

DLP
8/6/12

PKF

5, 4th Table 0/1/12

REPUBLIC OF KENYA

NATIONAL TREASURY

REPORT ON THE SPECIAL AUDIT OF THE RECEIPTS
AND DISBURSEMENTS OF THE EUROBOND
PROCEEDS INTO THE CONSOLIDATED FUND

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 14 MAR 2013	DAY: Thursday
CLERK-AT THE-TABLE:	LON 

TABLE OF CONTENTS

OVERVIEW OF THE SPECIAL AUDIT	1
PRIMARY STATEMENT.....	2
REPORT OF THE INDEPENDENT AUDITOR ON THE STATEMENT OF RECEIPTS AND DISBURSEMENTS OF THE EUROBOND PROCEEDS	3
STATEMENT OF RECEIPTS AND DISBURSEMENTS OF THE EUROBOND PROCEEDS.....	5
ACCOUNTING POLICIES AND PROCEDURES	6
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS OF THE EUROBOND PROCEEDS.....	7
ANNEX 1 - EXTRACT FROM THE AUDITED FINANCIAL STATEMENTS OF THE NATIONAL EXCHEQUER	9
ANNEX 2: DETAILED STATEMENT OF NATIONAL EXCHEQUER ISSUES – 30 TH JUNE 2014.....	10
ANNEX 2: DETAILED STATEMENT OF NATIONAL EXCHEQUER ISSUES – 30 TH JUNE 2014 (CONTINUED)	11
ANNEX 2: DETAILED STATEMENT OF NATIONAL EXCHEQUER ISSUES – 30 TH JUNE 2014 (CONTINUED)	12
ANNEX 3: DETAILED STATEMENT OF NATIONAL EXCHEQUER ISSUES – 30 TH JUNE 2015.....	13
ANNEXE 3: DETAILED STATEMENT OF NATIONAL EXCHEQUER ISSUES – 30 TH JUNE 2015 (CONTINUED)	14
ANNEX 3: DETAILED STATEMENT OF NATIONAL EXCHEQUER ISSUES – 30 TH JUNE 2015 (CONTINUED)	15

OVERVIEW OF THE SPECIAL AUDIT

BACKGROUND OF THE EUROBOND

The Government of Kenya went to the international financial markets to raise funds through issuance of a sovereign bond in the year 2014. An initial five-year bond with an interest rate of 5.875% p.a issued in June 2014 raised USD 500,000,000 and an initial ten-year bond at an interest rate of 6.875% p.a issued on June 2014 raised USD 1,500,000,000. In December 2014, the Government issued an additional bond (the tap sale) comprised of a five-year term bond at interest rate of 5.875% p.a that raised USD 250,000,000 and a ten-year bond at an interest rate of 6.875% p.a that raised USD 500,000,000. The tap sale was raised at a premium of USD 65,684,271. Collectively the initial and tap sale are referred to as the Eurobond.

NEED FOR A SPECIAL AUDIT

The financial statements of the National Exchequer for the fiscal years ended 30th June 2014 and 30th June 2015 were audited by the Office of the Auditor General (OAG) in accordance with the provisions of Article 229 (4) of the Constitution of Kenya and Section 8 of the Public Audit Act 2003.

In respect of the financial statements for fiscal year ended 30th June 2014, the OAG's report was unqualified but drew attention to the fact that the Eurobond proceeds were banked into a Special Eurobond bank account at the Central Bank of Kenya and not directly into the National Exchequer bank account as required under Sect 17(2) of the Public Finance Management Act (PFMA) 2012.

In respect of the financial statements for fiscal year ended 30th June 2015 the OAG reported that it was unable to issue an opinion with regards to the repayment of the syndicated loan directly from the offshore account of USD 604,560,737.50 (KShs 53,201,344,900) and cited certain investigations were not complete. Additionally, the OAG concluded there was insufficient audit evidence at the time for the formulation of an audit opinion.

Due to a time lapse and the lack of a conclusive audit opinion from the OAG the National Treasury sought and received authorization from the Attorney General to conduct a Special Audit in regards to the Receipts and Disbursements of the Eurobond Proceeds into the Consolidated Fund. The main objective of the special audit was to establish whether the correct procedures were followed in issuing the Eurobond and whether the proceeds thereof were correctly received into the Consolidated Fund. Furthermore, the special audit was to inform possible improvement in the issuance of sovereign bonds in the future.

