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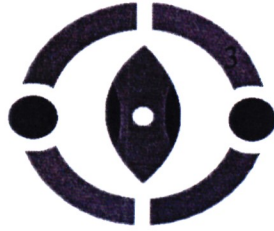
REPORT

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
INTERGOVERNMENTAL RELATIONS
TECHNICAL COMMITTEE**

**FOR THE YEAR ENDED
30 JUNE 2017**



IGRTC
INTERGOVERNMENTAL
RELATIONS TECHNICAL
COMMITTEE

Consultation, Cooperation & Coordination in Devolution

INTERGOVERNMENTAL RELATION TECHNICAL COMMITTEE

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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

INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE
Reports and Financial Statements
For the year ended June 30, 2017

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INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE

Reports and Financial Statements

For the year ended June 30, 2017

I. KEY ENTITY INFORMATION AND MANAGEMENT

Background information

IGRTC is a state agency responsible for the day to day functioning of the National and County Government Co-ordinating Summit (the summit) and the Council of County Governors (CoG). By law, it is charged with the responsibility of facilitating the activities of the Summit and CoG, as well as implementing the decisions of the two bodies. IGRTC was established in the fifth year of the implementation of the Constitution of Kenya, 2010 and the third year of the implementation of the system of devolved government established by the Constitution.

Vision Statement

Harmonious and effective intergovernmental relations.

Mission Statement

To support successful devolution through cooperative, consultative and coordinating intergovernmental relations

Mandate

Section 12 of the Intergovernmental Relations Act, 2012 states that the IGRTC shall:

- (a) Be responsible for the day to day administration of the Summit and of the Council and in particular
 - (i) Facilitate the activities of the Summit and of the Council; and
 - (ii) Implement the decisions of the Summit and of the Council;
- (b) Take over the residual functions of the transition entity established under the law relating to transition to devolved government after dissolution of such entity;
- (c) Convene a meeting of the forty-seven County Secretaries within thirty days preceding every Summit meeting; and
- (d) Perform any other function as may be conferred on it by Summit, the Council, this Act or any other legislation.

Core Values

- a) **Professionalism:** IGRTC members and staff will be guided by the constitution, the law and administrative competency in the delivery of services to the institution's stakeholders. The institution will place a premium on delivering outputs that are technically sound.
- b) **Accountability:** IGRTC will be primarily accountable to the Summit and the Council of Governors. As a public entity, it will ultimately be accountable to the Kenyan people through the relevant oversight institutions and the appropriate forms of public participation in its programmes
- c) **Impartiality:** IGRTC members and staff will provide unbiased services, including advice to the Summit and the Council of Governors.

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- d) **Transparency:** IGRTC will conduct its affairs openly and grant oversight institutions the access to information that they require to hold it to account to the Kenyan people.
- e) **Integrity:** IGRTC will conduct all its affairs above board and will, amongst others, enforce a policy of zero tolerance to corruption. It will comply with integrity requirements in public service.
- f) **Public participation:** IGRTC will involve members of the public in diverse ways, as appropriate, in the formulation of policies and its other work.

Key Management

The IGRTC day-to-day management is under the following key organs:

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

Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Patrick Karanja
2.	Chief Accountant	Edith Kanini Nzioki

FIDUCIARY OVERSIGHT ARRANGEMENTS

1. **Finance and Institutional Development Committee**
Deals with day to today 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

INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE
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OVERVIEW

The Intergovernmental Relations Technical Committee (IGRTC) is established pursuant to section 11 of the Intergovernmental Relations act 2012 with responsibility of the day to day administration of the summit and the council of Governors among other functions. It also took over residual functions of the defunct Transition Authority which was established under the law relating to transition to devolved government.

The IGRTC was set in motion following the appointment of members by the Cabinet Secretary Ministry of Devolution and Planning In march 2015. The team comprises of the chairman and seven other full-time members and the Principal Secretary, State Department of Devolution.

a. Full-time members



Mrs. Njambi Muchane
-Member



Prof Karega Mutahi,
CBS-Chairman



Prof Shanyisa
Khasiani -Member



Dr. Billow Khalid -
Member



Ms. Allyce Kureiya –
Vice Chairperson



Prof Judith Miguda-
Attyang -Member



Dr. Nyeris Raymond-
Member



Mrs Angeline Hongo-
Alt Member



Dr. Francis Fondo -
Member

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b. Members

The Principal Secretary in the State department responsible for matters relating to devolution.

