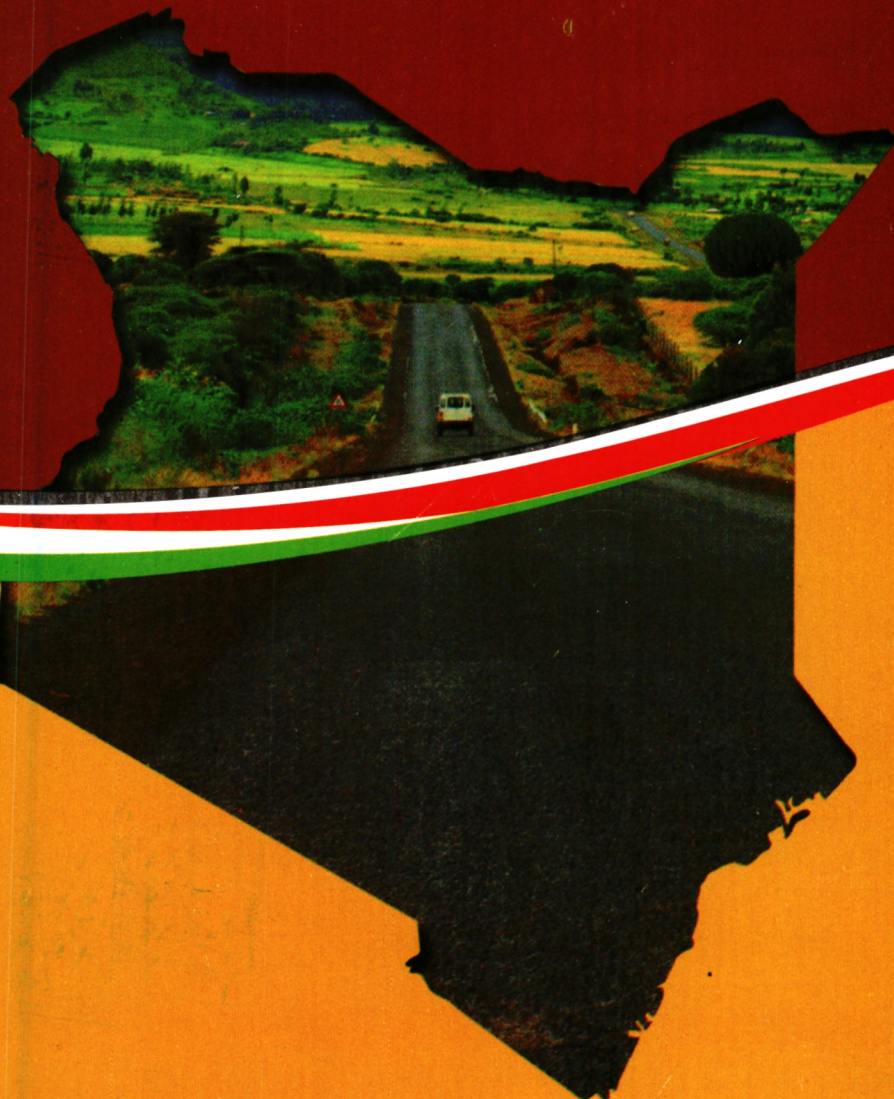




**TRANSITION AUTHORITY**  
**Report & Financial Statements**  
**for the year Ended 30th June 2014**





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TRANSITION AUTHORITY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014

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Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)



**Transition Authority  
Reports and Financial Statements  
For the year ended June 30, 2014**

<b>TABLE OF CONTENT PAGE</b>	<b>PAGE</b>
i) KEY ENTITY INFORMATION AND MANAGEMENT .....	i
ii) FORWARD BY THE CHIEF EXECUTIVE OFFICER .....	vi
iii) STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITY .....	viii
Report of the Auditor General	
iv) STATEMENT OF RECEIPTS AND PAYMENTS .....	1
v) STATEMENT OF ASSETS .....	2
vi) STATEMENT OF CASHFLOW .....	3
vii) SUMMARY STATEMENT OF APPRO RECURRENT AND DEV COMBINED .....	4
viii) SUMMARY STATEMENT OF APPROPRIATION: RECURRENT .....	5
ix) SIGNIFICANT ACCOUNTING POLICIES .....	6



## Transition Authority Reports and Financial Statements For the year ended June 30, 2014

### 1. KEY ENTITY INFORMATION AND MANAGEMENT

#### Background Information

The Transition Authority was established through an Act of Parliament, the Transition to Devolved Government Act (TDGA), 2012. With a mandate of facilitating and coordinating the devolution process from the National to the county Governments. Transition Authority members are responsible for the general policy and strategic direction of the Authority.

