

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



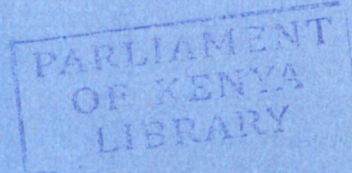
REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 07 MAR 2019

DAY:
THURSDAY

OF



TABLED
BY:

Hon Aden Duall

CLERK-AT
THE TABLE:

Moses Lemana

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
POLITICAL PARTIES FUND

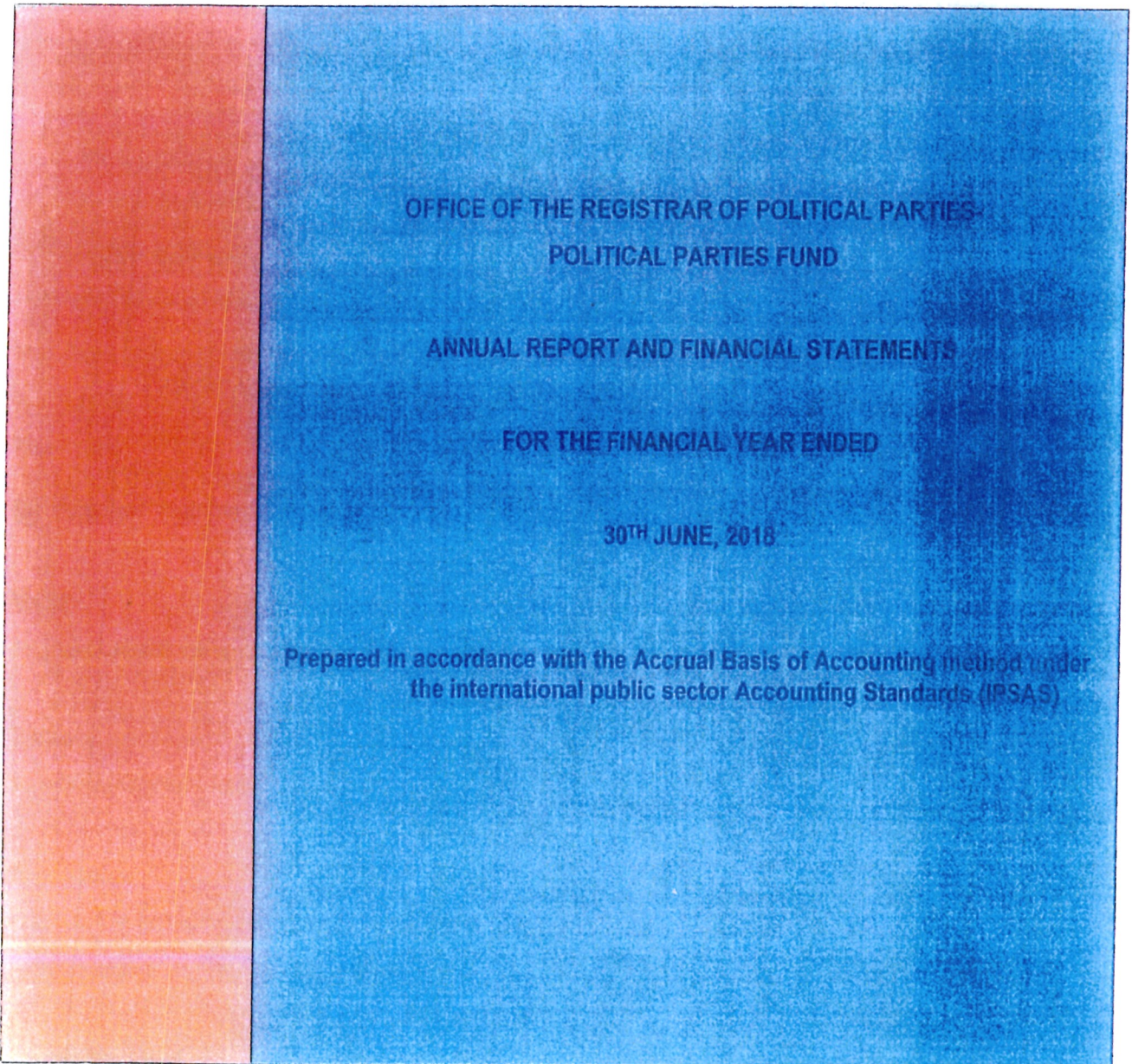
FOR THE YEAR ENDED
30 JUNE 2018

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Political Parties Fund
Annual Reports and Financial Statements
for the year ended June 30, 2018



Republic of Kenya



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Off Waiyaki way
P.O. Box 1131-00606
NAIROBI

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Political Parties Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Office of the Registrar of Political Parties (ORPP) is established by Section 33 of the Political Parties Act, 2011 as an independent State office within the meaning of Article 260 of the Constitution of Kenya. The office is a body corporate with perpetual succession, under a common seal and capable of suing and being sued in its corporate name.

The Act is the primary legal reference for management of political parties in accordance with Articles 91 and 92 of the Constitution 2010, which envisages well governed political parties that respect internal democracy and their constitutional status in the Kenyan political system. The office promotes a democratic political system that is issue-based, people-centred, result-oriented and accountable to the public as outlined in ORPP Strategic Plan and Vision 2030.

The Office of Registrar of Political Parties is headed by the Registrar of Political Parties who is responsible for the general policy and strategic direction of the Office. The Registrar is deputized by three Assistant Registrars.

(b) Principal Activities

Vision

An inclusive and viable democratic multi-party system.

Mission

To promote institutionalized democratic political parties in Kenya.

Core Values

The Office is bound by the national values and principles of governance, leadership and integrity as stipulated in the Constitution. The specific core values are:

Professionalism: The office promotes a culture of professionalism and demonstrates competence and mastery of subject matter. Professionalism is reflected in our performance through conscientious and efficient in meeting commitments, observing deadlines and achieving results.

Integrity: The office puts utmost premium on honesty in the service of its stakeholders. It genuinely pursues a policy of non-tolerance of any form of corruption. The staff and

- everyone engaging with the office bear personal responsibility and are accountable for their decisions and conduct.
- Teamwork:** The Office embraces team-work in all its operations.
- Transparency:** The office is open to independent scrutiny; accountable; shares information and promotes self-assessment.
- Respect for the rule of law:** The office is bound by the Constitution and the legal framework governing political system. The office takes great interest in achieving both substantive and procedural rule of law in undertaking its responsibilities.
- Equality and equity:** The Constitution and the statutory framework governing the office and political parties emphasize principles of equality and equity before the law. The Office positively seeks to assert the rights of special interest groups and promote diversity and equality in its internal establishment.
- Impartiality:** The office is unbiased, fair, firm, and dispassionate in its operations.

Core Functions

The mandate of the ORPP is to register, regulate and administer the Political Parties Fund. The statutory functions of the office are as outlined below:-

- (a) Register, regulate, monitor, investigate and supervise political parties to ensure compliance with this Act;
- (b) Administer the Political Parties Fund;
- (c) Ensure publication of audited annual accounts of political parties;
- (d) Verify and make publicly available the list of all members of political parties;
- (e) Maintain a register of political parties and the symbols of the political parties;
- (f) Ensure and verify that no person is a member of more than one political party and notify the Commission of his findings;
- (g) Investigate complaints received under the Act; and
- (h) Perform such other functions as may be conferred by the Act or any other written law.

(c) Key Management

The Office is structured into the following departments:

1. Registration and County Coordination
2. Compliance and Regulation; and
3. Corporate Affairs.



(d) Fiduciary Management

The office had put in place the following key management personnel, who had direct fiduciary responsibility to oversee the achievement of its mandate during the financial year ended 30th June 2018:

No.	Designation	Names
1.	Registrar of Political Parties	Lucy K. Ndungu, EBS, HSC
2.	Deputy Director, Human Resource Management	Dinah A Liech
3.	Ass. Director, Compliance	Juliet W. Murimi
4.	Deputy Chief Finance Officer	Joshua M. Kimulu
5.	Assistant Director, Records Management	Joel K. Terer
6.	Assistant Accountant General	John M. Macharia
7.	Chief Accountant	Douglas O. Wanzala
8.	Chief Internal Auditor	Veronicah N. Muasya
9.	Senior Economist	Joseph K. Kanja
10.	Chief Supply Chain Management Officer	Enid M. Nyamwaro
11.	Supply Chain Management Assistant	Lilian W. Mugo
12.	Senior Training and Development Officer	Anastacia N. Kaberere
13.	Senior Information Communication Technology Officer	Robert G. Waitthaka

During the year ended 30 June 2018, Lucy K. Ndungu, EBS, HSC, was the Registrar of Political Parties/ Accounting Officer. She was appointed as a member of the Commission of Administrative Justice (CAJ) on 3rd August 2018, and has since been replaced by Anne N. Nderitu, MBS in an Acting Capacity with effect from 10th August 2018.









Lucy K. Ndungu, EBS, HSC
Registrar of Political Parties

Lucy K. Ndungu, EBS, HSC is the Registrar of Political Parties. In her portfolio, the Registrar provides strategic direction in political system in Kenya by formulating strategic policies and implementation of the law. She was instrumental in setting the office of the Registrar of Political Parties, and spearheading the formulation of Legal and Institutional framework of political parties in Kenya. She holds a Bachelor's degree in Law from the University of Nairobi, Diploma in Law from Kenya School of Law and is an Advocate of the High Court of Kenya. She is a Certified Public Secretary of Kenya (CPSK), holds Executive Education in Advanced Management




	<p>Program from Strathmore University and Certificate in Contemporary Public Administration Management – Israel and a Certificate in Strategic Leadership development Programme (SLDP) from Kenya School of Government. She is a member of Law Society of Kenya, The Institute of Certified Public Secretaries (ICPSK) and is an accredited Bridge Facilitator.</p>
 <p>Dinah A. Liech Deputy Director, Human Resource Management</p>	<p>Mrs. Liech is responsible for providing strategic direction on HRM policies and effective management of Human Resource matters of OPRP. The position is also responsible for institutional transformation, optimal staffing levels and delivers current and future HR strategic goals for formulation and implementation of Human Resource Policies and procedures. She holds Masters in Business Management from ESAMI & Maastriht Management Institute and a Bachelor's degree in Business Administration from Kenya Methodist University. She is a Certified Public Secretary of Kenya (CPSK), holds a Diploma in Human Resource Management from Galilee International Management Institute (GIM) – Israel and a Certificate in Strategic Leadership development Programme (SLDP) from Kenya School of Government. She is a member of the Institute of Human Resource Management (IHRM), and Institute of Certified Public Secretaries of Kenya (ICPSK).</p>
 <p>Juliet W. Murimi Assistant Director, Compliance</p>	<p>Juliet Murimi is responsible for strategic direction for effective and efficient registration, and continuous compliance by political parties. She holds a Masters Degree in Business Administration, Strategic Management from Jomo Kenyatta University of Agriculture and Technology LLB Degree from the University of Nairobi and a Diploma in law from Kenya School of Law (KSL). She has a Certificate in Strategic Leadership development Programme (SLDP) and Senior Management Course (SMC) from Kenya School of Government. She is an Advocate of the High Court of Kenya and an active member of the Law Society of Kenya. She is an accredited Bridge TtF Facilitator.</p>



