



REPUBLIC OF KENYA

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**Summary
of the Report
of the
Auditor – General
on the
Appropriation Accounts,
Other public Accounts
and the
Accounts of the Funds
of the Republic of Kenya
for the
Year 2012/2013**



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OFFICE OF THE AUDITOR GENERAL

Vision

To be the lead agency in promoting good governance and accountability in the management of public resources

Mission

To provide assurance to stakeholders on the use of public resources through quality and timely audit reports

Our Core Values

Independence | Integrity | Professionalism | Innovation

Motto

Promoting Accountability in the Public Sector

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Contents

| | | |
|------------|---|-----------|
| 1. | Legal Mandate of the Office of the Auditor-General | 1 |
| 1.1. | General..... | 1 |
| 1.2. | The Audit..... | 1 |
| 2. | Summary of Budgetary Performance for 2012/2013 | 2 |
| 2.1. | Expenditure Accounts..... | 2 |
| 2.2. | Revenue Accounts | 4 |
| 2.3. | The Exchequer Account as at 30 June 2013 | 5 |
| 3. | Summary of the Audit Results | 7 |
| 3.1. | Overall Audit Results | 7 |
| 3.2 | Audit of Revenue Statements | 9 |
| 3.3. | Audit of Appropriation Accounts | 13 |
| 3.4. | Unsupported Expenditure | 18 |
| 3.5. | Excess Expenditure..... | 19 |
| 3.6. | Pending Bills | 20 |
| 3.7. | Management of Imprests..... | 24 |
| 3.8. | Maintenance of Bank and Cash Accounts | 26 |
| 3.9. | Statements of Assets and Liabilities | 26 |
| 3.10. | Maintenance of Accounting Records | 26 |
| 4.0 | Conclusion | 27 |
| 5.0 | Audit Opinions on the Financial Statements | 28 |
| 5.1. | Unqualified Certificate | 28 |
| 5.2. | Qualified Certificate | 30 |
| 5.3. | Adverse Certificate | 32 |
| 5.4. | Disclaimer Certificate..... | 34 |
| 6. | Appendices..... | 36 |
| 7. | Exchequer Account | 52 |

SUMMARY OF THE REPORT OF THE AUDITOR- GENERAL ON THE APPROPRIATION ACCOUNTS, OTHER PUBLIC ACCOUNTS AND ACCOUNTS OF THE FUNDS OF THE REPUBLIC OF KENYA FOR THE YEAR 2012/2013

1. General

1.1. Legal Mandate of the Office of the Auditor-General

- Office of the Auditor-General is established as an Independent Office under Article 248(3) of the Constitution of the Republic of Kenya.
- The Auditor-General is appointed in accordance with Article 229 of the Constitution.
- The statutory duties and responsibilities of the Auditor-General are given in Article 229(4) (5) (6) and (7) of the Constitution and Public Audit Act (2003).

I have already issued my audit reports to the respective accounting officers for the financial statements for 2012/2013 of their respective Ministries, Agencies, Departments and Funds.

This report provides a Summary of my audit findings of the financial statements of the National Government of the Republic of Kenya for the financial year ended 30 June 2013.

The scope of the audit in National Government includes Ministries, Government Departments, Agencies and Funds.

1.2. The Audit

I carried out my audit in accordance with International Standards on Auditing. Those Standards require that I 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 includes examining,

on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by accounting officers, as well as evaluating the overall financial statements' presentation. It also includes procedures to determine whether public money has been applied lawfully and in an effective way.

I also considered the public entities' internal control systems to determine my auditing procedures for the purpose of expressing an opinion on their financial statements.

To ensure that the execution of the National Budget was in conformity with the provisions of existing laws, regulations and prescribed procedures, the audit essentially covered authorization and approval of expenditure, budget procedures, management of bank accounts and a review of the internal control systems set up by the audited public entities.

The sections below highlight key findings noted during the audit of the financial statements for the year ended 30 June 2013.

2. Summary of Budgetary Performance for 2012/2013

2.1. Expenditure Accounts

2.1.1. In 2012/2013 the Approved Estimated Gross Expenditure was Kshs.1,485,438,350,899 while approved Appropriations-In-Aid (AIA) was Kshs.246,324,086,619 resulting in Net Approved Expenditure of Kshs.1,239,114,264,280 as shown below:-

| | Gross Estimated Expenditure Kshs | AIA Kshs | Approved Net Expenditure Kshs | As a % age of Total Expenditure |
|----------------------------|---|------------------------|--|--|
| Recurrent Vote | 721,713,312,918 | 87,032,374,566 | 634,680,938,352 | 51.2% |
| Development Vote | 417,737,282,580 | 159,291,712,053 | 258,445,570,527 | 20.8% |
| Consolidated Fund Services | 345,987,755,401 | 0 | 345,987,755,401 | 28.0% |
| Total | 1,485,438,350,899 | 246,324,086,619 | 1,239,114,264,280 | 100% |

2.1.2. Summary of expenditure accounts for the year 2012/2013 shows total Actual Expenditure of Kshs.1,114,759,471,598 representing 90% of the net estimated expenditure of Kshs.1,239,114,264,280. In addition, the actual expenditure of Kshs.1,114,759,471,598 for 2012/2013 represents an increase of Kshs.194,735,221,995 or 21% when compared with actual expenditure of Kshs.920,024,249,603 for 2011/2012, as shown below:

| Votes | Net Estimates of Expenditure 2012/2013 Kshs | Actual Expenditure 2012/2013 Kshs | Absorption as a %age of Estimated Expenditure 2011/2012 | Proportion as a % of total actual 2012/2013 | Actual Expenditure 2011/2012 Kshs | % Increase From 2011/2012 |
|-------------------|--|--------------------------------------|---|---|--------------------------------------|---------------------------|
| Recurrent | 634,680,938,352 | 611,695,255,610 | 96% | 55% | 492,770,309,152 | 24% |
| Development | 258,445,570,527 | 190,583,581,630 | 74% | 17% | 211,956,549,840 | -10% |
| Consolidated Fund | 345,987,755,401 | 312,480,634,358 | 90% | 28% | 215,297,390,611 | 45% |
| Totals | <u>1,239,114,264,280</u> | <u>1,114,759,471,598</u> | <u>90%</u> | <u>100%</u> | <u>920,024,249,603</u> | <u>21%</u> |

2.1.3. The Actual Expenditure of Kshs.1,114,759,471,598 comprised expenditure amounting to Kshs.611,695,255,610 or 55 % of the total actual expenditure, Kshs.190,583,581,630 or 17 % of the total actual expenditure and Kshs.312,480,634,358 or 28% of the total actual expenditure under Recurrent Votes, Development Votes and Consolidated Fund Services respectively.

2.1.4. The actual expenditure of Kshs.1,114,759,471,598 represents an increase of 21% when compared to the actual expenditure of Kshs.920,024,249,603 incurred in 2011/2012. This increase is occasioned by an increase of Kshs.118,924,946,458 or 24% and Kshs.97,183,243,747 or 45% of Recurrent Vote and Consolidated Fund Services and a reduction in Development expenditure of Kshs.21,372,968,210 or 10%. It is unfortunate that Development expenditure not only decreased by 10% compared to last year but was also 17% of the total expenditure which falls below the target threshold of about 30% recommended for the Country's economic growth.

2.1.5. There was a net under-expenditure of Kshs.124,354,792,682 made up of under- expenditures of Kshs.22,985,682,742, Kshs.67,861,988,897 and Kshs.33,507,121,043 under Recurrent Votes, Development Votes and Consolidated Fund Services respectively as follows:-

| | Approved Net Estimated Expenditure Kshs | Actual Expenditure Kshs | Under Expenditure Kshs |
|-------------------------------|--|------------------------------------|---------------------------------------|
| Recurrent Votes | 634,680,938,352 | 611,695,255,610 | 22,985,682,742 |
| Development Votes | 258,445,570,527 | 190,583,581,630 | 67,861,988,897 |
| Consolidated Fund Services | 345,987,755,401 | 312,480,634,358 | 33,507,121,043 |
| Total | <u>1,239,114,264,280</u> | <u>1,114,759,471,598</u> | <u>124,354,792,682</u> |

2.1.6. The under-expenditure of Kshs.22,985,682,742 under Recurrent Votes was attributed mainly to inadequate exchequer issues while the under-expenditure of Kshs.67,861,988,897 under Development Votes was attributed to delayed disbursement of donor funds. The under-expenditure of Kshs.33,507,121,043 under Consolidated Fund Services is explained as due to over estimation of the budgeted amount during the year. Detailed reasons for the under/over-expenditure are provided in the respective Appropriation Accounts for 2012/2013.

2.1.7. The Actual Total Appropriations-In-Aid realized during the year under review however amounted to Kshs.161,103,373,462, against estimated receipts of Kshs.246,324,086,619 resulting in a deficiency of Kshs.85,220,713,157. The deficiency represented approximately 35% of the estimated collections and was mainly recorded under the Development Votes, where collections of Kshs.91,266,520,041 were realized against estimated receipts of Kshs.159,291,712,053. The reasons for the under- collection of AIA are provided under the respective Appropriation Accounts.

2.2. Revenue Accounts

2.2.1. During 2012/2013 total revenue recorded as received amounted to Kshs.813,222,666,2010 representing an increase of Kshs.51,539,892,790 or about 7% when compared to actual collections of Kshs. 761,682,773,420 realized in 2011/2012.

2.2.2. Total revenue recorded as received in 2012/2013 totalled Kshs.813,222,666,210 against estimated total receipts of Kshs.922,,817,412,883 resulting in an under-collection of revenue of Kshs.109,594,746,673 or 12%. The total revenue collected of Kshs.813,222,666,210 comprised of Kshs.784,497,879,683 and Kshs.28,724,786,527 relating to Recurrent and Development revenues respectively. However, actual Recurrent Revenue collected during the year reflected a shortfall of Kshs.86,020,705,208 or 10% while there was a shortfall of Development Revenue collected of Kshs.23,574,041,465 or 45% as follows:-

| Details | Estimated Receipts Kshs | Actual Receipts Kshs | Excess/ (Shortfall) Kshs | Shortfall Percent % | Actual Receipts 2011/12 Kshs |
|---------------------|-------------------------------|-------------------------------|---------------------------------|---------------------------|------------------------------------|
| Recurrent Revenue | 870,518,584,891 | 784,497,879,683 | (86,020,705,208) | 10% | 735,052,725,367 |
| Development Revenue | <u>52,298,827,992</u> | <u>28,724,786,527</u> | <u>(23,574,041,4</u> | <u>45%</u> | <u>26,630,048,053</u> |
| Total | <u>922,817,412,883</u> | <u>813,222,666,210</u> | <u>(109,594,746,673)</u> | <u>12</u> | <u>761,682,773,420</u> |

2.2.3. The reasons provided for the under-collection of Development Revenue include non-release of funds by development partners and low absorption of funds by projects and programmes.

