

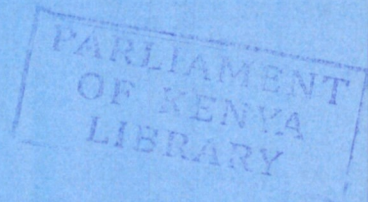
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



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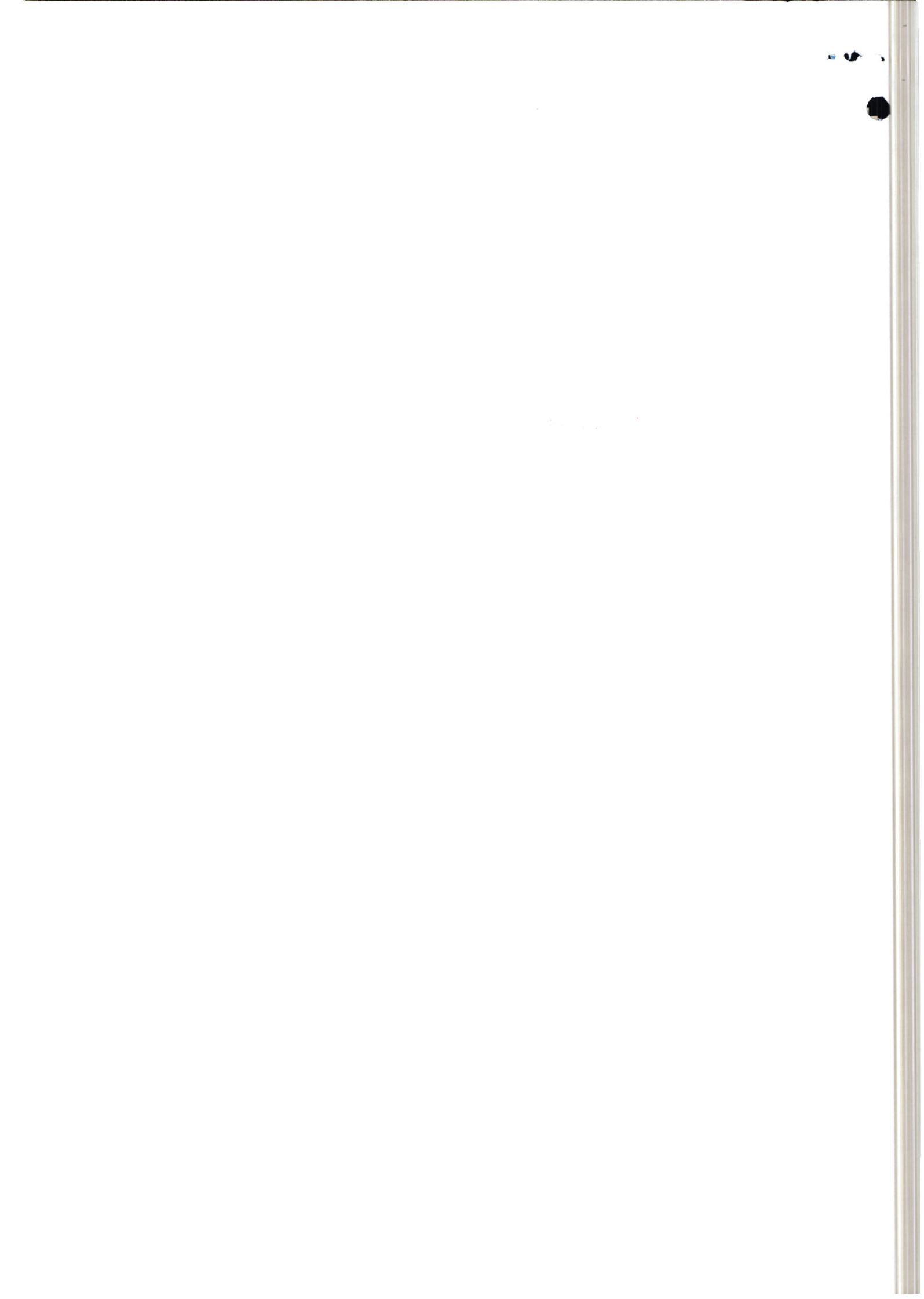
**REPORT**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL HUMANITARIAN FUND**

