

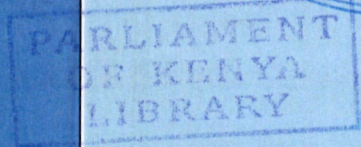
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



Paper laid
By Hon. A. Duale, MP (Lom)
on Thursday, September 14, 2017
(PM)



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
MINISTRY OF FOREIGN AFFAIRS AND
INTERNATIONAL TRADE**

**FOR THE YEAR ENDED
30 JUNE 2016**



MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

REVISED

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

MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs)

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I. KEY MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE
INFORMATION AND MANAGEMENT

(a) Background information

The Ministry of Foreign Affairs and International Trade was formed on 2nd May, 2013 by merging the Ministry of the Ministry of Foreign Affairs and the Department of International Trade. At cabinet level, the Ministry of Foreign Affairs and International Trade is represented by the Cabinet Secretary for Ministry of Foreign Affairs and International Trade, who is responsible for the general policy and strategic direction of the Ministry of Foreign Affairs and International Trade.

(b) Key Management

The Ministry of Foreign Affairs and International Trade day-to-day management is under the following key organs:

- Principal Secretary;
- Political and Diplomatic Secretary;
- Secretary Foreign Service Administration;
- Directors and;
- Heads of Departments

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Cabinet Secretary	- Amb. Amina Mohamed, CBS, CAV
2.	Principal Secretary	- Amb. Monica K. Juma, DPHIL, CBS
3.	Political and Diploma Secretary	- Amb. Tom Amolo, MBS
4.	Secretary, Foreign Service Institute	- Amb. David Mutemi, MBS
5.	Chief of Protocol	- Ms Tabu Irina
6.	Director, Foreign Service Institute	- Amb. Simon Nabukwesi
7.	Director, Africa & AU	- Amb. Purity Muindi
8.	Director Asia & Australia	- Amb. Christopher Chika
9.	Director Europe & Commonwealth	- Amb. Josephine Owour
10.	Director, Middle East	- Mr. Salim Salim
11.	Director, Multilateral Affairs	- Amb. Anthony Andanje
12.	Director, Americas	- Mrs. Lucy Kiruthu
13.	Director, Economics & International Trade	- Amb. Nelson Ndirangu
14.	Director, Office of the Great Lakes Region	- Amb. Muburi Z. Muita
15.	Director, East African	- Amb. Ruth Solitei
16.	Director, Horn of Africa	- Amb. Mohamed Guyo
17.	Ag. Director Diaspora & Consular Affairs	- Mr Washington Oloo
18.	Head, Legal Affairs and Host country	- Ms. Stella Munyi
19.	Head, Finance	- Ms Alice W. Gichu

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20.	Head, Assets Management	- Dr. Margaret Gachuru
21.	Public Affairs & Communication	- Mr Edwin Limo
22.	Head, Central Planning & Project Monitoring-	Mr Joseph Masila
23.	Head, Human Resources Management	- Lawrence Waweru
24.	Head, Accounts	- Mrs Phoebe M. Ndonge
25.	Head, Information & Communications	-Ms. Jeniffer Kaaria
26.	Head, Welfare	- Ms. Eunice K. Ndulu
27.	Head, Telephone Supervisor	- Mr Douglas Kiura

(d) Fiduciary Oversight Arrangements

The key fiduciary oversight arrangements for the Ministry of Foreign Affairs and International Trade are the following:

- Defence and Foreign relations committee
- Audit and finance committee activities
- Parliamentary committee activities
- Development partner oversight activities
- Other oversight activities

(e) The Ministry of Foreign Affairs and International Trade Headquarters

P.O. Box 30551 - 00100
Old Treasury Building
Harambee Avenue
Nairobi, KENYA

(f) The Ministry of Foreign Affairs and International Trade Contacts

Telephone: (254) 20 3318888
E-mail: communication@mfa.go.ke
Website: www.mfa.go.ke

(g) The Ministry of Foreign Affairs and International Trade Bankers

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

(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

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II. FORWARD BY THE CABINET SECRETARY

Ministry of Foreign Affairs is charged with the responsibility of formulating, articulating and implementing Kenya's Foreign Policy. The Foreign Policy is a tool used to pursue, promote, protect and project our country's national interests and values.

During the period under review, the Ministry has performed this role effectively focusing on activities and programmes that strengthened collaboration with partners, contributed to the achievement of rapid socio-economic transformation in line with the aspirations of the Kenya Vision 2030. It is within this context that I have the pleasure to present Ministry's financial statements for the Financial Year 2015/2016 during which the Ministry was allocated Kshs 16,257 million. The statements outline how the funds voted for the Ministry were appropriated to deliver its mandate and strategic objectives. The funds were expended through three programmes namely: General Administration, Planning and Support Services; Foreign Relations and Diplomacy and International Trade and Investments. The following is a highlight of some of the key achievements realized over the review period.

The Ministry has bolstered Kenya's leadership position in global affairs. After tremendous efforts through high level diplomatic engagements, Kenya has now reclaimed her leadership role in global affairs and the Ministry has effectively played its rightful role as the gateway to the world.

More than at any other time in our history, the Ministry contributed immensely to the promotion of economic cooperation, trade and investment and increased earnings from conference tourism by hosting major international conferences and meetings namely: the Global Entrepreneurship Summit in July 2015, the World Trade Organization 10th Ministerial Conference (MC10) in December 2015, the 14th Session of the United Nations Conference on Trade and Development (UNCTAD 14) and the just concluded Tokyo International Conference on Africa's Development (TICAD) VI among other high level meetings. This has greatly enhanced Nairobi's position as the hub for international conferencing and multilateral diplomacy.

