



REPUBLIC OF KENYA

PARLIAMENT

NATIONAL ASSEMBLY BILLS
(No. 4 of 2024)

THE PUBLIC AUDIT (AMENDMENT) BILL, 2024

(A Bill published in the Kenya *Gazette* Supplement No. 28 of 2nd February, 2024 and passed by the National Assembly, with amendments, on 11th March, 2025)

N.A. /B/No. 4/2024

THE PUBLIC AUDIT (AMENDMENT) BILL, 2025

**AN ACT of Parliament to amend the Public Audit Act,
2015 and for connected purposes**

ENACTED by Parliament of Kenya, as follows—

1. This Act may be cited as the Public Audit (Amendment) Act, 2025. Short title.

2. The Public Audit Act, 2015 (hereinafter referred to as the “principal Act”) is amended in section 2— Amendment of
section 2 of Cap.
412B.

(a) in paragraph (a), in the definition of the words “accounting officer”, by deleting the expression “16(1)(b)” and substituting therefor the expression “4(2A)”.

(b) by deleting the definition of “Auditor-General” and substituting therefor the following new definition—

“Auditor-General” means the Auditor-General appointed in accordance with Article 229 of the Constitution;

(c) by deleting the definition of “effectiveness” and substituting therefor the following new definition—

“effectiveness” means the extent to which a programme attained, or is expected to attain, its objectives, efficiency in a sustainable manner;

(d) by deleting the definition of “lawful” and substituting therefor the following new definition—

“lawful” includes compliance with relevant laws, regulations, policies and guidelines;

(e) by deleting the definition of “office”;

(f) by deleting the definition of “public entity” and substituting therefor the following new definition—

“public entity” includes any state organ, department or agency of the government and any authority, body, or other entity declared to be a government entity under the Public Finance Management Act, 2012 and any other public entity entrusted with public resources; Cap. 412A.

(g) by deleting the definition of “public funds”;

(h) by inserting the following new definitions in their proper alphabetical sequence—

“Audit” means an objective and systematic assessment or evaluation of financial and other information reported by or obtained from public entities, to determine whether information or actual conditions on the performance of the public entities conform to established criteria;

“disallowable expenditure” means wasteful, irregular, unauthorized and nugatory expenditure;

“economy” means minimizing the cost of resources used or required to achieve priority objectives;

“efficiency” means a measure of how economically resources or inputs including fund, expertise and time are converted to results;

“grant” has the meaning assigned to it under section 47 of the Public Finance Management Act, 2012;

Cap. 412A.

“irregular expenditure” has the meaning assigned to it under the Public Finance Management Act, 2012;

Cap. 412A.

“Office of the Auditor-General” means the independent office of the Auditor-General incorporated in accordance with Article 253 of the Constitution;

“public money” means—

(a) all money that comes into possession of, or is distributed by, a State organ including the national or county governments and intergovernmental entities and money raised by a private body under statutory authority;

(b) money held by State organ or public entities in trust for third parties and any money that can generate liability for the government; and

(c) any grant disbursed by government to third parties or non-public entities to pursue a government policy objective;

“public resources” includes land, buildings, facilities, funds, equipment, supplies and inventories, human resource, state compensated time and intangible property received or entrusted to an entity on behalf of the public; and

“unauthorized expenditure” has the meaning assigned to it under the Public Finance Management Act, 2012.

Cap. 412A.

3. Section 4 of the principal Act is amended by deleting subsection (2) and substituting therefor the following new subsection—

Amendment of
section 4 of Cap.
412B.

“(2) The Office shall comprise the Auditor-General, who shall be the accounting officer, and the staff appointed by the Auditor-General.”

4. Section 5 of the principal Act is amended—

Amendment of
section 5 of Cap.
412B.

(a) by deleting the expression (1); and

(b) by deleting paragraph (e) and substituting therefor the following new paragraph—

“(e) is a practicing member of good standing of a professional body of accountants recognized by the Accountants Act.”