**FOR THE YEAR ENDED  
30 JUNE 2018**



**REPUBLIC OF KENYA**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
**REGISTRY**

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**RECEIVED**

**MINISTRY OF INTERIOR AND CO-ORDINATION OF  
NATIONAL GOVERNMENT  
STATE DEPARTMENT FOR INTERIOR**

**NATIONAL HUMANITARIAN FUND**

**FUND GRANT/CREDIT NUMBER GOK**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2018**

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

NATIONAL HUMANITARIAN FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30<sup>TH</sup> 2018

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**NATIONAL HUMANITARIAN FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30<sup>TH</sup> 2018**

**1. ENTITY INFORMATION AND MANAGEMENT**

**1.1 Background Information**

National Humanitarian Fund was established under The Prevention, Protection and Assistance to Internally Displaced Persons and Affected Communities Act, 2012. The key objective of the Fund is to prevent, protect and offer assistance to internally displaced persons and affected communities and mitigate against the effects of displacement.

**1.2 Name and registered office**

**Name:** The Fund's official name is National Humanitarian Fund

**Address:** The Fund headquarters offices are at Teleposta Building, Nairobi County, Kenya.

The address of its registered office is:

P.O Box 30395-00100  
Nairobi.

**Contacts:** The following are the Fund contacts

Telephone: (254) 020-2022274

**1.3 Fund Information**

Fund Start Date:	15 <sup>TH</sup> FEBRUARY, 2008
Fund End Date:	INFINITE
Fund Manager:	PATRICK NJAGI
Fund Sponsor:	Government of Kenya, Donors and other well wishers

**1.4 Fund Overview**

Line Ministry/State Department of the Fund	The Fund is under the supervision of State Department for Interior
Fund number	GOK FUND
Strategic goals of the Fund	The strategic goals of the Fund are as follows: (i) Provision of funding for resettling and Mitigation of the effects of the post-election violence victims

**NATIONAL HUMANITARIAN FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30<sup>TH</sup> 2018**

Achievement of strategic goals	The Fund management aims to achieve the goals through the following means: (i) Provision of ex – gratia assistance to Internally Displaced Persons (ii) Provision of food and logistical support until IDPs harvest their own food (iii) Construction and Reconstruction of basic housing and infrastructural facilities (iv) Any eventuality which might occur in the Country
Other important background information of the Fund	The Fund mandate was expanded to include forest evictees and any other forms of internally displaced persons.
Current situation that the Fund was formed to intervene	The Fund was formed to intervene in the following areas: (i) Post-election victims (ii) Forest evictees
Fund duration	The Fund started on 15 <sup>th</sup> February, 2008 and is expected to run infinitely.

### 1.5 Bankers

The following are the bankers for the current year:

- (i) **Central Bank of Kenya**  
Humanitarian Fund for Mitigation Effects and Resettlement 2007  
1000216158  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
- (ii) **Co-operative Bank**  
National Humanitarian Fund, State Department for Interior  
01141010160000  
Kimathi Street
- (iii) **Equity Bank Ltd**  
National Humanitarian Fund State Department for Interior  
0020261408743  
Harambee Avenue Branch, Bima House
- (iv) **National Bank of Kenya**  
National Humanitarian Fund – State Department for Interior  
01001033074100  
Hill Plaza Branch

( v) **Kenya Commercial Bank**

National Humanitarian Fund – State Department for Interior  
45110983  
Moi Avenue.Branch

**1.6 Auditors:**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 – 00100 GPO

Nairobi, Kenya

**1.7 Principal Legal Advisor**

The Attorney General

State Law office

Harambee Avenue

P.O. Box 40112 – 00200 City Square

Nairobi Kenya

**1.8 Fiduciary Management**

<b>Names</b>	<b>Title designation</b>	<b>Responsibilities</b>
Dr. Eng. Karanja Kibicho	P.S	Accounting Officer
Al Hajj Adan Wachu	Chairman	Board Chairman
Patrick Njagi	Secretary	Secretary to the board
James Karori	S.A.A.G.	Accountant

### 1.9 Funding summary

The Fund is for duration of infinite years from 2008 with an approved budget as determined by National Government highlighted in the table below:

Below is the funding summary:

Source of funds	Ministry's Contribution	Amount received to date (30th June, 2017)	Balance yet to be paid to date (30th June, 2018)
	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
	(A)	(B)	(A)-(B)
<b>(i) Government funding</b>			
Government of Kenya Exchequer	1,965,700,000.00	1,965,700,000.00	Nil
(ii) Bank Interests	Nil	Nil	Nil
<b>Total</b>	<b>1,965,700,000.00</b>	<b>1,965,700,000.00.</b>	<b>Nil</b>