Through economic diplomacy, the Ministry contributed to trade facilitation, thereby enabling Kenya's business enterprises to enter into the regional market and attracting Foreign Direct Investments and International Business into Kenya. Within the period, the Ministry facilitated consistent engagements at the highest level, under the auspices of the Northern Corridor Infrastructure Summits to fast-track the development and improvement of strategic infrastructure projects aimed at enhancing the movement of persons and goods to increase inter-regional and intra-Africa trade, investment and competitiveness. In addition, through facilitating carefully selected high-level business forums and State Visits, the Ministry created awareness on business opportunities in Kenya, facilitated signing of several bilateral and multilateral instruments covering key sectors of our economy which have in turn culminated into increased international cooperation, increased trade and foreign direct investments into Kenya. As a result of these efforts our Trade volume currently stands at Kshs. 2,158 billion.

Equally important is that Kenya recognizes that security, peace and stability are a pre-requisite to development and prosperity of the region. For this reason, Kenya remains a strong champion of peace and political stability in the African region especially with its immediate neighbours. This is because the region comprises of Kenya's largest market and investment destination. Hence, the Ministry engaged with institutions such as the East African Community (EAC), Inter-Governmental Authority on Development (IGAD), International Conference of the Great Lakes Region (ICGLR), African Union (AU) and the United Nations (UN) to promote regional peace and security and foster peaceful relations and harmonious co-existence.

To strengthen and further expand Kenya's diplomatic footprint in new and emerging markets, the Ministry opened and operationalized three (3) new Diplomatic Missions in Algiers-Algeria, Luanda, Angola and

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Nairobi, the United Nations Environmental Programme (UNEP). Kenya now has a total 56 full-fledged diplomatic Missions and 29 honorary consuls spread across the globe. In enhancing Kenya's image, prestige and visibility abroad, the Ministry has acquired various properties with the most recent ones being the new chancery in Kampala and New York including the ongoing construction of chancery and staff house in Mogadishu, Somalia and Pretoria, South Africa. Additionally, the Ministry continued to undertake comprehensive modernisation of various government owned properties which include chanceries, staff houses and Ambassadors' residences in order to enhance Kenya diplomatic standing and image.

In line with the Kenya Foreign Policy, the Ministry has strengthened our engagement with the Kenya Diaspora and enhanced the provision of consular services to Kenyans travelling to seek opportunities abroad. The Ministry launched the Kenya Diaspora Policy, the Diaspora Communication Strategy and also a web based Diaspora web portal to facilitate the registration of the Diaspora. In line with its mandate of protecting Kenyans abroad, the Ministry evacuated Kenyans from countries wrecked by political and civil strife namely: Southern Sudan, and Yemen. In the past one year, about 6000 Kenyans with distress cases have been assisted through consular services. Through various Diaspora conferences and other engagements, the Ministry has continued to encourage Kenyans who live and work outside the country and those willing to do so, to use their diverse skills, expertise and potential to contribute to the development of the country. Subsequently, between June, 2015 and June 2016 the average monthly remittance inflows to Kenya has been Ksh 15 billion, totaling to Ksh 178.8 billion of 3% of Kenya's GDP.

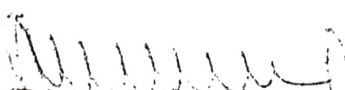
The Ministry continued to implement the Fund for Regional Technical Cooperation which is a strategic soft power instrument to facilitate the pursuit of our Foreign Policy goals. Through the fund, the Ministry has provided Training for Diplomats from EAC, IGAD, Great Lakes on Peace building & conflict management, Rwanda, Burundi, Somali and South Sudan and Kenya Diplomats on mediation and negotiations and on Peace building & conflict management. Additionally, the Ministry conducted capacity building to Counties on Protocol and Kenya's International Obligations as well as sensitization on business opportunities arising from bilateral, regional and multilateral trade arrangements for counties in six clusters.

Some of the challenges the Ministry faced in executing its mandate include: inadequate budgetary allocation especially for operations and maintenance as well as development projects, exchange rate fluctuations resulting to huge currency losses, inadequate funding of planned activities, and human resource gaps slow project implementation in Kenya Missions abroad, poor connectivity between the headquarters and Missions making financial monitoring of transactions a challenge since Missions are not networked with the Ministry Headquarters.

The main recommendations to address these challenges include:

1. Allocation of adequate funding to finance projects operations and prioritize the country's strategic areas of interest including acquisition of properties abroad which will reduce rental expenditure,
2. Allocation of funds to cushion Missions from foreign exchange losses,
3. Enhanced allocation for recurrent vote to cater for missions with multiple accreditation to effectively articulate and advance Kenya's position at various foras, improve business processes across the entire finance and accounting areas.

Moving forward, the ministry will strive to enhance utilisation of the allocated resources to achieve its long term goals and objectives in line with Kenya's Foreign Policy and its Strategic Plan: 2014-2017.


Amb (Dr) Amina C. Mohamed, CBS, CAV
CABINET SECRETARY

MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE
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III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Ministry of Foreign Affairs and International Trade is responsible for the preparation and presentation of the Ministry of Foreign Affairs and International Trade's financial statements, which give a true and fair view of the state of affairs of the Ministry of Foreign Affairs and International Trade for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these

continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (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 Ministry of Foreign Affairs and International Trade; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

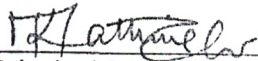
The Accounting Officer in charge of the Ministry of Foreign Affairs and International Trade accepts responsibility for the Ministry of Foreign Affairs and International Trade's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).


