

REPUBLIC OF KENYA



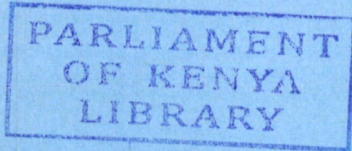
14-15



OFFICE OF THE AUDITOR-GENERAL

*Paper laid by
the Hon. Mr. (pm)*

REPORT



OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NON-GOVERNMENTAL ORGANIZATIONS
CO-ORDINATION BOARD**

**FOR THE YEAR ENDED
30 JUNE 2016**



NGOs CO-ORDINATION BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

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

Table of Content

Page

I.	KEY ENTITY INFORMATION AND MANAGEMENT.....	I
	KEY ENTITY INFORMATION AND MANAGEMENT CONTINUED.....	II
II.	BOARD OF DIRECTORS.....	III
III.	MANAGEMENT TEAM.....	IV
II.	VICE - CHAIRMAN'S STATEMENT	VII
III.	REPORT OF THE CHIEF EXECUTIVE OFFICER.....	VIII
IV.	CORPORATE GOVERNANCE STATEMENT.....	IX
V.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT.....	XI
VI.	REPORT OF THE DIRECTORS	XIII
VII.	STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	XIV
VIII.	REPORT OF THE INDEPENDENT AUDITORS ON THE NGOS CO-ORDINATION BOARD	XV
	REPORT OF THE INDEPENDENT AUDITORS ON THE NGOS CO-ORDINATION BOARD.....	XVI
IX.	STATEMENT OF FINANCIAL PERFORMANCE	1
X.	STATEMENT OF FINANCIAL POSITION.....	2
XI.	STATEMENT OF CHANGES IN NET ASSETS.....	3
XII.	STATEMENT OF CASH FLOWS.....	4
XIII.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	5
XIV.	NOTES TO THE FINANCIAL STATEMENTS.....	6

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Incorporation/Establishment

The Non-Governmental Organizations Co-ordination Board simply referred to as the NGOs Co-ordination Board, was established by an Act of Parliament in 1990 under the provisions of the State Corporations Act, Cap 446 of the Laws of Kenya.

(b) Principal Activities

The principal activities of the NGOs Co-ordination Board includes but not limited to register, co-ordinate and facilitate the work of all national and international NGOs operating in/from Kenya.

Its mission is to efficiently and effectively regulate and enable the charitable sector to enhance its role in national development

(c) Key Management

The NGO Board's day-to-day management is under the Executive Director.

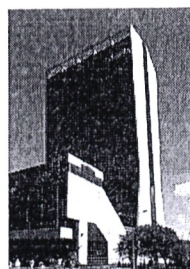
(d) Fiduciary Oversight Arrangements

The Board plays the fiduciary responsibility role which is achieved through the following committees.

1. Finance and Administration Committee
2. Resource Mobilization Committee
3. Audit and Risk Committee
4. Operations and Compliance Committee

(e) Registered Headquarters

Co-operative Bank House 15th floor
Haile Selassie Avenue
P.O Box 44617-00100
Nairobi
Kenya



Co-op Bank House 15th floor NGO Board's HQs

(f) Contacts

Telephone 254-02- 2214044
E-mail: info @ngobureau.or.ke
Website: www.ngobureau.or.ke

KEY ENTITY INFORMATION AND MANAGEMENT CONTINUED

(g) Bankers

Co-operative Bank of Kenya Limited
Co-op House Branch
P.O Box 67881 00200
Telephone: 3276279
Nairobi
Kenya




(h) Independent Auditors

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

(i) Principal Legal Adviser


The Office of the Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112-00200
City Square
Nairobi,
Kenya

II. BOARD OF DIRECTORS

1. The Director's name and key profession/academic qualifications	Description of each Director's date of birth, key qualifications and work experience
 <p>Dr. Mary Njoki Ndiba</p>	<p>Vice Chairperson MA,MSW,PhD Appointed on 2nd October 2015</p>
 <p>Simon Mbugua</p>	<p>Former Member of Parliament Appointed on 2nd October 2015</p>
 <p>Yusuf Mahamed Fazul</p>	<p>Chief Executive and secretary to the Board since 14th November 2014 Bachelor of Business Management</p>

