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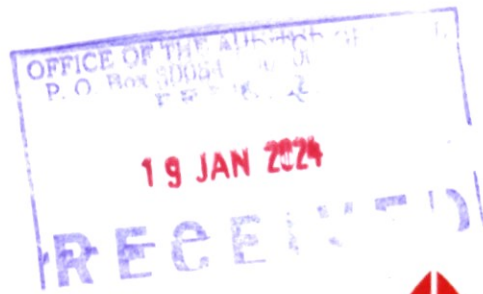
Hon Naomi Wago, MP
Deputy majority whip
A. Shubuku

THE AUDITOR-GENERAL

ON

**NATIONAL COHESION AND INTEGRATION
COMMISSION**

**FOR THE YEAR ENDED
30 JUNE, 2023**



NATIONAL COHESION AND INTEGRATION COMMISSION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE, 2023

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

National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.

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National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.

Table of Contents	Page
1. Abbreviations and Acronyms	ii
2. Key Entity Information and Management.....	iii
Key Entity Information and Management (Continued).....	iv
3. The Commissioners	vi
4. Management Team	xiv
5. Chairman's Statement	xix
6. Report of The Chief Executive Officer.....	xxii
7. Statement of Performance Against Predetermined Objectives for FY 2022/23	xxiv
8. Corporate Governance Statement.....	xxx
9. Management Discussion and Analysis	xxxiv
10. Environmental and Sustainability Reporting.....	xxxix
11. Report of the Commissioners.....	xlii
12. Statement of Commissioners Responsibilities	xliii
13. Report of the Independent Auditor for the National Cohesion and Integration Commission	xlv
14. Statement of Financial Performance for the year ended 30 June 2023	1
15. Statement of Financial Position as at 30 June 2023	2
16. Statement of Changes in Net Assets for the year ended 30 June 2023	3
17. Statement of Cash Flows for the year ended 30 June 2023.....	4
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023.....	5
19. Notes to The Financial Statements.....	6
22. Appendix	18

1. Abbreviations and Acronyms

CA	Communication Authority
CEO	Chief Executive Officer
COG	Council of Governors
CPSBs	County Public Service Boards
DCI	Directorate of Criminal Investigations
EACC	Ethics and Anti-Corruption Commission
EWER	Early Warning Early Response
HACT	Harmonised Cash Transfer
IEBC	Independent Elections and Boundaries Commission
IEC	Information Education and Communication
IPSAS	International Public Sector Accounting Standards
IRCK	Inter Religious Council of Kenya
KEPP	Kenya Eminent Peace Panel
KEPSA	Kenya Public Sector Alliance
KSG	Kenya School of Government
MCK	Media Council of Kenya
MDAs	Ministries Departments and Agencies
MSU	Mediation Support Units
NCIC	National Cohesion and Integration Commission
NIS	National Intelligence Service
NPS	National Police Service
ODPP	Office of the Director of Public Prosecutions
ORPP	Office of the Registrar of Political Parties
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
UNDP	United Nations Development Programme

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

2. Key Entity Information and Management

(a) Background information

The Commission is a statutory body established under the National Cohesion and Integration Act (Act No. 12 of 2008) and is domiciled in Kenya. The Commission is represented by the Commissioners who are responsible for the general policy and strategic direction of the Commission.

(b) Principal Activities

The principal activities of the Commission are to facilitate and promote equality of opportunity, good relations, harmony and peaceful co-existence between persons of different ethnic and racial communities of Kenya, and to advise the Government on all aspects thereof.

(c) Key Management

The Commission's day-to-day management is under the following key organs:

- Commission Secretary/CEO
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Commission Secretary/CEO (1 st July 2022- 4 th April 2023)	Dr. Skitter W. Ocharo, HSC
2.	Ag. Commission Secretary/CEO (5 th April 2023-30 th June 2023)	Harrison Kariuki
3.	Director Research & Knowledge Management	Millicent Okatch
4.	Deputy Director Human Resources	Caroline Gateru
5.	Deputy Director Procurement	John-David Odhiambo
6.	Head of Finance	Catherine Njuki

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

The key fiduciary oversight arrangements with regard to the Commissions are as follows

- Finance and General-Purpose committee
- Audit and Risk Committee
- Ministry of Interior and National Administration
- Office of the Auditor General
- Public Accounts Committee
- National Cohesion and Equal Opportunities and Regional Integration Committee
- Public Procurement Regulatory Authority
- Development partners

(f) Commission Headquarters

P.O. Box 7055 - 00100
Britam Towers
Hospital Road, Upperhill
Nairobi, KENYA

(g) Commission Contacts

Telephone: 020-258701/2/3 Cell: 0702-777000
E-mail: info@cohesion.or.ke
Website: www.cohesion.or.ke
Toll free SMS 1547

(h) Entity Bankers

Kenya Commercial Bank
Sarit Centre Branch
P.O. Box 48400 - 00100
Nairobi

National Bank of Kenya
Harambee Avenue Branch
P.O. Box 72866 – 00200
Nairobi

National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.


(i) Independent Auditors

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

(j) Principal Legal Adviser

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

3. The Commissioners

Ref	Commissioners	Details
	 <p>Rev. Dr Samuel Kobia CBS Chairman Master's degree in Urban Planning, Theology, and International relations</p>	<p>Rev. Dr. Samuel Kobia, is the Chairman, National Cohesion and Integration Commission. He is a full-time Commissioner. He was born on 20th March 1947. He holds a Master's degree in Urban Planning, Theology, and International relations from universities in Kenya, USA and Switzerland. He is a visiting Professor to Wesley Colleges in USA and UK. He is an author of several books including <i>Dialogue Matters</i>. Prior to this appointment he served as Senior Advisor on Cohesion, Peace and Conflict Resolution in the Executive Office of the President and Cabinet Affairs.</p> <p>Dr. Kobia served as a Commissioner in the Judicial Service Commission; 2010-2012 Ecumenical Special Envoy for the Sudan's; 2007-2018 Chancellor of St. Paul's University; former General Secretary of the Geneva based World Council of Churches. He has vast experience in mediation and dialogue. Currently, he coordinates dialogue platforms as safe spaces for interactions between Kenyans of diverse stations and Government to address pressing issues. The fruits of the dialogues include peaceful co-existence, healing and reconciliation, peaceful resolution of conflicts and national cohesion.</p>

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**



Commissioner Wambui Nyutu OGW

Vice Chairperson & Chairperson
Human Resource Committee

Masters Degree in Business
Administration- Strategic Management

Bachelor of Laws (LLB)
Advocate of the High Court

Chairperson of the Human Resource
Management Committee

Commissioner Wambui Nyutu OGW, is the Vice-chairperson and is a full-time Commissioner. She holds a Bachelor of Laws from the University of Nairobi and a Master’s Degree in Business Administration- Strategic Management from the same University. She is a Certified Professional Mediator from Mediation Training Institute East Africa and holds an Arbitration and ADR certification. Prior to the appointment as a Commissioner at NCIC in 2019, she served as a Director at the National Irrigation Board of Kenya since 2018. She worked as a Legal Assistant at Kiragu Wathuta & Co Advocates in 2017 and Legal Secretary, Peman Consultants (2016-2019). She was born on 14th September 1991.

She is the founder and policy maker of *Tuinuke Initiative*, a youth-led organization concerned with the economic, political and social issues affecting the youth of Kenya. In 2015, she also served in the Kenya University Students Organization as Legal Secretary and at Students Organization of Nairobi University as a special delegate. She was awarded The Order of Grand Warrior (OGW) by His Excellency the President Hon. Uhuru Kenyatta in 2018.



Commissioner Hon. Eng. Phillip Okundi EBS.HSC

Master's Degree in Telecommunication System Engineering

Bachelor's Degree in Electronics and Telecommunication Engineering

Chairperson Finance and General-Purpose Committee

Commissioner Hon. Eng. Phillip Okundi EBS. HSC is a seasoned Engineer who has served in various capacities. He is a full-time Commissioner. He was born on 5th March 1941. He holds a Bachelor's Degree in Electronics and Telecommunication Engineering from the University of Westminster and a Master's Degree in Telecommunication System Engineering from the University Essex.

A highly self-motivated and enthusiastic leader with over 40 years' experience in all aspects of policy making, advising government and setting up the agenda and strategies for communication and implementation of international projects. Extensive experience in harnessing the critical support of the public and private sectors for key infrastructure upgrade objectives and in mobilizing and maintaining the interest of all stakeholders in these activities. Commissioner Okundi has served as a Member of Parliament for Rangwe 2003-2007 and also in various capacities. This includes Chairman of world space International (1995), Managing Director and Chief Executive Kenya Post and Telecommunication Corporation (1977), CEO Kenya Bureau of Standards 1997-2001, CEO Kenya Broadcasting Corporation (KBC), Chairman of the CCK Board of Directors 2008 and Managing Director and Chief Executive Kenya Ports Authority 1984-1993.

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**



Commissioner Hon. Abdulaziz Farah
Executive Master of Business
Administration (EMBA)

Bachelor of Education (Arts)



Member Audit and Risk Management
Committee

Commissioner Abdulaziz Ali Farah holds an Executive Master of Business Administration (EMBA) from Moi University (*Specialized in Strategic Management*) and a Bachelor of Education Arts from Kenyatta University, Nairobi. He has over twenty years work experience both in public and business sectors. He has previously worked as a National Civic Education Officer with the Truth, Justice & Reconciliation Commission of Kenya. He has also worked as a Managing Director in charge of several companies operations besides serving as a Member of the Constituency Development Fund Task Force whose report contributed to the amendment of the 2003 CDF ACT and CDF Amendment ACT 2007. He was born on 1st January 1969.

