



# AUDITOR-GENERAL'S SUMMARY REPORT ON NATIONAL GOVERNMENT 2024/2025



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## **MISSION**

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**AUDITOR-GENERAL'S**

**SUMMARY REPORT**

**ON**

**NATIONAL GOVERNMENT**

**2024/2025**

## Table of Contents

## Page

List of Tables.....	iii
List of Figures .....	iv
Foreword.....	v
Constitutional Mandate of the Auditor-General.....	viii
Responsibilities of Management and those Charged with Governance .....	viii
Auditor-General's Responsibility .....	ix
Transition to Accrual Accounting.....	ix
Reporting Structure.....	x
Audit Opinions .....	xi
Resource Requirements for the Office of the Auditor-General .....	xi
1.0 Key Audit Findings.....	1
1.1 Government Budgetary and Expenditure Review.....	1
1.1.1 Budget Credibility.....	1
1.1.2 Budget Trend Analysis.....	1
1.1.3 Budget for 2024/2025 .....	3
1.1.4 Additional Funding and Withdrawals Under Article 223 of the Constitution .....	4
1.2 2024/2025 Net Actual Expenditure for the National Government .....	6
1.3 Revenue Analysis .....	7
1.3.1 Estimated Receipts Versus Actual Receipts of Ordinary Revenue .....	7
1.3.2 Comparison of Ordinary Revenue to Expenditure .....	9
1.3.3 Actual Revenue as per Audited Revenue Statements.....	9
1.4 The National Exchequer Account as at 30 June, 2025.....	11
1.5 Management of Public Debt.....	14
1.6 Outstanding On-Lent Loans .....	19
1.7 Outstanding Obligations Guaranteed by the Government of Kenya .....	22
2.0 Pending Bills - Ministries, Department and Agencies .....	23
3.0 Summary of Audit Observations.....	29
3.1 Overall Summary of Audit Opinions .....	29
3.2 Summary of Audit Opinions Excluding Donor Funded Projects and National Funds ...	30
3.3 Audit of Revenue Statements .....	32
3.4 Audit of Financial Statements for Voted Provisions .....	35
3.5 Key Audit Observations Reported Under MDAs.....	36
3.6 Other Observations.....	53

3.6.1	Inaccuracies in the Financial Statements of MDAs.....	53
3.6.2	Unsupported Expenditure .....	54
3.7	Other Audit Matters.....	55
3.7.1	Unresolved Prior Year Audit Issues .....	55
4.0	Compliance and Governance Issues .....	57
4.2	Stalled/Delayed Projects .....	60
4.4	Land Without Ownership Documents.....	56
5	The Equalisation Fund .....	67
	APPENDICES .....	70

## List of Tables

## Page

Table 1: Analysis of Budget Requirement by OAG Versus Allocation.....	xii
Table 2: National Government Budget Versus Allocation to OAG .....	xii
Table 3: Budget Trend Analysis .....	2
Table 4: Estimated Gross Expenditure .....	3
Table 5: Initial vs Final Approved Budget .....	4
Table 6: Withdrawals Under Article 223 of the Constitution in 2024-2025 .....	5
Table 7: Actual Expenditure - National Government.....	6
Table 8: Extent of Under-Expenditure – National Government MDAs .....	6
Table 9: Under-Expenditure Trend for National Government MDAs .....	7
Table 10: Estimated Revenue Versus Actual Receipts.....	8
Table 11: Estimated Revenue Versus Estimated Expenditure.....	9
Table 12: Actual Revenue Versus Actual Gross Expenditure .....	9
Table 13: Comparison of Actual Receipts with the Prior Year Receipts.....	10
Table 14: Reconciliation of Ordinary Revenue .....	10
Table 15: Shortfall in Revenue Receipts .....	11
Table 16: Underfunding of Approved Expenditure.....	13
Table 17: Exchequer Issues in 2024/2025 .....	14
Table 18: Growth of Public Debt in the Last Five Years .....	15
Table 19: Public Debt Expenditure .....	16
Table 20: Comparison of Public Debt Expenditure to Ordinary Revenue.....	17
Table 21: Consolidated Fund Services Expenditure .....	17
Table 22: Institutions which did not Confirm Loan Balances.....	20
Table 23: Non-Performing Loans Issued to Local Entities .....	21
Table 24: Non-Performing Investments.....	22
Table 25: Outstanding Obligations Guaranteed by GOK.....	23
Table 26: Pending Bills for the Last Five Years .....	24
Table 27: Ministries, Department and Agencies (MDAs) Disclosed Bills 2024/2025.....	25
Table 28: Contingent Liabilities for MDAs.....	28
Table 29: Audit Opinions on National Government Entities Excluding National Funds .....	30
Table 30: Audit Opinions Trend on Government Entities.....	30
Table 31: Audit Opinions on Financial Statements in the Last Five Years .....	31
Table 32: Summary of Audit Opinions on Revenue Statements .....	32
Table 33: Revenue Statements whose Opinion was Unmodified .....	32

Table 34: Revenue Statements whose Opinion was Qualified .....	34
Table 35: Arrears of Revenue .....	34
Table 36: Summary of Audit Opinions on Combined Recurrent and Development Expenditure	35
Table 37: Transition to Accrual Status.....	37
Table 38: Unsupported Expenditure - MDAs .....	54
Table 39: Land Without Ownership Documents .....	56
Table 40: MDAs Affected by One-Third of Basic Salary Rule .....	57
Table 41: Stalled/Delayed Projects for MDAs.....	60
Table 42: Procurement Irregularities .....	63
Table 43: Total Accumulated Entitlement and Transfers to Equalisation Fund .....	67

## List of Figures

## Page

Figure 1: OAG Budget Requirement Versus Budget Allocation .....	xii
Figure 2: National Government Budget Versus Allocation to OAG .....	xiii
Figure 3: Budget Trend Analysis .....	2
Figure 4: Estimated Gross Expenditure.....	3
Figure 5: Estimated Receipts Versus Actual Receipts of Ordinary Revenue .....	8
Figure 6: Growth of Public Debt in the Last Five Years .....	15
Figure 7: Public Debt Expenditure for the Last Five Years .....	16
Figure 8: Pending Bills Trend in the Last Five (5) Years.....	24
Figure 9: Audit Opinions on Financial Statements for the Last Five Years .....	31
Figure 10: Audit Opinions on Financial Statements.....	36

## Foreword

This report is a summary of cross-cutting audit findings reported in the audit reports of Ministries, Departments and Agencies including their respective Donor Funded Projects for the year ended 30 June, 2025. The detailed report for the National Government for the year ended 30 June, 2025 is contained in the Consolidated Audit Report, popularly referred to as the Blue Book and which has already been submitted to Parliament.

Under Article 229 of the Constitution of Kenya, the Auditor-General is mandated to audit and report on the use of public resources by all entities funded by public funds. These entities include the National Government, County Governments, the Judiciary, Parliament, State Corporations, Commissions, Independent Offices, public debt, publicly funded political parties, and any other publicly financed entity. Article 229(6) further requires the Auditor-General to confirm whether public resources have been applied lawfully and effectively. The Public Audit Act, 2015, provides additional details on the execution of this mandate.

Article 229(7) requires the Auditor-General to submit audit reports to Parliament or the relevant County Assembly within six months after the end of the financial year. There has been a perennial challenge faced by the Office, however, as Section 81(4) of the Public Finance Management Act, 2012, effectively shortens the audit and reporting window to three months, by allowing entities until the end of September to prepare and submit their financial statements. This compression of timelines has adversely affected the audit scope, which affects the efficiency and effectiveness of oversight by Parliament and the County Assemblies.

Circular No. AG.3/88 Vol. VII (41) of 4 December, 2024 by the Cabinet Secretary, The National Treasury and Economic Planning, directed all public entities to submit their annual reports and financial statements for the year ended 30 June, 2025 to the Auditor-General by 31 August, 2025. This accorded my Office an extra month to execute the audit. We take cognizance of this gesture as a culmination of concerted efforts by my Office and other stakeholders such as Parliament and oversight bodies to increase the audit period to four (4) or five (5) months in future. We remain optimistic that the above directive will be entrenched in law through an amendment to the Public Finance Management Act, 2012 and the Public Audit Act, 2015.

In addition, as previously reported, the mechanisms for following up on the implementation of audit recommendations are still not effective. Consequently, many audit queries recur in subsequent years due to the absence of decisive corrective action. Section 204(1)(g) of the Public Finance Management Act, 2012, empowers the Cabinet Secretary responsible for finance to apply sanctions to any national government entity that fails to address issues raised by the Auditor-General to the Auditor-General's satisfaction.

Despite repeated reports highlighting weak accountability and inadequate documentation to support the lawful and effective use of public resources, the continued failure to enforce sanctions has allowed some Accounting Officers to avoid fully accounting for the

resources under their management. Some Accounting Officers continue to breach Section 62 of the Public Audit Act, 2015 by failing to adequately prepare for audit, as evidenced by inaccurate financial statements, missing supporting documents, and in some cases, limited cooperation with auditors. The absence of consequences has contributed to fiscal indiscipline, including misallocations, resource wastage, loss of public funds, and failure to achieve value for money in project implementation. These shortcomings undermine development programmes, hinder economic growth, and threaten the sustainability of quality service delivery to citizens.

For the year ended 30 June, 2025, all entities which were previously preparing financial statements under the International Public Sector Accounting Standards (IPSAS) cash basis presented IPSAS accrual basis financial statements for the first time for audit. This created audit risks around evidencing opening balances and IPSAS cash to IPSAS accrual reconciliations, confirmation of the completeness of liabilities (pending bills) and assessment of receivables and prepayments. Other challenges related to identifying and valuing non-financial assets, addressing estimation uncertainties, lack of accrual comparatives and evaluation of the use of transitional reliefs and disclosure adequacies. The documentation gaps posed heightened fraud risk from extensive manual adjustments.

The Office of the Auditor-General continues to enhance the effectiveness and quality of the audit process to ensure audit results and recommendations are credible, relevant, reliable, and value-adding. These improvements aim to support better decision-making and generate positive impact for citizens and other stakeholders. Delivery of quality and effective audits, while confirming the lawfulness and effectiveness of programmes, requires thorough scrutiny of supporting documents and verification of projects and programmes implemented across the country. Achieving this requires an independent, well-resourced Office of the Auditor-General with assured funding for timely, effective oversight and optimal staffing. The Office is pursuing financial independence and support from Parliament and the Executive to build technical capacity, expand county presence and broaden audit coverage.

We continue to bring audit services closer to citizens by establishing Regional Offices. To date, we have operationalized fifteen (15) Regional Offices and completed constructing own premises in Garissa, Kakamega, Eldoret, and Embu. Plans for construction of a Mombasa Regional Office and the Nairobi Headquarters, which are both at the design stage have been delayed by inadequate funding. We will continue to seek adequate resources from Parliament and The National Treasury to facilitate efficient and closer delivery of our mandate across National and County Governments and all other publicly funded entities.

Rising national budget and establishment of additional entities have expanded my audit mandate. The scope has increased with the expansion of government programmes to support sustainable development and continuous provision of quality services. In addition to Ministries, Departments and Agencies (MDAs), State Owned Enterprises and County Governments entities, nine thousand three hundred and ninety-seven (9,397) public

secondary schools were required to submit financial statements for audit, and some have complied. I am also required to audit and report separately on the financial statements of three hundred and twenty-nine (329) Level 4 hospitals and twenty-five (25) Level 5 hospitals. My mandate further includes thirty-seven (37) Teachers' Training Colleges, two hundred and fifty (250) Technical and Vocational Education and Training (TVET) institutions, and an estimated one thousand and two hundred (1,200) Community Vocational Training Institutions.

The Office has continued to strengthen audit service delivery through partnerships with regional Supreme Audit Institutions (SAIs), global professional bodies, and domestic oversight institutions, including the Ethics and Anti-Corruption Commission (EACC), State Corporations Advisory Committee (SCAC), Salaries and Remuneration Commission (SRC), Commission on Revenue Allocation (CRA), and the Controller of Budget (COB), among others to enhance audit impact through learning, knowledge sharing, innovation, and collaboration.

Specific reports together with my opinion for each entity are presented in the audited financial statements of the respective MDAs for the year ended 30 June, 2025, which I have submitted to Parliament and to each Accounting Officer.

I extend my sincere appreciation to the staff of the Office of the Auditor-General for their commitment, professionalism, and resilience in delivering these audits despite funding constraints and tight reporting timelines. Special recognition goes to the team that compiled this Summary Report.

I also extend my appreciation to our clients (auditees) for their cooperation throughout the audit process.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**06 March, 2026**

## Introduction

### Constitutional Mandate of the Auditor-General

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

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

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

### Responsibilities of Management and those Charged with Governance

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

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

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

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

and risk management, and ensuring the adequacy and effectiveness of the control environment.

## **Auditor-General's Responsibility**

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

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

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

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

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

## **Transition to Accrual Accounting**

In March, 2024, the Cabinet approved the transition from IPSAS cash basis to IPSAS accrual basis of accounting across the National Government, County Governments, and their entities effective 1 July, 2024. The reform, which is phased over three years, requires that financial assets and financial liabilities be recognized in year 1, inventories be brought on board in year 2, and all remaining assets and liabilities be recognized in year 3. The financial statements for the year ended 30 June, 2025 were the first transitional IPSAS accrual statements which required, at a minimum, inclusion of all financial assets and liabilities.

Key deliverables for the transition includes complete assets registers, comprehensive liabilities recording, accrual-based general purpose financial statements, an IFMIS upgrade to support accrual modules and strengthened internal controls to reflect

period-end adjustments, asset management and commitment controls. These are to be supported by updated policies and procedures including revised accounting manuals and audit methodologies.

The shift to accrual accounting is designed to improve transparency, accountability and decision-making by providing a complete financial representation that captures assets, liabilities and non-cash transactions, thereby strengthening resource and liability management, improving asset stewardship, enabling clearer performance measurement, and risk identification, thus building public trust. This reform is among Kenya's most significant Public Financial Management (PFM) initiatives in decades, underpinned by strong political support, structured planning and institutional commitment, and is expected to materially strengthen the integrity of public financial reporting and overall governance.

## Reporting Structure

The structure of my report addresses the reporting requirements of Article 229(4) of the Constitution of Kenya, which requires that I audit and report on preparation and fair presentation of financial statements in accordance with the International Public Sector Accounting Standards, as prescribed by the Public Sector Accounting Standards Board. Further, Article 229(6) of the Constitution requires that an audit report shall confirm whether or not public resources have been applied lawfully and in an effective way. In addition, Section 7(1)(a) of the Public Audit Act, 2015 requires that I provide assurance on the effectiveness of internal controls, risk management and overall governance.

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

In order to address these requirements, my audit reports contain the following:

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

## Audit Opinions

I have expressed various audit opinions based on the following criteria:

### i. Unmodified Opinion

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

### ii. Qualified Opinion

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

### iii. Adverse Opinion

The financial statements exhibit significant misstatements with the underlying accounting records. There exists significant difference(s) between the financial statements and the underlying books of accounts and/or standards. These misstatements are widespread, persistent and require considerable interventions by the management to rectify. The financial statements with Adverse Opinion are listed in **Appendix C**.

### iv. Disclaimer of Opinion

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

## Resource Requirements for the Office of the Auditor-General

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

Despite the expanded audit scope, inadequate funding and delayed disbursements affect the audit cycle, which is different from the budget execution cycle of the Ministries, Departments and Agencies (MDAs). This also reduces the scope of audit in terms of coverage and comprehensiveness. Table 1 and Figure 1 illustrate the budget requirements by the Office of the Auditor-General versus the allocated amounts over the last five (5) years.

*Table 1: Analysis of Budget Requirement by OAG Versus Allocation*

Year	Requirement (Kshs. Billions)	Budget Allocation (Kshs. Billions)	Budget Shortfall (Kshs. Billions)	Actual Expenditure (Kshs. Billions)	OAG Budget Absorption %
2020/2021	8.900	5.525	(3.375)	5.348	96
2021/2022	8.333	6.083	(2.250)	5.613	92
2022/2023	8.700	6.532	(2.168)	6.058	93
2023/2024	11.381	8.119	(3.262)	7.486	92
2024/2025	10.500	8.230	(2.270)	8.091	98

*Figure 1: OAG Budget Requirement Versus Budget Allocation*

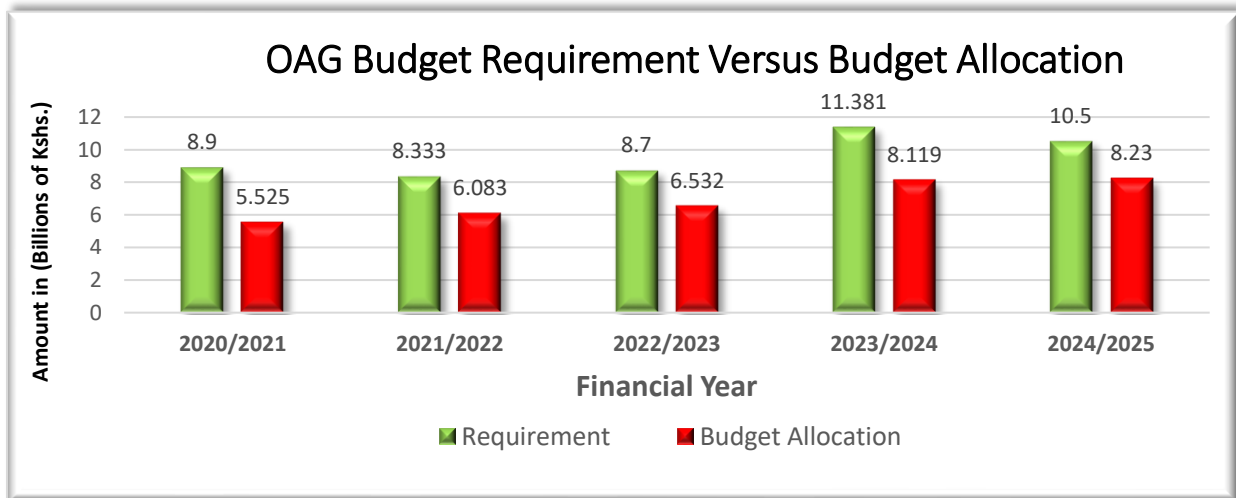
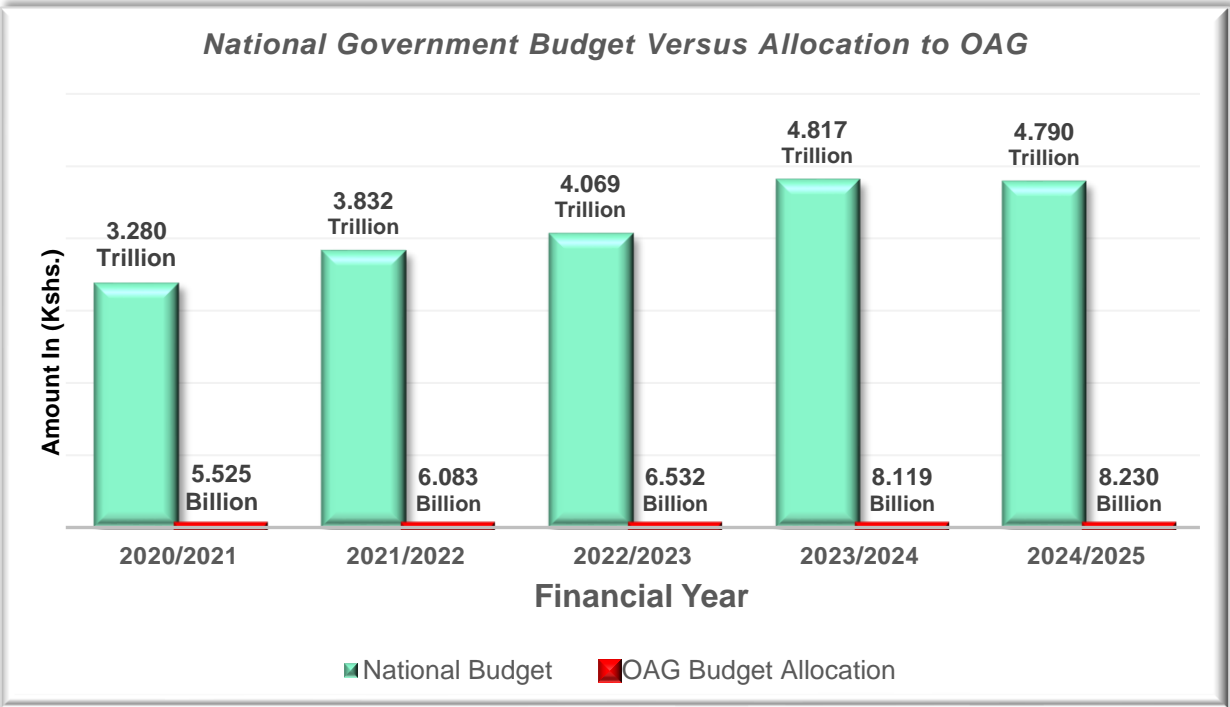


Table 2 and Figure 2 reflect the National Government budget against the allocation to the Office of the Auditor-General in the last five years.

*Table 2: National Government Budget Versus Allocation to OAG*

Financial Year	National Budget (Kshs. in Trillions)	OAG Budget Allocation (Kshs. in Billions)	% of Allocation to National Budget
2020/2021	3.380	5.525	0.16%
2021/2022	3.832	6.083	0.16%
2022/2023	4.069	6.532	0.16%
2023/2024	4.817	8.119	0.17%
2024/2025	4.790	8.230	0.17%

Figure 2: National Government Budget Versus Allocation to OAG



The Office of the Auditor-General can deliver effectively on its mandate as enshrined in the Constitution and in the Public Audit Act, 2015 if it is adequately resourced, thus enhancing accountability in the public sector. I wish to acknowledge the support given by Parliament over the years, with the most recent one being the facilitation of funding of the Office under the One-Line Budget framework in 2025/2026 financial year. This is a major milestone that goes a long way in entrenching the financial and operational independence of the Office for effective execution of our constitutional mandate.

The key cross-cutting audit findings noted during the audit of the financial statements for the year ended 30 June, 2025 are highlighted in the ensuing pages.



## 1.0 Key Audit Findings

The sections below highlight key audit findings made during the audit of the financial statements for the National Government for the year ended 30 June, 2025.

### 1.1 Government Budgetary and Expenditure Review

#### 1.1.1 Budget Credibility

Budget credibility refers to the ability of Government(s) to meet their expenditure and revenue targets accurately and consistently in a given financial year. Any deviations from the approved budget estimates interferes with the credibility of the budget. A credible budget is one that is executed according to the plan approved by the legislature at aggregate and detailed allocations.

Budget credibility is about upholding government commitments and understanding why governments deviate from these commitments. The credibility of government budgets is a key driver of effective service delivery and public trust in government systems. When budgets are not implemented as planned, spending priorities can shift, deficits may exceed projections, and critical services may be compromised. Budget credibility risks can occur at any stage of the budget process at the whole-of-government level and during the execution of the budget by entities or in specific programs.

I reviewed the Government budget for the financial year 2024/2025 for credibility by considering several factors that included assessing deviations in expenditure, both over and under-expenditure; deviations in revenue, and deviations in spending composition. The review of the Government's budget and expenditures for the year 2024/2025 revealed the following:

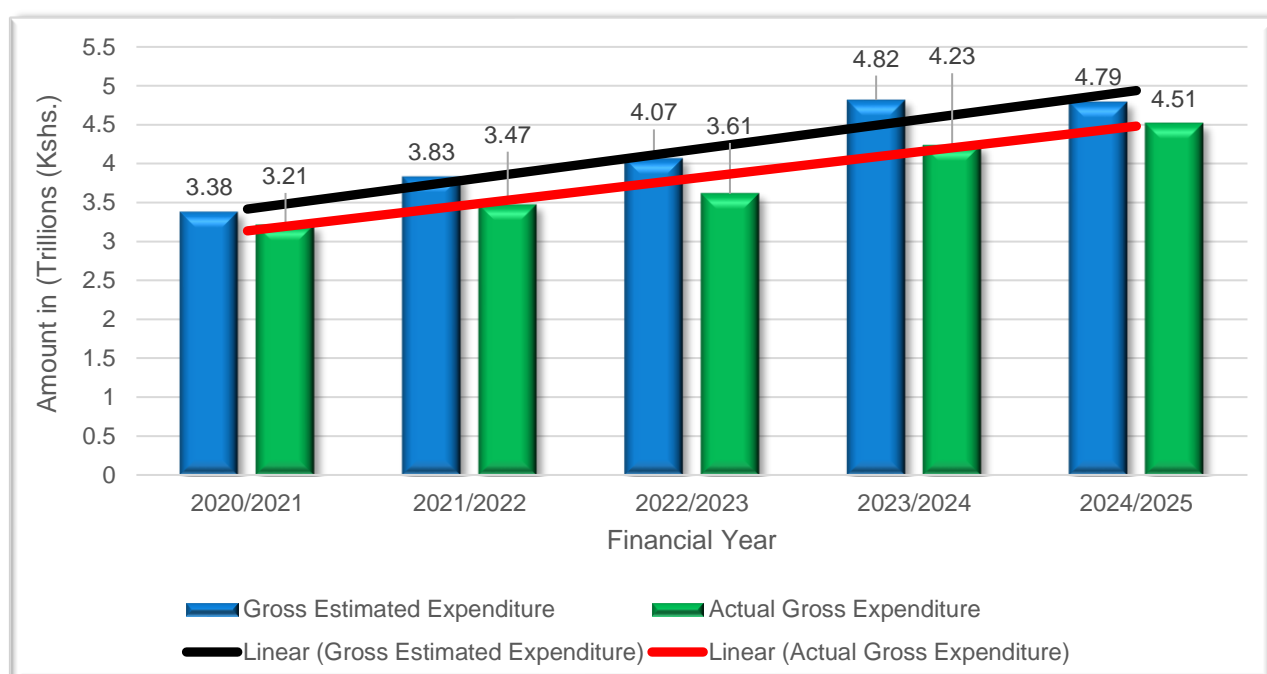
#### 1.1.2 Budget Trend Analysis

The estimated gross expenditure has increased over the last five years from Kshs.3,379,902,931,417 in the year 2020/2021 to Kshs.4,789,959,116,299 in the year 2024/2025. This represented an increase of Kshs.1,410,056,184,882 or approximately 42% over the five-year period. Similarly, the actual gross expenditure increased from Kshs.3,211,490,363,999 in the year 2020/2021 to Kshs.4,513,781,505,969 in the year 2024/2025 representing an increase of Kshs.1,302,291,141,970 or approximately 41% over the period. This indicates that the increase in estimated expenditure was higher by 1% compared to the increase in actual expenditure. The scope of my audit has also increased considerably over the last five years. Table 3 and Figure 3 below depict the expenditure trend for the last five years:

*Table 3: Budget Trend Analysis*

Year	Estimated Gross Expenditure	Actual Gross Expenditure	Under-Expenditure	Percentage of Under-Expenditure
	(Kshs.)	(Kshs.)	(Kshs.)	%
2020/2021	3,379,902,931,417	3,211,490,363,999	168,412,567,419	5%
2021/2022	3,832,087,729,957	3,473,135,105,212	358,952,624,745	9%
2022/2023	4,068,763,311,037	3,614,183,369,857	454,579,941,180	11%
2023/2024	4,817,179,208,837	4,233,280,793,260	583,898,415,577	12%
2024/2025	4,789,959,116,299	4,513,781,505,969	276,177,610,330	6%

*Figure 3: Budget Trend Analysis*



The above analysis indicates that the under-expenditure of the budget has been averaging 8.6% of the estimated gross expenditure in the last five (5) years. The under-expenditure of the budget implies that;

- i Some development programmes are not implemented as planned and some services are not delivered.
- ii The estimated expenditure may not be comprehensively backed by complete or accurate data, resulting to overestimation.
- iii The under-expenditure is also attributed to under-collection of revenue below the set targets leading to delays in Exchequer releases.
- iv Previous budget absorption rates are not used to project future expenditures.