#### Vision Statement

‘A seamless transition for better devolved services’

#### Mission Statement

‘To facilitate and coordinate the process of transition to devolved system of Government in Kenya’

#### Mandate and Core Function

The Transition Authority's core mandate is to **“facilitate the realization of a Devolved System of Government through effective and efficient coordination of the transition process”**.

The following core values are espoused by the Authority in delivery of its mandate:

#### Core Values

##### a) Professionalism

The TA is committed to professionalism in all its endeavors and has developed a Code of Ethics. A key component of the agreed upon code is performance standards which will continuously be evaluated and will form the basis of annual performance reviews.

##### b) Independence and Impartiality

The Authority executes its mandate independently, impartially and in full compliance with the Constitution and all the laws of the Republic of Kenya. It does these through extensive and exhaustive consultation with relevant stakeholders to reach consensus.

##### c) Accountability

The TA is a result oriented organization that emphasizes efficiency and financial probity in service delivery.

##### d) Equality, Equity, and Inclusion

The TA integrates equity, diversity and inclusion in its operations. To this regard, the rights of the youths, women and marginalized continue to inform both policy and decisions taken by TA.



### **e) Co-operation**

The Authority embraces cooperation with all the stakeholders for effective and efficient delivery of services at devolved level.

### **Key Management**

The Transition Authority's day-to-day management is under the following key organs:

- Chairman
- Members
- Chief Executive Officer/ Secretary
- Directors
- Heads of Departments

### **Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Designation</b>
1.	Accounting Officer	Stephen K. Makori
2.	Chief Accountant	Edith Kanini Nzioki

### **Fiduciary Oversight Arrangements**

#### **1. FINANCE AND ADMINISTRATION COMMITTEE**

Deals with day to day operations on internal financial and administrative issues while ensuring that programmes and activities are implemented as planned and that they are within the budget

#### **2. AUDIT COMMITTEE**

This is an internal oversight committee responsible for systems and expenditure review and advises management on necessary internal controls aimed at securing and safeguarding the assets of the organization



## OVERVIEW

The Transition Authority (TA) is a statutory body with the mandate of facilitating and coordinating the transition to the devolved system of government as provided for under section 15 of the Sixth Schedule of the Constitution of Kenya 2010. The Authority is established under the Transition to Devolved Government Act (TDGA), 2012, and is expected to execute its mandate within three years following the first General Election held on March 4, 2013.

The transition to a devolved system of government was set in motion following the swearing in of a team to spearhead devolution on July 3, 2012. The team comprises of the chairman and eight other full time members who were appointed by the President, in consultation with the Prime Minister and following approval by the National Assembly as provided for in the First Schedule to the Transition to Devolved Government Act, 2012. Listed here below are the Transition Authority members

### a) Full-time members

- i) Mr. Kinuthia Wamwangi EBS – Chairman
- ii) Mrs. Angeline Awino Hongo MBS - Vice Chairperson
- iii) Ms. Safia Abdi
- iv) Mrs Mary Mwangeli Ndeto, HSC
- v) Mrs. Jacqueline Akhalemesi Mogeni
- vi) Mr. Erectus B. I. Nyaga Rweria MBS
- vii) Mr. Simeon Pkatey Pkiyach
- viii) Mr. Bakari Garise Omara
- ix) Dr. Dabar Abdi Maalim

### b. Members

1. The Principal Secretary, Office of the President and Secretary to Cabinet.
2. The Principal Secretary in the State department responsible for matters relating to devolution.
3. The Principal Secretary in the State department responsible for finance.
4. The Principal Secretary in the State department responsible for planning.
- 5.6. The Attorney-General who shall be an ex-officio member with no right to vote.
7. The secretary appointed under Section 9 of the Transition to Devolved Government Act, 2012.  
who shall be an ex-officio member with no right to vote.

