

REPUBLIC OF KENYA



*Laid on 19.2.2015
by Hon. A. Duale (hon)
Mw*



KENYA NATIONAL AUDIT OFFICE

REPORT OF

REPUBLIC OF KENYA



THE AUDITOR-GENERAL

KENYA NATIONAL AUDIT OFFICE

ON

**THE FINANCIAL STATEMENTS OF
POLITICAL PARTIES FUND**

**FOR THE YEAR ENDED
30 JUNE 2014**

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P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON POLITICAL PARTIES FUND FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements Political Parties Fund set out on pages 1 to 10, which comprise the statement of financial assets and liabilities as at 30 June 2014, and the statement of receipts and payments, statement of cash flow and statement of comparative 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 8 of the Public Audit Act, 2003. 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

The Registrar of Political Parties 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 6 of the Public Audit Act, 2003.

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 9 of the Public Audit, 2003. The audit was conducted in accordance with International Standards on Auditing. 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, whether due to fraud or error.

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 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 Fund'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 statements.

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

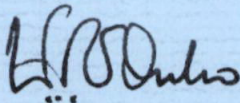
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Political Parties Fund as at 30 June 2014, 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 Political Parties Act, 2011.

Emphasis of Matter

I draw your attention to the following matter.

The statement of receipts and payments reflected Kshs.3,908,863.00 under purchase of goods and services which includes a total of Kshs.941,855.00 paid as pending bills incurred in the previous years by Independent Electoral and Boundaries Commission (IEBC). The pending bills were in respect of advertisements carried by the media houses under Political Parties Fund Account. However, IEBC had not confirmed whether there were other bills not yet settled relating to previous years. My opinion is not qualified in respect this matter.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

23 December 2014



KENYA NATIONAL AUDIT OFFICE
P. O. Box 30084 - 00100, NAIROBI.

29 SEP 2014

RECEIVED

Office of the Registrar of Political Parties

POLITICAL PARTIES FUND

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30th, 2014

LITICAL PARTIES FUND
PORTS AND FINANCIAL STATEMENTS
R THE FINANCIAL YEAR ENDED JUNE 30, 2014

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**POLITICAL PARTIES FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014**

1. FUND INFORMATION AND OVERALL PERFORMANCE

1.1 Name and Registered Office

Name:

Political Parties Fund

Objective:

The key objective of the fund is for purposes compatible with democracy

Address:

The fund headquarters are at the Office of Registrar Political Parties Lion Place 1st Floor, Off Waiyaki Way, P.O. Box 1136 – 00606 Nairobi County, Kenya.

Contacts:

Office of Registrar Political Parties

Telephone: (254) (0)4272000

E-mail: rpp@iebc.or.ke

Website: www.iebc.ke

1.2 Fund Information

Fund Start Date:	1 July 2009
Fund Manager:	Registrar of Political Parties
Fund Sponsor:	National Government as may be provided by Parliament

1.3: Fund Overview

Line Ministry/State Department of the fund	Office of Registrar of Political Parties
Fund number	N/A
Strategic goals of the fund	<p>The strategic goals of the fund are as follows:</p> <ul style="list-style-type: none"> i. Promote representation, participation and active participation of citizens in political life ii. Covering political party election expenses and broadcasting party policies iii. Civic education in democracy and other electoral processes iv. Bringing political parties influence to bear on the shaping of public opinion v. Administrative and staff expenses