AUDITOR'S ENGAGEMENT AND SCOPE OF AUDIT

Following a competitive bidding process, PKF Kenya was appointed to carry out the following specific tasks of the Special Audit:

- Review the purpose of raising the Eurobond in accordance with the approval granted by Parliament and captured in the Eurobond Prospectus;
- Review the procurement of third parties involved in accordance with the Public Procurement and Assets Disposal Act and the Regulations thereof;
- Carry out the audit of the receipts of the Eurobond and its subsequent disbursement into the Consolidated Fund and other third parties for financial years ended 30th June 2014 and 30th June 2015 as presented in the form of a Receipts and Disbursements Schedule in accordance with the requirements of International Standards of Auditing (ISAs); and
- Perform specific procedures limited to seeking confirmations from all Ministries, Departments and agencies (MDAs) and the County Governments of the amounts of funds disbursed to them from the national Exchequer Account in the fiscal years ended 30th June 2014 and 30th June 2015.

OVERVIEW OF THE SPECIAL AUDIT

BACKGROUND OF THE EUROBOND

The Government of Kenya went to the international financial markets to raise funds through issuance of a sovereign bond in the year 2014. An initial five-year bond with an interest rate of 5.875% p.a issued in June 2014 raised USD 500,000,000 and an initial ten-year bond at an interest rate of 6.875% p.a issued on June 2014 raised USD 1,500,000,000. In December 2014, the Government issued an additional bond (the tap sale) comprised of a five-year term bond at interest rate of 5.875% p.a that raised USD 250,000,000 and a ten-year bond at an interest rate of 6.875% p.a that raised USD 500,000,000. The tap sale was raised at a premium of USD 65,684,271. Collectively the initial and tap sale are referred to as the Eurobond.

NEED FOR A SPECIAL AUDIT

The financial statements of the National Exchequer for the fiscal years ended 30th June 2014 and 30th June 2015 were audited by the Office of the Auditor General (OAG) in accordance with the provisions of Article 229 (4) of the Constitution of Kenya and Section 8 of the Public Audit Act 2003.

In respect of the financial statements for fiscal year ended 30th June 2014, the OAG's report was unqualified but drew attention to the fact that the Eurobond proceeds were banked into a Special Eurobond bank account at the Central Bank of Kenya and not directly into the National Exchequer bank account as required under Sect 17(2) of the Public Finance Management Act (PFMA) 2012.

In respect of the financial statements for fiscal year ended 30th June 2015 the OAG reported that it was unable to issue an opinion with regards to the repayment of the syndicated loan directly from the offshore account of USD 604,560,737.50 (KShs 53,201,344,900) and cited certain investigations were not complete. Additionally, the OAG concluded there was insufficient audit evidence at the time for the formulation of an audit opinion.

Due to a time lapse and the lack of a conclusive audit opinion from the OAG the National Treasury sought and received authorization from the Attorney General to conduct a Special Audit in regards to the Receipts and Disbursements of the Eurobond Proceeds into the Consolidated Fund. The main objective of the special audit was to establish whether the correct procedures were followed in issuing the Eurobond and whether the proceeds thereof were correctly received into the Consolidated Fund. Furthermore, the special audit was to inform possible improvement in the issuance of sovereign bonds in the future.

AUDITOR'S ENGAGEMENT AND SCOPE OF AUDIT

Following a competitive bidding process, PKF Kenya was appointed to carry out the following specific tasks of the Special Audit:

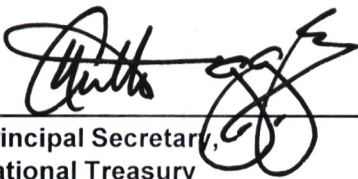
- Review the purpose of raising the Eurobond in accordance with the approval granted by Parliament and captured in the Eurobond Prospectus;
- Review the procurement of third parties involved in accordance with the Public Procurement and Assets Disposal Act and the Regulations thereof;
- Carry out the audit of the receipts of the Eurobond and its subsequent disbursement into the Consolidated Fund and other third parties for financial years ended 30th June 2014 and 30th June 2015 as presented in the form of a Receipts and Disbursements Schedule in accordance with the requirements of International Standards of Auditing (ISAs); and
- Perform specific procedures limited to seeking confirmations from all Ministries, Departments and agencies (MDAs) and the County Governments of the amounts of funds disbursed to them from the national Exchequer Account in the fiscal years ended 30th June 2014 and 30th June 2015.