 <p>Joshua M. Kimulu Deputy Chief Finance Officer</p>	<p>Mr. Joshua Kimulu is responsible for effective implementation of prudent financial management strategies, policies, standards and procedures in budget planning and preparation, and resource mobilisation. He holds a Master of Science Degree in International Economic and Business from University of Groningen, the Netherlands, a Bachelor of Arts Degree in Economics from Moi University. He holds a certificate of Certified Public Accountants Part III (Section IV), Strategic Leadership and Senior Management from Kenya School of Government.</p>
 <p>Joel K. Terer Assistant Director, Records Management</p>	<p>Mr. Terer is responsible for implementing policies, guidelines and procedure on records management of the Office. He holds Masters in Arts, in Economics and Cooperation from BKD University (India) and Bachelor of Arts-Economics and Sociology from Agra University (India). He has a certificate in Records management from ESAMI, Strategic Leadership development Programme (SLDP) and Senior Management Course (SMC) from Kenya School of Government.</p>
 <p>John M. Macharia Assistant Accountant General</p>	<p>John Macharia is responsible for implementing prudent financial management policies, strategies, standards, procedures in accounting in line with Public Financial Management Act (PFM) and other Treasury Circulars. He holds a Bachelor Degree of Commerce in Finance from Masinde Muliro University of Science and Technology. He is a CPA (K) and has a certificate in Strategic Leadership development Programme (SLDP) and a certificate in Senior Management Course (SMC) from Kenya School of Government. He is a member of ICPAK.</p>

 <p>Douglas O. Wanzala Chief Accountant</p>	<p>Douglas Wanzala is responsible for implementing prudent financial management policies, strategies, standards, procedures in accounting in line with Public Financial Management Act (PFM) and other Treasury Circulars. He holds a Masters degree of Science, (Finance and Economics) from KCA University, a Bachelor Degree in Commerce (Finance option) from KCA University, and a certificate in Senior Management Course (SMC) from Kenya School of Government. He is a CPA (K) and a member of ICPAK.</p>
 <p>Veronicah N. Muasya Chief Internal Auditor</p>	<p>Veronicah Muasya is responsible for internal audit and Risk Management of the Institution as per Public Financial Management Act and Auditing Standards. She holds an MBA from the Management University of Africa (Kenya), a Diploma in Auditing from Institute of Internal Audit (IIA), Kenya, a CPA (K) holder, a Certificate in Certified Fraud Examiner (CFE) from Association of Certified Fraud Examiner, a Strategic Leadership development Programme (SLDP) and Senior Management Course (SMC) from Kenya School of Government. She is a member of the following professional bodies: Association of Certified Fraud Examiner (CFE), Institute of Internal Audit and ICPAK.</p>
 <p>Enid M. Nyamwaro Chief Supply Chain Management Officer</p>	<p>Enid Nyamwaro is responsible for coordinating, developing, and implementing strategic supply chain management policies and procedures that are aligned to the Public Procurement and Disposals Act. She holds a Masters degree in Science, Procurement and Logistics from Jomo Kenyatta University of Agriculture, Bachelor of Arts degree from the University of Nairobi, Graduate Diploma in Purchasing and Supply from the Chartered Institute of Purchasing and Supply (CIPS), UK, and is a Certified Public Accountant, Kenya finalist. She has a certificate in Strategic Leadership development Programme (SLDP) and Senior Management Course (SMC) from Kenya School of Government and Project Planning and Management from Kenya School of Government. She is a member of Chartered Institute of Purchasing and Supply (CIPS) and Kenya Institute of Supplies Management.</p>



 <p>Robert G. Waitthaka Senior ICT Officer</p>	<p>Robert Waitthaka is responsible for strategic direction on ICT services including security, networks, policy, training and the website. He holds a Masters degree in IT, in Systems Security and Audit from Strathmore University and a Bachelor's degree in IT from Jomo Kenyatta University of Agriculture and Technology (JKUAT). He has the following certifications: Enterasys Certified Specialist (ECS), Enterasys Certified Network Associate (ECNA), Cisco Certified Network Associate (CCNA) and Microsoft Certified Technology Specialists (MCTS).</p>
 <p>Joseph K. Kanja Senior Economist</p>	<p>Joseph Kanja is responsible for the formulation of policies on monitoring and evaluation of the overall performance of the institution and political parties. He holds a Bachelor of Science degree in Mathematics and Economics from Moi University. He has a certificate in Project Management from GIZ (Kenya), Certificate in Monitoring and Evaluation from GIZ (Kenya) and a certificate in Senior Management Course (SMC) from Kenya School of Government. He is a member of Evaluation Society of Kenya (ESK)</p>
 <p>Anastacia N. Kaberere Senior Training and Development Officer</p>	<p>Anastacia Kaberere is responsible for planning, coordinating and implementing training and development strategies in line with Training Policy. She holds a Masters degree in Business Administration, Project Management, from Kenyatta University, a Bachelors Degree in Business Administration, Human Resource Management from Kenya Methodist University and a Diploma in Business Management from Kenya Institute of Management (KIM). She has a certificate in Senior Management Course (SMC) from Kenya School of Government, a certificate in Training of Trainers (ToT) from Commonwealth Secretariat and a certificate in Supervisory Skills Management from Kenya School of Government.</p>

(e) Fiduciary Oversight Arrangements

The oversight authority put in place by the Registrar of Political Parties includes the following:-

i. **Audit Committee**

The Audit committee concept was first established and operationalized in the Government of Kenya under Treasury Circulars No. AG3/086/6(61) of 2000; No.16/2005 and No 3/2009. In compliance with Section 73(5) of The Public Finance Management Act, 2012 and Public Finance Management (National & County) Regulations 2015 (Part XIII), the Accounting Officer vide letter Ref: RPP/CMT/13 dated 25th August 2016, appointed the following as members of ORPP Audit Committee:

a) MaryAnne Njau-Kimani, OGW	Chairperson
b) Sellestine Kiuluku, MBS, EBS	Member
c) Jacob Ondari	Member
d) Sarah Ogongo	Member
e) Reuben Chirchir	Member
f) Daniel Nyaga	The National Treasury Representative
g) Veronicah Muasya	Secretary

The functions of the Audit committee include:

- a) Obtain assurance from management that Registrar of Political Parties (RPP) financial and non-financial internal control and risk management functions are operating effectively and reliably.
- b) Provide an independent review of RPP reporting functions to ensure the integrity of financial reports.
- c) Monitors the effectiveness of the entity's performance management and performance information.
- d) Provide strong and effective oversight of the internal audit function.
- e) Provide effective liaison and facilitate communication between management and external audit.
- f) Provide oversight of the implementation of accepted audit recommendations.
- g) Ensure the RPP effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behavior.



ii. **Budget Implementation Committee**

Pursuant to The National Treasury Circular No. 07/2017 dated 23rd June 2017, the Accounting Officer constituted a Budget Implementation Committee (BIC) comprising of the following members:

- | | |
|--------------------------|-------------|
| a) Lucy Ndungu, EBS, HSC | Chairperson |
| b) Joshua Kimulu | Member |
| c) Dinah Liech | Member |
| d) Juliet Murimi | Member |
| e) Joel Terer | Member |
| f) Enid Nyamwaro | Member |
| g) Joseph Kanja | Member |
| h) Robert Waithaka | Member |
| i) John Macharia | Secretary |

The functions of the committee include:

- To review and consider the cash flow plans and recommend review of the cash plan and approval of any changes to be communicated to the National Treasury,
- To review the utilization of cash limits and consider any changes as may be required,
- To review the utilization of donor funds voted for ORPP,
- To review the monitoring and evaluation report and advise the Accounting Officer on the performance of the entire budget and any challenges related to the budget implementation,
- To review and recommend reallocation of expenditures,
- To review and approve the expenditure plans, Payroll (IPPD), Pending Bills and A-I-A returns for the ORPP and recommend actions to be taken, and
- To participate in the budget Sector Working Groups

iii. **Evaluation Committee**

The Accounting Officer constituted ad hoc evaluation committees in accordance with Section 46 (1) of the Public Procurement and Assets Disposal Act, 2015 from among members of staff with the relevant expertise.

The functions of the evaluation committee established under this Act include:-

- a) Evaluate the technical and financial aspects of a procurement
- b) Negotiation of the process including evaluation of bids, proposals for prequalification, registration lists, and Expression of Interest
- c) Adopt a process that shall ensure the evaluation process utilized adheres to Articles 143 and 227 (1) of the Constitution
- d) Inviting external technical experts who are not employees of the office to assist in matters that need specific technical expertise

iv. Inspection and Acceptance Committee

The Accounting Officer, pursuant to Section 48(1) of Public Procurement and Assets Disposal Act, 2015, established ad hoc Inspection and Acceptance committees.

The functions of the Inspection and Acceptance committee established under this Act include:-

- a) Inspect and where necessary, test the goods received;
- b) Inspect and review the goods, works or services in order to ensure compliance with the terms and specifications of the contract;
- c) Accept or reject, on behalf of the procuring entity, the delivered goods, works or services;
- d) Ensure that the correct quantity of the goods is received; and
- e) Ensure that the goods, works or services meet the technical standards defined in the contract and ensure that the goods, works or services have been delivered or completed on time;
- f) Ensure that all required manuals and documentations are received;
- g) Issue interim or completion certificates or goods received notes, as appropriate in accordance with the contract.

v. Assets Disposal Committee

The Accounting Officer, pursuant to Section 163 (1) of Public Procurement and Assets Disposal Act, 2015 established an ad hoc disposal committee for the purpose of disposal of unserviceable, obsolete, or surplus stores, equipment or assets.



The functions of Assets Disposal Committee include:

- a) Verification and processing of all disposal recommendations in liaison with the head of procurement function as prescribed
- b) Recommend the best method of disposing of unserviceable, obsolete or surplus stores or equipment
- c) Draft a technical report, and
- d) Recommend to the Registrar the best method of disposing of the stores/equipment.

vi. Management Committee

The office has a management committee constituted of all the Heads of Department. The members of the committee are:

a) Lucy Ndungu, EBS, HSC	Chairperson
b) Dinah Liech	Member
c) Juliet Murimi	Member
d) Joshua Kimulu	Member
e) Joel Terer	Member
f) John Macharia	Member
g) Enid Nyamwaro	Member
h) Joseph Kanja	Member
i) Veronica Muasya	Member
j) Robert Waithaka	Member
k) Anastacia Kaberere	Secretary

The functions of the committee include:

- a) Provide strategic direction of the office
- b) Development of policy guidelines, reviews and approval of office internal policies
- c) To receive, deliberate and make recommendations on proposals from various ORPP committees
- d) Approve the implementation of the budgets and operational plans;
- e) Review of operational and financial performance

vii. Legal, Standards and Compliance Committee

The management constituted the above committee for effective implementation of the Political Parties Act, 2011.