5. Section 7 of the principal Act is amended in subsection (1) by inserting the following new paragraph immediately after paragraph (c) —

Amendment of
section 7 of Cap.
412B.

(ca) satisfy himself or herself that public resources have been applied or used in an economic, efficient, effective, transparent and sustainable manner;

6. The principal Act is amended by repealing section 8 of the Act and substituting therefor the following new section—

Repeal and
substitution of
section 8 of Cap.
412B.

Administrative
functions of the
Auditor-General.

8. (1) In addition to the powers and functions conferred under the Constitution, this Act and other relevant law, the Auditor-General shall—

(a) develop an organizational structure and staff establishment for the Office of the Auditor-General;

(b) recruit and promote qualified and competent staff to perform the Office's functions;

(c) establish and abolish offices in the Office of the Auditor-General;

- (d) appoint persons to hold or act in those offices and to confirm appointments;
- (e) exercise disciplinary control over staff;
- (f) develop human resource of the office;
- (g) conduct and prepare audits on human resource in the public service;
- (h) determine, in consultation with Salaries and Remuneration Commission, the remuneration and benefits of each member of staff; and
- (i) develop and maintain a code of ethics issued by the International Organization of Supreme Audit Institutions and in accordance with the Code of Conduct as envisaged in the Public Officer Ethics Act, 2003 and guided by the international best practice.

Cap. 185B.

(2) In performance of administrative functions provided for under sub-section (1), the Auditor-General may, where he or she deems fit, seek advice of the Audit Advisory Board established under section 25 of this Act and shall be guided by Article 47 (1) and (2) of the Constitution.

7. The principal Act is amended by inserting the following new sections immediately after section 8 —

Public Service
Human Resource
Audit Directorate.

8A. (1) There is established a directorate in the office of the Auditor-General to be known as the Public Service Human Resource Audit Directorate.

(2) The Head of the Public Service Human Resource Audit Directorate shall be

Insertion of new
sections in Cap.
412B.

competitively recruited and appointed by the Auditor-General.

Functions of the
Public Service
Human Resource
Audit Directorate.

8B. The Public Service Human Resource Audit Directorate shall be responsible for conducting and preparing audits on human resource in the public service.

8. Section 9 of the principal Act is amended in subsection (1) by deleting the words “telephone access” in paragraph (g) and substituting therefor the words “communication connectivity”.

Amendment of
section 9 of Cap.
412B.

9. Section 11 of the principal Act is amended—

Amendment of
section 11 of Cap.
412B.

(a) by deleting subsection (1) and substituting therefor the following new subsection—

(1) The position of the Auditor-General shall become vacant—

(a) upon expiry of the Auditor-General’s term of office;

(b) if the Auditor-General dies;

(c) where, by a notice in writing addressed to the President, the Auditor-General resigns from office; or

(d) if the Auditor-General is removed from office under any of the circumstances specified in Article 251 or Chapter Six of the Constitution.

(b) by inserting the following new subsection immediately subsection (1) —

“(1A) Where the term of office of the Auditor-General is due to expire, the Auditor-General shall notify the appointing authority in writing of the contemplated vacancy, three months prior to expiry of the term.”

(c) in subsection (2), by deleting the expression “subsection (1)” and substituting therefor the words “subsection (1)(b),(c) and (d) or upon notification under subsection (1A)”.

(d) in subsection (11), by inserting the following proviso—

Provided that where the appointment is to be done upon expiry of the Auditor-General's term, such appointment shall strictly be done as such.

10. The principal Act is amended by repealing section 12.

Repeal of section 12 of Cap. 412B.

11. The principal Act is amended by repealing section 14 and substituting therefor the following new section—

Repeal and substitution of section 14 of Cap. 412B.

Organizational structure.

14. (1) The Office of the Auditor-General shall develop an appropriate organizational structure.

(2) For the purposes of sub-section (1), the Auditor-General may seek advice of the Audit Advisory Board.