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

Since inception in March 2015, the IGRTC has accomplished various tasks in fulfilment of its mandate. The tasks continue being implemented in consultation and partnerships with the County Governments, Government Ministries, Departments and Agencies (MDAs), the Constitutional and Independent offices including Commission on Revenue Allocation (CRA), Office of Auditor General, Office of Controller of Budget; Development partners and Non- State Actors among others.

INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE

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For the year ended June 30, 2017

(a) Entity Headquarters

Parklands Plaza
MEZZANINE, 3TH & 4TH Floor.
Nairobi, KENYA

Entity Contacts

Parklands Plaza
P.O. Box 44880-00100
NAIROBI.
Telephone:
Landline: 0202101489
E-mail: info@igrtc.go.ke, igrtc2015@gmail.com
Website: www.igrtc.go.ke

(b) Entity Bankers

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

(c) Independent Auditors

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

(d) Principal Legal Adviser

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

II. FORWARD BY THE CHIEF EXECUTIVE OFFICER

It gives me great pleasure to present the 2016/2017, Intergovernmental Relations Technical Committee (IGRTC) Financial Report. The IGRTC is responsible for facilitating the activities of the Summit and CoG, as well as implementing the decisions of the two bodies. It also took over residual functions of the defunct Transition Authority which was established under the law relating to transition to devolved government that is the Transition to Devolved Government Act (TDGA) 2012. During this reporting period, there were considerable achievements in the various departments and committees of the IGRTC. I am confident to state that the Committee worked diligently to deliver desirable results while leveraging opportunities that arose from time to time. Strategically, the Committee adopted and implemented practical approaches, which continue to guide the transition process, while drawing from successful models around the world.

The end of the financial year is a perfect time to take stock. The Committee continued to deliver on its mandate and seek more effective and efficient ways to support devolution. With county governments in place and most process taking off, the Committee has focused more on operational issues.

Key among them is;

- ▶ **Summit meetings.** IGRTC Organized and managed Summit meetings and Implemented the resolutions of the Summit.

- ▶ **The Assets and liabilities for the defunct local authorities.** IGRTC in consultation with IBEC and MODP developed framework for the verification and transfer of the assets and liabilities of the defunct local authorities to the County Governments.
IGRTC facilitated and coordinated the exercise in line with Gazette Notice no. 2701 dated 24th march 2017, which established institutional structures for the identification, verification and validation of the assets and liabilities belonging to the Defunct Local Authorities as at 27th March 2013.

To deliver on its mandates, IGRTC required funding. During the 2016/2017 Financial Year, IGRTC approved recurrent budget was Kshs.300, 000,000. Under the same period, total expenditure amounted to Kshs 299,324,441.55 leaving a balance of Kshs 675,558.45. This expenditure represents an absorption rate of 99.8%

We at IGRTC are committed to ensuring that the Committee continues to utilize its budgetary allocation for the intended purposes. I would therefore urge all our stakeholders to continue supporting our activities, so that we can collectively achieve success and entrench devolution in our country.

KEY ACHIEVEMENTS

Transfer and verification of Assets and liabilities of the defunct local authorities.

The Committee continued to engage other stakeholders in verification of public Assets and liabilities. Towards this end IGRTC in consultation with the IBEC and MODP issued gazette notice number 2701 dated 24th march 2017 establishing the institutional structure for identification, verification and validation of assets and liabilities of the defunct Local authorities as at 27th March 2017. Ultimately, draft reports have been prepared and hand over process is in progress.

Summit Meeting

In preparation for the summit meeting, IGRTC convened a meeting of all the 47 County Secretaries on 7th November 2016, pursuant to the provisions of section 12 (c) of the Intergovernmental Relations Act 2012. The meeting deliberated on matters of devolution in general and challenges facing intergovernmental relations. IGRTC prepared a report of the proceedings which will be shared with all county governments and relevant stakeholders.