PRIMARY STATEMENT

As the accounting officer, the Principal Secretary to the National Treasury is responsible for the preparation and fair presentation of the Statement of Receipts and Disbursements of the Eurobond in accordance with the provisions of Section 80 of the Public Finance Management Act, 2012 and Section 3 of the Public Audit Act.

The Principal Secretary to the National Treasury accepts responsibility for the Statement of Receipts and Disbursements of the Eurobond which has been prepared using the cash basis of accounting. The statement has been extracted from the accounting records maintained by National Treasury and the information provided is accurate and complete in all material aspects.

In my opinion as the Principal Secretary at the National Treasury the Statement of Receipts and Disbursements of the Eurobond proceeds as set out on page 5 gives a true and fair view of the Statement of Receipts and Disbursements of the Eurobond proceeds.



Principal Secretary,
National Treasury

REPORT OF THE INDEPENDENT AUDITOR ON THE STATEMENT OF RECEIPTS AND DISBURSEMENTS OF THE EUROBOND PROCEEDS

Opinion

We have audited the Statement of Receipts and Disbursements of the Eurobond proceeds set out in page 5.

In our opinion, the Statement of Receipts and Disbursements of the Eurobond proceeds presents fairly, in all material respects, the net proceeds from the Eurobond and the disbursements therefrom to the National Exchequer Account in accordance with the cash basis of accounting.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities section of this report. We are independent of the National Treasury in accordance with the ethical requirements that are relevant to our audit of the Statement of Receipts and Disbursements of the Eurobond proceeds in the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

The Constitution of Kenya Article 206. (1) states that *"There is established the Consolidated Fund into which shall be paid all money raised or received by or on behalf of the national government, except money that—*

- (a) is reasonably excluded from the Fund by an Act of Parliament and payable into another public fund established for a specific purpose; or*
- (b) may, under an Act of Parliament, be retained by the State organ that received it for the purpose of defraying the expenses of the State organ".*

Further Article 206 (4) of the Constitution states that: - *"Money shall not be withdrawn from the Consolidated Fund unless the Controller of Budget has approved the withdrawal".*

The Public Finance Management Act (PFMA) 2012 Section 17 requires that all money received and all payments made by the Government of Kenya into and out of the National Exchequer Account to be kept at the Central Bank of Kenya. An amount of KShs 53,201,344,900 was paid directly from the offshore account towards settlement of a loan due by the Government. This repayment was done directly from a receiving account in JP Morgan Chase Bank in New York rather than from the National Exchequer account as stipulated in the Public Finance Management Act (PFMA) 2012 Section 17.

The National Treasury obtained the authority of the Controller of Budget in line with the provisions of Article 206 (4) of the Constitution and therefore met the requirements of the Constitution and there is sufficient evidence that all the proceeds of the Eurobond were either eventually received into the Consolidated Fund or paid out for authorized purposes. Our opinion is therefore not modified in this respect. In addition, the National Treasury sought and received a legal opinion from the Attorney General on the matter.

Tel: +254 20 4270000 Mobile + 254 732 144000 Email pkfnbi@ke.pkfea.com www.pkfea.com
PKF KENYA Kalamu House Grevillea Grove Westlands P O Box 14077 - 00800 Nairobi Kenya

Partners: Rajan Shah, Atul Shah, Alpesh Vadher, Piyush Shah, Ritesh Mirchandani*, David Kabeberi, Charles Oguttu***, Asif Chaudhry, Ketan Shah**, Michael Mburugu, Gurmit Santokh, Darshan Shah, Salim Alibhai, Larian Abreu, Patrick Kuria, Nishith Shah, Jalpesh Shah, Erick Njuguna, Peter Kahi, Ajay Chandria (*Indian, **British, ***Ugandan)

PKF Kenya is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Responsibilities of Management and those charged with governance for the Statement

Management is responsible for the preparation and fair presentation of the Statement of Receipts and Disbursements of the Eurobond proceeds in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the statement in the circumstances, and for such internal control as management determines is necessary to enable preparation of the statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Statement of Receipts and Disbursements of the Eurobond proceeds

Our objectives are to obtain reasonable assurance about whether the Statement of Receipts and Disbursements of the Eurobond proceeds is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement 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 this statement.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement of Receipts and Disbursements of the Eurobond, 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Treasury's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner responsible for the audit resulting in this special audit report is FCPA James David Kabeberi - P/No 739.