12. Section 15 of the principal Act is amended by deleting subsection (1) and substituting therefor the following new subsection—

Amendment of section 15 of Cap. 412B.

“(1) There shall be a Senior Deputy Auditor-General who shall be competitively recruited by the Auditor-General”.

13. Section 16 of the principal Act is amended in subsection (1)—

Amendment of section 16 of Cap. 412B.

(a) by deleting the opening statement and substituting therefor the following—

“(1) The Senior Deputy Auditor-General shall be the principal assistant to the Auditor-General and—”

(b) by deleting paragraph (a) and substituting therefor the following new paragraph—

“(a) shall deputize the Auditor-General in the execution of the Auditor-General's function save for the express powers provided under the Constitution.”

(c) by deleting paragraph (b).

14. Section 17 of the principal Act is amended—

Amendment of
section 17 of Cap.
412B.

- (a) by deleting subsection (1) and substituting therefor the following new subsection—

(1) The Auditor-General may recruit such staff as may be necessary for proper discharge of his or her functions under the Constitution, this Act and any other written law, upon such terms and conditions as he or she may determine in consultation with the Salaries and Remuneration Commission.

- (b) by deleting subsection (4) and substituting therefor the following new subsection—

(4) The recruitment of staff under this section shall take cognizance of affirmative action and shall comply with the values and principles contemplated in Articles 10 and 232 of the Constitution.

15. The principal Act is amended by repealing section

Repeal of section
18 of Cap. 412B.

18.

16. Section 19 of the principal Act is amended by deleting subsection (3).

Amendment of
section 19 of Cap.
412B.

17. Section 20 of the principal Act is amended—

Amendment of
section 20 of Cap.
412B.

- (a) in subsection (2), by inserting the words “with a copy to the National Assembly” immediately after the word “finance”; and

- (b) by adding the following new subsection immediately after subsection (3) —

(4) If the expenditures provided under sub-section (3) of this section are, in the opinion of the Auditor-General, insufficient to allow the Office of the Auditor-General to properly carry out its mandate, the Auditor-General shall submit to the Speaker of the National Assembly and the Senate a special report to be presented to the Committee responsible for matters related to budget and appropriation.

18. Section 21 of the principal Act is amended—

Amendment of
section 21 of Cap.
412B.

- (a) in subsection (1) —

(i) in the opening statement, by deleting the words “a public body or any person employed by the public body” and substituting therefor the words “any entity or any person receiving or being funded from public funds”;

(ii) in paragraph (a), by deleting the word “body’s” and substituting therefor the word “entity’s”;
and

(b) by deleting subsection (3) and substituting therefor the following new subsection—

(3) Where the information required is from a private entity or person, the Auditor-General may apply to the courts to obtain such information.

19. Section 23 of the principal Act is amended by inserting the words “competitively” immediately after the words “the Auditor-General may”.

Amendment of
section 23 of Cap.
412B.

20. Section 24 of the principal Act is amended—

Amendment of
section 24 of Cap.
412B.

(a) in the marginal note, by deleting the words “professional assistance and consultancy” and substituting therefor the words “Use of experts”;

(b) by deleting subsection (2) and substituting therefor the following new subsection—

(2) The engagement of services under sub-section (1) shall be for purposes of ensuring economy, efficiency and effectiveness in the management of public resources.

21. The principal Act is amended by repealing section 25 and substituting therefor the following new section—

Repeal and
substitution of
section 25 of Cap.
412B.

Establishment and
composition of the
Audit Advisory
Board.

25. (1) There is established an unincorporated board to be known as the Audit Advisory Board which shall comprise of—

(a) the Auditor-General who shall be the Chairperson;

(b) the Attorney-General or a person nominated by him or her;

- (c) a nominee of the Institute of Certified Public Accountants of Kenya;
- (d) a nominee of the Institute of Human Resource Management; and
- (e) a nominee of the Institute of Internal Auditors of Kenya.

(2) The Auditor-General may co-opt other members as necessary from time to time.

(3) The Senior Deputy Auditor-General shall be the Secretary of the Audit Advisory Board.