2.3. The Exchequer Account as at 30 June 2013

2.3.1. The Statement of Receipts into and Issues from the Exchequer Account for the year ended 30 June 2013 reflects an overall net surplus of Kshs.496,366,817 compared to a net surplus of Kshs.1,159,431,088 posted in the previous year. The total issues from the Consolidated Fund for both Recurrent and Development Services during the year 2012/2013 amounted to Kshs.1,144,876,202,395 against total receipts of Kshs.1,144,213,138,124 resulting in a deficit of Kshs.663,064,271 as at 30 June 2013. However, when added to the Exchequer balance of Kshs.1,159,431,088 brought forward from 2011/2012, the result is an overall net surplus of Kshs.496,366,817 as at 30 June 2013 compared to previous year's closing balance of Kshs.1,159,431,088 as follows:

| | 2012/2013 Kshs | 2011/2012 Kshs |
|---|---------------------------------|---------------------------------|
| Total Receipts | 1,144,213,138,124 | 913,277,820,749 |
| Total Issues | <u>1,144,876,202,395</u> | <u>912,182,711,625</u> |
| Surplus/(Deficit) for the year | (663,064,271) | 1,095,109,124 |
| Exchequer balance brought forward | <u>1,159,431,088</u> | <u>64,321,964</u> |
| Exchequer Account balance as at 30 June | <u>496,366,817</u> | <u>1,159,431,088</u> |

2.3.2. Receipts into the Exchequer Account during the year of Kshs.1,144,213,138,124 comprised of Ordinary Revenue and Other receipts in form of Treasury Bills and Bonds as follows:-

| Source of Revenue | Kshs |
|--|---------------------------------|
| (i) Ordinary Revenue receipts (Recurrent and Development Revenue) | 812,383,138,124 |
| (ii) Treasury Bills and Bonds | <u>331,830,000,000</u> |
| Total receipts into Exchequer Account | <u>1,144,213,138,124</u> |

2.3.3. Issues from the Exchequer Account during the year of Kshs.1,144,876,202,395 comprised of Recurrent, Development, Consolidated Fund Services and County Governments issues as follows:-

| Exchequer Issues | Kshs |
|---|---------------------------------|
| (i) Recurrent Expenditure Issues | 609,424,986,000 |
| (ii) Development Expenditure Issues | 212,388,425,845 |
| (iii) Consolidated Fund Services Expenditure Issues | 313,279,221,860 |
| (iv) County Governments Expenditure Issues | <u>9,783,568,690</u> |
| Total Issues | <u>1,144,876,202,395</u> |

2.3.4. The County Governments did not prepare Appropriation Accounts for the year ended 30 June 2013 and therefore issues from the exchequer to the County Governments of Kshs.9,783,568,690, though deducted from the

Exchequer amount balance in 2012/2013 will be accounted for in the individual County Government financial statements that will be audited and reported on in the financial year 2013/2014.

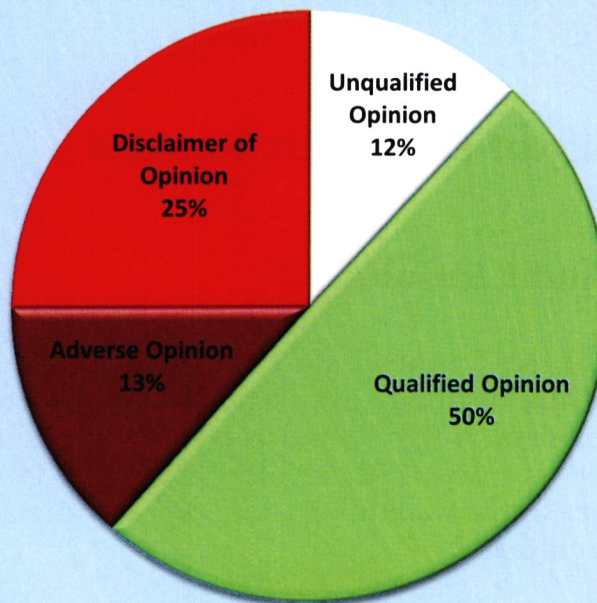
3. Summary of the Audit Results

3.1. Overall Audit Results

3.1.1. The audit of the financial statements for the year ended 30 June 2013, indicates that out of the audited three hundred and forty three (343) statements only forty (41) statements or 12 % had a clean (unqualified) audit opinion while one hundred and seventy two (172) or 50%, forty five (45) or 13% and eighty five (85) or 25 % statements had qualified, adverse and disclaimer of opinion reports respectively as detailed below:

| Audit Opinions | Financial Year | | | |
|--------------------|-------------------|-------------|-------------------|-------------|
| | 2012/2013 | | 2011/2012 | |
| | No. of Statements | Percent % | No. of Statements | Percent % |
| Unqualified | 41 | 12% | 15 | 6% |
| Qualified | 172 | 50% | 130 | 51% |
| Adverse | 45 | 13% | 24 | 10% |
| Disclaimer | 85 | 25% | 83 | 33% |
| Total | 343 | 100% | 252 | 100% |

Analysis of Audit Opinions on the 2012/2013 Financial Statements



3.1.2. I have expressed the above types of audit opinions based on the following circumstances:-

a) **Unqualified Opinion**

An unqualified opinion is expressed when I have concluded that the financial statements give a true and fair view or are presented fairly, in all material respects, in accordance with the Government Financial Regulations and Procedures and Public Finance Management Act, 2012 and public funds have been applied lawfully and in an effective manner.

b) **Qualified Opinion**

I have given qualified opinion when the misstatement or limitation on my audit is not as material and pervasive as to require an adverse opinion or a disclaimer of opinion. I have thus expressed an 'except for' opinion based on the effects of the matter(s) to which the qualification relates.

c) Adverse Opinion

I have expressed adverse opinion when audit matters on the financial statements are so material and pervasive that I have concluded the financial statements are misleading or incomplete.

d) Disclaimer of Opinion

I have expressed a disclaimer of opinion where the possible effects of limitations on my audit were so material and pervasive that I was unable to obtain sufficient appropriate audit evidence and accordingly unable to express any meaningful audit opinion on the financial statements.

3.1.3. The Overall Audit results trend shows that statements with unqualified opinions improved from fifteen (15) statements or 6% in 2011/2012 to forty one (41) Statements or 12% in 2012/2013. Additionally, out of the three hundred and forty three (343) statements audited, I was unable to arrive at any meaningful opinion on eighty- five (85) or 25% of the statements, hence disclaimer of my opinion. Further, in forty-five (45) or 13% of the statements, I expressed an adverse opinion since the statements were materially misstated and I could not establish whether expenditure was incurred lawfully and in an effective manner. Consequently, I was not able to establish whether expenditure reflected in the one hundred and thirty (130) statements with adverse and disclaimed opinions were incurred lawfully and in an effective way as required by Article 229(6) of the Constitution as I will demonstrate here below:

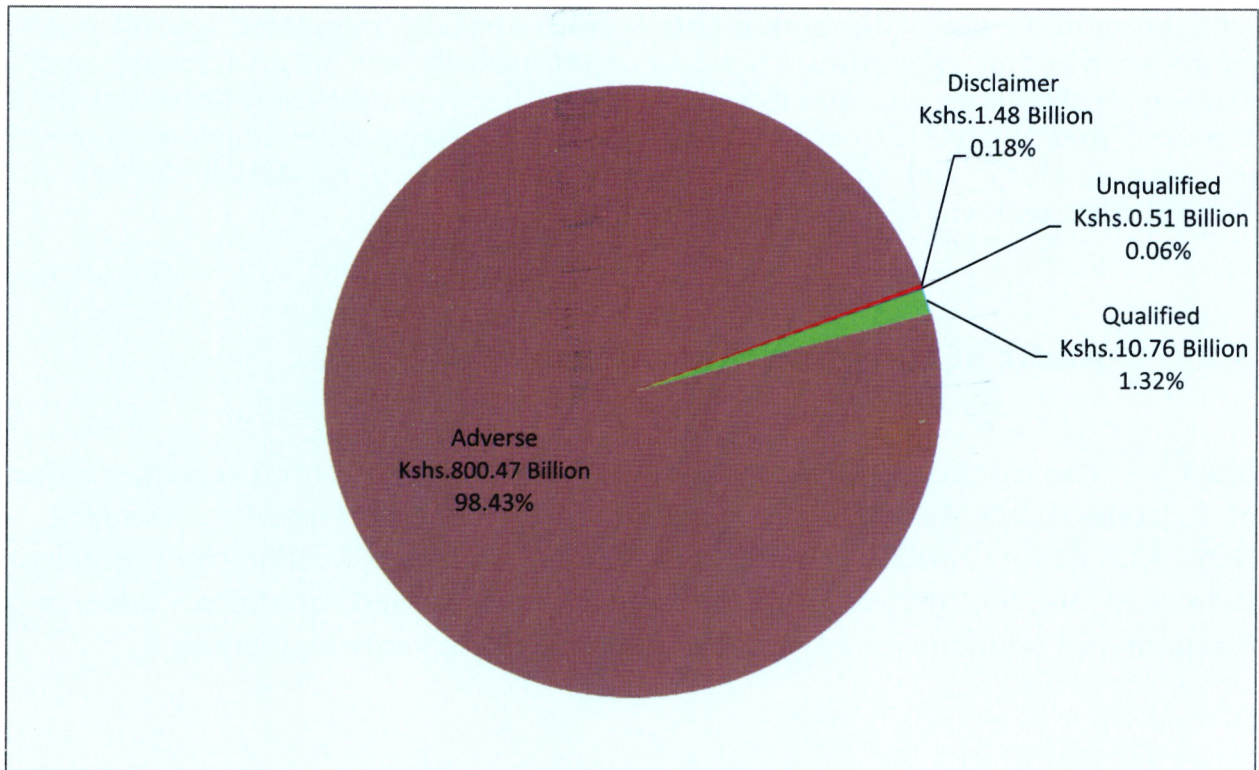
3.2 Audit of Revenue Statements

3.2.1. The revenue statements for 2012/2013 indicate total revenue collection of Kshs.813,222,666,210 against estimated total receipts of Kshs.922,,817,412,883 resulting in an under-collection of revenue of Kshs.109,594,746,673 or 12%. However, I expressed qualified, adverse and disclaimer of opinions on most of the Revenue Statements as follows:

Audit Opinions on Revenue Statements

| Audit Opinion | No. of Revenue Statements | Amount (Kshs) | Percentage |
|---------------|---------------------------|------------------------|-------------|
| Unqualified | 1 | 508,358,434 | 0.06% |
| Qualified | 9 | 10,758,399,226 | 1.32% |
| Adverse | 12 | 800,474,874,157 | 98.48% |
| Disclaimer | 1 | 1,481,034,393 | 0.18% |
| Total | 23 | 813,222,666,210 | 100% |

Audit Opinion on Revenue Statements



3.2.2. The statistics show that out of total revenue recorded during the 2012/2013 financial year of Kshs. 813,222,666,210, only Kshs. 11,266,757,66 or 1.38 % was fairly recorded while revenue amounting to Kshs. 801,955,908,550 or 98.62 had no proper records and could not therefore be confirmed as accurately reported hence my adverse opinion and disclaimer of opinion.