II. MANAGEMENT TEAM

Name	Area of responsibility
 <p>Yusuf Mahamed Fazul</p>	<p>Chief Executive</p> <p>Bachelor of Business Management</p>
 <p>Andrew A. Ogombe</p>	<p>Deputy Chief Executive</p> <p>Master in Business Administration</p>
 <p>CPA David. R. K. Njane</p>	<p>Finance Manager</p> <p>Certified Public Accountant, CPA(K)</p>
 <p>CPA Bernard N. Bwoma</p>	<p>Audit and Risk Manager</p> <p>Master in Business Administration Certified Public Accountant, CPA(K)</p>

 <p>Nixon Sekoh</p>	<p>Corporate Affairs Manager</p> <p>Degree – Rural Sociology and Community Development</p>
 <p>Richard Chesos</p>	<p>Public Relations Manager</p> <p>Bachelor of Education</p>
 <p>Josephine W. Ngatia</p>	<p>Human Resource and Development Manager</p> <p>Bachelor of Administration – Human Resource Management & Development</p>
 <p>Doris Muthini</p>	<p>Supply Chain Manager</p> <p>Advanced Diploma – Purchasing & Supply CIPS</p>
 <p>Joyce Naisiala</p>	<p>Operations and Guidance Manager</p> <p>Bachelor of Business Administration - Human Resource Management Option</p>



Lindon Otieno

Legal Affairs Manager
Bachelor of Laws - LLB

Note: The Executive Director is the Secretary to the Board

II. VICE – CHAIRPERSON’S STATEMENT

The NGOs Board is a Government State Corporation whose mandate is to register and regulate the NGOs sector in Kenya. To date, there are over 10,000 registered NGOs in Kenya, operating in virtually all Counties and sector of the economy. It is estimated that NGOs contribute about 100 million shillings to the Kenyan annually. These amounts utilized by NGOs implies that the Government needs to consider the sector seriously through proper facilitation and adequate regulation

In terms of finances, the year 2015/16, was good to the NGOs Board. The Exchequer increased our budget considerably leading to the achievements of key activities. This therefore meant that keys activities were performed and targets achieved. . Further, the increase in A in A ensured that we were able to meet targets set in our Performance Contracting obligations.

The Board’s financial policy enabled us to ensure that available funds were utilized for the intended purposes. The Board of Directors are committed in ensuring that there is an enabling environment for NGOs thrive, considering the fact their contribution to national development Looking forward to a better financial year 2016/17.



Vice Chairperson

III. REPORT OF THE CHIEF EXECUTIVE OFFICER


In order to understand the workings of the NGOs Board, it is important to acknowledge its background. Prior to the enactment of the NGOs Act, NGOs were registered under different legal regimes. This made it difficult to monitor and regulate their activities, thus the creation of the NGOs Act.

Section 7 of the NGOs Act of 1990 defines the functions of the Board as:

- a) To facilitate and co-ordinate the work of all national and international NGOs operating in Kenya.
- b) To maintain the register of National and International NGOs operating in Kenya, with the precise sectors, affiliations and locations of their activities.
- c) To receive and discuss the annual reports of NGOs.
- d) To advise the government on the activities of the NGOs and their role in National Development within Kenya.
- e) To conduct a regular review of the register to determine the consistency with the reports submitted by the NGOs and the Council.
- f) To provide policy guidelines to the NGOs for harmonizing their activities to the National Development Plan for Kenya.
- g) To receive, discuss and approve the regular reports of the Council and to advise on strategies for efficient planning and Co-ordination of the activities of NGOs in Kenya.
- h) To develop and publish a code of conduct for the regulation of NGOs and their activities in Kenya.
- i) To prescribe rules and procedures for the audit of the accounts of NGOs.

In terms of finances, the year 2015/16, was good to the NGOs Board. The Exchequer increased our budget considerably leading to the achievement of key activities and targets. . Further, the increase in A in A ensured that we were able to meet targets as set out in our Performance Contracting obligations.

Thank you.



EXECUTIVE DIRECTOR

IV. CORPORATE GOVERNANCE STATEMENT

Since its operationalization in 1992, the NGOs Co-ordination Board is administered by a Board of Directors. The Board reports to the Cabinet Secretary Devolution and Planning

Composition of the Board

1. A Chairman appointed by the President
2. The Executive Director who is the Secretary to the Board and a non-voting member appointed by the Cabinet Secretary in charge of the NGO portfolio
3. Two members appointed by the Minister in charge of the NGOs Portfolio
4. Three members seconded by the National Council of NGOs
5. The Attorney General
6. The Permanent Secretary, Ministry of Foreign Affairs
7. The Permanent Secretary, National Treasury