The Accounting Officer in the Ministry of Foreign Affairs and International Trade:

- a) Is of the opinion that the financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2016, and of the Ministry of Foreign Affairs and International Trade's financial position as at that date.
- b) Confirms the completeness of the accounting records maintained for the Ministry of Foreign Affairs and International Trade, which have been relied upon in the preparation of the Ministry of Foreign Affairs and International Trade's financial statements as well as the adequacy of the systems of internal financial control.
- c) confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for.
- d) Confirms that the Ministry of Foreign Affairs and International Trade's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The Ministry of Foreign Affairs and International Trade's financial statements were approved and signed by the Accounting Officer on 25 - 12 - 2016.


Principal Secretary


Principal Accounts Controller



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Ministry of Foreign Affairs and International Trade set out on pages 8 to 23, which comprise the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statements of appropriation: recurrent and development combined and a summary statement of provisionings' 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

Report of the Auditor-General on the Financial Statements of Ministry of Foreign Affairs and International Trade for the year ended 30 June 2016

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ministry's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statement.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion

Basis for Qualified Opinion

1.0 Understatement of Receipts

The statement of receipts and payments reflects total receipts of Kshs.15,748,904,300 which include other receipts amounting to Kshs.618,008,706. The other receipts as disclosed under Note 4 to the financial statements relate to receipts from administrative fees and charges collected as Appropriations-in-Aid (A.I.A). Contrary to Regulation 43(c) of the Public Finance Management (National Government) Regulations, 2015, A.I.A totalling Kshs.128,791,097 collected at the Ministry's Headquarters and at six missions and embassies as detailed below were omitted from the financial statements:

Mission/Embassy	Amount (Kshs)
Headquarters Administrative services	4,388,881
London	51,163,771
Lusaka	2,979,680
Abuja	38,401,852
Rome	7,821,910
Kampala	15,983,120
Muscat	<u>8,051,883</u>
Total	128,791,097 =====

In this regard, therefore, completeness and accuracy of the other receipts balance of Kshs.618,008,706 reflected in the financial statements cannot be confirmed.

2.0 Compensation of Employees

The statement of receipts and payments reflects payments totalling Kshs.6,583,386,161 under compensation of employees as further disclosed in Note 5 to the financial statements. The amount includes foreign service allowances that were paid irregularly as follows:

2.1 Overpayment of Foreign Services Allowance at Kenyan Embassy in Moscow

During the year under review, the officers serving at Kenyan Embassy in Moscow were paid foreign service allowance under category A.2 - United States and Other Stations instead of the approved rate under category A.1 Euro Zone stations contrary to circular letter Ref: MFA/ADM.1.43A(38) of 22 November 2012 on payments of Foreign Service Allowances. This resulted to an over-payment of Kshs.8,567,214. No explanation has been given for this anomaly.

2.2 Payment of Foreign Service Allowance to an Ineligible Officer

Examination of records show that Ambassador of Kenya to South Sudan was recalled on 6 June 2013. Shipment and transfer allowances totalling Kshs.2,474,082 were paid to him through payment vouchers Nos.231 and 232 dated 31 March, 2016. However, the officer has continued to receive foreign service allowance and as of 30 June 2016 an amount of Kshs.15,024,000 had been paid to him contrary to Section D.19 of Kenya Foreign Service Regulations.

3.0 Use of Goods and Services

The statement of receipts and payments reflects payments totalling Kshs.6,703,810,253 under use of goods and services as further disclosed in Note 6 to the financial statements. The amount includes irregular payments as follows:

3.1 Event Organization and Management of the World Trade Organization Ministerial Conference Expenses

The tender committee on 19 February 2015 due to urgency of the matter approved use of direct procurement to procure services for event organization and management of the World Trade Organization (WTO) Conference that was held from 15 to 19 December 2015. However, no plausible explanation for the use of direct procurement has been given as the tender was awarded five (5) months later on 10 June 2015, to a local firm at a contract price of Kshs.82,900,560. In addition, the general terms of reference under which the tender was quoted and awarded were later reviewed and re-categorized contrary to Section 59(3) of the Public Procurement and Disposal Act, 2005.

3.2 Rental Expenditure at Kenya Missions and Embassies

i. Bangkok, Thailand

Examination of records maintained at Kenyan embassy in Thailand revealed that the former Ambassador returned to Kenya in July 2013. The embassy, however, continued paying rent for the house previously occupied by him. As a result, an amount of Kshs.8,700,000 had been paid as of 31 July 2014 for the unoccupied rental premises.

ii. Seoul , South Korea

Similarly, at Kenyan embassy in South Korea, an officer returned to Kenya in 31 December 2016 and the house which was occupied by the officer continued to attract quarterly rent amounting to Kshs1,111,980 despite being vacant. The embassy has so far incurred rental expenditure totalling Kshs.2,223,960 for the duration that the house has remained vacant.

iii. Mogadishu, Somalia

Records available at Kenyan embassy in Mogadishu, indicates that the embassy entered into an accommodation arrangement with M/s Idman General Co Limited for fourteen (14) persons at US\$250 per room per day and four (4) office rooms at US\$200 per room per day with effect from 28 July 2015. However, staff establishment of the embassy is recorded as thirteen (13) for the period ending 2 February 2017. A room, therefore, remained vacant for 554 days but was paid for, resulting in an irregular expenditure of Kshs.13,697,650.