He is a resourceful and initiative driven leader, public administrator, peace and conflict advocate. He has a background and experience in managing operations of a constituency as a Member of Parliament (MP), Mandera East Constituency, Mandera Country, overseeing daily functions of companies and participating in the formulation of strategies and policies that seek to make them run effectively. He has a wide knowledge in the fields of administration and management, overseeing operations, formulating and implementing strategies, conflict management, peace building, and building partnerships.

Additionally, he is experienced in formulating and implementing best-practice management principles while fostering a culture that promotes sound work ethics. He is an excellent communicator with great interpersonal skills hence can interact with people from different backgrounds. His goal is to make a difference in society by promoting equality, integration and a conflict-

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

		<p>free environment. At the Commission Hon Abdulaziz is a member of the Audit and Risk Management Committee and is a full-time Commissioner.</p>
	 <p>Commissioner Dr Danvas Makori Doctor of Theology Master of Arts Biblical Theology Chairman Technical Committee</p>	<p>Commissioner Dr. Danvas Makori holds a Doctor of Theology from the International Christian University, Masters of Arts in Biblical Theology of the International Christian University and a Bachelors of Arts in Theology from the Jameson Christian College. Commissioner Danvas was the County Executive Committee (CEC) of Finance and County Executive Committee (CEC) Agriculture, Livestock, Development and Fisheries in Nairobi County Government. At the Commission, Dr Makori chairs the Technical Committee and is a full-time commissioner.</p>
	 <p>Commissioner Sam Kona Masters in Conflict Resolution Bachelor of Education (Science) Member Technical Committee</p>	<p>Commissioner Sam Kona is a conflict resolution, governance and stability expert with over 25 years' experience in public, private and civil society sectors. He has carried out extensive research and managed dozens of projects in sub-Saharan Africa with particular focus on conflict early warning systems, post-conflict reconstruction, peacebuilding, mediation, governance and security. Sam has held senior leadership roles in government, including serving as Chairman of the National Council for Population and Development and Kerio Valley Development Authority.</p> <p>A distinguished program leader, Sam has worked as a senior manager with international agencies and organizations such as the United</p>

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

		<p>States Agency for International Development, Development Alternatives Incorporated, Centre for Conflict Resolution at the University of Cape Town, South Africa, Chemonics International, Centre for Humanitarian Dialogue and Oxfam GB. While at the Centre for Conflict Resolution, he spearheaded national dialogue programs in Sudan, Swaziland, South Africa and Lesotho, in addition to facilitating dialogue and mediation trainings across Africa. Between 2008 and 2011, he led mediation processes and established peace caravans to support the Kofi Annan-mediated Kenya National Dialogue and Reconciliation process in the aftermath of the 2007-2008 post-election violence.</p> <p>Sam played a major role in the development of conflict early warning mechanisms for Africa's Regional Economic Communities, as well as national early warning systems for Kenya, Uganda, Ethiopia, South Sudan and Sudan. He teaches conflict resolution and dialogue, negotiation and mediation at the Kenya School of Government (KSG) and the International Peace Support Training Centre (IPSTC), respectively.</p> <p>Sam holds MA in Conflict Resolution from Lancaster University in the United Kingdom and a Bachelor of Education (Science) from Kenyatta University, Kenya. He has received many national and international awards and honours for contributions to the field of conflict resolution and peace processes, and efficient delivery of programs. Commissioner Sam is a full time commissioner and is a member of the Technical Committee.</p>
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	 <p>Commissioner Hon. Dorcas Kedogo Master’s Degree in Business Administration Bachelor’s Degree in Education Member Technical Committee</p>	<p>Commissioner Hon. Dorcas Kedogo is a seasoned Educationist and has over 30 years experience in education. She holds a Master’s Degree in Business Administration from USIU, Bachelor’s Degree in Education from the University of Nairobi and a Diploma from Mosoriot Teachers Training College. Commissioner Hon. Kedogo was a Women Representative for Vihiga County. She served as a Women Representative for KNUT and as a representative of Teachers under the Kenya Union of Teachers Vihiga District 2000-2012. She has also served as a teacher in various capacities in her career and spearheaded various developments among the youth as well as the women. She is member of the technical committee and is a full-time commissioner.</p>
	 <p>Dr Skitter W. Ocharo HSC Commission Secretary</p> <p>Doctor of Philosophy in Physics Master of Philosophy in Physics Master in Business Administration Bachelors Degree in Education Science</p>	<p>Dr. Skitter W. Ocharo is the Commission Secretary/ Chief Executive Officer with over 16 years’ experience in public service and at Board level in various institutions. She has a rich track record of successful change management, project management and spearheading initiatives that have improved the performance of organizations and lives of many communities. She holds a Doctor of Philosophy in Physics from the University of Eldoret, a Master of Philosophy in Physics from Moi University, a Master in Business Administration from Strathmore University and a Bachelor Degree in Education Science (Physics and Chemistry) from Egerton University.</p> <p>Prior to her appointment as the Commission Secretary of the National Cohesion and Integration Commission, Dr. Skitter held various key positions that include; County Executive Officer in charge of Trade, Tourism and Industry at the County Government of Kisii, she had also held the same portfolio in charge of Environment, Water and Sanitation;</p>



**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

		<p>Roads, Transport and Public Works; Education, Labor and Manpower Development in the same County. She served as a Lecturer, Physics Department at the Masinde Muliro University of Science and Technology (MMUST) and Physics and Chemistry teacher at the Teachers Service Commission (TSC).</p> <p>As a highly motivated critical thinker with problem solving skills, her desire is to create opportunities that improve and transform people’s lives. She is a true believer in Africa, of the talent and the need to build on the human capital, so as to market Africa to transform the Continent’s fortune on the Global arena. She perceives life as a gift and endeavors to respond with grace and courtesy</p> <p>Served until 4th April 2023</p>
	 <p>Harisson Kariuki Ag. CEO/ Commission Secretary Master of Science in Finance Bachelor of Commerce Certified Public Accountant of Kenya CPA(K).</p>	<p>CPA Kariuki is a seasoned Public Finance Expert with over 16 years of work experience in public and private sector finance and Audit. He holds a Master of Science Degree in Finance from the University of Leicester, UK, a Bachelor of Commerce Degree and a Certificate of Public Accounting qualification from the Institute of Certified Public Accountants of Kenya (ICPAK). Harrison also has vast experience in the fields of Public Finance Management, Agribusiness, Business Process Outsourcing, Audit, Finance Management and Small and Medium Enterprise (SME) Management. Prior to joining PKF, Harrison worked as a PFM specialist with the World Bank program - Institutional Development & Capacity Building and the World Bank program –Core Fiduciary Program in the same capacity.</p> <p>(From 5th April 2023)</p>



4. Management Team

No	Management	Details
1.	 <p>Skitter W. Ocharo PHD HSC Commission Secretary Doctor of Philosophy in Physics Master of Philosophy in Physics Master in Business Administration Bachelor's Degree in Education Science</p>	<p>Commission Secretary and Accounting Officer Up to 4th April 2023</p>
2.	 <p>Mr. Harrison Gikonyo Kariuki Master of Science in Finance Bachelor of Commerce Certified Public Accountant of Kenya CPA(K).</p>	<p>Ag. Commission Secretary and Accounting Officer From 5th April 2023</p>



**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

3.	 <p>Ms. Millicent Okatch Masters of Arts Degree in Sociology and Community Development Bachelor of Arts Degree in Sociology and Communication</p>	Director Research and Knowledge Management.
4.	 <p>Mr Liban Guyo Master's Degree in Governance and Development BA in International Relations</p>	Deputy Director Peace Building and Reconciliation

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

5.	 <p>Mr. Kyalo Mwengi Bachelors in Laws (LLB) Diploma in Law from the Kenya School of Law.</p>	Deputy Director Legal Services,
6.	 <p>Mr. Killian Nyambu Masters of Education (Med) Educational Administration and Planning Bachelor of Education (Arts)</p>	Deputy Director Public Education and Outreach

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

7	 <p>CHRP Caroline W. Gateru Masters in Human Resource Management Bachelor's Degree in Education Post Graduate Diploma in HRM Certified Human Resource Professional (CHRP) Diploma in IT.</p>	Deputy Director Human Resource and Administration
8.	 <p>Ms Olive C. Metet MPRSK. M-ICA Master of Arts in Communication Bachelor of Arts (Hons) Communication</p>	Deputy Director Corporate Communication

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

9.	 <p>John-David Odhiambo MBA in Procurement and Supply Chain Management Bachelor of Commerce in Management Science Diploma in Purchasing and Supplies Management from the Chartered Institute of Supplies (CIPS)</p>	Deputy Director Supply Chain Management
10	 <p>Senior Superintendent Janet Shako Trained Police Diploma in Counseling</p>	Deputy Director Investigations and Compliance

5. Chairman's Statement

I am delighted to present the Annual Report and Financial Statement for the year ended 30th June, 2023. During the year under review Kenya held her third general elections under the devolved governance system. According to the evaluation by both local and international observers, the 2022 elections, were the most peaceful, free and credible since Kenya became a multiparty state. The disputed presidential election results notwithstanding, the country was peaceful before, during and after the elections. The National Cohesion and Integration Commission played a pivotal role in ensuring that regard by implementing the *Roadmap to Peaceful Elections 2022* dubbed *Elections Bila Noma* and the Strategic Plan 2020-2025. These interventions were informed by the Commission's statutory mandate of promoting equality of opportunity, good relations, harmony and peaceful coexistence as well as elimination of all forms of ethnic discrimination, peaceful resolution of conflicts and respect for diversity among Kenya communities.