### 1.1.3 Budget for 2024/2025

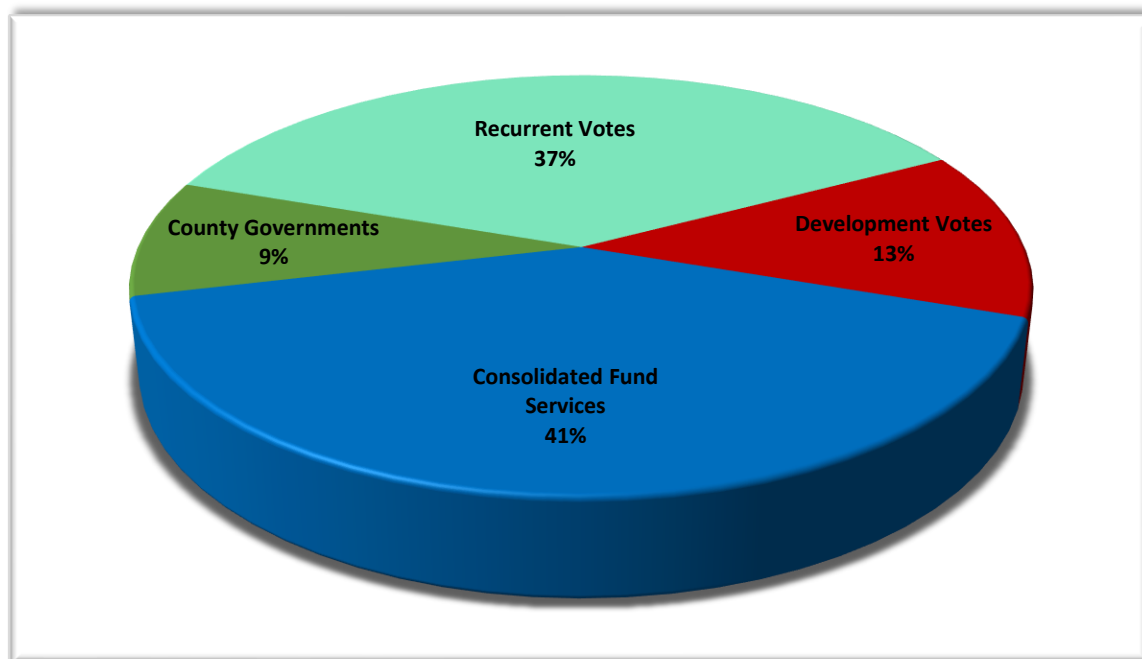
In the financial year 2024/2025, the Net Approved Expenditure was Kshs.4,206,948,271,528 while approved Appropriations-In-Aid (AIA) was Kshs.583,010,844,771 resulting in Approved Estimated Gross Expenditure of Kshs.4,789,959,116,299 as detailed in Table 4 below:

*Table 4: Estimated Gross Expenditure*

Description	Approved Net Expenditure (Kshs.)	A-I-A (Kshs.)	Estimated Gross Expenditure (Kshs.)	Percentage to Total Expenditure
Recurrent Votes	1,448,595,830,954	321,366,187,305	1,769,962,018,259	37%
Development Votes	351,338,921,472	261,644,657,466	612,983,578,938	13%
Consolidated Fund Services	1,988,754,549,821	-	1,988,754,549,821	41%
<b>Sub-Total for National Government</b>	<b>3,788,689,302,247</b>	<b>583,010,844,771</b>	<b>4,371,700,147,018</b>	<b>91%</b>
County Governments	418,258,969,281	-	418,258,969,281	9%
<b>Total Expenditure</b>	<b>4,206,948,271,528</b>	<b>583,010,844,771</b>	<b>4,789,959,116,299</b>	<b>100%</b>

As indicated in Table 4 above, 37% of the estimated gross expenditure was budgeted for recurrent expenditure and 13% for development expenditure. Consolidated Fund Services, including repayments of Public Debt, accounted for 41%, while County Governments estimated expenditure accounted for 9% of the estimated gross expenditure as illustrated in Figure 4 below:

*Figure 4: Estimated Gross Expenditure*



During the year under review, development expenditure was allocated only 13% of the total budget contrary to provisions of Section 15(2)(a) of the Public Finance Management Act, 2012 which requires that, over the medium term, a minimum of thirty percent (30%) of the National and County Governments budgets shall be allocated to development expenditure.

The County Governments allocation of Kshs.418,258,969,281 for the year 2024/2025 comprised of county equitable share of Kshs.400,116,788,147 and Exchequer arrears of Kshs.18,142,178,715 due in 2023/2024. The county equitable share of Kshs.400,116,788,147 was based on the approved audited revenue accounts for the year 2020/2021, which was the latest approved audited revenue accounts by the National Assembly as indicated in the Division of Revenue Act, 2024. However, at the time of the approval of the budget for 2024/2025 in June 2024, the Auditor-General had also submitted the audit reports for 2021/2022 and 2022/2023 financial years.

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

Further, the original estimated gross expenditure for the National Government of Kshs.3,921,373,594,480 was reduced by Kshs.132,684,292,233 to Kshs.3,788,689,302,247 through Supplementary budgets as detailed in Table 5 below:

*Table 5: Initial vs Final Approved Budget*

	<b>Final Approved Budget (Kshs.)</b>	<b>Supplementary I (August 2024) (Kshs.)</b>	<b>Supplementary II (March 2025) (Kshs.)</b>	<b>Supplementary III (June 2025) (Kshs)</b>	<b>Original Budget (Kshs.)</b>	<b>Difference (Kshs.)</b>
<b>Recurrent</b>	1,448,595,830,954	(40,506,358,312)	104,728,156,723	35,924,758,583	1,348,449,273,960	100,146,556,994
<b>Development</b>	351,338,921,472	(107,575,297,478)	3,641,602,543	(3,594,931,557)	458,867,547,964	(107,528,626,492)
<b>CFS</b>	1,988,754,549,821	-	-	(125,302,222,735)	2,114,056,772,556	(125,302,222,735)
<b>Total</b>	<b>3,788,689,302,247</b>	<b>(148,081,655,790)</b>	<b>108,369,759,266</b>	<b>(92,972,395,709)</b>	<b>3,921,373,594,480</b>	<b>(132,684,292,233)</b>

The approved final budget for a specific financial year is only available after the supplementary budgets are passed, which are sometimes approved towards the end of the financial year.

**1.1.4 Additional Funding and Withdrawals Under Article 223 of the Constitution**

During the year under audit, a total of Kshs.86,661,638,305 was approved for funding under Article 223 of the Constitution to Ministries, Departments and Agencies (MDAs) but only an amount of Kshs.63,491,985,662 was disbursed as analyzed in Table 6 below:

**Table 6: Withdrawals Under Article 223 of the Constitution in 2024-2025**

<b>Vote</b>	<b>MDA</b>	<b>Purpose</b>	<b>Approved Amount (Kshs.)</b>	<b>Disbursed Amount (Kshs.)</b>
R 50	Consolidated Fund Services	Payment of KQ Guaranteed Debt	19,685,136,690	19,685,136,690
1185	State Department for Social Protection and Senior Citizen Affairs	Cash transfer program	12,470,443,280	10,282,393,422
1091	State Department for Roads	Road construction	18,940,000,000	8,000,000,000
1071	The National Treasury	Motor vehicles leasing contracts	5,000,000,000	4,999,616,864
1026	State Department for Internal Security and National Administration	Operations and maintenance	6,900,000,000	4,500,000,000
1036	State Department for the ASALs and Regional Development	Drought mitigation	3,750,000,000	2,558,553,594
1072	State Department for Economic Planning	Eastern Africa Regional Statistics Program for Results	2,300,000,000	2,300,000,000
1017	State House	Operations and maintenance	2,750,000,000	1,788,804,165
1083	State Department for Public Health and Professional Standards	Current Transfer to Other Levels of Government	3,495,000,000	1,750,000,000
1281	National Intelligence Service	Security operations	2,000,000,000	1,700,000,000
1132	State Department for Sports	Membership fees and dues and subscription to International Organization-CHAN hosting rights	1,682,000,000	1,682,000,000
1026	State Department for Internal Security and National Administration	Security operations	1,500,000,000	1,500,000,000
1065	State Department for Higher Education and Research	Current transfer	1,000,000,000	1,000,000,000
1025	National Police Service	Security operations	2,161,366,223	770,832,389
1065	State Department for Higher Education and Research	Moi University-Shortfall in Personal Emoluments	1,500,000,000	500,000,000
1123	State Department for Broadcasting and Telecommunication	Advertising awareness and public campaigns	627,692,112	354,395,739
1202	State Department for Tourism	Current transfer	900,000,000	120,252,799
<b>Total</b>			<b>86,661,638,305</b>	<b>63,491,985,662</b>

The total expenditure of Kshs.63,491,985,662 incurred under Article 223 was subsequently approved by the National Assembly. However, as reported in the previous year, an expenditure totalling Kshs.10,196,584,631 incurred in 2022/2023 financial year comprising of amounts of Kshs.4,000,000,000 and Kshs.6,196,584,631 incurred on maize flour subsidy programme and acquisition of Telkom (K) shares by the State Department for Crop Development and The National Treasury respectively, was not approved or appropriated as required by Article 223(4) of the Constitution. However, there is no guideline in place on how unapproved withdrawals from the Consolidated Fund under Article 223 which are not subsequently approved by Parliament should be dealt with. The Public Finance Management Act, 2012 should therefore be amended to provide guidelines on the action to be taken where expenditure incurred under Article 223 is not approved by the National Assembly.

**1.2 2024/2025 Net Actual Expenditure for the National Government**

**1.2.1** The National Government financial statements for the financial year 2024/2025 indicate total actual expenditure of Kshs.4,095,522,536,688 which comprise Kshs.2,253,577,373,938 or 55% for both Recurrent and Development Votes and Kshs.1,841,945,162,750 or 45% for Consolidated Fund Services respectively, as shown in Table 7 below:

*Table 7: Actual Expenditure - National Government*

Description	2024/2025 Actual Expenditure (Kshs.)	% of Total Expenditure
Recurrent and Development Votes	2,253,577,373,938	55%
Consolidated Fund Services	1,841,945,162,750	45%
<b>Total</b>	<b>4,095,522,536,688</b>	<b>100%</b>

**1.2.2** Comparison of the estimated gross expenditure of Kshs.4,371,700,147,018 with the actual expenditure of Kshs.4,095,522,536,688 results in a gross under-expenditure of Kshs.276,177,610,330 or 6%. The under-expenditure of Kshs.276,177,610,330 comprised under-expenditure of Kshs.129,368,223,259 under Recurrent and Development Votes and Kshs.146,809,387,071 for Consolidated Fund Services as shown in Table 8 below:

*Table 8: Extent of Under-Expenditure – National Government MDAs*

Description	Estimated Gross Expenditure 2024/2025 (Kshs.)	% of Estimated Gross Expenditure	Actual Expenditure 2024/2025 (Kshs.)	% of Actual Expenditure	Under Expenditure (Kshs.)	Under Expenditure %
Recurrent and Development Votes	2,382,945,597,197	55%	2,253,577,373,938	55%	129,368,223,259	5%
Consolidated Fund Services	1,988,754,549,821	45%	1,841,945,162,750	45%	146,809,387,071	7%
<b>Total</b>	<b>4,371,700,147,018</b>	<b>100%</b>	<b>4,095,522,536,688</b>	<b>100%</b>	<b>276,177,610,330</b>	<b>6%</b>

**1.2.3** The under-expenditure of Kshs.129,368,223,259 under the Recurrent and Development Votes was mainly attributed to lack of adequate Exchequer issues. This was as a result of low revenue collections to finance all the budget requests by Ministries, Departments and Agencies (MDAs) and delayed disbursement of donor funds, which hampered implementation of various programmes that had been budgeted for. Table 9 below depicts the under-expenditure trend for the last five years:

*Table 9: Under-Expenditure Trend for National Government MDAs*

Year	Estimated Gross Expenditure (Kshs.)	Actual Expenditure (Kshs.)	Under Expenditure (Kshs.)	Under Expenditure %
2020/2021	2,997,300,191,733	2,831,978,180,561	165,322,011,173	6%
2021/2022	3,462,087,729,957	3,132,735,105,212	329,352,624,745	10%
2022/2023	3,669,163,311,037	3,214,583,369,857	454,579,941,180	12%
2023/2024	4,431,754,592,770	3,878,690,146,474	553,064,446,296	12%
2024/2025	4,371,700,147,018	4,095,522,536,688	276,177,610,330	6%

**1.2.4** Low allocation of the development budget affected the rate of development and sustainability of services in the country. The under-expenditure of the recurrent budget implies that citizens were not provided with all requisite services which had been budgeted for. It may also imply that budgeting for expenditure may not be taking into consideration revenue collection or cashflows as informed by prior years actual collections and trends in cashflows, thereby leading to excess budgets not likely to be absorbed by the entities.

## 1.3 Revenue Analysis

### 1.3.1 Estimated Receipts Versus Actual Receipts of Ordinary Revenue

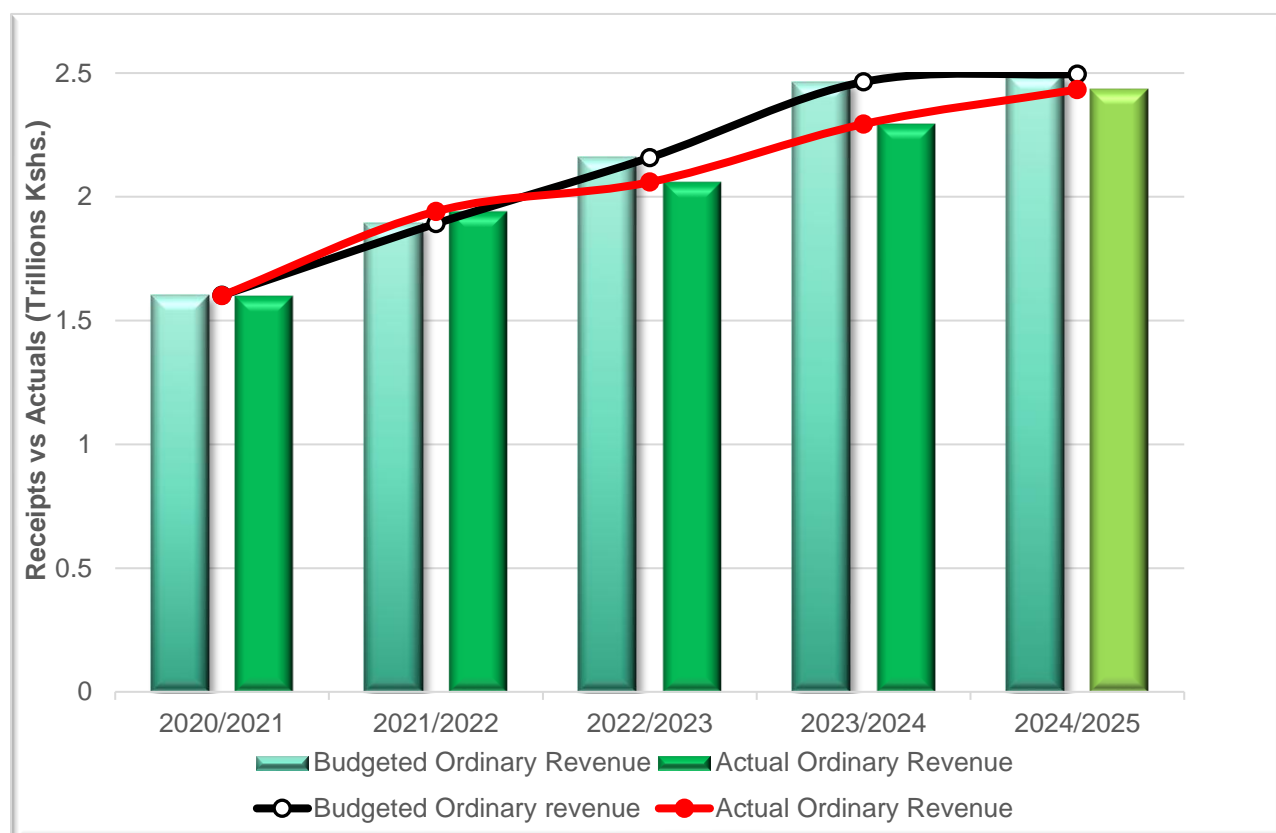
The estimated receipts from tax and non-tax receipts (ordinary revenue) have increased over the last five years from Kshs.1,601,597,982,154 in the year 2020/2021 to Kshs.2,496,196,535,371 in the year 2024/2025. This is an increase in estimated revenue of Kshs.894,598,553,217 or approximately 56%. Similarly, the actual receipts from tax and non-tax receipts increased over the same period from Kshs.1,601,016,386,868 in the year 2020/2021 to Kshs.2,433,391,617,789 in the year 2024/2025 representing an increase of Kshs.832,375,230,921 or approximately 52% as tabulated in Table 10 below:

*Table 10: Estimated Revenue Versus Actual Receipts*

Year	Budgeted Ordinary Revenue (Tax and Non-Tax Receipts) (Kshs.)	Actual Ordinary Revenue (Tax and Non-Tax Receipts) (Kshs.)	Revenue Surplus/ (Shortfall) (Kshs.)	Percentage of Surplus/(Shortfall)
2020/2021	1,601,597,982,154	1,601,016,386,868	(581,595,286)	(0.04%)
2021/2022	1,891,602,330,060	1,940,971,132,408	49,368,802,348	2.6%
2022/2023	2,158,627,298,438	2,059,281,671,520	(99,345,626,918)	(4.6%)
2023/2024	2,464,287,804,187	2,293,893,380,062	(170,394,424,125)	(6.9%)
2024/2025	2,496,196,535,371	2,433,391,617,789	(62,804,917,582)	(2.5%)

Figure 5 below depicts the revenue trend for the last five years.

*Figure 5: Estimated Receipts Versus Actual Receipts of Ordinary Revenue*



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

### 1.3.2 Comparison of Ordinary Revenue to Expenditure

The proportion of projected ordinary revenue against the estimated gross expenditure fluctuated between 47% and 53% in the period 2020/2021 to 2024/2025. Similarly, the proportion of actual ordinary revenue against the actual gross expenditure fluctuated between 50% and 57% during the same period as tabulated in Table 11 and Table 12 below:

*Table 11: Estimated Revenue Versus Estimated Expenditure*

Year	Estimated Ordinary Revenue (Tax and Non-Tax Receipts) (Kshs.)	Estimated Gross Expenditure (Kshs.)	Percentage of Estimated Ordinary Revenue to Estimated Gross Expenditure
2020/2021	1,601,597,982,154	3,379,902,931,417	47%
2021/2022	1,891,602,330,060	3,832,087,729,957	48%
2022/2023	2,158,627,298,438	4,068,763,311,037	53%
2023/2024	2,464,287,804,187	4,817,179,208,837	51%
2024/2025	2,496,196,535,371	4,789,959,116,299	52%

*Table 12: Actual Revenue Versus Actual Gross Expenditure*

Year	Actual Ordinary Revenue/ (Tax and Non-Tax Receipts) (Kshs.)	Actual Gross Expenditure (Kshs.)	Percentage of Actual Ordinary Revenue to Actual Gross Expenditure
2020/2021	1,601,016,386,868	3,211,490,363,999	50%
2021/2022	1,940,971,132,408	3,473,135,105,212	56%
2022/2023	2,059,281,671,520	3,614,183,369,857	57%
2023/2024	2,293,893,380,062	4,233,280,793,260	54%
2024/2025	2,433,391,617,789	4,513,781,505,969	54%

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

### 1.3.3 Actual Revenue as per Audited Revenue Statements

During the 2024/2025 financial year, total revenue recorded under various revenue statements as received by the National Government amounted to Kshs.2,867,905,782,623 representing a decrease of Kshs.94,629,039,840 or 3% compared to actual collections of Kshs.2,962,534,822,463 realized in the previous year. This is illustrated in Table 13 below:

*Table 13: Comparison of Actual Receipts with the Prior Year Receipts*

Details	2024/2025 Actual Receipts (Kshs.)	2023/2024 Actual Receipts (Kshs.)	Increase/ (Decrease) (Kshs.)	Percentage of Increase/ (Decrease)
Recurrent Revenue	2,386,874,347,036	2,256,806,198,170	130,068,148,866	6%
Development Revenue	481,031,435,587	705,728,624,293	(224,697,188,706)	(32%)
<b>Total</b>	<b>2,867,905,782,623</b>	<b>2,962,534,822,463</b>	<b>(94,629,039,840)</b>	<b>(3%)</b>

The total revenue of Kshs.2,867,905,782,623 for the year 2024/2025 comprised of Kshs.2,386,874,347,036 and Kshs.481,031,435,587 relating to Recurrent and Development revenue, respectively. However, the actual ordinary revenue (tax and non-tax income receipts) of Kshs.2,867,905,782,623 reported in the audited revenue statements during the year differs by Kshs.434,514,164,834 with the ordinary revenue receipts of Kshs.2,433,391,617,789 reflected in the National Exchequer Account.

The actual revenue of Kshs.2,867,905,782,623 transferred to the Exchequer and reported in the audited revenue statements during the year has been reconciled with the ordinary revenue receipts of Kshs.2,433,391,617,789 reflected in the National Exchequer Account as detailed in Table 14 below:

*Table 14: Reconciliation of Ordinary Revenue*

	Amount (Kshs.)	Amount (Kshs.)	Reason for Adjustment
Total Revenue Disbursed to Exchequer as per Revenue Statements		<b>2,867,905,782,623</b>	
<b>Additions</b>			
Fishing rights received in National Exchequer Account (NEA) only	849,172		Fishing rights revenue reflected in NEA
Miscellaneous Revenue received in NEA	1,876,259,814		Revenue received directly by the Exchequer
National Police Service	1,703,233,447		Amount Transferred after 30 June but recognized in NEA and not in Revenue Statement
Unspent balances received in NEA	6,158,396,022		Revenue swept directly by the Exchequer
Surplus funds from Railway Development Levy directly to NEA	37,574,778,731		Revenue received directly by the Exchequer
<b>Sub-total</b>		<b>47,313,517,186</b>	
<b>Less:</b>			
Interest and dividends - The National Treasury (TNT)	125,647,992		Interest and dividends received in revenue but recognized in NEA in July 2025
Business Registration Services receipts	23,180,471		Amounts recorded as miscellaneous receipts in NEA

	Amount (Kshs.)	Amount (Kshs.)	Reason for Adjustment
classified as miscellaneous receipts			but not yet accounted for in Receiver of Revenue (RoR)
Judiciary	647,417,971		Amount Related to June 2024 but had been recognised in NEA in June 2024 and in July 2024 in revenue statement
Development Revenue - TNT	<u>481,031,435,587</u>		Included in proceeds from external borrowing in NEA
<b>Sub-total</b>		<b><u>481,827,682,021</u></b>	
<b>Total Ordinary Revenue as per Exchequer Account</b>		<b><u>2,433,391,617,788</u></b>	

Further, analysis of estimated receipts indicates that actual Recurrent Revenue collected during the year reflected an under-collection of Kshs.109,322,188,335 or 4% while there was a shortfall of Kshs.20,504,416,997 or 4% reported under Development Revenue as detailed in Table 15 below:

*Table 15: Shortfall in Revenue Receipts*

Details	Estimated Receipts (Kshs.)	Actual Receipts (Kshs.)	Revenue Shortfall/ (Over-Collection) (Kshs.)	% Shortfall/ (Over-Collection)
Recurrent Revenue	2,496,196,535,371	2,386,874,347,036	109,322,188,335	4%
Development Revenue	501,535,852,584	481,031,435,587	20,504,416,997	4%
<b>Total</b>	<b>2,997,732,387,955</b>	<b>2,867,905,782,623</b>	<b>129,826,605,332</b>	<b>4%</b>

## 1.4 The National Exchequer Account as at 30 June, 2025

**1.4.1** The statement of receipts and payments for the National Exchequer Account for the year ended 30 June, 2025 reflects a surplus of Kshs.5,262,124,292 compared to a deficit of Kshs.1,452,012,838 reported as at 30 June, 2024. However, after taking into consideration the Exchequer balance of Kshs.1,165,472,645 brought forward from 2023/2024, the result is an overall net surplus of Kshs.6,427,596,937 as at 30 June, 2025 as follows:

	<b>2024/2025 (Kshs.)</b>	<b>2023/2024 (Kshs.)</b>
Total Receipts	3,991,960,127,012	3,794,624,482,198
Total Issues	<u>3,986,698,002,720</u>	<u>3,796,076,495,036</u>
<b>Surplus/Deficit) for the Year</b>	<b>5,262,124,292</b>	<b>(1,452,012,838)</b>
Exchequer Balance Brought Forward	<u>1,165,472,645</u>	<u>2,617,485,483</u>
<b>Exchequer Balance as at 30 June, 2025</b>	<b><u>6,427,596,937</u></b>	<b><u>1,165,472,645</u></b>

**1.4.2** The Exchequer balance of Kshs.6,427,596,937 as at 30 June, 2025 was arrived at as follows:

	<b>Amount (Kshs.)</b>
Exchequer Bank Balance as at 30 June, 2025	63,070,651,125
<b>Add:</b> Revenue in transit	56,522,513,697
<b>Less:</b> Uncleared items (Exchequer disbursements after 30 June, 2025)	<u>(113,165,567,885)</u>
<b>Exchequer Cash Book Balance as at 30 June, 2025</b>	<b><u>6,427,596,937</u></b>

**1.4.3** As indicated above, the Exchequer balance of Kshs.6,427,596,937 is net off an amount of Kshs.113,165,567,885 relating to uncleared Exchequer releases to Ministries, Departments and Agencies, and Consolidated Fund Services that were disbursed after the end of the financial year. This is contrary to Article 260 of the Constitution which states that financial year means the period of twelve months ending on the thirtieth day of June or other day prescribed by National legislation, and Regulation 97(4) of the Public Finance Management (National Government) Regulations, 2015, which states that an actual cash transaction taking place after the 30 June, shall not be treated as pertaining to the previous financial year. In addition, even though the National Exchequer Account financial statements are prepared in accordance with accrual basis of accounting method under the International Public Sector Accounting Standards (IPSAS), the transactions were recorded as if they related to the year ended 30 June, 2025 contrary to IPSAS accrual accounting. Management explained that the late Exchequer releases were caused by late receipt of revenues.

**1.4.4** Receipt of Kshs.3,991,960,127,012 into the National Exchequer Account during the year 2024/2025 comprised of Ordinary Revenue and Other Receipts in form of Loans and Grants, and Treasury Bills and Bonds as follows:

Type of Receipt	Amount (Kshs.)	Total (Kshs.)
<b>a) Ordinary Revenue</b>		
Tax Income	2,257,811,663,464	
Non-Tax Income (Profits and Dividends, Immigration Visas, Fines, Penalties and Forfeitures, Miscellaneous Revenue, etc.)	<u>175,579,954,325</u>	2,433,391,617,789
<b>b) (i) Loans and Grants</b>		
External Grants	19,878,620,512	
External Loans	<u>461,152,815,075</u>	481,031,435,587
<b>(ii) Domestic Borrowing</b>		
Treasury Bills (Net)	240,283,990,420	
Treasury Bonds	<u>837,253,083,216</u>	<u>1,077,537,073,636</u>
<b>Total Receipts</b>		<b><u>3,991,960,127,012</u></b>

**1.4.5** Issues from the National Exchequer Account during the year amounted to Kshs.3,986,698,002,720 and comprised of Exchequer transfers of Kshs.1,442,658,037,527, Kshs.335,082,037,999 Kshs.1,790,698,957,913 and Kshs.418,258,969,281 in respect of National Government Recurrent Votes, Development Votes, Consolidated Fund Services and County Governments, respectively. There was a total underfunding of the approved expenditure by an amount of Kshs.220,250,268,808 or 5% as tabulated in Table 16 below:

*Table 16: Underfunding of Approved Expenditure*

Details	Approved Net Expenditure (Kshs.)	Actual Issues (Kshs.)	Under Funding (Kshs.)	Percentage Variance
Recurrent Votes	1,448,595,830,954	1,442,658,037,527	5,937,793,427	0.4%
Development Votes	351,338,921,472	335,082,037,999	16,256,883,473	5%
Consolidated Fund Services	1,988,754,549,821	1,790,698,957,913	198,055,591,908	10%
County Governments	418,258,969,281	418,258,969,281	0	0%
<b>Total</b>	<b>4,206,948,271,528</b>	<b>3,986,698,002,720</b>	<b>220,250,268,808</b>	<b>5%</b>

**1.4.6** The underfunding of the development budget by 5% was attributed to delayed disbursement of donor funds and delayed counterpart funding from the Government. Low allocation of development budget and underfunding of development projects is likely to affect the rate of development in the Country as envisaged in the National Development Plan, Vision 2030 and achievement of critical Sustainable Development Goals (SDGs).