3.2.3. Summary of audit opinions on Revenue Statements

(i) Unqualified

| Head | Revenue Statement | Amount (Kshs) |
|---------|-----------------------------|---------------|
| 1420000 | Sales of Goods and Services | 508,538,434 |

(ii) Qualified

| Head | Revenue Statement | Amount (Kshs) |
|---------|-----------------------------|------------------------------|
| 1130000 | Taxes on Property | 167,088,752 |
| 1140000 | Taxes on Goods and Services | 63,971,323 |
| 1420000 | Sales of Goods and Services | <u>10,527,339,151</u> |
| | Subtotal | <u>10,758,399,226</u> |

(iii) Adverse

| Head | Revenue Statement | Amount (Kshs) |
|---------|---|-------------------------------|
| 1110000 | Taxes on Income, Profits & Capital Gains | 373,086,041,415 |
| 1140000 | Taxes on Goods and Services | 270,910,212,783 |
| 1150000 | Taxes on International Trade and other Transactions | 81,915,392,438 |
| 1160000 | Other Taxes not elsewhere classified | 8,515,439,167 |
| 1210000 | Social Security Contributions | 50,467,866 |
| 1410000 | Property Income | 20,977,504,711 |
| 1450000 | Other Receipts not classified elsewhere | 11,896,381,061 |
| 1420000 | Sales of Goods and Services | 2,431,428,389 |
| 4510000 | Repayments from Domestic Lending & On-lending | 1,967,219,800 |
| DR-1 | Development Revenue | <u>28,724,786,527</u> |
| | Subtotal | <u>800,474,874,157</u> |

(iv) Disclaimer

| Head | Revenue Statement | Amount (Kshs) |
|-------------|----------------------------------|----------------------|
| 1430000 | Fines, Penalties and Forfeitures | 1,481,034,393 |

3.2.4. The main reasons for the qualified and adverse opinions on the revenues statements include the following:

- (i) Material differences between the Ministry of Finance Revenue statements' balances and Kenya Revenue Authority (KRA) records. Examples of these material differences include:-

| Ministry of Finance Revenue Statement | Amount per Revenue Statement (Kshs) | Amount per KRA Record (Kshs) | Difference (Kshs) |
|--|--|-------------------------------------|--------------------------|
| Revenue Head 1420000 | 2,431,428,389 | 2,384,000,000 | 47,428,389 |
| Revenue Head 1150000 | 81,915,392,438 | 82,167,000,000 | (251,607,562) |
| Revenue Head 1140000 | 270,910,212,783 | 271,250,000,000 | (339,787,217) |
| Revenue Head 1410000 | 1,072,504,036 | 1,076,000,000 | (3,495,964) |
| Revenue Head 1160000 | 8,515,439,167 | 8,594,000,000 | (78,560,833) |
| Revenue Head 1110000 | 373,086,041,415 | 374,164,150,000 | (1,078,108,585) |

- (ii) Most of the revenue statements carried forward balances that differed from the figures shown against the respective revenue statements in the Statement of Assets and Liabilities as at 30 June 2013. Similarly balances reflected as remitted to the exchequer differed with those balances recorded at the ministry's exchequer section.
- (iii) The Summary of Revenue Statements reflects an amount of Kshs.813,222,666,210 as having been collected during the year 2012/2013. The brought forward balance from 2011/2012 amounted to Kshs.1,810,509,628 bringing the total revenue available in 2012/2013 to Kshs.815,033,175,838. The Summary of Revenue Statements further reflects an amount of Kshs.812,736,680,820 as having been paid to the Exchequer during the year leaving a substantial balance of Kshs.2,296,495,018 not remitted to the Exchequer as at 30 June 2013 as follows:-

| Details | Revenue balance B/fwd Kshs | Revenue Collection 2012/2013 Kshs | Total Revenue Available Kshs | Amount Paid to Exchequer Kshs | Balance C/fwd Kshs |
|----------------|---|--|---|--|-----------------------------------|
| Recurrent | 1,810,415,524 | 784,497,879,683 | 786,308,295,207 | 784,011,894,293 | 2,296,400,914 |
| Develop. | <u>94,104</u> | <u>28,724,786,527</u> | <u>28,724,880,631</u> | <u>28,724,786,527</u> | <u>94,104</u> |
| Total | <u>1,810,509,628</u> | <u>813,222,666,210</u> | <u>815,033,175,838</u> | <u>812,736,680,820</u> | <u>2,296,495,018</u> |

- (iv) The total actual revenue reflected as having been paid to the Exchequer Account of Kshs.812,736,680,820 during the year however differs from the total revenue reflected as having been received in the Exchequer Account of Kshs.812,383,138,124 by Kshs.353,542,696. As reported in the respective revenue statement's audit reports, the discrepancies are mainly due to unexplained and unreconciled differences between revenue statements balances and the exchequer records maintained at the National Treasury.

3.2.5. From the above differences it is apparent that there are persistent problems in accounting for revenue which have therefore, resulted in most of the Statements of Revenue for 2012/2013 having qualified audit opinions.

3.3. Audit of Appropriation Accounts

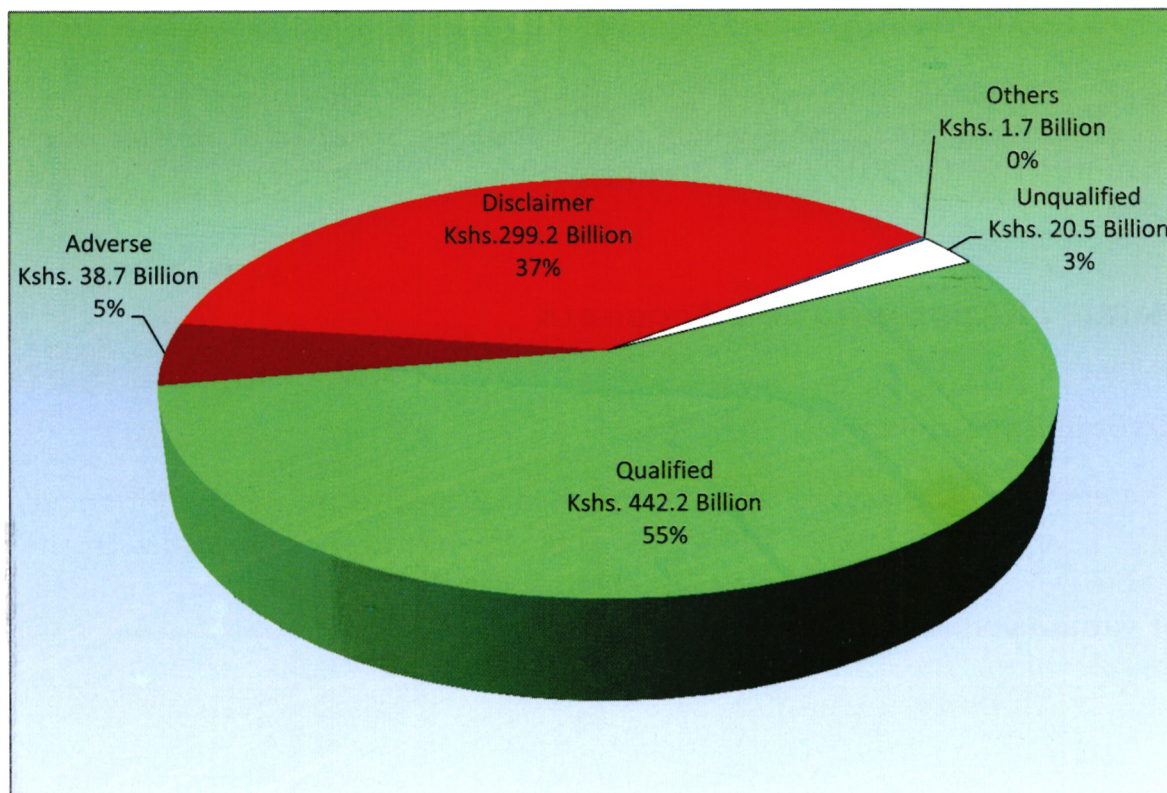
3.3.1. Overall Expenditure

3.3.1.1. The combined Recurrent and Development Expenditure for the Financial Year 2012/2013 was Kshs.802,279,107,240. This expenditure was recorded in the Recurrent and Development Financial Statements which I expressed unqualified, qualified or variants of qualified opinion as follow:-

(i) Table of Audit Opinions on overall Recurrent and Development Expenditure

| Opinion | Recurrent 2012/2013 | | Development 2012/2013 | | Recurrent and Development Expenditure 2012/2013 (Kshs) |
|--------------|---------------------|------------------------|-----------------------|------------------------|--|
| | No. of Statements | Amount (Kshs) | No. of Statements | Amount (Kshs) | |
| Unqualified | 14 | 20,129,541,636 | 3 | 369,007,489 | 20,498,549,125 |
| Qualified | 34 | 328,969,639,728 | 33 | 113,210,948,742 | 442,180,588,470 |
| Adverse | 6 | 35,299,656,876 | 2 | 3,403,145,336 | 38,702,802,212 |
| Disclaimer | 10 | 225,598,752,226 | 9 | 73,600,750,063 | 299,199,502,289 |
| Others | 1 | 1,697,665,144 | 0 | 0 | 1,697,665,144 |
| Total | 65 | 611,695,255,610 | 47 | 190,583,851,630 | 802,279,107,240 |

(ii) Pie Chart of Audit Opinions on overall Recurrent and Development Expenditure Combined



(iii) The table and pie chart show that out of the total expenditure of Kshs.802,279,107,240 incurred in 2012/2013 under Recurrent and Development Votes, I was unable to confirm whether expenditure totalling Kshs.337,902,304,501 or 42% was incurred lawfully and in an effective way as required by article 229(6) of the constitution of Kenya as summarized below and detailed in Appendix A.

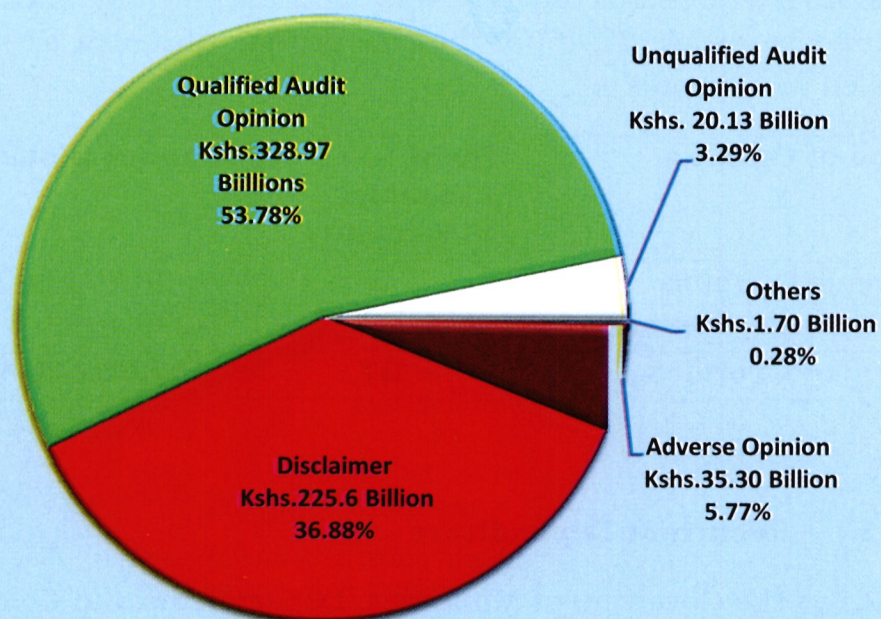
| Type of Opinion | No of Financial Statements | Amount (Kshs) |
|------------------------|-----------------------------------|------------------------|
| Adverse Opinions | 8 | 38,702,802,212 |
| Disclaimer of Opinions | 19 | 299,199,502,289 |
| Total | 27 | 337,902,304,501 |