We remained steadfast and committed to continue promoting the Government's long-term development goals and plans. In line with this the Commission progressively implemented peace and cohesion strategies which included: conflict scans and assessments, conflict resolution, mediation, dialogue and reconciliation, sensitization, capacity building on peace and cohesion, strengthening early warning and early response mechanisms, enhancing inclusivity in employment and hate speech management among other key strategies.

As a Commission we boosted coordination mechanism with the state and non-state peace actors for peaceful elections through "*Elections Bila Noma*", which had been launched in December 2020. The Roadmap served as a blueprint for NCIC. Hence, it set the agenda and direction for peace actors to adequately prepare for peaceful electoral processes as they responded to six roadblocks to impediments to peaceful elections, namely lack of trust, sub-culture of violence, selfish leadership, ethnic polarisation, untimely and inadequate response to conflicts and structural in-equalities.

To strengthen responsiveness to peace challenges especially during elections the Commission spearheaded the re-launch of the **Uwiano Platform for Peace** which provided a structured coordination framework for conflict prevention and interventions geared towards peaceful elections. The membership of the Uwiano Platform for Peace comprises of the National Steering Committee on

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

Peace Building and Conflict Management (NSC) (Co-Chair), National Cohesion and Integration Commission (NCIC) (Co-Chair), United Nations Development Programme (UNDP) (Co-Chair), Peacenet, Independent Electoral and Boundaries Commission (IEBC), National Police Service (NPS), Office of the Registrar of Political Parties (ORPP), Council of Governors (COG), Kenya Private Sector Alliance (KEPSA), Media Council of Kenya (MCK), Inter-Religious Council of Kenya (IRCK), and UN-Women.

Further, we conducted a rapid conflict analysis in 15 Counties namely; Narok, Nakuru, Kisumu, Kakamega, Nandi, Transoia, Uasin Gishu, Machakos, Mombasa, Kilifi, Kiambu, Nyeri, Nairobi, Laikipia and Kericho to establish conflict dynamics and drivers. In addition, a national conflict hotspot mapping was conducted in the 47 counties to establish conflict dynamics and drivers. Following the mapping 23 Counties were identified as hotspot counties and targeted interventions put in place to mitigate the conflicts in the respective counties.

In order to resolve communal conflicts, the Commission conducted inter and intra community mediation and reconciliation dialogues, in 23 Counties among them, Baringo, Isiolo, Nandi- Kisumu, Nandi-Kakamega, Nandi, Laikipia, Machakos, Isiolo, Bomet, Nyamira, Kericho, Kisumu, Migori, Siaya, Homabay, Wajir, Samburu, Nairobi, Lamu, Mandera, Marsabit, Garissa, and in Narok Counties. The dialogue forums improved intercommunal relations and cessation of conflicts through community peace pacts and declarations.

To effectively manage hate speech, ethnic contempt and political incitement we forged strategic partnerships and leveraged on the multi-agency working group that comprises of NCIC, Independent Electoral and Boundaries Commission (IEBC), National Intelligence Service (NIS), Ethics and Anti-Corruption Commission (EACC), Office of the Director of Public Prosecutions (ODPP), Office of the Registrar of Political Parties (ORPP), Office of the Attorney General, National Police Service (NPS), Directorate of Criminal Investigations (DCI), Media Council of Kenya (MCK), Communication Authority (CA), Ministry of Information, Communications and Technology and National Steering Committee on Peace Building and Conflict Management (NSC). In April 2022 NCIC published Hatelex; A Lexicon of Hate Speech Terms in Kenya following the mounting of wall of shame (hatemongers) and the wall of Fame (those champions of peace and cohesion). That reduced hate

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

speech and ethnical profiling considerably. As well we launched the Nation Plan Against Hate Speech which according to the UN is a first in the World as far as mitigating hate speech is concerned.

In addition, the Commission developed and implemented the Political Decency and Peace Charter accountability charter and engaged the four Presidential candidates and political leaders across the counties to sign and commit to promote and maintain peace before, during and after the general elections.

I am happy to report that NCIC is on the right track in upholding the Constitution of Kenya 2010 for a desirable cohesive, peaceful and harmonious society. I am confident that the enhanced collaboration with other key stakeholders as well as working closely with peace actors at the grassroots level will enable the Commission to scale up its interventions and hold firm the peace and cohesion of our country.

Finally, on behalf of NCIC Commissioners and staff, I wish to thank the Government of Kenya, Ministry of Interior and National Administration, the requisite Parliamentary Committees that oversight the commission, the Development Partners, the members of the fourth estate, the general public and other stakeholders for their continued financial, technical, and general support of our work, without which we wouldn't have achieved as much as we did.



Rev. Dr Samuel kobia CBS

Chairman

National Cohesion and Integration Commission

6. Report of The Chief Executive Officer

I am delighted to present the National Cohesion and Integration Commission (NCIC) report for the year 2022 to 2023. The **Annual Report and Financial Statements, as at 30th June 2023** are a sign of an effective year. Indeed, I am pleased to have steered such a successful team that made such desirable achievements over the past year.

Despite the aftermath of Covid 19 pandemic that remained the greatest challenge to not only the NCIC mandate but also the norms in the society the Commission remained steadfast to her mandate given that the Country was in her first year post General Elections that had been slated for the 9th August 2022. Cognizant to the concerns of post 2022 General Elections the Commission established strategies and measures to secure a peaceful post electoral process. Hence all the Commission's Strategies remained anchored on delivering ***Deepening Peace and Cohesion Dubbed Amani Kwa Ground 2022-2025***. In anticipation of heightened political activities including disputed elections outcome alignments and realignment of political parties, demonstrations among other factors that would affect the fragile social cohesion fabric deepened our focus of strengthening partnerships with the state and non-state actors across towards peaceful electoral process.

During the year under review, among other key achievements the Commission conducted strategic inter and intra community dialogues among warring communities in Kisumu, Kericho, Garissa, Samburu, Isiolo, Marsabit, Mombasa, Nakuru, Narok among other counties; improved accountability within public institutions as a result of continuous ethnic audit in public organizations, enhanced awareness through strategic public outreach and advocacy.

Further, the Commission intensified public advocacy on matters relating to cohesion, strengthening partnership aimed at curbing hate speech and ethnic contempt. The Commission prioritized management of hate speech and ethnic contempt through monitoring both the public and digital platforms. Consequently, the Commission has over 300 active cases under various stages of investigations.

Human capital considered a key resource to the success of organizations, the Commission maintained a strong human capital with skilled and competent staff that facilitated this outstanding performance.

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

To ensure sustained competence for service delivery, the Commission has continuously invested in talent management, thus selected employees were sponsored for training in various relevant field. The Commission's staff have therefore remained steadfast, committed and patriotic in delivering the Commission's mandate. I sincerely, thank them for their constancy and hard work.

I am obliged to the Chairman and Commissioners for their good counsel; timely guidance and decision-making; enthusiasm in fund raising and championing unchartered ground. I also thank the Government of Kenya- through the Ministry of Interior and National Administration and donors for their technical and financial support, which has been very instrumental in realizing our success. Finally, I am grateful to the Members of the Fourth Estate who have remained genuine partners in ensuring that the peace and cohesion agenda is disseminated to all Kenyans. Their role in ensuring peaceful coexistence in Kenya is much appreciated as we all work towards a peace, just and cohesive nation. I am confident that the Commission is in the right trajectory towards ensuring a peaceful, united, cohesive and integrated just Kenyan society.



Harrison Kariuki

Ag. Commission Secretary/ Chief Executive Officer

7. Statement of Performance Against Predetermined Objectives for FY 2022/23

The National Cohesion and Integration Commission has four strategic Key Result Areas (KRAs) and 12 objectives within the current Strategic Plan 2020-2025. These strategic Key Result Areas are as follows:

- KRA 1: Elimination of ethnic discrimination in public institutions
- KRA 2: Peaceful co-existence between and among ethnic communities
- KRA 3: Reduction of hate speech, ethnic contempt and ethnic based political violence
- KRA 4: Organisation capacity strengthening

The Commission develops its annual work plans based on the above four KRAs as stipulated in the Strategic Plan 2020-2025. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Commission achieved its performance targets set for the FY 2022/2023 year for its four KRAs, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objectives	Key Performance Indicators	Activities	Achievements
KRA 1: Elimination of ethnic discrimination in public institutions	Improve inclusivity in public employment opportunities	Number of audits undertaken	Conduct ethnic and diversity audits in the 47 County Governments	Data collected and analysed from 47 county governments; (County Public Service Boards, County Assemblies and Governor offices and a draft ethnic diversity report prepared and to be validated
		Number of review forums held	Review of the Guidelines for County Employment Equity Plans	County Employment Equity Plans reviewed and validated and will be used to sensitize the County Public Service Boards (CPSBs) in all Counties
	Increase public understanding and practice of non-discrimination	Number of students reached and sensitized	Support initiatives for formal, non-formal and informal learning institutions to embrace national values,	2,033 students sensitized on peace and cohesion and through essay writing competitions, debates games and Amani club peace activities in Nairobi, Machakos, Nyeri Naivasha and Murangá

National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.