**POLITICAL PARTIES FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014**

Achievement of strategic goals	<p>The fund management aims to achieve the goals through the following means:</p> <ol style="list-style-type: none"> i. Promotion of representation of women and persons with disabilities, youth ethnic , other minorities and marginalised communities ii. Promotion of active participations of individual citizens in political life iii. Utilize for political party election expenses and broadcast of policies iv. Conduct civic education and democracy v. Shape public opinion vi. Payment of administrative and staff expenses
Other important background information of the fund	<p>The Political Parties Act, 2011 provides that the source of the Fund are such funds not being less than zero point three per cent of the revenue collected by the National Government as may be provided by Parliament.</p> <p>The Fund is distributed as follows 95% to political parties as per the law and 5% to administer the fund.</p> <p>A political party shall not be entitled to receive funding if:</p> <ol style="list-style-type: none"> i. The party does not secure at least five percent of the total number of votes ii. More than two-thirds of its registered office bearers are of the same gender. <p>The fund shall not be spent on:</p> <ol style="list-style-type: none"> i. Remuneration, fees, rewards, allowances or any benefit to a member or supporter except staff, ii. Financing expenses contrary to code of ethics for public officers, iii. Establishing any business or acquiring or maintaining any right or financial interest, and iv. Any purpose contrary to promoting multi-party democracy and electoral processes
Current situation that the fund was formed to intervene	<p>The fund was formed to intervene in the following areas:</p> <ol style="list-style-type: none"> i. Foster democracy in line with the Constitution and Vision 2030 ii. Promote representation of women, youth , minority and marginalized communities iii. To address the uneven playing ground for free and fair election iv. To promote civic education and good governance
Fund duration	The Fund was established by an Act of Parliament

1.4: Bankers

The following is the banker for the current year:

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

POLITICAL PARTIES FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014

1.5: Auditors

The fund is audited by the Auditor General:
 Kenya National Audit Office
 Anniversary Towers, University Way
 P.O. Box 30084
 GPO 00100
 Nairobi, Kenya

1.6: Roles and Responsibilities

List the different people who will be working on the fund. This list would include the fund manager and all the key stakeholders who will be involved with the fund. Also, record their role, their positions, and their contact information.

Names	Title designation
Lucy Kamunye Ndungu	Registrar of Political Parties
Joel Nyagwoka Onchwati	Principal Finance Officer
Dinah Anyango Liech	Assistant Director Human Resources
Juliet Wanjiku Murimi	Manager Political Parties
John Mwai Macharia	Chief Accountant
Veronicah Ndinda Muasya	Chief Internal Auditor
Joseph Kanja Kariuki	Senior Economist
John Okumu Tako	Senior Supplies Chain Management Assistant

1.7: Summary of Overall Fund Performance:

- i. Budget performance against actual amounts for current year and for cumulative to-date:

Year	2009/10	2010/2011	2011/12	2012/13	2013/14
Allocation (kshs. Millions)	200	200	250	240	205
Expenditure (kshs. Millions)	132	191	286	224	202
Variance (kshs. Millions)	68	9	(36)	16	3

The budget annual allocation since the fund commenced is tabulated as above. The fund for the year under review was Kshs. 205.2 Million. Ninety five percent (95%) of the fund was distributed to political parties and 5% was utilized for the administration of the Fund.

- ii. Physical progress based on outputs, outcome and impacts since fund commencement,

There has been significant progress since the establishment of the Fund, based on outputs, outcomes and impact. The Fund has fostered interparty relations; Created awareness on the Constitution, electoral laws and laws governing political parties; promoted representation of women and persons with disabilities, youth ethnic , other minorities and marginalised communities. In addition the Fund has increased individual citizen participation in political life hence shaping public opinion.

**POLITICAL PARTIES FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014**

iii. Comment on value-for-money achievements,

The organisation and management of political parties in Kenya has improved. It has also enabled political parties to achieve a level of financial independence and fostered dialogue among political parties.

iv. Implementation challenges and recommended way forward

Implementation Challenge:

Fund Allocation : Section 24 stipulates that the Fund will receive “Such funds not less than zero point three per cent of the revenue collected by the government or as may be provided by the Parliament”. In the financial year under review, the Fund was allocated 205.2 million which does not comply with the provision of the Act.

Implementation Challenge:

Political parties lack adequate capacity to manage the resources in accordance with the Government Financial Regulations.