The members of the Authority listed in (b) above. apart from the secretary, may designate an officer from their respective State department to represent them.

Since the Authority's inception in July 2012, the Authority has accomplished various tasks in fulfillment of its mandate. The tasks continue being implemented in consultation and partnerships with the National Assembly, the Senate, County Governments, Government Ministries, Departments and Agencies (MDAs), the Constitutional and Independent offices, including Commission on Implementation of the Constitution (CIC), Commission on Revenue Allocation (CRA), Office of Auditor General, Office of Controller of Budget; development partners and Non- State Actors among others

Section 14 (b) of the Transition to Devolved Government Act, 2012 provides that in the performance of its functions or the exercise of the powers conferred by this Act, the Authority shall be accountable to the people of Kenya and ensure their participation in the transition process. This has been achieved through consultative engagements with members of the public and stakeholders at large through print and mass media, workshops and forums.

#### **(a) Headquarters**

EXTELCOMS House  
2<sup>ND</sup>, 5TH & 8<sup>TH</sup> Floor.  
HAILESELASIE Avenue  
Nairobi, KENYA

##### **Contacts**

TRANSITION AUTHORITY  
P. O. Box 10736-00100  
NAIROBI.  
Telephone: (+254-0710287080  
Landline: 020-2224291/3/4  
E-mail: info@transitionauthority.go.ke  
Website: www.transautbority.go.ke

#### **(b) Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P. O. Box 60000  
City Square 00200 Nairobi, Kenya

#### **(e) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

#### **(4) Principal Legal Adviser**

The Attorney General  
State Law Office  
Hararnbee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya



## BOARD MEMBERS



**Kinuthia Wamwangi, EBS  
Chairman**



**Angeline Hongo, MBS  
Vice Chairperson**



**Erustus Rweria, MBS  
Member**



**Dr. Dabar Abdi Maalim  
Member**



**Simeon Pkiyach  
Member**



**Mary Ndeto, HSC  
Member**



**Jacqueline Mogeni  
Member**



**Bakari Omara  
Member**



**Safia Abdi  
Member**



**Stephen Makori  
Secretary/CEO**



## **II) FORWARD BY THE CHIEF EXECUTIVE OFFICER**

It gives me great pleasure to present the 2013/2014 Transition Authority (TA) Financial Report. The Authority was established following a landmark report by The Taskforce on Devolution. Upon the establishment of the Transition Authority, the members were charged with the responsibility of 'facilitating the realization of a devolved system of government through effective coordination of the transition process".

The period under review (July 2013-June 2014) has been both challenging and productive for the Authority. This Annual Report summarizes the efforts made and results achieved by the Authority in carrying out its mandate, which was done against a backdrop of numerous new developments, and in the context of a rapidly evolving transition to a devolved system in Kenya

This Financial report provides not only a short historical overview of the financial year 2013/2014 but also sets out the key activities undertaken by the Authority in the process of transiting the nation to a devolved system of government. The progress reported here is therefore, a culmination of the efforts of many individuals and stakeholders who provided their knowledge, expertise and capacity to ensure that the Authority delivers on its mandate

During the 2013/2014 Financial Year, TA's Approved recurrent budget amounted to Kshs. 659,750,000. Under the same period, total expenditure was Kshs 659,732,296 leaving a balance of Kshs. 17,704. This expenditure represents an absorption rate of 99.9%

We at TA are committed to ensuring that the Authority continues to undertake its mandate. We therefore intend to be even more engaged and visible to the citizens of Kenya and other key stakeholders during the months to come

### **KEY ACHIEVEMENTS**

The 2013/2014 Financial Year was generally a successful one for the Transition Authority. Our success has been achieved by focusing intensively on embracing and managing devolution as it rapidly unfolds in Kenya.

The Authority continued to collaborate closely with the Commission for the Implementation of the Constitution (CIC) and the Commission on Revenue Allocation (CRA), Office of the Auditor General Ministry of Devolution and Planning, County Governments and other Government Ministries, Departments and Agencies (MDAs) to ensure a smooth transition to the devolved system.