			cohesion peace and unity	
KRA 2: Peaceful Co-existence between and among ethnic communities	Strengthen EWER on conflict and violence prevention	Number of EWER systems identified and strengthened	Strengthen the capacity of Peace structures to respond to conflicts	96 peace committee members trained on conflict response and resolution in Mombasa, Kilifi and in Isiolo Counties
		Number of EWER systems identified and strengthened	Strengthen the capacity of Peace structures to respond to conflicts	The capacity of 11 CSOs in Nairobi, Kisumu, Mombasa, Isiolo, Marsabit and Wajir enhanced to engage women in the mediation processes, Risk, conflict assessments and conflict prevention, response and coordination
	To mitigate and resolve violent conflicts,	Number of dialogues/ mediation forums conducted	Facilitate intra and inter community dialogues/mediation to resolve conflicts and violence	22 dialogue forums conducted in Baringo, Isiolo, Nandi- Kisumu, Nandi-Kakamega, Nandi, Laikipia, Machakos, Isiolo, Bomet, Nyamira, Kericho, Kisumu, Migori, Siaya, Homabay, Wajir, Samburu, Nairobi, Lamu, Mandera, Marsabit, and in Narok Counties
	To increase knowledge appreciation and embracing of diversity of race religion and culture	Number of stakeholders and actors sensitized	Sensitisation of local peace actors, stakeholders, women and youth on peace and cohesion	20 sensitizations conducted directly reaching 9,344 peace actors in Nairobi, Nakuru, Kisumu- Kericho, Narok, Migori, Kajiado, Nakuru, Uasin Gishu, Kwale, Kericho, Kisumu, Nandi, Homabay, Kirinyaga, Nyeri, Murangá, Kitui and Mombasa Counties
		Number of stakeholders	Training of local peace actors, stakeholders,	1,250 peace actors trained in 7 Counties namely, Kakamega,

National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.

		and actors trained	women and youth on peace and cohesion	Mombasa, Kisumu, Uasin Gishu, Nandi, Kilifi and Nakuru Counties
		Number of political leaders reached	Promoting political decency and accountability through signing of peace and accountability charter	379 delegates and four presidential candidates participated in the conference on Promoting Political Decency and Accountability in Nairobi County and signed the peace charter
		Number of peace charters signed		86 Secretary Generals of the 86 registered political parties signed and committed to the peace charter
				10,000 political candidates/aspirants signed and committed to the peace charter
KRA 3: Reduction of hate speech, ethnic contempt and ethnic based political Violence	To reduce incidences of hate speech in public spaces	% of incidences flagged processing and investigated	Monitor incidences of hate speech on social, print media platforms and other public spaces	1,107 incidences were flagged, 200 are under investigation while the rest were forwarded to the multi-agency members
		Number of political rallies and meetings monitored	Monitor incidences of hate speech in public meetings and rallies	32 political rallies were monitored and intelligence gathered
		Number of cases processed investigated and prosecuted	Monitor incidences of hate speech on social, print media and other public spaces	56 Cases have been managed; 5 are before Court, 35 are under prosecution, 9 are under conciliation and 7 have been concluded
		Number of consultative and advocacy forums conducted	Conduct advocacy and consultative forums with professionals	Conducted advocacy and consultative forums for political leaders and professionals from Baringo, Elgeyo

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

			and the political class to mitigate conflicts and violence	Marakwet, Turkana, West Pokot, Samburu and Laikipia Counties; 240 political leaders and professionals reached
		Number of consultative forums held	Review and strengthen the NCI Act 2008	Engaged and presented a memorandum to Members of the Senate and National Assembly on equal opportunity and cohesion on review of the NCIC Act
		Number of police officers and investigators trained on investigation and prosecution of hate speech	Capacity building for officers from National Police Service and Office of Director of Public Prosecution	70 Prosecutors from Embu and Nakuru Counties trained on hate speech management
	To reduce incidences of ethnic-based violence during political processes	Number of conflict scans and scenario building sessions conducted	Conduct conflict hotspot risk assessments	Conducted a pre-elections rapid conflict analysis in 15 Counties namely; Narok, Nakuru, Kisumu, Kakamega, Nandi, Tranzoia, Uasin Gishu, Machakos, Mombasa, Kilifi, Kiambu, Nyeri, Nairobi, Laikipia and Kericho
		Number of conflict scans and scenario building sessions conducted	Conduct conflict hotspot risk assessments	Conflict a post-elections rapid conflict assessment in Baringo, Isiolo and Elgeyo Marakwet and conflict drivers and interventions identified
		Number of conflict scans and scenario building sessions conducted	Conduct a national post-election assessment	A national post-elections conflict assessment to measure the impact of elections on peace and cohesion was conducted and a report informing interventions shared with stakeholders

National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.

		Enhance peace during the electoral cycle	Launch and dissemination of the Elections Bila Noma campaign for peaceful elections	The elections bila noma report was disseminated in Kisumu, Kakamega, Isiolo, Narok, Nyeri and Machakos counties and stakeholders embraced the campaign towards violent free elections	
KRA Organisation capacity strengthening	4:	Enhance efficient, effective and quality services delivery	Number of people reached	Conduct an integrated media campaign on peace and cohesion	Media campaigns conducted through social media platforms, peace messaging, radio talk shows reaching over 18 M Kenyans
			Number and types of IEC materials developed and disseminated	Design, produce and disseminated assorted IEC materials	6 types of IEC materials developed and disseminated Over 10,000 IEC Materials disseminated (lessos, t-shirts, caps, reflector jackets, car stickers) among others
			Enhance and monitor performance	Develop Performance Management System and contracting for staff	Performance Management System for the Commission developed and the Performance Contract (PCs) for the Commission /CEO, Directors and Deputy Directors developed
		Enhance performance and service delivery	Opening and staffing of ten regional offices	The Commission has opened and staffed the first regional office in Upper Eastern Region in Isiolo County and is in the process of opening the remaining offices	
		Number of staff trained	Training of staff on required capacity areas	7 Staff trained on management courses at Kenya School of Government (KSG)	

• **National Cohesion and Integration Commission**
Annual Report and Financial Statements
For the year ended June 30, 2023.

				2 staff trained on Harmonised Cash Transfer (HACT) for donor funded projects
		Number of staff recruited	Enhance staff capacity and delivery	The Commission has strengthened its workforce by advertising, shortlisting and interviewing and recruiting 24 Officers
		Reports developed and disseminated	Developed and implemented annual workplan, quarterly workplans and prepared annual and quarterly reports	1 annual workplan; 4 Quarterly work plans; 4 Quarterly reports; 1 annual report prepared
		Procurement plan developed and utilised	Develop annual procurement plans	An Annual procurement plan developed and implemented
		Number of online meetings and forums hosted	Enhance use of technology to improve delivery of services	Hosted 79 virtual meetings enhancing adaption of technology and effectively working remotely/online.
		Number of monitoring activities conducted	Conduct monitoring and evaluation of project through success/change stories	Conducted a joint evaluation exercise for the UNDP funded Transcending Peace and Security programme 2020-2023 in Samburu, Nakuru and Nairobi Counties Monitored and documented project success in Migori, Kisumu Mombasa & Uasin Gishu, Narok, Nakuru Counties

8. Corporate Governance Statement

The National Cohesion and Integration Commission is a statutory Commission with a Chairman and six (6) full time commissioners as its top governing organ. These Commissioners are recruited competitively by a panel appointed by the Public Service Commission which nominates the chair and six members. The nominees are forwarded to the National Assembly for vetting upon which they are submitted to the President for appointment. The process of removal of a Commissioner of NCIC is as provided by Section 23 of the National Cohesion and Integration Act, 2008. Currently there are seven (7) Commissioners.

Roles and functions of Commissioners

The roles of the Commissioners of the National Cohesion and Integration Commission are to lead in formulating policy and directions in adherence to the functions that are laid down in the NCI Act 2008, inter alia the chairing of the Committees and Sub Committees of the Commission, budget consideration and approval, considering performance reports of the various Departments and giving visibility and representation of the Commission with external stakeholders.

Committees

The Commission constituted committees arising from the need to align them according to the NCI Act No. 12 of 2008 as stipulated in the Commission Charter Article 13. Further, the State department of Public Service gave a recommendation to have the Committees reduced to four (4) for effective management and deliver of service to the public. Thus, the Commission adopted and established the following Statutory Committees.

- i) Finance and General-Purpose Committee
- ii) Human Resource Management Committee
- iii) Technical Committee
- iv) Audit and Risk Management Committee

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

The Committees are constituted as follows;

Finance and General-Purpose Committee

- | | |
|------------------------------------|-------------------------|
| 1. Commissioner Eng. Philip Okundi | - Committee Chairperson |
| 2. Vice-Chairperson Wambui Nyutu | -Member |

Human Resource Management Committee

- | | |
|------------------------------------|-------------------------|
| 1. Vice-Chairperson Wambui Nyutu | - Committee Chairperson |
| 2. Commissioner Eng. Philip Okundi | - Member |

Technical Committee

- | | |
|-------------------------------|-------------------------|
| 1. Commissioner Danvas Makori | - Committee Chairperson |
| 2. Commissioner Dorcas Kedogo | - Member |
| 3. Commissioner Samuel Kona | - Member |

Audit and Risk Management Committee

- | | |
|-----------------------------|------------------------------------|
| 1. Simon Owawa Nyamolo | - Committee Chairperson |
| 2. Prof. Emmy Jerono Kipsoi | - Independent Member |
| 3. CPA Jane Karanja | - National Treasury Representative |
| 4. Abdulaziz Farah | - Commission Representative |

Training of the Commissioners and its Committees

Commissioners underwent training by the Kenya Revenue Authority Training School in Naivasha. A training needs assessment and skills gap has also been conducted on the team and same is being addressed in intervals as per budgetary allocations

Existence of a Commission Charter

There is in place a Commission Charter that defines service delivery by the Commission and its officers both to the external as well as internal stakeholders. It outlines the several services provided at the Commission, the time frame within which such service will be reasonably rendered as well as feedback mechanism for processing of complaints and compliments from the stakeholders.