**1.4.7** Out of the total Exchequer issues of Kshs.3,986,698,002,720, an amount of Kshs.771,706,165,886 or 19% was issued in Quarter 1, Kshs.942,362,868,076 or 24% was issued in Quarter 2, Kshs.927,360,878,496 or 23% was issued in Quarter 3 while Kshs.1,345,268,090,263 or 34% was issued in Quarter 4 as detailed in Table 17 below:

*Table 17: Exchequer Issues in 2024/2025*

	Quarter 1 Exchequer Issues (Kshs.)	Quarter 2 Exchequer Issues (Kshs.)	Quarter 3 Exchequer Issues (Kshs.)	Quarter 4 Exchequer Issues (Kshs.)	Total (Kshs.)
Recurrent	280,091,084,190	374,452,005,825	337,208,615,470	450,906,332,042	1,442,658,037,527
Development	68,539,198,063	61,281,289,005	41,013,639,407	164,247,911,525	335,082,037,999
CFS	359,480,821,987	378,609,290,611	485,213,498,620	567,395,346,695	1,790,698,957,913
County Governments	63,595,061,646	128,020,282,635	63,925,125,000	162,718,500,000	418,258,969,281
<b>Total Exchequer Issues</b>	<b>771,706,165,886</b>	<b>942,362,868,076</b>	<b>927,360,878,496</b>	<b>1,345,268,090,263</b>	<b>3,986,698,002,720</b>
<b>% of the Total Exchequer Issues</b>	<b>19%</b>	<b>24%</b>	<b>23%</b>	<b>34%</b>	<b>100%</b>

**1.4.8** Further, out of Kshs.1,345,268,090,263 issued in Quarter 4, Kshs.384,827,917,403 or 29% was issued in the month of April 2025, Kshs.492,976,322,854 or 37% was issued in May 2025 while Kshs.467,463,850,006 or 35% was issued in June, 2025. In addition, out of the amount of Kshs.467,463,850,006 indicated as issued in June 2025, Kshs.354,298,282,121 or 76% was issued in June 2025 while the remaining balance of Kshs.113,165,567,885 or 24% was issued between 03 July, 2025 to 14 July, 2025 but backdated to 30 June, 2025.

As a result of late Exchequer releases, both the National Government and County Governments entities were left with limited time to absorb the funds. There is also a risk of inefficient utilization of resources by entities leading to wastage of public resources. This disrupts the performance of government programs by slowing down the attainment of the entities' objectives and service delivery to the citizens.

## **1.5 Management of Public Debt – Kshs.11,825,756,993,061**

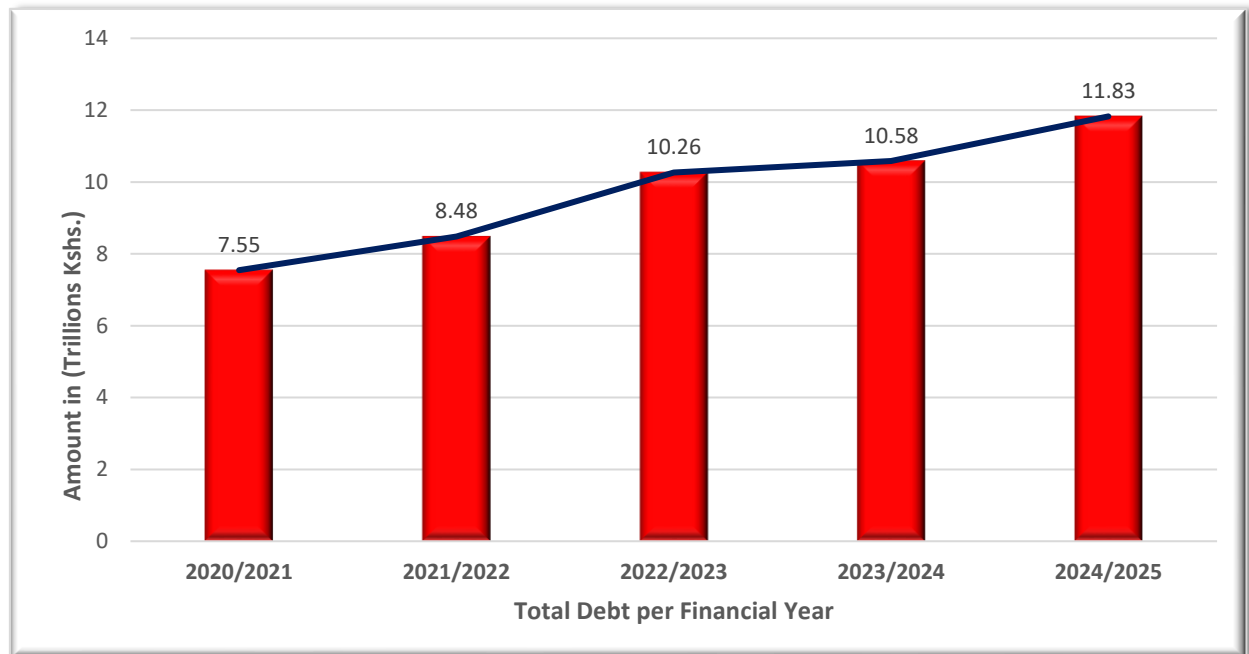
**1.5.1** The outstanding amount of public debt has increased over the years from Kshs.7,545,923,130,128 reported in the year 2020/2021 to Kshs.11,825,756,993,061 reported in the year 2024/2025. This represents an increase of Kshs.4,279,833,862,933 or approximately 57% over the five (5) year period as tabulated in Table 18 below:

*Table 18: Growth of Public Debt in the Last Five Years*

Financial Year	External Debt (Kshs.)	Internal Debt (Kshs.)	Guaranteed Loans (Kshs.)	Total Debt (Kshs.)
2020/2021	3,753,484,243,264	3,635,219,144,950	157,219,741,914	7,545,923,130,128
2021/2022	4,076,028,476,708	4,257,564,791,323	145,356,697,726	8,478,949,965,757
2022/2023	5,276,331,977,801	4,818,378,066,403	170,228,957,457	10,264,939,001,661
2023/2024	5,071,538,693,977	5,410,284,433,886	100,165,024,768	10,581,988,152,631
2024/2025	5,445,550,282,204	6,296,966,045,427	83,240,665,430	11,825,756,993,061

The findings are graphically presented below:

*Figure 6: Growth of Public Debt in the Last Five Years*



**1.5.2** The outstanding amount of public debt of Kshs.11,825,756,993,061 was equivalent to 67.8% of Gross Domestic Product (GDP) of Kshs.17,434,530,000,000 (Source: *The National Treasury and Economic Planning Monthly Debt Bulletin June 2025*). The outstanding amount of public debt of Kshs.11,825,756,993,061 exceeded the maximum debt ceiling of fifty- five percent (55%) of Gross Domestic Product approved by Parliament through the Public Finance Management (Amendment) Act, 2023. However, Parliament allowed a grace period of five (5) years within which the Cabinet Secretary shall take measures to ensure that borrowings by the National Government complies with the prescribed threshold.

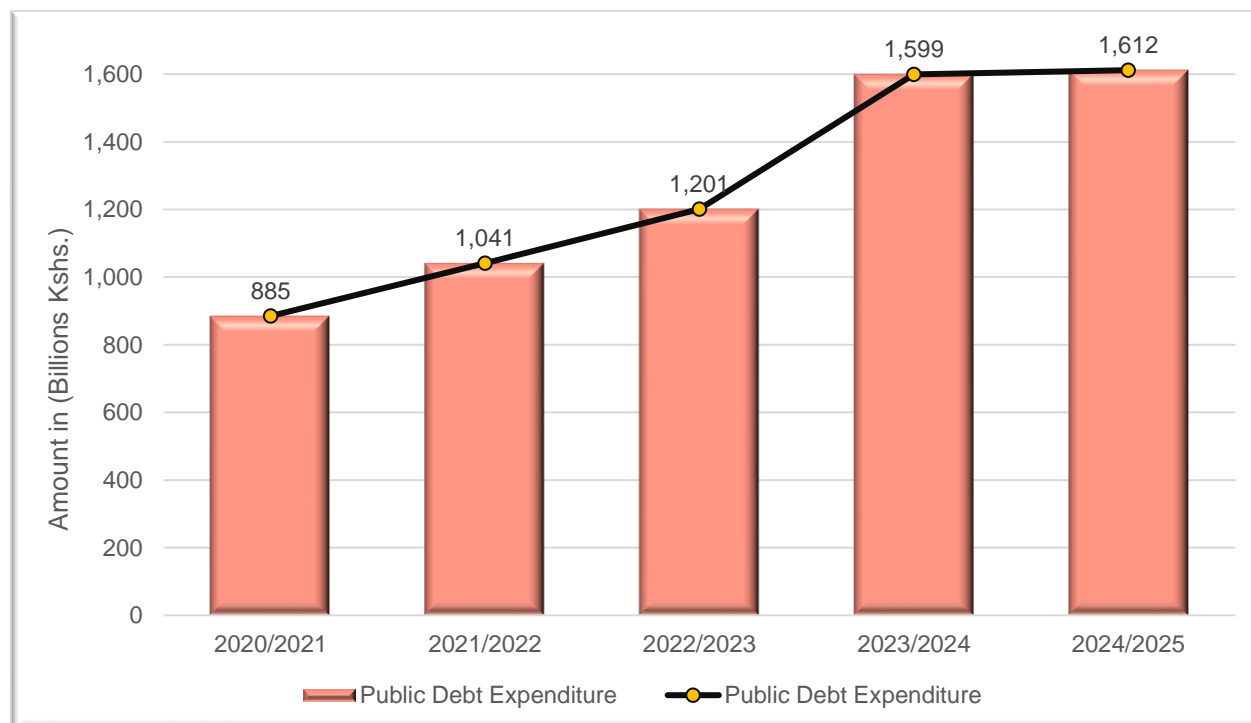
**1.5.3** The outstanding debt of Kshs.11,825,756,993,061, however does not include payment arrears (pending bills) amounting to Kshs.149,732,555,751 which are current liabilities owed to providers of goods and services reported under Ministries, Departments and Agencies (MDAs) during the year under review. It does not also include other liabilities and bank overdrafts incurred by national public sector entities including State-Owned Enterprises (SOEs).

**1.5.4** Further, expenditure on public debt has increased from Kshs.884,919,345,869 reported in 2020/2021 to Kshs.1,611,861,699,771 incurred in 2024/2025 financial year denoting an increase of Kshs.726,942,353,902 or 82% over the five (5) year period as shown in Table 19 and Figure 7 below:

*Table 19: Public Debt Expenditure*

Financial Year	Finance Costs (Including Interest and Other Costs (Kshs.))	Repayments of Borrowings (Domestic and External) (Kshs.)	Public Debt Expenditure (Kshs)	Increase per Year (Kshs.)	Percentage of Increase
2020/2021	425,978,536,477	458,940,809,392	884,919,345,869	-	
2021/2022	510,133,890,427	531,170,245,049	1,041,304,135,476	156,384,789,607	18%
2022/2023	656,314,104,138	544,294,732,026	1,200,608,836,164	159,304,700,688	15%
2023/2024	764,393,933,321	834,544,254,315	1,598,938,187,636	398,329,351,472	33%
2024/2025	896,938,282,080	714,923,417,691	1,611,861,699,771	12,923,512,135	1%

*Figure 7: Public Debt Expenditure for the Last Five Years*



As indicated in Table 19 above, the increase in public debt expenditure fluctuated from an increase of 18% reported in 2021/2022, 15% reported in 2022/2023, 33% reported in 2023/2024 and 1% reported in 2024/2025.

Further, the proportion of public debt expenditure against the actual ordinary revenue (Tax and Non-Tax Receipts) fluctuated between 54% and 70% in the period 2020/2021 to 2024/2025 as tabulated in Table 20 below:

*Table 20: Comparison of Public Debt Expenditure to Ordinary Revenue*

Financial Year	Public Debt Expenditure (Kshs.)	Actual Ordinary Revenue/ (Tax and Non-Tax Receipts) (Kshs.)	Percentage
2020/2021	884,919,345,869	1,601,016,386,868	55%
2021/2022	1,041,304,135,476	1,940,971,132,408	54%
2022/2023	1,200,608,836,164	2,059,281,671,520	58%
2023/2024	1,598,938,187,636	2,293,893,380,062	70%
2024/2025	1,611,861,699,771	2,433,391,617,789	66%

**1.5.5** The total actual expenditure of Kshs.1,841,945,162,750 for Consolidated Fund Services comprised of Kshs.1,611,861,699,771 or 88% for Public Debt, Kshs.206,527,868,648 or 11% for Pension and Gratuities, and Kshs.23,555,594,331 or 1% for Salaries, Allowances and Miscellaneous Services as tabulated in Table 21 below:

*Table 21: Consolidated Fund Services Expenditure*

Details	Estimated Expenditure (Kshs.)	Actual Expenditure (Kshs.)	Percentage of Actual Expenditure on Total CFS Actual Expenditure
Public Debt	1,741,785,572,495	1,611,861,699,771	88%
Pension and Gratuities	223,146,773,734	206,527,868,648	11%
Salaries, Allowances and Miscellaneous Services	23,822,203,592	23,555,594,331	1%
<b>Total</b>	<b>1,988,754,549,821</b>	<b>1,841,945,162,750</b>	<b>100%</b>

**1.5.6** In the financial year 2024/2025, various public debt issues were raised including;

- i. Payment of commitment fees totalling Kshs.1,079,876,429 on undrawn amounts in respect of loans signed between the Government of Kenya and foreign lenders. Had the implementing Agencies put in place proper mechanisms to enable absorption of the committed credit within the agreed timeframes, the payment of commitment fees would have been minimized. The National Treasury, being the overall supervisor of Government Ministries, Departments and Implementing Agencies, should ensure that programmes and projects are ready for execution before committing the Government with credits.

- ii. The outstanding amount of public debt balance of Kshs.11,825,756,993,061 include an outstanding Central Bank of Kenya overdraft of Kshs.53,397,901,057 as at 30 June, 2025. However, the balance does not include payment arrears (pending bills) which are current liabilities owed to providers of goods and services reported under Ministries, Departments and Agencies (MDAs) and Donor Funded Projects during the year under review. It does not also include other liabilities and bank overdrafts incurred by national public sector entities including State-Owned Enterprises (SOEs). The National Treasury indicated that it did not guarantee any loan to County Governments and State Agencies during the year. Further, The National Treasury also indicated that where a State Agency secures a loan, it is the responsibility of the Board of Directors of that Agency to ensure that the amount is repaid and is not chargeable to the Consolidated Fund. However, the National Government is obliged to bail out any guaranteed obligations defaulted by County Governments and State Agencies. The outstanding obligations guaranteed by the Government of Kenya is reported under Section 1.7 of this Summary Report.
- iii. External debt (inclusive of guaranteed loans) increased from Kshs.5,171,703,718,745 reported in 2023/2024 to Kshs.5,528,790,947,634 as at 30 June, 2025 representing an increase of 7%. Similarly, internal debt increased from Kshs.5,410,284,433,886 reported in 2023/2024 to Kshs.6,296,966,045,427 as at 30 June, 2025 representing an increase of 16%. During the year under review, interest payments on domestic borrowings amounted to Kshs.861,782,497,714 (82%) while interest payments on foreign borrowings amounted to Kshs.183,626,678,494 (18%). The cost of domestic borrowings was therefore more than three times the cost of external borrowings even though domestic debt comprised 53.4% of the total debt. Management has not indicated measures put in place to guard against the excessive domestic borrowings which may have a negative impact on the country's interest rates, inflation rates and may lead to crowding out of private investors due to reduced loanable funds in the market and disruption in the financial services.
- iv. The Medium - Term Debt Strategy for the fiscal year 2024/2025 aimed to reduce debt costs and manage risks with a financing mix of 45% from external sources and 55% from domestic sources. As at 30 June, 2025, total net external financing was Kshs.333,685,224,122 while net domestic financing was Kshs.886,681,611,541 representing a ratio of 27:73 deviating from the approved strategy. However, the deviation from the approved borrowing strategy was not approved by the National Assembly.
- v. The Central Bank of Kenya and The National Treasury agency agreement revised in 2022 has not been ratified into a binding agreement. As such, the commission fees rates currently in use have not been reviewed for nine (9) years since 2016 to address changes on the prevailing economic circumstances.
- vi. During the year under review, the Sports, Arts and Development Fund (SASDF) entered into a revenue securitization arrangement under which part of the revenues of the SASDF were pledged and placed under the control of a Trustee to secure upfront financing of the Talanta Sport City Project. The arrangement ring fenced

future SASDF receivables for debt servicing purposes and restricted the Fund's discretion over the revenues. However, the securitized financing was not disclosed or approved as public debt and no evidence was provided of Parliamentary approval for the creation of such financial obligations.

- vii. In October 2024, The National Treasury and Economic Planning granted approval for a Road Infrastructure Loan Facility of up to Kshs.175 Billion, to be leveraged on Kshs.7 from the Road Maintenance Levy. The funds were to be applied to settle pending bills and other obligations at the State Department for Roads. As a result, the Government opted to securitize a portion of the Fuel Levy –specifically Kshs.7 out of every Kshs.25 per litre to raise about Kshs.175 billion required to settle the pending bills. The sale of the future receivables was recognized as sale of future cash receivables through the Kenya Roads Board. However, the arrangement ring fenced the future public revenues from the Fund for debt servicing purposes and restricted the Board's discretion over the revenues. However, the securitized financing was not disclosed or approved as public debt and no evidence was provided of Parliamentary approval for the creation of such financial obligations.

**1.5.7** The growth in public debt is attributed to disbursements of new loans to the Government by various Development Partners and additional borrowings from the domestic market through Treasury Bonds and Treasury Bills to fund the budget. Further, the public debt balance of Kshs.11,825,756,993,061 includes amounts of Kshs.16,123,755,686 and Kshs.53,397,901,057 in respect of pre-1997 GOK debt and bank overdraft respectively, all due to the Central Bank of Kenya. The bank overdraft of Kshs.53,397,901,057 did not exceed the limit of Kshs.114,694,669,003, being five percent of the audited national government revenue of Kshs.2,293,893,380,062 for the financial year 2023/2024. Management therefore adhered to Section 15(3) of the Public Finance Management Act, 2012 which states that a national government bank overdraft facility shall not exceed five per cent of the most recent audited national government revenue.

## **1.6 Outstanding On-Lent Loans - Kshs.1,051,176,707,741**

The summary schedule of outstanding on-lent loans as at 30 June, 2025 reflects total outstanding loans of Kshs.1,051,176,707,741 which represents a decrease of Kshs.145,952,571,126 or approximately 12% of the total outstanding loan balance of Kshs.1,197,129,278,867 reported as at 30 June, 2024. The balance of Kshs.1,051,176,707,741 was due from fifty-four (54) institutions. However, as reported in the previous year, six (6) institutions with outstanding balances amounting to Kshs.79,219,866,430 did not confirm their loan balances as at 30 June, 2025 as detailed in Table 22 below:

**Table 22: Institutions which did not Confirm Loan Balances**

No.	Institution	Lender	Financial Year	Purpose	Status of Institution	Amount Outstanding as at 30 June, 2024 (Kshs.)
1	Athi Water Works Development Agency	The National Treasury	2009/2010	To support the water and sanitation services in peri-urban areas. (Nairobi Satellite Towns)	Existing	61,957,305,908
2	Kenyatta University	The National Treasury	2011	For construction of KUTRRH	Existing but Loan to be transferred to Hospital	10,774,498,010
3	Mumias Sugar Company Limited	The National Treasury	2016/2017	Bailout package to finance turnaround strategy	In receivership	3,000,000,000
4	Malindi Water & Sanitation Company Limited	The National Treasury	2019/2020	For the Water and Sanitation project in coastal counties	Existing-Owned by County	1,584,270,995
5	Tavevo Water & Sewerage Co. Ltd	The National Treasury	2019	Water and Sanitation project	Existing	963,550,417
6	Kenya Meat Commission	Ministry of Livestock	1960/1961	Purchase of Livestock (Drought mitigation)	Institution in existence but requested for write off	640,241,100
		The National Treasury	2019/2020			300,000,000
<b>Total</b>						<b>79,219,866,430</b>

Further, and as was reported during the 2023/2024 financial year, the total outstanding loans balance of Kshs.1,051,176,707,741 includes loans amounting to Kshs.25,515,108,908 which were due for redemption at diverse dates over the years but had not been repaid. During the year, the affected institutions did not make any repayment against their respective loan balances as detailed in Table 23 below:

**Table 23: Non-Performing Loans Issued to Local Entities**

<b>No.</b>	<b>Institution</b>	<b>Lender</b>	<b>Financial Year</b>	<b>Purpose</b>	<b>Status of Institution</b>	<b>Amount Outstanding as at 30 June, 2025 (Kshs.)</b>
1	Kenyatta University	The National Treasury	2011	For construction of KUTRRH	Existing but Loan to be transferred to Hospital	10,774,498,010
2	Mumias Sugar Company Limited	The National Treasury	2016/2017	Bailout package to finance turnaround strategy	In receivership	3,000,000,000
3	Agro-Chemical and Food Co. Ltd	Ministry of Energy	1994/1995	For Agro-Chemical Project in Muhoroni (Molasses)	Institution in existence but requested for write off	2,941,884,000
4	National Water Conservation and Pipeline Corporation	The National Treasury	1999/2000	Sabaki Wellfield Rehabilitation Project	Institution in existence but requested for write off	2,460,874,897
5	Lake Basin Development Authority (LBDA)	The National Treasury	2017	Construction of the MALL	Existing, but Mall not fully occupied (Rented)	2,000,000,000
6	Uchumi Supermarkets Limited	The National Treasury	2016/2017	Fund Company turnaround strategy	Not in operation	1,200,000,000
7	National Irrigation Board	The National Treasury	2006/2007	Natural Resources Management Project	Institution in existence but requested for write off	1,128,486,779
8	Kenya Meat Commission	Ministry of Livestock	1960/1961	Purchase of Livestock (Drought mitigation)	Institution in existence but requested for write off	640,241,100
		The National Treasury	2019/2020	Purchase of Livestock (Drought mitigation)	Institution in existence but requested for write off	300,000,000
9	KDC-IDB Capital Limited	The National Treasury	2018/2019	For financing development of Small & Medium Enterprises (SMEs)	Merged with ICDC & TFC to form Kenya KDC	590,108,567
10	Water Resources Management Authority	The National Treasury	2007	Natural Resource Management Project	Institution in existence but requested for write off	362,607,995
11	KDC- Kenya Tourist Development Corporation	The National Treasury	1971	Revolving Fund	Merged with ICDC & IDB to form Kenya KDC	48,000,000

No.	Institution	Lender	Financial Year	Purpose	Status of Institution	Amount Outstanding as at 30 June, 2025 (Kshs.)
12	Various Local Authorities	Ministry of Local Government	1994/1995	Urban transport study and design	Transferred to respective County Governments	40,706,140
13	Halal Meat Products	Ministry of Agriculture	1974/1975	Construction of abattoir/slaughter house in Ngong	Not operational	27,701,420
<b>Total</b>						<b>25,515,108,908</b>

Some of the entities with outstanding loan balances continue to perform dismally and require constant/periodic government bailouts. Non-repayment of the loans has led to the write-offs of the loans as bad debts, opportunity costs in funding other critical areas and eventual loss of public funds.

In addition, the schedule of investments by the Cabinet Secretary, The National Treasury, in various companies reflects total investments of Kshs.115,939,921,225. Included in the balance are five (5) companies with investments of 5,727,503 shares valued at Kshs.114,550,000 that are non-performing as detailed in Table 24 below:

*Table 24: Non-Performing Investments*

No.	Institution	Date of Investment as per Share Certificate	Status	% Shareholding	Number of Shares	Nominal Value (Kshs.)
1	Kenya Farmers Association	1/8/1959	Institution exists though Government		1	20
2	National Agricultural Chemical & Fertilizer Ltd	7/7/1980	Company struck off the register	No information	2,084,998	41,699,960
3	Nyari Estate Limited	10/9/1980	Not in operation	No information	2,500	50,000
4	Kenya Poultry Limited	22/1/2007	Dissolved	No information	4	20
5	Ken-Ren Chemicals and Fertilizers Limited	30/6/1975	Dissolved	No information	3,640,000	72,800,000
<b>Total</b>					<b>5,727,503</b>	<b>114,550,000</b>

There was no disclosure of measures put in place to ensure that the dormant investments report their returns.

## 1.7 Outstanding Obligations Guaranteed by the Government of Kenya

**1.7.1** The statement of outstanding obligations guaranteed by the Government of Kenya as at 30 June, 2025 reflects a Nil outstanding balance compared to an outstanding balance of Kshs.152,317,825 reported as at 30 June, 2024. During the year under review,

the entire balance of Kshs.152,317,825, being capital and interest owed by the Cereals and Sugar Finance Company, 2024 was written-off on authority of The National Treasury. However, and as previously reported, the balance of Kshs.152,317,825 was not supported by any verifiable records and documents.

Further, the summary statement of public debt (Debt Stock) for the year ended 30 June, 2025 reflected guaranteed debt from only three (3) entities totalling Kshs.83,240,665,430 (excluding amount owed by the Cereals and Sugar Finance Company) as detailed in Table 25 below:

*Table 25: Outstanding Obligations Guaranteed by GOK*

<b>Agency</b>	<b>Outstanding Government Guaranteed Debt as at 30 June, 2025 (Kshs.)</b>
Kenya Airways	9,689,613,651
Kenya Ports Authority	72,759,742,079
Kenya Electricity Generating Company PLC	791,309,700
<b>Total</b>	<b>83,240,665,430</b>

**1.7.2** The parent Ministries for the Agencies indicated above did not prepare and submit for audit, their respective statements of outstanding obligations guaranteed by the Government of Kenya as at 30 June, 2025 contrary to the requirements of Sections 81(1) and 81(2)(c) of the Public Finance Management Act, 2012. Only The National Treasury prepared and submitted for audit a statement of outstanding obligations guaranteed by the Government of Kenya which reflected a Nil outstanding balance (2023/2024: Kshs.152,317,825). However, supporting documents for the write-off were not provided for audit.

**1.7.3** Consequently, the total amount of outstanding obligations guaranteed by the Government of Kenya reflected in the statements submitted for audit by The National Treasury is understated by Kshs.83,240,665,430. Failure to prepare the respective statements is not only a breach of the Public Finance Management Act, 2012 but also an indicator that the total Government Guaranteed Debt could not be confirmed as it is understated.

## **2.0 Pending Bills - Ministries, Department and Agencies – Kshs.149,732,555,751**

**2.1.** During the year under review, pending arrears (pending bills) totalling Kshs.149,732,555,751 as disclosed by various Ministries, Department and Agencies (MDAs) were not settled but were instead carried forward to the 2025/2026 financial year. The reported pending bills for MDAs for the year ended 30 June, 2025 increased by Kshs.19,408,796,493 or by 15% to Kshs.149,732,555,751 from the previous years'

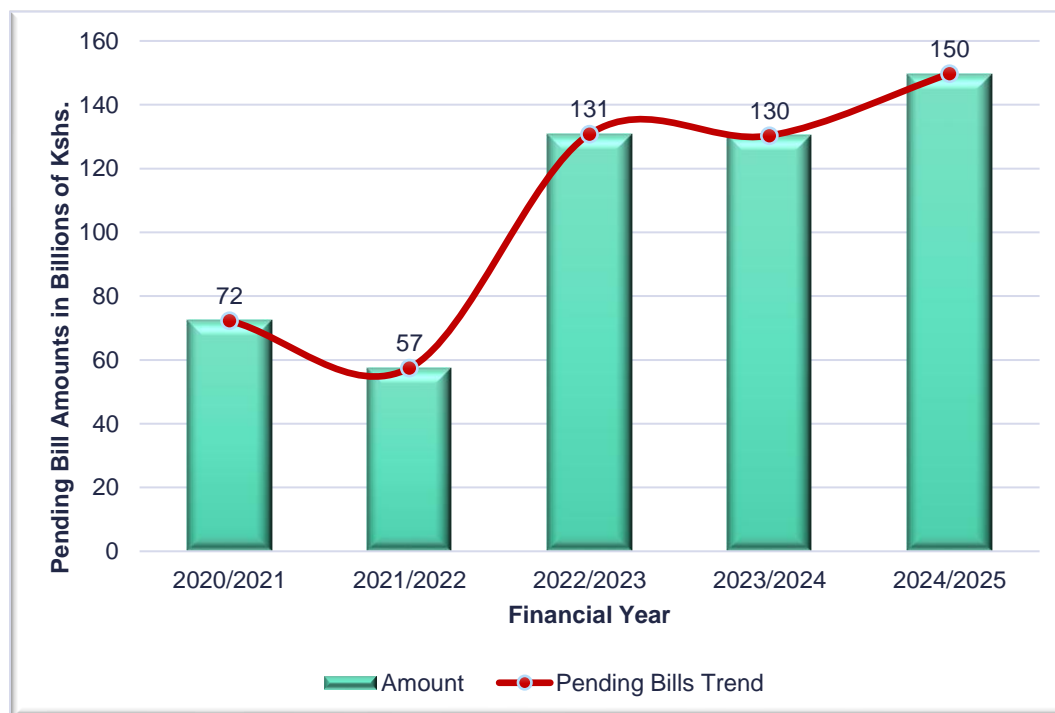
reported amount of Kshs.130,323,759,258. The pending bills for MDAs reported in the last five (5) years is shown in Table 26 below:

*Table 26: Pending Bills for the Last Five Years*

Financial Year	Pending Bills for MDAs (Kshs.)
2020/2021	72,315,870,508
2021/2022	57,469,530,401
2022/2023	130,810,823,729
2023/2024	130,323,759,258
2024/2025	149,732,555,751

Figure 8 below indicates the trend of pending bills in the last five (5) years:

*Figure 8: Pending Bills Trend in the Last Five (5) Years*



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

inadequate budgets as a result of starting new projects or activities before completion of projects and activities started in prior years.