Members of the committee are:

- | | |
|---------------------|-------------|
| a) Juliet Murimi | Chairperson |
| b) Joseph Kanja | Member |
| c) Lenard Rotich | Member |
| d) Geraldine Mukele | Member |
| e) Boniface Olwal | Member |
| f) Rebecca Wahu | Secretary |

The functions of the committee include:

- Deliberate on the legal issues pertaining to the operations of ORPP specifically;
- Advise on ORPP litigation of court matters;
- Develop strategies and policies for the compliance and regulation of political parties;
- Develop guidelines for investigation of offences and sanctions for non-compliance political parties under the Act;
- Coordinate Political Parties Liaison Committee (PPLC) framework; and
- Coordinate legal reform initiatives

viii. Human Resource and Administration and ICT Committee

The management constituted the above committee for effective implementation of Human Resource Policy, Administration and ICT matters:-

The committee comprised of the following members:-

- | | |
|---------------------|-------------|
| a) Dinah Liech | Chairperson |
| b) Joshua Ngala | Member |
| c) Joseph Kanja | Member |
| d) Geraldine Mukele | Member |
| e) Douglas Wanzala | Member |
| f) Robert Waitthaka | Secretary |

The functions of the committee include:

- a) To plan the Human Resources/Training and development programs;
- b) Employee compensation and benefits;
- c) Training and the management;
- d) Staff development;
- e) Employee recruitment and retention;
- f) Discipline;
- g) Transport and security
- h) Administration



Information Communication Technology Steering Committee

The office constituted the above committee to provide guidance on matters relating to effective and efficient management of IT resources in ORPP.

Members of the committee are:

- | | |
|----------------------|-------------|
| a) Robert Waithaka | Chairperson |
| b) Dinah Liech | Member |
| c) Joshua Kimulu | Member |
| d) Juliet Murimi | Member |
| e) Joel Terer | Member |
| f) John Macharia | Member |
| g) Lenard Rotich | Member |
| h) Josephat Nyongesa | Secretary |

The functions of the committee are to:

- i) Develop ICT strategies and plans that ensure the cost effective application and management of ICT systems and resources throughout the office;
- ii) Review current and future technologies to identify opportunities to increase the efficiency of ICT resources;
- iii) Monitor and evaluate ICT projects and achievements against the ICT Work Plan;
- iv) Provide advice and recommendations to the Registrar and the Management on significant ICT issues.

(f) Entity offices

(i) Office of the Registrar of Political Parties (Headquarters)

P.O. Box 1131 – 00606,
Lion Place 1st Floor,
Karuna Close, Off Waiyaki Way,
Westlands, Nairobi, Kenya

Contacts

Telephone: (254) (020) 4022000

E-mail: registrar@orpp.or.ke

Website: www.orpp.or.ke.

(ii) Office of the Registrar of Political Parties Regional offices

i) Kisumu

Re-insurance Plaza, 3rd floor Wing B
Oginga Odinga Road
Kisumu

ii) Mombasa

Palli House, 5th Floor
Nkrumah road
Mombasa

iii) Uasin Gishu

Kerio Valley Development Authority (KVDA) Plaza, 7th Floor,
Along Oloo Street
Eldoret

iv) Isiolo

County Estate, Isiolo Township
Plot No. LR7918/164
Isiolo

v) Kitui

Mammelodi House,
JICA/KEFRI Road
Next to Main Prisons
Kitui



vi) Nakuru

Metro Cosmo Limited,
Mache Plaza, 1st Floor Room 18,
Nakuru

vii) Nyeri

Advocates Plaza,
Lower Ground
Kamakwa Road
Nyeri

(g) Entity's Bankers

i) Central Bank of Kenya

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

Accounts Maintained

REC: Registrar of Political Parties 1000181206
DEP: Registrar of Political Parties 1000181842
CBK 165: Registrar of Political Parties 1000182806

ii) Housing Finance Company

Westlands Branch
Skypark Plaza – Woodvale Close
P.O Box 2141 – 00606
Nairobi, Kenya

Political Parties Fund
Annual Reports and Financial Statements
For the year ended June 30, 2018

Accounts Maintained

HFC Mortgage loan 2327693101-0

HFC Car loan 2327693102-0

(h)

Independent Auditors

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(i)

Principal Legal Advisor

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya



FORWARD BY THE ATTORNEY GENERAL

1. Introduction

The Republic of Kenya is a multi-party democratic state founded on the national values and principles of governance (Article 4). The people of Kenya are free to exercise their political and democratic rights through free, fair and credible electoral process. The Constitution provides that every person is equal before the law and has a right to make political choices which include the right to belong and campaign for a political party and candidate of their choice (Article 38).

The Constitution envisages well governed and managed political parties. Articles 91 and 92 of the Constitution recognize political parties as important governance institutions in the promotion of democracy. To operationalize the two Articles the Political Parties Act, 2011 was enacted. The Act established the Office of the Registrar of Political Parties (ORPP) as an independent State office within the meaning of Article 260 of the Constitution of Kenya, 2010.

2. Summary of budget Performance for the year ended 30th June 2018.

During the financial year 2017/2018, ORPP was allocated a budget of Kshs. 371,190,000 (Three Hundred and Seventy One Million, One Hundred and Ninety Thousand Shillings) for Political Parties Fund (PPF). The 95% of the fund was disbursed to qualifying political parties while 5% was utilized for administration of the fund.

Table 1: Fund Utilization

S/No	Item	Amount (Kshs. Million)
1.	Disbursement to Political Parties	352.631
2.	Fund Operating Expenses	18.559
Total		371.190

3. Key achievements of the Office of the Registrar of Political Parties

- a) Legal and Regulatory Framework Strengthened
- b) Institutional capacity of ORPP Strengthened
- c) Enhanced Compliance by the Political Parties
- d) Management and Administration of ORPP Finances Strengthened
- e) ORPP Corporate Image Enhanced
- f) Political Parties Liaison Committee (PPLC) Platform Strengthened
- g) Strategic Partnerships with Stakeholders Strengthened

h) Monitoring and Evaluation Framework Enhanced

4. Emerging Issues

In the year under review, the following were the emerging issues which impacted on the implementation of ORPP mandate:

- a) Increased cases of litigations emanating from increased democratic space
- b) Increased number of independent candidates
- c) Shifting in political realignment
- d) Heightened political activities towards the 2017 General Elections and the Fresh Presidential election.

5. Challenges

The Office faced the following challenges in the course of implementing its programs and activities:

- a) Inadequate budgetary allocation
- b) Inadequate Staffing level
- c) Inter and intra Political Parties Conflicts
- d) IFMIS fluctuation



Article 101(2) of the Constitution
for the year ended June 30, 2018

3. Recommendation and Way Forward

The Office of the Registrar of Political Parties will continue to:

- a) Engage the National Treasury for allocation of adequate funding
- b) Enhance the capacity of political parties to ensure transparency and accountability in their operations
- c) Strengthen monitoring and evaluation to enforce compliance of Political Parties Act, 2011 and provisions of the constitution
- d) Endeavour to strengthen its human resource capacity by recruitment of the optimum number of staff as per the approved staff establishment including the appointment of the Registrar and the three Assistant Registrars.



Justice (Rtd) Paul Kihara Kariuki, CBS
Attorney General

Date: *First October*
2018.

REPORT OF THE REGISTRAR OF POLITICAL PARTIES

1. Introduction

The Office of the Registrar of Political Parties is established under the Political Parties Act, 2011 as a State Office within the meaning of Article 260 of the Constitution of Kenya, 2010. The Act mandates ORPP to register, regulate and administer the Political Parties Fund. Article 253 of the constitution and section 33 of the PPA, 2011 provide that the Office shall be an independent body corporate with perpetual succession, with a common seal and capable of suing and being sued in its corporate name.

2. Summary of budget Performance for the year ended 30th June 2018.

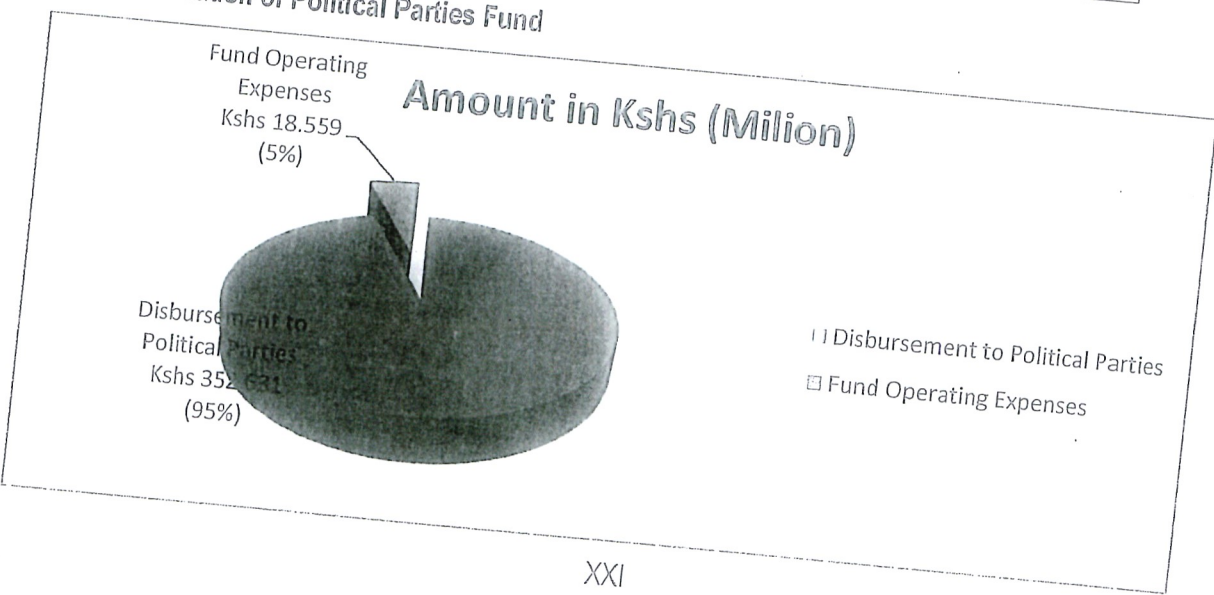
2.1 Budgetary allocation

The Political Parties Fund (PPF) budget allocation for the FY2017/18 was Kshs. 371,190,000 (Three Hundred and Seventy One Million, One Hundred and Ninety Thousand Shillings). Section 25 of the PPA provides that 95% of the fund be disbursed to qualifying political parties while 5% is for administration of the fund.

