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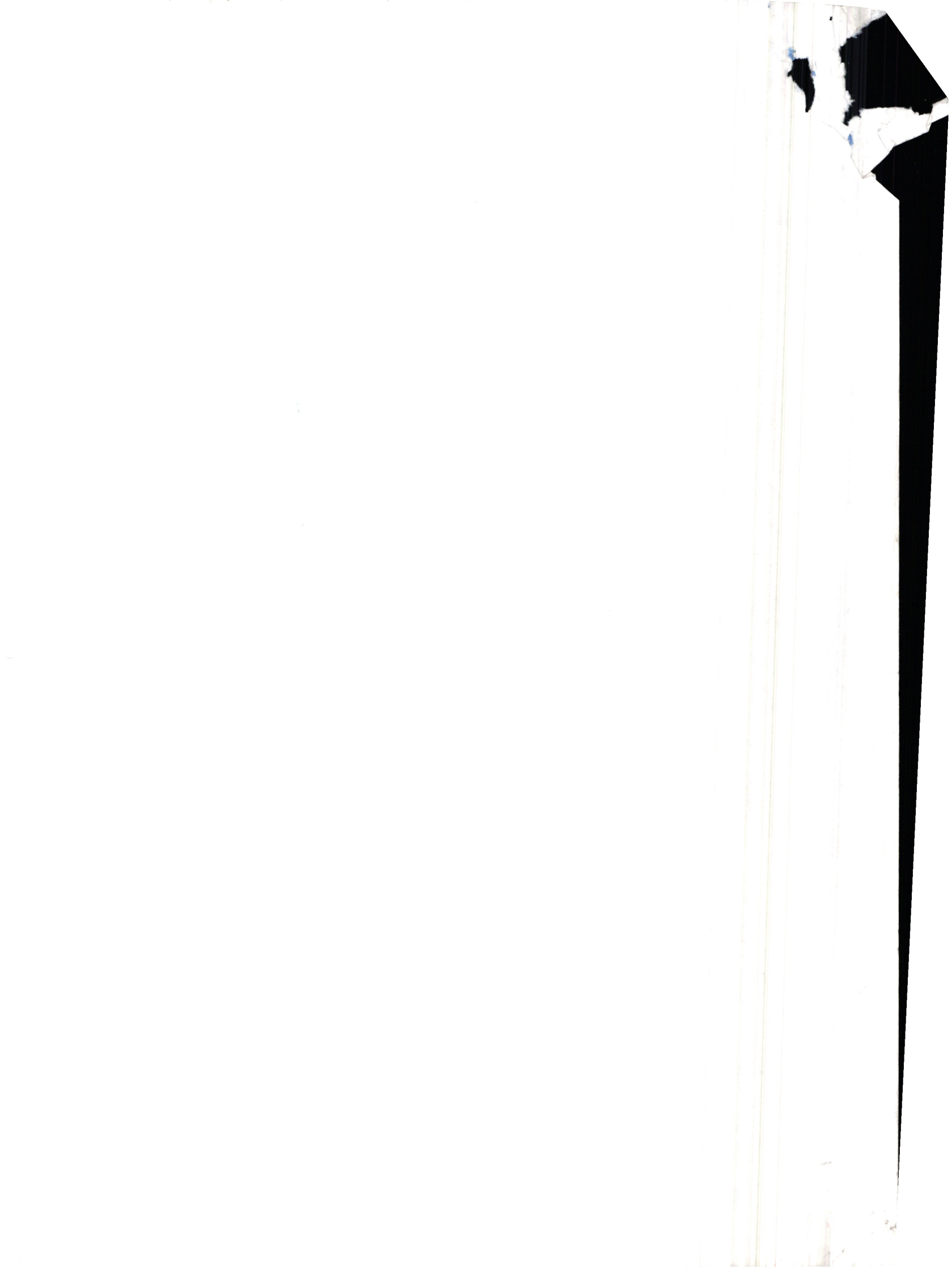
Paper Laid
By Hon. Aden Duale, MP (hon)
On Thurs 11.05.2017 (pm)
Mmm

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
THE OFFICE OF THE REGISTRAR OF
POLITICAL PARTIES

FOR THE YEAR ENDED
30 JUNE 2016



5-11-2017



OFFICE OF THE REGISTRAR
OF POLITICAL PARTIES
ORPP

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
13 FEB 2017
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Republic of Kenya

ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016

 Office of the Registrar of Political Parties -ORPP
Telephone: +254(0)204022000,0772 281357
Email: registrar@orpp.or.ke
Website: www.orpp.or.ke