### 1.10 Summary of Overall Fund Performance:

1. Disbursement of Kshs 1,465,700,000.00 to 29314 integrated IDPs.
2. Field visits to various Counties to collect and compile data on the 5,000 remaining IDPs
3. Field visits to various Counties to handle developing IDP issues
4. Consultative meetings with IDP leaders other stakeholders as provided in the IDP Act
5. Partitioning of office space 20<sup>th</sup> floor teleposta towers
6. Continued correction of errors and handling deceased cases
7. Procurement of goods and services for National Consultative Coordination Committee on IDPs.
8. NCCC meetings for policy formulation.
9. Preparation of various reports for sharing with stakeholders co-ordination of disbursement of funds by Commercial banks

### 1.11 Summary of Fund Compliance:

There have been no cases of non-compliance with applicable laws and regulations.



## 2.1 Statement of Fund Management Responsibilities

The Principal Secretary for State Department and the Secretary to the National Humanitarian Fund are responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2018. This responsibility includes:

- (i) Maintaining adequate financial management arrangement 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 Fund;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Fund;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Principal Secretary for the State Department for Interior and the Secretary to the National Humanitarian Fund accept responsibility for the Fund's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the State Department for Interior and the Secretary to the National Humanitarian Fund are of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2018, and of the Fund's financial position as at that date. The Principal Secretary State Department for Interior and the Secretary to the National Humanitarian Fund further confirm the completeness of the accounting records maintained for the Fund, which

have been relied upon in the preparation of the Fund financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary State Department for Interior and the Secretary to the National Humanitarian Fund confirm that the Fund has complied fully with applicable Government Regulations and that the funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Fund financial statements**

The Fund financial statements were approved by the Principal Secretary State Department for Interior and the Secretary to the National Humanitarian Fund on September 30, 2018 and signed by them.



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**Principal Secretary**



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**Fund Secretary**

# REPUBLIC OF KENYA

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E-Mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL HUMANITARIAN FUND FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Humanitarian Fund set out on pages 1 to 12, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, 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, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Humanitarian 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 (Cash Basis) and comply with the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1. Unvouched Expenditure

Disclosed in Note 4 to the financial statements under other grants and payments are payments amounting to Kshs.7,371,112 in respect of construction of IDPs houses in Turkana County and Kshs.6,667,000 for office running expenses for the year ended 30 June 2018. However, payment vouchers and supporting documents for the expenditure were not provided for audit review. In the circumstances, the validity and propriety of the expenditure of Kshs.7,371,112 and Kshs.6,667,000 incurred in respect of construction of IDP houses and office running expenses, respectively could not be ascertained.

##### 2. Irregular Payments to Integrated Internally Displaced Persons

Disclosed also in Note 4 to the financial statements are grants to IDPs under cash payments programme amounting to Kshs.2,651,669,415 in 2017/2018 financial year. Although schedules of payments to internally displaced persons were provided for audit review, the following anomalies were observed:

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*Report of the Auditor-General on the Financial Statements of National Humanitarian Fund for the year ended 30 June 2018*

**(i). Payments to IDPs without National Identity Cards in Turkana County – Kshs.4,600,000**

Examination of the list of IDPs from Turkana County submitted for audit revealed that an amount Kshs.4,600,000 was paid to IDPs who did not have national identification cards. As a result, it was not possible to confirm whether the IDPs paid were Kenyan citizens or the validity and propriety of the payments amounting to Kshs.4,600,000.

**(ii). Payments to IDPs with Duplicate Names – Kshs.17,800,000**

Examination of the list of IDPs from sixteen counties submitted for audit revealed that payments totalling Kshs.17,800,000 were made to IDPs with duplicate names. Further, for every duplicate name, only one name matched with the identification card number provided, while the other similar name whose identification card number provided was related to a different person as verified in the National Registration Bureau database. Consequently, the validity and propriety of the payments amounting to Kshs.17,800,000 could not be confirmed.

**(iii). Payment to Non-existing IDPs – Kshs.250,000**

Examination of a sampled list of IDPs national identity card numbers revealed that payments amounting to Kshs.250,000 were made to IDPs whose national identity card numbers provided did not exist in the database of National Registration Bureau. The validity and propriety of the payments amounting to Kshs.250,000 could not therefore be confirmed.