Table 1 : Political Parties Fund utilization

S/No	Item	Amount (Kshs. Million)
1.	Disbursement to Political Parties	352.631
2.	Fund Operating Expenses	18.559
Total		371.190

Fig. 1: Utilization of Political Parties Fund





2.2 Disbursement of the Political Parties Fund

The political parties fund was disbursed to the following qualifying political parties in accordance with the criteria set out under section 25 of the Political Parties Act, 2011.

Table 2 : Disbursement of Political Parties Fund

S/No.	Party Name	Total Kshs.	Percentage
1.	Jubilee Party (JP)	240,374,863.00	64.76
2.	Orange Democratic Movement (ODM)	112,255,637.00	30.24
3.	Administration	18,559,500.00	5
Total		371,190,000.00	100

3. Key Achievements of the Office of the Registrar of Political Parties

3.1 Legal and Regulatory Framework Strengthened

After the August 8th General Elections and 26th October 2017 Fresh Presidential Election the office evaluated its performance and realized that there was need to sensitize the political parties, aspiring candidates and the general public on compliance with the amended Political Parties Act.

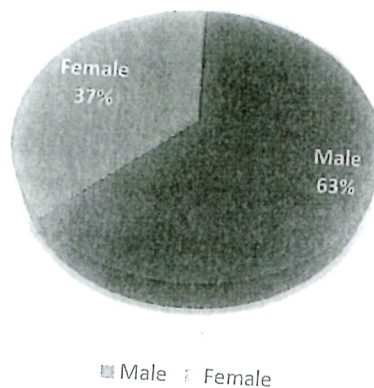
The office developed a Popular Version of the Political Parties Act, 2011 in both English and Kiswahili and organized workshops to sensitize Trainer of Trainers (ToTs), County Political Parties' Officials and the National Political Parties Liaison Committee (PPLC). Forty One (41) political parties drawn from all the counties were sensitized on the popular version.

Table 3 : Number of Trainer of Trainers and Political Party Officials sensitized

		Male	Female	Total
1.	Trainer of Trainers (TOTs)	49	29	78
2.	Political Party Officials	130	75	205
Total		179	104	283

Fig 2: Number of Trainer of Trainers and Political Party Officials sensitized

Number of Trainer of Trainers and Political Party Officials sensitized



3.2 Registration of Political Parties

The registration function involves scrutiny of all applications for registration of a political party; both provisional and full registration of political parties in line with the Constitutional requirements for political parties set out in the Political Parties Act, 2011 and provides the necessary guidance to applicants.

3.2.1 Provisional Registration

The Office received applications for provisional registration from six (6) political parties namely:- United Green Movement, Umoja Summit Party, Civic renewal Party, Nyayo za Umoja Party, Grand Dream Development Party, White Flag Party.

The Office reviewed constitutions of the political parties to ensure that they comply with the requirements of the Constitution of Kenya and Section 9 of the PPA, 2011. Three political parties qualified for provisional registration, were gazette and issued with provisional certificate. The political parties are listed below.

- a) United Green Movement (UGM) Party; The applicants received provisional registration status on 9th February, 2018
- b) Grand Dream Development (GDD) Party; (The applicants received provisional registration status on 18th April, 2018
- c) The White Flag Party (TWF) party; The applicants received provisional registration status on 26th June, 2018



3.2.2 Full Registration

As at 30th June 2018 the number of fully registered political parties stood at Sixty Seven (67).

3.3 Regulation of Political Parties to ensure Compliance with the Political Parties Act, 2011

Regulation of political parties pertains to the continuous follow up political parties to ensure that they remain compliant in the conduct of their day to day activities. Further the Office supervises how parties effect changes of their particulars including changes of officials, Party Constitutions, party names / symbols, location, address, or other particulars. Maintenance of party records and conduct of party meetings is also monitored by the compliance section.

The Political Parties Act requires all fully registered political parties file annually their work plans, books of accounts including sources of funds and statement of assets and liabilities.

The Office of the Registrar may from time to time issue compliance notices to political parties to enhance compliance with the Political Parties Act, 2011. These notices may include: -

- a) Notices of review of party constitutions and nomination rules
- b) Notice of filing of Statutory declaration 60 days after full registration
- c) Notice of filing of Statutory declaration 60 days before an election
- d) Notice on guidelines for party mergers and coalitions

To enhance compliance, ORPP ensured that:-

- a) All fully registered political parties complied with the PPA, 2011 with regards to issues of inclusion of special interests groups in the governing body, publication of sources of funding, income and expenditure, assets and liabilities and submission of books of accounts to the Auditor General for audit;
- b) Set procedures were followed in the event of changes in political party name, constitution, rules and regulations, titles, name and address of any party official, slogan and colors and physical locations. The office published in the Kenya Gazette the applications for changes filed
- c) Meetings such as the National Delegates Conference were conducted as stipulated in party constitutions.
- d) Updated records of parties' compliance status were well maintained and included the gazettelement of political party particulars as summarized below.

The Office processed the notification of changes, alteration in constitution of political party's rules and regulations, the title, name or address, any party official, its name, symbol, slogan or colour and location, address, or other particulars. The tables below indicate the party and the changes effected

Table 4: Change of Parties Office Bearers

No.	Political Party	Gazette Notice and Date
1.	Orange Democratic Movement (ODM)	No. 4488 of 11 th May 2018
2.	Thirdway Alliance Kenya (TAKE)	No. 1709 of 23 rd February 2018
3.	National Democratic Movement (NDM)	No. 1713 of 23 rd February 2018
4.	Wiper Democratic Movement- Kenya (WDM-K)	No. 1714 of 5 th February 2018
5.	Ukweli Party (UP)	No. 672 of 26 th January 2018
6.	Amani National Congress (ANC)	No. 11045 of 10 th November 2017

Table 5: Change of Party Symbols

No.	Party	Former	Current	Gazette Notice and Date
1.	National Democratic Movement (NDM)	Green Compass	Sunflower with green stem	No 2537 of 16 th March, 2018
2.	Movement for Democracy and Growth (MDG)	Half scale of justice	Maize cobs	No.2045 of 2 nd March, 2018
3.	Citizens Convention Party (CCP)	Fishing net hanging inside a circle with the initials CPP	Fishing net in a full circle with the words CPP Sauti ya Raia	No. 7527 of 4 th August, 2017

Table 6: Change of Party Head Office Location

No.	Party Name	Former Location	Current Location	Gazette Notice Number
1.	Citizens Convention Party (CCP)	Patel plaza, Hurlingham, Nairobi	Ondiek highway, Block 5/42 Kisumu	No. 3071 of 29 th March, 2018

Table 7: Change of Party Slogan



No.	Party Name	Former	Current	Gazette Notice and Date
1.	Movement for Democracy and Growth (MDG)	Funguo la Usawa, Funguo la Haki, Funguo la Umoja	Mahindi: Funguo la maisha, funguo la usawa	No 2045 of 2 nd March, 2018

3.4 Deregistration

The office of the Registrar of Political Parties has the mandate to deregister political parties that do not comply with the Political Parties Act, 2011. In 2017/18 financial year, the Office deregistered the following two (2) political parties namely: the Vibrant Democratic Party (VDP) and Kenya National Democratic Alliance (KENDA) for non-compliance.

3.5 Litigation

During the period under review, the Office was enjoined in numerous court matters both at the Political Parties Dispute Tribunal and in the High Court. This was attributed to the fact that it was an election year. The matters varied from appeals against the decisions of the Registrar while others the Office was enjoined as an interested party in order to provide clarity of information in court. The office was involved in thirty nine (39) court matters in the year under review of which thirty four (34) cases were successfully concluded being eight seven percent (87%) of the cases filled while five (5) are ongoing.

3.6 Political Parties Capacity Building

The Office upgraded the Integrated Political Parties Membership System (IPPMS) and trained political parties' representatives as per the table below:-

Table 8: Number of Participants Trained on IPPMS

S/No.	Participant Group	Number
1.	Technical Training for ICT	42
2.	Consultative meeting with Secretary Generals	46
3.	Training for ORPP Staff	49

3.7 Political Parties Database

The office maintained an updated database of political parties which contained members' names, gender, ID/passport, addresses, persons with disabilities. The database is publicly available and as at 30th June 2018, the Political Parties' membership was 13,871,174 comprising of 7,339,056 male and 6,532,118 female.

3.8 Human and Institutional Capacity of ORPP Strengthened

Capacity building includes both human resource and institutional development.

3.8.1 Human Resource Capacity Strengthened

During the period under review, the Office identified training capacity needs and sponsored staff to undergo specific capacity building programs. The table below summarizes the various courses that staff underwent.

Table 9: Courses and staff trained

S/No	Short Courses	No. of staff trained
1.	Senior Leadership Development Program	4
2.	Senior Management Course	13
3.	Supervisory Skills Management	1
4.	Customer Service Management	1
5.	Induction program	22
6.	Defensive Driving	3
7.	Group staff In-house training (Ethics and Anti – Corruption)	60
8.	Realizing Visions and Missions: The leadership Challenge	2
9.	Records Management Training	4
	Long Programmes	No. trained
1.	MSc. Computer Information Systems	1
2.	Masters Degree in Finance	1
3.	Diploma Archives and Records Management	1
4.	Diploma Paralegal training	1

3.8.2 Institutional Capacity Strengthened

The office undertook the following programmes to improve institutional capacity:

- a) To safeguard documents, the Office procured two bulk filing cabinet and five fireproof cabinets;



- b) Developed Integrated Political Parties Management System (IPPMS) designed to facilitate efficient and effective management of political party particulars.
- c) Implemented Integrated Payroll and Personnel Database System (IPPD) with the support of State Department of Public Service and Youth to enhance management of payroll.
- d) Developed Payroll and Human Resource Information System (PHRIS) with the support of State Department of Public Service and Youth to enhance management of human resources processes.
- e) Established Staff Mortgage and Car Loan scheme to enable staff access to affordable housing

3.8.3 Enhanced ORPP Corporate Image

The Office maintained an interactive and up to date website and active social media with relevant content feeds. Members of the public were invited to visit the online platform for the verification of their Political Parties membership status. The website was updated with the following information that envisioned an enhanced public awareness and ORPP brand visibility: -

- a) Change of Political Parties names and symbols;
- b) Process of clearance of independent candidates;
- c) Job advertisement for the constituency monitors;
- d) Tender advertisement, expression of interests and list of prequalified firms; and
- e) Formal statements on areas of compliance

3.8.4 Political Parties Liaison Committee Strengthened;

The Political Parties Liaison Committee (PPLC) which is established under Section 38 of the Political Parties Act, 2011 undertook peace forums prior and after the 2017 General Election to:-

- a) Champion and advocate for free, fair, peaceful, and transparent electoral environment and processes in Kenya;
- b) Provide a platform for structured multi-party dialogue between Political Parties and the Electoral Management Body on issues relating to the organization and conduct of elections and the electoral environment generally;
- c) Enhance genuine interaction, experience sharing and information exchange between political parties and the Electoral Management Body (EMB) as a way of building trust and confidence in the electoral process;

- d) Identify gaps and shortcoming in the electoral law and process and adopt a consultative and proactive approach in making suggestions for improvement;

3.9 Promoting Free Fair and Peaceful 2017 General Elections

3.9.1 County and Constituency Monitors

The ORPP prepared an elaborate roadmap for the 2017 General Elections. To actualize the monitoring activity, the office recruited on contract basis 47 County Monitors and 290 Constituency Monitors and deployed them to all counties and constituencies respectively. The monitors reported to the relevant authorities on hate speech, election malpractices and breach of both the Political Parties and Elections Code of Conducts during party primaries, campaigns, voting and tallying of election results.