 @ORPPKenya
Lion Place, 1st Floor
Off Waiyaki Way
P.O. Box 1131-00606
NAIROBI

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2016 (KSHS)**

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I. KEY INFORMATION AND MANAGEMENT

(a) Background information

The Office of the Registrar of Political Parties (ORPP) is an independent State Office within the meaning of Article 260 of the Constitution established by the Political Parties Act, 2011. It is a body corporate with perpetual succession and a seal. The Act operationalizes Articles 91 and 92 of the Constitution that affirms and recognizes political parties as important institutions in the promotion of democracy. Political parties are a link between state institutions and local grass root organizations. The office promotes democratic of political system that is issue-based, people-centred, result-oriented and accountable to the public as outlined in the Second Medium Term Plan (MTP II) of Vision 2030.

Vision

An inclusive and viable democratic multi-party system

Mission

To promote institutionalized democratic political parties in Kenya

Core Values

The Office is a State Office governed by the national values and principles of governance, leadership and integrity as stipulated in the Constitution of Kenya and is bound by the principles governing public service as set out in Article 232.

The Office is committed to upholding the following specific values:

- i. Professionalism;
- ii. Integrity;
- iii. Teamwork;
- iv. Transparency;
- v. Respect for the rule of law;
- vi. Equality and Equity; and
- vii. Impartiality.

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Mandate

The mandate of the ORPP is to register, regulate and administer the Political Parties Fund. The statutory functions of the office are as outlined below:-

- (a) Register, regulate, monitor, investigate and supervise political parties to ensure compliance with this Act;
- (b) Administer the Political Parties Fund;
- (c) Ensure publication of audited annual accounts of political parties;
- (d) Verify and make publicly available the list of all members of political parties;
- (e) Maintain a register of political parties and the symbols of the political parties;
- (f) Ensure and verify that no person is a member of more than one political party and notify the Commission of his findings;
- (g) Investigate complaints received under the Act; and
- (h) Perform such other functions as may be conferred by the Act or any other written law.

(b) Key Management

The Office of The Registrar of Political Parties is headed by the Registrar of Political Parties who is responsible for the general policy and strategic direction of ORPP. The Registrar is deputized by three Assistant Registrars. The office has the following key departments: -

- Registration and County Coordination
- Compliance and Regulation; and
- Corporate Affairs.

Fiduciary Management

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

| Names | Title designation |
|------------------------|---|
| Lucy Kamunye Ndungu | Registrar of Political Parties |
| Dinah Anyango Liech | Assistant Director Human Resources |
| Joel Kiplangat Terer | Assistant Director Records Management |
| Juliet Wanjiku Murimi | Manager Political Parties |
| Joel Nyagwoka Onchwati | Principal Finance Officer |
| John Mwai Macharia | Chief Accountant |
| Veronica Ndinda Muasya | Chief Internal Auditor |
| Joseph Kanja Kariuki | Senior Economist |
| Enid Moraa Nyamwaro | Chief Supplier Chain Management Officer |

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(c) Fiduciary Oversight Arrangements

The following are some of the oversight authorities that are in place in the ORPP;

- Budget Implementation Committee
- Audit Committee
- Legal, Standards and Compliance Committee
- Tender Evaluation Committee
- Disposal Committee
- Inspection and Acceptance Committee and
- Human Resource and Administrative Committee

(d) Headquarters

P.O. Box 1131 – 00606,
Lion Place 1st Floor,
Karuna Close, Off Waiyaki Way,
Westlands, Nairobi, Kenya.

(e) Contacts

Telephone: (254) (020) 4022000
E-mail: registrar@orpp.or.ke
Website: www.orpp.or.ke.

(f) Banker

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

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

II. FORWARD BY THE ATTORNEY GENERAL

Introduction

The Republic of Kenya is a multi-party democratic state founded on the national values and principles of governance where the people of Kenya are given the mandate to exercise their political and democratic rights. The Constitution further provides that every person is equal before the law and has a right to make political choices which include the right to belong and campaign for a political party of their choice. Articles 91 and 92 of the Constitution recognize political parties as important governance institutions in the promotion of democracy. To operationalize the two Articles the Political Parties Act 2011 (PPA) was enacted. The Act is the primary legal reference for management of political parties.

The Act established the Office of the Registrar of Political Parties (ORPP) as a State Office within the meaning of Article 260 of the Constitution of Kenya, 2010. The Act further provides that ORPP shall be a body corporate with perpetual succession, with a common seal and capable of suing and being sued in its corporate name.