3.3 Irregular Payment for Contract for Digitization of the Ministry's Records

Examination of records maintained by the Ministry revealed that a contractor was awarded a contract on 6 February 2015 for digitization of records and document management systems at Kshs.40,159,548 for a duration of three(3) months. However, the contractor was paid an amount of Kshs.32,353,548 through Payment Voucher No. 64 dated 11 December 2015 before completion of the works. Further, the software licenses claimed to have been supplied were not made available for audit verification.

In addition, the training that was supposed to be conducted never took place because the system failed and has since not been customized to meet the users' requirements. Above all, the contract whose execution period was three (3) months has not been completed two (2) years later.

3.4 Payments for Undelivered Storage Solution Servers

The Ministry awarded a tender for supply of two (2) storage solution servers at a price of Kshs.24,000,000 to a contractor through MTC Minute No. MFA/MTC/021/2014-2015. The entire amount was paid through Payment Voucher No. 57 dated 9 December 2015. Records confirming delivery, acceptance, installation and location of the servers have not been provided for audit review. Consequently, delivery and existence of the servers cannot be confirmed.

4.0 Refurbishment of Buildings at Kenya High Commission Windhoek, Namibia

4.1 Contract Price

Examination of contract records revealed that renovation of the Kenya House - Phase 2 in Windhoek, Namibia was awarded at contract sum of

Kshs.289,416,280.40 (N\$ 38,081,089.52) in year 2010 to a contractor and was to be completed within fifteen (15) months.

4.2 Delay in Completing the Works

Although the works commenced on 15 October, 2010 and were due to be completed on 24 January, 2012, the contractor had not handed over the works by February 2016. No justification has been provided for failure to recover the liquidated damages as required under Clause 27 of the conditions contract.

4.3 Site Inspection

An audit inspection conducted on 7 March, 2017 revealed that defects identified in the snag list had not been corrected. Further, quality of work done may not have meet the required standards as the building developed cracks soon after completion. In addition, a diligence check on the residential houses revealed that two (2) houses had been vandalized.

5.0 Proposed Construction and Renovation of Buildings for High Commission of the Republic of Kenya in Pretoria, South Africa

5.1 Award of Contract

Records available indicate that Contract No. D04/NB/NB/1201 for construction of a new ambassador's residence, renovation of the Chancery, renovation and renewal of four (4) dilapidated staff houses and construction of four (4) new staff houses on plot Erf 318 Polaris Avenue was awarded on 1 July 2015 to M/s Unik Civil Engineering (pty) Ltd being the main contractor at a contract sum of Kshs.734,400,000 (R102,000,000). Contract documents relating to M/s Tiki Architect (the project consultant) have, however, not been provided for audit verification.

5.2 Contract Period

The project commenced on 18 August 2015 and was scheduled to be completed on 31 January 2017 after duration of eighteen (18) months.

5.3 Audit Inspection

5.3.1 Stalled Works

Although payments totalling Kshs.263,159,834.58 had been made to the contractor, an audit inspection undertaken on 10 March 2017 revealed that works on four houses under renovation stalled due to non-registration with the National Home Builders Registration Council. No effort has been made to rectify the anomaly.

5.3.2 Conflict on Construction Site

Although the construction of the Ambassador's residence is in progress, a dispute on plot No. 261 Crowne Avenue has not been resolved between the Kenya High Commission in Pretoria and the Government of Iran.

5.3.3 Delay in Delivery of the Project

M/s Tiki has been paid Kshs.140,389,667, but an audit inspection revealed that works relating to civil and structural engineering have stalled due to disputes between the consultant and his employees. The conflict has delayed timely delivery of the project.

6.0 Construction of Chancery and High Commissioner's Residence in Islamabad-Pakistan

6.1 Award of Contract

The project was awarded to M/s Consol Construction Solutions on 12 May 2008 at an initial contract sum of PKRs 385,321,826 (Kshs.443,120,099). The works were scheduled to commence on 12 May 2008, and be completed on 11 September 2010.

6.2 Contract Termination

The completion date of September, 2010 was revised thrice. However, the contractor did not enhance progress in construction work, resulting in termination of the contract on 30 July, 2014.

6.3 Irregular Payment of Works

The contractor received advance payments (mobilization advance) of PKR 115,596,548 (Kshs.132,936,030) or 30% of the contract sum on 31 March 2008 which was however not recovered.

In addition, records show that the contractor had been paid PKRs 449,324,929 (Kshs.516,723,668) at the time of termination on 30 July 2014, which is PKRs 64,003,102 (Kshs.73,603,567) above the awarded contract sum of PKRs 385,321,826 (Kshs.443,120,100). No explanation has been given for the irregularity.

Further, no retention money was recovered from all the payments made to the contractor, an indication that tax payers' monies paid may be lost.

6.4 Award of New Contract

The Ministry awarded another (new) contract for completion of the Kenya High Commission building and the High Commissioner's Residence on 6 February 2015 to M/s Quality Procurement and Management Services Limited at a contract sum of PKRs 99,940,881.30 (Kshs.90,154,670.00).

6.5 Slow Progress of Works

The works commenced on 2 March 2015 and were scheduled for completion on 5 September 2015. However, the contract period had expired as at the time of audit inspection in March 2017 but the contractor was still on site without being levied

penalties in terms of recovery of the liquidated damages. Management have not given any explanation for the omission.