On the whole, the transition to a devolved system of government has been well received and accepted by the general public in Kenya. Of note were the guidelines developed for the secondment of public officers to the County governments which were gazetted on 7<sup>th</sup> February 2014 and shared with the county governments. These guidelines provide a mechanism to be used in transferring the services or seconded officers to the county governments. They will also safeguard the terms and conditions of service of the seconded staff and ensure the human resource component is effectively managed during the transition period.



**Transition Authority  
Reports and Financial Statements  
For the year ended June 30, 2014**

TA also in conjunction with other stakeholders formed the joint Capacity Assessment and Rationalization of Public Service (CARPS) programme in accordance with the provisions of Section 7(2)(i) of the Transition to Devolved Government Act 2012 which requires TA to carry out an audit of all existing human resource.

The Authority continued to engage other stakeholders in audit and verification of public assets and liabilities especially the office of the auditor general, CRA and the state department on Devolution. Ultimately, a zero draft report on management, transfer and audit of public assets and liabilities has been prepared and validation processes expected to be completed by 31<sup>st</sup> December 2014.

Other notable achievements over the period include the costing and transfer of delayed functions. The Authority therefore continued with consultations and provision of guidance with various stakeholders on

- Continued inventory and audit of assets and liabilities
- Preparation and dissemination of human resource audit report
- Provision of advisories on legal issues related to transition e.g Assets and Liabilities, Human Resource, Analysis and Costing of Functions, Planning and Budgeting
- Unbundled and transferred functions to counties as per schedule four of Constitution of Kenya 2010.
- Further unbundling and costing of functions
- Preparation and facilitation of the transition implementation plans (TIPS) by MDAs and County Governments
- Rationalization and deployment of staff framework
- Preparation of guidelines on classification of urban areas and cities
- Facilitation and coordination of capacity building programmes
- Facilitation and coordination of civic education
- Assessment and classification of urban areas and cities
- Facilitation on establishment of the County Public Pension Scheme
- Participation in stakeholders meetings

### III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements to be prepared in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Transition Authority is responsible for the preparation and presentation of the 'transition Authority's financial statements, which give a true and fair view of the state of affairs of the Transition Authority for and as at the end of the financial year (2013/2014) ended on June 30,2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Transition Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Transition Authority accepts responsibility for the Authority's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Transition Authorities financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2014, and of the Authority's financial position as at that date. The Accounting Officer in charge of the Transition Authority further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Transition Authority confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable) and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the Transition Authority's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

#### Approval of the financial statements

The entity's financial statements were approved and signed by the Accounting Offices on

.....29<sup>th</sup> Sept.....2014

  
CHIEF EXECUTIVE OFFICER/SECRETARY

  
CHIEF ACCOUNTANT

# REPUBLIC OF KENYA

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**Website:** [www.kenao.go.ke](http://www.kenao.go.ke)



NAIROBI HUB  
P. O. Box 30084 - 00100  
NAIROBI

## KENYA NATIONAL AUDIT OFFICE

### **REPORT OF THE AUDITOR - GENERAL ON TRANSITION AUTHORITY FOR THE YEAR ENDED 30 JUNE 2014**

#### **REPORT ON THE FINANCIAL STATEMENTS**

I have audited the accompanying financial statements of the Transition Authority set out on pages 1 to 12, which comprise the statement of financial assets and liabilities as at 30 June 2014, the statement of receipts and payments, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory Information in accordance with the provision of Article 229 of the Constitution of Kenya and Section 8 of the Public Audit Act 2003. 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.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

The management is also responsible for the submission of the financial statements to the Auditor General in accordance with the provisions of Section 7 of the Public Audit Act 2003.

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

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with provisions of Section 9 of the Public Audit Act 2003. The audit was conducted in accordance with International Standards on Auditing (ISA). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements.



**Transition Authority  
Reports and Financial Statements  
For the year ended June 30, 2014**

Whether due to fraud or error in making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as at 30 June 2014, its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Public Finance Management Act, 2012.

A handwritten signature in black ink, appearing to read 'E. R. O. Ouko'.