Alternative Dispute Resolution (ADR)

Pursuant to section 33 of the IGR Act 2012, IGRTC is mandated to resolve intergovernmental disputes. As such, IGRTC has been instrumental in mediating disputes between and amongst the two levels of government. The disputes that IGRTC has successfully resolved include:

- ▶ Dispute between the Office of the Governor and the Office of the County Commissioner in West Pokot County over ownership of an Office Block. This dispute was amicably resolved
- ▶ Land ownership between Tharaka Nithi County Government and the Department of Prisons. Both parties have agreed to dialogue.
- ▶ Nairobi City County Government and Ministry of Agriculture, Livestock and Fisheries over the function of Meat inspection
- ▶ Ministry of Lands and Physical Planning and Kirinyaga and Embu County Governments over Mwea Settlement Scheme. Negotiations still ongoing.

Cost of Litigation

IGRTC, in conjunction with relevant stakeholders commissioned a study to establish the cost of litigation on intergovernmental-related issues and identify the challenges of operating without an ADR mechanism in place. The study will give a comprehensive report on ongoing court cases; the cost of litigation; recommendations on how to avoid litigation and embrace Alternative Dispute Resolution (ADR)

Civic Education and Public Participation

IGRTC commissioned a study on the status of public participation in both the National and County Governments and the report was launched on 30th August 2016 and disseminated the findings to the stakeholders. Among the key findings of the study was the general low level of funding of public participation in the country, a matter that had been identified during the Summit meeting of 10-11th February 2016 where the need to enhance the funding was identified.

Agriculture Levies and Licenses

IGRTC convened meetings with key stakeholders comprising of AFA, KRB and CoG to discuss the matter. It was resolved the National government would issue licenses for export and import while the counties would issue national ones.

Transfer of functions

The pending activities under transfer of functions involved, among others, strategic intervention on emerging issues arising from implementation of transferred functions and further unbundling and costing of residue functions.

IGRTC commissioned a study to identify various dynamics regarding transfer of devolved functions. These include identifying the functions that have been transferred but are still being performed by national government or are not yet operationalized by county governments.

IGRTC will also analyze the framework for management of concurrent functions and unbundling of functions relating to Regional Development Authorities, roads sector and water service boards which have an element of devolved functions

Rationalization and deployment of staff framework.

IGRTC is part of the process of inter-agency initiative spearheaded by the Public Service Commission for development of mechanisms for management of human resource in the health sector. IGRTC has also continued coordinating the process of posting of post-internship medical personnel where 693 medical officers, 152 pharmacists and 49 dental officers have been posted so far.

INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE

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For the year ended June 30, 2017

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 so prepared to be in a form that complies with relevant accounting standards as prescribed in the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of IGRTC is responsible for the preparation and presentation of the IGRTC's financial statements, which give a true and fair view of the state of affairs of the IGRTC for and as at the end of the financial year (2016/2017) ended on June 30, 2017.

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 IGRTC; (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 IGRTC 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 IGRTC's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2017, and of the Committee's financial position as at that date. The Accounting Officer in charge of the IGRTC further confirms the completeness of the accounting records maintained for the Committee, which have been relied upon in the preparation of the Committee's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the IGRTC 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 IGRTC'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 Officer on 26.09. 2017.



CHIEF EXECUTIVE OFFICER/SECRETARY

NAME: PATRICK KARANJA

X



CHIEF ACCOUNTANT

NAME: EDITH KANINI NZIOKI

ICPAK No. 20913

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 INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Intergovernmental Relations Technical Committee set out on pages 1 to 11, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Intergovernmental Relations Technical Committee as at 30 June 2017, and of 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 the Intergovernmental Relations Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, except for the matter described in the Basis for Qualified Opinion section of my report, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

Rentals of Produced Assets

During the financial year under review, the Intergovernmental Relations Technical Committee paid an amount of Kshs. 50,202,137 in respect of rentals of produced assets as disclosed in Note 3 to the financial statements. However, rent totalling Kshs.11,610,934 for the period July 2016 to September 2016 was paid without a supporting executed lease agreement. The undated lease agreement was signed by the tenant in October 2016, the landlord in November 2016 and it was yet to be registered with the relevant government department as of 20 April 2018.