ORPP's core mandate is to register, regulate and administer the Political Parties Fund and to promote democratic political system that is issue-based, people-centered, result-oriented and accountable to the public as envisaged by the Second Medium Term (MTP II) plan of the Vision 2030.

The office with the support of the State Law Office and Department of Justice and other stakeholders developed a robust legal framework for governing the political process to ensure that political parties promote democracy and cohesion among Kenyans. Sixty two (62) political parties were fully registered and six (6) provisionally registered by 30th June 2016.

Section 81(4) of the Public Financial Management (PFM) Act, 2012 provides that an Accounting Officer of a National Government entity shall not later than three months after the end of each financial year submit the entities' financial statements to the Auditor General. Further, Section 32 (2) of the Political Parties Act, 2011 provides that within a period of three months after the end of the financial year, the Office of the Registrar of Political Parties shall submit to the Auditor General, the Accounts of the Office together with the statement of income and expenditure and a statement of assets and liabilities.

The accounts of the Office of the Registrar of Political Parties are hereby forwarded as presented here below:-

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
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1. Budget Performance

During the financial year 2015/2016, ORPP was allocated a budget of Kshs.505.7 million. During the financial year the office requested for additional funds of Kshs.27.7 Million to cater for the inadequate allocation on personnel emoluments which was approved. The office also obtained the National Treasury approval to reallocate funds to cater for medical insurance for staff and for purchase of motor vehicle.

This budget was utilized as follows:

| Item | Amount (in Millions Kshs) |
|--------------------------|----------------------------------|
| Personal Emoluments | 80.1 |
| Other Operating Expenses | 71.4 |
| Political Parties Fund | 367.2 |
| Total | 518.7 |

The actual expenditure for the financial year was Kshs.518.7 million representing 98% budget utilization.

2.0 Key Achievements

In the year under review, the Office implemented its key programs with the following achievements:-

2.1. Registration of political parties

In the year under review, the Office registered three (3) political parties and were issued with certificate of full registration while six (6) were provisionally registered. By 30th June 2016 the office had a total of sixty two (62) registered political parties.

The office kept and maintained an up to date political party membership register. The membership register is publicly available.

The office reviewed and published in the Kenya gazette the following applications for changes filed by the political parties;

| S. No. | Applications for changes by the political parties | No of Applications |
|---------------|--|---------------------------|
| 1 | Constitutions | 10 |
| 2 | Names | 7 |
| 3 | Symbols and Locations | 5 |
| 4 | Officials | 16 |

2.2. Legal Reforms

The office spearheaded the review of the Political Parties Act, 2011 in collaboration with other stakeholders which culminated to the enactment of the Political Parties (Amendment) (No1 and No.2) Act, 2016. The new law addresses gaps identified on the following thematic areas; disbursement of Political Parties Fund; special interest groups; gender; coalition and mergers. The reforms will be useful before, during and after Elections, 2017.

During the year under review the office revised the Political Parties (Registration) Regulations; Political Parties (Political Parties Liaison Committee) Regulations; and Political Parties (Funding) Regulations

2.3 Political Parties Fund

In the financial year 2015/2016, the Government through ORPP Vote allocated Kshs 367.2 million to the Political Parties Fund as grants. The office disbursed the Fund in line with the provision of the Political Parties Act.

2.4 Internal Controls

The Office developed internal audit charter which serves as a guide to the Internal Audit Unit in the performance of its duties. The charter defines the purpose, authority and responsibilities of Internal Audit Function and it provides a basis for the management and the audit committee in evaluating the operations of the Internal Audit Function. The office also developed Audit Committee Charter which sets out the objective, composition, purpose, authority, roles and responsibilities of the Audit Committee.

2.5 Review of the 2015-2020 ORPP Strategic Plan

The ORPP reviewed its Strategic Plan 2015/20 in line with the second Medium Term Plan of the Vision 2030. The outputs include revised mission and vision statements, strategic objectives and activity plans. The Key outcomes outlined in the Strategic plan include; The legal and regulatory Framework strengthened; Monitoring and Evaluation Framework Enhanced; Institutional Capacity of ORPP Strengthened; Enhanced Compliance by the Political Parties; The Management and Administration of ORPP Finances Strengthened; ORPP Corporate Image Enhanced; PPLC Platform Strengthened.

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
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2.6 Capacity Building for the ORPP Staff

The Office of the Registrar of Political Parties sponsored staff on capacity building programs in various fields in the financial year under review. The following training and capacity building activities were undertaken; Two (2) officers on good governance and best practices; Twenty seven (27) officers for Customer Care; seven (7) on Political Parties Leadership; three (3) officers observed elections within the East African Community Partner States; ten (10) officers attended professional annual conferences; two (2) ICT officers on Website management and maintenance; and ten (10) officers on Institutional Risk Policy Framework.