(4) A person shall be qualified to be nominated under subsection (1)(c) and appointed by the Auditor-General if such person

- (a) has a degree from a university recognized in Kenya;
- (b) has a minimum of fifteen years' experience in matters relating to public finance, audit, accounts, law, governance or public management; and
- (c) meets the requirements of Chapter Six of the Constitution.

(5) The nomination and appointment of a member under subsection (1)(c) shall take into consideration affirmative action.

(6) A member of the Audit Advisory Board nominated under subsection(1)(c) shall hold office for a term not exceeding three years from the date of appointment and may be eligible for reappointment for a further one term of three years.

(7) The Auditor-General shall provide secretariat services to the Board and assign or appoint such support staff as may be

necessary for the Board to effectively perform its functions.

22. The principal Act is amended by repealing section 26 and substituting therefor the following new section—

Meetings and
procedure of the
Audit Advisory
Board.

26. (1) The quorum for the meeting of the Audit Advisory Board shall be at least three members of the Board.

(2) The Chairperson shall convene and preside over meetings of the Board.

(3) The proceedings of the Audit Advisory Board shall not be invalidated by reason of a vacancy among the members.

23. The principal Act is amended by repealing section 27 and substituting therefor the following new section—

Functions of the
Audit Advisory Board

27. Subject to section 10 of this Act and upon approval by the Auditor-General, the Audit Advisory Board shall generally be responsible for providing advisory on—

- (a) budget plans and estimates;
- (b) human resource management, strategic planning and development; and
- (c) any other matter that might be referred to the Board by the Auditor-General.

24. The principal Act is amended by repealing section 31 and substituting therefor the following new section—

Audit process steps.

31. (1) The audit process shall be as follows—

- (a) for all audits or investigations, the Auditor-General shall inform the accounting officer of an entity to be audited or investigated before commencement of the audit;
- (b) at the beginning of an audit of a State Organ or public entity, an entry

Repeal and
substitution of
section 26 of Cap.
412B.

Repeal and
substitution of
section 27 of Cap.
412B.

Repeal and
substitution of
section 31 of Cap.
412B.

meeting shall be held to deliberate on the scope of audit between the Auditor-General and accounting officer; and

- (c) the Auditor-General shall prepare and issue a report to Parliament and the relevant County Assembly.

(2) The Accounting Officer shall within fourteen days from receipt of any audit report submit a response to the Auditor-General including remedial actions undertaken to address audit findings.

(3) Where an accounting officer fails to address issues raised by the Auditor-General to the satisfaction of the Auditor-General, the accounting officer is liable to disciplinary action in accordance with—

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- (a) the terms and conditions of that accounting officer's appointment or employment; or

- (b) any provisions prescribed by this Act and any other Act or Regulations made thereunder for the purposes of this section.

32. 25. The principal Act is amended by repealing section

Repeal of section 32 of Cap. 412B.

26. Section 33 of the principal Act is amended—

Amendment of section 33 of Cap. 412B.

- (a) by deleting subsection (1) and substituting therefor the following new subsection—

(1) Reports by an internal auditor which have been deliberated on and adopted by an Audit Committee of an entity shall be submitted by the accounting officer to the Auditor-General.

- (b) in subsection (2), by inserting the expression “and (5)” immediately after expression “Article 229(4)”.

27. Section 34 of the principal Act is amended—

Amendment of section 34 of Cap. 412B.

- (a) in the marginal note, by deleting the word “periodic” and substituting therefor the word “special”; and
- (b) by deleting the word “periodic” and substituting therefor the word “special”.

28. Section 35 of the principal Act is amended by deleting the words “public entities” and substituting therefor the words “entities funded and receiving public funds”.

Amendment of section 35 of Cap. 412B.

29. Section 36 of the principal Act is amended—

Amendment of section 36 of Cap. 412B.