3.9.2 Training of Political Parties and Candidates' Agents

The Office in collaboration with IEBC trained Political Parties/Agents in all the Counties on their roles and obligations before, during and after the elections. This enhanced smooth process of the elections during both the 8th August 2017 General Elections and the Fresh Presidential Election of 26th October 2017.



Anne N. Nderitu, MBS
Ag. Registrar of Political Parties



III MANAGEMENT DISCUSSION AND ANALYSIS

1. Introduction

The Office of the Registrar of Political Parties is established under the Political Parties Act, 2011 as a State Office within the meaning of Article 260 of the Constitution of Kenya, 2010. The Act mandates ORPP to register, regulate and administer the Political Parties Fund. Article 253 of the constitution and section 33 of the PPA, 2011 provide that the Office shall be an independent body corporate with perpetual succession, with a common seal and capable of suing and being sued in its corporate name.

2. Political Parties Fund Performance for the financial year ended 30th June 2018.

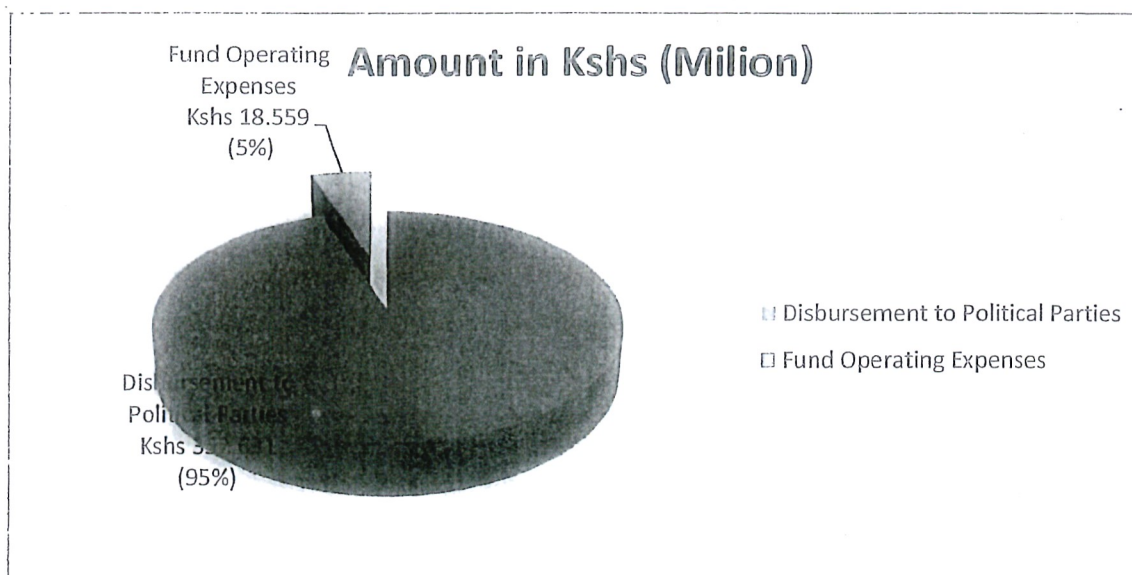
a) Budgetary allocation

The Political Parties Fund (PPF) budget allocation for the FY2017/18 was Kshs. 371,190,000 (Three Hundred and Seventy One Million, One Hundred and Ninety Thousand Shillings). Section 25 of the PPA provides that 95% of the fund be disbursed to qualifying political parties while 5% is for administration of the fund.

Table 10: Political Parties Fund utilization

S/No	Item	Amount (Kshs. Million)
1.	Disbursement to Political Parties	352.631
2.	Fund Operating Expenses	18.559
Total		371.190

Fig. 3: Utilization of Political Parties Fund



b) Disbursement of the Political Parties Fund

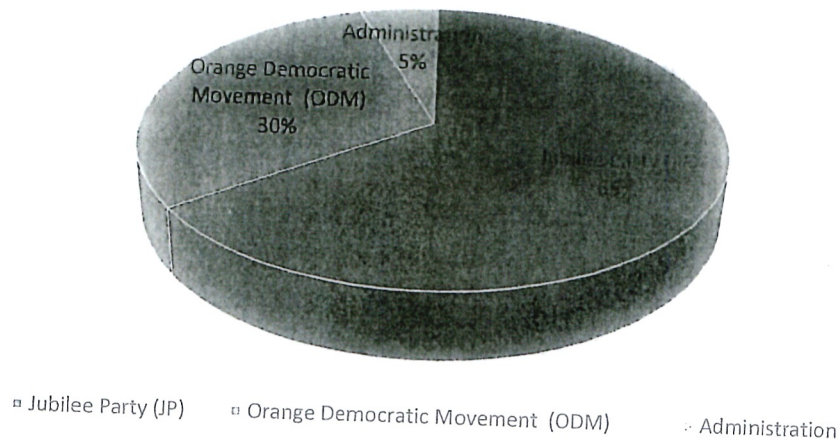
The political parties fund was disbursed to the following qualifying political parties in accordance with the criteria set out under section 25 of the Political Parties Act, 2011.

Table 11: Disbursement of Political Parties Fund

S/No.	Party Name	Total Kshs.	Percentage
	Jubilee Party (JP)	240,374,863.00	64.76
	Orange Democratic Movement (ODM)	112,255,637.00	30.24
	Administration	18,559,500.00	5
Total		371,190,000.00	100

Fig 4: Disbursement of Political Parties Fund

Disbursement of Political Parties Fund



3. Key Achievements of the Office of the Registrar of Political Parties

3.1 Legal and Regulatory Framework Strengthened

After the August 8th General Elections and 26th October 2017 Fresh Presidential Election the office evaluated its performance and realized that there was need to sensitize the political parties, aspiring candidates and the general public on compliance with the amended Political Parties Act.

To implement the above, the Office of the Registrar of Political Parties (ORPP) with the in collaboration with UN Women developed a Popular Version of the Political Parties Act, 2011 in both English and Kiswahili.

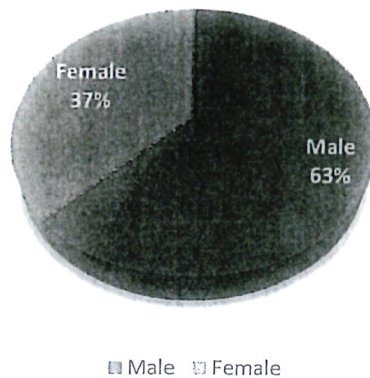
Consequently, ORPP organized workshops to sensitize Trainer of Trainers (ToTs), County Political Parties' Officials and the National Political Parties Liaison Committee (PPLC). Forty One (41) political parties drawn from all the counties were sensitized on the popular version.

Table 12: Number of Trainer of Trainers and Political Party Officials sensitized

S/N	Item	Male	Female	Total
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2.	Political Party Officials	130	75	205
	Total	179	104	283

Fig 5: Number of Trainer of Trainers and Political Party Officials sensitized

Number of Trainer of Trainers and Political Party Officials sensitized



3.2 Registration of Political Parties

The registration function involves scrutiny of all applications for registration of a political party; both provisional and full registration of political parties in line with the Constitutional requirements for political parties set out in the Political Parties Act, 2011 and provides the necessary guidance to applicants.

The Registration Section of this directorate is mainly charged with the duty of ensuring that the Political Parties' registration applications are effectively and efficiently processed through the following steps :-

- a. Provisional Registration and
- b. Full Registration
- c. Coalitions and Mergers

3.2.1 Provisional Registration

The process for provisional registration includes the following steps :-

- a) Receive written applications and review Party constitutions.
- b) Establish correspondence between applicants and the office.
- c) Cause notices to Government printers on Provisional registration
- d) Establish communication with applicants due for expiration of 180 days.

Between December, 2017 and June, 2018 ORPP through the registration section under registration and compliance directorate received six (6) applications for provisional registration namely :- United Green Movement, Umoja Summit Party, Civic renewal Party, Nyayo za Umoja Party, Grand Dream Development Party, White Flag Party.

The Office reviewed constitutions of the parties listed below to ensure that they comply with the requirements of the Constitution of Kenya and Section 9 of the PPA, 2011. The following applications were qualified for provisional registration between December, 2017 and June, 2018 and were successfully registered provisionally.

1. United Green Movement-The applicants received provisional registration status on 9th February, 2018
2. Grand Dream Development Party- The applicants received provisional registration status on 18th April, 2018
3. The White Flag Party- The applicants received provisional registration status on 26th June, 2018.

3.2.2 Full Registration

The office scrutinized the applications for full registration to ensure that the applicants had: worked closely with ICT to be able to track progress of the provisionally registered parties towards full registration on the following areas:-

- a) Membership process of recruiting the 24,000 members requirement as set out in the Constitution of Kenya and the PPA, 2011
- b) Confirm securing of the 24 county offices.
- c) Confirm that the governing body list are compliant to the PPA, 2011 and has representation of the SIGs



The process for full Registration involves the following steps :-

- a) Receive, record and verify details of governing body officials, membership data & the statutory offices
- b) Liaison with ORPP regional offices to certify location of the statutory offices
- c) Verify and process statutory forms PP4, PP5, code of conduct, Provisional certificate, certified affidavit, & statutory fees
- d) Cause notices to Government printers on full registration
- e) Receive objections, investigate and classify them and communicate on decisions on such objections

As at 30th June 2018 the number of fully registered political parties stood at Sixty Seven (67).

3.3 Regulation of Political Parties to ensure Compliance with the Political Parties Act, 2011

Regulation of political parties pertains to the continuous follow up political parties to ensure that they remain compliant in the conduct of their day to day activities. Further the Office supervises how parties effect changes of their particulars including changes of officials, Party Constitutions, party names / symbols, location, address, or other particulars. Maintenance of party records and conduct of party meetings is also monitored by the compliance section.

The Political Parties Act requires all fully registered political parties file annually their work plans, books of accounts including sources of funds and statement of assets and liabilities.