**3. Bank Balances**

The statement of financial assets and liabilities as at 30 June 2018 reflects bank balances totalling Kshs.799,889,432.45 and as disclosed in Note 5A to the financial statements. However, the cash book provided for audit review was incomplete and had not been updated with some transactions in bank statements amounting to Kshs.17,804,212. Further, the board of survey report on cash and cash and bank balances as at 30 June 2018 was not made available for audit review. In the circumstances, the completeness and accuracy of bank balances of Kshs.799,889,432.45 as at 30 June, 2018 could not be confirmed.

**4. Imprests and Advances**

The statement of financial assets and liabilities as at 30 June 2018 reflects imprests and advances balance of Kshs.71,960,000. As disclosed in Note 5B to the financial statements, the outstanding advances relates to AIEs given to County Commissioners of Mandera, Nakuru and Bomet in 2014/2015 financial year for onward transmission of the funds to the beneficiaries (IDPs). However, the same for unclear reasons had not been accounted for as of 30 June 2018.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Humanitarian 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 qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections, I have determined that there were no key audit matters to communicate in my report.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Late Submission of Financial Statements**

Section 84 (3) of the Public Financial Management Act ,2012 states that, not later than three months after the end of each financial year, the administrator of a national public fund shall submit the financial statements prepared under Section 84 (1) and (2) to the Auditor General. However, the financial statements of the National Humanitarian Fund for the year ended 30 June 2018 were submitted to the Auditor General on 20 November 2018, one month and twenty days after the statutory deadline.

#### **2. Failure to Provide Document for Audit Review**

Despite requesting for documents and records pertaining to the National Humanitarian Fund through a letter reference No. Ref:SA/NHF/2017-2018/ (6) dated 30 November 2018, the management has failed to provide for audit review Internally Displaced Persons (IDPs) status report as required under Section 13(g) of the Prevention, Protection and Assistance to Internally Displaced Persons and Affected Communities Act. No justification has been provided for the failure or inability to provide the status report to the Auditor General.

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, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

The audit 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 with International Public Sector Accounting Standards (Cash 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 of National Humanitarian Fund 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 resources are applied in an effective way.

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 audit is planned and performed 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.

Further, in planning and performing the audit of the financial statements and audit 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.

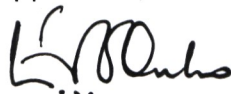
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the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

**05 March 2019**

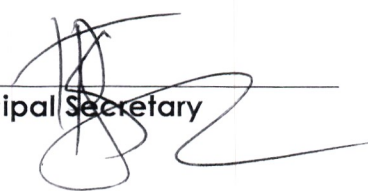


2. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018

Note

		2017/2018 Kshs	2016/2017 Kshs	Cumulative to date Kshs
<b>RECEIPTS</b>				
Transfer from Government entities	1	1,965,700,000.00	1,933,988,805.00	10,505,509,873.00
Reversal of dd170710	2	269,336.20	2,790,997.00	62,954,718.00
<b>Total receipts</b>		<b>1,965,969,336.20</b>	<b>1,936,690,802.00</b>	<b>10,568,464,591.00</b>
<b>PAYMENTS</b>				
Transfers to other government entities	3	NIL	12,812,573.00	671,362,534.00
Other grants and transfers and payments/expenses	4	2,665,707,526.60	901,558,369.00	<b>7,419,094,974.00</b>
<b>TOTAL PAYMENTS</b>		<b>2,665,707,526.60</b>	<b>914,370,942.00</b>	<b>8,090,456,508.00</b>
<b>SURPLUS/DEFICIT FOR THE YEAR</b>		<b>699,738,190.40</b>	<b>1,022,319,860.00</b>	

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

  
Principal Secretary

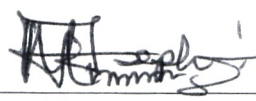
  
Fund Secretary

**3. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

	Note	2017/2018 Kshs	2016/2017 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	5A	799,889,432.45	1,499,602,623.00
		<hr/>	<hr/>
		799,889,432.45	1,499,602,623.00
Imprests and Advances	5B	71,960,000.00	71,960,000.00
		<hr/>	<hr/>
<b>TOTAL FINANCIAL ASSETS</b>		<b>871,849,432.45</b>	<b>1,571,562,623.00</b>
		<hr/>	<hr/>
<b>REPRESENTED BY:</b>			
Cash and cash equivalents b/fwd		1,571,562,623.00	549,242,763.00
Surplus/Deficit for the year		(699,738,190.40)	1,022,319,860.00
		<hr/>	<hr/>
<b>NET FINANCIAL POSITION</b>		<b>871,824,432.60</b>	<b>1,571,562,623.00</b>
		<hr/> <hr/>	<hr/> <hr/>