In the circumstances, the validity of the lease agreement and the resultant rentals of produced assets expenditure of Kshs.50,202,137 can not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Intergovernmental Relations Technical

Report of the Auditor-General on the Financial Statements of Intergovernmental Relations Technical Committee for the year ended 30 June 2017

Committee in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no Key Audit Matters to communicate in my report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

In preparing the financial statements, management is responsible for assessing the Technical Committee's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Technical Committee or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Technical Committee's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving assurance on the effectiveness of the Technical Committee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Technical Committee's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Technical Committee to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Technical Committee to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

19 November 2018

INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE

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For the year ended June 30, 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017 Kshs
RECEIPTS		
Transfers from other government entities	1	300,000,000
Reimbursements and Refunds		-
Other Receipts		-
TOTAL RECEIPTS		<u>300,000,000</u>
PAYMENTS		
Compensation of Employees	2	71,135,126
Use of goods and services	3	214,723,113
Other grants and transfers		-
Social Security Benefits		-
Acquisition of Assets	4	<u>13,466,203</u>
TOTAL PAYMENTS		<u>299,324,442</u>
SURPLUS		<u>675,558</u>

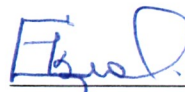
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The entity financial statements were approved on 28.09. 2017 and signed by:



CHIEF EXECUTIVE OFFICER/SECRETARY

NAME: PATRICK KARANJA



CHIEF ACCOUNTANT

NAME: EDITH KANINI NZOLUKI
ICPAK No. 20913

INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE

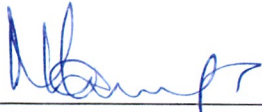
Reports and Financial Statements

For the year ended June 30, 2017

V. STATEMENT OF FINANCIAL ASSETS

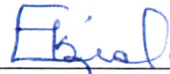
	Note	2016-2017	
		Kshs	
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	5	51,558	
Receivables			
Outstanding Imprests	6	<u>624,000</u>	
TOTAL FINANCIAL ASSETS		<u>675,558</u>	
REPRESENTED BY			
Surplus/Deficit for the year		675,558	
NET FINANCIAL POSITION		<u>675,558</u>	

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 26.09.2017 and signed by:



CHIEF EXECUTIVE OFFICER/SECRETARY

NAME: PATRICK KAPANJA



CHIEF ACCOUNTANT

NAME: EDITH KANINI NJORIKI

ICPAK NO. 20913

INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE

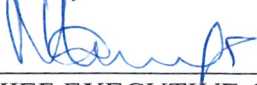
Reports and Financial Statements

For the year ended June 30, 2017

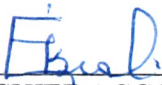
VI. STATEMENT OF CASHFLOW

	Note	2016-2017 Kshs
Receipts for operating income		
Transfers from National Treasury	1	300,000,000
Transfers from Other Government Entities		-
Reimbursements and Refunds		-
Other Revenues		-
Payments for operating expenses		
Compensation of Employees	2	(71,135,126)
Use of goods and services	3	(214,723,113)
Other grants and transfers		-
Social Security Benefits		-
Receivables		-
Refund to treasury		-
Adjusted for:		
Adjustments during the year		-
Net cashflow from operating activities		14,141,761
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of Assets	4	(13,466,203)
Net cash flows from Investing Activities		675,558
NET INCREASE IN CASH AND CASH EQUIVALENT		675,558
Cash and cash equivalent at BEGINNING of the year		-
Cash and cash equivalent at END of the year		675,558

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 26.09.2017 and signed by:



CHIEF EXECUTIVE OFFICER/SECRETARY
NAME: PATRICK KARANJA



CHIEF ACCOUNTANT
NAME: EDITH KANINI NZIOKI
ICPAK No. 20913

INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE

Reports and Financial Statements

For the year ended June 30, 2017

INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE

Reports and Financial Statements


For the year ended June 30, 2017

VII. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfer from National Treasury	300,000,000	-	300,000,000	300,000,000		100%
TOTAL	300,000,000	-	300,000,000	300,000,000		100%
PAYMENTS						
Compensation of Employees	71,165,000	-	71,165,000	71,135,126		100%
Use of goods and services	215,367,791	-	215,367,791	214,723,113		100%
Transfers to Other Government Units						100%
Social Security Benefits						100%
Acquisition of Assets	13,466,600		13,466,600	13,466,202		100%
TOTALS	300,000,000		300,000,000	299,324,442		

The entity financial statements were approved on 26.09.2017 and signed by:


 CHIEF EXECUTIVE OFFICER/SECRETARY
 NAME: PATRICIA KARANJA


 CHIEF ACCOUNTANT
 NAME: EDITH KANINI NZIOKI
 ICPAK No. 20913

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. 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 conform 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 IGRTC. 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 recognises transactions and events only when cash is received or paid by the entity.