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

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

**2.5.** The Ministries, Department and Agencies (MDAs) which reported unpaid bills as at 30 June, 2025 are listed in Table 27 below:

*Table 27: Ministries, Department and Agencies (MDAs) Disclosed Bills 2024/2025*

No.	Vote	Ministry/Department/Agency	2023/2024 Amount (Kshs.)	2024/2025 Amount (Kshs.)
1	1071	The National Treasury	22,645,349,902	20,722,957,349
2	2021	National Land Commission	817,839,546	16,264,696,929
3	1011	The Executive Office of the President	14,528,324,070	13,656,423,839
4	-	CFS-Pensions and Gratuities	-	12,985,397,296
5	1112	State Department for Lands and Physical Planning	137,028,454	12,553,477,551
6	2091	Teachers Service Commission	3,388,321,052	12,301,009,222
7	1025	National Police Service	9,947,718,145	10,964,776,767
8	1094	State Department for Housing and Urban Development	1,443,579,325	6,479,888,970
9	1024	State Department for Immigration and Citizen Services	3,124,336,522	5,966,074,772
10	2031	Independent Electoral and Boundaries Commission	-	5,230,946,000

<b>No.</b>	<b>Vote</b>	<b>Ministry/Department/Agency</b>	<b>2023/2024 Amount (Kshs.)</b>	<b>2024/2025 Amount (Kshs.)</b>
11	1082	State Department for Medical Services	4,979,248,187	5,177,048,175
12	1026	State Department for Internal Security and National Administration	2,301,893,725	3,127,122,934
13	2043	Parliamentary Joint Services	1,509,141,657	2,841,074,678
14	1032	State Department for Devolution	2,709,240,026	2,768,447,038
15	1162	State Department of Livestock Development	481,158,476	2,013,902,155
16	1053	State Department for Foreign Affairs	2,932,196,070	1,946,651,857
17	1012	Office of the Deputy President	4,813,659	1,833,328,103
18	1203	State Department of Wildlife	2,935,454,477	1,830,568,912
19	1095	State Department for Public Works	1,031,658,775	1,529,727,880
20	1281	National Intelligence Service	-	1,128,404,155
21	1023	State Department of Correctional Services	5,248,648,170	947,834,761
22	1122	State Department for Information Communication Technology and Digital Economy	414,719,860	844,320,173
23	1331	State Department for Environment and Climate Change	640,726,799	841,069,333
24	2042	National Assembly	153,348,752	668,429,938
25	1109	State Department for Water and Sanitation	322,442,556	664,482,642
26	1213	State Department for Public Service	1,536,781,825	411,319,567
27	-	CFS - Salaries, Allowances, Miscellaneous Services		327,486,829
28	1066	State Department of Early Learning and Basic Education	833,584,638	325,948,503
29	1104	State Department for Irrigation		313,956,134
30	1169	State Department for Agriculture	13,630,778,277	259,410,874
31	1166	State Department for the Blue Economy & Fisheries	206,669,778	259,410,874
32	1054	State Department for Diaspora Affairs	173,835,378	231,473,635
33	1202	State Department for Tourism	73,896,954	220,533,088
34	2044	The Senate	425,554,969	218,990,156
35	1134	State department of Culture and Heritage	-	176,409,825
36	1193	State Department for Petroleum	30,248,871	159,790,252
37	1083	State Department for Public Health and Professional Standards	86,026,360	132,898,804
38	1184	State Department of Labour and Skills Development	83,583,104	118,114,633
39	1091	State Department for Roads		107,877,747
40	1252	State Law Office and Department of Justice	458,334,150	103,768,346

<b>No.</b>	<b>Vote</b>	<b>Ministry/Department/Agency</b>	<b>2023/2024 Amount (Kshs.)</b>	<b>2024/2025 Amount (Kshs.)</b>
41	1221	State Department of East African Community Integration	87,389,793	102,154,298
42	1174	State Department for Trade	54,947,473	97,364,205
43	1261	The Judiciary	872,100,944	91,542,416
44	2121	Office of the Controller of Budget	-	82,977,472
45	1036	State Department for Development of the Arid and Semi-Arid Lands (ASALs)	3,682,608,355	76,609,545
46	1013	Office of the Prime Cabinet Secretary	79,215,115	72,296,551
47	1192	State Department for Mining	169,283,358	71,181,515
48	2041	Parliamentary Service Commission	104,817,154	67,260,878
49	2101	National Police Service Commission	8,742,254	54,122,166
50	1175	State Department for Industry	126,401,082	44,059,228
51	1092	State Department for Transport	5,623,569	36,942,544
52	1123	State Department for Broadcasting and Telecommunication	1,455,603,747	32,513,507
53	1177	State Department for Investments Promotion	1,528,560	32,368,719
54	2061	Commission on Revenue Allocation	41,166,370	28,359,001
55	1321	Witness Protection Agency	-	24,034,075
56	1291	Office of the Director of Public Prosecutions	21,915,009	23,583,483
57	1271	Ethics and Anti-Corruption Commission	45,218,753	23,015,737
58	1173	State Department for Co-operatives	41,105,769	21,587,968
59	1064	State Department for Technical Vocational Education and Training	195,891,049	17,642,369
60	2011	Kenya National Commission on Human Rights	17,097,993	16,041,253
61	1072	State Department for Economic Planning	13,677,437	13,592,270
62	1212	State Department for Gender and Affirmative Action	483,394,489	10,120,101
63	1185	State Department for Social protection	74,720,485	9,435,835
64	2151	Independent Policing Oversight Authority		9,393,843
65	2081	Salaries and Remuneration Commission	-	4,018,497
66	1015	State Department for Performance and Delivery Management	189,828	3,080,902
67	1093	State Department for Shipping and Maritime Affairs	33,455,791	2,948,807
68	1132	State Department for Sports Development	331,992,227	1,799,744
69	1176	State Department for Micro Small and Medium Enterprise (MSME) Development	53,750,295	1,754,350
70	1016	State Department for Cabinet Affairs	28,600,428	1,610,314

No.	Vote	Ministry/Department/Agency	2023/2024 Amount (Kshs.)	2024/2025 Amount (Kshs.)
71	2131	The Commission on Administrative Justice	3,161,769	1,127,555
72	1332	State Department for Forestry	4,349,556	1,093,540
73	1311	Office of the Registrar of Political Parties	-	773,067
74	1065	State Department for Higher Education and Research	51,666,945	699,300
75	1041	Ministry of Defence	22,890,340,784	0
76	1135	State Department for Youth Affairs	44,421,363	0
77	2071	Public Service Commission	40,691,148	0
78	2141	National Gender and Equality Commission	17,386,069	0
79	2051	Judicial Service Commission	3,026,691	0
80	1152	State Department of Energy	1,795,097	0
		<b>Total</b>	<b>130,323,759,258</b>	<b>149,732,555,751</b>

The total pending bills of Kshs.149,732,555,751 reported under Ministries, Departments and Agencies (MDAs) does not include an amount of Kshs.51,877,602,775 accumulated entitlement to the Equalisation Fund. It does not also include contingent liabilities totalling Kshs.261,632,457,818 reported by various MDAs as detailed in Table 28 below:

*Table 28: Contingent Liabilities for MDAs*

No.	Vote	Ministry, Department or Agency	Amount (Kshs.)	Description
1.		CFS-Public Debt Expenditure	83,240,665,430	Guaranteed Loans – amount reported as a contingent liability
2.	1082	State Department for Medical Services	71,318,675,454	Contingent liabilities in respect to avoidable court award of Kshs.68,421,740,034 Managed Service Equipment and KEMSA debt
3.	1169	State Department for Agriculture	57,170,593,495	Court Awards made against the State Department
4.	1132	State Department for Sports	15,386,222,500	Contingent liability amounting to Kshs.15 billion awarded to Telkom Kenya as compensation for the loss of Posta Sports Grounds used by the State Department for construction of Talanta Stadium
5.	1026	State Department for Internal Security and National Administration	9,396,822,959	Court cases against the State Department
6.	2021	National Land Commission	6,048,787,555	Contingent liabilities
7.	1023	State Department for Correctional Services	5,483,783,072	Contingent liabilities in respect to pending bills not verified
8.	1162	State Department for Livestock Development	4,000,000,000	Halal Meat Products Limited had sued The State Department and was awarded Kshs.4,000,000,000 by the Court, which is

No.	Vote	Ministry, Department or Agency	Amount (Kshs.)	Description
				yet to be paid due to lack of budgetary allocation
9.	1036	State Department for ASALs and Regional Development	2,428,746,025	Contingent liabilities in respect to pending bills with the presidential verification committee and failure to disclose liability in respect to active litigation matters
10.	1041	Ministry of Defence	2,355,703,541	Court cases against the MDA
11.	1025	National Police Service	1,961,653,688	Kshs.323,653,688 contested electricity and contested insurance premium to SHIFKshs1,638,000
12.	1094	State Department for Housing & Urban Development	846,000,000	Court cases
13.	2031	Independent Electoral and Boundaries Commission	670,130,000	Contingent liabilities which include court award against the IEBC and election contracts
14.	1261	The Judiciary	576,594,038	Claims from merchants awaiting verification by the Pending Bills Verification Committee
15.	1271	Ethics and Anti-Corruption Commission	418,513,876	Court cases against the Commission
16.	1331	State Department for Environment and Climate Change	161,251,580	Court case
17.	1203	State Department for Wildlife	48,825,520	Court case against the State Department for Wildlife
18.	1053	State Department for Foreign Affairs	47,781,025	Contingent liabilities in respect to court cases
19.	2051	Judicial Service Commission	33,043,000	Several matters filed against the commission
20.	1064	State Department for Technical Vocational Education and Training	20,162,721	Court cases and arbitrations against the State Department
21.	2101	National Police Service Commission	16,171,266	Pending court case
22.	2151	Independent Policing Oversight Authority	898,000	Pending court case
23.	1221	State Department for East African Community	733,573	Court case against the State Department
24.	2131	Commission on Administrative Justice	699,500	Contingent liability in respect to court cases against the commission
	<b>Total</b>		<b>261,632,457,818</b>	

### 3.0 Summary of Audit Observations

#### 3.1 Overall Summary of Audit Opinions

For the financial year ended 30 June, 2025, a total of three hundred and sixty-two (362) National Government financial statements (excluding National Funds) in respect of Ministries, Department and Agencies (MDAs), Revenue Statements, Donor Funded Projects, and Other clients such as Public Debt, National Exchequer Account, Public

Trustee, Staff Mortgage and Car Loan Schemes, among others were examined and audit opinions issued as summarized in Table 29 below:

*Table 29: Audit Opinions on National Government Entities Excluding National Funds*

No.	Client Type	Type of Opinion Issued				
		Unmodified	Qualified	Adverse	Disclaimer	Total
1.	MDAs - Voted Entities	66	17	-	-	83
2.	Revenue Statements	10	2	-	-	12
3.	Donor Funded Projects	204	32	1	2	239
4.	Others	21	5	1	1	28
	<b>Total</b>	<b>301</b>	<b>56</b>	<b>2</b>	<b>3</b>	<b>362</b>

The tabulation above indicates that three hundred and one (301) financial statements had an unmodified opinion; fifty-six (56) financial statements had a qualified opinion, two (2) financial statements had an adverse opinion while three (3) financial statements had a disclaimer of opinion as listed in **Appendices A, B, C and D** respectively. The analysis does not include the National Funds which are reported on separately.

Further, Table 30 below illustrates the trend of audit opinions on National Government Entities (excluding National Funds) for the last three years.

*Table 30: Audit Opinions Trend on Government Entities*

	2022/2023	2023/2024	2024/2025
Unmodified	228	248	301
Qualified	109	85	56
Adverse	2	2	2
Disclaimer	1	1	3
<b>Total</b>	<b>340</b>	<b>336</b>	<b>362</b>

## 3.2 Summary of Audit Opinions Excluding Donor Funded Projects and National Funds

**3.2.1** A total of one hundred and twenty-three (123) National Government financial statements (excluding Donor Funds and National Funds), were examined during the year ended 30 June, 2025. Table 31 below indicates the type of audit opinion expressed on the financial statements in the last five years on National Government entities excluding Donor Funded Projects and National Funds;

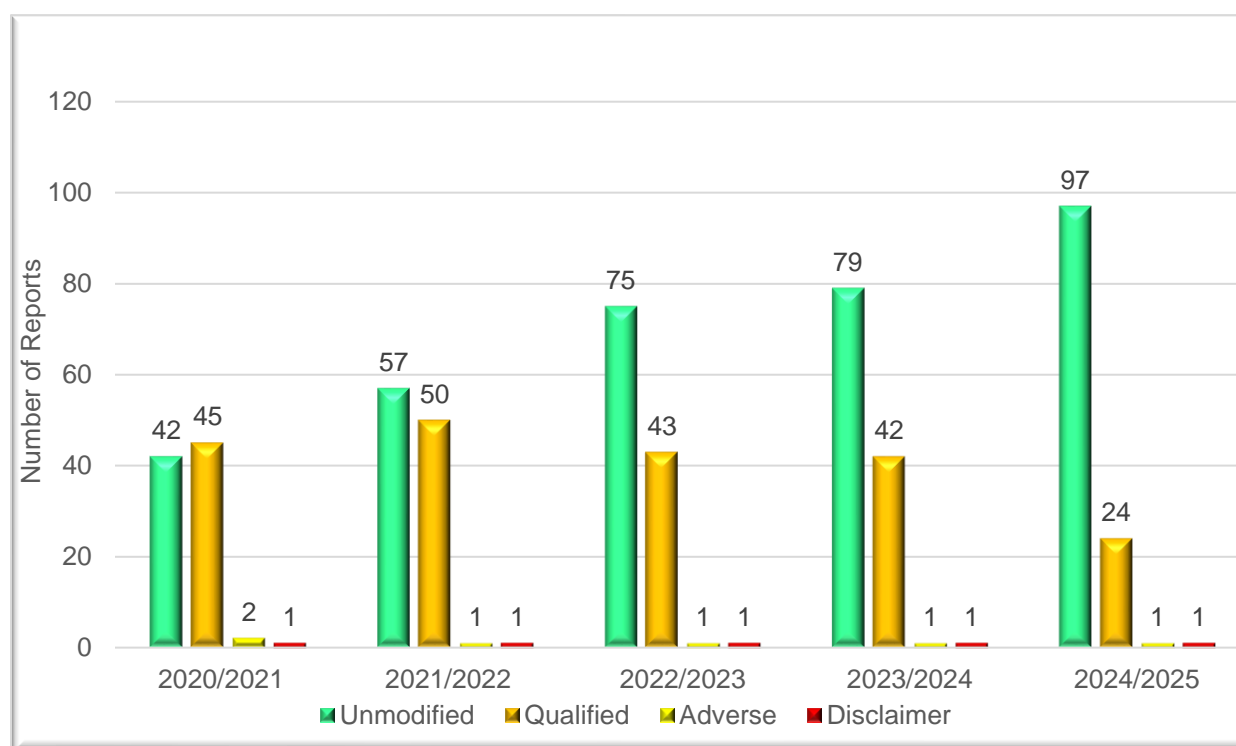
*Table 31: Audit Opinions on Financial Statements in the Last Five Years*

Audit Opinion	2020/2021		2021/2022		2022/2023		2023/2024		2024/2025	
	No. of FS	%	No. of FS	%	No. of FS	%	No. of FS	%	No. of FS	%
Unmodified	42	46.70%	57	52.30%	75	62.50%	79	64.23%	97	78.86%
Qualified	45	50.00%	50	45.90%	43	35.80%	42	34.15%	24	19.51%
Adverse	2	2.20%	1	0.90%	1	0.80%	1	0.81%	1	0.81%
Disclaimer	1	1.10%	1	0.90%	1	0.80%	1	0.81%	1	0.81%
Total	90	100%	109	100%	120	100%	123	100%	123	100%

**3.2.2** The number of financial statements with unmodified opinion increased from 64.23% reported in the previous year to 78.86%. The number of financial statements with qualified opinion decreased from 34.15% to 19.51%. There was no change in the percentages of adverse and disclaimer of opinion compared to the previous year. Overall, there has been an improvement in presentation of the financial statements. This is attributed to use of IFMIS, guidance by The National Treasury through circulars and issuance of reporting templates by the Public Sector Accounting Standards Board (PSASB). Audit reviews leading to revisions and amendments of the financial statements to correct errors during the audit process, also contributed to improvements in disclosure and presentation of the financial statements.

Figure 9 below depicts the analysis of audit opinion

*Figure 9: Audit Opinions on Financial Statements for the Last Five Financial Years*



### 3.3 Audit of Revenue Statements

3.3.1 During the year under review, twelve (12) revenue statements were audited. Out of these, ten (10) revenue statements had an unmodified audit opinion while two (2) revenue statements had a qualified opinion. Tables 32, 33 and 34 below indicate the Revenue Statements that were audited and the corresponding audit opinions.

*Table 32: Summary of Audit Opinions on Revenue Statements*

Opinion	No. of Revenue Statements	Percentage
Unmodified	10	83%
Qualified	2	17%
<b>Total</b>	<b>12</b>	<b>100%</b>

*Table 33: Revenue Statements whose Opinion was Unmodified*

	Collecting Entity/Department	Amount Collected During the Year (Kshs.)	Amount Transferred to the Exchequer (Kshs.)	Other Issues Reported Under Matter/Compliance/ Internal Controls
1	Receiver of Revenue-Pensions Department	420,478,558	220,658,379	<ul style="list-style-type: none"> <li>• Failure to identify non-remittance risk</li> </ul>
2	Receiver of Revenue - Ministry of Defence	257,462,203	207,262,203	<ul style="list-style-type: none"> <li>• No issue reported</li> </ul>
3	Receiver of Revenue - Business Registration Service	1,311,351,416	1,318,812,300	<ul style="list-style-type: none"> <li>• Unresolved prior year matters</li> <li>• Lack of capacity in Internal Audit Unit</li> <li>• Lack of service level agreements for the financial service providers</li> <li>• Delay in remittance of revenue to collection account</li> </ul>
4	Receiver of Revenue - State Department for Lands and Physical Planning	15,953,360,118	15,518,016,890	<ul style="list-style-type: none"> <li>• Unresolved prior year matters</li> <li>• Weaknesses in administration and collection of revenue</li> </ul>
5	Receiver of Revenue - State Department for Immigration and Citizen Services	15,896,286,330	14,591,348,174	<ul style="list-style-type: none"> <li>• Long outstanding unremitted revenue</li> <li>• Manual receipting of revenue at the Civil Registration Services Department</li> </ul>

	<b>Collecting Entity/Department</b>	<b>Amount Collected During the Year (Kshs.)</b>	<b>Amount Transferred to the Exchequer (Kshs.)</b>	<b>Other Issues Reported Under Matter/Compliance/ Internal Controls</b>
				<ul style="list-style-type: none"> <li>• Failure to maintain records of verification fees</li> <li>• Budget underperformance</li> </ul>
6	Receiver of Revenue - The Judiciary	3,074,061,826	3,073,971,826	<ul style="list-style-type: none"> <li>• Unresolved prior year matter</li> <li>• Non-compliance with directive on e-citizen integration and centralized revenue collection</li> <li>• Lack of internal audit reports</li> </ul>
7	Receiver of Revenue - National Police Service	2,796,518,718	-	<ul style="list-style-type: none"> <li>• Long outstanding arrears of revenue</li> </ul>
8	Receiver of Revenue – Recurrent – The National Treasury	2,373,047,721,811	2,347,540,466,103	<ul style="list-style-type: none"> <li>• Long outstanding arrears of revenue</li> <li>• Doubtful arrears of revenue</li> </ul>
9	Receiver of Revenue - State Law Office and Department of Justice National Government	277,823,420	262,321,698	<ul style="list-style-type: none"> <li>• Unresolved prior year matters</li> <li>• Lack of official appointment of collectors of revenue and failure to use the e-Citizen platform</li> <li>• Failure to prepare and submit marriage fees periodical reports by County and Assistant County Commissioners</li> <li>• Failure to provide registration of marriage services at Sub-County level</li> </ul>
10	Receiver of Revenue - State Department for Internal Security and National Administration-	329,428,034	329,428,034	<ul style="list-style-type: none"> <li>• Budgetary control and performance – Over-collection of revenue</li> </ul>
	<b>Total</b>	<b>2,413,364,492,434</b>	<b>2,383,062,285,607</b>	

*Table 34: Revenue Statements whose Opinion was Qualified*

	Collecting Entity/ Department	Amount Collected During the Year (Kshs.)	Amount Transferred to the Exchequer (Kshs.)	Main Reasons for Qualification	Other Main Issues Reported Under Other Matter/Compliance/Internal Controls
1	Receiver of Revenue - External Resources	481,031,435,587	481,031,435,587	<ul style="list-style-type: none"> <li>Variance between Consolidated Fund Services - Public Debt and receiver of revenue drawdowns for the year</li> </ul>	<ul style="list-style-type: none"> <li>Failure to utilize drawn down loan proceeds</li> <li>Lack of value for money spent on various projects</li> </ul>
2	Receiver of Revenue – State Department for Mining	5,294,914,514	3,812,061,429	<ul style="list-style-type: none"> <li>Variances between financial statements and supporting information</li> <li>Unsupported statement of arrears of revenue</li> <li>Inconsistencies in revenue recognition</li> </ul>	<ul style="list-style-type: none"> <li>Unresolved prior year matters</li> <li>Weakness in identification and collection of mining royalties</li> <li>Irregular composition of the Mineral Rights Board</li> <li>Use of invalid mining licence</li> <li>Use of prohibited chemicals by Miners</li> </ul>
	<b>Total</b>	<b>486,326,350,101</b>	<b>484,843,497,016</b>		

**3.3.2** During the financial year 2024/2025, arrears of revenue amounting to Kshs.3,239,718,885,934 was not collected and remitted to the Exchequer as detailed in Table 35 below:

*Table 35: Arrears of Revenue*

Ministry/Department/ Agency	Amount (Kshs.)	Amount Outstanding for Over Three (3) Years (Kshs.)
The National Treasury	3,235,497,353,098	2,531,743,081,717
State Department for Mining	1,482,853,858	1,212,415,603
State Department for Lands and Physical Planning	1,061,979,810	-
National Police Service	1,090,515,777	534,029,700
The Judiciary	535,982,996	-
Ministry of Defence	50,200,395	-
<b>Total</b>	<b>3,239,718,885,934</b>	<b>2,533,489,527,020</b>

The revenue arrears include an amount of Kshs.2,533,489,527,020 which have been outstanding for over three (3) years as indicated in Table 35 above.

The Receivers of Revenue should also ensure that adequate safeguards are in place and applied for the prompt collection and proper accounting of all national government revenue as required by Regulation 64(1) and (2) of the Public Finance Management (National Government) Regulations, 2015. Further, the various Receivers of Revenues, under the guidance of The National Treasury, should review the existing policies and procedures on revenue collection to identify any weaknesses or gaps including identification of root cause of delays in collection and implementation of corrective action, including write-off of uncollectable arrears of revenue.

### 3.4 Audit of Financial Statements for Voted Provisions

**3.4.1** The actual expenditure reflected in the financial statements for the National Government voted provisions for the year 2024/2025 was Kshs.4,095,522,536,688 compared to Kshs.3,878,690,146,474 reported in the year 2023/2024. The expenditure of Kshs.4,095,522,536,688 was recorded in the combined MDA’s Recurrent and Development votes which received various audit opinions as listed in **Appendices A to D** and as summarized in Table 36 and Figure 10 below:

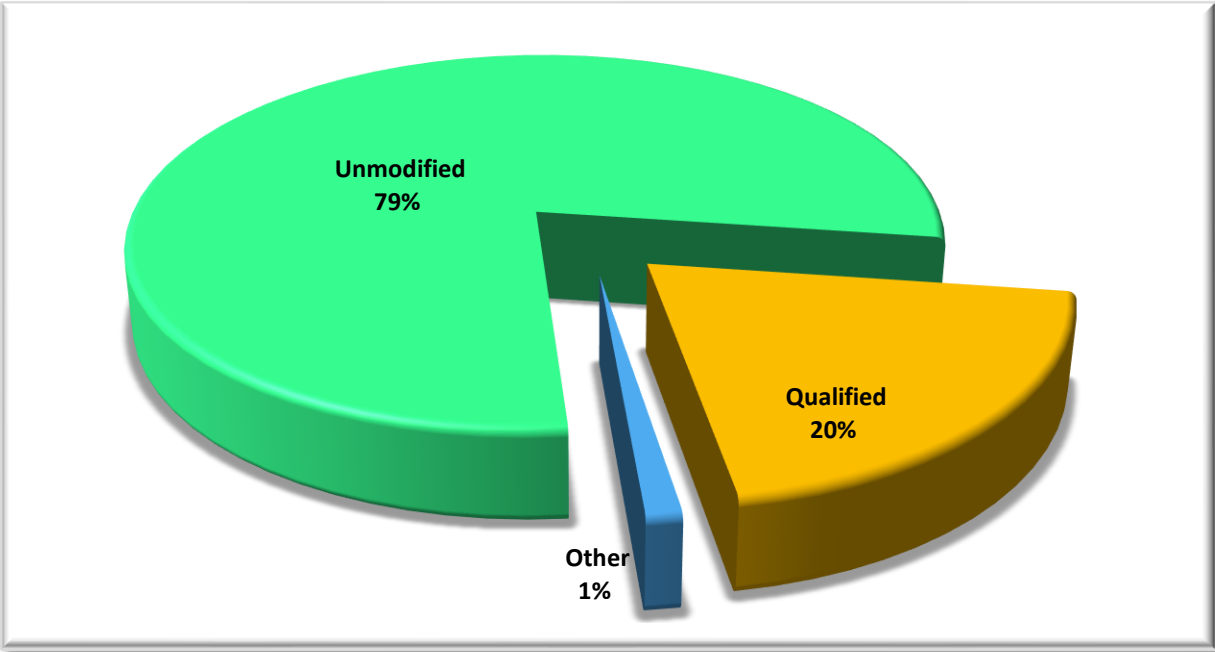
*Table 36: Summary of Audit Opinions on Combined Recurrent and Development Expenditure*

Opinion	No. of Financial Statements	Percentage
Unmodified	66	79%
Qualified	17	20%
Other	1	1%
<b>Total</b>	<b>84</b>	<b>100%</b>

**3.4.2** Table 36 above indicates that there were eighty-four (84) financial statements for entities with voted provisions during the year under review. No material misstatements were found in financial statements of sixty-six (66) entities and hence they got an unmodified opinion. However, omissions and in some cases material misstatements were reported in respect of financial statements for seventeen (17) entities hence a qualified/modified opinion issued.

**3.4.3** The financial statements relating to my Office (Office of the Auditor-General) is audited and reported on separately to Parliament by an Independent Auditor appointed by the National Assembly in accordance with Article 226(4) of the Constitution. During the year under review, the Office of the Auditor-General got an unmodified opinion.

Figure 10: Audit Opinions on Financial Statements



**3.4.4** There has been a general improvement in the presentation of financial statements and maintenance of accounting records in the last two financial years (2023/2024 and 2024/2025) compared to prior years. The improvement is mainly attributed to adoption of the International Public Sector Accounting Standards (IPSAS) accounting framework by the National Government entities as prescribed by the Public Sector Accounting Standards Board (PSASB). In addition, other interventions by The National Treasury, aimed at improving accountability in the public sector have influenced this improvement. Further, directives to take action on audit recommendations by the Chief of Staff and Head of Public Service to Accounting Officers and recommendations from Parliamentary hearings have also led to improved accountability in some areas. Prior high level engagement sessions between the Auditor-General and the Accounting Officers has also led to more involvement in the audit process and enhanced supervision by Accounting Officers leading to improvements. The presentation of the financial statements is, however, still below expectations when viewed holistically. Full migration from cash to accrual accounting framework for both National and County Government entities is still envisaged as critical for enhancing accountability, transparency and disclosures in the use of public resources.