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

Number of Commission meetings held during the Financial Year 2022 / 2023

No.	Organ of Commission	Nature of meeting	No. of Meetings
1.	Commission	Special	6
		Full Commission	8
2.	Human Resource Committee	Quarterly	4
3.	Finance & General-Purpose Committee	Quarterly	4
4.	Technical Committee	Quarterly	4
5.	Audit Committee	Quarterly	4

Attendance to meetings by members

NCIC Commissioners serve on a full-time basis. None of the Commissioners missed more than three consecutive meetings in the year under review. The Commissioners were members of the above Committees before the implementation of the new Organizational structure that streamlined NCIC operations.

Commission and Member performance

The Commission's performance rating is pegged on several programs, activities, events, engagements etc. it has implemented, initiated and participated in. These are reported in depth and length elsewhere in this report. The individual members of the Commission are either chairs or members of the several committees of the Commission. A Commissioner may sit in a committee as a chair or as a committee member. The Secretariat is headed by the CEO who is also the Commission Secretary. The Commission is organized along directorates, departments and divisions.

An independent audit Committee has now been fully constituted in accordance with the audit committee guidelines issued by the National Treasury though this has happened way after the financial year of reporting ended.

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

Conflict of Interest Management

In every business of the Commission, its committees and sub-committees before any proceedings are tabled and deliberated all members are invited to look at the agenda items and express themselves on whether they have any personal interest in the items for discussion. Such declaration of interest or lack of the same is recorded in a register called the '**declaration of interest register**' as is kept by the Commission Secretary. This process is observed with strict adherence to best corporate governance practice without fail.

Commissioners Remuneration

The Commissioners of the NCIC are State Officers thus their emoluments are processed and paid by the National Treasury. During full Commission sittings as well as Committee Meetings except for the Audit and Risk committee members, Commissioners and Members do not receive any sitting allowances.

The exception with members of the Audit and Risk Committee is that two of them are independent persons competitively recruited with one Commission Representative and one National Treasury Representative. These are paid sitting allowances in accordance with the SRC set rates for Audit Committees.

Ethics, Conduct and Governance Audit procedure

The Commissioners and officers of the NCIC are all guided by the public service values and ethics of openness, transparency, accountability, professionalism, objectivity, impartiality and integrity. The Commission undertakes regular governance audits as conducted by the Internal Audit Department which is headed by a Certified Public Accountant.

Succession Planning at the Commission

The NCI Act 2008 as amended provides that the term of the current Commissioners will be for six (6) years. The current Commissioners were appointed in November 2019. The term of the current Commissioners therefore will end in October 2025.

9. Management Discussion and Analysis

Operational and financial performance

During the year under review, the Commission successfully implemented strategic interventions as envisioned in the Roadmap to Peaceful Elections and the Strategic Plan 2020-2025. The key interventions were also informed by the Commission's statutory mandate of promoting equality of opportunity, good relations, harmony and peaceful coexistence as well as elimination of all forms of ethnic discrimination, peaceful resolution of conflicts and respect for diversity among Kenya communities. The Commission was steadfast and committed to continue promoting the Government's long-term development goals and plans. In line with this, the Commission progressively implemented peace and cohesion strategies which included: conflict scans and assessments, conflict resolution, mediation, dialogue and reconciliation, sensitization, capacity building on peace and cohesion, strengthening early warning and early response mechanisms, enhancing inclusivity in employment and hate speech management among other key strategies.

The Commission enhanced coordination mechanism with State and Non-State Peace Actors for Peaceful Elections. During the year under review the Commission developed and launched its Roadmap to 2022 General Elections "*Elections Bila Noma*". The Roadmap set the agenda and direction for peace actors to adequately prepare for peaceful electoral processes and responded to six roadblocks and impediments to 2022 Peaceful Elections, namely lack of trust, sub-culture of violence, selfish leadership, ethnic polarisation, untimely and inadequate response to conflicts and structural inequalities. The roadmap was successfully implemented by NCIC and other peace actors contributing significantly to the peaceful 2022 General elections.

To strengthen responsiveness to peace challenges especially during elections the Commission re-launched the Uwiano Platform for Peace which provided a structured coordination framework for conflict prevention and interventions geared towards peaceful elections. The membership of the Uwiano platform comprises of the National Steering Committee on Peace Building and Conflict Management (NSC) (Co-Chair), National Cohesion and Integration Commission (NCIC) (Co-Chair), Peacenet, UNDP, IEBC, NPS, ORPP, COG, KEPSA, MCK, IRCK, and UN-Women.

During the reporting year the Commission conducted a rapid conflict analysis in 15 Counties namely; Narok, Nakuru, Kisumu, Kakamega, Nandi, Transzoia, Uasin Gishu, Machakos, Mombasa, Kilifi,

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

Kiambu, Nyeri, Nairobi, Laikipia and Kericho to establish conflict dynamics and drivers. In addition, a national conflict hotspot mapping was conducted in the 47 counties to establish conflict dynamics and drivers. Following the mapping 23 Counties were identified as hotspot counties and targeted interventions put in place to mitigate the conflicts.

The Commission strengthened early warning and early response (EWER) mechanisms by conducting an EWER baseline mapping in six Counties namely; Narok, Nandi, Kakamega, Mombasa, Nairobi and Kisumu to assess the current EWER mechanisms as well as strengthen the capacity of peace structures (Peace Committees, Nyumba Kumi, Chiefs and peace actors). In addition, the Commission established Mediation Support Units (MSU) in Kisumu-Kericho, Kisumu-Nandi borders and in Nakuru and Laikipia counties to strengthen the capacity of local structures to resolve conflicts. To enhance mediation and peaceful resolution of conflicts especially during the electioneering year the Commission established the Kenya Eminent Peace Panel (KEPP) comprising of high-level prominent mediators who were trained, resourced and put on standby to address any emerging political and inter-communal disputes.

In order to resolve communal conflicts, the Commission conducted 22 inter and intra community mediation and reconciliation dialogues, in 22 Counties namely, Baringo, Isiolo, Nandi- Kisumu, Nandi-Kakamega, Nandi, Laikipia, Machakos, Isiolo, Bomet, Nyamira, Kericho, Kisumu, Migori, Siaya, Homabay, Wajir, Samburu, Nairobi, Lamu, Mandera, Marsabit, Garissa, and in Narok Counties. The dialogue forums improved intercommunal relations and cessation of conflicts through community peace pacts and declarations. The Commission also conducted 20 sensitization and public awareness forums in 22 Counties reaching 9,344 peace actors as well as an integrated media campaign that reached over 18 million Kenyans with peace messaging.

The Commission trained and strengthened the capacity of peace actors and stakeholders (youth, women and elders) on peace, cohesion and national values as well as conflict resolution. The trainings were conducted in 7 Counties namely, Kakamega, Mombasa, Kisumu, Uasin Gishu, Nandi, Kilifi and Nakuru Counties where 1,250 peace actors were trained.

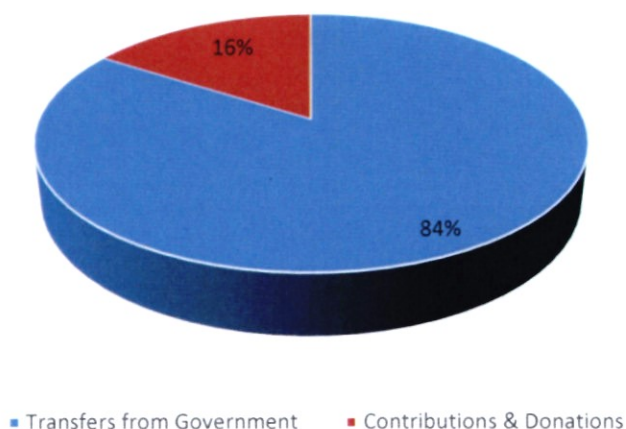
During the year under review the Commission strengthened the capacity of the Multiagency Taskforce to effectively manage hate speech, ethnic contempt and political incitement. The Multi-agency

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

working group comprises of NCIC, Independent Electoral and Boundaries Commission (IEBC), National Intelligence Service (NIS), Ethics and Anti-Corruption Commission (EACC), Office of the Director of Public Prosecutions (ODPP), Office of the Registrar of Political Parties (ORPP), Office of the Attorney General, National Police Service (NPS), Directorate of Criminal Investigations (DCI), Media Council of Kenya (MCK), Communication Authority of Kenya (CAK), Ministry of Information, Communications and Technology and National Steering Committee on Peace Building and Conflict Management (NSC). In addition, the Commission developed and implemented the Political Decency and Peace Accountability Charter and engaged political leaders across the counties to sign and commit to promote and maintain peace during and after the general elections. Eighty-six Secretary Generals of all Registered Political Parties and four Presidential Candidates signed the charter in addition to over 10,000 political leaders and aspirants.

During the year under review the Commission flagged and processed 1,107 complaints and incidences on hatespeech, ethnic contempt and incitement in public spaces including social media platforms. It managed 56 cases, out of which 35 are in the prosecution stage, 9 are under conciliation; 5 are currently before court while 7 have been concluded. To implement these strategic initiatives, the Commission utilised funds received from the Government of Kenya (GoK) amounting to Kshs 382,941,400 and funds from development partners amounting to Kshs 71,752,606 as represented in the figure below:

Representation of Revenues under 2022/23FY



Compliance with Statutory Requirements

During the year under review, the Commission complied with all its statutory obligations in the implementation of its mandate.

Major Risks facing the Commission

The Commission has a robust risk management framework that aids in identifying and mitigating risks. Further, the Commission has mainstreamed risk management in the entire cycle of all its operations, which includes conceptualisation, planning, implementation, monitoring and evaluation.