3.3.2. Recurrent Expenditure

3.3.2.1. The Government Ministries, Departments and Commissions incurred Recurrent Expenditure totalling Kshs.611,695,255,610 as shown in the table and pie chart below: -

| <u>Audit Opinion</u> | <u>No. of Financial Statements</u> | <u>Actual Net Recurrent Expenditure (Kshs)</u> | <u>%age of Total</u> |
|-----------------------------|---|---|-----------------------------|
| Unqualified | 14 | 20,129,541,636 | 3.29% |
| Qualified | 34 | 328,969,639,728 | 53.78% |
| Adverse | 6 | 35,299,656,876 | 5.77% |
| Disclaimer | 10 | 225,598,752,226 | 36.88% |
| Others | <u>1</u> | <u>1,697,665,144</u> | <u>0.28%</u> |
| Total | <u>65</u> | <u>611,695,255,610</u> | <u>100%</u> |

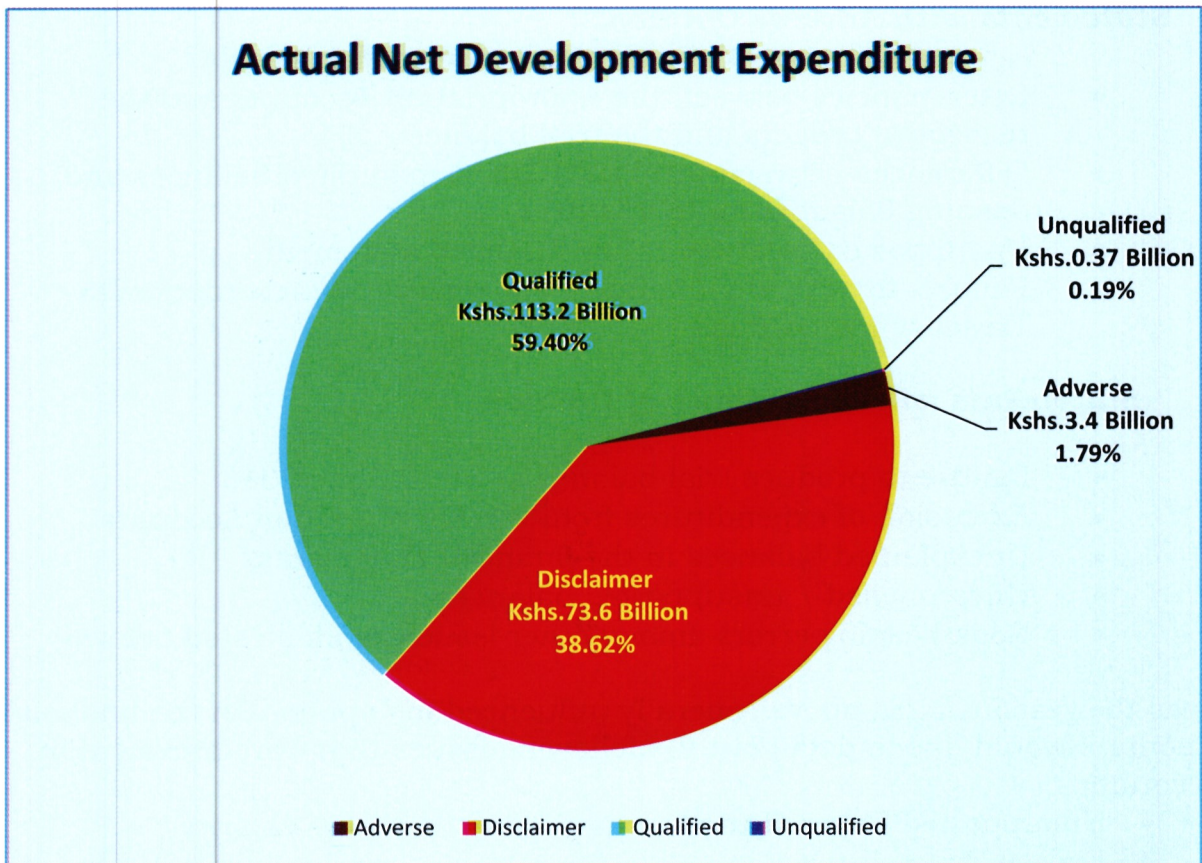
Actual Recurrent Net Expenditure



3.3.3. Development Expenditure

3.3.3.1. Similarly, the Government Ministries, Departments and Commissions incurred Development Expenditure totalling Kshs.190,583,851,630 as shown in the table and pie chart below: -

| Audit Opinion | No of Financial Statements | Actual Net Development Expenditure (Kshs) | %age of Total |
|---------------|----------------------------|---|--------------------|
| Unqualified | 3 | 369,007,489 | 0.19% |
| Qualified | 33 | 113,210,948,742 | 59.4% |
| Adverse | 2 | 3,403,145,336 | 1.79% |
| Disclaimer | <u>9</u> | <u>73,600,750,063</u> | <u>38.62%</u> |
| Total | <u>47</u> | <u>190,583,851,630</u> | <u>100%</u> |



3.3.4. Main Reasons for Audit Qualifications

The main issues forming the basis of qualifications of the audit opinion on the financial statements on Recurrent and Development Expenditures are listed below under each type of qualification:-

(i) **Statements with Qualified Opinion**

- Unsupported expenditures
- Non surrender of imprests
- Unauthorized expenditures
- Uncleared balances reflected in the Statement of Assets and Liabilities
- Long outstanding reconciling items in bank reconciliation statements
- Excess expenditure
- Misallocation of expenditure items
- Lack of adequate disclosures

(ii) Statements with Adverse Opinion

- Discrepancies between the Appropriation Accounts and the respective Ledgers and the trial balance
- Differences between 2011/2012 closing audited balances and opening balances for 2012/2013
- Unsupported balances in the financial statements
- Failure to prepare financial statements in accordance to Treasury instructions

(iii) Statements with Disclaimer of Opinion

- Failure to produce trial balance as at 30 June 2013
- Exclusion of expenditures from the Appropriation Accounts
- Unexplained balances in the financial statements
- Unreconciled / unsupported balances
- Book keeping errors among other issues as illustrated below.

Whereas the reasons cited above generally influenced my opinion on the financial statements, I would like to detail out the following issues that were prevalent in the accounts:-

- Unsupported Expenditure
- Excess Expenditure
- Pending Bills
- Management of Imprests
- Maintenance of Bank and Cash Accounts
- Statement of Assets and Liabilities
- Maintenance of Accounting Records

3.4. Unsupported Expenditure

3.4.1. During 2012/2013, a number of Ministries and Departments failed to avail documents in support of various expenditure totalling Kshs.33,922,820,718 appearing in the respective Appropriation Accounts, as summarized below:-

| Vote | Ministry/Department/Commission | Amount (Kshs) |
|-------------|---|----------------------|
| 101 | Provincial Administration and Internal Security | 3,155,488,759 |
| 102 | State House | 150,328,330 |
| 104 | Foreign Affairs | 4,521,596 |
| 105 | Home Affairs | 11,482,925 |
| 106 | Planning, National Development and Vision 2030 | 286,009,251 |
| 108 | Defence | 350,000,000 |

| | | |
|-----|--|------------------------------|
| 110 | Agriculture | 27,234,093 |
| 111 | Medical Services | 468,000 |
| 113 | Roads | 115,168,355 |
| 115 | Labour | 1,157,700 |
| 116 | Trade | 660,114,390 |
| 118 | Gender, Children and social Development | 4,316,039,546 |
| 119 | Livestock Development | 5,708,754 |
| 120 | Water and Irrigation | 180,590,130 |
| 122 | Co-operative Development and Marketing | 160,047,935 |
| 123 | Cabinet Office | 341,790,097 |
| 124 | East Africa Community | 133,962,872 |
| 126 | The Judiciary | 982,523,922 |
| 130 | Energy | 797,649,901 |
| 131 | Education | 6,795,174,819 |
| 132 | Information and Communication | 12,215,050 |
| 135 | Special Programmes | 2,591,269,803 |
| 140 | Immigration and Registration of Persons | 380,000 |
| 141 | National Heritage and Culture | 140,278,427 |
| 142 | Youth Affairs and Sports | 1,794,268,220 |
| 143 | Higher Education, Science and Technology | 4,009,306,708 |
| 145 | National Security Intelligence Service | 403,711,357 |
| 148 | Office of the Prime Minister | 53,705,306 |
| 155 | Forestry and Wildlife | 13,196,900 |
| 156 | Fisheries Development | 31,590,580 |
| 158 | Development of Northern Kenya and Other Arid Lands | 37,575,443 |
| 159 | Public Works | 40,043,516 |
| 160 | Industrialization | 302,968,608 |
| 203 | Independent Electoral and Boundaries Commission | 5,983,736,267 |
| 210 | National Police Service Commission | 29,978,340 |
| 213 | Commission on Administrative Justice | 3,134,820 |
| | Total | <u>33,922,820,718</u> |

In absence of the records and documentation, the propriety of the expenditure of Kshs.33,922,820,718 could not be ascertained and therefore these public funds may not have been utilized lawfully and in an effective manner.

3.5. Excess Expenditure

3.5.1. Excess Expenditure incurred during 2012/2013 without Parliamentary approval totalled Kshs.38,495,253 compared to Kshs.7,048,222,153 recorded in the previous year. The Excess Expenditure of Kshs.38,495,253 was incurred under four (4) Votes as follows:-

Recurrent Expenditure

| Vote | Department/Agency/Commission | Excess Vote (Kshs) |
|-------------|--|---------------------------|
| 127 | Witness Protection Agency | 5,374,255 |
| 165 | Commission of Implementation of Constitution | 4,219,055 |

Development Expenditure

| | | |
|-----|---------------------------|--------------------------|
| 126 | Judicial Department | 15,310,912 |
| 207 | Public Service Commission | <u>13,591,031</u> |
| | Total | <u>38,495,253</u> |

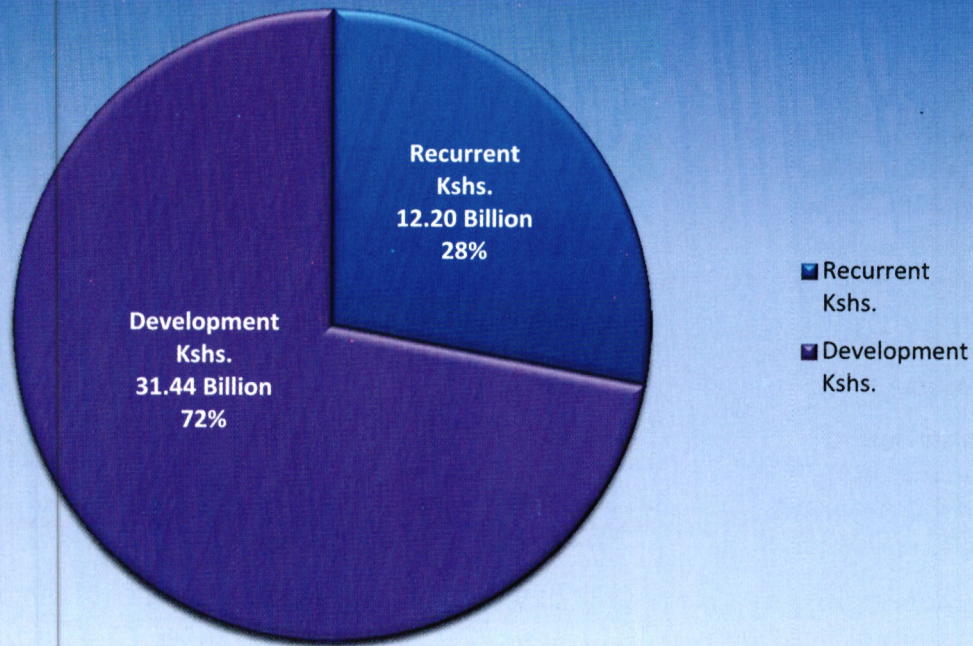
3.5.2. The Excess Expenditure of Kshs.38,495,253 has not taken into account pending bills amounting to Kshs.43,634,365,991 which, though relating to 2012/2013 were not settled during the year, but were instead carried forward to 2013/2014, as discussed in the ensuing paragraph.