Functions of the Board

- a) To facilitate and co-ordinate the work of all national and international NGOs operating in Kenya.
- b) To maintain the register of National and International NGOs operating in Kenya, with the precise sectors, affiliations and locations of their activities.
- c) To receive and discuss the annual reports of NGOs.
- d) To advise the government on the activities of the NGOs and their role in National Development within Kenya.
- e) To conduct a regular review of the register to determine the consistency with the reports submitted by the NGOs and the Council.
- f) To provide policy guidelines to the NGOs for harmonizing their activities to the National Development Plan for Kenya.
- g) To receive discuss and approve the regular reports of the Council and to advise on strategies for efficient planning and Co-ordination of the activities of NGOs in Kenya
- h) To develop and publish a code of conduct for the regulation of NGOs and their activities in Kenya.
- i) To prescribe rules and procedures for the audit of the accounts of NGOs.

Code of Conduct

The Board of Directors are obligated to follow the State Corporations and Civil Service Codes of Conduct and Rules and Regulations

Meetings

The Boards meets quarterly. However in extra ordinary circumstances, the Board may hold special meetings

Operating Procedures

As per the NGOs Act, the Board may form committees to facilitate its work. The Committees are:

1. Finance and Administration Committee

2. Resource Mobilization Committee
3. Audit and Risk Committee
4. Operations and Compliance Committee

The day to day activities of the Board are undertaken by a Secretariat headed by the Executive Director. The Board has 79 members of staff stationed in the Nairobi, Kisumu, Eldoret and Garissa offices.

V. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

This Statement is about how NGOs Co-ordination Board takes account of its economic, social and environmental impact in the way it operates as an organization.

By demonstrating our commitment to Corporate Social Responsibility we aim to align our organization values, purpose and Strategy with the needs of our clients, whilst embedding such responsible and ethical principles into everything we do.

The elements of this Statement cover our approach in dealing with our clients, suppliers and the local community principles in an effort to support reducing our energy, procurement, transport, water use and other business usage to reduce our carbon footprint and environmental impact.

Environment

Protection of the environment in which we live and operate is part of NGO Co-ordination Board values and principles and we consider it to be sound organization practice. Care for the environment is one of our key responsibilities and an important part of the way in which we do business.

This Statement should also be read in conjunction with our Code of Regulations

In this policy statement we commit our organization to:

Complying with all relevant environmental legislation, regulations and approved codes of practice.

- Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air, and water
- Seeking to keep wastage to a minimum and maximize the efficient use of materials and resources
- Managing and disposing of all waste in a responsible manner
- Providing training for our staff so that we all work in accordance with this policy statement and within an environmentally aware culture
- Regularly communicating our environmental performance to our employees and other significant stakeholders
- Developing our management processes to ensure that environmental factors are considered during planning and implementation
- Monitoring and continuously improving our environmental performance.

The nature of our work as a Board means that we do not inherently have a high environmental impact but we will take consideration of environmental issues in the services we provide and endeavour to reduce our environmental impact to an absolute minimum.

The Directors will ensure that the organization reduces the environmental impact on the organization by:

- Using such facilities as web-ex and conference call facilities
- By using vehicles that are regularly serviced and checked with regards to their emission levels and economically use their fuel.
- Ensuring that all lights and equipment are switched off when not required
- Ensuring that water is used efficiently within the offices
- Using scrap paper for drafts and notes
- Printing in mono and double sided wherever possible

- Recycling all waste (shredding all unwanted documentation)
- Not printing unnecessary emails
- Working with like-minded suppliers who take steps to minimize their environmental impact
- Encouraging NGOs during induction workshops to take steps to minimize their environmental impact

Local Community

The Directors will also ensure that our work with the local community involves:

- Working and supporting local and national charities
- Encouraging volunteer work in community activities
- Undertaking voluntary business advisory services via professional bodies

Clients

The Directors will also ensure that we deal responsibly, openly and fairly with clients and potential clients by:

- Ensuring that all our advertising and documentation about the organization and its activities are clear, informative, legal, decent, honest and truthful
- Being open and honest about our services and telling customers what they want to know, including what we do to be socially responsible
- Ensuring that if something goes wrong we will acknowledge the problem and deal with it
- We will listen to our clients so that this can help us improve the services we offer to them
- Ensuring that we benchmark and evaluate what we do in order to constantly improve our services to our stake holders.

The Directors will also ensure that we deal responsibly, openly and fairly with suppliers by:

- Ensuring that we use Youth and women suppliers as much as possible
- That we will endeavour to pay our suppliers on time.