The Office of the Registrar may from time to time issue compliance notices to political parties to enhance compliance with the Political Parties Act, 2011. These notices may include: -

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- c) Notice of filing of Statutory declaration 60 days before an election
- d) Notice on guidelines for party mergers and coalitions

To enhance compliance, ORPP ensured that:-

- a) All fully registered political parties complied with the PPA, 2011 with regards to issues of inclusion of special interests groups in the governing body, publication of sources of funding, income and expenditure, assets and liabilities and submission of books of accounts to the Auditor General for audit;
- b) Set procedures were followed in the event of changes in political party name, constitution, rules and regulations, titles, name and address of any party official, slogan and colors and physical locations. The office published in the Kenya Gazette the applications for changes filed
- c) Meetings such as the National Delegates Conference were conducted as stipulated in party constitutions.
- d) Updated records of parties' compliance status were well maintained and included the gazettment of political party particulars as summarized below.

The Office processed the notification of changes, alteration in constitution of political party's rules and regulations, the title, name or address, any party official, its name, symbol, slogan or color and location, address, or other particulars. The tables below indicate the party and the changes effected

Table 13: Change of Parties Office Bearers

No.	Political Party	Gazette Notice and Date
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2.	Thirdway Alliance Kenya (TAKE)	No. 1709 of 23 rd February 2018
3.	National Democratic Movement (NDM)	No. 1713 of 23 rd February 2018
4.	Wiper Democratic Movement- Kenya (WDM-K)	No. 1714 of 5 th February 2018
5.	Ukweli Party (UP)	No .672 of 26 th January 2018
6.	Amani National Congress (ANC)	No. 11045 of 10 th November 2017



Table 14: Change of Party Symbols

No.	Party	Former	Current	Gazette Notice and Date
1.	National Democratic Movement (NDM)	Green Compass	Sunflower with green stem	No 2537 of 16 th March, 2018
2.	Movement for Democracy and Growth (MDG)	Half scale of justice	Maize cobs	No.2045 of 2 nd March, 2018
3.	Citizens Convention Party (CCP)	Fishing net hanging inside a circle with the initials CPP	Fishing net in a full circle with the words CPP Sauti ya Raia	No. 7527 of 4 th August, 2017

Table 15: Change of Party Head Office Location

No.	Party Name	Former Location	Current Location	Gazette Notice Number
1	Citizens Convention Party (CCP)	Patel plaza, Hurlingham, Nairobi	Ondiek highway, Block 5/42 Kisumu	No. 3071 of 29 th March, 2018

Table 16: Change of Party Slogan

No.	Party Name	Former	Current	Gazette Notice and Date
1	Movement for Democracy and Growth (MDG)	Funguo la Usawa, Funguo la Haki, Funguo la Umoja	Mahindi: Funguo la maisha, funguo la usawa	No 2045 of 2 nd March, 2018

3.4 Deregistration

The office of the Registrar of Political Parties has the mandate to deregister political parties that do not comply with the Political Parties Act, 2011. In 2017/18 financial year, the Office deregistered the following two (2) political parties namely: the Vibrant Democratic Party (VDP) and Kenya National Democratic Alliance (KENDA) for non-compliance.

3.5 Litigation

During the period under review, the Office was enjoined in numerous court matters both at the Political Parties Dispute Tribunal and in the High Court. This was attributed to the fact that it was an election year. The matters varied from appeals against the decisions of the Registrar while others the Office was enjoined as an interested party in order to provide clarity of information in court. The office was involved in the court matters listed in the table below:-

Table 17: Court cases

No.	COURT CASES 2017	STATUS
1.	Civil Appeal No. 24 of 2017- Nairobi ;Charles Nyandusi & 3 Others Vs Registrar of Political Parties & Another	Concluded
2.	Civil Case No. 13 of 2017 Mombasa ; Maur Bwanamaka- vs -Registrar of Political Parties	Concluded
3.	PPDT Case No.2 of 2017 People's Trust Party -vs- Franklin Makola	Concluded
4	PPDT Cause no. 1 of 2017 ; Peter Wafula Nabikhuli – Vs – ORPP & 2 Ors	Concluded
5	Judicial Review No. 47 of 2017; Republic -vs- RPP ex parte Edwards Kings Maina	Concluded
6	JR. Misc No. 67 of 2017 –Nairobi ; CCU –VS-ORPP	Concluded
7	PPDT Case No. 14 of 2017 ; Alphonse Musyoki -vs- John Okemwa Anunda , PNU (interested Party)	Concluded
8	High Court Civil Case No. 74 of 2017; Nairobi Northern Advocacy for Sustainable Agriculture Vs National Super Alliance, RPP and another	Ongoing
9	Constitutional Petition No. 142 of 2017 ; Okiya Omtatah Vs AG, RPP & 11 others	Concluded
10	PPDT Case No. 2 of 2017 ; Peter Solomon Gichira -vs- RPP	Concluded
11	Constitutional Petition No. 199 of 2017 ; Simon Mabisi Masinde & Michelle Nduta Gicharu -vs- ORPP, IEBC	Concluded
12	Constitutional Petition No: 195 of 2017; Caroli Omondi –vs – RPP, IEBC	Concluded
13	Constitution Petition No. 214 of 2017; Nazlin Omar & another –vs- RPP, IEBC.	Concluded

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No.	COURT CASES 2017	STATUS
14	PPDT Case No. 218 B of 2017; Bernard Kiala - vs - WDP-K & Anr	Concluded
15	Election petition Appeal No. 46 of 2017 ; Emmanuel O. Achayo –vs- Abigael Awino , RPP, ODM	Concluded
16	PPDT Case No. 264 of 2017; Peter Wahinya Njau –vs - RPP & 6 Others	Concluded
17	Constitutional Petition no. 246 of 2017; Melvin Kipkoech Kutol –vs- ORPP, IEBC.,A.G	Concluded
18	Constitutional Petition 253 of 2017; Gordon Sewe Okello –vs- RPP, IEBC,AG & 2 ors	Concluded
19	High Court MEPA No. 14 of 2017; Daniel Mutegi Kajjita – vs- ORPP,IEBC	Concluded
20	Misc Election Petition Appeal No. 23 of 2017; Chama cha Uzalendo –vs- ORPP, IEBC,DPP, AG	Concluded
21	High Court. Constitutional Petition: 260 of 2017; Ogola Victor Omondi – vs- ORPP, IEBC	Concluded
22	High Court App. No. 190 of 2017; John Mbugua & 4 Others –vs- ORPP,IEBC	Concluded
23	Election Petition Appeal: 47 of 2017; Osman Khalif Abdi –vs- RPP & 21 Others	Concluded
24	JR. Constitutional Division IEBC Nomination Appeal No. 4 of 2017 Enosh Otieno Obure-vs- IEBC, RPP, ODM	Concluded
25	JR Misc Application No. 301 of 2017; Republic – vs- ORPP, IEBC,WDM , Ex parte: Wavinya Ndeti	Concluded
26	Judicial Review No.320 of 2017; Nixon Kiprotich Morogo – vs- IEBC, ORPP, Jubilee Party Nomination of Jubilee Party for MCA Solai Ward, Nakuru County.	Concluded
27	Constl Pet. No. 284 of 2017; Stanley Otieno Okello Vs Daniel Okindo Majiwa & 3 othrs	Concluded
28	High Court Petition No. 15 of 2017; Bonface Koome & Anr –vs- Hon Peter M. Munya, RPP & 5 Others	Concluded
29	Constl Pet. No 36 of 2017; Michael Kanja Kagori Vs IEBC & 5 othr	Concluded

No.	COURT CASES 2017	STATUS
30	High Court Constl. Pet.- Nakuru No 35 of 2017; Dr Sammy Kibet & 11 others Vs ODM & 7 others	Concluded
31	High Court Pet No. 406 of 2017; Hon John Mbugua & 19 othr Vs AG & 5 othr	Concluded
32	High Court Contn Pet- Kakamega No 14 of 2017; John Chebun Kiplagat Bor on behalf of TheTerik Community Vs IEBC & 7 others & Violet Afandi Bagada & 13 others	Concluded
33	High Court Const Pet No 490 of 2017; Hon. David Pkosing Vs NASA and 12 others	Concluded
34	Sup Court Pet No. 19 of 2017; Hon. David Pkosing Vs National Supper Alliance & 12 others	Concluded
35	Civil Appeal No.15 of 2018; ODM Vs The National Treasury & 3 others	Appeal Ongoing at the Supreme Court
36	Complaint No 1 of 2018 PPTD Angela Gathoni & anor Vs Hon Musali & 3 othr & ANC & anor	Appeal Ongoing at High Court
37	Civil Appeal No.152 of 2017 Esther M. Passaris Vs ORPP	Appeal ongoing at Supreme Court
38	Civil Appeal No 256 of 2015 George Onyango Oloo and another Vs Rogers Mogaka Mogusu and another	Concluded
39	High Court Petition No.250 of 2018 Hon. Abdullahi Issack Mohamed and another. Vs County Assembly of Wajir and 5 others	Ongoing



3.6 Political Parties Capacity Building

3.6.1 Number of Participants Trained on IPPMS

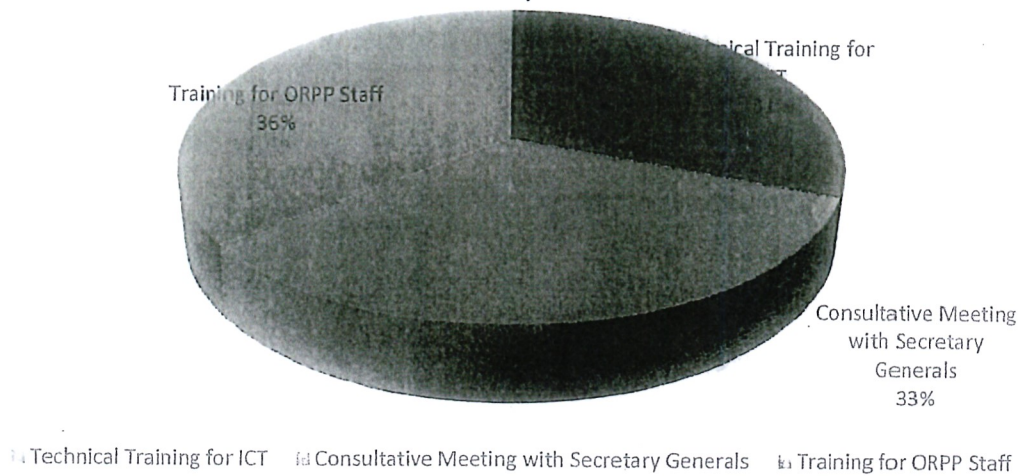
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Consultative Meeting with Secretary Generals	46
Training for ORPP Staff	49

Fig 6: Number of Trainer of Trainers and Political Party Officials sensitized

Number of Participants Trained on IPPMS



3.6.2 Political Parties Database

The office maintained an updated database of political parties which contained members' names, gender, ID/passport, addresses, persons with disabilities. The database is publicly available and as at 30th June 2018, the Political Parties' membership was 13,871,174 comprising of 7,339,056 male and 6,532,118 female.