**3.5 Key Audit Observations Reported Under MDAs**

**3.5.1 Transition to Accrual Accounting**

In March, 2024, the Cabinet approved the transition from IPSAS cash basis to IPSAS accrual basis of accounting across the National Government, County Governments, and their entities effective 1 July, 2024. The reform, which is phased over three years, requires

that financial assets and financial liabilities be recognized in year 1, inventories be brought on board in year 2, and all remaining assets and liabilities be recognized in year 3. The financial statements for the year ended 30 June, 2025 were the first transitional IPSAS accrual statements which required, at a minimum, inclusion of all financial assets and liabilities.

The shift to accrual accounting is designed to improve transparency, accountability and decision-making by providing a complete financial representation that captures assets, liabilities and non-cash transactions, thereby strengthening resource and liability management, improving asset stewardship, enabling clearer performance measurement, and risk identification, thus building public trust. This reform is among Kenya’s most significant Public Financial Management (PFM) initiatives in decades, underpinned by strong political support, structured planning and institutional commitment, and is expected to materially strengthen the integrity of public financial reporting and overall governance.

As guided by The National Treasury, entities had a choice of preparing transitional IPSAS financial statements or going full accrual within the first year. During the year under review, out of eight- four (84) inclusive of the Office of the Auditor- General, only eight (8) or 9.5% of the MDAs prepared financial statements on accrual basis of accounting while the remaining seventy- six (76) or 90.5% of the MDAs prepared transitional IPSAS financial statements as detailed in **Appendix E** and summarized in Table 37 below:

*Table 37: Transition to Accrual Status*

<b>Transition Status</b>	<b>Number of MDAs</b>	<b>Percentage</b>
Full Accrual	8	9.5%
Transitional	76	90.5%
<b>Total</b>	<b>84</b>	<b>100%</b>

Some of issues raised in 2024/2025 audit reports on transition to accrual accounting include:

- i. Non-compliance with Transitional IPSAS Reporting Template by failure to disclose on the cover page, under Note 2 to the financial statements and statement of management responsibilities, that the financial statements are transitional.
- ii. Failure to establish a Cash-to Accrual Transition Committee and appoint a project manager as required.

In addition, there are a number of risks that must be addressed by the Government. One of the biggest risk for is assets and liabilities identification, classification and valuation. Further, we have raised in our audit reports that several MDAs do not have ownership documents for assets, have not been maintaining fixed assets registers or disclosing their assets. In addition, there is still the challenge of settlement of pending bills. Other risks include:

- i. The IFMIS must be ready for production of accrual based financial statements.

- ii. Adequate budget to facilitate the transition
- iii. Capacity building of staff to ensure a smooth transition
- iv. Engagement of the whole Public Finance Management ecosystem actors including Parliament and County Assemblies
- v. Visualizing the transition as part of public financial management reform and improving public sector accountability. Otherwise, it may be construed to be a technical accounting exercise.

Key deliverables for the transition includes complete assets registers, comprehensive liabilities recording, accrual-based general purpose financial statements, an IFMIS upgrade to support accrual modules and strengthened internal controls to reflect period-end adjustments, asset management and commitment controls. These are to be supported by updated policies and procedures including revised accounting manuals and audit methodologies.

### 3.5.2 Confidential Expenditures

#### Enhancement of Governance Systems for Security Related Expenditures

During the year under review, thirteen (13) Ministries, Departments and Agencies (MDAs) listed below incurred expenditure for confidential security operations.

S/No.	Vote	Ministries, Departments and Agency
1	1012	Office of the Deputy President
2	1017	State House
3	1025	National Police Service
4	1026	State Department for Internal Security and National Administration
5	1041	Ministry of Defence
6	1053	State Department for Foreign Affairs
7	1112	State Department for Lands and Physical Planning
8	1192	State Department for Mining
9	1261	The Judiciary
10	1271	Ethics and Anti-Corruption
11	1281	National Intelligence Service
12	1291	Office of the Director of Public Prosecutions
13	2051	Judicial Service Commission

Certificates of confidential expenditure were issued, supported by a declaration from the respective Accounting Officer affirming proper use of funds in compliance with Regulation 101(5) of the Public Finance Management (National Government) Regulations, 2015.

As previously reported, there is need to enhance accountability of confidential expenditures, which have increased over the years, through review of the Regulations to clearly define entities eligible for confidential security related expenditures and to specify

what constitutes security related operations. Further, entities should establish internal oversight mechanisms and processes that include detailed budget projections and post-operation financial summaries to address risks and ensure responsible use and accountability of the funds, beyond the certificate. The measures are aimed at strengthening governance, fostering trust, and ensuring funds are utilised responsibly without compromising State security. However, no action had been taken to implement the audit recommendations.

### **3.5.3 The National Treasury - Vote 1071**

#### **i. Delayed Settlement of Court Award Leading to Increased Interest Costs**

During the year, The National Treasury made a payment of Kshs.1,000,000,000 as part payment of the decretal sum of Kshs.4,099,636,848, exclusive of interest and other legal costs awarded to a firm by the High Court on 21 December, 2022. The award related to compensation for idle resources, loss of profits and arbitration costs following a dispute that arose during implementation of Phase III of a project to construct a National Disaster Recovery Site.

The decretal amount was to attract interest at a rate of 12% per annum until settled in full. As at 30 June, 2025, only Kshs.1,882,400,262 had been paid and the outstanding balance as at 30 June, 2025 was Kshs.4,091,619,712 inclusive of accrued interest. At the time of audit, Management had not provided a roadmap or a proposed plan for the settlement of the award. Failure to provide adequate budgetary provision for the settlement of the award exposes The National Treasury to additional avoidable interest costs.

#### **ii. Irregular Treasury Tax Undertakings**

During the year, The National Treasury made undertakings to pay taxes on behalf of some taxpayers amounting to Kshs.1,353,256,472. Management explained that the undertakings were issued in response to compelling national interests, humanitarian obligations and strategic development needs and that they were not guided by any law. The undertakings were therefore contrary to Article 210(1) of the Constitution of Kenya which provides that no tax or licensing fee may be imposed, waived or varied except as provided by legislation. Further, no budgetary allocation was made for the settlement of the undertakings.

#### **iii. Payment of Guaranteed Loan in Respect of Domestic Borrowing by Kenya Airways Limited**

During the year, The National Treasury made a payment of Kshs.19,685,136,690 in respect of a guaranteed Kenya Airways Limited loan with local banks (Consenting Banks). Kenya Airways Limited defaulted on the guaranteed debt of USD 225 million (Equivalent of Kshs.22.84 billion), which was partially called up via a demand notice dated 15 August, 2024. The continued repayment of Kenya Airways Limited loans by the Government is contrary to Section 58(2)(b)–(d) of the Public Finance Management Act, 2012, which stipulates that the Cabinet Secretary shall not guarantee a loan unless the borrower is capable of repaying the loan and any interest or other associated

amounts. In the case of a private borrower, the Act further requires that the loan be supported by sufficient security.

#### **iv. Delay in Implementation of the Electronic Government Procurement Contract**

The National Treasury awarded a contract to a consortium, for tender for design, development/customization, supply, installation and maintenance of an Electronic Government Procurement (E-GP) System on 25 April, 2022 at a contract price of USD 2,981,289 (Kshs.344,794,744) for a contract duration of three (3) years effective 25 April, 2022 to 25 April, 2025. As at 14 October, 2025, Management had paid USD 1,352,969 (Kshs.176,161,377) representing 45% of the contract price.

Review of contract documents and other related records revealed various challenges affecting the implementation of the system, which included systemic challenges, user challenges, a large number of procurement entities onboarded on the system, and backlog in supplier registration and longer lead times in resolving identified challenges.

### **3.5.4 National Police Service - Vote 1025**

#### **Police Stations Operating Without Motor Vehicles**

Review of records and physical verification of the National Police Service motor vehicles fleet in sampled counties revealed that ninety-four (94) gazetted Police Stations were operating without motor vehicles. Lack of motor vehicles may hinder the effective and efficient delivery of services by the National Police Service.

### **3.5.5 State Department for Internal Security and National Administration - Vote 1026**

#### **i. Avoidable Expenditure on Court Award**

During the year, the State Department paid an amount of Kshs.365,116,120 to the State Law Office and Department of Justice in relation to Constitutional Petition No. 2 where a Judgement was issued on 17 December, 2019 directing the Directorate of Criminal Investigations (DCI) to release two impounded motor vehicles as well as a sugar parking machine to the petitioner forthwith. However, this order was not complied with and on 22 November, 2024, through judicial review on civil application, an order was issued against the DCI to pay Kshs.482,670,000.

The Attorney General on 15 January, 2024 advised the Ministry of a consent entered into with the plaintiff on 11 December, 2023, for payment of the decretal sum of Kshs.482,670,000 together with interest calculated at 14% from 02 December, 2019 to 31 November, 2023 totalling Kshs.747,411,189. The State Department continues to disregard this order and the full payment has not been transferred to the Attorney General. Failure to comply with the Court order issued on 17 December, 2019 resulted in a liability amounting to of Kshs.264,741,189 that would have been avoided had the earlier order been complied with in a timely manner.

## **ii. Delay in Payment of Decretal Sum in the Acquisition of General Service Unit (GSU) Land**

In the year 1988 the former Ministry for State for Provincial Administration and Internal Security purchased one hundred and ninety-six (196) housing units from the defunct Kenya Post and Telecommunication Corporation (KPTC) occupying a 17.8-acre parcel of land in Drive-In Estate, Nairobi, for Kshs.64,680,000. In the year 2006, an additional 19.6 acres were irregularly hived off and fenced by the General Service Unit, leading to a civil suit against the Attorney General for trespass. A judgement was delivered on 12 February, 2013, against the Attorney General to pay the decretal sum of Kshs.4,086,883,330. By a consent dated 02 April, 2013, the parties mutually agreed to reduce the decretal amount to Kshs.2.4billion with an additional Kshs.150 million payable to facilitate discharge of a charge held by Continental Credit Finance Limited (In Liquidation).

As at 30 June, 2025, the State Department had made payments totalling Kshs.1,878,339,170 leaving an outstanding balance of Kshs.521,660,830 contrary to the court ruling. Included in the amount paid was an advance interest capping charge of Kshs.600,000,000, settled on 20 April, 2015 under a consent dated 25 March, 2015, resulting in an avoidable expenditure due to delay in settlement.

Further, the property remains encumbered, and the Government delayed settlement of the decretal sum for approximately twelve (12) years and has yet to obtain the property title despite substantial payments made.

### **3.5.6 Ministry of Defence - Vote 1041**

#### **i. Stalled Infrastructure Modernization and Development Project**

Review of project progress and implementation status reports indicated that the Ministry initiated construction of a level six (6) Referral Hospital in Kabete-Nairobi in January 2022 at a contract sum of Kshs.18,889,083,433. However, the project stalled at 20% completion level and is past the expected completion date of January 2025. Cumulative certified works and payments as at 30 June, 2025 amounted to Kshs.2,902,054,096. Physical verification carried out in the month of June 2025 revealed that the contractor was not on site and no work was ongoing. Further, Management did not disclose measures and strategies put in place to revive and complete the stalled project.

#### **ii. Construction of Talanta Sports City at Jamhuri Sports Ground**

The Ministry entered into a two (2) year contract with a foreign contractor on 26 May, 2024 for the design, building and equipping of Talanta Sports City at a contract sum of USD 344,514,966 (Kshs.45,848,051,675). The National Treasury had approved project funding of Kshs.35 billion which was to be drawn from the Sports and Arts Social Development Fund over a six (6) years payment plan.

The National Treasury had approved project funding of Kshs.35 billion which was to be drawn from the Sports and Arts Social Development Fund over a six (6) years payment plan against a contract amount of Kshs.45,848,051,675 resulting to an unsupported price variation of Kshs.10,848,051,675. The project implementation report as at 1 June, 2025

indicated that the project was at 44.54% completion level with 15 months to expected contract completion date while cumulative payments to the contractor amounted to Kshs.2,000,000,000 or 4.5% as at June, 2025. However, late payments was to attract an interest at 3% in accordance with Article 3.5 of the contract agreement resulting in additional avoidable project expenditure.

Subsequent information indicated that a Deed of assumption of payment obligations was signed on 22 July, 2025 between the Government of Kenya represented by the Principal Secretary Ministry of Defence, Sports Kenya and a Trustee transferring the duty and obligation of making subsequent payments to the Trustee. Similarly, the contractor signed a consent agreeing to the transfer of duty and obligation of making subsequent payments to the Trustee on behalf of the Ministry of Defence. The changes in funding model were aimed at ensuring that the Project was fully funded to completion. However, full details of the new funding model were not provided hence need for a special audit to determine value for money in achievement of the project.

### **3.5.7 State Department for Foreign Affairs - Vote 1053**

Audit of sampled Kenya Missions abroad during the year revealed the following unsatisfactory matters that negatively affected the operational efficiency of the Missions;

#### **i. Failure to Budget for Exchange Losses**

During the year under review, the State Department incurred an expenditure of Kshs.854,498,714 in respect of foreign exchange losses incurred by Missions. The foreign exchange losses were attributed to the fact that the budget was in Kenyan shillings while the expenditure at the Missions was in the currency of the country where the Missions were located. No special consideration was made for the State Department for Foreign Affairs to absorb the losses and disburse funds intact in line with Section 7 of the Foreign Service Act, 2021 which requires The National Treasury to compensate the Ministry for any loss incurred resulting from foreign exchange adjustments. This negatively affected the liquidity of the Missions, resulting into pending bills in some of the Missions which was compounded by the Government's failure to transfer fully the budgeted funds. The State Department should continue engaging The National Treasury to create a budgetary provision to hedge against foreign exchange losses.

#### **ii. Challenges in Procurement Processes in Missions Abroad**

Review of the Mission's procurement processes for sampled procurements carried out during the year revealed that most Missions did not have a list of registered suppliers, lacked standardized procurement documents and did not adhere to procurement requirement such as issuing quotations to suppliers. Further, the use of standard tender and prequalification documents in the host countries was found challenging due to different and unique legal, regulatory and business environments. The Missions therefore lacked guidelines to effectively undertake procurements in the host countries. Lack of Missions' specific guidelines may have affected the efficiency of procurement processes hence impacting negatively on service delivery by the Missions. The State Department in collaboration with the Public Procurement Regulatory Authority (PPRA) should develop

procurement guidelines for use by foreign missions where it may not be possible to comply fully with the Kenyan procurement laws and regulations.

### **iii. Delays in Presentation of Letters of Credentials to Accredited Nations**

Audit of twenty- six (26) sampled Kenya Missions abroad undertaken in the month of June and July 2025 revealed that as at the time of audit, the Heads of Mission in Washington, Madrid, Bangkok, Algiers, Accra, Brasilia and Havana had not presented their credentials to the accredited nations. Delay in presentation of credentials limits the activities of the Head of Mission and diplomatic representation in the countries of accreditation.

### **iv. Inadequacies in Assets Management in Missions Abroad**

Review of Kenya Missions abroad revealed unsatisfactory matters in the management, maintenance, and utilization of buildings and motor vehicles, resulting to deterioration of assets, safety risks, avoidable costs, and reputational damage. Several Missions, including New York, Washington DC, Harare, Brussels, and The Hague, exhibited inadequate maintenance of chancery and residential properties, despite the Missions receiving funding to cater for the renovations. Issues noted included incomplete or poor-quality renovation works, obsolete systems, water damage, faulty mechanical installations, lack of security infrastructure, prolonged non-occupation of properties, accumulation of unpaid utility and other charges, and idle funds held without corresponding repairs. In some cases, properties remained unutilized for extended periods, resulting in deterioration and avoidable costs. Further, there were instances of absence of ownership documents, unsigned or draft lease agreements.

In addition, management of motor vehicles in Missions was also inadequate with several Missions having insufficient, aging, or unserviceable vehicles, resulting in high and uneconomical maintenance costs and limiting the Missions' ability to effectively carry out official duties, particularly in attending to distressed Kenyans. Cases of poor record management, including loss of vehicle logbooks without adequate investigation or mitigation measures were also noted. The deficiencies undermine operational effectiveness, increase financial exposure, and risk accelerated deterioration of Government assets abroad.

## **3.5.8 State Department for Basic Education - Vote 1066**

### **Unconfirmed Capitation for Free Primary Education, Junior Secondary School Education and Free Day Secondary Education**

During the year, the State Department disbursed subsidies and grants and transfers to other Government entities totalling Kshs.92,970,073,394. Included in the subsidies amount were Free Day Secondary Education (FDSE) and Junior Secondary Education (JSE) payments of Kshs.30,443,329,679 and Kshs.54,756,266,042 respectively. Further, the grants and transfers to other Government entities payment included an amount of Kshs.7,606,873,521 in respect of Free Primary Education (FPE) capitation. The disbursement of these funds was based on the students' enrolment in the National Education Management Information System (NEMIS). However, no documentary evidence was provided for audit to confirm the student enrollment data in NEMIS had

been verified by the respective Sub-County Offices before disbursement to individual schools.

### **3.5.9 State Department for Medical Services - Vote 1082**

#### **i. Avoidable Expenditure - Court Awards**

Review of case files revealed that the State Department entered into contract for the supply of anti-malaria drugs and equipment on 14 July 1995 for Kshs.1,157,846,150. However, payment was not made to the supplier in a timely manner resulting in a suit for which the contractor was awarded an amount of Kshs.1,862,302,792 for breach of contract. The amount had escalated to Kshs.15,250,000,000 as at 30 June, 2025 due to accrued interest. Further, a payment of Kshs.360,000,000 was made after the courts determined that Management failed to perform contractual obligation of paying for the delivered supplies. In addition, review of case files revealed that only Kshs.17,316,763,761 was supported by way of advisory letters from the Attorney General while the rest of the balance of Kshs.51,104,976,273 was unsupported.

#### **ii. Deficiencies of the Vaccination Programme**

During the year under review, the State Department had Kshs.5,530,000,00 allocated to the vaccination programme. However, analysis of the budget revealed that only Kshs.2,930,000,000 was used to procure vaccines resulting to underutilization of Kshs.2,600,000,000 or 47% of the allocated funds. Further, Kshs.200,000,000 earmarked for vaccine production was reallocated through a supplementary budget to other uses.

In addition, review of vaccine utilization ledgers of three (3) vaccines of BCG, Measles Rubella and Yellow Fever revealed a wastage rate of 75%, 57% and 51% respectively which was higher than the allowable rate of 15%. For instance, out of the 8,602,303 doses of BCG issued to various health facilities, only 2,113,091 doses were administered resulting to 6,489,212 or 75% wasted doses. This was contrary to Paragraph 8 of the World Health Organization Monitoring Vaccine Wastage at Country Level Guidelines for Programme Managers 2005 which requires countries receiving GAVI support to reduce their wastage rates to 15% for 10-dose and 20-dose presentations within three years.

Further, the State Department received 35,651,824 doses of various vaccines of undetermined value which were funded by Global Alliance for Vaccine Immunization (GAVI) and Government of Kenya but the GAVI grant portion was not disclosed in the financial statements.

#### **iii. Delayed Upgrading of Maternal and New-born Units**

During the year, it was noted that the Project of upgrading of twenty (20) Maternal and New-born Units to enhance maternal healthcare services through construction, installation of medical equipment, testing, training, and financial handover at EUR 24,000,000 was scheduled for completion within twenty-four (24) months. However, as at 30 June, 2025 approximately nine (9) months past the expected completion date only six (6) health facilities had been completed, while the remaining fourteen (14) were still under construction. Further, an expenditure of Kshs.1,127,146,064 was incurred for

shipment of materials but the Bill of Quantities and details of the value of work done were not provided for audit and the financial statements for the project were not prepared.

#### **iv. Unapproved and Undisclosed Waiver of Patient Bills**

Review of Mathari National Teaching and Referral Hospital records revealed that the hospital waived patients bills amounting to Kshs.41,764,443 which were not approved by the Accounting Officer or disclosed in the financial statements. This was contrary to Section 66 (2) and (3) of the Public Finance Management Act, 2012. Further, review of the hospital's billing records revealed an outstanding amount of Kshs.92,819,867 related to fifty (50) abandoned patients residing in the hospital post-discharge. The patients continued utilizing limited hospital resources, contributing to increased healthcare costs and reduced bed availability for other patients in need.

#### **v. National Equipment Service Programme**

The State Department jointly with the Council of Governors entered into a fixed fee for service contracts with seven (7) suppliers under the National Equipment Service Program. Review of tender documents and contract agreement revealed that the program involved the installation of medical equipment, maintenance services, training and provision of consumables to health facilities. These services were to be financed through a fixed fee-for-service model over a seven-year period, with a possible extension of three additional years. However, there was no evidence of approval from the Public Private Partnership Committee before implementation of the programme contrary to Sections 2 and 59 of the Public Private Partnership Act, 2021.

Further, review of the contract documents revealed that revenue generated will be shared between the suppliers and health facilities for each service rendered. However, 80% to 255% of revenue generated from one hundred and twenty (120) Social Health Authority (SHA) insured services will be paid out to the suppliers leaving the health facilities with little or no funds for operation. For instance, the pay-out ratio to suppliers for nine (9) services is above 100%, forcing health facilities to compensate suppliers over the SHA approved rates. The unfavorable revenue sharing arrangements was contrary to the affordability principle as outlined under Section 2(b) of the Public Private Partnership Act, 2021.

In addition, review of the tender evaluation criteria outlined in the contract documents revealed that bidders were required to demonstrate a minimum average annual turnover of Kshs.1,000,000,000 over the past three years, along with evidence of having successfully completed at least five (5) similar hospital equipment maintenance contracts within the last five years. However, it was noted that three (3) of the firms had been operational for less than two (2) years, while one (1) had only been in existence for seventy-four (74) days at the time of bidding, casting doubt on the technical capability of the suppliers.

#### **vi. Delayed Construction of Kisii Cancer Centre**

During the year under review, the State Department made a direct payment of Kshs.134,531,199 for the construction of Kisii Cancer Centre. The construction of the

main civil works was awarded on 31 January, 2024 at a sum of USD.9,237,105 (Kshs.1,479,668,715) for a period of seventy-eight (78) weeks. However, as at 30 June, 2025 approximately seventy-seven (77) weeks later, the value of work done was USD.967,275 (Kshs.154,945,364) equivalent to 10%. In addition, the advance payment of Kshs.283,032,102 had not been fully recovered.

Further, the construction of the main civil works was awarded alongside other five (5) contracts for the supply, installation, commissioning, operation and maintenance of various medical equipment at Kshs.155,467,261 but the period was not specified. Review of the site meeting minutes dated 1 August, 2025 indicated that the medical equipment had already been delivered and stored in a warehouse pending completion of the main civil works. As a result, value for money on the expenditure incurred could not be ascertained, and prolonged warehousing exposes the equipment to the risk of deterioration or obsolescence prior to commissioning.

**vii. High Mortality Ratios**

Analysis of mortality data for eleven months (July 2024 – May 2025) revealed 292 health facilities recorded 913 maternal deaths out of 359,207 live births translating to a ratio of 254 per 100,000 live births. In addition, 120 health facilities recorded 3,692 neonatal deaths out of 80,120 live births translating into a ratio of 46 per 1,000 live births. These ratios are higher than the Sustainable Development Goals which targets to reduce global maternal mortality ratio by less than 70 per 100,000 live births and reduce death of children under five years to as low as 25 per 1,000 live births.

**3.5.10 State Department for Lands and Physical Planning - Vote 1112**

**Inadequate Storage Space for Lands Records and Documents**

Physical verification of State Department’s Land Registry in Kisumu, Kakamega, Bungoma, Eldoret, Nakuru, Naivasha, Kilifi, Kwale and Mombasa revealed lack of sufficient and suitable storage facilities for land documents and records. The effectiveness and safety of custody of land records could not be confirmed.

**3.5.11 State Department for Information Communication Technology & Digital Economy - Vote 1122**

**i. Inefficiency in Delivery of Internet Services**

Physical verification on sampled fifty-seven (57) Government Offices revealed that, forty (40) or 70% reported having no internet connectivity at all, despite being listed under the County Connectivity Project. The other seventeen (17) or (30%) offices reported that, while the National Optic Fiber Backbone Infrastructure (NOFBI) connectivity existed, it was unreliable for operations and therefore they resorted to using private Internet Service Providers (ISPs). Further, the most affected were Civil Registration Services, Lands Registries and Police Service Offices, whose internet connectivity was a core enabler for

their service delivery. In addition, some areas had totally no connectivity despite full infrastructure installations.

## **ii. Inefficiency in the Maintenance of the One Government Network**

The State Department entered into a maintenance contract for One Government Network which comprises NOFBI 2 and the related infrastructure. The contract was awarded to two contractors, one to cover Western Region and the other covers Eastern Region. Similarly, ICT Authority entered into a maintenance contract for One Government Network which comprise NOFBI 1 and NOFBI 2E. The contract was awarded to eight contractors in eight (8) geographic regions of Nairobi Central, Coast, Eastern, North Eastern, South Rift, North Rift, Nyanza and Western.

However, the NOFBI 2E, which is an extension of NOBFI 2 is one backbone network with two different government entities and two contractors awarded for its maintenance. Network failure in NOBFI 2 most often result in network failure in parts of NOFBI 2E. Therefore, the duplication in maintenance resulted in potential coordination failures and inefficient turnaround time for service restoration in case of network failures or service disruption. Physical verification carried out in July, 2025 in Kisumu East DCC revealed that unmanaged cable was found within the compound, the purpose and origin of which could not be verified posing potential network security risks. Further, some benefiting entities delay payment for electricity bills resulting in loss of connectivity.

### **3.5.12 State Department for Sports - Vote 1132**

#### **Delay in Hand Over of Wang'uru and Kirigiti Stadiums**

The State Department for Sports, at the time of the audit, had incurred an expenditure of Kshs.908,189,390 for the construction of Kirigiti Stadium in Kiambu County and Kshs.650,182,380 for the construction of Wang'uru Stadium in Kirinyaga County. The construction was completed in March, 2024 and the contractors were fully paid. Review of documents revealed that the land is owned by the respective County Governments; while the development was carried out by the National Government through the State Department for Sports.

However, there was no Memorandum of Understanding outlining the ownership and management of the Stadiums post-completion between the County Governments and the National Government. Due to the lack of documentation, the handover of the Stadiums has not been executed, resulting in the risk of vandalism and mismanagement.

### **3.5.13 State Department for Social Protection and Senior Citizen Affairs – Vote 1185**

#### **i. Payments to Ineligible Beneficiaries under Older Persons Cash Transfers**

Review of the Older Persons Cash Transfers (OPCT) payroll data revealed that one thousand seven hundred ninety (1,790) beneficiaries are former civil servants who receive monthly government pension. An amount of Kshs.26,937,000 was paid to these pensioners contrary to Clause 1.2.2 of the State Department of Social Protection's

Revised Operations Manual for the Consolidated Cash Transfer Programmes which states that the eligibility criteria for enrolment in the Older Persons Cash Transfer (OPCT) Programme require that a beneficiary must: (i) be a Kenyan citizen aged 70 years or older with a valid national ID; and (ii) not be receiving a government pension.

## **ii. Encroachment of Land for Children Institutions**

As previously reported, various parcels of land for children remand homes, rehabilitation centers, and rescue centre lacked ownership documents and have been encroached as indicated below:

### **a) Getathuru National Reception, Assessment and Classification Centre**

The Getathuru Center, situated in Westlands Sub-County, Nairobi County along Lower Kabete Road occupies about seventeen (17) hectares. However, a Chinese Construction Company was allocated about five (5) hectares to set up their building site as they built the Redhill-Waiyaki Way By-Pass. The Company built a double permanent perimeter wall on the property as a residence and a yard for machinery. However, no lease agreement was provided, making it impossible to determine the terms under which they are using the property with no evidence of receipt of revenue from the Company by the State Department. Further, it was not explained why the Construction Company continued to use the property about three (3) years after the bypass was completed.

### **b) Wamumu Rehabilitation School**

Wamumu Rehabilitation School occupies approximately seventy five (75) hectares of land, out of which, approximately forty (40) hectares of land was allocated to KEMRI and approximately twenty (26) hectares was in the process of being allocated to a private group. However, no approval documents were provided for the allocations. In addition, there was no correspondence between the Rehabilitation Center, the Director of Children Services, the County Government for Kirinyaga, National Lands Commission and Principal Secretary of the State Department for Social Protection and Senior Citizen Affairs on the allocation was provided, an indication of the irregular transfer of the parcels of land.

### **c) Othaya Rehabilitation School**

Othaya Rehabilitation School has approximately ten (10) hectares of land. However, the land had not been fenced off and lacked ownership documents.

### **d) Muranga Children's Remand Home**

The Muranga Remand home occupies a parcel of land of approximately one (1) hectare. However, the land had no fence and had been encroached upon by private developers who had put up permanent buildings on the land.

### **e) Thika Rescue Centre**

Thika Rescue Center occupies a parcel of land of approximately ten (10) hectares. However, the parcel of land had not been fully fenced. Management had not taken measures to safeguard the public land from encroachment and alienation.