The operational and ultimate responsibility for the commitment to our corporate social responsibility principles lies with the Directors of NGO Board. Every employee of NGO Co-ordination Board is expected to give their full co-operation to the above principles in their activities at work.

Consultants or visitors are also expected to apply our environmental principles.

The effectiveness of the Policy Statement will be monitored and reviewed at least annually by the Directors to ensure the organization continuing compliance with any relevant legislation and to meet new stakeholder's requirements and to identify areas in need of improvement. We will also ensure that all areas changes will be brought to the attention of employees as necessary.

VI. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2016 which show the state of the *entity's* affairs.

Principal activities

The principal activities of the NGOs Co-ordination Board includes to register, regulate and facilitate the work of all National and International NGOs operating in/from Kenya

Results

The results of the entity for the year ended June 30, 2016 are set out on pages 1 to 5.

Directors

The members of the Board of Directors who served during the year are shown on page 111

Auditors

The Auditor General is responsible for the statutory audit of the entity in accordance with the Section 81 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board.



Executive Director
Secretary to the Board

Nairobi

Dated: 29/09/2016

VII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 11 of the State Corporations Act, require the Directors to prepare financial statements in respect of the NGOs Co-ordination Board, which give a true and fair view of the state of affairs of the NGOs Co-ordination Board at the end of the financial year and the operating results of the NGOs Co-ordination Board for that year. The Directors are also required to ensure that the NGOs Co-ordination Board keeps proper accounting records which disclose with reasonable accuracy the financial position of the NGOs Co-ordination Board. The Directors are also responsible for safeguarding the assets of the NGOs Co-ordination Board.

The Directors are responsible for the preparation and presentation of the NGOs Co-ordination Board's financial statements, which give a true and fair view of the state of affairs of the NGOs Co-ordination Board for and as at the end of the financial year (period) ended on June 30, 2016. 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 NGOs Co-ordination Board; (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 NGOs Co-ordination Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the NGOs Co-ordination Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the NGOs Co-ordination Board's financial statements give a true and fair view of the state of NGOs Co-ordination Board's transactions during the financial year ended June 30, 2016, and of the NGOs Co-ordination Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the NGOs Co-ordination Board, which have been relied upon in the preparation of the NGOs Co-ordination Board's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the NGOs Co-ordination Board will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The NGOs Co-ordination Board's financial statements were approved by the Board on 29/09/2016 and signed on its behalf by:

Vice chairperson



Executive Director



REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax; +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NON-GOVERNMENTAL ORGANIZATIONS CO-ORDINATION BOARD FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Non-Governmental Organizations Co-ordination Board set out on pages 1 to 17, which comprise the statement of financial position as at 30 June 2016, 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.

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 (Accrual 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 47 of the Public Audit Act, 2015.

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 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. 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 judgement, including the assessment of the risks of material misstatement of

Report of the Auditor-General on the Financial Statements of Non-Governmental Organizations Co-ordination Board for the year ended 30 June 2016

the financial statements, 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 Board'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.

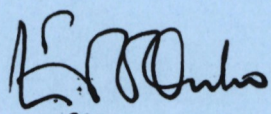
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Non-Governmental Organization Co-ordination Board as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Non-Governmental Organizations Co-ordination Act, 1990.

Other Matter

Constitution of the Board

The annual report and financial statements at Page III show that the Board operated with only three members including the executive director during the year under review instead of nineteen members as provided for under Section 4 of the Non-Governmental Organization Coordination Act, 1990. Section 6(4) of the Act requires at least six members to be present and form the necessary quorum for the business of the Board. Therefore, strategic and policy functions of the Board as specified under Section 7 of the Act appear not to have been lawfully and effectively discharged as a result of failure to have the required number of board members.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

24 May 2017

NGO COORDINATION BOARD
STATEMENT OF FINANCIAL POSITION
As at 30 JUNE 2016

	Notes	2016 Kshs	2015 Kshs
Assets			
Current assets			
Cash and cash equivalents	10	11,275,935	381,268
Receivables from exchange transactions	11	6,641,813	5,366,140
Receivables from non-exchange transactions	12	1,403,591	504,916
Inventories	13	714,704	335,533
Total current assets		20,036,043	6,587,857
Non-current assets			
Property, plant and equipment	14	17,162,405	14,102,036
Total non current assets		17,162,405	14,102,036
Total assets		37,198,448	20,689,893
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	15	10,061,817	34,070,636
Total current liabilities		10,061,817	34,070,636
Total liabilities		10,061,817	34,070,636
Net assets		27,136,631	(13,380,744)
Reserves		-	222,558
Accumulated surplus/ Deficit		27,136,631	(13,603,302)
Minority interest		-	-
Total net assets and liabilities		27,136,631	(13,380,744)