3.6. Pending Bills

3.6.1. During the year ended 30 June 2013, a number of Ministries and Departments did not settle bills amounting to Kshs.43,634,365,991 comprising Kshs.12,198,920,189 and Kshs.31,435,445,802 under Recurrent and Development Votes respectively, but were instead carried forward to 2013/2014 as analyzed below:-

| <u>Vote</u> | <u>Amount (Kshs)</u> |
|--------------------|------------------------------|
| Recurrent | 12,198,920,189 |
| Development | <u>31,435,445,802</u> |
| Total | <u>43,634,365,991</u> |

Comparison of Recurrent and Development Pending Bills



Most of the pending bills occurred under the Development expenditure as shown below:

| Vote | Ministry/Department /Commission | Recurrent Kshs | Development Kshs | Total Kshs |
|------|---|----------------|------------------|---------------|
| 101 | Provincial Administration and Internal Security | 1,611,532,289 | 115,224,925 | 1,726,757,214 |
| 103 | Public Service | 22,989,698 | | 22,989,698 |
| 104 | Foreign Affairs | 31,809,438 | | 31,809,438 |
| 105 | Home Affairs | 270,628,985 | 214,204,380 | 484,833,364 |
| 106 | Planning, National Development and Vision 2030 | 5,228,457 | 14,338,733 | 19,567,190 |
| 107 | Finance | 14,507,419 | | 14,507,419 |
| 108 | Defence | 4,463,081,171 | | 4,463,081,171 |
| 109 | Regional Development Authorities | 19,977,932 | 1,058,981,720 | 1,078,959,653 |

| | | | | |
|-----|--|-------------|----------------|----------------|
| 110 | Agriculture | 5,537,084 | 206,957,880 | 212,494,963 |
| 111 | Medical Services | 27,374,751 | 1,921,132,464 | 1,948,507,215 |
| 112 | Local Government | | 250,927,235 | 250,927,235 |
| 113 | Roads | 388,960,000 | 20,935,670,000 | 21,324,630,000 |
| 114 | Transport | 21,707,104 | 1,006,108,000 | 1,027,815,104 |
| 115 | Labour | 31,462,418 | | 31,462,418 |
| 116 | Trade | | 96,700,297 | 96,700,297 |
| 118 | Gender, Children and social Development | 25,688,223 | | 25,688,223 |
| 119 | Livestock Development | 27,742,073 | 385,880,106 | 413,622,179 |
| 120 | Water and Irrigation | 4,717,140 | 18,379,700 | 23,096,840 |
| 121 | Environment and Mineral Resources | 37,100,623 | 385,521,586 | 422,622,209 |
| 122 | Co-operative Development and Marketing | 1,414,805 | | 1,414,805 |
| 131 | Education | 5,645,843 | 111,507,275 | 117,153,118 |
| 132 | Information and Communication | | 51,565,869 | 51,565,869 |
| 135 | Special Programmes | 169,829,824 | 247,560,624 | 417,390,448 |
| 136 | Lands | 158,223,343 | 356,116,101 | 514,339,443 |
| 140 | Immigration and Registration of Persons | 165,925,505 | 265,025,389 | 430,950,894 |
| 141 | National Heritage and Culture | 27,216,827 | 30,404,490 | 57,621,317 |
| 142 | Youth Affairs and Sports | 25,139,598 | 218,695,989 | 243,835,586 |
| 143 | Higher Education, Science and Technology | 313,396 | 1,459,494,576 | 1,459,807,972 |
| 144 | Housing | 301,814,107 | 306,137,344 | 607,951,451 |
| 145 | National Security Intelligence Service | 166,130,948 | | 166,130,948 |
| 146 | Tourism | 4,369,911 | | 4,369,911 |
| 148 | Office of the Prime Minister | 8,737,074 | 39,595,399 | 48,332,473 |
| 149 | Public Health and Sanitation | 3,263,474 | | 3,263,474 |
| 155 | Forestry and Wildlife | 5,830,680 | | 5,830,680 |
| 157 | Nairobi Metropolitan Development | 9,077,306 | | 9,077,306 |
| 158 | Development of Northern Kenya and Other Arid Lands | | 77,885,781 | 77,885,781 |
| 159 | Public Works | 90,919,045 | 1,661,429,939 | 1,752,348,984 |

| | | | | |
|-----|---|------------------------------|------------------------------|------------------------------|
| 203 | Independent Electoral and Boundaries Commission | 4,045,023,700 | | 4,045,023,700 |
| | Total | <u>12,198,920,189</u> | <u>31,435,445,802</u> | <u>43,634,365,991</u> |

3.6.2. Had the bills totalling Kshs.43,634,365,991 been settled during the period and the expenditure charged to the accounts for 2012/2013, sixteen (16) additional Ministries and Departments would have recorded Excess Expenditure against Recurrent and/or Development Votes, as follows:-

(i) Excess Expenditure Had the Bills Been Paid - Recurrent Vote

| Vote | Ministry/Department | Net Surplus Kshs | Pending Bills Kshs | Excess Expenditure Kshs |
|-------------|---|-----------------------------|-------------------------------|--|
| 103 | Public Service | 3,529,281 | 22,989,698 | 19,460,417 |
| 105 | Home Affairs | 30,806,746 | 307,032,850 | 276,226,104 |
| 113 | Roads | 305,163,941 | 388,960,000 | 83,796,059 |
| 114 | Transport | 96,283 | 21,707,104 | 21,610,821 |
| 121 | Environment and Mineral Resources | 5,134,286 | 37,100,623 | 31,966,337 |
| 133 | Independent Electoral Boundaries Commission | 2,207,799,743 | 4,045,023,700 | 1,837,223,957 |
| 135 | Special Programmes | 109,043,893 | 169,829,824 | 60,785,931 |
| 144 | Housing | 166,993,802 | 301,814,107 | 134,820,305 |
| 145 | National Security Intelligence Service | 15,253,642 | 166,130,948 | 150,877,306 |
| 146 | Tourism | 3,184,798 | 4,369,911 | 1,185,113 |
| 148 | Office of Prime Minister | 61,272 | 8,737,074 | 8,675,802 |

(ii) Excess Expenditure Had the Bills Been Paid - Development Vote

| Vote | Ministry/ Department | Net Surplus Kshs | Pending Bills Kshs | Excess Expenditure Kshs |
|-------------|--|-----------------------------|-------------------------------|--|
| 105 | Home Affairs | 64,535,552 | 214,204,380 | 149,668,828 |
| 109 | Regional Development Authorities | 142,668,213 | 1,058,981,720 | 91,313,507 |
| 113 | Roads | 6,734,136,886 | 20,935,670,000 | 14,201,533,114 |
| 141 | National Heritage | 21,131,645 | 30,404,490 | 9,272,845 |

| | | | | |
|-----|--------------|-------------|---------------|---------------|
| | and Culture | | | |
| 159 | Public Works | 455,295,367 | 1,661,429,939 | 1,206,134,572 |

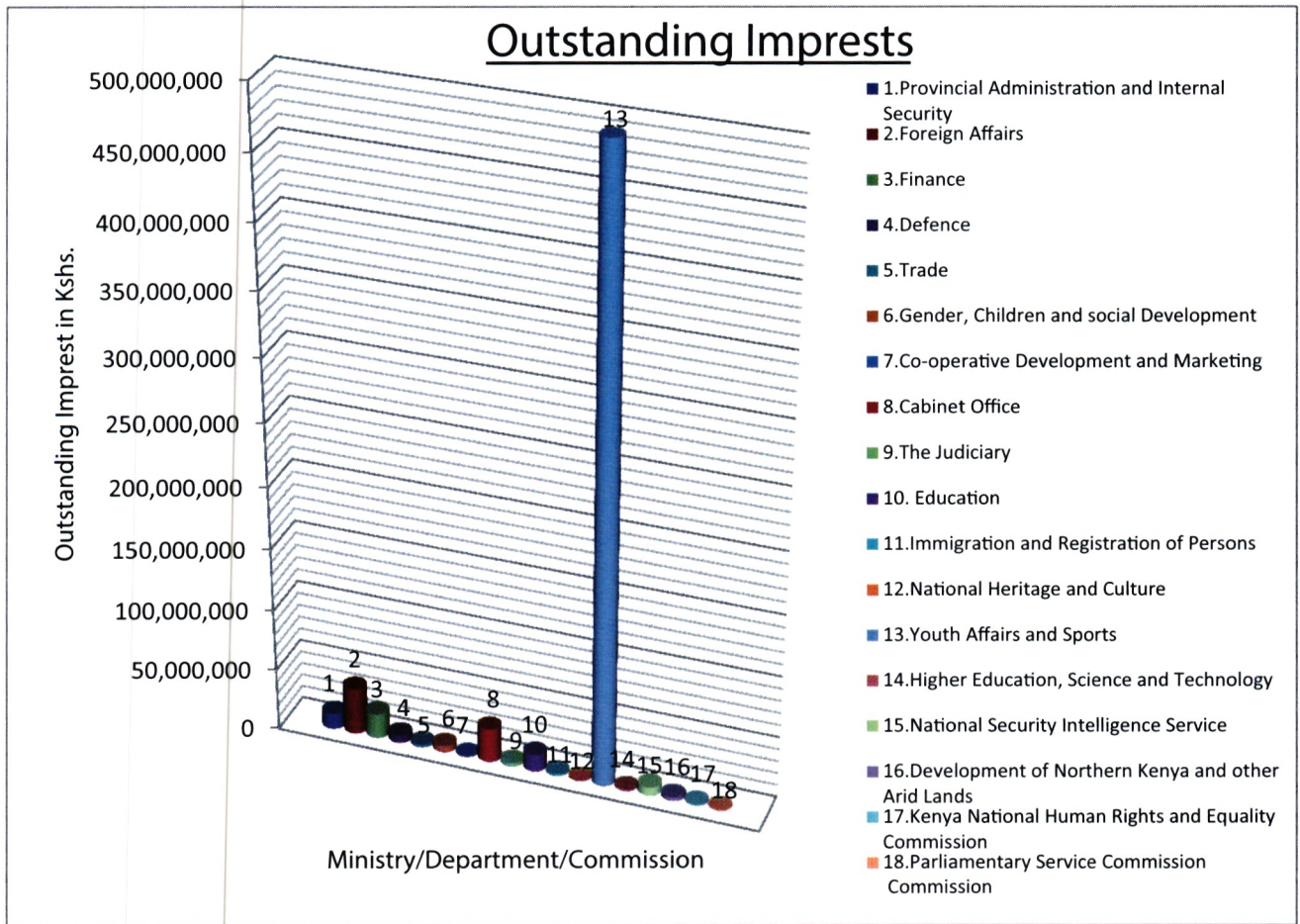
3.7. Management of Imprests

3.7.1 The audit of Temporary imprest revealed balances which ought to have been recovered or accounted for on or before 30 June 2013 but were still outstanding as at that date amounting to Kshs.633,178,658 as tabulated below:-

