REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA YEARBOOK EDITORIAL BOARD

FOR THE YEAR ENDED 30 JUNE, 2025

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON KENYA YEARBOOK EDITORIAL BOARD FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on the Lawfulness and Effectiveness in the Use of Public Resources, and the Report on the Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Yearbook Editorial Board set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Yearbook Editorial Board as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Yearbook Order No. 187 of 2007 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Yearbook Editorial Board Management in accordance with 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 financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, and Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance as listed in attached **Appendix I**. However, the issues remained unresolved as at 30 June, 2025.

Other Information

The Management is responsible for the Other Information set out on page iv to xxix which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kenya Yearbook Editorial Board's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express and audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Provision of Insurance Services

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects use of goods and services amount of Kshs.49,186,379 which include insurance costs of Kshs.11,930,224. Included in the insurance costs is an amount of Kshs.4,233,377 for insurance provisions to two (2) insurance firms whose contracts had expired. This was contrary to Section 135(1) of the Public Procurement and Asset Disposal Act, 2015 which requires existence of a contract to be confirmed through the signature of a contract document incorporating agreements between parties.

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

2. Irregular Award of Contract

The statement of financial performance and as reflected in Note 9 to the financial statements reflects use of goods and services amount of Kshs.49,186,379 out of which, an amount of Kshs.10,196,484 is in respect to travel, accommodation, subsistence and other allowances. Review of the procurement process revealed that all participating bidders for conference facilities submitted the same price quotations. However, the evaluation committee awarded one supplier, claiming it was the lowest bidder without justification. There was no evidence on tender negotiation, or resubmission of revised quotations from the bidders to ensure competitiveness. Further, there was no evidence of compliance with standard procurement practices requiring justification for supplier selection when prices are tied. This was contrary to Section 131,132 and 133 of the

Public Procurement and Asset Disposal Act, 2015 which provides for competitive negotiation and use of evaluation criteria set forth in the tender documents.

3. Incomplete Inspection and Acceptance Certificates and Delay in Inspection of Goods

Audit review revealed that inspection and acceptance certificates for the goods and services did not indicate the quantity of goods received or the service offered as required by Section 48(4)(a) of the Public Procurement and Asset Disposal Act, 2015. Further, there were incidents where the inspection for goods was done days after the goods had been received as tabulated below contrary to Section 48(3)(a) of the Public Procurement and Asset Disposal Act, 2015 which states that the inspection shall be done immediately after the delivery of goods.

Payment Date	PV Number	Amount (Kshs)	Delivery Date	Inspection and Acceptance Date
19 September, 2024	PV/11/24/25	201,787	19 July, 2024	30 July, 2024
22 November, 2024	PV/43/24/25	151,902	18 July, 2024	24 October, 2024

In the circumstances, Management was in breach of the law

4. Expired Contract Agreement for Integrated Enterprise Resource Planning System

The statement of financial position as at 30 June 2025 reflects property, plant and equipment and work in progress balance of Kshs.37,435,542 as disclosed in Note 18 to the financial statements. Included is an amount of Kshs.16,856,070 relating to Work -in-Progress which further includes an amount of Kshs.2,791,366 paid on 21 January, 2025 to a supplier for data migration and delivery of the data fourth (4) instalment for supply installation configuration testing and commissioning of integrated Enterprise Resource Planning (ERP) system. A letter dated 26 July, 2023 addressed to the service provider for the extension of contract period of three (3) months ending 27 October, 2023, with the letter stating that extension was only applicable once. However, the contractor was still providing the services to the Board without valid contract and a performance security. This was contrary to Section 142(1) and (2) of the Public Procurement and Asset Disposal Act, 2015.

As per schedule of payments the contractor should have delivered project inception documents, successful completion of functional user requirements processes and delivery of signed departmental functional documents, successful trainings and successful data migration and delivery of data listings. However, there were no modules in finance and procurement in use and some modules were not in use in human resource department. Further, there was no evidence of training, the system had various inadequacies as they could not generate basic reports from the system and they had to rely on manually generated documents. In addition, the generated information lacks unique transaction identifiers, making it difficult to trace and verify transactions effectively. In addition, the ERP was unavailable most of the time due to weak internet connectivity.

In the circumstances, the value for money on the system could not be confirmed.