The notes in the financial statements form an integral part of the financial statements set out on pages 1 to 4 and were signed on behalf of the Board of Directors by

Executive Director



Date: 29/09/2016

Vice Chairperson of the Board



Date: 29/09/2016

NGO COORDINATION BOARD
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 JUNE 2016

	Notes	2016 Kshs	2015 Kshs
Revenue from non-exchange transactions	3	226,673,560	223,013,913
Total revenue		226,673,560	223,013,913
Expenses			
Employee costs	4	108,972,617	103,092,252
Board expenses	5	1,186,500	13,233,985
Depreciation and amortization expense	6	4,568,823	3,393,087
Repairs and maintenance	7	1,110,068	2,609,271
General expenses	8	70,028,890	89,466,140
Total expenses		185,866,897	211,794,735
Other losses			
Loss on sale of assets	9	66,730	-
Surplus before tax		40,739,933	11,219,178
Taxation		-	-
Surplus for the period		40,739,933	11,219,178
Surplus attributable to owners of the controlling entity		40,739,933	11,219,178

The notes in the financial statements form an integral part of the financial statements set out on pages 1 to 4 and were signed on behalf of the Board of directors by

Executive Director

Date: 29/09/2016

Vice Chairperson of the Board

Date: 29/09/2016

NGO COORDINATION BAORD
 STATEMENT OF CHANGES IN NET ASSETS
 For the Year ended 30 June 2016

	Reserves Kshs	Accumulated surplus Kshs	Total Kshs
Balance as at 30th June 2014	317,940	(24,917,862)	(24,599,922)
surplus for the period		11,314,560	11,314,560
Prior year adjustments	(95,382)	-	(95,382)
Balance as at 30 JUNE 2015	222,558	(13,603,302)	(13,380,744)
Surplus for the period		40,739,933	40,739,933
Transfers from accumulated surplus	(222,558)		(222,558)
Balance as at 30 June 2016		27,136,631	27,136,631

The notes in the financial statements form an integral part of the financial statements set out on pages 1 to 4 and were signed on behalf of the Board of Directors by

Executive Director

Date: 29/09/2016

Vice Chairperson of the Board

Date: 29/09/2016

NGO COORDINATION BOARD
STATEMENT OF CASH FLOWS
As at 30th JUNE 2016

	Notes	2016 Kshs	2015 Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	3	185,831,875	178,478,500
Rendering of services			
Sale of goods	14b	192,150	95,382
Finance income	15	1,257,521	
Other income, rentals and agency fees	3	40,649,535	44,535,413
		227,931,081	223,109,295
Payments			
Compensation of employees	18	131,854,882	103,092,252
Goods and services	18	65,456,480	78,265,577
Finance cost			
Rent paid	18	11,409,911	11,200,563
Taxation paid			
Other payments(gratuity)			15,843,256
Grants and subsidies paid			
		208,721,273	208,401,648
Net cash flows from operating activities		19,209,808	14,707,647
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(7,888,072)	(7,733,915)
Proceeds from sale of property, plant and equipment		192,150	
Decrease in non-current receivables			
Increase in investments			
Net cash flows used in investing activities		(7,695,922)	(7,733,915)
Net cash flows used in financing activities			
Net cash flows used in financing activities		(7,695,922)	(7,733,915)
Net increase/(decrease) in cash and cash equivalents		11,513,887	(1,165,307)
Cash and cash equivalents at 1 July 2015	10	(237,952)	927,355
Cash and cash equivalents at 30 June 2016	10	11,275,935	(237,952)

The notes in the financial statements form an integral part of the financial statements set out on pages 1 to 4 and were signed on behalf of the Board of Directors by

Executive Director

Date: 29/09/2016

Vice Chairperson of the Board

Date: 29/09/2016

NGO COORDINATION BOARD
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
2015-2016