2.7 Capacity Building of Political Parties

i) Strengthening the Kenya Political Parties Leadership

The office of Registrar of Political Parties in collaboration with Kenya School of Law and Intellectual Resources Centre developed the Political Parties Leadership Curriculum. Gender perspectives were also mainstreamed in the curriculum. Using the curriculum 180 political parties' national officials comprising of the Chairpersons/Party Leaders, Secretary Generals, Women, Youth and PLWDs were trained. To cascade the training to the county level, the office trained 112 Trainers of Trainers (ToTs) to train political parties' county officials. In addition the Office developed a Source Book on Strengthening the Political Leadership to ensure harmony in the training of political parties' officials at the county level.

ii) Capacity building on the management of Political Parties Fund

The Office sensitized Secretary Generals' of political parties on their role as Accounting Officers. In addition, the ORPP with the support of the National Treasury, the Kenya National Audit Office and Public Procurement and Oversight Authority, trained financial managers and executives of political parties on the accounting, audit and procurement processes of government funds as provided for in the Public Financial Management Act, 2012.

2.8 Gender Equality in Political Parties

To enhance women's participation in the political and electoral process, the office carried out several activities which included;

- i. Monitoring that the governing officials of the parties meet the two-thirds gender principle.
- ii. Perusal of the party constitutions to verify Gender Equality provision.
- iii. Sensitization programs on compliance with the two-third gender Principle provision.

2.9 Office Partitioning, Purchase of Motor Vehicle and ICT Equipment

During the period under review, the office undertook phase two of the Partitioning of the offices. Additional nine offices were partitioned. The office has a total of fifteen offices, visitor's lounge, boardroom, server room, two registries and a store.

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
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The office procured one motor vehicle (Toyota Van) for office use and ICT equipment.

3.0 Emerging Issues

In the year under review the following were the emerging issues;

- Reforms in the electoral laws
- Shifting in political realignment
- Heightened activities in preparation of 2017 General Elections

4.0 Challenges

The office has experienced the following challenges:-

a) Inadequate Staffing Levels

The office is operating below its approved optimal staffing level. This has been occasioned by a delay in recruitment of the Registrar of Political Parties and three Assistant Registrars as provided for by the Political Parties Act, 2011. In addition, the staff establishment has not been achieved due to recruitment embargo in the Public Service.

b) e-Procurement

The office faces challenges with prequalified suppliers who are not conversant with Integrated Financial Management Information System (IFMIS) operation, resulting to procurement delays.

c) IFMIS

The office often experience frequent fluctuations in IFMIS connectivity which affects its operations.


d) Reforms in the electoral laws

Strict timelines for 2017 General Elections in line with reforms in the electoral laws

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
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5.0 Way Forward

- 1) The Political Parties (Amendment) (No 2) Act, 2016 should be fully implemented in particular Schedule six
- 2) Obtain authority to fill in key vacant positions to effectively implement its mandate.
- 3) Work closely with The National Treasury on possible ways of improving efficiency in the use of IFMIS and;
- 4) ORPP is committed in implementing its mandate, programs and activities



Hon. Githu Muigai, EGH, FCI Arb
Attorney General

Date: 21/6/16

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
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III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for Office of the Registrar of Political Parties(ORPP) shall prepare financial statements in respect of that the accounting unit. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Registrar of Political Parties is in charge of the office of the Registrar of Political Parties and is responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state of affairs of the office for and as at the end of the financial year 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 Office of the Registrar of Political Parties; (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 office of the Registrar of Political Parties; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Registrar of Political Parties accepts responsibility for the 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) and relevant legal framework of the Government of Kenya. The Registrar of Political Parties of the opinion that the financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2016, and of the financial position as at that date. The Registrar of Political Parties further confirms the completeness of the accounting records maintained for the office, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

The Registrar confirms that the office has complied fully with applicable Government Regulations and the political parties Act and that the Office of the Registrar of Political Parties' funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Registrar confirms that the 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 office of the Registrar of Political Parties' financial statements were approved and signed by the Registrar on 30/09/ 2016.