Certified Public Accountants

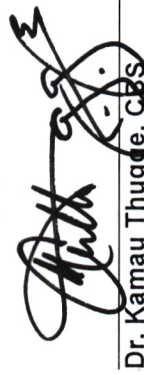
NAIROBI, 30th January, 2019

The National Treasury
Report on The Special Audit of the Receipts and Disbursements of the Eurobond
Proceeds into the Consolidated Fund

STATEMENT OF RECEIPTS AND DISBURSEMENTS OF THE EUROBOND PROCEEDS

Description	Notes	2014		2015		Total	
		KShs	KShs	KShs	KShs	KShs	KShs
Opening balance		-	-	175,071,638,705	-	-	-
Receipts into the Consolidated Fund							
Proceeds from Sovereign Bond (USD 2,000,000,000)	1	174,000,000,000	-	-	-	174,000,000,000	
Tap Sale - face value of the proceeds (USD 750,000,000)	1	-	-	67,882,500,000	-	67,882,500,000	
Premium on issue of tap sale (USD 65,684,271)	1	-	-	5,945,083,368	-	5,945,083,368	
Foreign exchange gains	1	1,158,833,324	-	1,239,412,781	-	2,398,246,105	
Interest earned	1	-	-	21,567,698	-	21,567,698	
Total Receipts		175,158,833,324		75,088,563,847		250,247,397,171	
Less: Direct Expenses							
Commissions and transaction expenses deducted at source	2	87,194,619	-	22,386,653	-	109,581,272	
Account settlement charges		-	-	13,762,728	-	13,762,728	
Federal tax on interest income		-	-	6,038,955	-	6,038,955	
Total Direct Expenses		87,194,619		42,188,336		129,382,955	
Net proceeds received		175,071,638,705		75,046,375,511		250,118,014,216	
Total proceeds amount in the Consolidated Fund		175,071,638,705		250,118,014,216		250,118,014,216	
Total proceeds applied as follows:							
Re-payment of Syndicated Loan	3	-	-	(53,201,344,900)	-	(53,201,344,900)	
Transfer to Exchequer Account	4	-	-	(196,916,669,316)	-	(196,916,669,316)	
Balance carried forward		175,071,638,705		-		-	

The notes on page 6 to 8 are an integral part of this statement.


Dr. Kamau Thugge, CBS
Principal Secretary,
The National Treasury



Bernard Ndungu, MBS
Director General Accounting Services & Quality Assurance
The National Treasury

ACCOUNTING POLICIES AND PROCEDURES

The Statement of the Eurobond Receipts and Disbursements of the Eurobond proceeds is an extract from the Audited Financial Statements of National Exchequer Account for the financial years ended 30th June 2014 and 30th June 2015.

The principal accounting policies and notes adopted in the preparation of these financial statements are set out below.

a) Basis of preparation

The financial statements were prepared in accordance with the cash basis as provided for under International Public Sector Accounting Standard (IPSAS). As such the Statement of the Eurobond proceeds Receipts and Disbursement has been prepared using the cash basis of accounting.

b) Receipts

Receipts represent the proceeds and all other related income from the Eurobond into the Consolidated Fund

c) Presentation Currency

The Statement is reported in Kenya Shillings, being the currency of legal tender in Kenya.

NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS OF THE EUROBOND PROCEEDS

1. Detailed receipts and payments of Euro Bond Proceeds in issue and presentation currency

Inaugural and Tap sale of the Eurobond were received and paid out as follows:

Inaugural Bond issue via JP Morgan Chase Bank NA

Par value USD	Value Dates	Par Value (KShs)	Total
2,000,000,000		174,000,000,000	
(1,002,237)		(87,194,619)	
1,998,997,763		173,912,805,381	
	26.06.2014		
	Net proceeds		
	Payment of syndicated loan	(604,560,737)	(53,201,344,900)
	Transfer to exchange account	(395,439,263)	(34,648,388,180)
	Interest income	245,957	21,567,698
	Federal tax on interest income	(68,624)	(6,038,955)
	Account settling charges	(156,395)	(13,762,728)
	Foreign exchange gains	-	2,398,246,105
	Net Proceeds of Inaugural Bond	999,018,701	88,463,084,421
	the Sovereign Bond Account	999,018,701	88,463,084,421
	Transfer from Sovereign Bond	999,018,701	88,463,084,421
	National Exchequer	999,018,701	88,463,084,421
	08.09.2014		
	Tap sale through Citibank New York		
	Par Value	750,000,000	67,882,500,000
	Premium from Tap Sale	65,684,271	5,945,083,368
	03.12.2014		
	Transaction fees and commissions	(247,339)	(22,386,653)
	Net Proceeds of Tap Sale into	815,436,932	73,805,196,715
	Sovereign Bond Account	815,436,932	73,805,196,715
	Transfer from Sovereign Bond	815,436,932	73,805,196,715
	National Exchequer	815,436,932	73,805,196,715
	17.12.2014		