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Performance difference
	2015-2016	2015-2016	2015-2016	2015-2016	2015-2016	%
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue				192,150	(192,150)	
Disposal of assets						100%
Government recurrent development	126,000,000	(5,543,125)	120,456,875	120,456,875	-	100%
Appropriation in Aid	75,000,000	(9,625,000)	65,375,000	65,375,000	-	100%
	43,000,000	(2,350,465)	40,649,535	40,649,535	-	100%
	244,000,000	(17,518,590)	226,481,410	226,673,560	(192,150)	100%
Total income						
Expenses						
Board, Committees and Programmes			1,320,000	1,186,500	133,500	0%
Board Sitting allowance	1,320,000	-				0%
PPR Committee	500,000	(500,000)	-	-	-	0%
FINAD Meeting	700,000	(700,000)	-	-	-	0%
Audit Committee	320,000	(320,000)	-	-	-	0%
Resource Mobilization	320,000	(320,000)	-	-	-	0%
W/Permit	720,000	(720,000)	-	-	-	0%
Lunches	394,000	(394,000)	-	-	-	0%
Subsistence	1,380,000	(1,380,000)	-	-	-	0%
Milleage	2,544,640	(2,544,640)	-	-	-	0%
Fees, commission & honorari	960,000	(960,000)	-	-	-	0%
Basic salaries	69,083,901	(7,000,000)	62,083,901	61,807,697	276,204	0%
House allowances	29,016,000	(6,500,000)	22,516,000	22,440,500	75,500	0%
comuter allowance	6,416,007	(600,000)	5,816,007	5,815,521	486	0%
Leave and passage	5,385,342	(1,000,000)	4,385,342	3,621,652	763,690	17%
Other allowances	3,007,449	700,000	3,707,449	3,423,712	283,737	8%
Pension	6,402,411	3,000,000	9,402,411	9,391,818	10,593	0%
Transfer allowance		1,200,000	1,200,000	1,077,617	122,383	10%
NSSF	5,268,304	(4,800,000)	468,304	129,300	339,004	72%
bank charges	392,000	-	392,000	346,173	45,827	12%
Insurance costs	11,000,000	(1,000,000)	10,000,000	9,611,573	388,427	4%
Internet connections	2,412,956		2,412,956	2,048,977	363,979	15%
Professional services	6,008,997	(3,500,000)	2,508,997	2,482,582	26,415	1%
Domestic travel & accomoda	9,800,000	14,000,000	23,800,000	23,587,101	212,899	1%
Foreign travel & subsistence	500,000	1,900,000	2,400,000	2,374,680	25,320	1%
Fuel, Oil	2,940,000	(1,000,000)	1,940,000	1,415,505	524,495	27%
Motor vchiles maintenance	464,030		464,030	362,673	101,357	22%
General Maintenance other a	1,202,323		1,202,323	747,395	454,928	38%
Library expenses & magazin	725,200		725,200	365,068	360,132	50%
hospitality	3,040,450	2,000,000	5,040,450	4,894,930	145,520	3%
Postal services	470,400		470,400	251,444	218,956	47%
Office general supplies	5,539,548	(2,000,000)	3,539,548	2,629,895	909,653	26%
Publishing and advertising	1,500,000	(450,000)	1,050,000	1,023,000	27,000	3%
Rent and rates	10,580,000	850,000	11,430,000	11,409,911	20,089	0%
Telephone expenses	1,664,935	(100,000)	1,564,935	1,523,902	41,033	3%
Training and workshop expe	9,045,000	(5,427,487)	3,617,513	2,982,750	634,763	18%
Procurement committee	500,000	(380,000)	120,000	41,000	79,000	35%
ISO Expenses	1,267,627	400,000	1,667,627	1,087,658	579,969	35%
Audit fee provision	-	375,840	375,840	375,840	-	0%
Gratuity provision	-	1,400,000	1,400,000	1,264,800	135,200	10%
scheme of service	-	2,051,697	2,051,697	1,576,900	474,797	23%
depreciation	-	-	-	4,568,823	(4,568,823)	
Loss on disposal of assets	-	-	-	66,730	(66,730)	
Total expenditure	202,791,520	(13,718,590)	189,072,930	185,933,627	3,139,303	
Surplus for the period	41,208,480	(3,800,000)	37,408,480	40,739,933	(3,331,453)	

I. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes – IAS 12

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

d) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The annual rates used are motor vehicles 25%, Furniture & equipment 12.5 %, and computers 30%

h) Inventories – IPSAS 12

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

i) Provisions – IPSAS 19

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

j) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

k) Changes in accounting policies and estimates – IPSAS 3

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

l) Employee benefits – IPSAS 25

Retirement benefit plans

The Entity provides retirement benefits for its employees and councilors. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

m) Foreign currency transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Related parties – IPSAS 20

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the councilors, the executive mayor, mayoral committee members, the city manager, deputy city manager and senior managers.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are 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.

r) Comparative figures

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

s) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers.

