

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 19 SEP 2024

DAY:

THURSDAY

TABLED
REPORT

HON. ROBERT PUKOSE, MP

CLERK-AT
THE-TABLE:

VIVIAN WAMBUI

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

PARTY OF INDEPENDENT CANDIDATES
OF KENYA

FOR THE YEAR ENDED
30 JUNE, 2023

**PARTY OF INDEPENDENT CANDIDATES OF
KENYA (PICK)**

OFFICE OF THE AUDITOR OF
P. O. Box 30084 - DC DC
Nairobi
12 JAN 2023
RECEIVED

**FINANCIAL STATEMENT FOR THE YEAR ENDED
30TH JUNE 2023**

PARTY OF INDEPENDENT CANDIDATES OF KENYA (PICK)

FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2023

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PARTY OF INDEPENDENT CANDIDATES OF KENYA (PICK)

FINANCIAL STATEMENT FOR THE YEAR ENDED

30TH JUNE 2023

PARTY OFFICIALS

Julius Wambua.....National Chairman

John Ngugi Mbugua.....Secretary General.

Nicholas Mutanga Muli.....Treasurer.

Registered Office
Kenbanco House
Heillesalassie Avenue
P.O Box 2182-00400

Principal Bankers

Co-operative Bank of Kenya Limited.

PARTY OF INDEPENDENT CANDIDATES OF KENYA (PICK)

FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2023

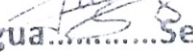
The Political Parties Act requires the party officials to prepare financial statements for each financial year that gives a true and fair view of the state of the affairs of the party at the end of the financial year and the operating results of the party for that year. It also requires that the party officials ensure that the party keeps proper accounting records that disclose with reasonable accuracy at the time, the financial position of the party.

The party officials accept the responsibility of the financial statements which have been prepared using appropriate accounting policies, supported by reasonable and prudent judgement and estimates, in conformity with the requirements of the International Financial Reporting Standards (IFRS). The Party officials are of the view that the represented statements give a fair view of the state of financial affairs of the party as at 30th June 2023, and of its financial results of year that ended. The party officials further accept the responsibility of the maintenance of accounting records which have been relied upon in the preparation of the financial statements as well as adequacy of the systems of international financial control.

Nothing has come to the attention of the National Governing council to suggest that the party will not remain active for at least twelve months from the date of these accounts.

PARTY OFFICIALS

Julius Wambua  National Chairman

John Ngugi Mbugua  Secretary General.

Nicholas Mutanga Muli  Treasurer.

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON PARTY OF INDEPENDENT CANDIDATES OF KENYA FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Party of Independent Candidates of Kenya, which comprise the statement of financial position as at 30 June, 2023, and the statement of comprehensive income, statement of cash flows, for

Report of the Auditor-General on Party of Independent Candidates of Kenya for the year ended 30 June, 2023

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 did not obtain all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters discussed in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Presentation of the Financial Statements

Review of the annual reports and financial statements revealed the following anomalies:

- i. The financial statements were not signed by the Secretary General (Accounting Officer), National Chairman and the Accountant.
- ii. Revenue and expenses were not classified or itemized as per the IPSAS accruals templates.
- iii. The assets in the statement of financial position are disclosed in the order of permanency while approved template requires order of liquidity.
- iv. The statement of cash flows was presented using the indirect method instead of direct method as provided in the template.
- v. The annual report and financial statements did not have the Statement of Performance against Predetermined Objectives, the Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and the Report of the Directors.
- vi. The fixed asset schedule reflected net book values which are more than the cost of assets.
- vii. The statement of cash flows is incomplete.
- viii. The financial statements do not have page numbering.

In the circumstances, the presentation of the financial statements did not conform to the reporting template prescribed by the Public Sector Accounting Standards Board.

2. Late Submission of Financial Statements

The financial statements for the year ended 30 June, 2023 were submitted on 12 January, 2023 more than three months after the statutory deadline of 30 September, 2023.

In the circumstances, Management was in breach of law.

3. Non-Compliance with International Public Sector Accounting Standards 2 - Cash Flows Statement

Review of documents provide for audit revealed that the Party had revenue from Office of Registrar of Political Parties (ORPP) on 5 July, 2023 amount of Kshs.313,093 which was not reflected in the cash flows under the working capital adjustment.

Further, review of documents revealed that an expenditure of Kshs.155,000 and website development of Kshs.25,500 respectively, were incurred during the year and were paid after 30 June, 2023. However, the payables amounts were not reported in the financial statements.

In addition, the statement of cash flows omitted payables of Kshs.180,500 which would have reflected an increase in payables under working capital adjustments.

In the circumstances, the accuracy and completeness of the statement of cash flows could not confirmed.

4. Failure to Maintain Primary Records

During the year under review, the ledgers, detailed schedules and trial balance of revenue, expenditure and balances reflected in the financial statements were not maintained.

In the circumstances, the accuracy and completeness of balances in the financial statements could not be confirmed.

5. Undisclosed Balances

Review of records and the set of financial statements presented for audit revealed that the Party and a Landlord signed a lease agreement on 01 April, 2022 and paid three months' rent deposit of Kshs.43,200 in respect to the office's accommodation of its headquarters offices. However, the receivable deposit was not reflected in the financial statements.

Further, the expenditure records revealed payments made after 30 June, 2023 of Kshs.305,500. However, the financial statements, reflects Nil creditors and accruals balance, resulting to misstatement of the Party's liabilities.