**Edward R. O. Ouko, CBS**

**AUDITOR-GENERAL**

**Nairobi**

**24 February 2015**



**STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2013-2014 Kshs	2012-2013 Kshs
<b>RECEIPTS</b>			
Exchequer releases	1	659,750,000.00	758,000,000.00
Reimbursements and Refunds	2	2,148,330.00	
Other Receipts	3	-	1,231,000.00
<b>TOTAL RECEIPTS</b>		<b>661,898,330.00</b>	<b>759,231,000.00</b>
<b>PAYMENTS</b>			
Compensation of Employeess	4	385,061,493.00	236,847,341.5
Use of goods and services	5	271,995,332.00	333,429,700.45
Other grants and transfers	6	1,146,870.00	981,741.60
Social Security Benefits	7	1,528,600.00	
Acquisition of Assets	8		161345756.00
Other Expenses	9		22,618,584.00
<b>TOTAL PAYMENTS</b>		<b>659,732,295.45</b>	<b>755,223,123.55</b>
<b>SURPLUS/DEFICIT</b>		<b>2,166,034.55</b>	<b>4,00,876.45</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29th Sept 2014 and signed by:

**CHIEF EXECUTIVE OFFICER/SECRETARY**

**CHIEF ACCOUNTANT**



**VI. STATEMENT OF ASSETS**

	Note	2013-2014 Kshs	2012-2013 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
<b>Bank Balances</b>	10A	451,374.30	1,337,036.00
Cash Balances	10B	-	527,962.00
<b>Outstanding Imprests</b>	10C	1,714,659.60	2,142,880.00
<b>TOTAL FINANCIAL ASSETS</b>		<b>2,166,033.90</b>	<b>4,007,878.00</b>
<b>REPRESENTED BY</b>			
<b>Surplus/Deficit for the year</b>		2,166,034.55	4,007,876.00
<b>NET FINANCIAL POSITION</b>		<b>2,166,034.55</b>	<b>4,007,876.00</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29th Sept 2014 and signed by:

  
 \_\_\_\_\_

**CHIEF EXECUTIVE OFFICER/SECRETARY**

  
 \_\_\_\_\_

**CHIEF ACCOUNTANT**



## VII. STATEMENT OF CASHFLOW

### Receipts for operating income

Transfers from National Treasury	1	659,750,000.00	758,000,000.00
Reimbursements and Refunds	2	2,148,330.00	-
Other Revenues	3	-	1,231,000.00

### Payments for operating expenses

Compensation of Employees	4	385,061,493.00	236847341.50
Use of goods and services	5	271,995,332.00	333429700.00
Other grants and transfers	6	1,146,870.00	981,742.00
Social Security Benefits	7	1,528,600.00	-
Other Expenses	9	-	22,618,584.00

### Adjusted for:

Adjustments during the year		-	-
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<b>Net cash flow from operating activities</b>		2,166,035.00	165,353,632.00
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### CASHFLOW FROM INVESTING ACTIVITIES

Acquisition of Assets	8	-	161,345,756.00
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<b>Net cash flow from Investing Activities</b>		-	161,345,756.00
--	--	---	----------------

<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		2,166,035.00	4,007,876.00
---	--	--------------	--------------

<b>Cash and cash equivalent at BEGINNING of the year</b>	10	-	4,007,876.00
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<b>Cash and cash equivalent at END of the year</b>	10	2,166,035.00	4,007,876.00
--	----	--------------	--------------

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29th Sept 2014 and signed by:

CHIEF EXECUTIVE OFFICER/SECRETARY

CHIEF ACCOUNTANT





**SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c = a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfer from National Treasury	659,750,000.00	-	659,750,000.00	659,750,000.00		100%
	659,750,000.00		659,750,000.00	659,750,000.00		100%
<b>PAYMENTS</b>						
Compensation of Employees	385,063,800.00	-	385,063,800.00	385,061,493.10	2,306.90	100%
Use of goods and Services	254,892,200.00	-	254,892,200.00	254,892,200.00	12,370.35	100%
Transfer to other Government Units	1,147,000.00	-	1,147,000.00	1,146,870.00	130.00	100%
Social Security Benefits	1,529,000.00	-	1,529,000.00	1,528,600.00	400.00	100%
Acquisition of Assets	17,118,000.00	-	17,118,000.00	17,115,502.70	2,497.30	100%
<b>TOTALS</b>	<b>659,750,000.00</b>		<b>659,750,000.00</b>	<b>659,732,295.45</b>	<b>17,704.55</b>	<b>100%</b>