Lucy K. Ndungu, EBS
Registrar of Political Parties


John M. Macharia
Chief Accountant

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
REPORT AND FINANCIAL STATEMENTS
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IV. REPORT OF THE INDEPENDENT AUDITORS ON THE REGISTRAR OF POITICAL PARTIES

We have audited the accompanying (consolidated) financial statements of Office of the Registrar of Political Parties for the year ended June 30, 2016 which comprise: (i) a statement of receipts and payments; (ii) a statement of financial assets and liabilities; (iii) a statement of comparative budget and actual amounts; (iv) a statement of pending bills as at June 30, 2016; and (v) a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Registrar of Political Parties is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit 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 auditors' 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 Office of the Registrar of Political Parties' 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 Office of the Registrar of Political Parties' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Office of the Registrar of Political Parties as at June 30, 2016, and its receipts and payments, as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Auditor General

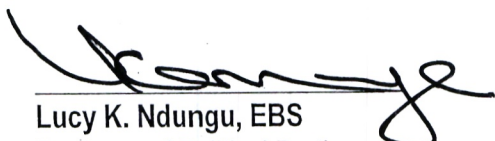
Date

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
 REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30TH, 2016 (KSHS)**

V. STATEMENT OF RECEIPTS AND PAYMENTS

| | Note | 2015-2016 | 2014-2015 |
|-----------------------------|------|--------------------|--------------------|
| RECEIPTS | | | |
| Exchequer releases | 1 | 519,300,000 | 457,341,000 |
| Administration Fees – A.I.A | 2 | - | 200,000 |
| TOTAL RECEIPTS | | 519,300,000 | 457,541,000 |
| PAYMENTS | | | |
| Compensation of Employees | 3 | 80,109,049 | 64,276,166 |
| Use of goods and services | 4 | 54,985,096 | 36,327,198 |
| Other grants and transfers | 5 | 367,200,000 | 360,000,000 |
| Acquisition of Assets | 6 | 16,424,144 | 2,831,448 |
| TOTAL PAYMENTS | | 518,718,289 | 463,434,812 |
| SURPLUS/DEFICIT | | 581,711 | -5,893,812 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Office of the Registrar of Political Parties financial statements were approved on 30.9. 2016 and signed by:


 Lucy K. Ndungu, EBS
 Registrar of Political Parties


 John M. Macharia
 Chief Accountant

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE OFFICE OF REGISTRAR OF POLITICAL PARTIES FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Office of the Registrar of Political Parties set out on pages 12 to 25, which comprise the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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 misstatement, 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 preparation

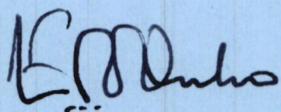
Report of the Auditor-General on Financial Statements of the Office of the Registrar of Political Parties for the year ended 30 June 2016

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 Registrar of Political Parties 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 statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Registrar of Political Parties 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 the Public Finance Management Act, 2012.



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

Nairobi

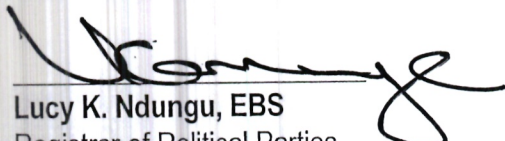
10 March 2017


**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
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VI. STATEMENT OF ASSETS

| | Note | 2015-2016 Kshs | 2014-2015 Kshs |
|----------------------------------|------|-------------------|-------------------|
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances | 7A | 368,710 | 11,918 |
| Cash Balances | 7B | 169,084 | 30,516 |
| Outstanding Advances | 7C | 43,917 | 100,000 |
| | | 581,711 | 142,434 |
| TOTAL FINANCIAL ASSETS | | | |
| REPRESENTED BY | | | |
| Fund balance b/fwd | 8B | 142,434 | 6,036,247 |
| Surplus/Deficit for the year | | 581,711 | (5,893,812) |
| Less Prior year adjustment | 8 | 142,434 | - |
| NET FINANCIAL POSITION | | 581,711 | 142,434 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Office of the Registrar of Political Parties financial statements were approved on 30.9. 2016 and signed by:


 Lucy K. Ndungu, EBS
 Registrar of Political Parties


 John M. Macharia
 Chief Accountant

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
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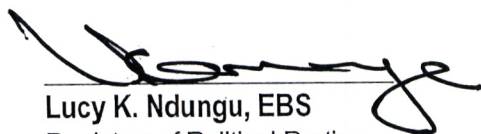
VII STATEMENT OF CASHFLOW


