,**

therefore lacking the autonomy envisaged under the National Occupational Safety and Health Policy;

iii) **The Directorate was understaffed with two hundred and twenty-six (226) staff in post against an approved establishment of five hundred and twenty-nine (529), which affected effective service delivery;**

iv) **The Fund had not reviewed the Building Operations and Works of Engineering Construction (BOWEC) Rules, 1984 to reflect current Occupational Safety and Health and emerging knowledge and industry experience; and**

v) **The matter is not resolved.**

Committee Recommendations

63. The Committee recommends that -

i) **Within three months of adoption of this Report, the Accounting Officer to fast-tracks the review of the National Occupational Safety and Health Policy (NAOSH), 2012 and the Occupational Safety and Health Bill, 2024 to address emerging workplace safety and risk management issues;**

ii) **Within three months of adoption of the report, the Accounting Officer liaises with the relevant Government institutions to expedite the enactment of the Occupational Safety and Health Bill, 2024 and facilitate the establishment of the Occupational Safety and Health Authority to enhance the Directorate's autonomy and regulatory effectiveness;**

iii) **Within three months of adoption of the report, the Accounting Officer reviews the Building Operations and Works of Engineering Construction (BOWEC) Rules, 1984 to align them with current occupational safety and health standards, emerging industry practices and technological developments; and**

iv) **The Accounting Officer to seek adequate financial resources for the recruitment of additional staff in the Financial Year 2026/2027 budget to progressively address the existing staffing shortfall.**

4.2 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2023/2024

1) Budgetary Control and Performance.

64. The statement of comparison of budget and actual amounts reflects total receipt budget and actual receipt budget of Kshs. 199,370,000 and Kshs. 145,733,678 respectively resulting to revenue shortfall of Kshs. 53,636,322 or 27%. Similarly, the Fund spent Kshs. 165,080,093 against total receipts of Kshs. 145,733,678 resulting to an over-absorption of Kshs. 19,346,415. The revenue shortfall may have affected the planned activities and impacted negatively on delivery of services to the public.

Submissions by the Accounting Officer

65. The Accounting Officer acknowledged the revenue shortfall of Kshs. 53,636,322, due to underperformance in revenue collections, attributable to an over-ambitious budget. OSH Fund is a revolving Fund that remains available to finance the Fund's continuing operations without any fiscal year limitations. The Fund is operated on an accrual basis of accounting; hence, accumulation of surplus over time is used to offset deficits in subsequent years. Management was implementing measures to enhance revenue collection and improve budgetary performance, while ensuring prudent use of reserves to maintain the sustainability of the Fund's activities.

Committee Observations

66. The Committee observed that –

i) **The Fund realized actual revenue of Kshs. 145,733,678 against a target of Kshs. 199,370,000, resulting in a revenue shortfall of Kshs. 53,636,322;**

ii) **The Fund spent Kshs. 165,080,093 against actual revenue receipts of Kshs. 145,733,678, resulting in an over-absorption of Kshs. 19,346,415; and**

iii) **The matter is not resolved.**

Committee Recommendations

67. The Committee recommends that -

i) **The Accounting Officer ensures that revenue budgets are prepared based on realistic and achievable projections that reflect the Fund's actual operational capacity and revenue-generating activities, to avoid recurrence of budgetary variances; and**

ii) **The Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of Annual Reports and financial statements and in accordance with the standards prescribed by the Public Sector Accounting Standards Board, Section 68(2) of the Public Finance Management Act, Cap. 412A, and Regulation 101(4) of the Public Finance Management (National Government) Regulations.**

2) Unresolved Prior Year Matter

68. In the audit report of the previous year, an issue was raised under the Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the issue remained unresolved as at 30 June, 2024.

Submissions by the Accounting Officer

69. The Accounting Officer submitted that the Directorate had one (1) unresolved matter from the Financial Year 2022/2023, which had been addressed as follows—

(i) Lack of Autonomy: the plan to transform the Directorate into a SAGA had been in place since 2012, as provided in the National Occupational Safety and Health Policy. Changes in Government policy on establishing agencies derailed the process several times. Clause 4 of the Occupational Safety and Health Bill, 2024 provided for the establishment of the Occupational Safety and Health Authority;

(ii) Failure to Review the OSH Act, 2007: the National Occupational Safety and Health Policy, 2012 was under review to incorporate emerging issues in safety and risk management, in line with evolving workplace dynamics and international best practices;

(iii) Failure to Implement the OSH Management Information System: the development of the OSHMIS commenced on 20th September, 2023 and the system had been in use since 29th April, 2024. The Directorate's services were accessible to external stakeholders through the online portal, www.doshmis.go.ke, and to internal stakeholders through the back-end portal, www.doshmis.go.ke/admin; and

(iv) Understaffing: Management acknowledged the shortfall in staff against the approved establishment. However, the Public Service Commission recruited one hundred and twenty-three (123) technical staff for DOSHS in the Financial Year 2024/2025, and Management expected the number to increase progressively.

Committee Observations

70. The Committee observed that -

i) **The National Occupational Safety and Health Policy (NAOSH), 2012 was under review to incorporate emerging issues in safety and risk management;**

ii) **The Occupational Safety and Health Act, 2007 had not been reviewed to reflect the current trends in safety and occupation;**

iii) **The Directorate of Occupational Safety and Health Services operated as a department within the State Department for Labour and Skills Development and therefore lacked the autonomy envisaged under the National Occupational Safety and Health Policy;**

iv) **The Directorate was understaffed with two hundred and twenty-six (226) staff in post against an approved establishment of five hundred and twenty-nine (529), which may affect effective service delivery;**

v) **The Building Operations and Works of Engineering Construction (BOWEC) Rules, 1984 were in use despite the need to align them with current occupational safety and health requirements, emerging industry practices, and technological developments; and**

vi) **The matter is not resolved.**

Committee Recommendations

71. The Committee recommends that -

i) **Within three months of adoption of this Report, the Accounting Officer fast-tracks the review of the National Occupational Safety and Health Policy (NAOSH), 2012 and the Occupational Safety and Health Bill, 2024 to address emerging workplace safety and risk management issues;**

ii) **Within three months of adoption of the report, the Accounting Officer liaises with the relevant Government institutions to expedite the enactment of the Occupational Safety and Health Bill, 2024 and facilitate the establishment of the Occupational Safety and Health Authority to enhance the Directorate's autonomy and regulatory effectiveness;**

iii) **Within three months of adoption of the report, the Accounting Officer reviews the Building Operations and Works of Engineering Construction (BOWEC) Rules, 1984 to align them with current occupational safety and health standards, emerging industry practices and technological developments; and**

iv) **The Accounting Officer to seek for adequate financial resources for the recruitment of additional staff in the Financial Year 2026/2027 budget to progressively address the existing staffing shortfall.**

3) Unprocedural Procurement of use of Goods and Services.

72. The statement of financial performance reflects use of goods and services expenditure of Kshs. 134,021,112 as disclosed in Note 9 to the financial statements. Included in the expenditure are payments amounting to Kshs. 2,339,500 in respect to various goods and services procured through direct procurement by use of standing imprest. This was contrary to Section 106(2)(a) of Public Procurement and Asset Disposal Act, 2015 which states that the Accounting Officer of a procuring entity shall give the request to such persons as are registered by the procuring entity. In the circumstances, Management was in breach of the law.

Submissions by the Accounting Officer

73. The Accounting Officer stated that the payment of Kshs. 2,339,500 was standing imprests, including communication and supplies of Kshs. 149,500. Kshs. 1,740,000 was standing imprests for office tea and snacks, while Kshs. 450,000 was for low-value procurement items for the different departments under the Directorate for the whole year.

Committee Observations

74. The Committee observed that -

    i) **The Accounting Officer provided payment vouchers and standing imprest warrants supporting expenditure of Kshs. 2,339,500; and**

    ii) **The matter is resolved.**

Committee Recommendations

75. The Committee recommends that -

    i) **The Accounting Officer ensures compliance with the provisions of Section 106(2)(a) of the Public Procurement and Asset Disposal Act, 2015 by following the prescribed procurement procedures; and**

    ii) **The Accounting Officer ensures that procurements undertaken through standing imprests comply with the provisions of the Public Procurement and Asset Disposal Act, 2015 and the attendant Regulations.**

4) Lack of Contractual Agreement with Media Houses.

76. The statement of financial performance reflects use of goods and services expenditure of Kshs. 134,021,112 as disclosed in Note 9 to the financial statements. The expenditure includes printing and stationery of Kshs. 11,909,495 out of which Kshs. 1,056,621 was paid to various media houses. However, contractual agreements between the Fund and the media houses were not provided for audit. This was contrary to Section 134(1) of Public Procurement and Asset Disposal Act, 2015 which states that the Accounting Officer shall be responsible for preparation of contracts in line with the award decision. In the circumstances, Management was in breach of the law.

Submissions by the Accounting Officer

77. The Accounting Officer stated that the Fund selected Nation Media Group PLC and Standard Media Group because they are the most widely circulated and read newspaper publishers in the country. They said using these platforms ensured broad coverage and that, as of now, the Fund uses MyGov as an official channel for public communication.

Committee Observations

78. The Committee observed that -

    i) **The Accounting Officer Management provided a contract for the provision of print advertisement services with the Star publication however, the contract**

(Reference No. MOICT/SDBT/18/2020–2021) had expired before the audit period under review and therefore could not be relied upon to verify the validity of the rates charged during the period under review; and

ii) **The matter is not resolved.**

Committee Recommendations

79. The Committee recommends that -

i) **Within one (1) month of the adoption of this report, the Accounting Officer submits the contractual agreements supporting payments amounting to Kshs. 1,056,621 made to the media houses to the Auditor-General for audit verification; and**

ii) **The Accounting Officer always maintain and avail all procurement records, including valid contracts and supporting documentation, to the Auditor-General during audit in accordance with Section 62(1) of the Public Audit Act, 2015.**

5) Irregular Payments of Allowances.

80. The statement of financial performance and as disclosed in Note 9 to the financial statements reflects use of goods and services of Kshs. 134,021,112 which includes committee expenses of Kshs. 12,016,800. Included, in the committee expenses are staff allowances of Kshs. 5,440,000 that were paid to members of staff while performing accounting duties in the office. This was contrary to Salaries and Remuneration Commission circular of 7 August, 2023 which prohibits payment of sitting allowances alongside earning a basic salary. In the circumstances, Management was in breach of the law.

Submissions by the Accounting Officer

81. Management acknowledged the observation regarding payment of Kshs. 5,440,000 to members of staff. Management clarified that the payments were made under exceptional circumstances. At the time, the entity had to finalize and submit its financial statements within a strict statutory reporting timeline, creating urgency in completing the exercise. However, the accounting function was operating under significant capacity constraints due to inadequate staffing levels. As a result, the parent Department provided additional support to augment the existing team. The exercise was centralized and conducted at NITA Athi River. The payments covered breakfast, lunch, and dinner for the participants.

Committee Observations

82. The Committee observed that -

(i) Staff allowances amounting to Kshs. 5,440,000 were paid to staff members while performing accounting duties, contrary to the Salaries and Remuneration Commission Circular of 7 August 2023, which prohibits paying sitting allowances to officers earning a basic salary; and

(ii) The matter is not resolved.

Committee Recommendations

83. The Committee recommends that -

    i) **Within one (1) month of adoption of this report, the Accounting Officer institutes recovery of the irregular allowances amounting to Kshs. 5,440,000 paid contrary to the Salaries and Remuneration Commission Circular of 7th August 2023 and submit evidence to the Office of the Auditor-General for audit verification; and**

    ii) **The Accounting Officer ensures compliance with the Salaries and Remuneration Commission guidelines and other applicable laws relating to payment of allowances to staff.**

6) Failure to Deduct PAYE.