Way Forward:

The National Treasury to provide funds as stipulated by law.
Enhance capacity of political parties fund managers.

1.8 Summary of Fund Compliance

Significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants include:

There was significant compliance with laws and regulations

Below is a list of consequences suffered or likely to be suffered on account of non-compliance

- i.** Issue a warning letter
- ii.** Withhold funds
- iii.** Suspend the registration
- iv.** Deregistration

The Office has undertaken mitigation measures to alleviate the adverse effects of actual or potential consequences of non-compliance through issuance of notices and circulars to political parties to demand compliance. The office is planning to conduct induction for the financial managers on public finance management.

**POLITICAL PARTIES FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014**

2. STATEMENT OF FUND 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 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.

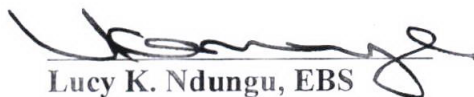
The Registrar of Political Parties is in charge of the office of the Registrar of Political Parties and is responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state of affairs of the office for and as at the end of the financial year ended on June 30, 2014. 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 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.

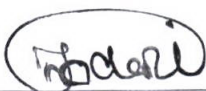
The Registrar accepts responsibility for the financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Registrar is 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, 2014, and of the financial position as at that date. The Registrar 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 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. 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 Political Parties Fund's financial statements were approved and signed by the Accounting Officer on 29/9/ 2014.


Lucy K. Ndungu, EBS
Registrar of Political Parties


John M. Macharia
Chief accountant

**POLITICAL PARTIES FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014**

REPORT OF THE INDEPENDENT AUDITORS ON THE POLITICAL PARTIES FUND

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Political Parties Fund set out on pages 1 to 8 which comprise the statement of receipts and payments for the financial year/period ended June 30, 2014, and a summary of significant accounting policies and other explanatory notes.

Responsibility for the Financial Statements

The Registrar of Political Parties is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 depended on our professional 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, we considered the internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the company's internal controls. 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.

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 give a true and fair view of the state of financial affairs of the Political Parties Fund for the financial year/period ended June 30, 2014 in accordance with International Public Sector Accounting Standards (IPSAS).

**POLITICAL PARTIES FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014**

Report on Fund Performance and value for money achievement

Based on our audit, we report that nothing came to our attention to indicate substantial non-achievement of value for money objectives. However, we identified a few minor cases of non-achievement of value for money objectives, which have been included in our separate Management Letter to the Registrar of Political Parties.

Report on Compliance with applicable Laws and Regulations

Based on our audit, we report that nothing came to our attention to indicate substantial non-compliance with applicable laws and regulations, as well as essential external financing covenants. However, we identified a few minor cases of non-compliance, which have been included in our separate Management Letter to the Registrar of Political Parties.

Report on Contracts with Debarred Firms

Based on our audit, we report that nothing came to our attention to indicate that debarred firms, both by the government and external financiers, were awarded any contracts under the Fund during the financial year/period under review.

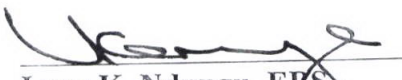
Auditor General, KENYA


Date

**POLITICAL PARTIES FUND
 REPORTS AND FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014**

**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE
 2014**

	Note	2013/2014 Kshs	2012/2013 Kshs
RECEIPTS			
Transfer from Government entities	8.2	205,200,000	240,000,000
Miscellaneous Receipts(Retention)	8.3	296,985	-
Total receipts		205,496,985	240,000,000
PAYMENTS			
Purchase of goods and services	8.4	3,908,863	4,575,646
Acquisition of non-financial assets	8.5	2,503,714	-
Transfers to other government entities	8.6	196,585,449	224,943,342
TOTAL PAYMENTS		202,998,026	229,518,988
SURPLUS/DEFICIT FOR THE YEAR		2,498,959	10,481,012