6.6 Title deed

Although the Kenya High Commission in Islamabad was allocated the land where the Chancery and Residence building stands in 1991, no reasons have been given for failure to obtain the title deed for the plot.

7.0 Construction of Buildings for Kenya Embassy, Mogadishu, Somalia.

7.1 Irregular Award Of Contract

The Ministry invited nine (contractors) through restricted tendering to submit tenders for this project on 3 February 2015. Bids were received from M/s Bilmark Groups Limited and M/s Deeqa Construction and Water Drilling Co. whose bids were US\$ 1,571,637.50 and US\$ 1,766,665 respectively. Although M/s Bilmark Groups Ltd. who was the lowest bidder was disqualified on grounds that the firm was not among contractors vetted by AMISON, the contract was later awarded to the highest bidder Deeqa Construction and Water Drilling Co. which was similarly equally not among vetted companies. No explanation has been given for the inconsistency in evaluating the two bidders.

In addition, information contained in a letter Ref. No. CSO/REC/ZULU PROJECT/27/NOV/2014 dated 27 November, 2014 shows that the contractor was awarded the contract before technical evaluation process was completed. In view of these circumstances, it is not possible to confirm that the award of the contract was fair, equitable, transparent, competitive and cost effective as required under Article 227(1) of the Constitution of Kenya (2010).

7.2 Audit Inspection

An audit inspection of the project site on 14 March, 2017 confirmed that 38% of works had been executed against 220% of the contract period that had by then elapsed. No remedy had been undertaken to enhance progress in execution of the works.

In addition, the audit established that the Kenya High Commission in Mogadishu was allocated the Chancery and Residence building land in 2015. However, no reasons have been given for failure to obtain a title deed for the plot.

8.0 Cash and Cash Equivalents

The statement of assets reflects Kshs.1,340,665,519 cash and cash equivalents balance and as further disclosed in Note 11 A & B to the financial statements. However, the balance includes unconfirmed amounts as follows:

8.1 Loss of Cash at Kenya Embassy Moscow

Examination of the re-current bank reconciliation statement for the month of June 2016 revealed that Kshs.149,323,311 and Kshs.28,808,743 were withdrawn from bank account numbers 4080784000000000236 and 408007810700050000095 respectively between the year 2009 and 2011. These withdrawals were not recorded in cash book. Payment documents in support of the withdrawals have similarly not been provided for audit review. In addition, the Ministry has not investigated and taken appropriate action on the loss as required under Regulation 90(3) of the Public Finance Management (National Government) Regulations, 2015.

8.2 Loss of Cash at Kenya Embassy, Juba

The cash book for the month of March 2016 shows undercast by Kshs.5,836,500 (\$ 58,365) against the dollar column while the column for South Sudan Pound for the same month reflects under-cast by Kshs.170,000 (SSP 10,000). In addition, the mission transferred Kshs.13,600,000 (SSP 800,000) on 30 June 2016 from the local currency account to the dollar account resulting in a loss of Kshs.11,841,778 (SSP 696,575.15). A due diligence check on the exchange rate on the transaction date indicates that the rate of SSP 30 to USD 1 was applicable instead of SSP 45 to USD 1 used. No explanation has been given for the anomaly.

8.3 Misstatement of Cash and Bank Balances

The amounts disclosed under Note 11A and 11B to the financial statements in respect of cash and bank balances of Kshs.198,124,704 and Kshs.3,120,952 totalling Kshs.201,245,656 for the Ministry Headquarters which however differs from the reconciled cash & bank balances of Kshs.431,067,127. No explanation or adjustment has been provided for the resulting difference of Kshs.229,821,471 between the two sets of records.

9.0 Bank Reconciliation Statements

9.1 Long Outstanding Reconciling Items

The bank reconciliation statements for the Ministry Headquarters for recurrent, development and deposits for the month of June 2016 reflects long outstanding reconciling items amounting to Kshs.1,000,267,272 some dating as far back as 2013 which have not been cleared. This is contrary to Regulation 90(3) of the Public Finance Management (National Government) Regulations, 2015 which requires that such discrepancies be investigated and appropriate action taken including updating the cash books.

9.2 Payments and Receipts Without Reference / Cheque Numbers

The recurrent bank reconciliation for the period ending 30 June 2016 reflects payments in cash book not in bank statement (unpresented cheques) and receipts in cash book not in the bank statement amounting to Kshs.411,169,904 and

Kshs.322,093,983 respectively. Included in the unrepresented cheques of Kshs.411,169,904 are payments amounting to Kshs.20,993,262 without cheque or reference numbers. Similarly, the receipts amounting to Kshs.322,093,983 have no cheque or reference numbers. In the circumstances, the validity, completeness and accuracy of the recurrent cash book bank reconciliation statement for June 2016 cannot be confirmed.

10.0 Transfer to Other Government Units

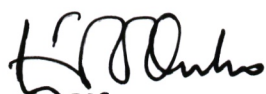
The statement of receipts and payments reflects payments totalling Kshs.185,303,805 in respect of transfers to Other Government Units. However, the payments have not been analyzed or supported by expenditure returns including documents to confirm receipt of the amount by the respective Government Units. As a result, the accuracy, occurrence and propriety of the expenditure cannot be ascertained.