84. The statement of financial performance and as disclosed in Note 10 to the financial statements reflects board expenses of Kshs. 14,696,540. However, Management did not deduct PAYE of Kshs. 440,100 on allowances paid to Board members contrary to Section 37(1) of the Income Tax Act, Cap. 470.

85. In the circumstances, the Management was in breach of the law.

Submissions by the Accounting Officer

86. Management acknowledged the observation by the Auditor-General regarding the non-deduction of PAYE amounting to Kshs. 440,100 on allowances paid to Board members. Management has confirmed that all Board members' allowances, irrespective of the recipient's employment status, are subject to PAYE. The entity had taken stringent measures to ensure full compliance with the Income Tax Act, Cap. 470, and will recover the outstanding PAYE in subsequent years. In view of this, a memo regarding PAYE deduction was written on 11/11/2025 Ref: ML/DOSH/ICM/9/9 VOL.II (136) to all council members for action.

Committee Observations

87. The Committee observed that -

    (i) **The Accounting Officer did not deduct PAYE amounting Kshs. 440,100 on allowances paid to Board members; and**

    (ii) **The matter is not resolved.**

Committee Recommendations

88. The Committee recommends that -

    (i) **Within three (3) months of adoption of this Report, the Accounting Officer to ensure recovery and remittance of the outstanding PAYE amounting to Kshs. 440,100 to the Kenya Revenue Authority in compliance with Section 37 of the Income Tax Act, Cap. 470 and submit evidence of recovery and remittance of the outstanding PAYE to the Auditor-General for audit verification; and**

(ii) **The Accounting Officer ensures compliance with statutory tax requirements on all future payments of Board allowances in accordance with Section 37 of the Income Tax Act, Cap. 470.**

7) Unprocedural Procurement on Repairs and Maintenance.

89. The statement of financial performance statements reflects repair and maintenance expenditure of Kshs. 4,500,941 as disclosed in Note 12 to the financial statement. The expenditure includes expenses amounting to Kshs. 1,100,000 incurred through direct procurement by use of standing imprest. This was contrary to Section 106 (2) (a) of Public Procurement and Asset Disposal Act, 2015 which states that the Accounting Officer of a procuring entity shall give the request to such persons as are registered by the procuring entity. In the circumstances, Management was in breach of the law.

Submissions by the Accounting Officer

90. The management stated that the expenditure of Kshs. 1,100,000 was incurred through direct procurement using a standing imprest for low-value items required on a day-to-day basis to support routine operations. The entity's poor credit rating meant suppliers would not supply goods and services on credit terms, making it difficult to use the usual procurement methods.

91. The procurements were fragmented in nature, with each individual item falling well below the prescribed threshold for formal quotation processes and were executed in circumstances that necessitated immediate settlement through imprest to avoid disruption of services. Management acknowledged the observation and has since reinforced internal controls like the use of fuel cards to ensure that procurement of even low-value items is sourced from the list of prequalified suppliers in compliance with the Act.

Committee Observations

92. The Committee observed that -

i) **Expenditure amounting to Kshs. 1,100,000 on repairs and maintenance was incurred through direct procurement using standing imprests contrary to Section 106 (2) (a) of Public Procurement and Asset Disposal Act, 2015; and**

ii) **The matter is not resolved.**

Committee Recommendations

93. The Committee recommends that -

i) **The Accounting Officer to ensure compliance with Section 106(2)(a) of the Public Procurement and Asset Disposal Act, 2015 by following the prescribed procurement procedures; and**

ii) **The Accounting Officer to ensure that procurements undertaken through standing imprests comply with the provisions of the Public Procurement and Asset Disposal Act, 2015 and the attendant Regulations.**

8) Irregularities in Procurement of Fixed Assets.

94. The statement of financial position reflects property, plant and equipment balance of Kshs. 28,919,581 as disclosed in Note 15 to the financial statements. The balance includes assets additions of Kshs. 8,981,500. Review of the procurement records revealed that assets amounting to Kshs. 4,269,000 had various procurement irregularities including procurement done without valid professional opinion, opening of quotation beyond the stipulated time and invalid tax compliance certificates.

95. This was contrary to Section 84 (1) of the Public Procurement and Asset Disposal Act, 2015 which provides that the head of procurement function of a procuring entity shall, alongside the report to the evaluation committee as secretariat comments, review the tender evaluation report and provide a signed professional opinion to the accounting officer on the procurement or asset disposal proceedings. In the circumstances, Management was in breach of the law.

Submissions by the Accounting Officer

96. The management confirmed that assets are worth Kshs. 4,269,000 had various procurement mistakes. The procurement mistakes during the period under review were not due to irregularities but to staff shortages. The department was operated by only one procurement officer supported by an intern. This staffing level was significantly below the optimal capacity required to manage the volume and timeliness effectively. The officer handled multiple concurrent processes, which contributed to delays and procedural lapses, although the delay did not compromise the integrity, fairness, or transparency of the procurement process as required under the Public Procurement and Asset Disposal Act. 2015. The Committee implemented corrective measures to address these gaps. The Committee has now obtained a valid professional opinion, and the supplier has been confirmed as tax compliant.

Committee Observations

97. The Committee observed that -

    i) **The Accounting Officer provided a professional opinion dated 3rd November 2023 and a Local Purchase Order dated 6th November 2023 for the procurement of a spirometer and audiometer valued at Kshs. 2,950,000;**

    ii) **In respect of the procurement of heavy-duty coloured printers and medium-sized printers (APS) amounting to Kshs. 1,319,000, the Accounting Officer did not provide a valid tax compliance certificate for Lilo Suppliers applicable to the financial year under audit; and**

    iii) **The matter is not resolved.**

Committee Recommendations

98. The Committee recommends that -

    i) **Within three (3) months of the adoption of this Report, the Accounting Officer submits to the Auditor-General, for audit verification, a tax compliance certificate for Lilo Suppliers that was valid at the time of the procurement of the heavy-duty and medium-sized printers amounting to Kshs. 1,319,000; and**

ii) **The Accounting Officer should always avail all records, documents and information required by the Auditor-General during audit in accordance with Section 62(1) of the Public Audit Act, 2015, to facilitate timely verification and accountability.**

9) Failure to carry out risk Assessment.

99. During the year under review the Fund Management did not carry out risk assessment contrary to Treasury Circular No. 3/2009 of 23 February, 2009 which provides that Accounting Officers shall put in place structures and systems to manage their identified risks, considering their legal obligations, policy decisions, business objectives and public sector expectations. In the circumstances, the effectiveness of internal controls and overall governance of the Fund could not be confirmed.

Submissions by the Accounting Officer

100. Management confirmed that the Fund did not carry out a risk assessment, contrary to Treasury Circular No. 3/2009 of 23 February 2009, which requires accounting officers to establish structures and systems to manage identified risks in line with legal obligations, policy decisions, business objectives, and public sector expectations. The Fund has implemented a risk assessment to identify and evaluate risks related to legal, financial, operational, compliance and risk governance, among others. Further the fund has established internal control systems and strengthened governance structures. Management is committed and has ensured compliance with Treasury Circular No. 3/2009 and strengthened the Fund's governance and internal control environment.

Committee Observations

101. The Committee observed that -

i) **The Accounting Officer provided a copy of the Risk Management Policy Framework, however the policy had not been operationalized; and**

ii) **The matter is not resolved.**

Committee Recommendations

102. The Committee recommends that -

Within three (3) months of the adoption of this Report, the Accounting Officer should operationalize the Risk Management Policy Framework and submit evidence of implementation to the Auditor-General for audit verification.

10) Irregular Appointment of Ad-Hoc Quotations Evaluation Committee.

103. During the year under review, Management of the Fund appointed one Ad-Hoc Evaluation Committee consisting of seven (7) members to evaluate requests for quotations. This was contrary to Section 46(4) (b) of the Public Procurement and Asset Disposal Act, 2015 which inter alia, provides, that an Evaluation Committee shall consist of between three and five

members appointed on a rotational basis comprising heads of user department and two other departments. In the circumstances, Management was in breach of the law.

Submissions by the Accounting Officer

104. The management stated that the Fund has seven user Departments comprising Occupational Health, WIBA, Field Operations, Safety Division, Occupational Hygiene, OSHMIS and OSH Institute. The Fund has prioritized cross-departmental representation to ensure that all functional areas are adequately reflected in the evaluation process. Management has since implemented a rotational system within the existing staff to ensure compliance while maintaining operational efficiency.

Committee Observations

105. The Committee observed that -

i) **The Accounting Officer was in breach of Section 46(4)(b) of the Public Procurement and Asset Disposal Act, 2015, which states that an Evaluation Committee shall consist of between three and five members appointed on a rotational basis comprising heads of user departments and at least two other departments; and**

ii) **The matter is not resolved.**

Committee Recommendations

106. **The Committee recommends that within three months of adoption of this Report, the Accounting Officer complies with Section 46(4)(b) of the Public Procurement and Asset Disposal Act, 2015 by ensuring that the evaluation committee consists of between three and five members appointed on a rotational basis.**

11) Incomplete Fixed Asset Register.

107. The statement of financial position reflects property, plant and equipment of Kshs. 28,919,581 as disclosed in Note 17 to the financial statements. However, the fixed asset register maintained by the Fund did not include cost, date of purchase, location and serial numbers of the fixed assets. In the circumstances, effectiveness of internal controls over fixed assets could not be confirmed.

Submissions by the Accounting

108. The Management stated that the statement of financial position reflects the total PPE of Kshs. 28,919,581, which requires updating. Assets such as furniture, old computers and old equipment whose cost could not be ascertained were given a nominal value of Kshs. 1 as per Treasury directive. Management is undertaking a valuation exercise for old assets with no cost. Currently, new assets are recorded in the asset register.

Committee Observations

109. The Committee observed that -

(i) **The fixed asset register maintained by the Fund did not contain key details such as cost, date of purchase, location and serial numbers of assets; and**

(ii) The matter is not resolved.

Committee Recommendations

110. The Committee recommends that -

Within six (6) months of adoption of this Report, the Accounting Officer completes the valuation and update of the fixed asset register to include all required details in accordance with Regulation 143 of the PFM (National Government) Regulations 2015 and provides the updated register to the Auditor-General for audit verification.

4.3 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2024/2025

1) Unresolved prior years audit matters

111. In the prior year's audit reports; several issues were raised under the Report on the financial statements, report on lawfulness and effectiveness in use of public resources and report on effectiveness of internal controls, risk management and governance respectively. Review of status of 2024/2025 revealed matters which remained unresolved

No	Financial Year	Audit Issues
1	2023/2024	Budgetary control and performance
2	2023/2024	Unprocedural Procurement of Use of Goods and Services
3	2023/2024	Lack of Contractual Agreement with Media Houses
4	2023/2024	Irregular Payments of Allowances to staffs
5	2023/2024	Failure to Deduct PAYE
6	2023/2024	Unprocedural Procurement on Repairs and Maintenance
7	2023/2024	Irregularities in Procurement of Fixed Assets
8	2023/2024	Failure to Carry Out Risk Assessment
9	2023/2024	Irregular Appointment of Ad-hoc Quotations Evaluation Committee
10	2023/2024	Incomplete Fixed Asset Register
11	2022/2023	Failure to review Occupational Safety and Health Act 2007
12	2022/2023	Failure to review the Building Operations and Works of Engineering Construction (BOWEC) Rules, 1984
13	2022/2023	Lack of autonomy
14	2022/2023	Understaffing
15	2021/2022	Variance in comparative balance - Specialized plant and equipment

Committee Observations

112. The Committee observed that -

i) The Accounting Officer did not provide a response on the status of unresolved prior years' audit matters; and

ii) The matter is not resolved

Committee Recommendations

113. **The Committee recommends that within one (1) month of adoption of this Report, the Accounting Officer ensures that the unresolved prior-year matters are addressed adequately pursuant to Section 68(2)(l) of the Public Finance Management Act, Cap. 412A and submit the status report to the Auditor-General for audit verification.**

2) Unprocedural Procurement of Conference and Delegations Services.