In the circumstances, the fair presentation, accuracy and completeness of the financial statements could not be confirmed.

6. Unsupported Expenditure

The financial statements for the year ended 30 June, 2023 reflects an amount of Kshs.526,729 in respect to party operations. The expenditure include amounts of Kshs.125,000 paid as transport reimbursement for Women's meeting in Makueni, an

amount of Kshs.66,000 paid as transport reimbursement for Women's planning meeting, Kshs.60,000 and Kshs.75,000 paid as transport reimbursement for youth meetings in party headquarters and in Machakos respectively. The expenditure was not supported by signed attendance sheets, and minutes of the meetings held. Further, fuel reimbursement of Kshs.5,200 was not supported by approval by the Accounting Officer.

In addition, the party operations expenditure further includes an amount of Kshs.25,000 and Kshs.155,000 paid for development of a website and office rent respectively. However, supporting documents such as contract agreement, invoices and receipts.

In the circumstances, the regularity, accuracy and completeness of the party operations expenditure totalling Kshs.445,200 could not be confirmed.

7. Failure to Establish Adequate Party Offices

An inspection conducted in March, 2024, revealed that the Party had established only one (1) office, out of the thirty-eight (38) counties visited. This was contrary to Section 7(f)(iii) of the Political Parties Act, 2011 which requires a political party to be fully registered if it has submitted to the Registrar of Political Parties the locations and addresses of the branch offices of the political parties, in more than half of the counties.

In the circumstances, Management was in breach of the law.

8. Failure to Maintain Updated Cash Books

Review of documents for the year revealed that the Party had two bank accounts, however Management did not provide updated cash books for its bank accounts to confirm the recording of receipts and payments transactions made during the year.

9. Lack of Updated and Approved Management Policies and Procedure Manuals

Review of documents revealed that there was no payroll maintained for payments of staff /volunteers' allowances. In addition, there were no approved policy documents such as the Finance manual policy, Procurement policy, Internal Audit policy, Strategic Plan, ICT Policy and Human Resource policy.

In the circumstances, the effectiveness of internal controls, could not be confirmed.

10. Lack of Asset Tagging/Identification

The statement of financial position and as disclosed in Note 2 to the financial statements reflect property plant and equipment with a cost of Kshs.185,308 and net book value of Kshs.215,829. However, the assets were not supported by an approved asset register and were not tagged with unique identifiers contrary to the guidelines on asset and liability management.

In the circumstances, effective management of assets could not be confirmed.

11. Failure to Provide an Approved Strategic Plan, Procurement Plan and Budget

During the financial year 2022/2023, the party did not have a Strategic Plan, an approved budget and a procurement plan. In addition, there were no work plans submitted for audit in respect to financial year 2022/2023 did not fully indicate the activities to be executed within the audit period.

In the absence of matching targets and an approved strategic plan, the effectiveness of the activities in the work plan/political party as a tool for achieving its goals on service delivery could not be confirmed.

In the circumstances, the strategic direction of the Party could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the party's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the party or to cease operations.

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 resources are applied in an effective way.


Those charged with governance are responsible for overseeing the Party's financial reporting process, reviewing the effectiveness of how Management 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

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is to express a conclusion about 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. I also consider internal control, risk management and overall governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of Party of Independent Candidates of Kenya Management in accordance with ISSAI 130 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.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 June, 2024

PARTY OF INDEPENDENT CANDIDATES OF KENYA (PICK)

FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2023

INCOME.....526751

EXPENDITURE

PARTY OPERATIONS.....526729.4

SURPLUS.....21.6

PARTY OF INDEPENDENT CANDIDATES OF KENYA (PICK)

FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2023

BALANCES AT 1ST JULY 2023.....21.6
FIXED ASSETS.....215829
SURPLUS FOR THE YEAR.....21.6

BALANCES AS AT JUNE 2023.....215850.6

PARTY OF INDEPENDENT CANDIDATES OF KENYA (PICK)

FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2023

Operating Profit before working capital changes _____

(Decreases) in creditors _____

(Decrease/increase in debtors _____

Net Cashflow Operating Activities _____

CASHFLOW FROM FINANCING ACTIVITIES

Interest Paid -----

Income Tax Paid -----

NET CASHFLOW FROM FINANCING ACTIVITIES

Sale Proceeds of fixed assets -----

Purchase of fixed assets

Capital Injection -----

Loan to members -----

Netflow from investing activities -----

NET (INCREASE) IN CASH AND CASH EQUIVALENTS

Cash and Cash equivalents from 1st July 20 2022.....526751

Cash and Cash Equivalents as at June 2023-----21.6

PARTY OF INDEPENDENT CANDIDATES OF KENYA (PICK)

FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2023

The Principal accounting policies adopted in the preparation of the financial statements are outlined below:

1. BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention, and are in compliance with the International Financial Reporting Standards.

2. REVENUE RECOGNITION

Grants and donations are accounted for in receipts.

3. DEPRECIATION

Depreciation is provided for on fixed assets using the reducing balance method and is not provided for in the year of acquisition, the following are the rates applied.

Furniture and fittings.....	12%
Computers and Printers.....	30%

Where the carrying amount of an asset is greater than it's estimated recoverable amount, it is immediately written down to it's recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount taken into account on determining operating profit.

Fixed assets.

	Furniture and fittings	Computers and Printers(Ksh)	Total Ksh.
As at 1 st July 2022	219394	34085	185308
Additions	-----	-----	-----
Net Book Value As at 1 st July 2023	191970	23859	215829