2. Commissions and transaction expenses

Direct expenses were payments to third parties in accordance with existing contracts/service level agreements as follows:

Details	30 th June 2014	30 th June 2015	Total
KShs	KShs	KShs	KShs
Legal counsel fees	36,222,414	11,340,903	47,563,317
Joint Lead Managers fees	17,356,483	6,788,250	24,144,733
Road Show expenses	24,609,491	-	24,609,491
Others	9,006,231	4,257,500	13,263,731
	87,194,619	22,386,653	109,581,272

3. Repayment of Syndicated Loan

As per the Eurobond Prospectus, the syndicated loan was to be repaid from the proceeds of the Eurobond. An amount of KShs 53,201,344,900 (USD 604,560,737.50) was paid directly from the proceeds of the Eurobond in the offshore account.

4. Transfers to the Exchequer

The proceeds of the Eurobond were transferred from the Sovereign Bond Account to the National Exchequer Account as follows:

		30 th June 2014	30 th June 2015	Total
		KShs	KShs	KShs
Cash book dates	Value Dates			
30.06.2014	03.07.2014	34,648,388,180	-	34,648,388,180
15.09.2014	15.09.2014	-	25,000,000,000	25,000,000,000
19.09.2014	19.09.2014	-	25,000,000,000	25,000,000,000
31.10.2014	31.10.2014	-	15,000,000,000	15,000,000,000
21.01.2015	21.01.2015	-	25,000,000,000	25,000,000,000
17.03.2015	17.03.2015	-	25,000,000,000	25,000,000,000
02.06.2015	02.06.2015	-	30,000,000,000	30,000,000,000
30.06.2015	01.07.2015	-	17,268,281,136	17,268,281,136
	TOTAL	34,648,388,180	162,268,281,136	196,916,669,316

The amount of KShs 34,648,388,180 was remitted to the Exchequer Account directly while KShs 162,268,281,136 was first deposited in the Sovereign Bond account maintained at CBK as follows:

Specific date of transfer	KShs
8 th September 2014	88,463,084,421
17 th December 2014	73,805,196,715
Total proceeds into the National Exchequer	162,268,281,136

ANNEX 2: DETAILED STATEMENT OF NATIONAL EXCHEQUER ISSUES – 30TH JUNE 2014

2.1 National Government Recurrent Budget

	KShs
The Presidency	5,180,000,000
Ministry of Interior & Coordination of National Government	97,221,115,541
Ministry of Devolution & planning	16,515,641,841
Ministry of Defense	74,195,000,000
Ministry of Foreign Affairs	11,060,000,000
Ministry of Education, Science & Technology	79,815,000,000
The National Treasury	22,590,000,000
Ministry of Health	15,834,237,521
Ministry of Transport & infrastructure	2,140,317,948
Ministry of Environment water and Natural Resources	8,484,713,502
Ministry of lands, Housing & Urban	3,710,306,258
Ministry of Information and Communication	2,156,862,218
Ministry of Sports, Culture and Arts	3,462,000,000
Ministry of Labor, Social security & services	7,793,447,207
Ministry of Energy & Petroleum	2,096,000,000
Ministry of Agriculture, Livestock and Fisheries	11,383,750,869
Ministry of Industrialization & Enterprise Development	2,762,050,414
Ministry of East African Affairs, Commerce & Tourism	4,489,753,062
Ministry of Mining	452,000,000
Office of the Attorney General and department of justice	2,475,000,000
The Judiciary	10,995,000,000
Ethics & Anti-corruption Commission	1,130,000,000
National Intelligence service	15,686,800,000
Directorate of Public Prosecution	1,110,000,000
Commission for the Implementation of the Constitution	421,758,080
Registrar of Political parties	320,000,000
Witness Protection Agency	198,000,000
Kenya National Human Rights & Equality Commission	263,624,006
National Land Commission	605,745,800
Independent Electoral & Boundaries Commission	3,900,000,000
Parliamentary Service Commission	22,345,000,000
Judicial Service Commission	236,000,000
The Commission on Revenue Allocation	266,437,054
Public Service Commission	664,744,115
Salaries & Remuneration Commission	295,000,000
Teachers Service Commission	165,619,000,000
National Police Service Commission	322,000,000
Auditor General	2,410,000,000
Controller of Budget	370,000,000
The Commission on the Administrative Justice	224,000,000
National Gender and Equality Commission	297,300,000
Independent Police Oversight Authority	247,980,000
Total National Government Recurrent	601,745,585,436