The following are the key risks identified that may affect the operations of the Commission;

- **Strategic Risks-** These risks affect realisation of the long term goals and objectives of the Commission and include; unresolved and intractable conflicts, weak NCI Act and political goodwill.
- **Financial Risks-** These risks include inadequate funding that may inhibit full operations especially adequately address the programme needs.
- **Organisational Risks-** these risks include those associated with effective processes, systems and compliance.
- **Technological Risks-** These risks include rapid changes and evolvement of technology including weak cyber security framework and regulation
- **Operational Risks-** This risk involves inability to provide the core services especially to the clientele (public) resulting from inadequate internal processes, resources, limited county presence and unforeseen national or international pandemics.
- **Legal Risks -** The risk of possible litigations by staff or other parties against the Commission in instances of non-compliance with regulations or contractual terms.
- **Governance risk:** - The tenure of all the Commissioners will end at the same time leaving a gap in terms of institutional memory for the new team.

Review of the Sector

The peacebuilding and cohesion sector in Kenya continue to be faced by a multiplicity of challenges, key among them, inter-and intra-community disputes as well as boundary and land disputes. Exclusion, inequality and discrimination in resource distribution and access to services at county levels have intensified conflicts. Other conflict dynamics that have taken root include cattle rustling,

election-related violence, radicalisation and terrorism, and conflicts over natural resources. The threats to peace is further aggravated by, among others, the proliferation of small arms and light weapons, high rate of unemployment particularly among the youth, high poverty levels notably in rural areas and urban informal settlements, and politics of ethnicity and mis-information/ fake news. The peacebuilding architecture in the Country is also not effectively coordinated and lacks a clear and guiding financing framework causing duplication of roles and competition for the little available resources among several agencies.

The unprecedented changes in climate has become one of the greatest challenge to peace and security and have negatively disrupted and affected livelihoods as witnessed in prolonged droughts in many Counties in Kenya. This phenomenon has heightened social tensions and violent conflicts. Cyber-crime and perpetuation of online hate is an emerging threat that has fuelled intolerance and social disintegration impacting negatively on efforts to realise sustainable peace and cohesion in the country.

10. Environmental and Sustainability Reporting

The Commission exists to facilitate and promote equality of opportunity, good relations, harmony and peaceful co-existence between persons of the different ethnic and racial communities. The Commission in its clarion call of “*One Nation, One People One Destiny*” rallies all Kenyans towards promoting peace, cohesion and the integration agenda. In all its initiatives, the Commission endeavours to inculcate a culture of peace, appreciation of diversity for national unity and sustainable development. Below is an outline of the organisation’s policies and activities that promote sustainability.

i) Sustainability strategy and profile

The Commission continuously strives to promote sustainability in respect to human, social, economic, and environmental fronts. The Commission has reinforced the importance of human sustainability by investing in the Kenyan citizenry through programmes that promote appreciation and respect for diversity, which enhances understanding and co-existence. The Commission promotes social sustainability by building relationships between and among communities with an aim of enhancing harmony. The Commission has progressively endeavoured to embrace and support sustainability best practices by promoting dialogue, reconciliation among communities as well as embracing diversity and non-discrimination.

ii) Environmental performance

The Commission in its operations have embraced efforts geared towards environmental sustainability through economic and prevention strategies. To this end the Commission has adopted environmentally friendly technology and equipment for instance printers that enable printing back-to-back in addition to encouraging staff to use electronic documents which have resulted in reduction of carbon footprints. The Commission has also invested in a fleet of vehicles that are efficient. Eco-friendly and low on carbon emissions. All these efforts are aimed at promoting environmental management practices and procedures that are sustainable.

iii) Employee welfare

The Commission is guided by the Constitution of Kenya 2010 that stipulates that not more than one third of employees should be from the same gender. The Commission has been keen to ensure that is upheld at all levels in the Commission. The Commission ensures this by ensuring that the one third rule is observed in shortlisting and in appointment of the interview committee.

The Commission has established mortgage and car loan schemes to facilitate staff acquire residential houses and vehicles. This is hoped will boost staff morale and improve work place productivity. The mortgage and car loan will be given at subsidized interest rates meaning that it will cushion staff income from the harsh market interest rates and thus enhance staff engagement and commitment at the workplace.

The Commission is housed in a building fitted with smoke detectors, a fire sprinkler system, strategically placed fire extinguishers and properly marked emergency exits. There is also a specialised evacuation holding for people with disability that will ensure easy access for emergency rescue. The washrooms for people with disability are also fitted with an easily accessed nurse call point for emergency call. The lift lobbies in the Commission are pressured so that in the event of fire, the fire does not get in the core of the building. The fire alarm is connected to the access control system so that in the event of an emergency the access system is disabled for quick evacuation.

iv) Market place practices-

The Commission has made an effort to ensure:

Responsible Supply chain and supplier relations

Our suppliers are experts in the wide range of goods and services we require to help the commission in achieving its objectives. By working with them, we not only deliver services to the public responsibly, but improve our collective impact, ensuring sustainable supply chains, reducing our environmental impact and making positive contributions to society.

v) Corporate Social Responsibility / Community Engagements

In the spirit of the Commission's clarion call of "One Nation One People One Destiny" the Commission undertook impactful Corporate Social Responsibility (CSR) initiatives reaching out to the public and enhance its brand visibility. These initiatives include sports for peace tournaments, environmental care such as tree planting, school clinics to inculcate peace and cohesion among the youth, and sponsorship of awards and cultural events at community and institutional level.

The Commission has institutionalised an elaborate internship programme aimed at offering on the job learning and training opportunities for graduates. During the year under review the internship programme benefitted a total of 24 graduates (10 male and 14 females) drawn from 19 Counties across the Country.

11. Report of the Commissioners

The Commissioners submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Commission's affairs.

i) Principal activities

The principal activities of the Commission are to facilitate and promote equality of opportunity, good relations, harmony and peaceful co-existence between persons of different ethnic and racial communities of Kenya, and to advise the Government on all aspects thereof.

ii) Results

The results of the entity for the year ended June 30, 2023, are set out on page 1 - 5

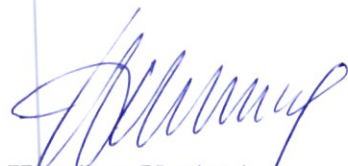
iii) Commissioners

The Commissioners who served during the year are shown on pages vi - xiii.

iv) Auditors

The Auditor General is responsible for the statutory audit of the Commission in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Commission



Harrison Kariuki

Ag. CEO/ Commission Secretary

28/09/2023

Date

12. Statement of Commissioners Responsibilities

Section 81 of the Public Finance Management Act, 2015 requires the Commissioners to prepare financial statements in respect of that Commission, which give a true and fair view of the state of affairs of the Commission at the end of the financial year/year and the operating results of the Commission for that year. The Commissioners are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Commissioners are also responsible for safeguarding the assets of the Commission.

The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting year; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Commission; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Commission; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Commissioners accept responsibility for the Commission's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Commissioners are of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2023 and of the Commission's financial position as at that date. The Commissioners further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Commissioners to indicate that the Commission will not remain a going concern for at least the next twelve months from the date of this statement.

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

Approval of the financial statements

The Commission's financial statements were approved by the Commission on 28th September, 2023 and signed on its behalf by:



**Rev. Dr. Samuel Kobia, CBS
Commission Chairperson**



**Harrison Kariuki
Ag. Commission Secretary**

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL COHESION AND INTEGRATION COMMISSION 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 Commissions are applied for the 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, the Public Finance Management Act, 2012 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

Opinion

I have audited the accompanying financial statements of National Cohesion and Integration Commission set out on pages 1 to 18, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance,

Report of the Auditor-General on National Cohesion and Integration Commission for the year ended 30 June, 2023

statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Cohesion and Integration Commission as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Cohesion and Integration Commission 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, an issue was raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT 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 matter described in the Conclusion on Lawfulness and Effectiveness in Use of Public Resources section 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

Unremitted Value Added Tax (VAT)

The statement of financial position reflects current trade and other payables balance of Kshs.99,821,134 as disclosed in Note 15 to the financial statements which includes VAT of Kshs.3,627,996 owed to the Commissioner of Domestic Taxes that had not been settled as at 30 June, 2023, out of which Kshs.2,561,823 are taxes brought forward from the previous years. This is contrary to Regulation 23 (2a) of the Public Finance Management (National Government) Regulations, 2015 which states that, an Accounting Officer shall comply with any tax, levy, duty, pension, commitments and audit commitments as may be provided for by legislation.

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

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, I confirm that, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Ineffective Internal Audit Function

Review of the staffing levels in the Internal Audit Department revealed that the Department has only one member of staff after the resignation of the Head of the Unit. The member of staff in the Department is currently placed in a middle level management at scale NCIC 5. Further, the current staff establishment provides for only two auditors in the Internal Audit Department, which may not be adequate to ensure adequate risk management and governance. This is contrary to Part 3.4 of Mwongozo Code of Conduct for State Corporations which requires that the Internal Auditor be a senior member of Management, professionally qualified and in good standing in a professional body responsible for regulating auditors. Further, the Head of Public Service Circular reference no. OP/CAB.9/1A dated 11 March, 2020 directed that the Head of Internal Audit should be placed between level 2 and 3 of the grading structures.