### **3.5.14 State Department for Petroleum - Vote 1193**

#### **i. Unaudited Oil Exploration Cost Recovery Statements**

During the year under review, the State Department had four (4) active Production Sharing Contracts (PSC) with an Oil and Gas Exploration Company for oil. The contracts provide that the costs incurred during exploration, field development and production are recoverable from future revenues realised on the sale of oil and gas extracted. The Government was mandated to conduct an audit of the costs within two (2) calendar years of the period to which they relate and shall complete that audit within one (1) calendar year. Further, the contracts provide that in the absence of an audit within two (2) calendar years or in the absence of notice to the contractor of a discrepancy in the books and accounts within three (3) calendar years of the period to which the audit relates, the contractor's books and accounts shall be deemed correct.

Review of cost recovery statements for four (4) oil and gas exploration blocks operated by an International Oil Company (IOC) revealed costs totalling to USD 2,355,112,184 (equivalent to Kshs.304,374,698,660) had been incurred on the Blocks as at 30 June, 2025. However, no evidence was provided to indicate that the costs had been subjected to audit as provided for in Clause 30 of the Production Sharing Contracts.

#### **ii. Inconsistencies in the Framework for Importation of Petroleum Products**

The Government of Kenya made a policy shift on importation of petroleum products for the local and transit markets from an Open Tender System (OTS) to a system described as Government-to-Government (G-to-G) Framework in March, 2023. The change was meant to mitigate against the declining value of the Kenyan currency that was attributed to Oil Marketing Companies (OMC) operations and reduce pressure on foreign currency liquidity for the economy.

Review of documents provided by Management in respect of implementation of the Framework revealed several inconsistencies which included; unsupported extensions to supply contracts, unprocedural nomination of importers, higher import premiums, unsupported existence and operations of escrow accounts, irregular and unapproved inclusion of legal costs and shortfall financing in petroleum pump prices and unsupported demurrage cost charges to pump prices among others. The matters raised were outstanding during the year under review and Management did not indicate the status of implementation of recommendations.

### **3.5.15 State Department for Wildlife- Vote 1203**

#### **Long Outstanding Payables - Human Wildlife Conflict Compensation**

Review of State Department records revealed that an amount of Kshs.1,624,691,514 relating to Human Wildlife Conflict Compensation claims had been verified but have remained outstanding for several years without settlement. The achievement of the objectives of the Human Wildlife Conflict Compensation Scheme could not be confirmed.

### **3.5.16 State Department for Public Service - Vote 1213**

#### **i. Lack of Legal Framework for Huduma Kenya Secretariat**

Gazette Notice No. 2177 of 4 April, 2014 established the Huduma Kenya Service Delivery Programme under the oversight of Service Delivery Summit. Further, a Technical Committee was formed chaired by the Cabinet Secretary for Devolution or Cabinet Secretary for Interior and drew membership from nine (9) Principal Secretaries and the Solicitor General. The function of the Technical Committee includes developing policy and legislation for the Huduma Kenya Secretariat for approval by the Service Delivery Summit. However, since its inception in the year 2014, Huduma Kenya Secretariat had no policy and legislative framework for its existence as required by the Gazette notice No. 2177.

#### **ii. Lack of Lease Agreement Between Huduma Kenya Secretariat and Postal Corporation of Kenya**

During the year under review, the State Department for Public Service incurred an expenditure of Kshs.220,310,865 on rental of produced assets. However, excluded from the payments are rental charges for twenty-two (22) Huduma Centers housed inside Postal Corporation of Kenya buildings which are spread throughout the country without any lease agreements. However, on 31 October, 2024, the Chief of Staff and Head of Public Service formulated a mediation team to resolve the long-standing rent dispute between the two (2) entities as reported the previous year. After conclusion of the mediation process, it was recommended that the amount payable by Huduma Kenya Secretariat to PCK based on the doctrine of quantum meruit (reasonable consideration for services rendered) be Kshs.1,538,980,171.

Further, it was recommended that the parties enter into a lease agreement for registration at the Ministry of Lands and The National Treasury to provide an annual budget of Kshs.194,302,884 to cater for the rent of PCK premises starting from 1 July, 2025.

### **3.5.17 The Judiciary - Vote 1261**

#### **i. Long Outstanding Court Cases at Kwale Law Courts**

Examination of pending cases at The Judiciary revealed that there were four hundred and ninety-six (496) cases in court that have been ongoing for more than three (3) years. In addition, nine hundred and five (905) case records did not have documented court directives, which prevented progression, as the most recent court decisions were not recorded due to understaffing. It was also noted that there were delays in updating the Court Tracking System (CTS) and frequent transfer of Judicial officers and judges without clearance of pending matters allocated to them. The prolonged process of resolving these cases may result in justice being denied for the parties involved and could erode public confidence in the judicial process. Further, analysis of aging cases across courts revealed a significant backlog.

## **ii. Unoccupied New Building at the Mombasa Law Courts**

Physical verification of the newly constructed court building at Mombasa Law Courts revealed that the facility, built under The Judiciary Improvement Performance Project (JIPP) with donor funding, remains unused. The structure was observed to have visible cracks, raising concerns about its stability and structural integrity. Despite The Judiciary experiencing space constraints, evidenced by the ongoing lease of premises at the Kenya School of Government for the Environment and Labour Relations Court at an annual rent of Kshs.3,915,000 from the 2023/2024 financial year, no documentation was provided to confirm the completion and official handover of the building. In addition, there were no records indicating that liquidated damages for delays or defects were assessed. Similarly, there was no evidence of actions taken to hold the contractor or other responsible parties accountable.

### **3.5.18 State Department for Environment and Climate Change Vote - 1331**

#### **i. Lack of Training for Technical Staff in Kenya Meteorological Department**

Physical verification in County offices in Narok, Nyeri, Murang'a, Machakos, Kajiado, Kisumu, Nakuru, Uasin Gishu, and Trans Nzoia Counties revealed that staff have not been having regular annual trainings to keep their technical and operational skills current. Further, there was no structured or scheduled program for continuous professional development, despite the evolving nature of meteorological science and the increasing demand for timely and accurate weather forecasting.

#### **ii. Lack of Security Services at Metrological Stations**

Physical verification carried out in June, 2025 revealed that the meteorological stations lacked adequate security measures such as a perimeter wall and security guards, which exposes valuable weather monitoring equipment to theft and vandalism. Further, lack of security where the weather equipment is installed could result in tampering, leading to inaccurate data reading, recording, and transmission. There were reported cases of thefts and vandalism in Kangema, Murang'a, Nyeri, and Machakos stations. In addition, insecurity and banditry in border stations in the Counties of Lamu, Garissa, Wajir, and Mandera have caused weather operations to be confined to 15 hours or less instead of the mandated 24 hrs.

#### **iii. Broken Equipment at Meteorological Weather Stations**

Physical verification conducted in June 2025 revealed that most agrometeorological and transmitting weather stations across sampled county offices of Narok, Kajiado, Nyeri and Machakos were operating with unserviced critical equipment. The equipment hinders timely data collection which compromises the accuracy, timeliness, and reliability of weather information.

### 3.5.19 Independent Electoral and Boundaries Commission – Vote 2031

#### **Deficiencies in Management of County Warehouses**

Physical verification of store items in the Commission's warehouses in Mombasa, Tana River, Garissa, Nyeri, Kirinyaga, Kiambu (Thika), Murang'a, Meru, Machakos, and Kitui County warehouses revealed several weaknesses in storage practices. All items, including those susceptible to damage from dampness or insect infestation, were stored directly on the floor. Damaged and expired stores such as Biometric Voter Registration (BVR) kits, poll books and calculators awaiting condemnation were not segregated from undamaged and unexpired inventory. Further, highly inflammable and explosive items such as gas cylinders were not kept in a separate storeroom as required. In addition, safety and firefighting appliances such as smoke and fire detectors were not installed in the warehouses. These lapses in storage and safety protocols increase the risk of inventory damage, contamination, and potential hazards.

### 3.5.20 Teachers Service Commission Vote – 2091

#### **i. Unconfirmed Release of Pensioners' Files to The National Treasury**

Review of teachers exits list for the year under review revealed that nine thousand, one hundred and seventy-five (9,175) teachers exited between July, 2024 and April, 2025. However, the list of pensions claim files submitted to The National Treasury desk and Pensions Department were not provided for audit review, hence the extent of compliance with the service charter could not be confirmed. Further, there was no evidence of documented workflows or standard operating procedures outlining key decision points, defined responsibilities, timelines, and corresponding monitoring or escalation mechanisms to address delays or exceptions.

#### **ii. Medical Insurance Scheme Contracts**

##### **(a) Exclusion of Government Hospitals and Facilities from the List of Medical Service Providers**

The Commission entered into a contract on 17 November, 2022 with an insurance brokerage company for a three (3)-year contract renewable annually with an end date of 30 November, 2025, for the provision of a comprehensive teachers' medical insurance cover and related benefits for all three hundred and forty-one thousand, eight hundred and thirty-seven (341,837) teachers, their spouses and up to four (4) children at a contract price of Kshs.53,580,306,270.

However, Schedule 4 of the contract details eight hundred and fourteen (814) service providers nominated to provide health care service but excludes most of the government hospitals and other health facilities. Furthermore, it was noted that the medical services required pre-authorization which took long with teachers ending up paying to receive the service.

## **(b) Delays in Processing of WIBA Approved Claims**

Review of Workers Injury Benefits Act (WIBA) claims revealed approved claims amounting to Kshs.186,370,717 relating to ninety (90) claims lodged for compensation by 31 May, 2025. However, no payment had been made as at the time of audit in June, 2025 with some of the claims dating back to August 2001. The long-outstanding and unpaid WIBA claims may expose the Commission to legal cases and accumulation of interest or penalties.

## **iii. Irregularities in Human Resource Management**

### **(a) Schools Without Substantive Administrators**

Review of the staff biodata revealed that one hundred and twenty (120) and seventy-nine (79) primary and secondary schools respectively had vacant administrator positions. In the absence of substantive administrators, decisions may not be made which may affect the quality of education in the schools and compliance with education regulations.

### **(b) Discrepancies Between the Payroll and Master Data**

Comparison of the Commission's payroll against the teachers' master biodata revealed that seven (7) teachers appearing on the payroll could not be traced in the master biodata. This raises doubt on the accuracy and completeness of the payroll records and also undermines the reliability of personnel management systems. It also increases the risk of financial loss through irregular or fraudulent payments. Further, personal files of the seven (7) teachers were not provided for audit.

### **(c) Piling Transfer Requests and Failure to Transfer Teachers**

The Commission operates a system for transfer request which is not interlinked with the department which handles the transfers, leading to numerous complaints by teachers with genuine transfer requests. Further, Management did not spell out measures taken to rectify gaps identified in the System as the Commission uses the same System to fill the vacancies. In addition, Management did not provide documents to confirm the number of transfer requests pending approval and approvals granted during the year. Similarly, the System does not reflect the rejection of transfer requests, nor does it allow teachers to confirm the status of their requests.

## **3.6 Other Observations**

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

### **3.6.1 Inaccuracies in the Financial Statements of MDAs**

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

- a) Non-compliance with transitional IPSAS reporting template

- b) Unreconciled variances
- c) Variances in the IFMIS Payment System
- d) Misclassification of Expenditure
- e) Non-adherence to cut off procedures
- f) Inaccuracies in the financial statements
- g) Unsupported trade and other payables
- h) Misstated Appropriations-In-Aid
- i) Unrecorded trade and other payables
- j) Unsupported Adjustments
- k) Failure to prepare financial statements
- l) Understatement of Revenue
- m) Unauthorized and fraudulent withdrawals from bank account

### 3.6.2 Unsupported Expenditure – Kshs.1,119,053,742

During the year under review, the audit revealed unsupported expenditure totalling Kshs.1,119,053,742 under Ministries, Departments and Agencies (MDAs) as detailed in Table 38 below:

*Table 38: Unsupported Expenditure - MDAs*

<b>Vote</b>	<b>Ministry, Department or Agency</b>	<b>Amount (Kshs.)</b>	<b>Description/ Details</b>
1053	State Department for Foreign Affairs	470,378,783	Unsupported expenditure in respect to trade and other payables
1261	The Judiciary	423,010,312	Unsupported Employee Costs
1185	State Department for Social Protection and Senior Citizen Affairs	222,059,847	Amount Transferred to the Kenya Social Economic Inclusion Project differs with the revenue recognized in the project financial statements
1134	State Department for Culture, the Arts and Heritage	3,604,800	Expenditure on domestic travel and subsistence
<b>Total</b>		<b>1,119,053,742</b>	

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

Further, failure to support or provide requisite documents is also contrary to Section 68(1) of the Public Finance Management Act, 2012 which states that an Accounting Officer for a national government entity, Parliamentary Service Commission and the Judiciary shall be accountable 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 way that is (a) lawful and authorised; and (b) effective, efficient, economical and transparent. Section 68 (2)(b) of the Act requires the Accounting Officer to ensure that the entity keeps financial and accounting records that comply with the Act.

In addition, failure by the entities to fully support payments casts doubt on the authenticity of the reported expenditure. It is also an indication of weak internal controls and governance in the affected entities. Similarly, lack of accountability could lead to losses, wastage and theft of public resources.

### **3.7 Other Audit Matters**

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

#### **3.7.1 Unresolved Prior Year Audit Issues**

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

**3.7.1.2** Further, Section 68(2)(l) of the Public Finance Management Act, 2012 requires an Accounting Officer for a national government entity to take appropriate measures to resolve any issues arising from audit which may remain outstanding. In addition, Section 74(4) the Public Finance Management Act, 2012 states that an Accounting Officer engages in improper conduct in relation to a national government entity if the officer contravenes or fails to comply with the Act, including their accounting responsibilities.

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

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

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

### 3.7.2 Land Without Ownership Documents

The following MDAs did not have ownership documents for land as detailed in Table 39 below:

*Table 39: Land Without Ownership Documents*

<b>Vote</b>	<b>Ministry, Department or Agency</b>	<b>Description</b>
1025	National Police Service	1704 parcels of land lack ownership documents
1025	National Police Service	68 parcels encroached or have disputes in ownership
1026	State Department for Internal Security and National Administration	GSU land acquired from the defunct Kenya Post and Telecommunication Corporation has a registered charge in favour of Continental Credit Finance. Payments towards the acquisition not completed 12 years delay. interest charged for non payment
1041	Ministry of Defence	lack of ownership documents for one of the sites for Public Private Partnership project
1053	State Department for Foreign Affairs	Lack of ownership documents for the Chancery and residence of the Ambassador in Brussels
1134	State Department for Culture and Heritage	Lack of ownership documents for Kenya National Archives Documentation Department Headquarters
1152	State Department for Energy	A parcel of land whose title was cancelled, and several other parcels of land which could not be physically verified or supported with ownership documents
1162	State Department for Livestock Development	4 projects constructed on parcels of land with no title deeds
1166	State Department for the Blue Economy and Fisheries	Three hundred and ninety three (393) parcels lacked ownership documents
1184	State Department for Labour and Skills Development	Eight parcels of land with no ownership documents
1185	State Department for Social Protection and Senior Citizens Affairs	Parcels of land where Getathuru National Assessment Centre, Wamumu Rehabilitation Centre, Othaya Rehabilitation Center, Muranga children remand home and Thika rescue Centres have been encroached by third parties
1192	State Department for Mining	No ownership documents for regional offices in Taita Taveta, Kwale and Mombasa
1252	State Law Office	Land in Malindi, Machakos and Meru lacked ownership documents,
2031	Independent Electoral and Boundaries Commission	Thirty five (35) and two (2) parcels pf land at Mandera and Lamu counties - not registered
2031	Independent Electoral and Boundaries Commission	Twenty five (25) parcels allocated by the National and County Government lacked ownership documents.

Vote	Ministry, Department or Agency	Description
2041	Parliamentary Service Commission	Lack of ownership documents for the parcels of land holding the main Parliament Building, Juvenile Courthouse, and County Hall
2051	Judicial Service Commission	Disputed parcel of land in Ngong for construction of Kenya Judiciary Academy
2091	Teachers Service Commission	Eight out of nine parcels of land without title deeds

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

## 4.0 Compliance and Governance Issues

I carried out compliance audits by assessing whether the National Government entities complied with laws, regulations, policies and guidelines regulating public spending when incurring expenditure for the year ended 30 June, 2025. I also evaluated whether the public realized value for money in the management and use of public resources. Further, I evaluated the effectiveness of the governance structures, risk management and internal controls implemented by National Government entities for orderly, efficient and effective operations. The following are some of the weaknesses revealed by the compliance audits:

### 4.1 Non-Compliance with the One-Third of Basic Salary Rule

During the year under review, nineteen thousand three hundred and forty-nine (19,349) employees in the National Government Ministries, Departments and Agencies earned a net salary less than one-third ( $\frac{1}{3}$ ) of their basic salary. This was contrary to Section 19(3) of the Employment Act, 2007 which states that all deductions made by an employer from the wages or salaries of his employees at any one time shall not exceed two thirds of such wages or salaries. The details are indicated in the Table 40 below;

*Table 40: MDAs Affected by One-Third of Basic Salary Rule*

No.	Vote	Ministry, Department or Agency	2023/2024 Number of Staff Affected	2024/2025 Number of Staff Affected
1.	2091	Teachers Service Commission	-	6,129
2.	1025	National Police Service	36,662	5,445
3.	1023	State Department for Correctional Services	2,535	3,281
4.	1185	State Department for Social Protection and Senior Citizen Affairs	437	1,515
5.	1261	The Judiciary	551	652
6.	1041	Ministry of Defence	-	342

<b>No.</b>	<b>Vote</b>	<b>Ministry, Department or Agency</b>	<b>2023/2024 Number of Staff Affected</b>	<b>2024/2025 Number of Staff Affected</b>
7.	1064	State Department for Technical, Vocational Education and Training	222	320
8.	1184	State Department for Labour and Skills Development	91	301
9.	1082	State Department for Medical Services	386	181
10.	2031	Independent Electoral and Boundaries Commission	-	126
11.	1091	State Department for Roads	12	111
12.	1017	State House	78	108
13.	1053	State Department for Foreign Affairs	165	106
14.	1291	Office of the Director of Public Prosecutions	100	86
15.	1071	The National Treasury	184	76
16.	1331	State Department for Environment and Climate Change	41	64
17.	1011	Executive Office of the President	20	62
18.	1094	State Department for Housing and Urban Development	36	57
19.	1162	State Department for Livestock Development	52	54
20.	2101	National Police Service Commission	46	48
21.	1095	State Department for Public Works	-	45
22.	1252	State Law Office and Department of Justice	34	40
23.	2043	Parliamentary Joint Services	30	30
24.	1213	State Department for Public Service	9	30
25.	1083	State Department for Public Health and Professional Standards	59	24
26.	2021	National Land Commission	71	21
27.	1104	State Department for Irrigation	20	20
28.		CFS - Salaries, Allowances, Miscellaneous Services	-	15
29.	1112	State Department for Lands and Physical Planning	8	11
30.	1134	State Department for Culture and Heritage	-	10
31.	1332	State Department for Forestry	-	10
32.	1109	State Department for Water and Sanitation	-	9
33.	1122	State Department for ICT	-	6
34.	1092	State Department for Transport	-	5
35.	1311	Office of the Registrar of Political Parties	5	5

<b>No.</b>	<b>Vote</b>	<b>Ministry, Department or Agency</b>	<b>2023/2024 Number of Staff Affected</b>	<b>2024/2025 Number of Staff Affected</b>
36.	1093	State Department for Shipping and Maritime Affairs	4	4
37.	1014	State Department for Parliamentary Affairs	8	-
38.	1032	State Department for Devolution	26	-
39.	1036	State Department for the Arid and Semi-Arid Lands and Regional Development	10	-
40.	1054	State Department for Diaspora Affairs	7	-
41.	2042	The National Assembly	18	
42.	2051	Judicial Service Commission	5	-
43.	1016	State Department for Cabinet Affairs	19	-
44.	2121	Office of the Controller of Budget	20	-
45.	2081	Salaries and Remuneration Commission	21	-
46.	1012	Office of the Deputy President	42	-
47.	1015	State Department for Performance and Delivery Management	5	-
48.	1024	State Department for Immigration and Citizen Services	1,275	-
49.	1026	State Department for Internal Security and National Administration	3,815	-
50.	1123	State Department for Broadcasting and Telecommunications	36	-
51.	1166	State Department for the Blue Economy and Fisheries	5	-
52.	1202	State Department for Tourism	21	-
53.	1221	State Department for East African Community Affairs	14	-
54.	2071	Public Service Commission	69	-
		<b>Total</b>	<b>47,274</b>	<b>19,349</b>

Management of the various Ministries, Departments and Agencies attributed the position to introduction of various statutory deductions such as 1.5% housing levy, 2.75% Social Health Insurance Fund (SHIF) and National Health Insurance Fund (NSSF) deductions. The changes occurred when the affected officers had already committed their salaries to mortgages, loans and other obligations, hence pushing their net salaries below a third ( $\frac{1}{3}$ ) of the basic salary.

More staff are likely to be affected as all MDAs are required to implement the NSSF contributions for year (4) with effect from 01 February, 2026 pursuant to the Third Schedule of NSSF Act, No.45 of 2013.

## 4.2 Stalled/Delayed Projects

The Government has continued to incur huge expenditures on projects which had either stalled or had remained incomplete long after their completion dates had elapsed. Some of the stalled projects are attracting penalties due to delays in payment of completion certificates of milestones already achieved, while others have been revised to amounts higher than the original contract sum leading to cost escalations. In addition, payments have been made to projects which appear to have completely stalled casting doubt on value for money for such expenditure. Some of the entities with stalled and delayed projects for MDAs are listed in Table 41 below:

*Table 41: Stalled/Delayed Projects for MDAs*

S/No.	Vote	Ministry, Department or Agency	Contract Amount (Kshs.)	Amount Paid as at 30 June, 2025 (Kshs.)	Description
1	1041	Ministry of Defence	18,889,083,433	2,902,054,096	Stalled construction of Level Six (6) Referral Hospital which is at 20% completion level. Contractor not on site.
2	1132	State Department for Sports	1,558,371,770	1,558,371,770	Delayed handover of Kirigiti and Wanguru stadiums which are completed and fully paid for but not handed over to the relevant Authority
3	2043	Parliamentary Joint Services	4,257,000,000	1,243,183,944	Delay in completion of the Centre for Parliamentary Studies and Training (CPST)
4	1166	State Department for the Blue Economy and Fisheries	1,192,979,531	702,760,937	Delay in implementation of Hazard analysis critical control point in Liwatoni
5	1025	National Police Service	1,263,728,295	429,900,160	1. Delayed hand over of Police station- incomplete septic tank, gutters connection of electricity. 2. Non- Operational National Police Hospital Mbagathi (contract sum- Kshs.1,233,628,135 paid=Kshs.400,000,000).
6	1184	State Department for Labour and Skills Development	452,723,945	251,377,481	Stalled projects on construction of Meru labour offices and National Employment Promotion Center whose contract sum are Kshs.9,999,998 and Kshs.442,723,947 out of which Kshs.7,354,480 and Kshs.244,023,001 had been paid
7	1071	The National Treasury	344,794,744	176,161,377	Delay in implementation of the Electronic Government Procurement Contract

S/No.	Vote	Ministry, Department or Agency	Contract Amount (Kshs.)	Amount Paid as at 30 June, 2025 (Kshs.)	Description
8	2071	Public Service Commission	97,022,400	67,887,380	Intergrated Management Information System procured in FY 2025/2026 to automate the Commission's operations and services yet to be commissioned and operational
9	1012	Office of The Deputy President	49,983,805	49,983,805	Stalled Refurbishments works at State House Annex Mombasa
10	1162	State Department for Livestock Development	49,980,000	49,980,000	Construction of Livestock Training Institute in Baringo County - Phase 1
11	1083	State Department for Public Health and Professional Standards	29,306,145	29,306,145	Construction of microwave medical waste housing in Vihiga county
12	1083	State Department for Public Health and Professional Standards	29,077,375	29,077,375	Construction of microwave medical waste housing in Bomet county
13	1169	State Department for Agriculture	52,820,483	26,342,081	Stalled Construction of New Progressive Farmers CoopSociety drying and storage facility
14	1095	State Department for Public Works	126,204,450	19,348,360	Construction of Adole Foot bridge in Garsen Constituency, Tana River County
15	1023	State Department for Correctional Services	100,094,076	15,944,010	Stalled projects in 17 correctional facilities
16	1095	State Department for Public Works	148,806,576	14,064,907	Construction of Ndau Seawall in Lamu. Amount has increased to Kshs. 322,888,747 due to accrued interests.
17	1169	State Department for Agriculture	40,570,460	13,405,228	Stalled construction of Mwendu Urithi grain drying and storage facility in Lailuba
18	1169	State Department for Agriculture	11,394,144	2,881,440	Stalled drilling and equipping of Tumbura borehole in Tharaka Nithi county
19	1011	Executive Office of the President	28,424,000	-	supply, delivery, installation, training and commissioning of an ERP of behalf of Government Press Fund 80% complete no payments done resulting to stalling and risk of penalties as per the terms of the contract

S/No.	Vote	Ministry, Department or Agency	Contract Amount (Kshs.)	Amount Paid as at 30 June, 2025 (Kshs.)	Description
20	1053	State Department for Foreign Affairs	-	-	Delayed development of Chancery in Bujumbura on a plot that was granted by the Government of Burundi
21	1095	State Department for Public Works	517,882,312	-	Nine projects totally staled which are completion of Ndau sea wall, Kiwayu jetty, footbridge at Riagathuri Thangathi, Esukuta Foot bridge, Kimase-Kisabei foot bridge, Kaiti footbridge, Mumoni foot bridge Muanda Nasara foot bridge and Binyenya Kikai foot bridge
22	1112	State Department for Lands and Physical Planning	227,322,229	-	Delayed completion of Land Regional Registries of Maralal, Naivasha and Nanyuki cummulative contract sum of Kshs.154,167,765 and Ngong Registry contract sum of Kshs.73.154,464.
23	1169	State Department for Agriculture	6,908,695	-	Stalled construction of Mutuati Miraa Market Shed
24	1169	State Department for Agriculture	9,865,419	-	Drilling of Laare Ultra Modern market Borehole
25	1203	State Department for Wildlife	19,835,350	-	Delayed construction of a water pan in Amboseli Ecosystem Trust Area
26	1203	State Department for Wildlife	15,384,300	-	Delayed construction of a water pan
27	1166	State Department for the Blue Economy and Fisheries	132,503,668		Contracts for the construction of fish market in Likoni and Fish Banda in Malindi at contract sums of Kshs.77,515,518 and Kshs.54,988,150 had delayed completion and were at 65% and 75% levels of completion.
28	1176	State Department for Micro, Small and Medium Enterprises Development			The Kenya Institute of Business Training Phase II is delayed and exposed to structural defects risk due to sippage of ground water into the basement floor
29	1261	The Judiciary	1,733,399,908		Eleven (11) stalled projects with lapsed contracts

There is no value for money on public funds spent on the stalled and delayed projects as no services are being provided by these projects. Further, the amount spent is a sunk cost

as no development has been achieved from the stalled or incomplete projects. The costs incurred further distort expenditures incurred on development votes.