The entity financial statements were approved on.....29<sup>th</sup> Sept.....2014 and signed by



**CHIEF EXECUTIVE OFFICER/SECRETARY**



**CHIEF ACCOUNTANT**



**SUMMARY STATEMENT OF APPROPRIATION: RECURRENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c = a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfer from National Treasury	659,750,000.00	-	659,750,000.00	659,750,000.00		100%
	659,750,000.00		659,750,000.00	659,750,000.00		100%
<b>PAYMENTS</b>						
Compensation of Employees	385,063,800.00	-	385,063,800.00	385,061,493.10	2,306.90	100%
Use of goods and Services	254,892,200.00	-	254,892,200.00	254,892,200.00	12,370.35	100%
Transfer to other Government Units	1,147,000.00	-	1,147,000.00	1,146,870.00	130.00	100%
Social Security Benefits	1,529,000.00	-	1,529,000.00	1,528,600.00	400.00	100%
Acquisition of Assets	17,118,000.00	-	17,118,000.00	17,115,502.00	2,497.30	100%
<b>TOTALS</b>	<b>659,750,000.00</b>		<b>659,750,000.00</b>	<b>659,732,295.45</b>	<b>17,704.55</b>	100%

The entity financial statements were approved on.....*29<sup>th</sup> Sept*.....2014 and signed by

**CHIEF EXECUTIVE OFFICER/SECRETARY**

**CHIEF ACCOUNTANT**



## **X. SIGNIFICANT ACCOUNTING POLICIES**

The principle accounting policies adopted in the preparation of these financial statements are set out below:

### **I. Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and content, to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Transition Authority and all values are rounded to the nearest thousand (Kshs'000). The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognizes transactions and events only when cash is received or paid by the Transition Authority.

### **2. Recognition of revenue and expenses**

The Transition Authority recognizes all revenues from the various sources when the event occurs and the related cash has actually been received by the Transition Authority. In addition, the Transition Authority recognizes all expenses when the event occurs and the related cash has actually been paid out by the Transition Authority.

### **3. In-kind contribution**

In kind contributions are donations that are made to the Transition Authority in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Transition Authority includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts: otherwise, the contribution is not recorded.

### **4. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on all and highly liquid investments with an original maturity of three months or less, which as readily convertible to known amounts of cash and are subject to insignificant risk of



Changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

### **5. Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded it as 'memorandum' or off balance items to provide a sense of the overall net cash position of the Transition Authority to the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

### **6. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Transition Authority's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Transition Authority's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

### **7. Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

### **8. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.



**NOTES TO THE FINANCIAL STATEMENTS ( Continued)**

**1. EXCHQUER RELEASES**

	<b>2013 - 2014</b>	<b>2013 - 2014</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Total Exchequer Releases for quarter 1	183,937,500	162,500,000
Total Exchequer Releases for quarter 2	138,937,500	162,500,000
Total Exchequer Releases for quarter 3	138,937,500	162,500,000
Total Exchequer Releases for quarter 4	242,937,500	270,500,000
<b>Total</b>	<b>659,750,000</b>	<b>758,000,000</b>

**2 REIMBURSEMENTS AND REFUNDS**

	2013 - 2014 Kshs.	2013 - 2014 Kshs.
Reimbursement from Individuals and Private Organisations	<u>2,148,330</u>	-
<b>Total</b>	<u>2,148,330</u>	-

**3 OTHER RECEIPTS**

	2013 - 2014 Kshs.	2013 - 2014 Kshs.
Receipts from Administrative Fees and Charges - Collected as AIA	-	1,231,000
<b>Total</b>		<u>1,231,000</u>

**4 COMPENSATION OF EMPLOYEES**

	2013 - 2014 Kshs.	2013 - 2014 Kshs.
Basic salaries of permanent employees	223,590,234	111,695,721
Personal allowances paid as part of salary	161,471,259	125,151,621
	<u>385,061,493</u>	<u>236,847,342</u>