The accounting policies and explanatory notes to these financial statements form integral part of the financial statements. The financial statements were approved on .....and signed by:

  
 \_\_\_\_\_  
 Principal Secretary

  
 \_\_\_\_\_  
 Fund Secretary


NATIONAL HUMANITARIAN FUND  
 REPORTS AND FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30<sup>TH</sup> 2018

4. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018

		2017/2018	2016/2017
	Notes	Kshs	Kshs
<b>Receipts for operating income</b>			
Contributions	1	1,965,700,000.00	1,933,899,805.00
Net Miscellaneous receipts	2	296,336.20	2,790,997.00
<b>Payments for operating expenses</b>			
Transfers to other government entities	3	Nil	12,812,573.00
Other grants and transfers and payments/expenses	4	2,665,707,526.60	901,558,369.00
<b>Net cash flow from operating activities</b>		<b>699,711,190.40</b>	<b>1,022,319,860.00</b>
<b>Net Surplus</b>		<b>699,711,190.40</b>	<b>1,022,319,860.00</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
Cash and cash equivalent at beginning of the year		1,571,562,623.00	549,242,763.00
		699,711,190.40	1,022,319,860.00
Surplus /Deficit			
<b>Cash and cash equivalent at end of the year</b>		<b>871,851,432.60</b>	<b>1,571,562,623.00</b>

The accounting policies and explanatory notes to these financial statements form integral part of the financial statements. The Fund financial statements were approved on ..... and signed by:

  
 \_\_\_\_\_  
 Principal Secretary

  
 \_\_\_\_\_  
 Fund Secretary

NATIONAL HUMANITARIAN FUND  
 REPORTS AND FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30<sup>TH</sup> 2018

5. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Variance	% of Variance
Receipts	a	b	c=a+b	d	e=c-d	f=e/c %
Transfer from Government entities	1,965,700,000.00	0.00	1,965,700,000.00	0.00	0.00	0.0
Miscellaneous Receipts	0.00		0.00	296,336.20	(296,336.20)	0.0
<b>Total Receipts</b>	<b>1,965,700,000.00</b>	<b>0.00</b>	<b>1,965,700,000.00</b>	<b>296,336.20</b>	<b>(296,336.20)</b>	<b>0.0</b>
<b>Payments</b>						
Transfers to other government entities	-	-	-	0.00	0.00	0.0
Other grants and transfers and payments/expenses	1,965,700,000.00	0.00	1,965,700,000.00	2,665,707,526.60	(700,007,526.60)	35.6%
<b>Total Payments</b>	<b>1,965,700,000.00</b>	<b>0.00</b>	<b>1,965,000,000.00</b>	<b>2,665,707,526.6</b>	<b>(700,007,526.60)</b>	<b>35.6%</b>

Note: The budget utilization/performance differences in the last column are explained in **Annex 1** to these financial statements

Principal Secretary

Fund Secretary

## **6. SIGNIFICANT ACCOUNTING POLICIES**

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

### **(i) Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Fund and all values are rounded to the nearest one Shilling. The accounting policies adopted have been consistently applied to all of the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid out by the Fund.

### **(ii) Recognition of revenue and expenses**

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

**(iii) Cash and cash equivalents**

Cash and cash equivalents comprise cash at 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 advances to authorised public institutions which had not been surrendered or accounted for at the end of the financial year.

**(iv) Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Fund's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. A high-level assessment of the Fund's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**(v) Related Parties**

The Fund regards a related party as a person or an Authority with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of the National Consultative Co-ordination Committee on Internally Displaced Persons are regarded as related parties.

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**(vi) Honoraria and sitting allowances**

	<b>2017/2018</b>	<b>2016/2017</b>
Chairman Honoraria	60,000.00	960,000.00
Members' sitting Allowances	<u>300,000.00</u>	<u>784,000.00</u>
<b>TOTAL</b>	<b>360,000.00</b>	<b>1,744,000.00</b>

**(vii) Comparative figures**

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

**(viii) 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.

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7. NOTES TO THE FINANCIAL STATEMENTS

T. RECEIPTS

These represent Government funding and other receipts from government as follows:

	2017/2018	2016/2017
	Kshs	Kshs
<b>Counterpart funding through Ministry of Interior and Co-ordination of National Government</b>		
Government funds Quarter 1	1,965,700,000.00	-
Government funds Quarter 2		
Government funds Quarter 3		
Government funds Quarter 4		1,933,899,805.00
<b>Other transfers from government entities</b>	<b>nil</b>	
<b>Total</b>	<b>1,965,700,000.00</b>	<b>1,933,899,805.00</b>

2. MISCELLANEOUS RECEIPTS

	2017/2018	2015/2016
	Kshs	Kshs
Interest Earned	0.00	2,790,997.00
<b>Total</b>	<b>0.00</b>	<b>2,790,997.00</b>



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**3. Transfers to other government entities**

During the 12 months to 30 June 2017, there were surrenders for A.I.E's for previous years from various Counties.