The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

The cost of ongoing programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

t) Subsequent events – IPSAS 14

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, 2016.

	30/06/2016	30/06/2015
	Kshs	Kshs
3 (i) Revenue from exchange transactions		
Others	192,150	95,382
3 (ii) Revenue from non-exchange transactions		
Grant transfers from the Government Reccurrent	185,831,875	178,478,500
Internally generated revenue	40,649,535	44,535,413
	226,481,410	223,013,913
Total government grants and subsidies	226,673,560	223,013,913

4. Employee costs

	30/06/2016	30/06/2015
	Shs	Shs
Employee related costs - salaries and wages	61,807,697	59,012,110
Employee related costs - contributions to pensions and medical aids	9,391,818	10,198,056
NSSF	129,300	148,600
transfer and luggage allowances	1,077,617	-
Housing benefits and allowances	22,440,500	18,053,500
other allowances	3,423,712	4,218,938
Leave allowances	3,621,652	4,473,303
Gratuity Executive Director	1,264,800	1,377,796
Gratuity paid	-	-
Commuter allowances	5,815,521	5,609,949
Expenditure recharged to capital projects		
Employee costs	108,972,617	103,092,252

5. Board Expenses

	30/06/2016	30/06/2015
	Shs	Shs
Sitting allowance	1,186,500	6,785,920
Lunches	-	369,088
Subsistence	-	2,852,000
Mileage	-	2,426,977
Fees, commission& honoraria	-	800,000
Total Board Expenses	1,186,500	13,233,985

6. Depreciation and amortization expense

	30/06/2016	30/06/2015
	Shs	Shs
Property, plant and equipment	1,355,856	1,275,467
Motor vehicles	261,734	348,979
Computers	2,951,233	1,768,641
armotised computers		
Total depreciation and amortization	4,568,823	3,393,087

7. Repairs and maintenance

	30/06/2016 KShs	30/062015 KShs
Investment property – earning rentals	747,395	2,239,427
Equipment	362,673	369,844
Vehicles		
Total repairs and maintenance	1,110,068	2,609,271

8. General expenses

The following are included in general expenses:

	30/06/2016 Shs	30/062015 Shs
Bank charges	346,173	538,739
review of the Act & task force expenses	-	21,079,527
siver jubilee cerebrations	-	9,346,000
Computer and Internet connections	2,048,977	1,498,646
Professinal services	2,482,582	3,547,830
Domestic travel & accomodation	23,587,101	13,076,807
Foreign travel & subsistence	2,374,680	222,694
Fuel and Oil	1,415,505	1,105,355
Insurance costs	9,611,573	13,189,382
Library expenses & magazines	365,068	314,444
procurement committee	41,000	234,500
hospitality	4,894,930	4,217,754
Postal services	251,444	556,695
Office general supplies	2,629,895	4,259,261
Publishing and advertising	1,023,000	1,001,693
Rent and rates	11,409,911	11,200,563
staff uniforms	-	-
Telephone expenses	1,523,902	1,630,120
Training and workshop expenses	2,982,750	1,578,690
ISO certification	1,087,658	491,600
Audit fee provision	375,840	375,840
Scheme of service	1,576,900	
Total General expences	70,028,890	89,466,140

9. Total loss on sale of assets

	30/06/2016 Shs	30/062015 Shs
Property, plant and equipment	66,730	-
Other assets		
Total gain on sale of assets	66,730	-

10. Cash and cash equivalents

	30/06/2016	30/06/2015
	KShs	KShs
Bank- Chase bank	1,121,610	
coop bank - a/c 001	134,495	(59,893)
coop bank - a/c 002	9,964,012	376,361
Cash-in-hand	55,818	64,800
Short-term deposits	-	-
Total cash and cash equivalents	11,275,935	381,268

11. Receivables from exchange transactions

	30/06/2016	30/06/2015
	Shs	Shs
Current receivables		
Prepaid insurance	5,947,577	5,206,140
Rent deposit	494,236	160,000
Fuel deposit	200,000	
Total receivables	6,641,813	5,366,140

12. Receivables from non-exchange contracts

	30/06/2016	30/06/2015
	Shs	Shs
Current receivables		
Property tax debtors		
Salary advances	1,403,591	504,916
Total current receivables	8,045,404	5,871,056