11.0 Outstanding Imprests

The statement of assets reflects a balance of Kshs.8,625,876 under accounts receivables – outstanding imprests. The balance includes long outstanding imprests amounting to KShs.1,810,111 which had not been surrendered or accounted for as of 30 June, 2016 for a period of 36 months.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Ministry of Foreign Affairs and International Trade as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Public Finance Management Act, 2012.



FCPA Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

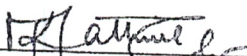
04 July 2017

MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE
 Reports and Financial Statements
 For the year ended June 30, 2016 (Kshs)

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Tax Receipts	1	19,662,428	13,560,887
Exchequer releases	2	15,111,200,000	12,869,403,000
Proceeds from Sale of Assets	3	33,166	33,166
Other Receipts	4	618,008,706	767,090,628
TOTAL RECEIPTS		15,748,904,300	13,650,087,680
PAYMENTS			
Compensation of Employees	5	6,583,386,161	5,749,376,319
Use of goods and services	6	6,703,810,253	5,195,624,122
Transfers to Other Government Units	7	185,303,805	-
Other grants and transfers	8	1,232,649,001	1,691,465,156
Social Security Benefits	9	36,667,247	36,055,422
Acquisition of Assets	10	891,257,900	1,250,579,368
TOTAL PAYMENTS		15,633,074,366	13,923,100,387
SURPLUS/DEFICIT		115,829,934	(273,012,706)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 05-12- 2016 and signed by:


 Principal Secretary


 Principal Accounts Controller

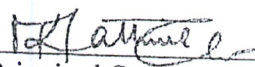


MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE
 Reports and Financial Statements
 For the year ended June 30, 2016 (Kshs)

V. STATEMENT OF RECEIPTS AND PAYMENTS

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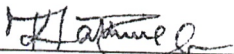



MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE
 Reports and Financial Statements
 For the year ended June 30, 2016 (Kshs)

VI. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11A	198,124,704	1,207,611,845
Cash Balances	11B	1,142,540,815	21,152,692
Total Cash and cash equivalent		<u>1,340,665,519</u>	<u>1,228,764,537</u>
Accounts receivables – Outstanding Imprests	12	8,625,876	38,075,766
TOTAL FINANCIAL ASSETS		<u>1,349,291,395</u>	<u>1,266,840,303</u>
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	13	628,707,371	662,086,213
NET FINANCIAL ASSETS		<u>720,584,024</u>	<u>604,754,090</u>
REPRESENTED BY			
Fund balance b/fwd	14	604,754,090	844,839,022
Surplus/Deficit for the year		115,829,934	(273,012,706)
Prior year adjustments			32,927,774
NET FINANCIAL POSSITION		<u>720,584,024</u>	<u>604,754,090.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 05-12-2016 and signed by:


 Principal Secretary

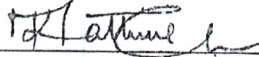

 Principal Accounts Controller

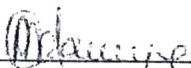
MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE
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 For the year ended June 30, 2016 (Kshs)

VII. STATEMENT OF CASHFLOW

		2015-2016 Kshs	2014-2015 Kshs
Receipts for operating income			
Tax Revenues	1	19,662,428	13,560,887
Exchequer Releases	2	15,111,200,000	12,869,403,000
Other Revenues	4	618,008,706	767,090,628
Payments for operating expenses			
Compensation of Employees	5	(6,583,386,161)	(5,749,376,319)
Use of goods and services	6	(6,703,810,253)	(5,195,624,122)
Transfers to Other Government Units	7	(185,303,805)	-
Other grants and transfers	8	(1,232,649,001)	(1,691,465,156)
Social Security Benefits	9	(36,667,247)	(36,055,422)
Adjusted for:			
Changes in Receivables		29,449,890	(14,152,853)
Changes in Payables		(33,378,842.)	662,086,213
Adjustments during the year		-	32,927,774
Net cash flow from operating activities		1,003,125,715	1,658,394,630
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	3	33,166	33,166
Acquisition of Assets	10	(891,257,900)	(1,250,579,368)
Net cash flows from Investing Activities		(891,224,734)	(1,250,546,202)
NET INCREASE IN CASH AND CASH EQUIVALENT		111,900,981	407,848,428
Cash and cash equivalent at BEGINNING of the year		1,228,764,537	820,916,109
Cash and cash equivalent at END of the year		<u>1,340,665,518</u>	<u>1,228,764,537</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 05-12- 2016 and signed by:


 Principal Secretary



 Principal Accounts/Controller

III. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Tax Receipts	22,420,000.00		22,420,000.00	19,662,428.25	2,757,571.75	87%
Proceeds from Domestic and Foreign Grants	52,700,000.00		52,700,000.00		52,700,000.00	0%
Exchequer releases	14,537,710,904.00	2,187,531,537.00	16,725,242,441.00	15,111,200,000.00	1,614,042,441.00	90%
Proceeds from Sale of Assets				33,165.95	-33,165.95	100%
Other Receipts	1,046,375,438.00	(169,000,000.00)	877,375,438.00	618,008,705.50	-259,366,732.50	70%
Total Receipts	15,659,206,342.00	2,018,531,537.00	17,677,737,879.00	15,748,904,299.70	1,928,833,579.30	890%
PAYMENTS						
Compensation of Employees	6,235,061,933.00	537,288,253.00	6,772,350,186.00	6,583,386,160.85	(188,964,025.15)	97.2%
Use of goods and services	5,322,633,535.00	1,844,936,873.00	7,157,800,409.00	6,703,810,252.54	(453,990,156.46)	93.6%
Interest payments						0
Transfers to Other Government Units	339,000,000.00	(118,000,000.00)	221,000,000.00	185,303,804.85	(35,696,195.15)	83.9%
Other grants and transfers	1,285,000,000.00	(17,193,058.00)	1,263,410,341.00	1,232,649,001.10	(30,761,339.90)	97.6%
Social Security Benefits	37,210,000.00	-	37,210,000.00	36,667,247.20	(542,752.80)	98.5%
Acquisition of Assets	1,318,805,436.00	(257,302,531.00)	1,075,669,505.00	891,257,899.70	(184,411,605.30)	82.9%
TOTAL PAYMENTS	14,537,710,904.00	1,989,729,537.00	16,527,440,441.00	15,633,074,366.24	(894,366,074.76)	94.6%