### 4.3 Procurement Issues

Several cases on non-compliance with the Public Procurement and Asset Disposal Act, 2015 and the Public Procurement and Asset Disposal Regulations, 2020 were reported under various MDAs as detailed in Table 42 below:

*Table 42: Procurement Irregularities*

Vote	Ministry, Department or Agency	Amount (Kshs.)	Description
1013	Office of the Prime Cabinet Secretary	118,454	Failure to deduct and remit 0.03% capacity building levy to the Public Procurement Regulatory Authority as required
1016	State Department for Cabinet Affairs	20,643	Failure to deduct and remit 0.03% capacity building levy to the Public Procurement Regulatory Authority as required
1024	State Department for Immigration and Citizen Services	2,607,046	Failure to deduct and remit 0.03% capacity building levy to the Public Procurement Regulatory Authority as required
1261	The Judiciary	1,947,725,211	Lack of performance security/bond
		35,687,579	Unoccupied new building at the Mombasa Law Courts Irregular use of framework contracts and agreements
1082	State Department for Medical Services	1,572,689,346	Irregular procurement of community health promoters' kits - not included in Annual Procurement Plan, Contract awarded to unregistered foreign company Inadequate budget
		-	Unbudgeted procurement of medical equipment on lease
1012	Office of The Deputy President	333,317	Failure to deduct and remit 0.03% capacity building levy to the Public Procurement Regulatory Authority as required
1091	State Department for Roads	1,074,205,591	Failure to submit biannual or quarterly reports of contracts awarded
1095	State Department for Public Works	41,557,563	Irregular award of cleaning services contract through direct procurement
			Failure to report to the Public Procurement Regulatory Authority Lack of market survey
2031	Independent Electoral and Boundaries Commission	886,186,412	Unprocedural non-competitive procurement of legal service to four (4) law firms
1032	State Department for Devolution	127,083	Failure to deduct and remit 0.03% capacity building levy to the Public Procurement Regulatory Authority as required

<b>Vote</b>	<b>Ministry, Department or Agency</b>	<b>Amount (Kshs.)</b>	<b>Description</b>
1066	State Department for Basic Education	-	Failure to reserve procurement for special groups
1066	State Department for Basic Education	7,375,000	Irregular procurement of Media live event coverage - No Ad-Hoc Evaluation Committee, no contract signed, no notification to PPRA and use of direct procurement method without justification
		547,225	Failure to deduct and remit 0.03% capacity building levy to the Public Procurement Regulatory Authority as required
1071	The National Treasury	178,500,000	Direct procurement of legal services
1162	State Department for Livestock Development	32,496,984	Use of Restricted Tendering instead of Open Tender Method of procurement for construction of Chandarua - Hadado Haberi Ward Beef feedlot
1185	State Department for Social Protection and Senior Citizens Affairs	84,818,685	Procurement of goods and services worth Kshs.41,146,000 using Request for Quotation (RFQ) that were beyond the threshold prescribed. Use of low value method to procure services worth Kshs.6,026,000 Procurement totalling Kshs.23,829,160 using imprest Procurement totalling Kshs.13,817,525 from unregistered suppliers
2044	Senate	17,313,314	Irregular use of the low value procurement method and lack of procurement plan-operational and transport expenditure
		19,680	Failure to deduct and remit 0.03% capacity building levy to the Public Procurement Regulatory Authority as required
1321	Witness Protection Agency	24,988	Failure to deduct and remit 0.03% capacity building levy to the Public Procurement Regulatory Authority as required
1331	State Department for Environment and Climate Change	-	Failure to deduct and remit 0.03% capacity building levy to the Public Procurement Regulatory Authority as required
1332	State Department for Forestry	-	Failure to deduct and remit 0.03% capacity building levy to the Public Procurement Regulatory Authority as required
2091	Teachers Service Commission	-	Delays in renewals of lease agreements for county offices Unsigned lease agreements for county offices
		32,582,721	Direct procurement of motor vehicle repair and maintenance services and inadequate documentation on motor vehicles pre and post repairs
2042	National Assembly	76,914,015	Irregular use of-low value procurement method on operational and transport expenses in 33 constituencies and 4 women representative offices.

<b>Vote</b>	<b>Ministry, Department or Agency</b>	<b>Amount (Kshs.)</b>	<b>Description</b>
1176	State Department for Micro, Small and Medium Enterprises Development	66,140,848	Acquisition of office space which has not been occupied since June 2023
		9,542,770	Procurement of air tickets using Request for Quotations (RFQ) method beyond the prescribed threshold
2041	Parliamentary Service Commission	10,055	Failure to deduct and remit 0.03% capacity building levy to the Public Procurement Regulatory Authority as required
2131	Commission on Administrative Justice	28,716,931	Non-compliance with Access to Government Procurement Opportunities (AGPO) reservation requirements
1093	State Department for Shipping and Maritime Affairs	26,435,958	Payment for lease rentals without valid lease agreements
1152	State Department for Energy	20,642,000	Several extensions of the contract period without corresponding performance guarantee and security
2011	Kenya National Commission on Human Rights	1,507	Failure to deduct and remit 0.03% capacity building levy to the Public Procurement Regulatory Authority as required
1123	State Department for Broadcasting & Telecommunications	1,572,960	Payment of rent using expired lease contract
1202	State Department for Tourism	33,760	Failure to deduct and remit 0.03% capacity building levy to the Public Procurement Regulatory Authority as required

Non-compliance with procurement laws may result in significant legal, financial, and reputational risks for both public entities and private contractors. Breaches of law often result in massive losses of public funds. Below are the various risks associated with non-compliance:

#### **a. Legal and Regulatory Sanctions**

- i. Debarment - the Public Procurement Regulatory Authority (PPRA) can debar firms or individuals from participating in any procurement or asset disposal proceedings for a minimum of three years.
- ii. Criminal prosecution and imprisonment -Public officers and bidders who violate the law, engage in corruption, or submit false information face criminal charges, which may lead to imprisonment for up to 10 years.
- iii. Personal liability - Accounting officers can be held personally liable for procurement decisions that do not comply with the law.
- iv. Contract nullification - failure to adhere to procedures, such as proper tender notification or evaluation, can lead to the cancellation of the tender, rendering contracts invalid.

- v. Administrative reviews - aggrieved bidders can file cases with the Public Procurement Administrative Review Board (PPARB), causing delays, suspension of processes, and potential litigation costs.

**b. Financial Risks**

- i. Mandatory fines and restitution - convicted individuals or entities may face mandatory fines, which are often twice the amount of the benefit received, or the loss caused to the public.
- ii. Loss of value for money - Non-compliance, such as ignoring competitive bidding, leads to purchasing goods or services at inflated prices (overpricing).
- iii. Double payments - lack of proper documentation can result in duplicate payments for the same goods or services.
- iv. Seizure of performance security - if a contractor fails to comply with contract terms, their performance security can be forfeited to the state.

**c. Operational and Project Risks**

- i. Project delays and stalled projects - disputed, canceled, or delayed procurement processes directly cause significant delays in the implementation of public projects.
- ii. Substandard goods/works - non-compliance with tender specifications often results in the delivery of poor-quality goods or incomplete works.
- iii. Wasteful expenditure - procurement initiated without proper planning or budget, or without a procurement plan, results in wasteful spending on items not aligned with the organization's goals.

**d. Reputational and Professional Risks**

- i. Damage to reputation - Entities involved in scandals often face public mistrust, tarnishing their image.
- ii. Professional disqualification - Procurement professionals who breach the ethical codes of the Kenya Institute of Supplies Management (KISM) or PPRA can lose their licenses and face disciplinary action.

**e. Increased Corruption Vulnerability**

- i. Favouritism and collusion - Non-compliance allows for selective payments, manipulated evaluations, and unfair advantages for connected bidders.
- ii. Unjustified variations - Contract variations not approved by authorized committees can be used to siphon funds.

Non-compliance with procurement laws can therefore create a cycle of legal, economic, and institutional instability through loss of public funds, erosion of public trust, economic stagnation and compromised service delivery.

## 5.0 The Equalisation Fund

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

**5.2** In 2013, the Commission on Revenue Allocation (CRA) developed the First Marginalization Policy for identifying marginalized areas and sharing of the Equalisation Fund as mandated by Article 216(4) of the Constitution. The policy identified fourteen (14) Counties namely: Turkana, Mandera, Wajir, Marsabit, Samburu, West Pokot, Tana River, Narok, Kwale, Garissa, Kilifi, Taita Taveta, Isiolo and Lamu as beneficiaries of the Fund. The Second Marginalization Policy was developed in 2018 and identified wards/areas as planning units spread in thirty- four (34) Counties in total (1,424 marginalized areas). However, the disbursements made to date were based on the First Marginalization Policy.

**5.3** The total accumulated entitlement to the Fund for the financial years 2011/2012 to 2024/2025 is Kshs.67,807,602,775 as at 30 June, 2025 as indicated in Table 43 below:

*Table 43: Total Accumulated Entitlement and Transfers to Equalisation Fund*

Financial Year	Base Year for Most Recent Audited Revenues Approved by the National Assembly	Approved Audited Revenue (Kshs.)	Equalisation Fund Entitlement (Kshs.)	Amount Transferred to the Fund (Kshs.)
2011/2012	2008/2009	468,151,970,000	2,340,759,850	
2012/2013	2009/2010	529,300,000,000	2,646,500,000	
2013/2014	2009/2010	529,300,000,000	2,646,500,000	
2014/2015	2012/2013	776,900,000,000	3,884,500,000	6,400,000,000
2015/2016	2012/2013	776,900,000,000	3,884,500,000	
2016/2017	2012/2013	776,900,000,000	3,884,500,000	6,000,000,000
2017/2018	2012/2013	776,900,000,000	3,884,500,000	
2018/2019	2012/2013	776,900,000,000	3,884,500,000	
2019/2020	2012/2013	776,900,000,000	3,884,500,000	
2020/2021	2016/2017	1,357,698,000,000	6,788,490,000	
2021/2022	2016/2017	1,357,698,000,000	6,788,490,000	
2022/2023	2017/2018	1,413,694,840,000	7,068,474,200	
2023/2024	2019/2020	1,673,715,000,000	8,368,574,000	1,030,000,000
2024/2025	2020/2021	1,570,562,814,725	7,852,814,725	2,500,000,000
<b>Total</b>		<b>13,561,511,624,725</b>	<b>67,807,602,775</b>	<b>15,930,000,000</b>

**5.4** Review of the financial statements for the Equalisation Fund for the year ended 30 June, 2025 revealed that only an amount of Kshs.15,930,000,000 or 23% out of the expected Kshs.67,807,602,775 of the total entitlement had been transferred to the Equalisation Fund Account. The National Treasury had not remitted the remaining balance of Kshs.51,877,602,775 to the Fund as at 30 June, 2025 and was, therefore, in breach of the Constitution.

**5.5** The Second Policy was operationalized by the Equalization Fund Appropriation Act, 2023 and allocated Kshs.10,020,407,910 for the 1,424 identified marginalized areas in 34 counties. However, review of the performance indicated six (6) counties, namely, Bomet, Bungoma, Kericho, Kitui, Lamu and Narok with a total appropriation of Kshs.1,365,639,170 had no approved projects as they had not presented project proposals for approval. Further, only Kshs.2,898,928,827 or 48% of the amount approved for projects was requisitioned and transferred to the respective counties. It was also observed that thirteen (13) counties with a combined approved project costing Kshs.2,059,851,482 had zero absorption of the appropriated amounts. In addition, the Fund had transferred only 29% of the appropriation as at 30 June, 2025 leading to delayed implementation of projects hence the ultimate objective of the Fund might not be achieved.

**5.6** Review of the Public Finance Management (Equalization Fund Administration) Regulations, 2021 which guides the operations of the Fund revealed the following gaps;

- i. Regulation 8(j) of the Public Finance Management (Equalisation Fund Administration) Regulations, 2021 assigns the responsibility of conducting public participation to the Board, in line with Article 201 of the Constitution. However, Regulations 18 and 19 designate this function to the Project Identification and Implementation Committee, of which Board members are not part. This misalignment in roles may lead to confusion in execution and accountability of public participation activities.
- ii. Regulation 15 provides that the County Technical Committee shall be responsible for approving all projects to be financed from the Fund while Regulation 23 provides that the County Executive Committee Member responsible for matters relating to finance shall submit work plans through county technical committee to the Board for approval. It is not clear whose role it is to approve projects.
- iii. Regulation 20(b) provides that County Executive Committee Member for finance shall prepare financial statements for the Fund for each financial year in a form prescribed by the Accounting Standards Board in accordance with the Act and submit to the Secretary of the Board. This requirement is not clear on reporting responsibilities to the Auditor-General by the County Executive Committee Member for finance.

The National Treasury and Management of the Fund has not caused amendments to the law to address the above gaps for effective operation of the Fund.

**5.7** The Equalisation Fund, which had a lifespan of twenty (20) years, will lapse in 2031/2032 financial year if no extension is approved by Parliament as provided by Article 204(6) and (7) of the Constitution. Given the low level of disbursements as indicated above, the country is not likely to achieve the objectives of the Equalisation Fund, which is to improve the quality of requisite services in the marginalised areas within the set timelines, as envisaged by the Constitution.

## APPENDICES

### Appendix A: Unmodified Opinion

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

1. The National Treasury
2. State Department for Economic Planning
3. Executive Office of the President
4. Office of the Deputy President
5. Office of the Prime Cabinet Secretary
6. State Department for Parliamentary Affairs
7. State Department for Performance and Delivery Management
8. State Department for Cabinet Affairs
9. State House
10. State Department for Correctional Services
11. State Department for Immigration and Citizen Services
12. National Police Service
13. State Department for Internal Security and National Administration
14. State Department for Devolution
15. State Department for the Arid and Semi-Arid Lands and Regional Development
16. Ministry of Defence
17. State Department for Diaspora Affairs
18. State Department for Technical, Vocational Education and Training
19. State Department for Roads
20. State Department for Transport
21. State Department for Shipping and Maritime Affairs
22. State Department for Housing and Urban Development
23. State Department for Public Works

## **Appendix A: Unmodified Opinion**

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

24. State Department for Irrigation
25. State Department for Lands and Physical Planning
26. State Department for Information Communication Technology and Digital Economy
27. State Department for Broadcasting and Telecommunications
28. State Department for Youth Affairs and Creative Economy
29. State Department for Energy
30. State Department for Co-operatives
31. State Department for Trade
32. State Department for Industry
33. State Department for Micro, Small and Medium Enterprises (MSMED) Development
34. State Department for Investment Promotion
35. State Department for Labour and Skills Development
36. State Department for Petroleum
37. State Department for Tourism
38. State Department for Wildlife
39. State Department for Gender and Affirmative Action
40. State Department for Public Service and Human Capital Development
41. State Department for East African Community Affairs
42. State Law Office and Department of Justice
43. Ethics and Anti-Corruption Commission
44. National Intelligence Service
45. Office of the Director of Public Prosecutions

## **Appendix A: Unmodified Opinion**

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

46. Office of the Registrar of Political Parties
47. Witness Protection Agency
48. State Department for Environment and Climate Change
49. State Department for Forestry
50. Kenya National Commission on Human Rights
51. National Land Commission
52. Parliamentary Service Commission
53. The National Assembly
54. Parliamentary Joint Services
55. The Senate
56. Judicial Service Commission
57. Commission on Revenue Allocation
58. Public Service Commission
59. Salaries and Remuneration Commission
60. Teachers Service Commission
61. National Police Service Commission
62. Office of the Controller of Budget
63. The Commission on Administrative Justice
64. National Gender and Equality Commission
65. Independent Policing Oversight Authority
66. The National Exchequer Account - The National Treasury
67. Receiver of Revenue – Recurrent – The National Treasury

## Appendix A: Unmodified Opinion

- NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS**
68. Consolidated Fund Services - Salaries, Allowances and Miscellaneous Services – The National Treasury
  69. Revenue Statements of the Pensions Department – The National Treasury
  70. East Africa Tourist Visa Fee Collection Account – The National Treasury
  71. Receiver of Revenue Financial Statements - State Department for Immigration and Citizen Affairs
  72. Receiver of Revenue Financial Statements – National Police Service
  73. Receiver of Revenue Financial Statements – State Department for Internal Security and National Administration
  74. Receiver of Revenue Financial Statements - Ministry of Defence
  75. Receiver of Revenue – State Department for Lands and Physical Planning
  76. Receiver of Revenue Financial Statements - State Law Office and Department of Justice
  77. Revenue Statements of the Business Registration Service
  78. Receiver of Revenue Financial Statements - The Judiciary
  79. The Judiciary Mortgage and Car Loan Scheme
  80. Ethics and Anti-Corruption Commission Staff House Mortgage and Car Loan Scheme
  81. The Office of the Director of Public Prosecutions Staff Housing Mortgage and Car Loan Scheme
  82. Office of the Registrar of Political Parties Staff Mortgage and Car Loan Scheme
  83. Witness Protection Agency Staff Housing Mortgage Scheme Fund
  84. Witness Protection Agency Staff Motor Car Loan Scheme Fund
  85. Kenya National Commission on Human Rights Car Loan and Mortgage Scheme
  86. National Land Commission Staff Car Loan Scheme
  87. Independent Electoral and Boundaries Commission Staff Mortgage and Car Loan Scheme

## Appendix A: Unmodified Opinion

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

88. Parliamentary Car Loan Scheme Fund
89. Commission on Revenue Allocation Staff Mortgage Scheme Fund
90. Commission on Revenue Allocation Staff Car Loan Scheme Fund
91. Public Service Commission Mortgage Scheme Fund
92. Public Service Commission Car Loan Scheme
93. Salaries and Remuneration Commission Mortgage and Car Loan Scheme Fund
94. National Police Service Commission Staff House Mortgage Scheme
95. Office of the Controller of Budget Staff Mortgage and Car Loan Scheme Fund
96. The Commission on Administrative Justice Staff Mortgage and Car Loan Fund
97. Independent Policing Oversight Authority Staff Mortgage and Car Loan Scheme
98. Global Fund - To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care (Grant Agreement No.KEN-H-TNT-2065) - The National Treasury
99. Global Fund – To Ensure Provision of Quality Care and Prevention Services for All People in Kenya with TB, Leprosy and Lung Diseases (Grant Agreement No. KEN-T-TNT-2067) – The National Treasury
100. Global Fund – To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care (Grant Agreement No. KEN-H-TNT- 4147) – The National Treasury
101. Global Fund - To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023, Working Towards a Malaria-Free Kenya (Grant Agreement No.KEN-M-TNT-2064) - The National Treasury
102. Supporting Access to Finance and Enterprise Recovery Project (IDA Credit No. 7018-KE) - The National Treasury
103. Infrastructure Finance and Public Private Partnerships - Additional Financing (IDA Credit No. 6121- KE) – The National Treasury
104. Infrastructure Finance and Public Private Partnerships Project - IDA Credit No. 5157-KE - The National Treasury

## Appendix A: Unmodified Opinion

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

105. Green Climate Fund Readiness Project (Grant No. KEN-RS-004) - The National Treasury
106. Micro Finance Sector Support Credit Project (Credit No.CKE 3004 01E and CKE 6010 01E) - The National Treasury
107. Technical Support to the French Desk at The National Treasury (Project Grant No. AFD CKE 1204 01E) – The National Treasury
108. Public Financial Management Reforms Program (Credit Nos. DANIDA/FY06, SIDA 51110081, IDA GESDeK-7438-KE, AFD/CKE 1130, PASEDE CRIS NO:041-658 and UNICEF CPD Kenya) – The National Treasury
109. Financing Locally-Led Climate Action Program (Loan No. BMZ-NO. 2016 65 108/2018 65 138) - The National Treasury
110. Financing Locally-Led Climate Action Program (Project No. P173065; IDA Credit No.6980-KE; Grant No. TF0B6810-KE) – The Nation Treasury
111. Public Debt Management Support Project (ADB Grant Agreement No.5500155013708) – The National Treasury
112. National Treasury Capacity Strengthening Project (Grant No.5500155013902 ID No. P-KE-KOO-011) – The National Treasury
113. Global Fund – To Ensure Provision of Quality Care and Prevention Services for all People in Kenya with TB, Leprosy and Lung Diseases (Grant Agreement No. KEN-T-TNT-4148) – The National Treasury
114. Rural Kenya Financial Inclusion Facility (RK FINFA) (IFAD Loan No. 2000004121 and IFAD Loan No. 2000004122) - The National Treasury
115. ADB Africa Climate Summit Project - The National Treasury
116. Global Fund - Reducing the Burden, Ensuring Sustainability and Accelerating Progress Towards Malaria Elimination in Kenya (Grant Agreement No. KEN-M-TNT 4149) – The National Treasury
117. Horn of Africa Gateway Development Project (IDA Credit No.6768-KE) - Kenya Revenue Authority
118. EU Partnership for the Implementation of the National Strategy to Counter Violent Extremism in Kenya - National Counter Terrorism Centre
119. Coordinate Implementation of Population Policy and ICPD25 Commitments Project – National Council for Population and Development

## Appendix A: Unmodified Opinion

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

120. National Information Platform for Food Security and Nutrition Project (Credit No. FOOD/2017/393-022) - Kenya National Bureau of Statistics
121. Kenya Jobs and Economic Transformation Project (IDA Credit No.7450-KE) - Kenya Development Corporation
122. Supporting Access to Finance and Enterprise Recovery Project (IDA Credit No. 7018-KE) - Kenya Development Corporation
123. Technical Assistance to Enhance the Capacity of the President's Delivery Unit (ADB Grant No. 5500155012902) Project – State Department for Internal Security and National Administration
124. Kenya Cooperation and Partnership Facility (KCPF) Project No.KE/FED 2019/041-712, Credit No.FED/2021/423-175 - State Department for Devolution
125. Second Kenya Devolution Support Program (IDA Credit No. 7447- KE) - State Department for Devolution
126. Kenya Symbiocity Programme - SIDA No. 51110060 - Council of Governors
127. Second Kenya Devolution Support Programme (KDSP II) (Credit No. IDA-7447-KE) - County Government of Nyeri
128. Second Kenya Devolution Support Program Credit No. IDA-7447-KE - County Government of Wajir
129. Second Kenya Devolution Support Program Credit No. IDA-7447-KE - County Government of Mandera
130. Second Kenya Devolution Support Programme (KDSP II) - Credit No: IDA-7447-KE – County Government of Nandi
131. Second Kenya Devolution Support Programme II Credit No. IDA-7447-KE – County Government of Kisumu
132. Second Kenya Devolution Support Programme (KDSP II) Credit No: IDA 7447-KE - County Government of Elgeyo Marakwet
133. Second Kenya Devolution Support Programme II Credit No. IDA-7447-KE - County Government of Nyamira
134. Second Kenya Devolution Support Program Credit No. IDA-7447-KE - County Government of Garissa
135. Second Kenya Devolution Support Program (KDSP II) Credit No. IDA-7447-KE – County Government of Lamu

## Appendix A: Unmodified Opinion

- NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS**
136. Second Kenya Devolution Support Programme Credit No. IDA 7447-KE - County Government of Migori
  137. Second Kenya Devolution Support Program (KDSP II) – Grant/Credit Number IDA-7447-KE - County Government of Taita Taveta
  138. Second Kenya Devolution Support Program (KDSP II) Project Grant/Credit Number IDA – 7447-KE - County Government of Nakuru
  139. Second Kenya Devolution Support Programme Credit No. IDA-7447-KE - County Government of Busia
  140. Second Devolution Support Program (KDSP II) Credit Number- IDA-7447- KE - County Government of Kisii
  141. Second Kenya Devolution Support Program Credit No. IDA-7447-KE - County Government of Bungoma
  142. Kenya Social and Economic Inclusion Project No. P164654 IDA Credit No.63480 - KE and Grant No.TF0A9527 – National Drought Management Authority (NDMA)
  143. Support to Technical and Vocational Education Training and Entrepreneurship (TVETE Project Phase III) (Loan No.2100150042254 - State Department for Technical, Vocational Education and Training
  144. Promotion of Youth Employment and Vocational Training in Kenya (Phase II) Project Loan No.BMZ 2018 65 120 - State Department for Technical, Vocational Education and Training
  145. Promotion of Youth Employment and Vocational Training in Kenya (TVET I & II) Reference: Loan No. BMZ No. 2016 67 211 & BMZ No. 2016 65 298 and Project Grant Reference: No.1930 05 527 - State Department for Technical, Vocational Education and Training
  146. Support to Technical Vocational Education and Training for Relevant Skills Development Project - TVET Project Phase II (ADF Loan No.2100150033295) - State Department for Technical, Vocational Education and Training
  147. East Africa Skills for Transformation and Regional Integration Project (EASTRIP) IDA Loan Credit No.6334-KE - State Department for Technical, Vocational Education and Training
  148. Promotion of Youth Employment Through Scholarships Phase II (“Wings to Fly IV”) Project Grant Number BMZ-No. 2018 67 399 - State Department for Technical, Vocational Education and Training (SDTVET)

## Appendix A: Unmodified Opinion

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

149. East Africa Skills for Transformation and Regional Integration Project (EASTRIP) (IDA Loan No. 6334-KE) - Meru National Polytechnic
150. East Africa Skills Transformation and Regional Integration Project (EASTRIP) Grant/Credit No. IDA 6334-KE - Kisumu National Polytechnic
151. Kenya Primary Education Equity in Learning Project IDA Grant No. D991-KE and Credit No. 7067-KE and Grants Nos. TFC306-KE and TF C307-KE - State Department for Basic Education
152. Promotion of Youth Employment Through Scholarships Phase II ("Wings to Fly IV") Project No. BMZ-No. 2018 67 399 - State Department for Basic Education
153. Transforming Health Systems for Universal Care (THS-UC) Project Grant IDA Credit No.5836 - KE, TFOA2561, TFOA2792 and CR. P152394 – State Department for Medical Services
154. Covid-19 Health Emergency Response Project Grant/Credit No.6598-KE – State Department for Medical Services
155. Global Fund - To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment and Care Project (KEN-H-TNT No. 2065) – State Department for Medical Services
156. DANIDA Primary Healthcare (PHC) Support Program – State Department for Medical Services
157. Reproductive, Maternal, Neonatal, Child, and Adolescent Health (RMNCAH) Project Grant/Credit ID 6072 - State Department for Medical Services
158. A Case Study on Integrated Delivery of Selected Non-Communicable Diseases in Kenya (PHGF Grant No. TFOA5636) - Moi Teaching and Referral Hospital
159. Global Fund HIV/AIDS Project Grant Number KEN-H-TNT-2065 - National Syndemic Diseases Control Council
160. Reproductive Health - Output Based Approach (RH-OBA) Program – Project Number BMZ No. Kenya 2010 65 853) – State Department for Medical Services
161. Global Fund Project-To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment, and Care Grant Number: KEN-H-TNT – National Syndemic Disease Control Council
162. Global Fund - To Contribute to Achieving Vision 2030 Through Universal Access to Comprehensive HIV Prevention, Treatment, and Care - KEN-H-TNT-No.4147 - National AIDS and STI Control Program

## Appendix A: Unmodified Opinion

- NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS**
163. Global Fund Tuberculosis Grant (Project No. KEN-T-TNT-2067) - State Department for Public Health and Professional Standards
  164. Global Fund Tuberculosis Project No. KEN-T-TNT-4148 - State Department for Public Health and Professional Standards
  165. Resilient Sustainable Systems for Health (RSSH) KEN-T-TNT 2067 Sub-Recipient - State Department for Public Health and Professional Standards
  166. Horn of Africa Gateway Development Project (Loan No.6768-KE) – State Department for Roads
  167. Eastern Africa Regional Transport, Trade and Development Facilitation Project (Credit No. 5638-KE IDA) - State Department for Roads
  168. East Africa Skills Transformation and Regional Integration Project IDA Credit No.6334-KE - State Department for Roads
  169. Kenol-Sagana-Marua Highway Improvement Project (P-KE-DBO-037) Credit Nos.5050200000901 and 2000200004504 - Kenya National Highways Authority
  170. Upgrading of Kibwezi-Mutomo-Kitui-Migwani Road Project No. BLA2016K001 - Kenya National Highways Authority
  171. Dualling of Magongo Road (A109L): Phase II (FIDIC/Turnkey Based) - Kenya National Highways Authority
  172. Kapchorwa-Saum-Kitale and Eldoret Bypass Project No. P-ZI-DBO-0183 ADB (New) - Kenya National Highways Authority
  173. Mombasa Port Area Road Development Project IDA Loan No. KE-P29 and KE-P32 - Kenya National Highways Authority
  174. Mombasa-Mariakani Highway Project (A109) Road Lot 1 (Mombasa -Kwa Jomvu) Loan No.2100150032743 - Kenya National Highways Authority
  175. Kenya South Sudan Link Road Project - Kenya National Highways Authority
  176. Sirari Corridor Accessibility and Road Safety Improvement Project: Isebania-Kisii-Ahero (A1) Road Rehabilitation - Kenya National Highways Authority
  177. National Urban Transport Improvement Project Loan No.5150-KE – Kenya National Highways Authority
  178. Regional Mombasa Port Access Road (Loan No. (KFW): 27459, Grant No. (KFW): 202061919 and Credit No. (KFW): 84010 Project – Kenya National Highways Authority