2015-2016

2014-2015

| | | | |
|--|---|-------------------|--------------------|
| Receipts for operating income | | | |
| Exchequer Releases | 1 | 519,300,000 | 457,341,000 |
| Administrative fees – A.I.A | 2 | - | 200,000 |
| Payments for operating expenses | | | |
| Compensation of Employees | 3 | (80,109,049) | (64,276,166) |
| Use of Goods and services | 4 | (54,985,096) | (36,327,198) |
| Other grants and transfers | 5 | (367,200,000) | (360,000,000) |
| Adjusted for: | | | |
| Outstanding amount from fund account | | | - |
| Adjustments during the year | | - | - |
| | | 17,005,855 | 3,062,364 |
| Net cash flow from operating activities | | | |
| Cashflow From Investing Activities | | | |
| Acquisition of Assets | 6 | (16,424,144) | (2,831,448) |
| Net cash flows from Investing Activities | | (16,424,144) | (2,831,448) |
| Cashflow From Borrowing Activities | | | |
| Net Increase In Cash And Cash Equivalent | | 581,711 | (5,893,812) |
| Cash and cash equivalent at Beginning of the year | | 142,434 | 6,036,247 |
| Prior year Adjustment | | (142,434) | |
| Cash and cash equivalent at End of the year | | 581,711 | 142,434 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Office of the Registrar of Political Parties financial statements were approved on 30.9. 2016 and signed by:


Lucy K. Ndungu, EBS
Registrar of Political Parties


John M. Macharia
Chief Accountant

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2016 (KSHS)**

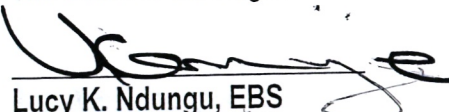
IV. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED


| Code | Revenue/Expense Item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilisation Difference | % of Utilisation Difference to Final Budget |
|-------------|-------------------------------------|-----------------|-------------|--------------|----------------------------|-------------------------------|---|
| | | a | b | c=a+b | d | e=d-c | f=d/c % |
| 21 | Compensation of Employees | 57,156,240 | 18,300,471 | 75,456,711 | 75,431,317 | 25,394 | 100% |
| 22 | Use of goods and services | 58,190,793 | -1,000,000 | 57,090,793 | 49,180,524 | 7,910,269 | 86% |
| 263 | Transfers to Other Government Units | | | - | | | |
| 261/2/4 | Other grants and transfers | 367,200,000 | - | 367,200,000 | 367,200,000 | - | 100% |
| 27 | Social Security Benefits | 2,781,477 | 2,000,240 | 4,781,717 | 4,677,732 | 103,985 | 98% |
| 31 | Acquisition of Assets | 10,870,000 | 9,300,000 | 20,270,000 | 16,424,144 | 3,845,856 | 81% |
| 28 | Other Expenses | 9,583,300 | -900,000 | 8,683,300 | 5,804,572 | 2,878,728 | 67% |
| Grand Total | | 505,781,810 | 27,700,711 | 533,482,521 | 518,718,289 | 15,341,993 | 98% |

The Office of the Registrar of Political Parties attained 98% budget utilization during the year under review.

- The office realized low budget execution on the following items; Use of goods and services, acquisition of assets and other expenses. This is due to late authorization of the supplementary budget which was done late in June thus there was no enough time to incur the expenditure.
- Secondly there were challenges with the e-Procurement that slowed down processing of payments. This has been highlighted as a challenge earlier in the document No. 4 (b). Frequent downturn of the IFMIS system also contributed largely to the low budget utilization in the identified areas.

The Office of the Registrar of Political Parties financial statements were approved on 30.9.2016 and signed by:


Lucy K. Ndungu, EBS
Registrar of Political Parties


John M. Macharia
Chief Accountant

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2016 (KSHS)**

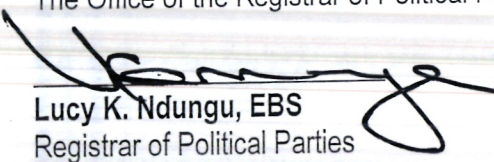
V SUMMARY STATEMENT OF APPROPRIATION: RECURRENT


| Code | Revenue/Expense Item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilisation Difference | % of Utilisation Difference to Final Budget |
|-------------|-------------------------------------|-----------------|-------------|--------------|----------------------------|-------------------------------|---|
| | | a | b | c=a+b | d | e=d-c | f=d/c % |
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| 261/2/4 | Other grants and transfers | 367,200,000 | - | 367,200,000 | 367,200,000 | - | 100% |
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**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
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 FOR THE YEAR ENDED JUNE 30TH, 2016 (KSHS)**