The entity financial statements were approved on 05-12 - 2016 and signed by:


Principal Secretary


Principal Accounts Controller


Reports and Financial Statements
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IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Tax Receipts	22,420,000	-	22,420,000	19,662,428	(2,757,571.)	87.7%
Exchequer releases	13,135,860,904	2,187,729,537	15,323,590,441	14,075,000,000	(1,248,590,441)	91%
Proceeds from Sale of Assets				33,166	(33,166)	
Other Receipts	1,046,375,438	(169,000,000)	877,375,438	618,008,706	(259,366,733)	91.1%
TOTAL RECEIPTS	14,204,656	2,018,730	16,223,385,879	14,712,704,300	(1,510,681,579)	91.8%
PAYMENTS						
Compensation of Employees	6,235,062	537,288	6,772,350,186	6,583,386,161	(188,964,025)	97.2%
Use of goods and services	5,279,963	1,742,937	7,013,129,918	6,685,788,204	(327,341,714)	95.6%
Other grants and transfers	1,285,000	(17,193)	1,263,410,341	1,232,649,001	(30,761,340)	97.2%
Social Security Benefits	37,210	-	37,210,000	36,667,247	(542,753)	98.5%
Acquisition of Assets	298,626	(75,303)	237,489,996	196,984,258	(40,505,738)	88.3%
Other Payments						
TOTAL PAYMENTS	13,135,861	2,187,729	15,323,590,441	14,735,474,872	(588,115,569)	96.3%

The entity financial statements were approved on 05-12-2016 and signed by:

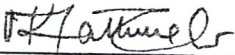

 Principal Secretary

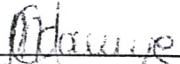

 Principal Accounts Controller

X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Proceeds from Domestic and Foreign Grants	52,700,000.		52,700,000		52,700,000	0%
Exchequer releases	1,401,850,000.	(198,000)	1,401,652,000	1,036,200,000	(365,452,000)	73.9 %
	1,454,550,000.00	198,000	1,454,352,000.00	1,036,200,000	(418,152)	71.3 %
PAYMENTS						
Use of goods and services	42,670,491.	102,000,000	144,671	18,022,048	(126,648,443)	1%
Transfers to Other Government Units	339,000,000.	(118,000,000)	221,000	185,303,805	(35,696,195)	83.8 %
Acquisition of Assets	1,020,179,509.	(182,000,000)	838,180	694,273,642	(143,905,867)	82.8 %
TOTALS	1,401,850,000.	-198,000,000	1,203,851	880,784,914	(323,065,086)	62.8 %

The entity financial statements were approved on 05-12- 2016 and signed by:


Principal Secretary


Principal Accounts Controller

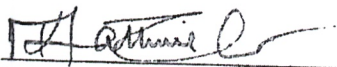
XI. SUMMARY STATEMENT OF PROVISIONINGS

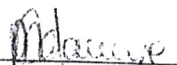
Details of General Accounts on Vote

	2015-2016 Kshs	2014-2015 Kshs
GAV Provisioning account balance	-	-
Total	<u>-</u>	<u>-</u>

Details of Exchequer Provisioning

	2015-2016 Kshs	2014-2015 Kshs
Exchequer Provisioning balance	15,111,200	-
Total	<u>15,111,200</u>	<u>-</u>


 Principal Secretary


 Principal Accounts Controller

XII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Ministry of Foreign Affairs and International Trade and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

2. Recognition of revenue and expenses

The Ministry of Foreign Affairs and International Trade recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the Ministry of Foreign Affairs and International Trade. In addition, the Ministry of Foreign Affairs and International Trade recognises all expenses when the event occurs and the related cash has actually been paid out by the Ministry of Foreign Affairs and International Trade.

3. In-kind contributions

In-kind contributions are donations that are made to the Ministry of Foreign Affairs and International Trade in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Ministry of Foreign Affairs and International Trade includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

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

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- 5. Accounts Receivable**
For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.
- 6. Accounts Payable**
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.
- 7. Non current assets**
Non current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.
- 8. Pending bills**
Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Ministry of Foreign Affairs and International Trade at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.
- 9. Budget**
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Ministry of Foreign Affairs and International Trade's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Ministry of Foreign Affairs and International Trade's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.
- 10. Comparative figures**
Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs)

11. Subsequent events

Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

XIII. NOTES TO THE FINANCIAL STATEMENTS

1 TAX REVENUES

	2015-2016 Kshs	2014-2015 Kshs
Taxes on Income, Profits and Capital Gains	-	-
Taxes on Property	-	-
Taxes on Goods and Services	19,662,428	13,560,887
Taxes on International Trade and Transactions	-	-
Other Taxes (not elsewhere classified)	-	-
Total	19,662,428	13,560,887