	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to Government entities	-	-
Various	0.00	12,812,573.00
<b>TOTAL</b>	<b>0.00</b>	<b>12,812,573.00</b>

**4 Other grants and transfers and payments**

	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Grants to IDPs under Cash Payment Programme	2,651,669,415.00	2,120,000,000.00
Construction of IDPs houses in Turkana County	7,371,111.60	-
Other Office Running Expenses	6,667,000.00	160,162,570.00
<b>Total</b>	<b>2,665,707,526.60</b>	<b>2,280,162,570.00</b>

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5 CASH AND CASH EQUIVALENTS C/FWD

	2017/2018	2016/2017
	Kshs	Kshs
Bank accounts (Note 5A)	799,889,432.55	1,499,602,623.00
Outstanding imprests and advances (Note 5B)	71,960,000.00	71,960,000.00
<b>Total</b>	<b>871,849,432.55</b>	<b>1,571,562,623.00</b>

5A Bank Account Balances

	2017/2018	2016/2017
	Kshs	Kshs
Central Bank of Kenya [A/c No. 1000311339]	327,163,747.55	94,691,623.00
Co-operative Bank of Kenya [A/c No.01141010160000]	12,985.00	12,985.00
Kenya Commercial Bank [A/c No.1145110983]	66,457,085.00	123,992,400.00
National Bank of Kenya [A/c No.01001033074100]	205,615.00	205,615.00
Equity Bank [A/c No.0020261438740]	406,050,000.00	1,280,700,000.00
Total bank account balances	799,889,432.55	1,499,602,623.00
Outstanding advances	71,960,000.00	71,960,000.00
<b>Total</b>	<b>871,849,432.55</b>	<b>1,571,562,623.00</b>

5B Imprests & Advances

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Outstanding Advances

Name of Institution	AIE NO	Amount Issued	Amount Surrendered	2016-2017
County commissioner of Mandera	A172763	68,960,000.00	-	68,960,000.00
County commissioner of Nakuru	A172760	2,000,000.00	-	2,000,000.00
County commissioner of Bomet	A631876	1,000,000.00		1,000,000.00
<b>GRAND TOTAL</b>				<b>71,960,000.00</b>

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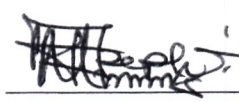
These transfers relate to AIEs given out in Financial Year 2014/2015. The whole amount relates to one line expenditure on National Humanitarian Fund.

We have confirmed that the funds were received by the respective County Commissioners for onward transmission to various beneficiaries as approved by National Consultative Coordination Committee on IDPs. The same had not been accounted for as at 30<sup>th</sup> June, 2018.

**(8) PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS  
OUTSTANDING ISSUES -2014-2015**

Referen ce No.	Issue/Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:
967	Outstanding AIEs issues to various Government Ministries and Departments	Issues to be dealt with at the Headquarters	PAC	Outstanding issues were handled at the Ministry Headquarters

  
Principal Secretary

  
Fund Secretary

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 ANNEX 1. VARIANCE EXPLANATION AND ACTUAL BUDGET

Receipts/Payments Item	Final Budget	Actual on Comparable Basis	Variance	% of Variance	Comments
	a	b	c=a-b	d=c/a %	
<b>Receipts</b>					
Transfer from Government entities	1,965,700,000.00	1,965,700,000.00	0.00		Full funding received
Miscellaneous Receipts		296,336.00	0.00	0.00	Reversal of DD170710
<b>Total Receipts</b>	<b>1,965,700,000.00</b>	<b>1,965,996,336.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Payments</b>					
Transfers to other government entities	0.00	0.00	0.00	0.00	
Other grants and transfers and payments/expenses	1,965,700,000.00	2,665,707,526.60	700,007,526.60	35.6%	Funds carried forward from previous years were utilized to pay approved IDPs
<b>Total Payments</b>	<b>1,965,700,000.00</b>	<b>2,665,707,526.60</b>	<b>700,007,526.60</b>	<b>35.6%</b>	