114. The statement of financial performance and as disclosed in Note 10 of the financial statements reflects use of goods and services of Kshs. 159,689,608 which includes conferences and delegations expenditure of Kshs. 18,693,802, out of which conference facilities, catering services, tea and snacks of Kshs. 1,820,280 were procured by use of imprests issued to staffs as low value procurements despite the fund having a list of pre-qualified suppliers.

115. This was contrary to Section 92(a) of the Public Procurement and Asset Disposal regulations 2020 which states that a procuring entity may use low value procurement method under section 107(b) of the Act, where (a) the estimated cost of the goods, works or services being procured per item per financial year is as per the threshold matrix in the Second Schedule (Maximum level of expenditure under this method is KES. 50,000 per item per financial year). In the circumstances, Management was in breach of law.

Submissions by the Accounting Officer

116. The management stated that the introduction of the new procurement system created initial challenges, particularly in redefining service providers. This led to uncertainty; as a result, service providers declined to provide services. The Fund needed this conference; therefore, the use of imprests was an exceptional measure to address urgent operational needs after suppliers declined to offer services on credit. Management has since streamlined supplier onboarding processes to ensure smoother procurement of services.

Committee Observations

117. The Committee observed that -

i) **The Fund procured conference facilities, catering services, tea and snacks amounting to Kshs. 1,820,280 through staff imprests as low-value procurement, above the threshold of Kshs. 50,000 per item per financial year, contrary to Regulation 92(a) of the Public Procurement and Asset Disposal Regulations, 2020; and**

ii) **The matter is not resolved.**

Committee Recommendations

118. The Committee recommends that -

i) **The Accounting Officer to always ensures that all procurement processes adhere to the prescribed procurement methods in accordance with the Public**

Procurement and Asset Disposal Act, 2015 and the Public Procurement and Asset Disposal Regulations, 2020; and

ii) **The Accounting Officer always ensures that low value procurement methods are only applied within the prescribed thresholds and that pre-qualified suppliers are utilized in accordance with procurement laws and procedures.**

3) Non-Deduction of PAYE from Council and Secretariat Members

119. The statement of financial performance and as disclosed in Note 11 to the financial statements reflects council expenses of Kshs. 8,758,260 during the year under review, out of which PAYE of Kshs. 1,030,800 from allowances paid to various council members and secretariat staffs was not deducted and remitted to KRA.

120. This was contrary to Section 37(1) of the Income Tax Act, Cap. 470, which states that an employer paying emoluments to an employee shall deduct therefrom, and account for tax thereon, to such extent and in such manner as may be prescribed. In the circumstances, Management was in breach of law.

Submissions by the Accounting Officer

121. Management acknowledged the Auditor-General's observation regarding the non-deduction of PAYE amounting to Kshs. 1,030,800 on allowances paid to council members and secretariat staff. Management has confirmed that all council members' and secretariat staff allowances, irrespective of the recipient's employment status, are subject to PAYE.

122. The entity will ensure full compliance with the Income Tax Act, Cap. 470; all outstanding PAYE will be recovered in subsequent periods. In view of this, a memo regarding PAYE deduction was written on 11/11/2025 Ref: ML/DOSH/ICM/9/9 VOL.II (136) to all council members for action.

Committee Observations

123. The Committee observed that -

i) **PAYE amounting to Kshs. 1,030,800 was not deducted and remitted on allowances paid to council members and secretariat staff.**
ii) **The matter is not resolved.**

Committee Recommendations

124. The Committee recommends that -

i) **Within three (3) months of adoption of this Report, the Accounting Officer ensures recovery and remittance of the outstanding PAYE amounting to Kshs. 1,030,800 to KRA in compliance with Section 37(1) of the Income Tax Act, Cap. 470 and submit evidence to the Auditor-General for audit verification; and**

ii) **The Accounting Officer ensures strict compliance with statutory tax requirements on all future payments of allowances to council members and secretariat staff in compliance with Section 37(1) of the Income Tax Act, Cap. 470**

4) Non-Compliance on Council Membership.

125. The statement of financial performance and as disclosed in Note 11 to the financial statements reflects council expenses of Kshs. 8,758,260 during the year under review.

126. However, review of the Council Report in the financial statements and board minutes revealed that the council had thirteen (13) members against the eighteen (18) members contrary to Section 28. (2) (a) of OSH Act 2007 which states that the members of the Council shall consist of six members from various Government ministries and Section 28. (2) (b) of OSH Act 2007 which states that the members of the Council shall include twelve representatives from various Government departments, private sector, academia and representatives from most representative employer and workers organizations.

127. Further, the management was in breach of section 1.1 (3) of Mwongozo Code of Governance, 2015 which states that the board membership of all state corporations should be between seven and nine members. In the circumstances, Management was in breach of law. The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them.

Submissions by the Accounting Officer

128. The management stated that the Council membership is governed by Section 28 of the Occupational Safety and Health Act, 2007, where sections 28. (2) (a) and (b) provides for a total of 18 members.

129. Currently, the council membership is 13 with the shortfall resulting from organizations failing to nominate representatives despite requests from the Secretary OSH. Letters were written to various institutions, those who nominated members were gazetted while those who didn't nominate were noted and gazetted. The Fund is managed by the council under NACOSH and not board which is guided by Mwongozo.

Committee Observations

130. The Committee observed that -

i) **The National Council for Occupational Safety and Health had thirteen (13) members against the eighteen (18) provided for under Section 28(2)(a) and (b) of the Occupational Safety and Health Act, 2007;**

ii) **The membership of eighteen (18) provided for in the Act exceeds the range of seven (7) to nine (9) members recommended under Clause 1.1(3) of the Mwongozo**

Code of Governance for State Corporations, 2015, for effective and cost-efficient governance; and

iii) **The matter is not resolved.**

Committee Recommendations

131. The Committee recommends that -

i) **Within three (3) months of the adoption of this Report, the Accounting Officer should ensure that the Council is properly constituted in accordance with the law and submit evidence of the nomination and gazettement of members to the Auditor-General for verification; and**

ii) **The Cabinet Secretary responsible for labour should propose amendments to Section 28 of the Occupational Safety and Health Act, 2007, through the Occupational Safety and Health Bill, 2024, to align the size of the Council with the Mwongozo Code of Governance for State Corporations, 2015.**

5) **Failure to carry out Internal Audit.**

132. During the year under review, no internal audit was conducted in respect to the activities and operations of the Fund contrary to Section 73(1) of Public Finance Management Act, 2012 which states that every national government entity shall ensure that it complies with this Act and has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board. In the circumstances, the management was in breach of the law. The standards require assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects.

Submissions by the Accounting Officer

133. The management stated that the Fund did not have an established internal audit function during the period under review. However, the fund relied on the internal audit function of the parent Department of Labour to provide oversight on its operations. While this arrangement offered some level of assurance, it was not formalized specifically to the fund and therefore did not fully meet the statutory requirement for an independent dedicated internal audit function. Management acknowledged this gap and is taking steps to formalize internal audit arrangements by engaging the parent Department's internal audit unit more to provide a dedicated internal audit function for the Fund to ensure full compliance.

Committee Observations

134. The Committee observed that -

i) **The Fund did not conduct internal audits contrary to Section 73(1) of the Public Finance Management Act, 2012;**

ii) **The Fund had not established an internal audit function; and**

iii) **The matter is not resolved.**

Committee Recommendations

135. The Committee recommends that -

Within three months of the adoption of this Report, the Accounting Officer fast-tracks the formalization of the internal audit arrangements with the State Department of Labour and submits the evidence to the Auditor-General for audit verification.

5.0 EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS FOR THE KENYA ENERGY-SECTOR ENVIRONMENT AND SOCIAL RESPONSIBILITY PROGRAMME FUND FOR THE FINANCIAL YEARS 2018/2019 TO 2024/2025

136. Mr. Alex K. Wachira, MBS, the Principal Secretary, State Department for Energy, appeared before the Committee on Tuesday, 14th April, 2026 to adduce evidence on the audited financial statements for the, Kenya Energy-Sector Environment and Social Responsibility Programme Fund for the Financial Year 2018/2019 to 2024/2025. During the meeting, the Accounting Officer was accompanied by:

i)	Mr. Francis Odera	-	Head of Finance
ii)	Ms. Evelyn Nyakwara	-	SCFO
iii)	Ms. Esther Wang'ombe	-	Director, Renewable Energy
iv)	Mr. Mwai Labanson	-	Personal Assistant
v)	Eng. Isaac Kiva	-	Secretary, Renewable Energy

5.1 AUDITED FINANCIAL STATEMENTS FOR THE FY 2018/2019

1) Budgetary Control and Performance

137. The budgeted receipts of the Fund for the year under review amounted to Kshs. 250,000,000 but actual receipts were Kshs. 3,229,900, resulting in a deficit of Kshs. 246,770,100, equivalent to 99% of the budget. In the absence of sufficient receipts, the Fund spent a portion of its accumulated surplus to finance its expenditure for the year, totalling Kshs. 71,775,972.

138. The Fund did not therefore execute some of its intended activities, which in turn implies that citizens were denied services. No explanation was provided for the Fund's failure to fully implement the budget as approved by the National Assembly. As a result of the financing shortfall, many projects and activities planned for the year under review were not implemented, and the Fund may not attain its goals and objectives.

Submissions by the Accounting Officer

139. The Accounting Officer submitted that the Fund was budgeted to receive Kshs. 250,000,000 in the year under review but actual receipts from the Energy Regulatory Commission and the Chamber of Commerce amounted to Kshs. 3,229,900. The National Treasury did not release any Exchequer in the year under review, as it releases funds based on the Consolidated Fund's liquidity position and Government priorities.

Committee Observations

140. The Committee observed that -

i) The Fund received Kshs. 3,229,900 against budgeted receipts of Kshs. 250,000,000, resulting in a shortfall of Kshs. 246,770,100; and

ii) **The matter is not resolved.**

Committee Recommendations

141. **The Committee recommends that the Cabinet Secretary, National Treasury, ensures timely exchequer releases and, where fiscal constraints necessitate limiting or suspending approved expenditure, seeks the approval of the National Assembly within two (2) months in accordance with Section 29(3) and (4) of the Public Finance Management Act, Cap. 412A.**

2) Production of Energy Crops for Bio-Fuels

142. Audit review of the strategic objectives of the Fund as described in its Action Plan for the 2008–2018 period indicated that one of the main objectives of the Fund, namely the production of energy crops for bio-fuels, was not achieved. Although the Fund had, through the State Department for Energy, identified croton and jatropha crops for the production of bio-diesel, significant investment in their cultivation and processing was yet to be made in spite of the Fund's activities being set to end in 2029.

Submissions by the Accounting Officer

143. The Accounting Officer submitted that producing energy crops for bio-fuels was one of the Fund's objectives and that the State Department for Energy had identified croton and jatropha crops for bio-diesel production, although investment in them had not been significant. The Accounting Officer explained that –

i) the Ministry piloted the production of biodiesel in Lamu, Makueni and Kwale Counties, as well as demonstration plots at the Energy Centres. However, the market for jatropha changed and remained unfavourable for scale-up production, as demand for jatropha seeds diminished over time to the point that further investment would not be cost-effective;

ii) The State Department for Energy, in collaboration with the National Machining Complex, fabricated several pieces of oil extraction equipment for biodiesel, which were being field-tested in Lamu (Mpeketoni) and Makueni (Kambu); and

iii) The Ministry constituted a National Bioenergy Committee which, among other things, helped develop a National Bioenergy Strategy to guide the development of modern bioenergy services, including the growing of bio-fuel crops such as jatropha. However, the lack of a market for jatropha slowed its activities.