Unsurrendered Temporary Imprests

| Vote | Ministry/Department/Commission | Amount in Kshs |
|-------------|--|---------------------------|
| 101 | Provincial Administration and Internal Security | 12,686,935 |
| 104 | Foreign Affairs | 37,433,569 |
| 107 | Finance | 20,300,499 |
| 108 | Defence | 5,959,850 |
| 116 | Trade | 2,200,591 |
| 118 | Gender, Children and social Development | 4,885,469 |
| 122 | Co-operative Development and Marketing | 691,425 |
| 123 | Cabinet Office | 27,162,881 |
| 126 | The Judiciary | 2,738,708 |
| 131 | Education | 13,783,030 |
| 140 | Immigration and Registration of Persons | 1,523,600 |
| 141 | National Heritage and Culture | 163,140 |
| 142 | Youth Affairs and Sports | 491,578,347 |
| 143 | Higher Education, Science and Technology | 752,959 |
| 145 | National Security Intelligence Service Development of Northern Kenya and other Arid | 6,975,337 |
| 158 | Lands Kenya National Human Rights and Equality | 2,677,141 |
| 201 | Commission | 1,047,993 |
| 204 | Parliamentary Service Commission | <u>617,185</u> |
| | Total | <u>633,178,658</u> |

3.7.2. Ministry of Youth Affairs and Sports had the highest amount of outstanding imprests occasioned by un-reconciling documents. The Bar chart of the outstanding imprests is as follows:-



3.7.3. The audit of imprests, as reported in previous years' reports revealed weaknesses in the management and accounting for imprests as summarized below:-

- Imprest balances reflected in the statements of assets and liabilities could not agree with the respective imprest registers or the ledgers and there were no reconciliations made.
- Lack of supporting documentation and evidence of material imprest balances relating to previous years but purported to have been cleared during the year 2012/2013.
- Long outstanding imprests not cleared, some of which is held by deceased officers, those who have left service or retirees.
- Lack of analysis making it impossible to determine the holders of these balances

3.8. Maintenance of Bank and Cash Accounts

3.8.1. Maintenance of Cashbooks across the ministries during 2012/2013 was noted to be weak. As reported in the previous years, the Bank Reconciliation Statements for Recurrent, Development, Deposits and Fund Cashbooks as at 30 June 2013 for several ministries and departments continued to reflect material receipts and payments in the Cashbooks not reflected in the Bank Statements and also receipts and payments in the Bank Statements not reflected in the Cashbooks. Several entries in the Bank Statements were not analyzed while others have been outstanding for a very long period of time. Most of the ministries' Cashbooks' balances as at 30 June 2013 have not been reconciled with Paymaster General Account (PMG) in the ledger.

3.8.2. As a result the accuracy and validity as at 30 June 2013 of most of the PMG balances, which is equivalent to Bank and Cash account balances, could not be ascertained. Detailed observations on the statements are covered under the respective Ministries/Departments/Commissions' reports.

3.9. Statements of Assets and Liabilities

3.9.1. The Statements of Assets and Liabilities as at 30 June 2013 for a number of Ministries and Departments continued to reflect significant balances under various Accounts, which had not been analyzed and/or cleared from the books of account as at 30 June 2013. As in the previous year, such Accounts included General Account of Vote, Paymaster General, Exchequer, Advances, Suspense, Agency and Clearance, amongst others.

As in the previous year, I have not been able to establish what many of these balances represent or whether such balances are represented by actual cash. It is not clear why these balances have not been analyzed and/or cleared.

3.10. Maintenance of Accounting Records

3.10.1. As in the previous years and as also indicated above, there is weak and inadequate maintenance of accounting records observed across a number of ministries and departments during the year. A number of financial statements differed materially with the Ledgers and Trial Balances from where

ideally they ought to have been derived.

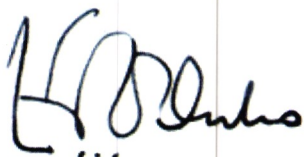
3.10.2. In addition, the ministries and departments continued to prepare their respective financial statements on Cash Basis of accounting as instructed by National Treasury. This implies that capital assets are expensed as a result of which Statements of Assets and Liabilities as at the end of each financial year do not show a complete and true and fair view of the ministry's or department's assets and liabilities. As at 30 June 2013 we do not, as such, know what each ministry/department owns and consequently the net worth of the Government of Kenya as a whole cannot be determined. The situation will definitely be more complicated and intricate as County Governments submit for audit their respective financial statements as this problem appears to be devolved to all the 47 Counties.

It is my recommendation that the Government adopts either Accrual or Modified Accrual Basis of International Public Sector Accounting Standards (IPSAS).

4.0 Conclusion

Detailed report for the Public Accounts for the year ended 30 June 2013 is contained in the combined report. Specific reports together with my opinions for each financial statement are contained in each respective ministry's audited financial statements for the year ended 30 June 2013 already issued to each Accounting Officer. I appeal to each Accounting Officer to address all the issues pertaining to their respective ministry/department as detailed in my combined report for 2012/2013.

My report has also been posted on the Office of the Auditor General's Website:
www.kenao.go.ke



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi
16 June 2014

5.0 Audit Opinions on the Financial Statements

5.1. Unqualified Certificate

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE GOVERNMENT OF KENYA FOR THE YEAR ENDED 30 JUNE 2013

I have audited the financial statements of the Government of Kenya for the year ended 30 June 2013 which are listed in Appendices B, C, D and E in accordance with Section 229(4) 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 of the financial statements listed in Appendix B, C and D.

Management's Responsibility for the Financial Statements

The Permanent Secretary, Treasury and the respective Accounting Officers are responsible for the preparation and fair presentation of financial statements, 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 Sections 4, 5, 6 and 7 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on the financial statements based on the audit and report in accordance with the provisions of Section 8 of the Public Audit Act, 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.

An audit involves performing procedures to obtain 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

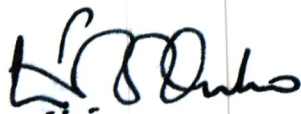
the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control. An audit also includes evaluating the appropriateness 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 listed in Appendix B, present fairly, in all material respects, the financial position of the Government of Kenya and its funds as at 30 June 2013, and of its operations for the year then ended in accordance with the Government Financial Regulations and Procedures and Public Finance Management Act, 2012.

Further, I was not able to fully comply with the constitutional provision of Article 229 (6) requiring that I confirm whether or not the public money has been applied lawfully and in an effective way. The office is in the process of restructuring and seeking financing to be able to undertake continuous audit throughout the financial year that would enable me to fully comply with Article 229(6) of the constitution.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

16 June 2014

5.2. Qualified Certificate

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE GOVERNMENT OF KENYA FOR THE YEAR ENDED 30 JUNE 2013

I have audited the financial statements of the Government of Kenya for the year ended 30 June 2013 which are listed in Appendices B, C, D and E in accordance with Section 229(4) 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 of the financial statements listed in Appendix B, C and D.

Management's Responsibility for the Financial Statements

The Permanent Secretary, Treasury and the respective Accounting Officers are responsible for the preparation and fair presentation of financial statements, 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 Sections 4, 5, 6 and 7 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on the financial statements based on the audit and report in accordance with the provisions of Section 8 of the Public Audit Act, 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 Government'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 qualified audit opinion.

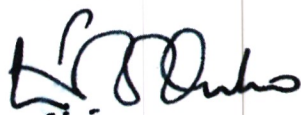
Basis for Qualified Opinion

Details of the basis for qualified opinion are as per the accompanying detailed audit Report. These include various unexplained discrepancies and omission of expenditure from the Accounts.

Qualified Opinion

In my opinion, except for the effect of the matters described in the basis for qualified opinion paragraphs, the financial statements listed in Appendix C, fairly present in all material respects the financial position of the Government of Kenya and its funds as at 30 June 2013, and of its operations for the year then ended in accordance with the Government Financial Regulations and Procedures and Public Finance Management Act, 2012.

Further, I was not able to fully comply with the constitutional provision of Article 229 (6) requiring that I confirm whether or not the public money has been applied lawfully and in an effective way. The office is in the process of restructuring and seeking financing to be able to undertake continuous audit throughout the financial year that would enable me to fully comply with Article 229(6) of the constitution.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi
16 June 2014

5.3. Adverse Certificate

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE GOVERNMENT OF KENYA FOR THE YEAR ENDED 30 JUNE 2013

I have audited the financial statements of the Government of Kenya for the year ended 30 June 2013 which are listed in Appendices B, C, D and E in accordance with Section 229(4) 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 of the financial statements listed in Appendix B, C and D.

Management's Responsibility for the Financial Statements

The Permanent Secretary, Treasury and the respective Accounting Officers are responsible for the preparation and fair presentation of financial statements, 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 Sections 4, 5, 6 and 7 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on the financial statements based on the audit and report in accordance with the provisions of Section 8 of the Public Audit Act, 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.

An audit involves performing procedures to obtain 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 Government'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 adverse audit opinion.

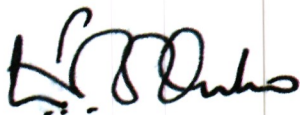
Basis for Adverse Opinion

Details of the basis for adverse opinion are as per the accompanying detailed audit Report. These include various material misstatements, unexplained discrepancies and omission of expenditure from the Accounts.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraphs, the financial statements listed in Appendix D, do not present fairly, in all material respects, the financial position of the Government of Kenya and its funds as at 30 June 2013, and of its operations for the year then ended in accordance with the Government Financial Regulations and Procedures and Public Finance Management Act, 2012.

Further, I was not able to fully comply with the constitutional provision of Article 229 (6) requiring that I confirm whether or not the public money has been applied lawfully and in an effective way. The office is in the process of restructuring and seeking financing to be able to undertake continuous audit throughout the financial year that would enable me to fully comply with Article 229(6) of the constitution.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

16 June 2014

5.4. Disclaimer Certificate

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE GOVERNMENT OF KENYA FOR THE YEAR ENDED 30 JUNE 2013

I have audited the financial statements of the Government of Kenya for the year ended 30 June 2013 which are listed below in accordance with Section 229(4) of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003.

Management's Responsibility for the Financial Statements

The Permanent Secretary, Treasury and the respective Accounting Officers are responsible for the preparation and fair presentation of financial statements, 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 Sections 4, 5, 6 and 7 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on the financial statements based on the audit and report in accordance with the provisions of Section 8 of the Public Audit Act, 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.