- (a) in subsection (1) —
 - (i) by inserting the words “among others” immediately after the word “examine”; and
 - (ii) by deleting the words “public money” and substituting therefor the words “public resources”;
- (b) in subsection (2), by deleting the words “within six months” and substituting therefor the words “at any time”.

30. The principal Act is amended by repealing section 37 and substituting therefor the following new section—

Repeal and substitution of section 37 of Cap. 412B.

Forensic Audits.

37. The Auditor-General may, on his or her initiative or upon request, conduct forensic or investigative audits to establish any fraud, corruption, financial improprieties or misuse of public resources.

31. Section 38 of the principal Act is amended by inserting the words “economically, efficiently and” immediately after the word “lawfully and in”.

Amendment of section 38 of Cap. 412B.

32. The principal Act is amended by inserting the following new sections immediately after section 38—

Insertion of new sections in Cap. 412B.

Citizen accountability audits.

38A. The Auditor-General may conduct periodic citizen accountability audits upon request, or at her or his own initiative, to ensure public contribution or participation in the audit process pursuant to Article 10 and 201 of the Constitution.

Compliance audits.

38B. The Auditor-General may conduct compliance audits to examine whether a public entity has complied with relevant laws, regulations and policies in the management of public resources.

Any other audit.

38C. The Auditor-General may conduct any other audit that he or she may deem necessary for better carrying out of his or her functions under this Act.

33. Section 39 of the principal Act is amended—

Amendment of
section 39 of Cap.
412B.

- (a) by inserting the following new subsections immediately after subsection (3) —

“(4) Where an audit report has been submitted to Parliament or the relevant County Assembly, the ~~Speakers of Parliament or relevant County~~ Assembly shall invite the Auditor-General to present the report before Parliament or relevant County Assembly.

(5) Within one month after Parliament or a County Assembly has debated and considered the report of the Auditor-General and made recommendations, a State Organ or a public entity that had been audited shall, as a preliminary step, submit a report to Parliament or the relevant County Assembly with a copy to the Auditor-General on how it has addressed the recommendations.

(6) Within six months after Parliament or a relevant County Assembly has made recommendations, the State Organ or public entity that had been audited shall submit a report to Parliament or the relevant County Assembly with a copy to the Auditor-General on how it has addressed the recommendations of the previous year's audit.”

34. The principal Act is amended by repealing section 40.

Repeal of section
40 of Cap. 412B.

The Public Audit (Amendment) Bill, 2025

35. Section 41 of the principal Act is amended in subsection (1) by deleting the word “assets” in paragraph (b) and substituting therefor the words “rental income”. Amendment of section 41 of Cap. 412B.
36. The principal Act is amended by repealing section 42. Repeal of section 42 of Cap. 412B.
37. The principal Act is amended by inserting the following new section immediately after section 41— Insertion of new section in Cap. 412B.
- Establishment of Public Audit Fund. 41A. (1) There is established a Fund to be known as the Public Audit Fund.
- Cap. 412A. (2) The administration of the Public Audit Fund shall be in accordance with the Public Finance Management Act, 2012.
- (3) The Auditor-General shall use the Fund to meet the expenditure of the audit mandate as provided in the Constitution and this Act.
38. Section 44 of the principal Act is amended in subsection (1) by deleting the expression “section 41” and substituting therefor the expression “section 43”. Amendment of section 44 of Cap. 412B.
39. Section 45 of the principal Act is amended by deleting subsection (3) and substituting therefor the following new subsection— Amendment of section 45 of Cap. 412B.
- (3) Within seven days upon submitting the report to Parliament, the Auditor-General shall publish and publicize the report on the official website or other public spaces.
40. Section 46 of the principal Act is amended— Amendment of section 46 of Cap. 412B.
- (a) by deleting the word “accounts” and substituting therefor the words “financial statements”; and
- (b) by deleting the word “annual” and substituting therefor the word “audit”.
41. Section 48 of the principal Act is amended in subsection (2) by deleting the words “from the public funds” and substituting therefor the words “or entrusted with public resources”. Amendment of section 48 of Cap. 412B.
42. Section 49 of the principal Act is amended— Amendment of section 49 of Cap. 412B.