Committee Observations

144. The Committee observed that -

i) **The Fund did not achieve one of its primary objectives, which is production of energy crops for bio-fuels, as provided in its Action Plan for the period 2008–2018;**

ii) **No evidence was provided on the results achieved or of a revised strategy for croton, jatropha or alternative bioenergy options; and**

iii) **The matter is not resolved.**

Committee Recommendations

145. The Committee recommends that –

i) **Within three (3) months of the adoption of this Report, the Accounting Officer conducts a viability and market assessment to determine whether jatropha and croton remain economically viable, and submits a status report to the Auditor-General for audit verification; and**

ii) **Within three (3) months of the adoption of this Report, the Accounting Officer explores more commercially sustainable energy crops or alternative bioenergy technologies and submits a status report to the Auditor-General for audit verification.**

5.2 AUDITED FINANCIAL STATEMENTS FOR THE FY 2019/2020

1) Budgetary Control and Performance

146. The statement of comparison of budget and actual amounts reflects total budgeted expenditure of Kshs. 100,000,000 against actual expenditure of Kshs. 36,336,600, resulting in under-absorption of Kshs. 63,663,400 or 64% of the budgeted amount. The under-absorption of the budget affected the implementation of the Fund's planned activities and may have impacted negatively on service delivery to the public.

Submissions by the Accounting Officer

147. The Accounting Officer submitted that the budget was under-utilised in the second half of the financial year due to the effects of the COVID-19 pandemic. The initial lockdown in April, 2020 affected the planned activities for the fourth quarter, as movement into and out of the Nairobi Metropolitan Area was restricted. Since tree planting entails movement between counties, the restrictions on movement and gatherings affected the planned activities of the Fund.

Committee Observations

148. The Committee observed that –

i) **The Fund spent Kshs. 36,336,600 against a budget of Kshs. 100,000,000, resulting in under-absorption of Kshs. 63,663,400;**

ii) **The under-absorption was due to COVID-19 restrictions which disrupted tree-planting activities and inter-county movement;**

iii) **No evidence was provided to confirm that the affected activities were subsequently implemented; and**

iv) **The matter is not resolved.**

Committee Recommendations

149. The Committee recommends that –

i) **Within three (3) months of the adoption of this Report, the Accounting Officer submits a status report on the implementation of the activities affected by the COVID-19 restrictions to the Auditor-General, for audit verification; and**

ii) **The Accounting Officer, during unforeseen disruptions, adjusts cash-flow plans on a rolling three-month basis to reflect revised implementation schedules, in consultation with the National Treasury, pursuant to Regulation 44(3) of the Public Finance Management (National Government) Regulations, 2015.**

2) Low Production of Energy Crops for Bio-Fuels

150. As provided under Section 4 of the Government Financial Management (Kenya Energy Sector Environment and Social Responsibility Programme Fund) Regulations, 2007, the Fund's Ten-Year Action Plan of 2019–2029, the 2019/2020 Work Plan and the 2019/2020 Procurement Plan of the Fund, one of the main objectives of the Fund is the production of energy crops for bio-fuels. However, and as previously reported, the audit review revealed no evidence of any activities towards achievement of this objective.

151. Further, although the Ministry had identified croton and jatropha crops for the production of bio-diesel, no significant investment in their cultivation and subsequent processing had been made. In the circumstances, it was not possible to confirm that the Fund was progressing towards achievement of its intended objectives, and it may be necessary to review its viability.

Submissions by the Accounting Officer

152. The Accounting Officer submitted that investment in croton and jatropha had not been significant because demand for jatropha seeds diminished over time to the point that further investment would not be cost-effective. The Accounting Officer further submitted that the Ministry had piloted biodiesel production in Lamu, Makueni and Kwale Counties; fabricated oil extraction equipment in collaboration with the National Machining Complex, which was being field-tested in Lamu (Mpeketoni) and Makueni (Kambu); and constituted a National Bioenergy Committee, which helped develop a National Bioenergy Strategy.

Committee Observations

153. The Committee observed that -

i) **The Fund did not achieve one of its primary objectives, which is production of energy crops for bio-fuels, as provided in its Action Plan for the period 2008–2018;**

ii) **No evidence was provided on the results achieved or of a revised strategy for croton, jatropha or alternative bioenergy options; and**

iii) **The matter is not resolved.**

Committee Recommendations

154. The Committee recommends that-

i) **Within three (3) months of the adoption of this Report, the Accounting Officer conducts a viability and market assessment to determine whether jatropha and croton remain economically viable, and submits a status report to the Auditor-General for audit verification; and**

ii) **Within three (3) months of the adoption of this Report, the Accounting Officer explores commercially sustainable energy crops or alternative bioenergy technologies and submits a status report to the Auditor-General for audit verification.**

5.3 AUDITED FINANCIAL STATEMENTS FOR THE FY 2020/2021

1) Overstatement of Domestic Travel Expenses

155. The statement of financial performance reflects Kshs. 65,025,306 on use of goods and services, as disclosed in Note 3 to the financial statements. The amount includes Kshs. 16,647,014 in respect of domestic travel and subsistence expenses, out of which

Kshs. 1,534,080 related to imprests issued to staff that had not been accounted for as at 30th June, 2021. Therefore, domestic travel and subsistence expenses were overstated by Kshs. 1,534,080 and, similarly, accounts receivables were understated by the same amount. In the circumstances, the accuracy of domestic travel and subsistence expenditure of Kshs. 16,647,014 for the year ended 30th June, 2021 could not be confirmed.

Submissions by the Accounting Officer

156. The Accounting Officer submitted that the Kshs. 1,534,080 related to imprests issued to staff which were later surrendered, and that the surrender documents were submitted to the auditors for review.

Committee Observations

157. The Committee observed that -

i) **Imprests amounting to Kshs. 1,534,080 issued to staff had not been accounted for as at 30th June, 2021, resulting in an overstatement of domestic travel and subsistence expenses and an understatement of accounts receivable by the same amount;**

ii) **The surrender documents were not availed to the Auditor-General during the audit period; and**

iii) **The matter is not resolved.**

Committee Recommendations

158. The Committee recommends that -

i) **Within three (3) months of the adoption of this Report, the Accounting Officer reconciles the Kshs. 1,534,080 and submits the surrender documents and the reconciliation to the Auditor-General for audit verification, pursuant to Section 68(2)(a) and (b) of the Public Finance Management Act, Cap. 412A; and**

ii) **The Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws and procedures are followed in the preparation of the financial statements, in compliance with the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standards Board, as required under Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.**

2) Budgetary Control and Performance

159. The statement of comparison of budget and actual amounts reflects total budgeted expenditure of Kshs. 55,000,000 against actual expenditure of Kshs. 65,025,306, resulting in over-expenditure of Kshs. 10,025,306 or 18% of the budgeted amount. Management attributed the over-expenditure to the availability of funds that were under-utilised in the previous financial year.

Submissions by the Accounting Officer

160. The Accounting Officer confirmed that the Fund budgeted to spend Kshs. 55,000,000 on various budget lines under the use of goods and services but incurred expenditure of Kshs. 65,025,306, resulting in overall budget absorption of 118%. The Accounting Officer explained that the Fund operates on an accrual basis and that bank balances brought forward are utilised in the following financial year to support the Fund's activities.

Committee Observations

161. The Committee observed that –

i) **Expenditure of Kshs. 65,025,306 exceeded the approved budget of Kshs. 55,000,000, resulting in over-expenditure of Kshs. 10,025,306; and**

ii) **The excess expenditure arose from the utilization of unspent balances from the previous financial year and therefore the matter is resolved.**

Committee Recommendation

162. The Committee recommends that-

The Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws and procedures are followed in the preparation of the financial statements, in compliance with the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standards Board, as required under Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.

3) Low Contribution to the Fund

163. The projected contributions by eight (8) agencies towards the Fund for the ten-year period, based on the 2019–2029 Action Plan, revealed that out of the expected contribution of Kshs. 1,082,000,000, only Kshs. 155,000,000 or 14% was realised from three (3) agencies,

namely the Ministry of Energy, Kenya Power and Lighting Company Limited and the Energy and Petroleum Regulatory Authority, as detailed below:

No.	Organization	Proposed Phase Two Allocation (2019–2029) (Kshs.)	Contribution Allocation for 2 Years (Kshs.)	2019/2020 (Kshs.)	2020/2021 (Kshs.)	Total Contribution (Kshs.)	Deficit in Contribution (Kshs.)
1	Ministry of Energy (MoE)	659,000,000	131,800,000	100,000,000	50,000,000	150,000,000	(18,200,000)
2	Kenya Electricity Transmission Company (KETRACO)	5,000,000	1,000,000	-	-	-	1,000,000
3	Geothermal Development Company (GDC)	54,000,000	10,800,000	-	-	-	10,800,000
4	Nuclear Power and Energy Agency (NuPEA)	12,000,000	2,400,000	-	-	-	2,400,000
5	Kenya Power and Lighting Company Limited (KPLC)	10,000,000	2,000,000	-	1,000,000	1,000,000	1,000,000
6	Energy and Petroleum Regulatory Authority (EPRA)	20,000,000	4,000,000	-	4,000,000	4,000,000	-
7	Kenya Electricity Generating Company PLC (KenGen)	10,000,000	2,000,000	-	-	-	2,000,000
8	Rural Electrification and Renewable Energy Corporation (REREC)	54,000,000	10,800,000	-	-	-	10,800,000
	Total	**1,082,000,000**	**216,400,000**	**100,000,000**	**55,000,000**	**155,000,000**	**61,400,000**

164. No explanation was given as to why the other five (5) agencies were not contributing in accordance with the agreement. Consequently, the non-contribution to the Fund by the five agencies was a violation of the terms of the agreement and may impact negatively on the operations of the Fund and its ability to achieve its intended goals and objectives.

Submissions by the Accounting Officer

165. The Accounting Officer submitted that the KEEP Action Plan 2019–2029 lists all the agencies under the Ministry of Energy as contributors to the Fund, with expected contributions per agency for the ten-year period, and that the State Department had written to all the agencies reminding them of their obligation under the Fund.

Committee Observations

166. The Committee observed that –

i) **Only three agencies namely, Ministry of Energy, Kenya Power and Lighting Company Limited and the Energy and Petroleum Regulatory Authority made their contribution to the Fund as provided for under the 2019–2029 Action Plan;**

ii) **Five (5) agencies did not make contributions despite reminders from the State Department; and**

iii) **The matter is not resolved.**

Committee Recommendations

167. The Committee recommends that -

i) **The Accounting Officer pursues the five (5) defaulting agencies and ensures that they honour their obligations as per the provisions of the KEEP 2019–2029 Action Plan**

ii) **Within six (6) months of the adoption of this Report, the Accounting Officer submits a status report on the progress made with the five (5) agencies to the Auditor-General; and**

iii) **Within three (3) months of the adoption of this Report, the Principal Secretary, State Department for Energy should engage the agencies required to contribute to the Fund to agree on remittance schedules and facilitate the inclusion of the agreed contributions in their budgets for the next financial year, subject to the requisite approvals, and report on the progress made to the National Assembly.**

5.4 AUDITED FINANCIAL STATEMENTS FOR THE FY 2021/2022

1) Budgetary Control and Performance

168. The statement of comparison of budget and actual amounts reflects budgeted and actual revenue on a comparable basis of Kshs. 72,000,000 and Kshs. 86,052,723 respectively, resulting in revenue over-collection of Kshs. 14,052,723 or 20% of the budget. Further, the Fund budgeted to spend Kshs. 72,000,000 but spent Kshs. 68,258,437, resulting in under-expenditure of Kshs. 3,741,563 or 5%. The under-absorption of funds affected the planned activities and may have impacted negatively on service delivery to the public.