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

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 assessment of the effectiveness of the internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Commission'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 Commission 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 Commission'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

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 which 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 on whether, in all material respects, 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, 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 controls in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 controls would not necessarily disclose all matters in the internal controls which 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 which 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 controls 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 Commission's 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 which 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 controls.
- 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubt on the Commission's ability to continue 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 Commission to cease to sustain its services.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Commission 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 controls that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 January, 2024

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

14. Statement of Financial Performance for the year ended 30 June 2023

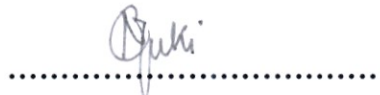
	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other government entities	5	382,941,400	652,750,000
Public contributions and donations	6	71,752,606	67,296,026
Total revenue		454,694,006	720,046,026
Expenses			
Use of goods and services	7	331,038,957	443,715,677
Employee costs	8	227,113,800	200,940,725
Depreciation and amortization expense	9	30,557,612	31,092,286
Repairs and maintenance	10	21,227,220	19,742,550
Total expenses		609,937,590	695,491,238
Surplus (deficit) for the year		(155,243,584)	24,554,788

The notes set out on pages 6 to 26 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Commission by:



Harrison Kariuki
Ag. Commission
Secretary/CEO
28th September, 2023



Catherine Njuki
Head of Finance
ICPAK M/No:6758
28th September, 2023



Rev. Dr. Samuel Kobia CBS
Commission Chairman

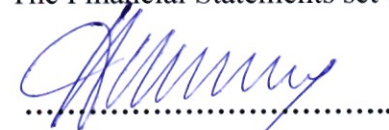
28th September, 2023

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

15. Statement of Financial Position as at 30 June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	11	2,803,481	79,949,710
Receivables from non-exchange transactions	12	61,212,904	71,667,507
		64,016,385	151,617,217
Non-current assets			
Property, plant and equipment	13	163,098,032	172,640,949
Intangible assets	14	1,020,181	1,530,194
		164,118,213	174,171,144
Total assets		228,134,597	325,788,361
Liabilities			
Current liabilities	15	99,821,134	46,407,132
Non-current liabilities	15(b)	7,764,000	6,720,000
Total liabilities		107,585,134	53,127,132
Reserves			
Accumulated surplus		108,570,644	263,814,228
Capital Fund		11,978,820	8,847,000
Net assets		120,549,464	272,661,228
Total net assets and liabilities		228,134,597	325,788,361

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Commissioners by:



Harrison Kariuki
Ag. Commission
Secretary/CEO
28th September, 2023



Catherine Njuki
Head of Finance
ICPAK M/No:6758
28th September, 2023



Rev. Dr. Samuel Kobia CBS
Commission Chairman
28th September, 2023

16. Statement of Changes in Net Assets for the year ended 30 June 2023

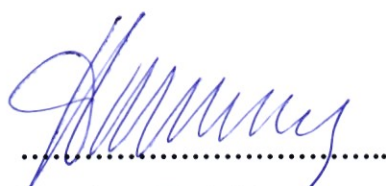
	Capital Fund	Retained Earnings	Total
	Kshs	Kshs	Kshs
At 1st July 2021	8,847,000	239,259,440	248,106,440
Total comprehensive surplus for the year	-	24,554,788	24,554,788
At 30 June 2022	8,847,000	263,814,228	272,661,288
Total comprehensive surplus for the year	-	(155,243,584)	(155,243,584)
Capital donated during the year	3,131,820	-	3,131,820
At 30 June 2023	11,978,820	108,570,644	120,549,464

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

17. Statement of Cash Flows for the year ended 30 June 2023

	Note	2022 - 2023	2021 - 2022
		Kshs	Kshs
Surplus (Deficit) for the year		(155,243,584)	24,554,788
Adjustments for:			
Depreciation & amortization	9	30,557,612	31,092,286
Operating surplus before working capital changes		(124,685,972)	55,647,074
Decrease in trade and other receivables		10,454,603	52,916,776
Increase in trade and other payables		54,458,001	(34,294,455)
Cash generated from operating activities		(59,773,368)	74,269,395
Cash flows from investing activities			
Purchase of property, plant & equipment	13	(17,372,861)	(58,333,048)
Net cash flows used in investing activities		(17,372,861)	(58,333,048)
Net Increase / Decrease in cash		(77,146,229)	15,936,347
Cash & cash equivalent at the beginning of the year		79,949,710	64,013,363
Cash & cash equivalents at the end of the year		2,803,481	79,949,710

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Commissioners by:



Harrison Kariuki
Ag. Commission
Secretary/CEO
28th September, 2023



Catherine Njuki
Head of Finance
ICPAK M/No:6758
28th September, 2023



Rev. Dr. Samuel Kobia CBS
Commission Chairman
28th September, 2023

**National Cohesion and Integration Commission
Annual Report and Financial Statements
For the year ended June 30, 2023.**

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Government grants and subsidies	342,750,000	40,191,400	382,941,400	382,941,400	-	100
Public contributions and donations	13,850,000	57,902,606	71,752,606	71,752,606	-	100
Total income	356,600,000	98,084,006	454,694,006	454,694,006	-	
Expenses						
Compensation of employees	203,236,110	(2,727,275)	200,508,835	227,113,800	(26,604,966)	113.27
Rent	42,792,864	810,000	43,602,864	43,924,755	(321,891)	100.74
Repairs and maintenance	13,340,236	1,921,420	15,261,656	21,227,220	(5,965,564)	139.09
Other expenses	97,230,790	98,079,861	195,310,651	317,671,815	(122,351,164)	162.64
Total expenditure	356,600,000	98,084,006	454,684,006	609,937,590	(155,243,584)	134.14
Deficit for the year				(155,243,584)		

Budget notes

1. The Commission recruited additional staff and cohesion monitors in the year to assist in the EWER initiative in the run up to the 2023 General elections and monitoring the state of cohesion in the period after
2. The Commission leased office space in Isiolo to serve the upper Eastern region hence the over expenditure on rent
3. The Commission has an aged fleet of Motor vehicles that breakdown often requiring repairs. Some of them underwent major repairs like replacement of gear boxes and engine repairs in the year resulting in overutilization of the budgetary allocation.
4. There was an increase in expenses like domestic travel and medical insurance that led to the overall overutilization in other expenses

19. Notes to The Financial Statements

1. General Information

The Commission is a statutory body established under the National Cohesion and Integration Act (Act No. 12 of 2008). The Commission is an independent Commission and is domiciled in Kenya. The principal activities of the Commission are to facilitate and promote equality of opportunity, good relations, harmony and peaceful co-existence between persons of different ethnic and racial communities of Kenya, and to advise the Government on all aspects thereof.

2. Statement of Compliance and Basis of Preparation

The Commission's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

The financial statements have been prepared in accordance with the PFM Act, the National Cohesion and Integration Act (Act No. 12 of 2008) and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

The Commission did not adopt any new or amended standards in year ended June 2023.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Public Contributions and Donations

The Commission recognizes grants from development partners as and when received from such organizations. The Memoranda of understanding clearly stipulates the nature of agreement and how the monies are to be utilized.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

b) Budget information

The original budget for FY 2022-2023 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 5 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Full year depreciation is charged in the year of purchase and none in the year of disposal. Depreciation is calculated using the reducing balance method to write down

**National Cohesion and Integration Commission
Annual Reports and Financial Statements
For the year ended June 30, 2023.**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

the cost of each asset to its residual value over its estimated useful life using the following annual rates.

	<u>Rate - %</u>
Motor vehicles	25
Furniture & Fittings	12.5
Computers, copiers & faxes	33.33%

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the year in which the expenditure is incurred. . Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life at an annual rate of 33.3%. The useful life of the intangible assets is assessed as either finite or indefinite.

e) Inventories

The Commission's stock is in the form of low cost consumables which were expensed at the point of purchase hence there is no reflection of closing inventory in the financial statements.

f) Provisions

Provisions are recognized when the Commission has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Commission expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Notes to the Financial Statements (Continued)

a) Employee benefits

Retirement benefit plans

The Commission provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior years. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Summary of Significant Accounting Policies (Continued)

The NCIC Staff Pension Scheme was established under irrevocable trust. It commenced on 1 July 2012 and is governed by Trust Deed and Rules. Employees who are the members contribute to the scheme at the rate of **7.5%** of their basic salary while the employer, also Founder, contributes at the rate of **15%** of the Member's basic salary. In addition, members are allowed to make additional voluntary contributions.

The Pension Scheme is run by the Board of Trustees (BOT) who have subcontracted KCB as the custodians, Pacific Insurance Brokers (EA) Ltd as the Administrators and ICEA Lion as the Fund Managers. These service providers are registered by the relevant regulators. The Retirement Benefit Authority is the apex oversight body but the BOT has contracted VC Karani and Associates CPAs as its auditors and holds Quarterly meetings where performance of the scheme is reported.

b) Related parties

The Commission regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Commission's operating and financial decisions. The Commissioners and key management are considered as the Commission's related parties. The Commission has 8 full time commissioners. The Commissioners are charged with policy formulation and direction while the key management led by the Commission secretary (who is the CEO) are charged with the implementation and day-to-day running of the Commission.