- (a) by deleting subsection (3) and substituting therefor the following new subsection—

(3) Within seven days of submitting the report, the Auditor-General shall publish and publicize the report on the official website or other public spaces.

- (b) by deleting subsection (4), and substituting therefor the following new subsection—

(4) Within three months following the expiry of the seven days referred to under subsection (2), Parliament or the relevant county assembly shall discuss and issue recommendations on the report.

50. 43. The principal Act is amended by repealing section 50 of Cap. 412B.

51. 44. The principal Act is amended by repealing section 51 of Cap. 412B.

45. Section 54 of the principal Act is amended by deleting the words “in his audit report” and substituting therefor the words “prepare a report”.
Amendment of section 54 of Cap. 412B.

46. Section 58 of the principal Act is amended—
Amendment of section 58 of Cap. 412B.

- (a) in subsection (1), by deleting the word “officer” and substituting therefor the word “staff” ; and

- (b) in subsection (2) —

(i) by deleting the words “an officer” and substituting therefor the words “a staff”; and

(ii) by deleting the words “auditee” and substituting therefor the words “audited entity”.

47. Section 59 of the principal Act is amended by deleting subsection (1) and substituting therefor the following new subsection—
Amendment of section 59 of Cap. 412B.

(1) A staff of the Office of the Auditor-General who has an interest in a matter under consideration by the audited entity shall disclose in writing, the nature of that interest and shall not participate in any auditing exercise relating to that entity.

48. Section 61 of the principal Act is amended in subsection (1) by deleting the word “officer” wherever it appears and substituting therefor the word “staff”.

Amendment of section 61 of Cap. 412B.

49. The principal Act is amended by repealing section 64 and substituting therefor the following new section—

Repeal and substitution of section 64 of Cap. 412B.

Powers to engage other agencies.

64(1) Where the Auditor-General establishes that any person, supplier, company or audited entity has been involved in fraud or corrupt practice, the Auditor-General may collaborate with other investigative, enforcement, regulatory and oversight agencies including the National Police Service, Ethics and Anti-Corruption Commission, Office of the Director of Public Prosecution and Public Procurement Administrative Review Board and the National Treasury for their action.

(2) Where the Auditor-General refers a matter to the Public Procurement Administrative Review Board, the Auditor-General may make recommendations for debarment from future public procurement and asset disposal proceedings of a State organ or public entity with a copy to the relevant accounting officer.

50. The principal Act is amended by repealing section 67 and substituting therefor the following new section—

Repeal and substitution of section 67 of Cap. 412B.

Disallowable expenditure and uncollected revenue.

67. Where the Auditor-General becomes aware of—

- (a) any payment made without due authority; or
- (b) any deficiency or loss occasioned by negligence or misconduct; or
- (c) any sum which ought to have been collected, but was not,

he or she shall make a report on the disallowable expenditure and uncollected revenue to Parliament and the relevant County Assembly.

51. Section 68 of the principal Act is amended by deleting the words “Cabinet Secretary responsible for matters relating to finance” and substituting therefor the words “Auditor-General”.

Amendment of
section 68 of
Cap. 412B.

52. Section 72 of the principal Act is amended by inserting the words “subject to section 6 of the Access to Information Act, 2016” at the beginning of the sentence.

Amendment of
section 72 of
Cap. 412B..
Cap. 7M.

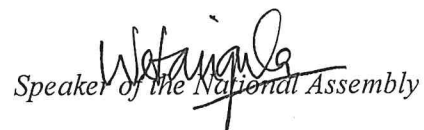
The Public Audit (Amendment) Bill, 2025

I certify that this printed impression is a true copy of the Bill passed by the National Assembly on the 11th March, 2025



Clerk of the National Assembly

Endorsed for presentation to the Senate in accordance with the provisions of Standing Order 142 of the National Assembly Standing Orders



Speaker of the National Assembly