Submissions by the Accounting Officer

169. The Accounting Officer submitted that the Fund's budgeted revenue was Kshs. 72,000,000 against actual revenue of Kshs. 86,052,723, resulting in revenue over-collection of Kshs. 14,052,723 or 20%. The under-absorption was due to late Exchequer releases and changes in climatic conditions caused by a prolonged drought, which would have led to seedling mortality and consequent losses.

Committee Observations

170. The Committee observed that -

i) **Revenue of Kshs. 86,052,723 exceeded the budget of Kshs. 72,000,000 by Kshs. 14,052,723, while expenditure of Kshs. 68,258,437 resulted in under-absorption of Kshs. 3,741,563; and**

ii) **The under-absorption was due to late exchequer releases and a prolonged drought, which necessitated the postponement of planting to avoid seedling losses; therefore, the matter is resolved.**

Committee Recommendation

171. The Committee recommends that **the Cabinet Secretary, National Treasury ensures timely exchequer releases to facilitate the implementation of the Fund's approved activities, pursuant to Section 17(2)(b) of the Public Finance Management Act, Cap. 412A.**

2) Low Contribution to the Fund

172. As previously reported, the projected contributions towards the Fund by eight (8) agencies, based on the 2019–2029 Action Plan, revealed that out of the expected contribution of Kshs. 824,000,000, only Kshs. 230,000,000 or 28% was realised from three (3) agencies, while five (5) agencies had not made any contributions over the last three (3) years, as detailed below:

Organization	Proposed Phase Two Allocation (2019–2029) (Kshs.)	Contribution Allocation for the Last 3 Years (Kshs.)	Total Contribution Received in the Last 3 Years (Kshs.)	(Surplus)/Deficit in Contribution (Kshs.)
Ministry of Energy (MoE)	659,000,000	197,700,000	222,000,000	(24,300,000)
Kenya Electricity Transmission Company (KETRACO)	5,000,000	1,500,000	-	1,500,000
Geothermal Development Company (GDC)	54,000,000	16,200,000	-	16,200,000
Nuclear Power and Energy Agency (NuPEA)	12,000,000	3,600,000	-	3,600,000
Kenya Power and Lighting Company Limited (KPLC)	10,000,000	3,000,000	2,000,000	1,000,000
Energy and Petroleum Regulatory Authority (EPRA)	20,000,000	6,000,000	6,000,000	-
Kenya Electricity Generating Company PLC (KenGen)	10,000,000	3,000,000	-	3,000,000
Rural Electrification and Renewable Energy Corporation (REREC)	54,000,000	16,200,000	-	16,200,000
Total	**824,000,000**	**247,200,000**	**230,000,000**	**17,200,000**

173. No explanation was given as to why the five (5) agencies were not contributing in accordance with the agreement. In the circumstances, the non-contribution to the Fund was a violation of the terms of the agreement and may impact negatively on the operations of the Fund and its ability to achieve its intended goals and objectives.

Submissions by the Accounting Officer

174. The Accounting Officer submitted that according to the KEEP Action Plan 2019–2029, all the agencies under the Ministry of Energy and Petroleum are expected to contribute to the Fund over the ten-year period, that only three (3) agencies contributed, and that Management wrote to all the agencies reminding them of their obligation. The Accounting Officer further submitted that, at the time of audit, agencies in the energy sector were experiencing financial challenges arising from budget cuts and losses occasioned by the COVID-19 pandemic, which resulted in low contributions to the Fund.

Committee Observations

175. The Committee observed that –

i) **Only three agencies namely, Ministry of Energy, Kenya Power and Lighting Company Limited and the Energy and Petroleum Regulatory Authority made their contribution to the Fund as provided for under the 2019–2029 Action Plan;**

ii) **Five (5) agencies did not make contributions despite reminders from the State Department; and**

iii) **The matter is not resolved.**

Committee Recommendations

176. The Committee recommends that -

iv) **The Accounting Officer pursues the five (5) defaulting agencies and ensures that they honour their obligations as per the provisions of the KEEP 2019–2029;**

i) **Within six (6) months of the adoption of this Report, the Accounting Officer should submit a status report on the progress made with the five (5) agencies to the Auditor-General; and**

ii) **Within three (3) months of the adoption of this Report, the Principal Secretary, State Department for Energy should engage the agencies required to contribute to the Fund to agree on remittance schedules and facilitate the inclusion of the**

agreed contributions in their budgets for the next financial year, subject to the requisite approvals, and report on the progress made to the National Assembly.

3) Low Utilisation of Funds on Core Activities

177. The Ministry of Energy entered into a contract with the Kenya Forest Service to procure goods, works and services required for the project from Community Forest Associations, to be financed out of the proceeds of the Fund. Review of the financial records revealed that out of an expenditure of Kshs. 10,476,848 relating to afforestation at various forest areas, only Kshs. 3,303,068 or 32% was incurred on the afforestation projects. The balance of Kshs. 7,173,780 or 68% was incurred on other expenses that were not related to afforestation. Further, Management of the Fund did not have control of the procurement records, thereby affecting the accountability of the process.

178. In the circumstances, the objectives of the Fund may not be attained.

Submissions by the Accounting Officer

179. The Accounting Officer submitted that afforestation projects involve several key incidental activities, including surveying and mapping the project area, mobilizing and sensitizing the community, preparing the site, marking out planting locations, digging pits, purchasing seedlings, transporting them to the project area, planting, spot weeding, protecting the sites and supervision by technical officers. While some of these activities may not appear to be directly related to afforestation, they all play a significant role in achieving the overall afforestation goal.

180. On the management of procurement records, the Accounting Officer submitted that the Kenya Forest Service is a State Corporation established under the Forest Act, 2005 (now repealed), whose operations are governed by the Public Finance Management Act and which is subject to audit under the Public Audit Act. Under the implementation agreement, the Kenya Forest Service has the authority to procure on behalf of the Fund. To enhance accountability, the Fund had introduced the issuance of Authority to Incur Expenditure (AIE) to the Service, which requires it to submit documents for accountability purposes.

Committee Observations

181. The Committee observed that -

i) **Out of an expenditure of Kshs. 10,476,848 relating to afforestation at various forest areas, only Kshs. 3,303,068 was incurred on the afforestation project;**

ii) **No supporting documents were provided to verify the expenditure of Kshs. 7,173,780 related to afforestation; and**

iii) **The matter is not resolved.**

Committee Recommendations

182. The Committee recommends that –

i) **Within three (3) months of the adoption of this Report, the Accounting Officer obtains the supporting documents for the expenditure of Kshs. 7,173,780 and the relevant procurement records from the Kenya Forest Service, and submit them to the Auditor-General for audit verification, pursuant to Section 68(2)(a) of the Public Finance Management Act, Cap. 412A; and**

ii) **Within three (3) months of the adoption of this Report, the Accounting Officer establishes procedures for the timely submission and retention of project records, pursuant to Section 68(1) of the Public Procurement and Asset Disposal Act, Cap. 412C, which requires a procuring entity to retain such records for at least six (6) years after the completion of the contract or the termination of the procurement proceedings.**

5.5 AUDITED FINANCIAL STATEMENTS FOR THE FY 2022/2023

1) Excess Withholding Tax on Interest Income and Failure to Remit Withheld VAT

183. Review of the interest due from a financial institution revealed that the bank was subjecting the Fund's monthly interest to a withholding tax rate of 20%, contrary to paragraph 5(h)(iii) of the Third Schedule to the Income Tax Act, Cap. 470, which provides that resident withholding tax on qualifying interest shall be payable at the rate of 15% of the gross amount. This resulted in an overcharge of withholding tax of Kshs. 654,531. In addition, withholding VAT of Kshs. 640,232 withheld by the Programme was not remitted to the Kenya Revenue Authority as required under the tax procedures.In the circumstances, the Fund was in breach of the law.

Submissions by the Accounting Officer

184. The Accounting Officer submitted that the bank had not complied with the Income Tax Act, Cap. 470 and had been charging withholding tax at 20% instead of 15%. Management wrote to the bank seeking clarification and a refund of the excess tax, and the bank had since credited the excess withholding tax to the Fund. On the withholding VAT, the Accounting Officer submitted that the Kshs. 640,232 comprised Kshs. 457,312.33 in respect of payments on which VAT was not deducted and Kshs. 182,920 in respect of payments on which VAT was deducted but not remitted. The Kshs. 457,312.33 was paid to a Community Forest Association for the supply and planting of tree seedlings, which are exempt from VAT under

Sections 5(2) and 6 of the Value Added Tax Act, 2013, as they are meant for afforestation, agricultural activities and environmental conservation. The Kshs. 182,920 was remitted to the Kenya Revenue Authority, and extracts of the bank statement and cash book showing the remittance were provided.

Committee Observations

185. The Committee observed that -

i) **The bank deducted withholding tax at 20% instead of the applicable 15%, resulting in an overcharge of Kshs. 654,531 however, the bank credited the excess withholding tax to the Fund;**

ii) **No evidence was submitted to confirm receipt of the Kshs. 182,920 by the Kenya Revenue Authority; and**

iii) **The matter is not resolved.**

Committee Recommendations

186. The Committee recommends that -

Within three (3) months of the adoption of this Report, the Accounting Officer should submit to the Auditor-General evidence confirming receipt of the Kshs. 182,920 by the Kenya Revenue Authority for audit verification, pursuant to Section 68(2) of the Public Finance Management Act, Cap. 412A.

2) Irregular Funding of the Programme

187. The statement of financial performance reflects transfers from other Government entities amounting to Kshs. 81,000,000, as disclosed in Note 5 to the financial statements. Included in the transfers is Kshs. 80,000,000 received from the Petroleum Development Levy Fund - State Department for Energy.

188. However, the Fund has no responsibility in the oil and petroleum industry. The transfer of the Kshs. 80,000,000 was contrary to Section 4(4) of the Petroleum Development Fund Act, No. 4 of 1991 (Revised 2012), which provides that there shall be paid out of the Petroleum Development Fund such monies as are necessary for the development of common facilities for the distribution or testing of oil products and matters relating to the development of the oil industry. In the circumstances, Management was in breach of the law.

Submissions by the Accounting Officer

189. The Accounting Officer submitted that the Fund was established under the Government Financial Management (Kenya Energy Sector Environment and Social Responsibility

Programme Fund) Regulations, 2007 (Legal Notice No. 188 of 2007) to finance activities relating to the production of wood fuel, power distribution poles and energy crops for the production of bio-fuels, and the growing of trees in order to conserve soil and preserve catchment areas for hydro-power dams, including the provision of a sink for carbon dioxide generated through the combustion of fossil fuels.

190. The Accounting Officer further submitted that the Petroleum Development Levy directly relates to environmental conservation by funding projects that ensure environmentally sustainable practices within the petroleum industry and supporting a policy framework that aims to mitigate the sector's environmental impacts. The National Petroleum Policy, which operates under the framework established by the Petroleum Act and the Petroleum Development Levy Act, emphasises the need to manage the negative environmental consequences of petroleum development, such as environmental degradation, which is one of the principal areas addressed by the Programme. The levy also supports sustainable practices such as tree planting and adopting cleaner technologies and renewable energy sources, thereby contributing to reduced greenhouse gas emissions.