2. Recognition of revenue and expenses

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

3. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Central Bank of Kenya and 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.

4. 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 as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of IGRTC at 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.

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5. 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 IGRTC budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the IGRTC actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

6. Related parties

IGRTC regards a related party as a person with the ability to exert control individually or jointly or to exercise significant influence over the Authority or vice versa. Members of key management are regarded as related parties and comprise the Board members, Chief executive officer and the Directors.

Key management compensation:

	2016/2017
Members	62,240,000.00
Directors	-
TOTAL	<u>62,240,000.00</u>

N.B: Please note that the amount of Ksh62,240,000.00 disclosed above relates salaries paid to members of the organisation. These were paid through the monthly payrolls and forms part of the employee related costs figure of Ksh. 71,135,126 On note number 2

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, 2017.

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NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

	2016 - 2017
	Kshs
State Department of Devolution	300,000,000
Total	<u>300,000,000</u>

Description and reference of the transfer

1st quarter transfer	59,000,000
2nd quarter transfer	40,000,000
3rd quarter transfer	100,000,000
4th quarter transfer	84,924,921
Payments made at the Ministry	16,075,079
Total	<u>300,000,000</u>

2 COMPENSATION OF EMPLOYEES

Basic salaries of permanent employees	50,428,101
Personal allowances paid as part of salary	<u>20,707,025</u>
Total	<u>71,135,126</u>

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3 USE OF GOODS AND SERVICES

	2016-2017
	Kshs
Utilities, supplies and services	1,955,517
Communication, supplies and services	3,800,180
Domestic travel and subsistence	65,940,329
Foreign travel	-
Printing, advertising and information supplies & services	17,422,799
Rentals of produced assets	50,202,137
Training expenses	6,608,472
Hospitality supplies and services	20,226,292
Insurance costs	5,499,562
Specialised materials and services	-
Office and general supplies and services	18,876,394
Hire of Transport	-
Routine maintenance – vehicles and other transport equipment	6,626,180
Overhaul of Vehicles	-
Routine maintenance – other assets	9,836,876
Other operating expenses	514,374
Contracted Professional Services	-
Fuel Oil and Lubricants	<u>7,214,000</u>
Total	<u>214,723,113</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 ACQUISITION OF ASSETS

	2016 - 2017
	Kshs
Purchase of Vehicles and Other Transport Equipment	-
Overhaul of Vehicles and Other Transport Equipment	-
Purchase of Office Furniture and General Equipment	13,466,202
Purchase of Specialized Plant, Equipment and Machinery	<u>-</u>
Total	<u>13,466,202</u>

5 BANK ACCOUNTS

Name of Bank, Account	2016 - 2017
	Kshs
Central Bank of Kenya. - 1000304863	- <u>51,558</u>
Total	<u>51,558</u>

6. RECEIVABLES

	2016 - 2017
	Kshs
Outstanding imprests	<u>624,000</u>
(Annex 1)	<u>624,000</u>

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Annex I
OUTSTANDING IMPRESTS – 2016/2017

Name of the officer	Amount taken	Outstanding amount. Ksh.
BENSON NAIRUTI		76,600
PROF DAVID KURIA		100,800
JOEL ARIKA		15,600
PROF JUDITH MIGUNDA-ATTYANG'		431,000
TOTAL		624,000

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ANNEX II- SUMMARY OF FIXED ASSET

ASSET	HISTORICAL COST 2016/2017(Ksh.)	HISTORICAL COST 2016/2017 (ksh.)
Office EQUIPMENT FURNITURE AND FITTINGS	13,466,202	13,466,202

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