 Lucy K. Ndungu, ERS
 Registrar of Political Parties



 John M. Macharia
 Chief accountant

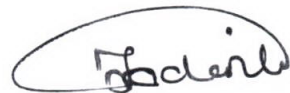
**POLITICAL PARTIES FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014**

5. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2014

	Note	2013 – 2014 Kshs	2012 – 2013 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8.7	62,838,248	60,339,289
TOTAL FINANCIAL ASSETS		62,838,248	60,339,289
REPRESENTED BY:			
Fund balance b/fwd	8.8	60,339,289	49,858,277
Surplus for the year		2,498,959	10,481,012
NET FINANCIAL POSITION		62,838,248	60,339,289

The financial statements were approved on 29/9/ 2014 and signed by:


Lucy K. Ndungu, EBS
Registrar of Political Parties



John M. Macharia
Chief accountant


**POLITICAL PARTIES FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014**

6. STATEMENT OF CASHFLOW FOR THE PERIOD ENDED 30TH JUNE 2014

	Notes	2013 – 2014 Kshs	2012 – 2013 Kshs
Receipts for operating income			
Transfer from Government entities	8.2	205,200,000	240,000,000
Miscellaneous receipts	8.3	296,985	-
Payments for operating expenses			
Purchase of goods and services	8.4	(3,908,863)	(4,575,646)
Transfer to other government entities	8.6	(196,585,449)	(224,943,342)
Net cash flow from operating activities		5,002,673	10,481,012
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8.5	(2,503,714)	-
Net cash flows from Investing Activities		(2,503,714)	-
CASHFLOW FROM BORROWING ACTIVITIES			
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		2,498,959	10,481,012
Cash and cash equivalent at BEGINNING of the year		60,339,289	49,858,277
Cash and cash equivalent at END of the year		62,838,248	60,339,289

The entity financial statements were approved on 29/6/ 2014 and signed by:


Lucy K. Ndungu, FBS
Registrar of Political Parties



John M. Macharia
Chief accountant

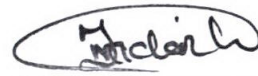
POLITICAL PARTIES (N.I.)
 REPORTS AND FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014

7. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Variance	% of Variance
	a	b	c=a+b	d	e=d-c	f=e/c %
Receipts						
Transfer from Government entities			-	205,200,000	205,200,000	100%
Miscellaneous receipts				296,985	296,985	100%
Total Receipts			-	205,496,985	205,496,985	100%
Payments						
Purchase of goods and services				3,908,863	3,908,863	100%
Acquisition of non-financial assets						
Transfers to other government entities			-	2,503,714	2,503,714	100%
Total Payments			-	196,585,449	196,585,449	100%
			-	202,998,026	202,998,026	100%

The fund does not prepare a separate statement of budget from that of the Office of the Registrar of Political Parties.


 Lucy K. Ndungu, CBS
 Registrar of Political Parties


 John M. Macharia
 Chief accountant

8. NOTES TO THE FINANCIAL STATEMENTS

8.1 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 Accounting Standards Board of Kenya.

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

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

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

i. Recognition of revenue and expenses

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

ii. 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/period. 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 had not been surrendered or accounted for at the end of the financial year/period.

iii. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year/period arising from contracted goods or services during the year/period or in past years/periods. As pending bills do not involve the payment of cash in the reporting period, they are simply disclosed as an Annex to the financial statements. 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.

**POLITICAL PARTIES FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014**

iv. Budget

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

v. Comparative figures

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

vi. Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2014.

**POLITICAL PARTIES FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014**

8.2 TRANSFERS FROM GOVERNMENT ENTITIES

	2013 – 2014 Kshs	2012 – 2013 Kshs
Office of the Registrar of Political Parties (Recurrent)	205,200,000	240,000,000
	205,200,000	240,000,000

In the 2013/2014 financial year Ksh. 205,200,000.00 was provided as grants to Political Parties.