Committee Observations

191. The Committee observed that -

i) **Under Legal Notice No. 188 of 2007, the Fund's mandate includes tree growing to conserve soil and water catchment areas and to provide a sink for carbon dioxide emitted through the combustion of fossil fuels;**

ii) **The Programme's environmental activities mitigate the effects of fossil-fuel combustion and therefore support environmental protection linked to the petroleum industry;**

iii) **Section 4(4) of the Petroleum Development Fund Act, No. 4 of 1991 (Revised 2012), allows the Petroleum Development Fund to finance environmental activities, provided those activities are directly linked to the development of the petroleum industry, including compliance and protection measures within it; and**

iv) **The Committee was satisfied with the Accounting Officer's explanation, and the matter is resolved.**

Committee Recommendation

192. The Committee recommends that-

The Accounting Officer ensures that any funds received from the Petroleum Development Levy Fund are utilized only for activities that are directly linked to the petroleum industry,

as required by Section 4(4) of the Petroleum Development Fund Act, No. 4 of 1991 (Revised 2012).

3) Low Contribution to the Fund

193. As previously reported, the projected contributions by eight (8) agencies towards the Fund for the ten-year period, based on the 2019–2029 Action Plan, revealed that out of the expected contribution of Kshs. 824,000,000, only Kshs. 311,000,000 or 38% was realised from three (3) agencies, while five (5) agencies had not made any contributions over the four (4) years, as detailed below:

Organization	Proposed Phase Two Allocation (2019–2029) (Kshs.)	Contribution Allocation for the Last 4 Years (Kshs.)	Total Contribution Received in the Last 4 Years (Kshs.)	(Surplus)/Deficit in Contribution (Kshs.)
Ministry of Energy (MoE)	659,000,000	263,600,000	302,000,000	(38,400,000)
Kenya Electricity Transmission Company (KETRACO)	5,000,000	2,000,000	-	2,000,000
Geothermal Development Company (GDC)	54,000,000	21,600,000	-	21,600,000
Nuclear Power and Energy Agency (NuPEA)	12,000,000	4,800,000	-	4,800,000
Kenya Power and Lighting Company Limited (KPLC)	10,000,000	4,000,000	3,000,000	1,000,000
Energy and Petroleum Regulatory Authority (EPRA)	20,000,000	8,000,000	6,000,000	2,000,000
Kenya Electricity Generating Company PLC (KenGen)	10,000,000	4,000,000	-	4,000,000
Rural Electrification and Renewable Energy Corporation (REREC)	54,000,000	21,600,000	-	21,600,000
Total	**824,000,000**	**329,600,000**	**311,000,000**	**18,600,000**

194. Although Management had written to the five (5) agencies which were not contributing in accordance with the agreement, there was no significant change. In the circumstances, the non-contribution to the Fund was a violation of the terms of the agreement and may impact negatively on the operations of the Fund and its ability to achieve its intended goals and objectives.

Submissions by the Accounting Officer

195. The Accounting Officer submitted that all the agencies under the Ministry of Energy and Petroleum are expected to contribute to the Fund over the ten-year period under the KEEP Action Plan 2019–2029, that only three (3) agencies contributed as shown in the table above, and that Management wrote to all the agencies reminding them of their obligation. The Accounting Officer further submitted that, following the Presidential directive to all Ministries, Departments and Agencies to grow 15 billion trees, the tree-growing targets assigned to the Cabinet Secretary were cascaded to the agencies as an indirect contribution

towards the energy and environment programme, which in turn led to non-contribution to the Fund.

Committee Observations

196. The Committee observed that -

i) **Only three agencies namely, Ministry of Energy, Kenya Power and Lighting Company Limited and the Energy and Petroleum Regulatory Authority made their contribution to the Fund as provided for under the 2019–2029 Action Plan;**

ii) **Five (5) agencies did not make contributions despite reminders from the State Department; and**

iii) **The matter is not resolved.**

Committee Recommendations

197. The Committee recommends that -

i) **The Accounting Officer pursues the five (5) defaulting agencies and ensure that they honour their obligations under the terms of the agreement;**

ii) **Within six (6) months of the adoption of this Report, the Accounting Officer submits a status report on the progress made with the five (5) agencies to the Auditor-General; and**

iii) **Within three (3) months of the adoption of this Report, the Principal Secretary, State Department for Energy, engages the agencies required to contribute to the Fund to agree on remittance schedules and facilitate the inclusion of the agreed contributions in their budgets for the next financial year, subject to the requisite approvals, and reports on the progress made to the National Assembly.**

5.6 AUDITED FINANCIAL STATEMENTS FOR THE FY 2023/2024

1) Unresolved Prior Year Matters

198. In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management had not resolved the following matters as at 30th June, 2024:

i) Excess Withholding Tax on Interest Income and Failure to Remit Withheld VAT;

ii) Irregular Funding of the Programme; and

iii) Low Contribution to the Fund.

Committee Observations

199. The Committee observed that –

i) The prior year audit issues remained unresolved, contrary to the requirement of Section 68(2)(l) of the Public Finance Management Act, Cap. 412A; and

ii) The matter is not resolved.

Committee Recommendations

200. The Committee recommends that -

i) Within three (3) months of the adoption of this Report, the Accounting Officer addresses the unresolved prior year matters, as provided under Section 53 of the Public Audit Act, Cap. 412B, and submits a status report to the Auditor-General for audit verification; and

ii) The Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws and procedures are followed in the preparation of the financial statements, in compliance with the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standards Board, as required under Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.

2) Low Contribution to the Fund

201. As previously reported, review of the projected contributions by eight (8) agencies towards the Fund for the ten (10) years, based on the 2019–2029 Action Plan, revealed that out of the expected contribution of Kshs. 824,000,000, only Kshs. 311,000,000 or 38% was realised from three (3) agencies, while five (5) agencies had not made any contributions over the last five (5) years, as detailed below:

Organization	Proposed Phase Two Allocation (2019–2029) (Kshs.)	Contribution Allocation for the Last 4 Years (Kshs.)	Total Contribution Received in the Last 4 Years (Kshs.)	(Surplus)/Deficit in Contribution (Kshs.)
Ministry of Energy (MoE)	659,000,000	263,600,000	302,000,000	(38,400,000)
Kenya Electricity Transmission Company (KETRACO)	5,000,000	2,000,000	-	2,000,000
Geothermal Development Company (GDC)	54,000,000	21,600,000	-	27,000,000
Nuclear Power and Energy Agency (NuPEA)	12,000,000	4,800,000	-	4,800,000

Organization	Proposed Phase Two Allocation (2019–2029) (Kshs.)	Contribution Allocation for the Last 4 Years (Kshs.)	Total Contribution Received in the Last 4 Years (Kshs.)	(Surplus)/Deficit in Contribution (Kshs.)
Kenya Power and Lighting Company Limited (KPLC)	10,000,000	4,000,000	3,000,000	1,000,000
Energy and Petroleum Regulatory Authority (EPRA)	20,000,000	8,000,000	6,000,000	2,000,000
Kenya Electricity Generating Company PLC (KenGen)	10,000,000	4,000,000	-	4,000,000
Rural Electrification and Renewable Energy Corporation (REREC)	54,000,000	21,600,000	-	27,000,000
Total	**824,000,000**	**329,600,000**	**311,000,000**	**35,100,000**

202. Management attributed the non-contribution to the Fund to a Presidential directive to all Ministries, Departments and Agencies (MDAs) and Semi-Autonomous Government Agencies (SAGAs) to grow fifteen billion trees by 2023. The target for the Cabinet Secretary was therefore cascaded to the SAGAs as an indirect contribution towards the energy and environment programme. In the circumstances, the non-contribution to the Fund was a violation of the terms of the agreement and may impact negatively on the operations of the Fund and its ability to achieve its intended goals and objectives.

Submissions by the Accounting Officer

203. The Accounting Officer submitted that all the agencies under the Ministry of Energy and Petroleum are expected to contribute to the Fund over the ten-year period under the KEEP Action Plan 2019–2029, that only one agency, Kenya Electricity Generating Company PLC (KenGen), contributed in the year under review, and that Management wrote to all the agencies reminding them of their obligation. The Accounting Officer further submitted that the tree-growing targets assigned to the Cabinet Secretary under the Presidential directive to grow 15 billion trees were cascaded to the agencies as an indirect contribution towards the energy and environment programme, which in turn led to non-contribution to the Fund.

Committee Observations

204. The Committee observed that -

i) **Only three agencies namely, Ministry of Energy, Kenya Power and Lighting Company Limited and the Energy and Petroleum Regulatory Authority made their contribution to the Fund as provided for under the 2019–2029 Action Plan;**

ii) **Five (5) agencies did not make contributions despite reminders from the State Department; and**

iii) **The matter is not resolved.**

Committee Recommendations

205. The Committee recommends that -

i) **The Accounting Officer pursues the five (5) defaulting agencies and ensures that they honour their obligations under the terms of the agreement;**

ii) **Within six (6) months of the adoption of this Report, the Accounting Officer should submit to the Auditor-General a status report on the progress made with the five (5) agencies; and**

iii) **Within three (3) months of the adoption of this Report, the Principal Secretary, State Department for Energy, engages the agencies required to contribute to the Fund to agree on remittance schedules and facilitate the inclusion of the agreed contributions in their budgets for the next financial year, subject to the requisite approvals, and report on the progress made to the National Assembly.**

3) Excess Withholding Tax Charged on Interest Income

206. Note 7 to the financial statements reflects use of goods and services of Kshs. 120,915,556, which includes bank charges of Kshs. 1,061,692. The charges include Kshs. 855,944 in respect of withholding tax computed at the rate of 20% on interest income earned from a local bank for the first six (6) months, between July and December, 2023. However, the applicable rate under the Income Tax Act, Cap. 470 was 15%.

207. Consequently, the Fund lost Kshs. 169,588 as a result of the excess withholding tax charged on the interest income. Management wrote several times to the bank seeking clarification on the high withholding tax charge. However, no response had been received at the time of the audit. In the circumstances, the excess tax charge was unlawful.

Submissions by the Accounting Officer

208. The Accounting Officer submitted that the bank had not complied with the Income Tax Act, Cap. 470 and had been charging withholding tax at 20% instead of 15%. Management wrote to the bank seeking clarification and a refund, and the bank had since refunded the excess tax, as evidenced by the bank statement extract provided.

Committee Observations

209. The Committee observed that -

i) **The bank charged withholding tax at 20% instead of the applicable 15% resulting in an overcharge of Kshs. 169,588, however, the bank refunded the excess tax; and**

ii) **The matter is resolved.**

Committee Recommendations

210. The Committee recommends that -

The Accounting Officer regularly reviews interest income and the related tax deductions to ensure that the bank applies the correct rate under the Third Schedule to the Income Tax Act, Cap. 470, and promptly pursue any overcharges.

4) Irregular Funding of the Programme

211. The statement of financial performance reflects transfers from other Government entities amounting to Kshs. 101,000,000, as disclosed in Note 5 to the financial statements. Included in the amount is Kshs. 100,000,000 transferred from the Petroleum Development Levy Fund Account on 15th March, 2024. However, the Fund had no responsibility in the oil and petroleum industry and, thus, the transfer contravened Section 4(4) of the Petroleum Development Fund Act, No. 4 of 1991 (Revised 2012). In the circumstances, Management was in breach of the law.

Submissions by the Accounting Officer

212. The Accounting Officer reiterated that the Fund was established under Legal Notice No. 188 of 2007 to finance, among other things, the growing of trees to conserve soil and catchment areas and to provide a sink for carbon dioxide generated through the combustion of fossil fuels, and that the Petroleum Development Levy supports environmental protection and sustainable practices within the petroleum industry, including tree planting and the adoption of cleaner technologies, in line with the National Petroleum Policy and the objectives of the Programme.