**ANNEX 2: DETAILED STATEMENT OF NATIONAL EXCHEQUER ISSUES – 30TH JUNE 2014
(CONTINUED)**

2.2 National Government Development Budget

	KShs
The Presidency	1,480,000,000
Ministry of Interior Coordination of National Government	6,077,718,540
Ministry of Devolution & Planning	42,893,437,790
Ministry of Foreign Affairs	251,010,000
Ministry of Education, Science & Technology	6,571,399,275
The National Treasury	10,045,120,105
Ministry of Health	13,871,441,931
Ministry of Transport & Infrastructure	45,711,186,315
Ministry of Environment Water & Natural Resources	20,314,861,449
Ministry of Lands, Housing & Urban	8,227,728,295
Ministry of Information & Communication	4,474,799,453
Ministry of Sports, Culture & Arts	865,000,000
Ministry of Labor, Social Security & Services	5,114,201,090
Ministry of Energy and Petroleum	22,900,986,031
Ministry of Agriculture, Livestock and Fisheries	25,440,256,865
Ministry of Industrialization and Enterprises Development	3,218,742,000
Ministry of East African Affairs, Commerce & Tourism	1,317,000,000
Ministry of Mining	543,150,000
Office of the Attorney General & Department of Justice	324,412,300
The Judiciary	1,686,156,260
Directorate of Public Prosecution	46,000,000
Independent Electoral & Boundaries Commission	63,000,000
Parliamentary Service Commission	2,186,000,000
Public Service Commission	207,000,000
Auditor General	525,000,000
	<hr/>
Total National Government Development	224,355,607,699
	<hr/> <hr/>

2.3 National Government Consolidated Fund Services Budget

	KShs
Salaries Allowances & Miscellaneous Services	3,500,000,000
Public Debt	227,582,271,715
Pensions & Gratuities	27,710,000,000
Subscription to International Organizations	-
	<hr/>
Total Consolidated Fund Services	258,792,271,715
	<hr/> <hr/>

**ANNEX 2: DETAILED STATEMENT OF NATIONAL EXCHEQUER ISSUES – 30TH JUNE 2014
(CONTINUED)**

2.4 Transfers to County Governments

	KShs
Baringo County Government	3,247,853,215
Bomet County Government	3,442,638,623
Bungoma County Government	6,180,666,881
Busia County Government	3,412,404,160
Elgeyo - Marakwet County Government	2,392,011,591
Embu County Government	3,066,970,129
Garissa County Government	4,405,661,290
Homa bay County Government	4,121,429,825
Isiolo County Government	2,235,583,337
Kajiado County Government	3,227,409,859
Kakamega County Government	6,826,813,935
Kericho County Government	3,295,019,652
Kiambu County Government	5,826,748,612
Kilifi County Government	5,442,533,482
Kirinyaga County Government	2,587,865,089
Kisii County Government	5,399,459,638
Kisumu County Government	4,550,934,547
Kitui County Government	5,315,309,833
Kwale County Government	3,748,952,670
Laikipia County Government	2,523,013,037
Lamu County Government	1,500,755,102
Machakos County Government	5,059,146,345
Makueni County Government	4,366,239,078
Mandera County Government	6,550,232,929
Marsabit County Government	3,795,591,042
Meru County Government	4,932,395,725
Migori County Government	4,269,095,296
Mombasa County Government	4,216,139,971
Muranga County Government	3,917,395,471
Nairobi County Government	9,505,766,405
Nakuru County Government	6,536,759,748
Nandi County Government	3,477,901,827
Narok County Government	3,867,590,331
Nyamira County Government	3,038,643,767
Nyandarua County Government	3,150,207,289
Nyeri County Government	3,636,303,976
Samburu County Government	2,598,153,222
Siaya County Government	3,653,579,335
Taita Taveta County Government	2,420,630,003
Tana River County Government	2,914,328,551
Tharaka Nithi County Government	2,294,827,947
Trans Nzoia County Government	3,729,874,627
Turkana County Government	7,664,402,594
Uasin Gishu County Government	3,796,628,687
Vihiga County Government	2,831,564,442
Wajir County Government	5,290,052,180
West Pokot County Government	3,082,653,530
Total County Governments transfers	<u>193,346,138,825</u>