8.3 MISCELLANEOUS RECEIPTS

	2013 – 2014 Kshs	2012 – 2013 Kshs
Miscellaneous receipts (10% retention) Advance Sharp Solution	296,985	-
	296,985	-

This represents 10% retention held in respect of the contractor who partitioned the office until the expiry of the defects period. The contractor will claim the retention immediately the certificate of 'making good defects' is issued to him by the project manager.

8.4 PURCHASE OF GOODS AND SERVICES

	2013 – 2014 Kshs	2012 – 2013 Kshs
Utilities ,Supplies, and Services	385,000	-
Domestic Travel & Subsistence	1,910,133	4,575,646
Printing & Advertising	941,855	-
Training Expenses	180,000	-
Hospitality , supplies & services	491,875	-
Total	3,908,863	4,575,646

This is part of 5% administration expenses of the Fund which the office incurred in the process of administering the fund.

**POLITICAL PARTIES FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014**

8.5 ACQUISITION OF NON-FINANCIAL ASSETS

	2013 – 2014	2012 – 2013
	Kshs	Kshs
Refurbishment of buildings	2,378,214	-
Purchase of office furniture & general equipment	125,500	-
	<u>2,503,714</u>	<u>-</u>

The above amount was spent by the office on partitioning the office space occupied by Internal Audit and Finance office that has the responsibility of managing the fund.

8.6 TRANSFERS TO OTHER GOVERNMENT AGENCIES

	2013 – 2014	2012 – 2013
	Kshs	Kshs
Disbursement to Political Parties	<u>196,585,449</u>	<u>224,943,342</u>

During the financial year 2013/14 the office disbursed the amount shown in note 8.6 in accordance with the Political Parties Act, 2011.

8.7 CASH AND CASH EQUIVALENTS C/FWD

	2013 – 2014	2012 – 2013
	Kshs	Kshs
Central Bank of Kenya -A/c no. 1000181842	<u>62,838,248</u>	<u>60,339,289</u>

8.8 CLOSING FUND BALANCE (Analysis of the bank balance)

Creditors (due to political parties and retention)	27,146,380.74
5% fund administration	<u>35,838,247.96</u>
Total	<u>62,838,247.50</u>

8.9 PENDING BILLS (Annex 1A)

	2013 – 2014	2012 – 2013
	Kshs	Kshs
Supply of services	<u>296,985</u>	<u>-</u>
	<u>296,985</u>	<u>-</u>

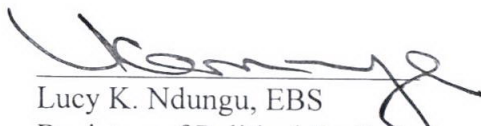
**POLITICAL PARTIES FUND
 REPORTS AND FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014**

9. 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. The office nominated focal persons to resolve the various issues as shown below with the associated time frame within which the issues will be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
Ref.No.CG/PPF/2021/20 13/(6) i	Statement of changes in net assets /equity omitted	The office agreed with the observation	-	Resolved	-
Ref.No.CG/PPF/2021/20 13/(6) ii	Statement of cash flow was omitted	The office agreed with the observation.	-	Resolved	-

The office agreed with the issues raised by external auditors and they were resolved as above


 Lucy K. Ndungu, EBS
 Registrar of Political Parties


 John M. Macharia
 Chief accountant

ANNEX 1A - ANALYSIS OF PENDING PAYABLES

Contractor Services	Outstanding amount
Contractor Services	
Advance Sharp Solution	296,985
Total	296,985

ANNEX 1B - ANALYSIS OF PENDING PAYABLES

Amount due to Recurrent Account	Outstanding amount
Amount due to recurrent	
During the year money was paid from the recurrent CBK A/C No.1000181206 for expenses relating to the fund.	707,200
Total	707,200

The payment is as a result of payment that was well captured in fund ledger as a fund payment which was made from the incorrect bank account (Recurrent)