Committee Observations

213. The Committee observed that -

i) **Under Legal Notice No. 188 of 2007, the Fund's mandate includes tree growing to conserve soil and water catchment areas and to provide a sink for carbon dioxide emitted through the combustion of fossil fuels;**

ii) **The Programme's environmental activities mitigate the effects of fossil-fuel combustion and therefore support environmental protection linked to the petroleum industry;**

iii) **Section 4(4) of the Petroleum Development Fund Act, No. 4 of 1991 (Revised 2012), allows the Petroleum Development Fund to finance environmental activities, provided those activities are directly linked to the development of the**

petroleum industry, including compliance and protection measures within it; and

iv) **The Committee was satisfied with the Accounting Officer's explanation, and the matter is resolved.**

Committee Recommendations

214. **The Committee recommends that the Accounting Officer ensures that any funds received from the Petroleum Development Levy Fund are utilized only for activities that are directly linked to the petroleum industry, as required by Section 4(4) of the Petroleum Development Fund Act, No. 4 of 1991 (Revised 2012).**

5) Unaccounted for Energy Saving Jikos

215. Management procured 5,500 energy saving jikos at a cost of Kshs. 18,899,000 for distribution to low-income households as a measure to minimise forest destruction. Review of documents provided in respect of the programme revealed that 2,000 jikos were issued to the Women Representative Members of Parliament for Nyeri, Laikipia, Nakuru, Uasin Gishu, Bomet and Kitui Counties for distribution in their areas of representation. However, the following unsatisfactory issues were noted:

i) Despite Management providing for the purchase of the jikos in the Fund's annual work plan, no evidence was provided to indicate that prerequisite studies were conducted on indoor air quality to measure carbon dioxide, carbon monoxide and other gases in households. Similarly, no surveys were conducted to identify the targeted households with children aged below five years;

ii) Management did not justify the use of selected Members of Parliament to distribute the jikos or the criteria to be used by the Members to identify beneficiaries in their respective areas of representation;

iii) Signed lists of beneficiaries who received the jikos were not provided for audit verification;

iv) No records were provided to indicate that the jikos were initially received at the Fund before eventual distribution to beneficiaries;

v) Records and the physical verification exercise revealed that 660 jikos were distributed to beneficiaries in Nyeri, Kirinyaga East, Kirinyaga West, Nyahururu and Mwea Sub-Counties out of the 3,500 jikos purchased during the year. The remaining 2,840 jikos, acquired at a cost of Kshs. 9,780,149, were unaccounted for; and

vi) Records on the issuance of the jikos lacked details of beneficiaries such as names and contact information. In addition, the jikos were not branded for identification.

216. In the circumstances, value for money for the expenditure of Kshs. 18,899,000 on energy-saving jikos for distribution to households could not be confirmed.

Submissions by the Accounting Officer

217. The Accounting Officer submitted that the jikos were procured in accordance with the 2023/2024 annual work plan. On the prerequisite studies, the Accounting Officer submitted that the State Department for Energy conducted an emission study in villages in Laikipia County (Muthengera and Kianugu) and Kirinyaga County (Gathigiriri, Ndindiruku and Kiarukungu), focusing on households with children aged five years and below that cooked using traditional stoves. Indoor air quality was measured before and one month after the households were issued with improved jikos, and the study revealed that households using traditional stoves, particularly women and young children, were exposed to high levels of harmful emissions.

218. The Accounting Officer further submitted that, since the challenges associated with traditional cooking methods are prevalent countrywide, the State Department decided to distribute improved jikos even in regions not covered by the study. Some jikos were therefore distributed through the offices of Members of Parliament to vulnerable households using traditional stoves, as these offices were likely to be aware of vulnerable households in their respective areas.

219. On the other issues, the Accounting Officer submitted that Management had provided a signed list of beneficiaries, the Local Purchase Order, the S13, inspection and acceptance reports and the delivery note to demonstrate that the jikos were received and accounted for. The jikos were not branded because local artisans made them under the "Buy Kenya, Build Kenya" initiative, and Management would advise the artisans in future to include branding to ease identification.

Committee Observations

220. The Committee observed that -

i) **Two thousand eight hundred and forty (2,840) jikos valued at Kshs. 9,780,149 were unaccounted for at the time of audit;**

ii) **The emission study relied on covered only selected villages in Laikipia and Kirinyaga Counties, however, the jikos were distributed in other counties that the study did not cover;**

iii) **The Accounting Officer did not demonstrate the criteria used to select the six counties and the beneficiary households;**

iv) **The jikos were not branded, which made it difficult to identify and track them after distribution; and**

v) **The matter is not resolved.**

Committee Recommendations

221. The Committee recommends that -

i) **Within three (3) months of the adoption of this Report, the Accounting Officer to submit to the Auditor-General a reconciled distribution report covering all the 5,500 jikos, showing the allocation per county, the beneficiaries and the basis for their selection for audit verification; and**

ii) **Within three (3) months of the adoption of this Report, the Accounting Officer to establish and implement clear criteria for the selection of counties and vulnerable households to ensure equitable distribution of jikos, pursuant to Article 232(1)(c) of the Constitution, and submit a status report to the Auditor-General for verification.**

6) Unsupported Reimbursement of Rehabilitation Works

222. In 2019, the State Department for Energy contracted two local companies to undertake rehabilitation works at the Enoosupukia Water Tower for the enhancement of geothermal power development. The works were divided into three (3) lots, each measuring approximately 50 hectares. Lots C1 and C2 were awarded to the two firms at contract sums of Kshs. 36,233,600 and Kshs. 36,990,080 respectively, and were estimated to take four (4) years from December, 2019 to December, 2023.

223. According to the respective contracts, payments to the contractors were to be based on measured works and executed activities as per the bills of quantities. However, review of payments revealed payments to the two contractors amounting to Kshs. 22,402,800 for activities which had not been executed. The payments related to mobilisation and sensitisation, supervision and benchmarking trips which were yet to be conducted. In addition, the payments were not supported by evidence such as minutes of meetings, signed attendance registers, motor vehicle work tickets indicating the areas where supervision was undertaken and evidence of the benchmarking trips. In the circumstances, value for money for the payments made under the contracts could not be confirmed.

Submissions by the Accounting Officer

224. The Accounting Officer submitted that -

i) Payment requests for technical supervision by the County Government of Narok and the Kenya Forest Service, Narok were submitted together with field reports and, where applicable, work tickets;

ii) Security patrols were undertaken by four Narok County rangers once a week for 48 months. Work tickets were not attached because the rangers' camp is adjacent to the project site, which is in a hilly area inaccessible by vehicle, and patrols were therefore conducted on foot;

iii) A five-day benchmarking trip was undertaken in November, 2021 to rehabilitated sites under the Programme in Meru and Tharaka Nithi Counties, as documented in a report with photographic evidence and the work ticket; and

iv) the initial phase of the project focused on mobilization and sensitization, which was crucial in building awareness and engaging the community.

Committee Observations

225. The Committee observed that -

i) Kshs. 22,402,800 was paid to two contractors for mobilization, sensitization, supervision and benchmarking activities that had not been executed and were not supported by documents; and

ii) The matter is not resolved.

Committee Recommendations

226. The Committee recommends that-

i) Within three (3) months of the adoption of this Report, the Accounting Officer submits to the Auditor-General the supporting documents for the payments of Kshs. 22,402,800, including signed attendance registers and minutes of meetings for audit verification, pursuant to Section 68(2)(l) of the Public Finance Management Act, Cap. 412A;

ii) The Accounting Officer ensures that subsequent payments are supported by evidence of the activities undertaken and are certified in accordance with the contracts; and

iii) **The Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws and procedures are followed in the preparation of the financial statements, in compliance with the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standards Board, as required under Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.**

7) Irregular Procurement of Seedlings

a) Gakanga Beat Forest, Nyeri County

227. Management paid Kshs. 4,800,000 to Muringato Community Forest Association in Nyeri County for the purchase of eighty thousand (80,000) assorted tree seedlings for planting in Gakanga Beat along the Aberdare Forest. The seedlings were purchased from a local supplier at the same cost. However, review of the documents provided in support of the payment revealed the following anomalies:

i) There was no evidence of requisition forms or letters from the users initiating the procurement;

ii) Bidder quotations received on 19th April, 2023 were opened by only one person, the chairperson of the Association;

iii) Two of the firms which were issued with quotation forms shared a postal address and had similar names, indicating that they might have originated from the same person;

iv) The winning bidder shared an address with the Kenya Forest Service Nyeri, Muringato Community Forest Association;

v) There was no quotation or tender register to evidence the receipt of quotations from bidders;

vi) There was no acknowledgement of receipt of the seedlings by Muringato Community Forest Association, which was the beneficiary; and

vii) The procurement exceeded the threshold of Kshs. 3,000,000 for the use of request for quotations provided in the Second Schedule to the Public Procurement and Asset Disposal Regulations, 2020.

228. In the circumstances, Management was in breach of the law. In addition, value for money for the purchase of seedlings at a cost of Kshs. 4,800,000 could not be confirmed.

Submissions by the Accounting Officer

229. The Accounting Officer submitted that the project aimed to rehabilitate 150 hectares of Gakanga Forest under the Presidential Adopt-a-Forest initiative. Under the implementation

agreement between the Ministry and the Kenya Forest Service, the Service, as a State organ, has principal responsibility for procuring goods, works and services for the project, with the Ministry's powers and functions as a client delegated to it. The Community Forest Association, which has a separate agreement with the Service, plants and maintains the seedlings and earns a livelihood from the project. Where the Association has a tree nursery, it plants seedlings from it; otherwise, the Service procures seedlings for the project.

230. The Accounting Officer further submitted that the Association initiated the procurement under the guidance of the Kenya Forest Service; the quotations received on 19th April, 2023 were opened by four persons in accordance with the procurement law; the firms in question operated from distinct postal addresses; the project files contained detailed quotations and a tender register; copies of delivery notes for the seedlings supplied to the Association had been retrieved; and the quotations were within the allowable procurement thresholds.

Committee Observations

231. The Committee observed that –

i) **Under the implementation agreement between the Ministry and the Kenya Forest Service, the Service had the principal responsibility for procurement for the project, while Muringato Community Forest Association initiated the procurement of the 80,000 seedlings under the Service's guidance;**

ii) **The management provided evidence that the quotations received on 19th April, 2023 were opened by four (4) persons;**

iii) **The Accounting Officer provided the quotations, the tender register and delivery notes, which showed that the bidders, including the winning bidder, operated from distinct postal addresses, that quotations were received from bidders, and that the Association received the seedlings; and**

iv) **The matter is resolved.**

Committee Recommendations

232. The Committee recommends that -

i) **Within three (3) months of the adoption of this Report, the Accounting Officer establishes procedures requiring the Kenya Forest Service to submit complete procurement and delivery records for projects implemented through Community Forest Associations to the Fund for retention and timely access by the Auditor-General; and**

ii) **The Accounting Officer s designates an officer to check the completeness of these records, including requisitions, quotations, opening minutes, tender registers and signed delivery notes, and follow up on any missing documents before audit, in accordance with Section 68(2) of the Public Finance Management Act, Cap. 412A.**

b) Maragoli Hills Forest

233. Management made payments totalling Kshs. 7,845,600 to Maragoli Community Forest Association for the purchase of assorted tree seedlings. However, no documents were provided to support the procurement method used or the process for identification of the suppliers, contrary to Section 91(1) of the Public Procurement and Asset Disposal Act, Cap. 412C, which provides that open tendering shall be the preferred procurement method for the procurement of goods, works and services. In the circumstances, Management was in breach of the law.

Submissions by the Accounting Officer

234. The Accounting Officer submitted that the project aimed to rehabilitate 150 hectares of the Maragoli Hills under the Presidential Adopt-a-Forest initiative. Under the implementation agreement between the Ministry and the Kenya Forest Service, the Service is responsible for procuring the goods, works and services necessary for the project on behalf of the Ministry, while the Service has a separate agreement with the Maragoli Hills Community Forest Association.