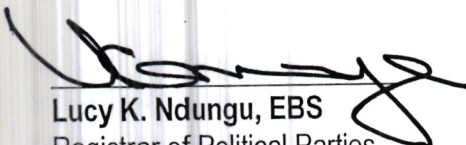
VII. SUMMARY STATEMENT OF PROVISIONINGS

- Details of General Accounts On Vote

| | 2015-2016 Kshs | 2014-2015 Kshs |
|----------------------------------|-------------------|-------------------|
| GAV Provisioning account balance | 14,764,232 | 14,338,183 |
| Total | 14,764,232 | 14,338,183 |

- Details of Exchequer Account

| | 2015-2016 Kshs | 2014-2015 Kshs |
|--|-------------------|-------------------|
| Exchequer Provisioning account balance | 14,182,521 | 12,383,752 |
| Total | 14,182,521 | 12,383,752 |


 Lucy K. Ndungu, EBS
 Registrar of Political Parties


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**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
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FOR THE YEAR ENDED JUNE 30TH, 2016 (KSHS)**

VIII. 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. 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 Office of the Registrar of Political Parties and all values are rounded to the nearest one 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. The cash basis of accounting recognises transactions and events only when cash is received or paid by the Office of the Registrar of Political Parties.

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the Office of the Registrar of Political Parties 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 Office of the Registrar of Political Parties 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 in 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 at the end of the

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2016 (KSHS)**

financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

5. 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 Office of the Registrar of Political Parties at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

The budget is developed on the same accounting basis (cash basis), and for the same period as the financial statements. The Office of the Registrar of Political Parties' budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Office of the Registrar of Political Parties' actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. 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, 2015.

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2016 (KSHS)**

IX. NOTES TO THE FINANCIAL STATEMENTS

1 EXCHEQUER RELEASES

| | 2015-2016 Kshs | 2014-2015 Kshs |
|--|---------------------------|---------------------------|
| Total Exchequer Releases for quarter 1 | 210,500,000 | 15,620,000 |
| Total Exchequer Releases for quarter 2 | 30,000,000 | 202,000,000 |
| Total Exchequer Releases for quarter 3 | 135,340,000 | 201,421,000 |
| Total Exchequer Releases for quarter 4 | 143,460,000 | 38,300,000 |
| Total | 519,300,000 | 457,341,000 |

2. Administration Fees A.I.A

The approved budget for the financial year 15/16 there was no provision to collect AIA. However in executing the mandate of the office collected Kshs.3,374,380.00 as AIA. This was from fees charged on registration of political parties and the official name search. This amounted to excess collection and was surrendered to the exchequer vide MR Number 7339234 dated 29/6/2016.

3 COMPENSATION OF EMPLOYEES

| | 2015-2016 Kshs | 2014-2015 Kshs |
|---|---------------------------|---------------------------|
| Basic salaries of permanent employees | 43,458,884 | 35,791,123 |
| Basic wages of temporary employees | - | - |
| Personal allowances paid as part of salary | 32,278,165 | 25,148,318 |
| Pension and other social security contributions | 472,000 | 463,648 |
| Compulsory national social security schemes | 3,900,000 | 2,873,077 |
| Total | 80,109,049 | 64,276,166 |

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2016 (KSHS)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 USE OF GOODS AND SERVICES

| | 2015-2016 | 2014-2015 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Utilities, supplies and services | 932,768 | 2,054,169 |
| Communication, supplies and services | 2,197,687 | 3,244,625 |
| Domestic travel and subsistence | 7,589,095 | 5,898,790 |
| Foreign travel and subsistence | 841,472 | 1,091,258 |
| Printing, advertising and information supplies & services | 957,774 | 572,552 |
| Rentals of produced assets | 16,341,084 | 15,457,700 |
| Training expenses | 1,403,189 | 1,525,187 |
| Hospitality supplies and services | 4,275,560 | 2,856,070 |
| Insurance Costs | 9,834,303 | 5,730 |
| Specialised Materials | 446,957 | |
| Office and general supplies and services | 2,702,232 | 1,629,939 |
| Refined fuels and lubricants | 1,151,204 | |
| Other operating expenses | 4,829,938 | 1,632,866 |
| Routine maintenance – vehicles and other transport equipment | 1,481,833 | 296,376 |
| Routine maintenance – other assets | - | 61,936 |
| Total | 54,985,096 | 36,327,198 |

5 OTHER GRANTS AND OTHER PAYMENTS

| | 2015-2016 | 2014-2015 |
|---------------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Other current transfers, grants | 367,200,000 | 360,000,000 |
| Total | 367,200,000 | 360,000,000 |

Grants to Political Parties Fund rose by 2% to 367.2 million in financial year 2015/16 as compared to 360 million provided for in the financial year 2014/15.