An audit involves performing procedures to obtain 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

Government'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.

Because of the matters described in the detailed Report for the financial statements contained in Appendix E, I was unable to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion.

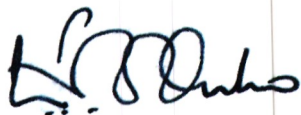
Basis for Disclaimer of Opinion

Details of the Basis for Disclaimer of Opinion are as per the accompanying detailed audit Report. These include various unexplained discrepancies, omission of expenditure from the Accounts, lack of documentation to support some of the figures shown in the financial statements listed in Appendix E and failure by the Accounting Officers to provide information and explanation considered necessary for the purpose of the audit.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements contained in Appendix E.

Further, I was not able to fully comply with the constitutional provision of Article 229 (6) requiring that I confirm whether or not the public money has been applied lawfully and in an effective way. The office is in the process of restructuring and seeking financing to be able to undertake continuous audit throughout the financial year that would enable me to fully comply with Article 229(6) of the constitution.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

16 June 2014

6. Appendices

Appendix A

Net Expenditure and Audit Opinions on Appropriation Accounts

(i) Appropriation Accounts with Adverse Opinions

(a) Recurrent

| | <u>Vote</u> | <u>Name</u> | <u>Amount (Kshs)</u> |
|----|-------------|-------------------------------------|------------------------------|
| 1. | R105 | Off. of V. P.& Min.of Home Affairs | 15,113,163,971 |
| 2. | R109 | Ministry of Regional Dev.& Auth. | 748,432,694 |
| 3. | R114 | Ministry of Transport | 1,489,772,401 |
| 4. | R116 | Ministry of Trade | 1,859,208,794 |
| 5. | R126 | Judicial Department | 10,058,441,810 |
| 6. | R142 | Ministry of State for Youth Affairs | 6,030,637,205 |
| | | Subtotal | <u>35,299,656,876</u> |

(b) Development

| | | | |
|----|------|--|-----------------------------|
| 1. | D103 | Ministry of State for Public service | 331,296,041 |
| 2. | D142 | Ministry of State for Youth Affairs & Sports | 3,071,849,295 |
| | | Subtotal | <u>3,403,145,336</u> |

Adverse Opinions Total

38,702,802,212

(ii) Appropriation Accounts with Disclaimer of Opinions

(a) Recurrent

| | | | |
|-----|------|--------------------------------------|-------------------------------|
| 1. | R101 | Ministry of State -P.A & I.Security | 65,955,813,892 |
| 2. | R104 | Ministry of Foreign Affairs | 9,498,320,560 |
| 3. | R107 | Ministry of Finance | 21,987,337,285 |
| 4. | R108 | Ministry of State for Defence | 73,063,275,113 |
| 5. | R113 | Ministry of Roads | 2,136,959,636 |
| 6. | R120 | Ministry of Water & Irrigation | 3,659,740,326 |
| 7. | R131 | Ministry of Education | 40,363,468,227 |
| 8. | R135 | Min. of State for Special Programmes | 5,346,159,217 |
| 9. | R159 | Ministry of Public Works | 1,799,836,957 |
| 10. | R160 | Ministry of Industrialization | 1,787,841,013 |
| | | Subtotal | <u>225,598,752,226</u> |

(b) Development

| | | | |
|----|------|--|------------------------------|
| 1. | D101 | Ministry of State -P.A & I.Security | 4,404,532,430 |
| 2. | D104 | Foreign Affairs | 380,458,896 |
| 3. | D107 | Finance | 10,775,501,639 |
| 4. | D113 | Roads | 34,152,399,114 |
| 5. | D120 | Water & Irrigation | 13,925,923,133 |
| 6. | D126 | Judicial Department | 1,951,386,641 |
| 7. | D135 | Ministry of State for Special Programmes | 3,515,359,653 |
| 8. | D148 | Office of the Prime Minister | 280,359,379 |
| 9. | D159 | Ministry of Public Works | 4,214,829,179 |
| | | Subtotal | <u>73,600,750,063</u> |

Disclaimer of Opinions Total **299,199,502,289**

Total Amounts with Adverse and Disclaimer Opinions **337,902,304,502**

(iii) Appropriation Accounts with qualified Opinions**(a) Recurrent**

| <u>Vote</u> | <u>Name</u> | <u>Amount (Kshs)</u> | |
|-------------|-------------|--|----------------|
| 1. | R102 | State House | 1,857,637,375 |
| 2. | R103 | Ministry of State for Public Service | 5,585,590,697 |
| 3. | R106 | Ministry of Planning & National Dev. | 2,464,734,261 |
| 4. | R110 | Ministry of Agriculture | 8,860,618,438 |
| 5. | R111 | Ministry of Medical Services | 39,048,102,466 |
| 6. | R112 | Ministry of Local Govt. | 1,154,832,589 |
| 7. | R115 | Ministry of Labour & HRD | 1,394,453,737 |
| 8. | R117 | Ministry of Justice & Const. Affairs | 2,476,052,456 |
| 9. | R118 | Ministry of Gender & Children Dev. | 5,203,162,865 |
| 10. | R119 | Ministry of Livestock Development | 4,194,975,157 |
| 11. | R121 | Ministry of Environment & Mineral Res | 2,508,126,260 |
| 12. | R122 | Ministry of Coop. Dev & Marketing | 1,221,014,894 |
| 13. | R123 | Cabinet Office | 1,818,011,669 |
| 14. | R124 | Ministry of East African Community | 1,256,986,932 |
| 15. | R132 | Ministry of Information & Comm. | 2,222,482,534 |
| 16. | R134 | Kenya Anti-Corruption Commission | 1,232,841,876 |
| 17. | R133 | Independent Elect. & Boundaries Comm. | 22,959,114,208 |
| 18. | R136 | Ministry of Lands | 2,440,033,246 |
| 19. | R140 | Min. of State for Immigration & Registration | 4,301,346,159 |
| 20. | R141 | Min. of State for National Heritage | 1,712,874,994 |
| 21. | R143 | Ministry of Science and Technology | 34,301,159,228 |
| 22. | R144 | Ministry of Housing | 1,539,003,464 |
| 23. | R145 | National Security Intelligence Service | 13,733,746,358 |
| 24. | R146 | Ministry of Tourism | 1,409,883,675 |

| | | | |
|-----|------|--|-------------------------------|
| 25. | R148 | Office of the Prime Minister | 2,250,182,364 |
| 26. | R149 | Ministry of Public Health & Sanitation | 16,532,336,285 |
| 27. | R155 | Ministry of Forest & Wildlife | 3,873,189,819 |
| 28. | R157 | Ministry of Nairobi Metropolitan Development | 288,846,071 |
| 29. | R201 | Human Rights & Equality Commission | 243,346,837 |
| 30. | R207 | Public Service Commission | 747,305,069 |
| 31. | R209 | Teachers Service Commission | 139,537,475,054 |
| 32. | R210 | The National Police Serv. Comm. | 277,552,623 |
| 33. | R213 | Commission on Adm. Justice | 215,784,843 |
| 34. | R215 | Independent Policing Oversight Authority | 106,835,224 |
| | | Subtotal | <u>328,969,639,728</u> |

(b) Development

| | | | |
|-----|------|---|-------------------------------|
| 1. | D102 | State House | 268,473,036 |
| 2. | D105 | Office of the Vice President & Min. of Home Affairs | 1,519,204,458 |
| 3. | D106 | Planning and National Development & Vision 2030 | 17,657,506,256 |
| 4. | D109 | Regional Development Authorities | 3,603,172,487 |
| 5. | D110 | Agriculture | 9,268,117,205 |
| 6. | D111 | Ministry of Medical Services | 3,642,297,518 |
| 7. | D112 | Local Government | 4,493,286,929 |
| 8. | D114 | Transport | 3,304,347,827 |
| 9. | D115 | Labour & Human Resources | 418,358,591 |
| 10. | D116 | Ministry of Trade | 379,991,955 |
| 11. | D118 | Gender, Children and Social Development | 3,598,021,684 |
| 12. | D119 | Livestock Development | 3,741,688,833 |
| 13. | D121 | Environment & Mineral Resources | 3,351,580,130 |
| 14. | D122 | Ministry of Cooperative Dev & Marketing | 152,173,992 |
| 15. | D123 | Cabinet Office | 431,522,401 |
| 16. | D124 | East African Community | - |
| 17. | D130 | Ministry of Energy | 16,009,009,344 |
| 18. | D131 | Ministry of Education | 5,596,006,317 |
| 19. | D132 | Ministry of Information and Communications | 3,617,917,601 |
| 20. | D134 | Ethics and Anti-Corruption Commission | 10,000,000 |
| 21. | D136 | Ministry of Lands | 1,593,831,204 |
| 22. | D140 | Immigration & Registration of Persons | 1,723,213,078 |
| 23. | D141 | State for National Heritage and Culture | 540,178,355 |
| 24. | D143 | Ministry of H. Education, Science and Technology | 5,313,025,461 |
| 25. | D144 | Ministry of Housing | 2,060,857,829 |
| 26. | D146 | Tourism | 659,165,090 |
| 27. | D149 | Ministry of Public Health & Sanitation | 7,614,484,471 |
| 28. | D155 | Ministry of Forestry & Wildlife | 3,511,099,497 |
| 29. | D156 | Ministry of Fisheries Development | 2,207,297,797 |
| 30. | D157 | Ministry of Nairobi Metropolitan Development | 1,699,648,748 |
| 31. | D158 | Development of Northern Kenya & Other Arid Lands | 1,330,273,077 |
| 32. | D160 | Ministry of Industrialization | 2,126,718,871 |
| 33. | D170 | Transition Authority | 451,607,019 |
| 34. | D204 | Parliamentary Service Commission | 1,316,871,681 |
| | | Subtotal | <u>113,210,948,742</u> |
| | | Total Amounts with Qualified Opinions | <u>442,180,588,470</u> |

(iv) Appropriation Accounts with Unqualified Opinions

(a) Recurrent

| | <u>Vote</u> | <u>Name</u> | <u>Amount (Kshs)</u> |
|-----|-------------|---------------------------------------|------------------------------|
| 1. | R125 | State Law Office | 1,532,585,671 |
| 2. | R127 | Witness Protection Agency | 201,897,633 |
| 3. | R129 | Parliamentary Service Commission | 11,112,842,481 |
| 4. | R130 | Ministry of Energy | 1,873,930,807 |
| 5. | R156 | Ministry of Fisheries Development | 1,268,084,638 |
| 6. | R158 | Ministry of Dev. of Northern Kenya | 592,566,742 |
| 7. | R163 | Directorate of Public Prosecution | 958,241,997 |
| 8. | R165 | Commission of Impl. of Constitution | 455,460,975 |
| 9. | R168 | Registrar of Political Parties | 342,298,109 |
| 10. | R170 | Transition Authority | 755,223,122 |
| 11. | R206 | The Commission on Revenue Allocation | 292,826,373 |
| 12. | R208 | Salaries & Remuneration Commission | 264,455,126 |
| 13. | R212 | Office of Controller of Budget | 240,685,117 |
| 14. | R214 | National Gender & Equality Commission | 238,442,845 |
| | | Subtotal | <u>20,129,541,636</u> |

(b) Development

| | | | |
|----|------|--|------------------------------|
| 1. | D117 | Justice National Cohesion & Constitutional Affairs | 91,420,191 |
| 2. | D125 | State Law Office | 169,182,762 |
| 3. | D163 | Directorate of Public Prosecution | 59,813,505 |
| 4. | D207 | Public Service Commission | 48,591,031 |
| | | Subtotal | <u>369,007,489</u> |
| | | Total Amounts with unqualified Opinions | <u>20,498,549,125</u> |

(v) Appropriation Account Audited by Independent Auditors

| | <u>Vote</u> | <u>Name</u> | <u>Amount (Kshs)</u> |
|----|-------------|--------------------|-------------------------------|
| 1. | R211 | Auditor General | <u>1,697,665,144</u> |
| | | Grand Total | <u>802,279,107,240</u> |

APPENDIX B

The following is a list of financial statements for which I expressed an unqualified opinion as I was provided with sufficient and accurate information and explanations.