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Capacity building includes both human resource and institutional development.

3.7.4 Human Resource Capacity Strengthened

During the period under review, the Office identified training capacity needs and sponsored staff to undergo specific capacity building programs. The table below summarizes the various courses that staff underwent.

Table 19: Courses and staff trained

S/No	Short Courses	No. of staff trained
1.	Senior Leadership Development Program	4
2.	Senior Management Course	13
3.	Supervisory Skills Management	1
4.	Customer Service Management	1
5.	Induction program	22
6.	Defensive Driving	3
10	Group staff In-house training (Ethics and Anti - Corruption)	60
11	Realizing Visions and Missions: The leadership Challenge	2
12	Records Management Training	4
	Long Programmes	No. trained
1.	MSc. Computer Information Systems	1
2.	Masters Degree in Finance	1
3.	Diploma Archives and Records Management	1
4.	Diploma Paralegal training	1

Fig 7: Short Courses

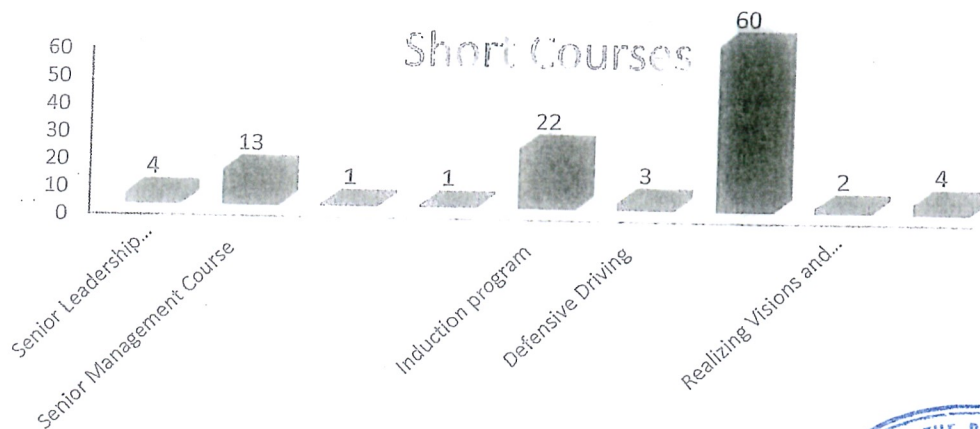
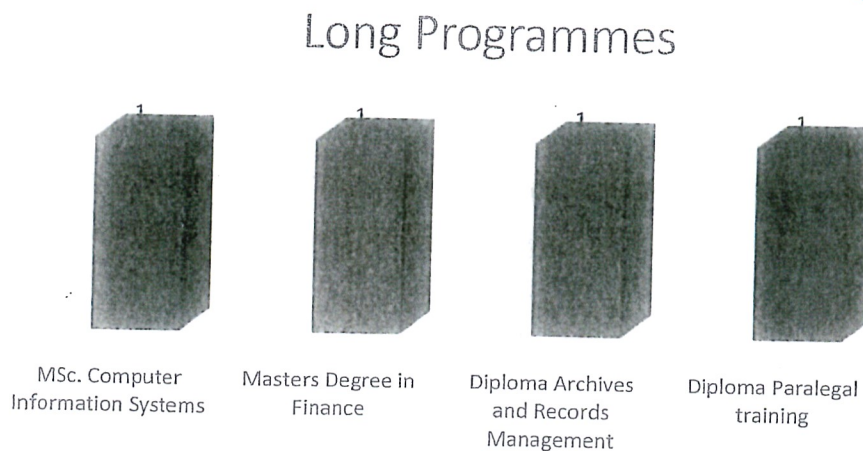


Fig 8: Long Programmes



3.7.2 Institutional Capacity Strengthened

The office undertook the following programmes to improve institutional capacity:

- f) To safeguard documents, the Office procured two bulk filing cabinet and five fireproof cabinets;
- g) Developed Integrated Political Parties Management System (IPPMS) designed to facilitate efficient and effective management of political party particulars.
- h) Implemented Integrated Payroll and Personnel Database System (IPPD) with the support of State Department of Public Service and Youth to enhance management of payroll.
- i) Developed Payroll and Human Resource Information System (PHRIS) with the support of State Department of Public Service and Youth to enhance management of human resources processes.
- j) Established Staff Mortgage and Car Loan scheme to enable staff access to affordable housing

3.7.3 Enhanced ORPP Corporate Image

The Office maintained an interactive and up to date website and active social media with relevant content feeds. Members of the public were invited to visit the online platform for the verification of their Political Parties membership status. The website was updated with the following information that envisioned an enhanced public awareness and ORPP brand visibility: -

- a) Change of Political Parties names and symbols;
- b) Process of clearance of independent candidates;
- c) Job advertisement for the constituency monitors;
- d) Tender advertisement, expression of interests and list of prequalified firms; and
- e) Formal statements on areas of compliance

3.7.4 Political Parties Liaison Committee Strengthened;

The Political Parties Liaison Committee (PPLC) which is established under Section 38 of the Political Parties Act, 2011 undertook peace forums prior and after the 2017 General Election to:-

- a) Champion and advocate for free, fair, peaceful, and transparent electoral environment and processes in Kenya;
- b) Provide a platform for structured multi-party dialogue between Political Parties and the Electoral Management Body on issues relating to the organization and conduct of elections and the electoral environment generally;
- c) Enhance genuine interaction, experience sharing and information exchange between political parties and the Electoral Management Body (EMB) as a way of building trust and confidence in the electoral process;
- d) Identify gaps and shortcoming in the electoral law and process and adopt a consultative and proactive approach in making suggestions for improvement;

3.8 Promoting Free Fair and Peaceful 2017 General Elections

3.8.1 County and Constituency Monitors

The ORPP prepared an elaborate roadmap for the 2017 General Elections. To actualize the monitoring activity, the office recruited on contract basis 47 County Monitors and 290 Constituency Monitors and deployed them to all counties and constituencies respectively. The monitors reported to the relevant authorities on hate speech, election malpractices and breach of both the Political Parties and Elections Code of Conducts during party primaries, campaigns, voting and tallying of election results.

3.8.2 Training of Political Parties and Candidates' Agents

The Office in collaboration with IEBC trained Political Parties/Agents in all the Counties on their roles and obligations before, during and after the elections. This enhanced smooth process of the elections during both the 8th August 2017 General Elections and the Fresh Presidential Election of 26th October 2017.

STATEMENT OF REGISTRAR'S RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 and the Political Parties Act, 2011 requires that, at the end of each financial year, the Registrar of Political Parties (ORPP) shall prepare financial statements in respect of the office. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Registrar is the Accounting Officer for the Office of the Registrar of Political Parties and is responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state of affairs of the office for and as at the end of the financial year ended on June 30th, 2018. 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 Office (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 office (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Registrar accepts responsibility for the financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Registrar is of the opinion that the financial statements give a true and fair view of the state of transactions during the financial year ended June 30th, 2018, and of the financial position as at that date. The Registrar further confirms the completeness of the accounting records maintained for the office, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

The Registrar confirms that the office has complied fully with applicable Government Regulations and the Political Parties Act and that the Office of the Registrar of Political Parties' 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 Registrar confirms that the financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Political Parties Fund
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Nothing has come to the attention of the Registrar to indicate that the entity will not remain a going concern for at least the next twelve months from the date of these statements.

Approval of the financial statements

The office of the Registrar of Political Parties' financial statements were approved and signed by the Registrar on _____ 2018.

Anne N. Nderitu, MBS
Ag. Registrar of Political Parties

Douglas O. Wanzala
Chief Accountant
ICPAK Member Number 10692

REPORT OF THE INDEPENDENT AUDITORS ON THE REGISTRAR OF POLITICAL PARTIES

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON POLITICAL PARTIES FUND FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Political Parties Fund set out on pages 1 to 20, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

In my opinion, the financial statements present fairly, in all material respects, the financial position of Political Parties Fund as at 30 June 2018, 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 Political Parties Fund Act, 2011.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Political Parties Fund 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 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. There were no Key Audit Matters to report in the year under review.

Report of the Auditor-General on the Financial Statements of the Political Parties Fund for the year ended 30 June 2018



Other Matters

1. Budget and Budgetary Performance

The Political Parties Fund received Government grants and subsidies totalling Kshs.371,190,000 out of which Kshs.352,630,500 was for onward transfer to political parties which met the threshold for funding required by the Political Parties Act, 2011 or budget utilization rate of 100% as indicated in the table below:

	Budget Kshs.	Actual Kshs.
Revenue		
Government grants and subsidies	371,190,000	371,190,000
Total income	371,190,000	371,190,000
Expenditure	Budget Kshs.	Actual Kshs.
Compensation of employees	13,818,014	13,818,014
Goods and services	-	-
Other payments	8,454,611	8,454,611
Disbursement to Political Parties – Jubilee & ODM	352,630,500	352,630,500
Total	374,903,125	374,903,125
Deficit	(3,713,125)	(3,713,125)

2. Inadequate staffing

During the year under review, the Registrar was in an acting capacity and did not have the three (3) deputy registrars as required by the Political Parties Act, 2011 and the current staff establishment. Further, the Office of the Registrar was understaffed in all departments which negatively affected the Registrar's ability to discharge her mandate.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, 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 conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that



govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, GOVERNANCE AND RISK MANAGEMENT SYSTEM

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the procedures performed, I confirm that internal controls, risk management and overall governance were operating effectively.

Basis for Conclusion

The review was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and governance. In preparing the financial statements, management is responsible for assessing the ability to continue 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 Fund 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.

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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.

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism 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.