5. Unapproved Over-Expenditure

The statement of comparison of budget and actual amounts reflects an unapproved over-expenditure of five components as shown in the table below;

Expenditure Item	Budgeted Expenditure (Kshs)	Actual Expenditure (Kshs)	Over Expenditure (Kshs)	Over Expenditure Percent
Employee Costs - Extraneous and Other Allowances	750,000	1,020,977	(270,977)	(36%)
Board Expenses - Accommodation and Subsistence	2,500,000	3,727,368	(1,227,368)	(49%)
Customized Publishing	2,400,000	3,548,150	(1,148,150)	(48%)
Promotions and Complementary	460,000	561,660	(101,660)	(22%)

However, the approval for the over-expenditure was not provided for audit review and the source of the surplus funds were not disclosed.

In the circumstances, the legality of the excess expenditure of Kshs.2,810,945 could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective

Basis for Conclusion

1. Governance

1.1 Excess Board Meetings Without Approval

The statement of financial performance reflects board expenses of Kshs.10,993,632 as disclosed in Note 11 to the financial statements. According to the corporate governance statement in the annual report and the financial statements, the Board convened thirteen (13) full board meetings and eight (8) human resource and administration committee meetings during the year under review. This exceeds the maximum allowable number of six (6) meetings as stipulated in circular from Head of Public Service REF: OP/CAB.9/1A dated 11 March, 2020, which provides guidance on the number of sittings boards are permitted to hold per financial year unless prior approval is obtained from the Cabinet Secretary. During the audit, only one approval letter from the Cabinet Secretary authorizing a special full board meeting was provided for verification.

In the circumstances, the overall governance of the board could not be confirmed.

1.2 Board Meetings Without Minutes

The statement of financial performance reflects board expenses of Kshs.10,993,632 as disclosed in Note 11 to the financial statements. However, the Board did not have full Board and committee meeting minutes for the meetings as tabulated below, contrary to annexure I-E (8) of Mwongozo guidelines.

No.	Board / Committee	Number of Meetings Held	Number of Minutes Provided	Meeting Without Minutes
1	Full Board	13	8	5
2	Human Resource and Administration Committee	8	3	5
3	Strategy and Monitoring Committee	4	2	2
4	Finance Committee	5	2	3

In the circumstances, the effectiveness of internal control system on Board governance could not be confirmed.

2. Failure to Pay Retention Fees

Contract KYEB/POC/CONTR/0018/2022-2023 for proposed office partitioning at 4th floor NHIF building for the Board commenced on 4 August, 2022 and it was completed and handed over on 14 October, 2022. It was, however, noted that the Board had not paid Kshs.1,606,039 due to the contractor contrary to Clause 14.9 on payment of retention money. Further, there was no retention register to enable confirmation of the current status of retention fees held by the Board.

In the circumstances, the effectiveness of internal control system on the management of retention fees could not be confirmed.

3. Discrepancies in Quantities of Goods Ordered, Invoiced and Delivered

The statement of financial position reflects property, plant and equipment balance of Kshs.37,435,542 out of which an amount of Kshs.1,083,853 relates to computers and accessories as disclosed in Note 18 to the financial statements. Included in this balance, is an amount of Kshs.1,020,000 paid to a supplier for supply and delivery of laptop computers and accessories. However, the quantity supplied as per Local Purchase Orders and invoices differed with quantity delivered as tabulated below;

No.	Item Procured	Quantity as Per Local Purchase Order	Quantity Invoiced	Quantity Delivered
1	Branded New Battery Charger	7	7	2
2	4-Way Port Extension Cables	8	8	4
3	KVA 3 User Standard	0	2	2

Further, it was observed that the inspection and acceptance committee did not indicate the quantities of the goods received upon inspection.

In the circumstances, the effectiveness of the internal controls on receipt of goods from suppliers could or not be confirmed.

4. Weakness in Management of Long Outstanding Receivables

The statement of financial position and as disclosed in Note 16(b) to the financial statements reflects a balance of Kshs.51,626,745 as receivables from exchange transactions. However, it was noted that out of this balance, an amount of Kshs.15,959,345 had been outstanding for more than two (2) years.

In the circumstances, the effectiveness of internal controls on debt management could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern applicable basis of accounting unless Management is aware of intention to cease operations.

Management is also responsible 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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them and that public money is applied in an effective way.

The Board of Directors is responsible for overseeing the Board's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I 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 authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's 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.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 October, 2025

Appendix I: Unresolved Prior Year Audit Issues

No.	Observation
	Report on Financial Statements
	Unsupported Expenditure on Use of Goods and Services
	Report on Lawfulness and Effectiveness in Use of Public Resources
	Non - Approved Bank Accounts
	Report on Effectiveness of Internal Controls, Risk Management and Governance
1	Unpresented Cheques
2	Long outstanding Receivables