**5. USE OF GOODS AND SERVICES**

	2013 - 2014 Kshs.	2013 - 2014 Kshs.
Utilities, supplies and services	-	95,000
Communication, supplies and services	13,541,857	5,141,805
Domestic travel and subsistence	28,466,234	51,842,121
Foreign travel and subsistence	9,434,842	10,351,768
Printing advertising and information supplies & services	39,262,407	128,594,197
Rentals of produced assets	38,870,625	30,723,396
Training expenses	9,759,610	20,725,949
Hospitality supplies and services	18,124,563	35,425,809
Insurance costs	28,333,049	15,446,169
Specialised materials and services	16,649,300	134,126
Office and general supplies and services	11,197,535	11,423,871
Hire of Transport	375,000	-
Routine maintenance - vehicle and other transport equipment	2,578,552	357,000
Overhaul of vehicles	466,203	17,455,461
Routine Maintenance - other assets	27,623,212	17,455,461
Legal services	8,284,896	
Contracted Professional Services	9,570,506	17,455,461
Fuel Oil and Lubricants	9,456,941	
<b>Total</b>	<b>271,995,332</b>	<b>333,429,700</b>

**6. OTHER GRANTS AND OTHER PAYMENTS**

	2013 - 2014 Kshs.	2013 - 2014 Kshs.
Membership fees and dues, Subscriptions to Intl.Orgs	1,146,870	981,742
	<u>1,146,870</u>	<u>981,742</u>

**6. SOCIAL SECURITY BENEFITS**

	2013 - 2014 Kshs.	2013 - 2014 Kshs.
Government pension and retirement benefits	1,528,600	-
<b>Total</b>	<b>1,528,600</b>	



**NOTES TO THE FINANCIAL STATEMENTS ( Continued)**

**8 ACQUISITION OF ASSETS**

	2013 - 2014 Kshs.	2013 - 2014 Kshs.
Purchase of Vehicles and Other Transport Equipment	-	123,024,557
Overhaul of Vehicles and Other Transport Equipment	-	353,579
Purchase of Office Furniture and General Equipment	-	8,024,870
Purchase of Specialised Plant, Equipment and Machinery	-	29,942,750
<b>Total</b>	-	<b>161,345,756</b>

**9 OTHER EXPENSES**

	2013 - 2014 Kshs.	2013 - 2014 Kshs.
<b>Other Expenses</b>		22,618,584
		<b>22,618,584</b>

**10 A: Bank Accounts**

Name of Bank, Account No. & currency	Amount in bank account currency	Exc rate	2013-2014	2012-2013
			Kshs	Kshs
Central Bank of Kenya 1000185023		-	451,374.30	1,337,036
<b>Total</b>			<b>451,374.30</b>	<b>1,337,036</b>

**10 B: CASH IN HAND**

	2013-2014 Kshs	2012-2013 Kshs
Location 1	-	527,962
<b>Total</b>	-	<b>527,962</b>



**10C: OUTSTANDING IMPRESTS**

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Alice Kwamboka	-	71,000		71,000
Grace Nyakarango	-	94,500		94,500
Ibrahim Jirma Duba	-	37,000		37,000
Ibrahim Jirma Duba	-	27,000		27,000
Ibrahim Jirma Duba	-	40,500		40,500
John N. Mutega	-	38,000		38,000
John Njihia	-	46,000		46,000
Josephine Kusinyi	-	38,000		38,000
Stem Nyatuku	-	78,000		78,000
Bakari Omara	-	100,000		100,000
Bakari Omara	-	110,000		110,000
Bakari Omara	-	54,000		54,000
Maina Muriuki	-	1,434		1,434
Salary in Advance	-	979,226		979,226
<b>Total</b>				<b>1,714,660</b>

**11: PENDING ACCOUNTS PAYABLE ( See Annex 1)**

	Kshs	Kshs
Supply of goods	5,946,294.86	-
	<u>5,946,294.86</u>	<u>-</u>





**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2013	Outstanding Balance June 2014	Comments
	a	b	c	d=a-c		
<b>Supply of goods</b>						
1. GESTALT GILD LIMITED	2,285,754.86				2,285,754.86	
2. BESTLINE SYSTEMS KENYA LIMITED	1,820,540.00				1,820,540.00	
3. BORASOFT LIMITED	1,840,000.00				1,840,000.00	
<b>Sub - Total</b>	5,946,294.86				5,946,294.86	
<b>Grand Total</b>	5,946,294.86				5,946,294.86	



***For a Seamless Transition***

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