235. The Accounting Officer further submitted that the Association is tasked with planting and maintaining the seedlings, thereby generating income and creating jobs. The Association sources seedlings from its own nursery and, where specific species are not available, procures them under the Kenya Forest Service's guidance. In this case, the seedlings planted were sourced from the Association's own nursery.

Committee Observations

236. The Committee observed that -

i) **Under the implementation agreement between the Ministry and the Kenya Forest Service, the Service is responsible for procurement for the project, while Maragoli Hills Community Forest Association plants and maintains the seedlings under a separate agreement with the Service;**

ii) **The payment of Kshs. 7,845,600 to the Association was for seedlings sourced from the Association's own tree nursery, and therefore did not involve the procurement of seedlings from external suppliers;**

iii) **The Accounting Officer provided the implementation agreement and records supporting the payment to the Association; and**

iv) **The matter is resolved.**

Committee Recommendations

237. The Committee recommends that -

Within three (3) months of the adoption of this Report, the Accounting Officer establishes procedures with the Kenya Forest Service for obtaining, retaining and availing complete procurement records for audit, including implementation agreements and evidence of seedling sourcing, pricing and delivery, pursuant to Section 68(1) of the Public Procurement and Asset Disposal Act, Cap. 412C.

5.7 AUDITED FINANCIAL STATEMENTS FOR THE FY 2024/2025

1) Low Contribution to the Fund

238. The Kenya Energy Sector Environment and Social Responsibility Programme Ten-Year Action Plan for 2019–2029 outlines the contribution by each organisation. As previously reported, review of the projected contributions by eight (8) agencies towards the Fund for the ten-year period revealed that out of the expected contribution of Kshs. 824,000,000, only Kshs. 314,000,000 or 38% was realised from four (4) agencies, while four (4) agencies had not made any contributions over the five (5) years up to 2024/2025, as detailed below:

Organization	Proposed Phase Two Allocation (2019–2029) (Kshs.)	Contribution Allocation for the Last 5 Years (Kshs.)	Total Contribution Received in the Last 5 Years (Kshs.)	(Surplus)/Deficit in Contribution (Kshs.)
Ministry of Energy (MoE)	659,000,000	263,600,000	302,000,000	(38,400,000)
Kenya Electricity Transmission Company (KETRACO)	5,000,000	2,500,000	-	2,500,000
Geothermal Development Company (GDC)	54,000,000	27,000,000	-	27,000,000
Nuclear Power and Energy Agency (NuPEA)	12,000,000	6,000,000	-	6,000,000
Kenya Power and Lighting Company Limited (KPLC)	10,000,000	5,000,000	4,000,000	1,000,000
Energy and Petroleum Regulatory Authority (EPRA)	20,000,000	10,000,000	6,000,000	4,000,000
Kenya Electricity Generating Company PLC (KenGen)	10,000,000	5,000,000	2,000,000	3,000,000
Rural Electrification and Renewable Energy Corporation (REREC)	54,000,000	27,000,000	-	27,000,000
Total	**824,000,000**	**346,100,000**	**314,000,000**	**32,100,000**

239. Management attributed the non-contribution to the Fund to the Presidential directive to all Ministries, Departments and Agencies (MDAs) and Semi-Autonomous Government Agencies (SAGAs) to grow fifteen billion trees by 2030. The target for the Cabinet Secretary was therefore cascaded to the SAGAs as an indirect contribution towards the Energy and Environment Programme. In the circumstances, the non-contribution to the Fund was a violation of the terms of the agreement and may impact negatively on the operations of the Fund and its ability to achieve its intended goals and objectives.

Submissions by the Accounting Officer

240. The Accounting Officer submitted that all the agencies under the Ministry of Energy and Petroleum are expected to contribute to the Fund over the ten-year period under the KEEP Action Plan 2019–2029, that only one agency, KenGen, contributed in the year under review, and that Management wrote to all the agencies reminding them of their obligation. The Accounting Officer further submitted that the tree-growing targets under the Presidential directive were cascaded to the agencies as an indirect contribution towards the energy and environment programme, and that the energy sector experienced budget cuts in the year under review to manage the fiscal deficit, control public debt and respond to economic emergencies.

Committee Observations

241. The Committee observed that -

i) Only one agency, KenGen, contributed to the Fund as provided for under the 2019–2029 Action Plan; and

ii) The matter is not resolved.

Committee Recommendations

242. The Committee recommends that –

i) The Accounting Officer should continue to pursue the four (4) defaulting agencies and ensure that they honour their obligations as provided under the 2019–2029 Action Plan;

ii) Within six (6) months of the adoption of this Report, the Accounting Officer should submit to the Auditor-General a status report on the progress made with the four (4) agencies; and

iii) Within three (3) months of the adoption of this Report, the Principal Secretary, State Department for Energy engages the agencies required to contribute to the Fund to agree on remittance schedules and facilitate the inclusion of the agreed

contributions in their budgets for the next financial year, subject to the requisite approvals, and report on the progress made to the National Assembly.

2) Irregular Funding of the Programme

243. The statement of financial performance reflects transfers from other Government entities amounting to Kshs. 83,000,000, as disclosed in Note 6 to the financial statements. Included in the amount is Kshs. 80,000,000 transferred from the Petroleum Development Levy Fund Account in two tranches of Kshs. 40,000,000 on 24th October, 2024 and Kshs. 40,000,000 on 25th March, 2025. However, the Fund has no responsibility in the oil and petroleum industry and, thus, the transfer contravened Section 4(4) of the Petroleum Development Fund Act, No. 4 of 1991 (Revised 2012), which provides that there shall be paid out of the Petroleum Development Fund such monies as are necessary for the development of common facilities for the distribution or testing of oil products and matters relating to the development of the oil industry. In the circumstances, Management was in breach of the law.

Submissions by the Accounting Officer

244. The Accounting Officer reiterated that the Fund was established under Legal Notice No. 188 of 2007 to finance, among other things, the growing of trees to conserve soil and catchment areas and to provide a sink for carbon dioxide generated through the combustion of fossil fuels, and that the Petroleum Development Levy supports environmental protection and sustainable practices within the petroleum industry, including tree planting and the adoption of cleaner technologies, in line with the National Petroleum Policy and the objectives of the Programme.

Committee Observations

245. The Committee observed that -

i) **Under Legal Notice No. 188 of 2007, the Fund's mandate includes tree growing to conserve soil and water catchment areas and to provide a sink for carbon dioxide emitted through the combustion of fossil fuels;**

ii) **The Programme's environmental activities mitigate the effects of fossil-fuel combustion and therefore support environmental protection linked to the petroleum industry;**

iii) **Section 4(4) of the Petroleum Development Fund Act, No. 4 of 1991 (Revised 2012), allows the Petroleum Development Fund to finance environmental activities, provided those activities are directly linked to the development of the petroleum industry, including compliance and protection measures within it; and**

iv) **The matter is resolved.**

Committee Recommendations

246. **The Committee recommends that the Accounting Officer to always ensure that any funds received from the Petroleum Development Levy Fund are utilized only for activities that are directly linked to the petroleum industry, as required by Section 4(4) of the Petroleum Development Fund Act, No. 4 of 1991 (Revised 2012).**

3) Unsupported Afforestation Expenses

247. The statement of financial performance reflects use of goods and services amounting to Kshs. 103,562,102, as disclosed in Note 8 to the financial statements. Included in this amount is Kshs. 54,488,530 relating to utilities, supplies and services, out of which Kshs. 13,077,400 was paid as daily subsistence allowances to Community Forest Association administrative officers, Kenya Forest Service staff and casual workers. However, the following anomalies were noted:

i) No appointment letters for the casual workers were provided;
ii) Original muster rolls showing the record of days worked by the casual workers were not provided;
iii) Attendance registers to support meetings were not provided;
iv) Reports of the quarterly meetings were not provided for audit; and
v) Evidence of controls instituted to ensure that the Kenya Forest Service does not pay for similar expenditures was not provided.

248. This was contrary to Article 201(d) of the Constitution of Kenya, 2010, which requires public money to be used in a prudent and responsible way, and Regulation 99(3) of the Public Finance Management (National Government) Regulations, 2015, which requires every entry in the accounts to be supported by a voucher or other approved document containing full details, clear narrations and particulars of the items to which it relates.

Submissions by the Accounting Officer

249. The Accounting Officer submitted that the casual workers were members of the Community Forest Association, which has an agreement with the Kenya Forest Service, and that sample muster rolls showing the days worked, sample attendance registers and reports of quarterly meetings had been provided. On controls against duplicate payments, the Accounting Officer submitted that payments are guided by implementation plans and work plans approved by the Ministry and by the implementation agreement between the Ministry of Energy and the Kenya Forest Service.

Committee Observations

250. The Committee observed that –

i) **Payment of Kshs. 13,077,400 to Community Forest Association officers, Kenya Forest Service staff and casual workers was not supported by appointment letters, original muster rolls, attendance registers and meeting reports; and**

ii) **The matter is not resolved.**

Committee Recommendations

251. The Committee recommends that -

i) **Within three (3) months of the adoption of this Report, the Accounting Officer to submit supporting document for the payment of Kshs. 13,077,400 to the Auditor-General for audit verification; and**

ii) **Within three (3) months of the adoption of this Report, the Accounting Officer reconciles the payments with the Kenya Forest Service records and submits to the Auditor-General evidence of controls to prevent duplicate payments, in accordance with Section 68(2) of the Public Finance Management Act, Cap. 412A.**

SIGNED.....**DATE**.....4/NOV/2026.....

HON. FATUMA ZAINAB MOHAMMED, CBS, MP

(CHAIRPERSON)

SPECIAL FUNDS ACCOUNTS COMMITTEE

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 05 NOV 2026 DAY. THURSDAY
TABLED BY: CHAIRPERSON HON. RAHIM DAWOOD
CLERK-AT THE-TABLE: J. Lemerelle

DIRECTORATE OF AUDIT, APPROPRIATIONS AND GENERAL-PURPOSE COMMITTEES
SPECIAL FUNDS ACCOUNTS COMMITTEE
REPORT ADOPTION SCHEDULE

Date: 15th September, 2026 **Venue:** Pride Inn Paradise Resort, Mombasa County.

Adoption of The Reports on the Consideration of the Audited Financial Statements of the following Funds:

National Drought Emergency Fund for the FY 2022/23 to 24/25.
Occupational Safety and Health Fund for the FY 2022/23 – 2024/25.
Kenya Energy Sector Environment and Social Responsibility Programme Fund for the FY 2018/2019 to 2024/25.

NO.	NAME	SIGNATURE
1.	Hon. Fatuma Zainab Mohammed, CBS, MP – **Chairperson**	
2.	Hon. Dawood Abdul Rahim, HSC, CBS, MP – **Vice-Chairperson**	
3.	Hon. John Waluke Koyi, CBS, MP.	
4.	Hon. Dr. Christine Ombaka Oduor, MP	
5.	Hon. Charles Ngusya Nguna, MP	
6.	Hon. Erastus Kivasu Nzioka, MP	
7.	Hon. Eve Akinyi Obara, MP	
8.	Hon. Joseph Majimbo Kalasinga, MP	
9.	Hon. Tom Mboya Odege, MP	
10.	Hon. Catherine Nakhabi Omanyo, MP	
11.	Hon. Cecilia Asinyen Ngitit, MP	
12.	Hon. Joseph Kimutai Cherorot, MP	
13.	Hon. Onchoke Charles Mamwacha, MP	
14.	Hon. Erick Wamumbi, MP	
15.	Hon. Leah Sopiato Sankaire, MP	