ANNEX 1 - EXTRACT FROM THE AUDITED FINANCIAL STATEMENTS OF THE NATIONAL EXCHEQUER

STATEMENT OF RECEIPTS AND ISSUES FOR THE YEAR ENDED 30TH JUNE 2014 AND 30TH JUNE 2015

	2015	2014
	KShs	KShs
Receipts		
Tax Income	1,001,245,431,206	893,547,719,445
Non-tax income	40,804,376,558	42,790,876,550
Proceeds from domestic borrowings	292,680,000,000	267,360,000,000
Grants	10,473,510,502	11,126,034,282
Proceeds from external borrowings – Euro Bond	162,268,281,136	34,648,388,180
- Others	86,965,501,361	28,432,304,539
Total Receipts	1,594,437,100,763	1,277,905,322,996
Issues from the Exchequer		
National Government for recurrent expenditure	640,352,208,883	601,745,585,436
National Government for development expenditure	270,240,838,230	224,355,607,699
Consolidated Fund Services	454,466,411,172	258,792,271,715
Sub-total: Issues to National Government	1,365,059,458,285	1,084,893,464,850
Issues to County Governments	229,336,237,197	193,346,138,825
Total issues	1,594,395,695,482	1,278,239,603,675
Excess\ (Deficit) of receipts over issues during the year	41,405,281	(334,280,679)
Balance brought forward	162,277,138	496,366,817
Balance carried forward	203,682,419	162,086,138

ANNEX 3: DETAILED STATEMENT OF NATIONAL EXCHEQUER ISSUES – 30TH JUNE 2015

3.1 National Government Recurrent Budget

	KShs
The Presidency	5,632,016,000
Ministry of Defense	74,585,220,000
Ministry of Foreign Affairs	11,801,800,000
The National Treasury	27,685,820,000
Ministry of Health	23,543,000,000
Ministry of Lands Housing, and Urban Development	4,007,000,000
Ministry of Information, Communications and Technology	2,240,600,000
Ministry of Sports, Culture and Arts	2,608,000,000
Ministry of Labor, Social Security and Services	8,336,300,000
Ministry of Energy and Petroleum	1,735,500,000
Ministry of Industrialization and Enterprise Development	2,819,640,000
Ministry of Mining	665,765,000
Office of the Attorney General and Department of Justice	2,815,115,000
The Judiciary	10,318,560,000
Ethics and Anti-Corruption Commission	1,646,000,000
National Intelligence Service	19,137,400,000
Directorate of Public Prosecution	1,479,200,000
Commission for the Implementation of the Constitution	304,700,000
Registrar of Political parties	457,341,000
Witness Protection Agency	282,278,600
State Department of Interior	84,934,000,000
State Department for Coordination of National Government	17,105,000,000
State Department of Planning	14,732,840,000
State Department of Devolution	4,288,050,000
State Department of Education	49,095,900,000
State Department of Science & Technology	38,980,000,000
State Department of Infrastructure	1,337,386,000
State Department of Transport	1,408,740,000
State Department of Environment and Natural Resources	7,864,900,000
State Department of Water & Regional Authority	2,053,792,790
State Department of Agriculture	7,898,400,000
State Department of Livestock	1,762,620,000
State Department of Fisheries	1,111,400,000
State Department of East African Affairs	1,480,600,000
State Department of Commerce and Tourism	2,877,105,000
Kenya National Commission on Human Rights	345,345,994
National Land Commission	1,089,100,000
Independent Electoral and Boundaries Commission	5,233,000,000
Parliamentary Service Commission	22,234,012,000
Judicial Service Commission	253,700,000
The Commission On Revenue Allocation	212,401,499
Public Service Commission	980,040,000
Salaries and Remuneration Commission	596,500,000
Teachers Service Commission	166,047,000,000
National Police Service Commission	426,100,000
Office of the Auditor General	2,672,400,000
The Office of the Controller of Budget	341,500,000
The Commission On Administrative of Justice	363,420,000
National Gender and Equality Commission	289,500,000
Independent Policing Oversight Authority	236,200,000
Subtotal National Government Recurrent	640,352,208,883