- 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 ability to continue as a going concern or 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 Fund to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Fund 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

28 December 2018

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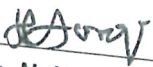
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018


	Notes	2017-2018 Kshs	2016-2017 Kshs
Revenue from non-exchange transactions			
Transfers from other governments	6	371,190,000	370,504,800
Total revenue		371,190,000	370,504,800
Expenses			
Use of goods and services	7	13,818,014	11,353,437
Depreciation and amortization expense	8	213,788	-
Repairs and maintenance	9	127,600	-
Grants and subsidies	10	352,630,500	351,979,561
General expenses	11	8,327,011	8,724,550
Total expenses		375,116,913	372,057,548
(deficit) for the year		(3,926,913)	(1,552,748)

The notes set out on pages 6 to 18 form an integral part of these Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

Assets	Notes	2017-2018	2016-2017
		Kshs	Kshs
Current assets			
Cash and cash equivalents	12	52,539,282	57,962,707
		52,539,282	57,962,707
Non-current assets			
Property, plant and equipment	13	1,496,512	-
		1,496,512	-
Total assets		54,035,794	57,962,707
Net assets			
Accumulated surplus		54,035,794	57,962,707
Total net assets and liabilities		54,035,794	57,962,707


 Anne N. Nderitu, MBS
 Ag. Registrar of Political Parties


 Douglas O. Wanzala
 Chief Accountant
 ICPAK Member Number 10692



STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated Surplus	Total
At July 1, 2016	59,515,454	59,515,454
Total comprehensive income	(1,552,747)	(1,552,747)
At June 30, 2017	57,962,707	57,962,707
At July 1, 2017	57,962,707	57,962,707
Total comprehensive income	(3,926,913)	(7,645,980)
At June 30, 2018	54,035,794	50,316,727

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

		2017-2018 Kshs	2016-2017 Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6	371,190,000	370,504,800
Total Receipts	9	371,190,000	370,504,800
Payments			
Compensation of employees			
Goods and services	7	13,818,014	11,353,437
Other payments	9 & 11	8,454,611	8,327,011
Grants and subsidies paid	10	352,630,500	351,979,561
Total Payments		374,903,125	372,057,548
Net cash flows from operating activities		(3,713,125)	(1,552,748)
Cash flows from investing activities			
Purchase of property, plant, equipment		(1,710,300)	-
Net cash flows used in investing activities		(1,710,300)	-
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(5,423,425)	(1,552,748)
Cash and cash equivalents at 1 July 2017	12	57,962,707	59,515,454
Cash and cash equivalents at 30 June 2018	12	52,539,282	57,962,707

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

	2017-2018		2017-2018		2017-2018		2017-2018	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue								
Government grants and subsidies	371,190,000	-	371,190,000	371,190,000	371,190,000	-	-	
Total income	371,190,000	(-)	371,190,000	371,190,000	371,190,000	(-)	(-)	
Expenses								
Compensation of employees	13,818,014	-	13,818,014	13,818,014	13,818,014	-	-	
Goods and services	-	(-)	-	-	-	(-)	(-)	
Other payments	8,454,611	-	8,454,611	8,454,611	8,454,611	(-)	(-)	
Grants and subsidies paid	352,630,500	-	352,630,500	352,630,500	352,630,500	-	-	
Total expenditure	374,903,125	(-)	374,903,125	374,903,125	374,903,125	(-)	(-)	
Surplus for the period	(3,713,125)	-	(3,713,125)	(3,713,125)	(3,713,125)	-	-	



NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Office of the Registrar of Political Parties (ORPP) is established by Section 33 of the Political Parties Act, 2011 as an independent State office within the meaning of Article 260 of the Constitution of Kenya. The mandate of the ORPP is to register, regulate and administer the Political Parties Fund.

Political Parties Fund is established by the Political Parties Act and derives its authority and accountability from Article 23 of the Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

The principal activities of the fund include:

- Distribution of funds to political parties proportionally to the number of votes received.
- Administration expenses of the fund

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

This is the first year the entity is presenting the financial statements in IPSAS accrual basis. No reinstatement of balances have been done from prior years.

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Political Parties Fund's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Political Parties Fund.

The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.



3. **ADOPTION OF NEW AND REVISED STANDARDS**

i. **Relevant new standards and amendments to published standards effective for the year ended 30 June 2018**

Standard	Impact
IPSAS 39: Employee Benefits	<p>Applicable: 1st January 2018</p> <p>The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.</p> <p>This is not applicable to the entity</p>

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018**

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	<p>Applicable: 1st January 2019:</p> <p>The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.</p>

iii. **Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2018.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

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. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

b) Budget information

The original budget for FY 2017-2018 was approved by the National Assembly in June 2017. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

c) *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.

c) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. The entity has accumulated surplus from revenue received in the year.

d) Related parties

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 directors, the CEO and senior managers.

e) 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.

f) 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, 2018.

5

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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. State all judgements, estimates and assumptions made: e.g

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:

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

6 TRANSFERS FROM OTHER GOVERNMENTS

Description	2017-2018	2016-2017
	KShs	KShs
Unconditional grants		
Operational grant	371,190,000	370,504,800
Total government grants and subsidies	371,190,000	370,504,800

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6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund KShs	Total grant income during the year KShs	2017-2018
					KShs
Office of the Registrar of Political Parties	371,190,000	-	-	371,190,000	371,190,000
Total	371,190,000	-	-	371,190,000	371,190,000

7 USE OF GOODS AND SERVICES

Description	2017-2018	2016-2017
	KShs	KShs
Acquisition of assets	13,818,014	11,353,437
Total good and services	13,818,014	11,353,437

8 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2017-2018	2016-2017
	KShs	KShs
Property, plant and equipment	213,788	-
Total depreciation and amortization	213,788	-

9 REPAIRS AND MAINTENANCE

Description	2017-2018	2016-2017
	KShs	KShs
Computers and accessories	127,600	-
Total repairs and maintenance	127,600	-

10 GRANTS AND SUBSIDIES

Description	2017-2018 KShs	2016-2017 KShs
Transfers to political parties	352,630,500	351,979,561
Total grants and subsidies	352,630,500	351,979,561

10 (a) DISBURSEMENTS TO POLITICAL PARTIES

Description	2017-2018 KShs	2016-2017 KShs
Jubilee Political Party	240,374,863	145,911,500
Orange Democratic Movement Party	112,255,637	131,233,622
The National Alliance	-	37,349,197
United Republican Party	-	11,782,940
Wiper Democratic Movement	-	25,702,302
Total contracted services	352,630,500	351,979,561

11 GENERAL EXPENSES

Description	2017-2018 KShs	2016-2017 KShs
Printing and stationery	1,694,261	-
Telecommunication (Internet services)	320,160	-
Training	5,400,590	8,642,550
Car Hire charges	912,000	-
Hospitality supplies and services	-	82,000
Total general expenses	8,327,011	8,724,550

12 CASH AND CASH EQUIVALENTS

Description	2017-2018 KShs	2016-2017 KShs
Current account	52,539,282	57,962,707
Total cash and cash equivalents	52,539,282	57,962,707

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12 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial Institution	Account number	2017-2018	2016-2017
		KShs	KShs
a) Current account			
Central bank	1000181842	52,539,282	57,962,707
Grand total		52,539,282	57,962,707

13 PROPERTY, PLANT AND EQUIPMENT

Cost	Furniture and fittings (12.5%)	Total
	Shs	Shs
At 1 July 2017	-	-
Additions	1,710,300	1,710,300
At 30th June 2018	1,710,300	1,710,300
Depreciation and impairment		
At 1 July 2017	-	-
Depreciation	213,788	213,788
At 30 June 2018	213,788	213,788
Net book values		
At 30th June 2018	1,496,512	1,496,512

14 CASH GENERATED FROM OPERATIONS

Surplus for the year before tax	2017-2018	2016-2017
	KShs	KShs
Adjusted for:		
Depreciation	213,788	-
Working Capital adjustments		
Net cash flow from operating activities	213,788	-

15 FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)



15 FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (Continued)

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2018				
Bank balances	52,539,282	-	-	-
Total	52,539,282	-	-	-
At 30 June 2017				
Bank balances	57,962,707	-	-	-
Total	57,962,707	-	-	-

The management sets the organisation credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(iii) Market risk

The management has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 52,539,282 (2018: Kshs 2,626,964) A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 57,962,707 (2017: Kshs 2,898,135)

iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2017-2018 Kshs	2016-2017 Kshs
Retained earnings	54,035,794	57,962,707
Total funds	54,035,794	57,962,707
Less: cash and bank balances	(52,539,282)	(57,962,707)
Net debt/(excess cash and cash equivalents)	1,496,512	-
Gearing	97%	100%

16 RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the *entity*, holding 100% of the *entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *entity*, both domestic and external. Other related parties include:

- i) Office of the Registrar of Political Parties;
- ii) Key management;
- iii) Board of Directors;



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	2018	2017
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government entities		
Office of the Registrar of political parties	371,190,000	370,504,800
Total	371,190,000	370,504,800
b) Expenses incurred to related party		
Payments to government entities	352,630,500	351,979,561
Total	352,630,500	351,979,561

17 EVENTS AFTER THE REPORTING PERIOD

para 17A1 e

There were no material adjusting and non- adjusting events after the reporting period.

18 ULTIMATE AND HOLDING ENTITY

The entity is a fund under the office of Registrar of political parties. Its ultimate parent is the Office of the Registrar of Political Parties..


19 Currency

The financial statements are presented in Kenya Shillings (Kshs).

APPENDIX 1: 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)	Timeframe: (Put a date when you expect the issue to be resolved)
None	Disaster recovery plan and back- ups were not kept off site , and	Resolved	Senior ICT officer	Resolved	N/A
None	No IT strategic and steering committee	Resolved	Senior ICT officer	Resolved	N/A
None	No formally documented and approved use of management standards and procedures	Resolved	Senior ICT officer	Resolved	N/A

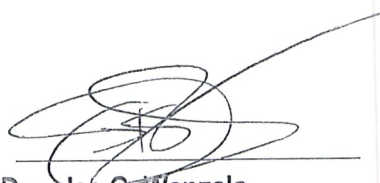

 Anne N. Nderitu, MBS
 Ag. Registrar of Political Parties

APPENDIX III: INTER-ENTITY TRANSFERS

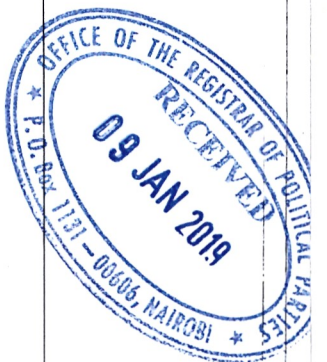
ENTITY NAME:			
Break down of Transfers from the Office of Registrar of Political Parties			
FY 17/18			
a. Recurrent Grants			
	<u>Bank Statement</u> <u>Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the</u> <u>amounts relate</u>
	6-Oct-17	18,559,500.00	17/18
	9-Jan-18	167,035,500.00	17/18
	26-Feb-18	92,797,500	17/18
	14-May-18	78,878,045.00	17/18
	15-May-18	13,919,455.00	17/18
	Total	371,190,000.00	

The above amounts have been communicated to and reconciled with the parent Ministry


 Anne N. Nderitu, MBS
 Ag. Registrar of Political Parties


 Douglas O. Wanzala
 Chief Accountant
 ICPAK Member Number 10692

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor transferring the funds	Date received	Nature: Recurrent/Fund/Others	Total Amount - KES	Where Recorded/recognized						Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific		
Office of the Registrar of Political Parties	6-Oct-17	Fund	18,559,500.00	18,559,500.00	-	-	-	-	-	18,559,500.00
	9-Jan-18		167,035,500.00	167,035,500.00	-	-	-	-	-	167,035,500.00
	26-Feb-18		92,797,500	92,797,500	-	-	-	-	-	92,797,500
Political Parties	14-May-18	Fund	78,878,045.00	78,878,045.00	-	-	-	-	-	78,878,045.00
	15-May-18		13,919,455.00	13,919,455.00	-	-	-	-	-	13,919,455.00
Total			371,190,000.00	371,190,000.00						371,190,000.00