13. Inventories

	30/06/2016	30/06/2015
	Shs	Shs
Consumable stores	714,704	335,533
Total inventories at the lower of cost and net realizable value	714,704	335,533

14. Property, plant and equipment

	Motor vehicles 25% Shs	Furn.& Equip. 12.5% Shs	Computers 30% Shs	Total Shs
Cost				
At 1 July 2014	5,748,879	13,071,548	15,248,763	34,069,190
Additions		5,250,716	2,483,199	7,733,915
Disposals				
Transfers/adjustments				
At 30 June 2015	5,748,879	18,322,264	17,731,962	41,803,105
Additions	-	2,074,362	5,813,710	7,888,072
Disposals		(850,440)	(2,818,000)	(3,668,440)
Transfer/adjustments(armotization)				
At 30 June 2016	5,748,879	19,546,186	20,727,672	46,022,737
Depreciation and impairment				-
At 1 July 2014	4,352,965	8,118,526	11,836,492	24,307,983
Depreciation	348,979	1,275,467	1,768,641	3,393,087
Disposals				-
Impairment				-
At 30 June 2015	4,701,944	9,393,993	13,605,133	27,701,070
Disposals		(694,658)	(2,714,903)	(3,409,560)
Depreciation charge	261,734	1,355,856	2,951,233	4,568,823
Impairment	-			-
Transfer/adjustment				-
At 30 June 2016	4,963,677	10,055,192	13,841,463	28,860,332
Net book values				-
At 30 June 2016	785,202	9,490,994	6,886,209	17,162,405
At 30 June 2015	1,046,936	8,928,271	4,126,829	14,102,036

14b. Disposal of Property Plant and Equipment

During the year under review, some class of property plant and Equipment were disposed. Relevant Acts were follwed during the process as required by law. These assets were furniture & equipment and computers

	Furniture & Equipment	Computers	Total
Total cost	850,440	2,818,000	3,668,440
Total Accumulated Depreciation	(694,658)	(2,714,903)	(3,409,560)
Net Book value at disposal	155,782	103,097	258,880
Cash received from disposal	170,000	22,150	192,150
Gain/(loss on disposal)	14,218	(80,947)	(66,730)

15. Trade and other payables from exchange transactions

	30/06/2016	30/06/2015
	KShs	KShs
Trade payables	2,017,840	6,221,994
Bank- Chase bank		388,361
Coop bank - A/c 00	1,257,521	230,859
Unremitted Employer pension contributions	1,157,219	12,209,941
Unremitted PAYE	1,812,142	13,641,685
Gratuity Provison	2,002,600	1,377,796
Other payables	1,814,495	-
Total trade and other payables	10,061,817	34,070,636

16. Current provisions

	Defined benefit plan	Total
	KShs	KShs
Current benefit obligation	105,122,970	105,122,970
Non-current benefit obligation	-	-
Total employee benefit liability	105,122,970	105,122,970

Current provision represent the pension scheme fund managed by Britam.

17. Cash generated from operations

	KShs	KShs
Suplus for the year before tax	40,739,933	11,314,560
Adjusted for:		
Depreciation	4,568,823	3,393,087
Gains and losses on disposal of assets	66,730	-
capital grant amortization	(222,558)	(95,382)
Working capital adjustments:		
Increase in inventory	(379,172)	77,279
Increase in receivables	(2,174,348)	3,431,960
Increase in deferred income		
Increase in payables	(24,008,819)	(11,552,896)
Increase in payments received in advance		
Net cash flows from operating activities	18,590,589	6,568,608

18. Reconciliation on receipts and payments

	Ksh.
Receivables b/f	5,871,056
Cash paid on;	
opening stock	335,533
Employees	131,854,882
Rent	11,409,911
Other payments	65,456,480
Payables c/d	10,061,817
	224,989,679
Payables b/f	34,070,636
Total employee cost	108,972,617
Board expenses	1,186,500
Repairs and maintenance	1,110,068
General expenses	70,028,890
Capital grant amortisation	222,558
Closing stock	714,704
Receivables c/d	8,045,404
	224,351,377

I. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: Resolved/ Not resolved	Time frame: (Put a date when you expect the
Basis of qualification - Going concern	A negative net assets of Ksh. 13 million. The Board unable to pay statutory deductions of Ksh. 27 million. Hence the Board is technically insolvent	The management has prioritized the issue raised and the statutory deductions have been paid and net assets is positive	Executive Director	Resolved	

Executive Director



Date: 29/09/2016

Vice chairperson of the Board



Date: 29/09/2016