## Appendix A: Unmodified Opinion

- NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS**
179. Kenya Nairobi Western Bypass Project China Exim Bank – Kenya National Highways Authority
  180. Eastern Africa Regional Transport, Trade and Development Facilitation Projects IDA Cr No 5638 - Kenya National Highways Authority
  181. Mombasa Gate Bridge Construction Project – JICA Loan No.KE-P34 - Kenya National Highways Authority
  182. Bagamoyo-Horohoro-Lunga lunga Malindi Road Project Phase 1 ID NO.P-Z1-BDO-129 - Kenya National Highways Authority
  183. Mombasa Special Economic Zone Development Project (I) Loan No.KE-P35 - Kenya National Highways Authority
  184. Horn of Africa Gateway Development Project Loan No.6768-KE– Kenya National Highways Authority
  185. Samatar-Wajir Road Project-BADEA Grant/Credit No.13451P, 13/779 and 995) - Kenya National Highways Authority
  186. Horn of Africa Gateway Development (Isiolo-Mandera Corridor: EL Wak - Rhamu Road Upgrading) - Kenya National Highways Authority
  187. Kenya-South Sudan Road Corridor, Lesseru-Kitale and Morpus-Lokichar Road Upgrading Project - Phase I - AFDB Loan No. 2000200005805 and No. 2100150043496 - Project ID No. P-ZI-DBO-246 - Kenya National Highways Authority
  188. Construction of Lot 2: Tot Junction-Chesegon-Kopasi River, CDB, Credit No. 8136202401100000041 – Kenya National Highways Authority
  189. The Establishment of Bus Rapid Transit Line 5 Project (EDCF Loan Agreement No.KEN-5) - Kenya Urban Roads Authority
  190. Nairobi Outer Ring Road Improvement Project (AFDB) - Kenya Urban Roads Authority
  191. Nairobi Intelligent Transportation System Establishment and Junctions Improvement Project Phase I (EDCF Loan Agreement No. KEN-6) - Kenya Urban Roads Authority
  192. Design, Supply and Turnkey Construction of Ngong Road/Naivasha Road (Junction Mall) Junction Flyover at Ngong Road, Nairobi - Kenya Urban Roads Authority

## Appendix A: Unmodified Opinion

- | <b>NO.</b> | <b>MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS</b>  |
|------------|---|
| 193.       | Support to Roads Sector Policy: 10 <sup>th</sup> EDF Rural Roads Rehabilitation Project in Kenya Credit No. KE/FED/023-571 - Kenya Rural Roads Authority    |
| 194.       | Improvement of Rural Roads and Market Infrastructure in Western Kenya KFW Credit No. 200765123 KFW - Kenya Rural Roads Authority                            |
| 195.       | Upgrading of Gilgil Machinery Road Project BADEA Loan- Kenya Rural Roads Authority  |
| 196.       | ASAL Rural Roads Project Credit No.CKE 117 01 H – Kenya Rural Roads Authority   |
| 197.       | Second Kenya Urban Support Program (KUSP2) - Nyandarua County - State Department for Housing and Urban Development  |
| 198.       | Horn of Africa Gateway Development Project - State Department for Transport   |
| 199.       | National Urban Transport Improvement Project (IDA Credit No.5140-KE) – Kenya Railways Corporation   |
| 200.       | Multinational Lake Victoria Maritime Communication and Transport Project (P-Z1-GPB0-031) - Kenya Maritime Authority   |
| 201.       | Safe Roads/Usalama Barabarani Programme - National Transport and Safety Authority   |
| 202.       | Horn of Africa Gateway Development Project - National Transport and Safety Authority  |
| 203.       | Second Kenya Informal Settlement Improvement Project IDA Credit No.6759 and AFD Credit No. CKE 118801S - State Department for Housing and Urban Development |
| 204.       | Kenya Informal Settlement Redevelopment Programme Grant No. 2021/05834A - State Department for Housing and Urban Development                                |
| 205.       | Nairobi Metropolitan Service Improvement Project IDA Credit No.5102-KE - State Department for Housing and Urban Development                                 |
| 206.       | Second Kenya Urban Support Programme Credit No. IDA 73490-KE – State Department for Housing and Urban Development   |
| 207.       | Affordable Housing Finance Project IBRD Loan No.8958-K - State Department for Housing and Urban Development   |
| 208.       | Kisumu Urban Project (Project Advance Account) - CKE 1035.01.G - County Government of Kisumu  |

## Appendix A: Unmodified Opinion

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

209. Kisumu Urban Project (Cash Expenditure Fund) - CKE 1035.01.G - County Government of Kisumu
210. Kenya Water Security and Climate Resilience Project (Grant No. TFOA0761A and Credit No.5268/5674/7423-KE) - State Department for Irrigation
211. Coastal Region Water Security and Climate Resilience Project (Credit Number: 5543-KE/70040-KE – State Department for Irrigation
212. Upgrading of Ahero Irrigation Development Project Grant No. HS00124000 – National Irrigation Authority
213. Thwake Multi-purpose Water Development Program Phase 1 (AfDB Loan No. 2100150029993, 2000200003351, AGTF No. 5050200000501 and AfDB Grant No. 2100155025973) - State Department for Water and Sanitation
214. Kenya Water, Sanitation and Hygiene Program Credit No. 7459 - KE and Grant No. E271 - KE - State Department for Water and Sanitation
215. Horn of Africa Groundwater for Resilience Project (Credit No. 7082 – KE, Project ID P174867) - State Department for Water and Sanitation
216. Lake Victoria Water and Sanitation Project Grant No. CKE 1093 02 M, Credit No. CKE1093 01 L and EIB No. FI N083890 Serapis N0 2011-0619 – Lake Victoria South Water Works Development Agency
217. Kenya Towns Sustainable Water Supply and Sanitation Program - Credit No. P-KE-E00-011 (AfDB Loan No.200200000501) - Athi Water Works Development Agency
218. Support To Water and Sanitation Service in Peri Urban Area (KFW Loan No. BMZ 2013.6543.6) Project - Athi Water Works Development Agency
219. Northern Collector Phase 1 and Additional Rehabilitation and Development of the Network Project (Credit No. CKE 1074 01 K) - Athi Water Works Development Agency
220. Nairobi Rivers Basin Rehabilitation and Restoration Program P-KE-EBO-010: Sewerage Improvement Project Phase II - Athi Water Works Development Agency
221. Nairobi Water and Sanitation Project (Credit No. CKE113501H) - Athi Water Works Development Agency
222. Kenya Towns Sustainable Water Supply and Sanitation Programme (AfDB Loan No.2000200000501 and ADF Loan No. 2100150036294)) - Tana Water Works Development Agency

## Appendix A: Unmodified Opinion

- NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS**
223. Kenya Towns Sustainable Water Supply and Sanitation Program CR. NO. P-KE-E00-011 (AFDB Loan No.2000200000501) – Central Rift Valley Water Works Development Agency
224. Improvement of Drinking Water and Sanitation Systems in Mombasa: Mwache Project (CKE 1103) - Coast Water Works Development Agency
225. Busia-Port Victoria Household Sanitation Project Grant/Credit No.02HS/LVNWWDA/Busia/054 - Busia Water and Sewerage Services Company Limited
226. Nambale-Mjini-Mayenje Water Project Grant/Credit Number 08W/Busia/Busia/97 - Busia Water and Sewerage Services Company Limited
227. Horn of Africa Groundwater for Resilience Project - Kenya Credit No. 7082-KE - Water Sector Trust Fund
228. Horn of Africa Groundwater for Resilience Project (IDA Credit No.70820-KE and Grant No. P174867) - Water Resources Authority
229. Improving Public Health and Enhancing Technical Skills of Youth in Kenya Through Sanitation Technology Transfer Project Grant No. 100000034 – Kenya Water Institute
230. Horn of Africa Gateway Development Project IDA Credit No. 6768 - KE - Information and Communication Technology Authority
231. Kenya Digital Economy Acceleration Project - KDEAP (Credit Numbers 7289-KE and 7290-KE) - Information and Communications Technology Authority
232. Vijana Vuka Na Afya (VIVA) Youth Programme Project No. 201367465 - State Department for Youth Affairs and Creative Economy
233. GOK/UNFPA 10<sup>th</sup> Country Programme Grant Number B4210 - State Department for Youth Affairs and Creative Economy
234. National Youth Opportunities Towards Advancement (NYOTA) Project - Credit Number: IDA 7356 - State Department for Youth Affairs and Creative Economy
235. Kenya Electricity Modernisation Project (KEMP) (IDA CR. No. 5587-KE) - State Department for Energy
236. Kenya Off-Grid Solar Access Project (KOSAP) (MOE) IDA Credit No. 6135-KE– State Department for Energy

## Appendix A: Unmodified Opinion

- NO. MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)/DONOR FUNDED PROJECTS**
237. Kenya Off-Grid Solar Access Project (KOSAP-SNV) Credit Number 6135-KE – State Department for Energy
  238. Multinational Kenya Tanzania Power Interconnection Project (Kenya Component) (ADF Loan No.2100150032846) - Kenya Electricity Transmission Company Limited
  239. Development of Utility Run Super ESCO Project in Kenya (AfDB Grant No. 5590155000051) - Kenya Power and Lighting Company PLC
  240. Eastern Electricity Highway Project (IDA Credit Number 5148-KE; AFD Loan Number 2100150027845) - Kenya Electricity Transmission Company Limited
  241. Olkaria-Lessos-Kisumu Transmission Lines Construction Project (JICA Loan Number KE-P28) - Kenya Electricity Transmission Company Limited
  242. 220 KV and 132 KV Transmission Lines and SubStations (EXIM Bank of India Funded) Projects - Kenya Electricity Transmission Company Limited
  243. Ethiopia-Kenya Electricity Highway Project (ADB Loan No. 2100150027845 - Mariakani Substation Project ID No:P-Z1-FA0-044) - Kenya Electricity Transmission Company Limited
  244. Nairobi Ring Transmission Line Project (AFD Credit No. CKE 1068 01 N, AFD Credit No. CKE6012.01, AFD Credit No. CKE 103001B & EIB Credit No. 25.367/KE and GoK) - Kenya Electricity Transmission Company Limited
  245. Supplementary Financing for the Ethiopia – Kenya Electricity Highway (Nanyuki Rumuruti Underground Cable) Project – (ADB Loan No.2000200003502 P-Z1-FA0-162) (ADB Loan No.2100150027845 P-Z1-FA0-044) - Kenya Electricity Transmission Company Limited
  246. Last Mile Connectivity Project I (ADF Loan No. 2100150032195) - Kenya Power and Lighting Company PLC
  247. Hybrid Generation of Off-Grid Power Systems Project (AFD Credit No. CKE 1066 01 L) - Kenya Power and Lighting Company PLC
  248. Kenya Power Distribution Last Mile Connectivity Project (AFD Credit No. CKE 11006 01 F and CKE 1106 02G, and EIB Credit No FI 85348) – Kenya Power and Lighting Company PLC
  249. Kenya Off-Grid Solar Access Project (IDA Credit No. 6135-KE) – Kenya Power and Lighting Company PLC

## Appendix A: Unmodified Opinion

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

250. The Project for the Improvement of Power Distribution System in and Around Nakuru City and Mombasa City (JICA Grant No: 1860780) – Kenya Power And Lighting Company PLC
251. East Africa Skills for Transformation and Regional Integration Project (EASTRIP) Credit No. 6334-KE) - Kenya Electricity Generating Company Plc
252. Rural Electrification in Five Regions Project (BADEA) - Rural Electrification and Renewable Energy Corporation
253. Kenya Off-Grid Solar Access Project for Underserved Counties (IDA CR. No.6135-KE) - Rural Electrification and Renewable Energy Corporation
254. Kenya Electricity Expansion Project (KEEP) - Project CR No. 1487P - Rural Electrification and Renewable Energy Corporation
255. Kenya Livestock Commercialization Project (KELCOP) No.2000002339 (Loan No.200000356500 and 200000356600) - State Department for Livestock Development
256. Towards Ending Drought Emergencies (TWENDE): Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands Project (IUCN Grant No. P02886) – State Department for Livestock Development
257. De-Risking, Inclusion and Value Enhancement of Pastoral Economies (DRIVE) in the Horn of Africa Project (Credit No. 7139-KE) - State Department for Livestock Development
258. De-Risking, Inclusion and Value Enhancement of Pastoral Economies (DRIVE) in the Horn of Africa Project (Credit No. 7139-KE) - Kenya Development Corporation
259. Drought Resilience Programme in Northern Kenya - County Government of Turkana
260. Kenya Marine Fisheries and Socio-Economic Development Project (Credit No. 6540-KE) - State Department for the Blue Economy and Fisheries
261. Aquaculture Business Development Programme (IFAD Loan No. 2000002052, 2000002614 and 2000004538 – State Department for Blue Economy and Fisheries
262. Kenya Cereal Enhancement Programme - Climate Resilient Agricultural Livelihood Window Boosting Sustainable Food Production in Kenya (KCEP-CRAL Boost) EU Grant No.2000000623, Grant No.2000001522, Grant No.2000003493, Grant No.2000004860, ASAP Grant No.2000001121 and IFAD Loan No.2000001122 - State Department for Agriculture

## Appendix A: Unmodified Opinion

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

263. Small-Scale Irrigation and Value Addition Project - Credit No. 2000130014530 and Grant No. 5570155000751 - State Department for Agriculture
264. Capacity Development Project for Enhancement of Rice Production in Irrigation Scheme in Kenya (CaDPERP) Grant No. 1161001009 - State Department for Agriculture
265. National Agricultural Value Chain Development Project Credit No. IDA-7064-KE - State Department for Agriculture
266. Enable Youth Kenya Program Grant/Credit No. P-KE-AAZ-014 (ADF Loan No.2100150038895) - State Department for Agriculture
267. Emergency Locust Response Project (Credit No. IDA 6648-KE and 7053-KE) - State Department for Agriculture
268. Multi-national Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS) Project Credit No. 2100150042746 - State Department for Agriculture
269. The Kenya Agricultural Business Development Project (SIDA Grant Number 15808) - State Department for Agriculture
270. Food Systems Resilience Project (Credit No. IDA – 7327 - KE & 7328 - KE) - State Department for Agriculture
271. National Agricultural Value Chain Development Project (NAVCDP) - County Government of Nyeri
272. Kenya Industry and Entrepreneurship Project (Credit No. IDA 6268-KE) - State Department for Industry
273. National Youth Opportunities Towards Advancement Project (Credit Number: 7355-KE Grant Number E210-KE) - State Department for Micro, Small and Medium Enterprises (MSME) Development
274. Centre for Entrepreneurship (C4E) Project (Credit Number: BMZ-REF: 2018 65 245) – State Department for Micro, Small and Medium Enterprises Development
275. Kenya Jobs and Economic Transformation Project (IDA Credit No. 7450-KE) – Micro and Small Enterprises Authority
276. National Youth Opportunities Towards Advancement (NYOTA) Project (IDA Credit No.7356-KE and IDA Credit No.7355-KE) – Micro and Small Enterprises Authority
277. Kenya Jobs and Economic Transformation Project (IDA Credit No. 7450-KE) – State Department for Investment Promotion

## Appendix A: Unmodified Opinion

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

278. National Youth Opportunities Towards Advancement Project Credit Numbers 7355-KE and 7356-KE and Grant Number E210-KE - State Department for Labour and Skills Development
279. National Youth Opportunities Towards Advancement Project Credit Numbers 7355-KE and 7356-KE and Grant Number E210-KE – National Social Security Fund
280. National Youth Opportunities Towards Advancement Credit Numbers 7355-KE and 7356-KE Grant Numbers E210-KE and TF0C1509-KE - National Industrial Training Authority
281. Kenya Social and Economic Inclusion Project Credit Number 6348-KE - State Department for Social Protection and Senior Citizen Affairs
282. Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (Credit No.00108406) - State Department for Wildlife
283. GOK-UNFPA 10th Country Programme Grant/Credit No.1000702818 - State Department for Gender and Affirmative Action
284. Programme for Legal Empowerment and AID Delivery (Project Credit Number KE/FED/2018/397-591) - State Law Office and Department of Justice
285. Kenya Institutional Strengthening Project Phase XIII (No. UNEP/KEN/SEV/92/INS/66) – State Department for Environment and Climate Change
286. Kenya Gold Mercury Free ASGM Project Grant No.GEF/UNDP/GOK-00108253 - State Department for Environment and Climate Change
287. Kenya ETF Reporting Programme to the UNFCCC Project - State Department for Environment and Climate Change
288. Africa Climate Summit (ACS) Africa Climate Week – State Department for Environment and Climate Change
289. Early Action Support Project (EASP)-Grant No.2015-39790 - State Department for Environment and Climate Change
290. Sound Chemicals and Waste Management Project (Grant No. 2023/M99/M1-32CML) - State Department for Environment and Climate Change
291. Green Zones Development Support Project - Phase II (Credit No. P-KE-AAD-005) - Kenya Forest Service

## Appendix A: Unmodified Opinion

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

292. Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya (Credit No: KEN/NIE/MULTI/2013/1) - National Environment Management Authority
293. Africa Environmental Health and Pollution Management Project (AEHPMP) - (Credit No. P167788/Grant No. TFOB 3322) - National Environment Management Authority
294. Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Range Lands of Kenya (IUCN Project No. P03162, IUCN Award No. AVCH-000981 and GEF ID/10292) – National Environment Management Authority
295. Enhancing Community Resilience and Water Security in the Upper Athi River Catchment Area, Kenya Project (Grant No. GCF/NEMA/FP175) – National Environment Management Authority
296. Lake Naivasha Basin Ecosystem Based Management Project (Grant No. CC15346) – National Environment Trust Fund
297. Increased Enjoyment of Human Rights and Fundamental Freedoms by All in Kenya Project Grant/Credit Number: KEN 2062, KEN19-0011 - Kenya National Commission on Human Rights
298. Support to the Attainment of Vision 2030 Through Devolved Land Reforms in Community Lands of Kenya - National Land Commission
299. Secondary Education Quality Improvement Project Grant/Credit No.6138-KE - Teachers Service Commission
300. Kenya Primary Education Equity in Learning Program Grant Number D991-KE - Teachers Service Commission
301. Kenya Primary Education Equity in Learning (Disbursed Linked Indicator) Program Credit Number 7067-KE - Teachers Service Commission

## **Appendix B: Qualified Opinion**

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

1. State Department for Foreign Affairs
2. State Department for Higher Education and Research
3. State Department for Basic Education
4. State Department for Medical Services
5. State Department for Public Health and Professional Standards
6. State Department for Water and Sanitation
7. State Department for Sports
8. State Department for Culture, the Arts and Heritage
9. State Department for Livestock Development
10. State Department for the Blue Economy and Fisheries
11. State Department for Agriculture
12. State Department for Social Protection and Senior Citizen Affairs
13. State Department for Mining
14. The Judiciary
15. Independent Electoral and Boundaries Commission
16. Consolidated Fund Services - Public Debt - The National Treasury
17. Government Investments and Public Enterprises - Revenue Statements - The National Treasury
18. Consolidated Fund Services – Pension and Gratuities
19. Receiver of Revenue Financial Statements – External Resources - The National Treasury
20. Receiver of Revenue Financial Statements – State Department for Mining
21. Public Trustee of Kenya
22. Deposit Accountability Statements – The Judiciary
23. National Land Commission Housing Scheme Fund

## **Appendix B: Qualified Opinion**

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

24. Parliamentary Mortgage Scheme Fund – Parliamentary Service Commission
25. Affordable Housing Finance Project (IBRD Credit No.8958-KE) - The National Treasury
26. Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA Credit No.5638-KE) - Kenya Revenue Authority
27. East Africa Skills for Transformation and Regional Integration Project (Credit Number 6334-KE) - Kenya Coast National Polytechnic
28. Second Kenya Devolution Support Program Credit No. IDA 7447-KE – County Government of Kilifi
29. Second Kenya Devolution Support Programme (KDSP II) (Credit No. IDA-7447-KE) - County Government of Kirinyaga
30. Kenya Development Response to Displacement Impacts Project (KDRDIP) IDA Credit No.6021-KE and Grant No.TFOA 7762-KE - Ministry of East African Community (EAC), ASALs and Regional Development
31. Africa Center of Excellence in Sustainable Use of Insects as Food and Feeds Project (IDA Credit No.5798-KE) - Jaramogi Oginga Odinga University of Science and Technology
32. Africa Centre of Excellence (ACEII) in Phytochemicals, Textiles and Renewable Energy (PTRE) Project (IDA Credit No.5798-KE) - Moi University
33. KENYA RURAL TRANSFORMATION CENTERS DIGITAL PLATFORM PROJECT (FUND FOR AFRICAN PRIVATE SECTOR ASSISTANCE PROJECT ID.NO.P-KE-AA0-022) - THE CO-OPERATIVE UNIVERSITY OF KENYA
34. Kenya Primary Education Equity in Learning Project IDA Grant No. D991-KE and Credit No. 7067-KE and Grants Nos. TF C306-KE and TF C307-KE - State Department for Basic Education
35. GoK/UNICEF Education for Young People Programme - State Department for Basic Education
36. Secondary Education Quality Improvement Project (Credit No.6138-KE) - State Department for Basic Education
37. Development of Schools Infrastructure in Nyamira County Project, Credit Number: KF Loan 853

## Appendix B: Qualified Opinion

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

38. East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Sciences Phase 1 Project (Loan No.2100150031997 and Loan No. 2100150043449) - State Department for Medical Services
39. Global Fund - Reducing the Burden, Ensuring Sustainability and Accelerating Progress Towards Malaria Elimination in Kenya-Grant Number KEN-M-TNT-4149 – Ministry of Health
40. Global Fund - To Reduce Malaria Incidence and Deaths by at Least 75 Percent of the 2016 Levels by 2023 Working Towards a Malaria-Free Kenya - KEN-M-TNT No.2064 - State Department for Public Health and Professional Standards
41. Resilient Sustainable Systems for Health (RSSH) KEN-T-TNT- 4148 Sub Recipient - State Department for Public Health and Professional Standards
42. Roads 2000 Phase Two-Central Kenya Rural Roads Improvement and Maintenance Project AFD Loan No. CKE 1046.01.J, - Kenya Rural Roads Authority
43. Bura Rehabilitation Development Project Credit Numbers: BADEA 0595, KUWAIT 752, OPEC 1154P - National Irrigation Authority
44. Mwea Irrigation Development Project - Loan Agreement No.KE-P27 - National Irrigation Authority
45. Rwabura Irrigation Development Project No.1109118900 - National Irrigation Authority
46. Water and Sanitation Development Project (IDA Credit No.60290 and 60230-KE) - State Department for Water and Sanitation
47. Water Sector Development Programme - Lake Victoria South (Kisumu, Kisii, Nyamira and Litein) Loan No. BMZ-No.2010 65 861 and Grant No. BMZ 2010 70 457 - Lake Victoria South Water Works Development Agency
48. Support to Waste Management at Lake Victoria South Project Credit No: BMZ-No.201365352 - Lake Victoria South Water Works Development Agency
49. Lake Nakuru Biodiversity Conservation Project Grant No. 201567916 and Loan No. 2016 65 116 (KFW -German Financial Cooperation) - Central Rift Valley Water Works Development Agency
50. Eastern Africa Regional Transport, Trade and Development Facilitation Project IDA Credit No. 5638-KE - Information and Communication Technology Authority

## **Appendix B: Qualified Opinion**

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

51. Bogoria Silali Geothermal Project (Loan No.2013.66.103) – Geothermal Development Company Limited
52. Menengai Geothermal Project (AFD Loan No. 2100150026101) - Geothermal Development Company Limited
53. Kenya Electricity Modernization Project (IDA Grant Number TFA059 and Credit Number 55870KE) - Rural Electrification and Renewable Energy Corporation
54. Agricultural Sector Development Support Programme II (SIDA Grant No: 51110109) - State Department for Agriculture
55. Kenya Jobs and Economic Transformation Project (IDA Credit Number 7450-KE) - State Department for Micro, Small and Medium Enterprises (MSME) Development
56. Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region Project No.03/DRESS-EA/07/OSS-KE/20 – State Department for Environment and Climate Change

## **Appendix C: Adverse Opinion**

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

1. E-Citizen Revenue Accountability Statements - The National Treasury
2. Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) Project Grant/Credit Number F.ROT/AID 18/005/00 – Coast Development Authority

## **Appendix D: Disclaimer of Opinion**

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

1. Statement of Outstanding Obligations Guaranteed by the Government of Kenya - The National Treasury
2. USAID Boresha Jamii Project No. (72061521CA00004) - Jaramogi Oginga Odinga University of Science and Technology
3. Kenya Health Sector Programme Support III (DANIDA REF.104.KENYA.810.300-GRANT) - County Government of Kisii

## Appendix E - Status of Transition to Accrual Accounting

No.	Vote	Ministry, Department or Agency	Transition Status
1.	2021	National Land Commission	Full Accrual
2.	2031	Independent Electoral and Boundaries Commission	Full Accrual
3.	-	CFS - Salaries, Allowances, Miscellaneous Services	Full Accrual
4.	1321	Witness Protection Agency	Full Accrual
5.	1271	Ethics and Anti-corruption Commission	Full Accrual
6.	2061	Commission on Revenue Allocation	Full Accrual
7.	2081	Salaries and Remuneration Commission	Full Accrual
8.		Office of the Auditor- General	Full Accrual
9.	1091	State Department for Roads	Transitional
10.	1092	State Department for Transport	Transitional
11.	1093	State Department for Shipping and Maritime Affairs	Transitional
12.	1094	State Department for Housing & Urban Development	Transitional
13.	1095	State Department for Public Works	Transitional
14.	1132	State Department for Sports	Transitional
15.	1134	State Department for Culture and Heritage	Transitional
16.	1135	State Department for Youth Affairs and the Arts	Transitional
17.	1152	State Department for Energy	Transitional
18.	1014	State Department for Parliamentary Affairs	Transitional
19.	1023	State Department for Correctional Services	Transitional
20.	1032	State Department for Devolution	Transitional
21.	1036	State Department for ASALs and Regional Development	Transitional
22.	1053	State Department for Foreign Affairs	Transitional
23.	1054	State Department for Diaspora Affairs	Transitional
24.	1071	The National Treasury	Transitional
25.	1072	State Department for Economic Planning	Transitional
26.	1082	State Department for Medical Services	Transitional
27.	1083	State Department for Public Health and Professional Standards	Transitional
28.	1291	Office of the Director of Public Prosecutions	Transitional
29.	1311	Office of the Registrar of Political Parties	Transitional
30.	2041	Parliamentary Service Commission	Transitional
31.	2042	National Assembly	Transitional
32.	2043	Parliamentary Joint Services	Transitional
33.	2044	Senate	Transitional
34.	2051	Judicial Service Commission	Transitional
35.	1016	State Department for Cabinet Affairs	Transitional

<b>No.</b>	<b>Vote</b>	<b>Ministry, Department or Agency</b>	<b>Transition Status</b>
36.	1162	State Department for Livestock Development	Transitional
37.	2121	Controller of Budget	Transitional
38.	2131	Commission on Administrative Justice	Transitional
39.	2141	National Gender and Equality Commission	Transitional
40.	2151	Independent Policing Oversight Authority	Transitional
41.	-	CFS-Public Debt Expenditure	Transitional
42.	-	Pensions and Gratuities	Transitional
43.	1011	Executive Office of the President	Transitional
44.	1012	Office of The Deputy President	Transitional
45.	1013	Office of The Prime Cabinet Secretary	Transitional
46.	1017	State House	Transitional
47.	1024	State Department for Immigration and Citizen Services	Transitional
48.	1025	National Police Service	Transitional
49.	1026	State Department for Internal Security and National Administration	Transitional
50.	1041	Ministry of Defence	Transitional
51.	1281	National Intelligence Service	Transitional
52.	1015	State Department for Performance and Delivery Management	Transitional
53.	1064	State Department for Technical Vocational Education and Training	Transitional
54.	1065	State Department for Higher Education and Research	Transitional
55.	1066	State Department for Basic Education	Transitional
56.	1104	State Department for Irrigation	Transitional
57.	1109	State Department for Water & Sanitation	Transitional
58.	1112	State Department for Lands and Physical Planning	Transitional
59.	1122	State Department for Information Communication Technology & Digital Economy	Transitional
60.	1123	State Department for Broadcasting & Telecommunications	Transitional
61.	1166	State Department for the Blue Economy and Fisheries	Transitional
62.	1169	State Department for Agriculture	Transitional
63.	1173	State Department for Cooperatives	Transitional
64.	1174	State Department for Trade	Transitional
65.	1175	State Department for Industry	Transitional
66.	1176	State Department for Micro, Small and Medium Enterprises Development	Transitional
67.	1177	State Department for Investment Promotion	Transitional
68.	1184	State Department for Labour and Skills Development	Transitional
69.	1185	State Department for Social Protection and Senior Citizens Affairs	Transitional
70.	1192	State Department for Mining	Transitional

<b>No.</b>	<b>Vote</b>	<b>Ministry, Department or Agency</b>	<b>Transition Status</b>
71.	1193	State Department for Petroleum	Transitional
72.	1202	State Department for Tourism	Transitional
73.	1203	State Department for Wildlife	Transitional
74.	1212	State Department for Gender and Affirmative Action	Transitional
75.	1213	State Department for Public Service	Transitional
76.	1221	State Department for East African Community	Transitional
77.	1252	State Law Office	Transitional
78.	1261	The Judiciary	Transitional
79.	1331	State Department for Environment and Climate Change	Transitional
80.	1332	State Department for Forestry	Transitional
81.	2011	Kenya National Commission on Human Rights	Transitional
82.	2071	Public Service Commission	Transitional
83.	2091	Teachers Service Commission	Transitional
84.	2101	National Police Service Commission	Transitional

## CONTACTS

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