**National Cohesion and Integration Commission
Annual Reports and Financial Statements
For the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the various commercial banks at the end of the financial year.

d) Accounts payables

The Commission in line with PFM Regulations recognizes that at the beginning of the year, creditors hold first charge in the budget

e) Comparative figures

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

f) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

g) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

National Cohesion and Integration Commission
Annual Reports and Financial Statements
For the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

5. Transfers from Other Government entities

Description	2022-2023	2021-2022
	KShs	KShs
Unconditional Grants		
Operational Grant	342,760,000	542,750,000
Other Grants	40,181,400	110,000,000
Total Government Grants	382,941,400	652,750,000

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity Sending the Grant	Amount recognized to Statement of Financial performance	Total transfers 2022-23	Prior year 2021-2022
	KShs	KShs	KShs
Ministry of Interior and National Administration	372,760,000	372,760,000	652,750,000
State Department of Housing of Urban Development	10,181,400	10,181,400	-
Total	382,941,400	382,941,400	652,750,000

6. Public Contributions and Donations

Description	2022-2023	2021-2022
	Kshs	Kshs
UNDP	68,509,990	56,700,018
GIZ	2,168,136	8,378,888
Switzerland Embassy	-	2,217,120
Sweden Embassy	403,000	-
Mary Hoch Foundation	671,480	-
Total Public Contributions and Donations	71,752,606	67,296,026

Notes to the Financial Statements (Continued)

7. Use of Goods and Services

Description	2022-2023	2021-2022
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**National Cohesion and Integration Commission
Annual Reports and Financial Statements
For the year ended June 30, 2023.**

	Kshs	Kshs
Printing, Advertising and Information Supplies	21,953,511	27,195,116
Audit fees	1,044,000	1,044,000
Bank charges	2,161,471	1,084,480
Hospitality & Conferences	13,641,383	36,819,147
Confidential expenditure	50,000,000	105,000,000
Contracted guards and cleaning services	3,446,001	3,444,706
Contracted professional services	6,055,317	22,033,877
Domestic travel and subsistence	74,544,501	93,842,663
Electricity	935,810	-
Foreign travel and subsistence	9,976,484	32,740,587
Fuel and oil	15,555,860	11,485,216
Hire charges	1,744,800	7,014,579
Insurance	41,083,336	32,653,692
Internet connectivity	1,816,964	915,630
Membership fees, dues, subscriptions	211,956	1,273,130
Postage	64,470	311,310
Office and general supplies	2,963,250	13,560,460
Project sponsorships	35,801,504	370,000
Rental	43,924,755	43,227,814
Telecommunication	1,575,215	1,630,857
Training	2,530,160	8,068,414
Water and Sewerage	8,210	-
Total use of goods and services	331,038,957	443,715,677

8. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	209,949,385	180,626,062
Employee related costs - contributions to pension schemes	14,107,609	13,269,716
Contribution to medical aid	1,153,806	5,703,268
Gratuity	1,881,700	1,341,680
Other employee related costs	21,300	
Employee costs	227,113,800	200,940,725

**National Cohesion and Integration Commission
Annual Reports and Financial Statements
For the year ended June 30, 2023.**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	30,047,599	30,327,304
Intangible assets	510,014	764,982
Total depreciation and amortization	30,557,612	31,092,286

10. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Vehicles	14,334,167	15,964,723
Furniture & office equipment	5,104,260	764,337
Computers	1,788,793	3,013,490
Total repairs and maintenance	21,227,220	19,742,550

11. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current account	2,803,481	79,949,710
Total cash and cash equivalents	2,803,481	79,949,710

11(a) Detailed Analysis of the Cash and Cash Equivalents

Description		2022-2023	2021-2022
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank	11189199238	-	20,035,725
National Bank of Kenya	0102815036400	2,803,481	59,913,986
Sub total		2,803,481	79,949,710
Cash in hand		-	-
Grand Total		2,803,481	79,949,710

**National Cohesion and Integration Commission
Annual Reports and Financial Statements
For the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

12. Receivables from Non-Exchange Transactions (Current)

Description	2022-2023	2021-2022
	Kshs	Kshs
Current receivables		
Imprest		
GOK	35,443,497	35,272,790
SIDA	3,225,750	3,225,750
UNDP	1,446,150	11,624,639
Total imprest	40,115,397	50,123,179
Staff advances	59,584	1,099,450
Bank Guarantee	3,100,000	1,700,000
Prepayments	16,844,788	16,456,902
Other receivables	1,093,135	2,287,976
Total current receivables	61,212,904	71,667,507

13. Property, Plant and Equipment

	Motor Vehicles	Furniture & Fittings	Computers & Printers	Total
Cost or Valuation:	Kshs	Kshs	Kshs	Kshs
As at 1st July 2021	162,760,623	142,384,666	54,957,082	360,102,372
Additions during the year	16,780,000	39,974,248	1,578,800	58,333,048
At 30th June 2022	179,540,623	182,358,914	56,535,882	418,435,420
Additions during the year	1,800,000	17,969,201	735,480	20,504,681
At 30th June 2023	181,340,623	200,328,116	57,271,362	438,940,101
Depreciation and impairment				
As at 1st July 2021	135,534,669	32,789,008	47,143,489	215,467,167
Depreciation	11,001,489	16,657,551	2,668,264	30,327,304
As at 30th June 2022	146,536,157	49,446,559	49,811,753	245,794,470
Depreciation	8,701,116	18,860,195	2,486,288	30,047,599
As at 30th June 2023	155,237,274	68,306,754	52,298,041	275,842,069
Net book values				
At 30 June 2023	26,103,349	132,021,362	4,973,321	163,098,032
At 30 June 2022	33,004,466	132,912,355	6,724,129	172,640,949
At 30 June 2021	27,225,954	109,595,658	7,813,593	144,635,205

**National Cohesion and Integration Commission
Annual Reports and Financial Statements
For the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

14. Intangible Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At beginning of the year	5,859,740	5,859,740
Additions	-	-
At end of the year	5,859,740	5,859,740
Amortization and impairment		
At beginning of the year	4,329,546	3,564,563
Amortization	510,014	764,982
At end of the year	4,839,559	4,329,546
Net Book Value	1,020,181	1,530,194

15. Trade and Other Payables

Current Trade and Other Payables

Description	2022-2023	2021-2022
	Kshs	Kshs
OAG	1,044,000	1,044,000
Commissioner of Domestic Taxes	3,627,996	2,561,823.00
Creditors	46,090,527	32,972,654
Provision for gratuity	810,000	1,341,680
Provision for salary	1,106,700	-
Bank overdraft	18,522,542	
Payroll creditors	28,619,368	8,486,976
Total Current trade and other payables	99,821,134	46,407,132

The bank overdraft facility was acquired for the payment of staff salaries as a result of delays in exchequer disbursements. This had been approved by the full Commission vide a special meeting

Non-current Trade and other payables

Description	2022-2023	2021-2022
	Kshs	Kshs
OAG	4,176,000	3,132,000
Life Insurance claim payable	3,588,000	3,588,000
Total non-current trade and other payables	7,764,000	6,720,000

Notes to the Financial Statements (Continued)

16. Financial Risk Management

(i) Credit Risk Management

Trade payables – these are denominated in Kenya Shillings and thus are payable at the agreed contractual price without earning any interest.

(ii) Employee Benefit Obligations

A retirement scheme of NCIC staff approved by RBA. The Commission has therefore transferred this obligation to a duly registered entity and is subject to oversight by auditors and scheme managers.

(iii) Liquidity Risk Management

The Commission has non-discretionary budget items that are fully funded by the GoK as allocated by the National Treasury and Parliament. These are Personnel Emoluments, Rent and Utilities. This therefore ensures the Commission is a going concern in the midterm. Programmatic activities are partly funded by GoK and development partners. NCIC has managed its bills and only commits purchase when there is a provision for it in the budget.

(iv) Market Risk

NCIC is not exposed to market risk.

(v) Capital Risk Management

To ensure the going concern principle at NCIC the National Treasury and National Assembly annually allocate funds for the smooth and predictable running of this Commission.

17. Related Party Disclosures

The Commission regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Commission's operating and financial decisions. The Commissioners and key management are considered as the Commission's related parties. The Commission has 7 full time commissioners. The Commissioners are charged with policy formulation and direction while the key

**National Cohesion and Integration Commission
Annual Reports and Financial Statements
For the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

management led by the Commission secretary (who is the CEO) are charged with the implementation and day-to-day running of the Commission.

19. Events after the Reporting Year

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

20. Ultimate and Holding Entity

The Commission is a Semi- Autonomous Government Agency under the Ministry of Interior and National Administration. Its ultimate parent is the Government of Kenya.

21. Currency

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

**National Cohesion and Integration Commission
Annual Reports and Financial Statements
For the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

22. Appendix

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	During the year under review the Commission incurred expenditure on task force allowances. However, there was no specific duration of the assignment contrary to guidelines provided by the Head of Public Service Ref. MPS.2/1A VOL.XLVIII(119) of 2 August 2019	The Commission appoints members to taskforces/ committees vide letters that clearly stipulate the terms of reference as per the sample attached herein for your confirmation. Further, the Commission scheduled a meeting with the SRC to discuss among other issues the payment of taskforce allowances. The Commission will seek clear guidance on the formation of taskforces due the unique nature of its operations.	<i>Not Resolved</i>	<i>Awaiting invitation from the PIC of the National Assembly</i>

Commission Secretary (CEO)

Date 28/09/2023

**National Cohesion and Integration Commission
Annual Reports and Financial Statements
For the year ended June 30, 2023.**

Appendix II: Transfers from Other Government Entities

Name of Ministry, Department or Agency	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Total Transfers during the Year
State Department of Housing & Urban Development	29/07/2022	Recurrent	10,181,400	10,181,400	10,181,400
Ministry of Interior and National Administration	03/08/2022	Recurrent	85,690,000	85,690,000	85,690,000
Ministry of Interior and National Administration	15/11/2022	Recurrent	85,690,000	85,690,000	85,690,000
Ministry of Interior and National Administration	16/02/2023	Recurrent	85,690,000	85,690,000	85,690,000
Ministry of Interior and National Administration	08/05/2023	Recurrent	85,690,000	85,690,000	85,690,000
Ministry of Interior and National Administration	08/05/2023	Recurrent	30,000,000	30,000,000	30,000,000
Total			382,941,400	382,941,400	382,941,400

National Cohesion and Integration Commission
Annual Reports and Financial Statements
For the year ended June 30, 2023.

National Cohesion and Integration Commission
Annual Reports and Financial Statements
For the year ended June 30, 2023.