6 ACQUISITION OF ASSETS
Non-Financial Assets

| | 2015-2016 | 2014-2015 |
|--|-------------------|------------------|
| | Kshs | Kshs |
| Refurbishment of Buildings | 9,553,600 | 1,450,000 |
| Motor Vehicle | 4,000,000 | - |
| Purchase of Office Furniture and General Equipment | 2,338,000 | 1,381,448 |
| ICT Equipment | 532,544 | - |
| Total | 16,424,144 | 2,831,448 |

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
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| 7A: BANK ACCOUNTS | 2015-2016 Kshs | 2014-2015 Kshs |
|--|---------------------------|---------------------------|
| Central Bank of Kenya-A/C NO .1000181206 | 368,710 | 11,918 |
| Total | 368,710 | 11,918 |

7B: CASH IN HAND

| | 2015-2016 Kshs | 2014-2015 Kshs |
|--------------|---------------------------|---------------------------|
| Headquarters | 169,084 | 30,516 |
| Total | 169,084 | 30,516 |

| 7C. Outstanding Advances | 2015-2016 Ksh. | 2014-2015 Ksh. |
|---------------------------------|---------------------------|---------------------------|
| Salary Advance | 43,917 | 100,000 |

8. Fund Balance B/F

| | 2015-2016 Kshs. | 2014-2015 Kshs. |
|--|----------------------------|----------------------------|
| | 142,434 | 6,036,247 |

Fund Balance B/F

The fund balance as at the close of the financial year 2014-15 was Kshs. 142,434 broken down as follows:-

| | 2014-2015 Kshs. |
|----------------|----------------------------|
| Cash | 30,516 |
| Bank | 11,918 |
| Staff advances | 100,000 |
| Totals | <u>142,434</u> |

The cash and bank balance brought forward as at 30th June 2015 amounted to Ksh.42, 434.10. This was surrendered to the exchequer as required by The Public Finance Management Act 2012 and an official receipt number 6545686 issued.

Further, there was Kshs.100,000 being staff advances which were recoverable from their salaries. The balance of the advance during the year under review is Kshs.43,917 as shown in note 7C.

This therefore necessitated adjustment to the accounts in the form of prior year adjustment to have the opening balances as zero.

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
 REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30TH, 2016 (KSHS)**

2. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue | Status: | Timeframe: |
|--|-----------------------------------|---|---|-------------|------------|
| OAG/RPPF/20 14/2015 | Unregistered Lease Agreement | The office is in communication with the landlord to have the process of registering the lease finalised in line with section 54 of the Land Registration Act. | Joel Terer | In Progress | 3 Months |
| | | | | | |
| | | | | | |
| | | | | | |

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30TH, 2016 (KSHS)**

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

| Supplier of Goods or Services | Outstanding Balance 2015 | Outstanding Balance 2014 |
|-------------------------------------|-----------------------------|-----------------------------|
| | Kshs | Kshs |
| Supply of goods | - | |
| 1. Rentokil Initial | - | 170,404 |
| 2. Miken Terprice | - | 96,000 |
| 3. J.K. Kibicho | - | 991,000 |
| 4. Rafts Enterprises | - | 525,000 |
| 5. Dure enterprises | - | 236,000 |
| 6. Doalan General Supplies | - | 71,735 |
| 7. Reindeer Ventures | - | 189,550 |
| 8. Flope Investment | - | 79,000 |
| 9. Baron General Merchants | - | 271,000 |
| 10. Ministry of Housing | - | 195,000 |
| 11. Beadles Ltd | - | 66,000 |
| 12. Eagle soar enterprise | - | 436,000 |
| 13. AON MINET Insurance Brokers Ltd | 1,668,924.45 | - |
| 14. Director Pension | 1,179,737.30 | - |
| 15. Highpoint Agencies | 287,500.00 | |
| 16. Symc Motors | 317,570.00 | |
| 17. CMC Motors | 65,989.00 | |
| 18. Focus Safaris | 155,360.00 | |
| 19. Longrock | 95,745.00 | |
| 20. Cupstone | 32,480.00 | |
| Total | 3,803,305.75 | 3,060,285 |

**OFFICE OF THE REGISTRAR OF POLITICAL PARTIES
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ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

| Asset class | Historical Cost (Kshs) 2015/16 | Historical Cost (Kshs) 2014/15 |
|--|---|---|
| Office equipment, furniture and fittings | 2,338,000 | 458,350 |
| Other Machinery and Equipment | 532,544 | 923,098 |
| Refurbishment of buildings | 9,553,600 | 1,450,000 |
| Motor Vehicle | 4,000,000 | - |
| Total | 16,424,144 | 2,831,448 |