2 EXCHEQUER RELEASES

	2015 - 2016 Kshs	2014 - 2015 Kshs
Total Exchequer Releases for quarter 1	3,261,000,000	2,360,000,000
Total Exchequer Releases for quarter 2	3,502,300,000	2,435,000,000
Total Exchequer Releases for quarter 3	3,814,000,000	5,865,603,000
Total Exchequer Releases for quarter 4	4,533,900,000	2,208,800,000
Total	15,111,200,000	12,869,403,000

3 PROCEEDS FROM SALE OF ASSETS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Receipts from the Sale of Inventories, Stocks and Commodities	33,166	33,166
Total	33,166	33,166

MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER REVENUES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Rents	126,826,372	111,086,967
Receipts from Administrative Fees and Charges - Collected as AIA	491,182,333	656,003,660
Total	618,008,705	767,090,628

5 COMPENSATION OF EMPLOYEES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic salaries of permanent employees	772,435,660	659,066,444
Basic wages of temporary employees	1,463,677,185	1,308,669,408
Personal allowances paid as part of salary	3,805,191,769	3,288,141,711
Personal allowances paid as reimbursements	250,027,622	219,393,365
Personal allowances provided in kind	11,178,193	15,551,191
Social benefit schemes outside Government	53,842,500	17,088,690
Employer Contributions Compulsory national social security schemes	51,636,250	48,737,242
Employer Contributions Compulsory national health insurance schemes	175,396,983	192,728,267
Total	6,583,386,161	5,749,376,319

MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE
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6 USE OF GOODS AND SERVICES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	267,010,188	226,402,041
Communication, supplies and services	161,199,835	157,538,622
Domestic travel and subsistence	216,342,104	160,626,279
Foreign travel and subsistence	2,317,262,106	1,657,230,231
Printing, advertising and information supplies & services	272,822,561	24,222,867
Rentals of produced assets	2,232,916,546	2,235,230,234
Training expenses	12,246,901	15,377,445
Hospitality supplies and services	633,903,037	190,906,644
Insurance costs	67,899,605	65,802,045
Specialized materials and services	25,356,759	26,634,829
Office and general supplies and services	79,810,187	55,254,397
Fuel Oil and Lubricants	55,940,417	63,690,659
Other operating expenses	252,106,309	216,650,827
Routine maintenance – vehicles and other transport equipment	44,084,481	46,332,420
Routine maintenance – other assets	64,909,213	53,724,581
Total	6,703,810,253	5,195,624,122

7 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to National Government entities		
Other current transfers	185,303,805	
TOTAL	185,303,805	-

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8 OTHER GRANTS AND TRANSFERS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Membership dues and subscriptions to international organizations	739,693,481	729,960,146
Scholarships and other educational benefits	425,286,185	528,145,059
Other current transfers, grants	67,669,335	433,359,951
Total	<u>1,232,649,001</u>	<u>1,691,465,156</u>

9 SOCIAL SECURITY BENEFITS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Government pension and retirement benefits	36,667,247	36,055,422
Total	<u>36,667,247</u>	<u>36,055,422</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 ACQUISITION OF ASSETS

Non Financial Assets

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Buildings	197,797,804	586,051,884
Construction of Buildings	211,651,059	3,693,200
Refurbishment of Buildings	226,594,376	201,096,922
Construction and civil works	55,976,010	-
Purchase of Vehicles and Other Transport Equipment	144,725,473	226,197,720
Overhaul of Vehicles and Other Transport Equipment	684,076	2,013,968
Purchase of Household Furniture and Institutional Equipment	18,049,302	31,107,336
Purchase of Office Furniture and General Equipment	28,151,688	23,660,285
Purchase of Specialised Plant, Equipment and Machinery	7,628,113	176,758,054
Total	891,257,900	1,250,579,368

11A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency		2015 - 2016	2014 - 2015
			Kshs	Kshs
Central Bank of Kenya, Account No. and Missions	Kshs	Recurrent	108,929,363	454,114,000
Central Bank of Kenya, Account No. and Missions	Kshs	Development	5,243,676	136,418,286.00
Central Bank of Kenya, Account No. and Missions	Kshs	Deposit	83,951,665	617,079,559
Total			198,124,704	1,207,611,845

11B: CASH IN HAND

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Cash in Hand – Held in domestic currency	3,120,952	21,152,692
Cash in Hand – Held in foreign currency	1,139,419,863	-
Total	1,142,540,815	21,152,692

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12: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

<i>Description</i>	2015 - 2016	2014 - 2015
	Kshs	Kshs
Temporary Imprests	7,999,694	37,737,302
Standing Imprests	281,254	269,320
Other imprests	302,120	69,144
Government – Salary Advance	42,808	
Total	8,625,876	38,075,766

13. ACCOUNTS PAYABLE

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Deposits	83,951,665	345,628,979
Suspense and Clearance	-	316,457,234
Deposits – Mission cash book balances	544,755.707	
Total	628,707,372	662,086,213

14. FUND BALANCE BROUGHT FORWARD

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	1,207,611,845	820,916,109
Cash in hand	21,152,692	-
Accounts Receivables	38,075,766	23,922,913
Accounts Payables	(662,086,213)	-
Total	604,754,090	44,839,022

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15. OTHER IMPORTANT DISCLOSURES

15.1 PENDING BILLS(Attached)

16 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The summary of issues raised by the external auditor, and management comments that were provided to the auditor are as per attached schedule in the annexures. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.