**ANNEXE 3: DETAILED STATEMENT OF NATIONAL EXCHEQUER ISSUES – 30TH JUNE
 2015 (CONTINUED)**

3.2 National Government Development Budget

	KShs
The Presidency	782,570,000
Ministry of Foreign Affairs	1,067,603,000
The National Treasury	18,823,330,317
Ministry of Health	10,493,170,608
Ministry of Lands Housing, and Urban Development	14,062,123,310
Ministry of Information, Communications and Technology	4,133,702,010
Ministry of Sports, Culture and Arts	1,282,810,000
Ministry of Labor, Social Security and Services	10,678,728,230
Ministry of Energy and Petroleum	24,819,254,060
Ministry of Industrialization and Enterprise Development	2,729,007,700
Ministry of Mining	889,820,000
Office of the Attorney General and Department of Justice	121,650,000
The Judiciary	1,230,379,860
Directorate of Public Prosecution	65,000,000
Commission of the Interpretation of the Constitution	4,606,000,000
State Department for Coordination of National Government	597,116,200
State Department of Planning	45,375,586,144
State Department of Devolution	3,646,051,225
State Department of Education	6,222,314,390
State Department of Science & Technology	9,761,050,000
State Department of Infrastructure	53,132,867,822
State Department of Transport	6,202,207,585
State Department of Environment and Natural Resources	5,718,741,195
State Department of Water & Regional Authority	15,442,540,046
State Department of Agriculture	19,420,015,132
State Department of Livestock	3,030,750,386
State Department of Fisheries	2,003,597,010
State Department of Commerce and Tourism	2,608,500,000
National Land Commission	145,000,000
Independent Electoral and Boundaries Commission	74,280,000
Parliamentary Service Commission	921,442,000
Public Service Commission	153,630,000
Subtotal National Government Development	<u>270,240,838,230</u>

3.3 National Government Consolidated Fund Services Budget

	Amount KShs
Salaries Allowances & Miscellaneous Services	3,150,000,000
Public Debt	416,234,431,172
Pensions & Gratuities	35,081,980,000
Subscription to International Organizations	-
Total Consolidated Fund Services	<u>454,466,411,172</u>

**ANNEX 3: DETAILED STATEMENT OF NATIONAL EXCHEQUER ISSUES – 30TH JUNE 2015
(CONTINUED)**

3.4 Transfer to County Governments

	KShs
Baringo County Government	3,898,701,817
Bomet County Government	4,135,654,263
Bungoma County Government	6,710,034,213
Busia County Government	4,757,157,698
Elgeyo - Marakwet County	2,871,945,879
Embu County Government	3,546,340,602
Garissa County Government	5,163,814,626
Homa bay County Government	4,939,153,509
Isiolo County Government	2,673,046,921
Kajiado County Government	3,865,164,568
Kakamega County Government	7,999,990,175
Kericho County Government	3,935,291,260
Kiambu County Government	6,616,244,176
Kilifi County Government	6,505,434,172
Kirinyaga County Government	3,097,237,885
Kisii County Government	6,293,453,626
Kisumu County Government	5,219,776,886
Kitui County Government	6,375,108,549
Kwale County Government	4,483,784,358
Laikipia County Government	3,019,047,543
Lamu County Government	1,795,183,557
Machakos County Government	6,087,031,461
Makueni County Government	5,230,622,802
Mandera County Government	7,826,262,143
Marsabit County Government	4,540,962,199
Meru County Government	5,748,587,910
Migori County Government	5,110,869,787
Mombasa County Government	4,748,690,119
Muranga County Government	4,695,587,909
Nairobi County Government	11,365,111,382
Nakuru County Government	7,422,873,158
Nandi County Government	4,164,729,997
Narok County Government	4,629,250,044
Nyamira County Government	3,646,635,502
Nyandarua County Government	3,774,776,517
Nyeri County Government	4,100,574,908
Samburu County Government	3,107,466,532
Siaya County Government	4,383,163,207
Taita Taveta County Government	2,899,885,925
Tana River County Government	3,483,242,713
Tharaka Nithi County Government	2,747,312,700
Trans Nzoia County Government	4,458,831,419
Turkana County Government	9,153,224,208
Uasin Gishu County Government	4,544,602,890
Vihiga County Government	3,389,883,964
Wajir County Government	6,328,460,244
West Pokot County Government	3,846,031,274
Total County Governments transfers	<u>229,336,237,197</u>