The Exchequer

| Vote | Ministry | Name of Statement |
|-------------|---------------------|--------------------------|
| 1. 107 | Ministry of Finance | Exchequer Account |

Consolidated Fund Services

| | | |
|--------|---------------------|---|
| 1. 107 | Ministry of Finance | CFS - Subscriptions to International Organizations: Expenditure |
| 2. 107 | Ministry of Finance | CFS- Pensions and Gratuities Statement of Expenditure |

Appropriation Accounts – Recurrent

| Vote | Ministry/Department/Commission |
|-------------|--|
| 1. 125 | State Law Office |
| 2. 127 | Witness Protection Agency |
| 3. 130 | Ministry of Energy |
| 4. 156 | Ministry of Fisheries Development |
| 5. 158 | Ministry of Development of Northern Kenya and other Arid Lands |
| 6. 163 | Directorate of Public Prosecution |
| 7. 165 | Commission for Implementation of the Constitution |
| 8. 168 | Registrar of Political Parties |
| 9. 204 | Parliamentary Service Commission |
| 10. 212 | Controller of Budget |

Appropriation Accounts – Development

| | |
|--------|---|
| 1. 117 | Ministry of Justice, National Cohesion and Constitutional Affairs |
| 2. 125 | State Law Office |
| 3. 163 | Directorate of Public Prosecution |

Financial Statements

| | |
|--------|---|
| 1. 206 | Commission on Revenue Allocation |
| 2. 208 | Salaries and Remuneration Commission |
| 3. 214 | National Gender and Equality Commission |

Statements of Assets and Liabilities – Recurrent

| | |
|--------|-------------|
| 1. 102 | State House |
|--------|-------------|

2. 148 Office of the Prime Minister
3. 163 Directorate of Public Prosecution
4. 165 Commission for Implementation of the Constitution
5. 168 Registrar of Political Parties

Statements of Assets and Liabilities – Development

1. 102 State House
2. 163 Directorate of Public Prosecution

Statements of Assets and Liabilities – Deposits

1. 102 State House
2. 108 Defence
3. 125 State Law Office
4. 130 Ministry of Energy
5. 135 Ministry of State for Special Programmes
6. 148 Office of the Prime Minister

Statement of Obligations Guaranteed by the Government of Kenya

1. 130 Ministry of Energy

Statement of Participation in Quasi Government and Other Statutory Organizations

- 1 107 Ministry of Finance

Fund Accounts

| | Vote | Ministry/Department/Agency | Name of Statement |
|----|-------------|--|---------------------------------------|
| 1. | 107 | Ministry of Finance | Civil Contingencies Fund |
| 2. | 145 | National Security Intelligence Service | Intelligence Service Development Fund |
| 3. | 148 | Office of the Prime Minister | Towers Conservation Trust Fund |
| 4. | 168 | Registrar of Political Parties | Political Parties Fund |
| 5. | 169 | Witness Protection Agency | Financial Statements |
| 6. | 204 | Parliamentary Service Commission | National Assembly Car Loan Fund |

Statement of Revenue

1. 108 Ministry of State for Defence Statement of Revenue for Vote 108

Statement of Public Debt

1. 107 Ministry of Finance Statement of Public Debt

APPENDIX C

The following is a list of financial statements for which I expressed qualified opinion. I was provided with sufficient and appropriate information and explanations and out of the audit I raised issues which were material but not fundamental

Consolidated Fund Services

1. 107 Ministry of Finance CFS - Public Debt : Statement of Expenditure
2. 107 Ministry of Finance CFS - Salaries, Allowances and Misc. Services Statement of Expenditure

Appropriation Accounts – Recurrent

1. 102 State House
2. 103 Ministry of State for Public Service
3. 106 Ministry of Planning and National Development and Vision 2030
4. 110 Ministry of Agriculture
5. 111 Ministry of Medical Services
6. 112 Ministry of Local Government
7. 115 Ministry of Labour
8. 117 Ministry of Justice, National Cohesion and Constitutional Affairs
9. 118 Ministry of Gender, Children and social Development
10. 119 Ministry of Livestock Development
11. 121 Ministry of Environment and Mineral Resources
12. 122 Ministry of Co-operative Development and Marketing
13. 123 Cabinet Office
14. 124 Ministry of East Africa Community
15. 132 Ministry of Information and Communication
16. 134 Ethics and Anti-Corruption Commission
17. 136 Ministry of Lands
18. 140 Ministry of State for Immigration and Registration of Persons
19. 141 Ministry of State for National Heritage and Culture
20. 143 Ministry of Higher Education, Science and Technology
21. 144 Ministry of Housing
22. 145 National Security Intelligence Service
23. 146 Ministry of Tourism
24. 148 Office of the Prime Minister
25. 149 Ministry of Public Health and Sanitation
26. 155 Ministry of Forestry and Wildlife
27. 157 Ministry of Nairobi Metropolitan Development
28. 201 Kenya National Commission of Human Rights
29. 210 National Police Service Commission

Appropriation Accounts – Development

1. 102 State House
2. 105 Ministry of Home Affairs
3. 106 Ministry of Planning and National Development and Vision 2030
4. 109 Ministry of Regional Development Authorities
5. 110 Ministry of Agriculture
6. 111 Ministry of Medical Services

7. 112 Ministry of Local Government
8. 114 Ministry of Transport
9. 115 Ministry of Labour
10. 116 Ministry of Trade
11. 118 Ministry of Gender, Children and social Development
12. 119 Ministry of Livestock Development
13. 121 Ministry of Environment and Mineral Resources
14. 122 Ministry of Co-operative Development and Marketing
15. 123 Cabinet Office
16. 124 Ministry of East Africa Community
17. 130 Ministry of Energy
18. 131 Ministry of Education
19. 132 Ministry of Information and Communication
20. 134 Ethics and Anti-Corruption Commission
21. 136 Ministry of Lands
22. 140 Ministry of State for Immigration and Registration of Persons
23. 141 Ministry of State for National Heritage and Culture
24. 143 Ministry of Higher Education, Science and Technology
25. 144 Ministry of Housing
26. 146 Ministry of Tourism
27. 149 Ministry of Public Health and Sanitation
28. 155 Ministry of Forestry and Wildlife
29. 156 Ministry of Fisheries Development
30. 157 Ministry of Nairobi Metropolitan Development
31. 158 Ministry of Development of Northern Kenya and other Arid Lands
32. 160 Ministry of Industrialization
33. 204 Parliamentary Service Commission

Statements of Assets and Liabilities – Recurrent

1. 106 Ministry of Planning and National Development and Vision 2030
2. 110 Ministry of Agriculture
3. 111 Ministry of Medical Services
4. 112 Ministry of Local Government
5. 115 Ministry of Labour
6. 117 Ministry of Justice, National Cohesion and Constitutional Affairs
7. 119 Ministry of Livestock Development
8. 122 Ministry of Co-operative Development and Marketing
9. 123 Cabinet Office
10. 124 Ministry of East Africa Community
11. 125 State Law Office
12. 126 The Judiciary
13. 130 Ministry of Energy
14. 132 Ministry of Information and Communication
15. 136 Ministry of Lands
16. 140 Ministry of State for Immigration and Registration of Persons
17. 141 Ministry of State for National Heritage and Culture
18. 145 National Security Intelligence Service
19. 146 Ministry of Tourism
20. 149 Ministry of Public Health and Sanitation
21. 157 Ministry of Nairobi Metropolitan Development
22. 158 Ministry of Development of Northern Kenya and other Arid Lands
23. 204 Parliamentary Service Commission

24. 210 National Police Service Commission
25. 212 Controller of Budget

Statements of Assets and Liabilities – Development

1. 105 Ministry of Home Affairs
2. 106 Ministry of Planning and National Development and Vision 2030
3. 109 Ministry of Regional Development Authorities
4. 111 Ministry of Medical Services
5. 112 Ministry of Local Government
6. 114 Ministry of Transport
7. 115 Ministry of Labour
8. 116 Ministry of Trade
9. 117 Ministry of Justice, National Cohesion and Constitutional Affairs
10. 119 Ministry of Livestock Development
11. 122 Ministry of Co-operative Development and Marketing
12. 123 Cabinet Office
13. 124 Ministry of East Africa Community
14. 125 State Law Office
15. 126 The Judiciary
16. 130 Ministry of Energy
17. 132 Ministry of Information and Communication
18. 136 Ministry of Lands
19. 140 Ministry of State for Immigration and Registration of Persons
20. 141 Ministry of State for National Heritage and Culture
21. 144 Ministry of Housing
22. 146 Ministry of Tourism
23. 156 Ministry of Fisheries Development
24. 157 Ministry of Nairobi Metropolitan Development
25. 160 Ministry of Industrialization
26. 204 Parliamentary Service Commission

Statements of Assets and Liabilities – Deposits

1. 106 Ministry of Planning and National Development and Vision 2030
2. 110 Ministry of Agriculture
3. 111 Ministry of Medical Services
4. 114 Ministry of Transport
5. 115 Ministry of Labour
6. 116 Ministry of Trade
7. 117 Ministry of Justice, National Cohesion and Constitutional Affairs
8. 118 Ministry of Gender, Children and social Development
9. 119 Ministry of Livestock Development
10. 120 Ministry of Water and Irrigation
11. 121 Ministry of Environment and Mineral Resources
12. 122 Ministry of Co-operative Development and Marketing
13. 123 Cabinet Office
14. 124 Ministry of East Africa Community
15. 126 The Judiciary
16. 132 Ministry of Information and Communication
17. 136 Ministry of Lands
18. 136 Ministry of Lands
19. 140 Ministry of State for Immigration and Registration of Persons
20. 141 Ministry of State for National Heritage and Culture

21. 145 National Security Intelligence Service
22. 146 Ministry of Tourism
23. 156 Ministry of Fisheries Development
24. 157 Ministry of Nairobi Metropolitan Development

Fund Accounts

- | | | | |
|-----|-----|---|--|
| 1. | 101 | Ministry of State for Provincial | Government Press Fund Account Admin and internal Security |
| 2. | 107 | Ministry of Finance | Asiatic Widows and Orphans Pensions Fund |
| 3. | 107 | Ministry of Finance | Kenya Local Loans Funds |
| 4. | 107 | Ministry of Finance | European Windows and Orphans Pensions scheme Fund |
| 5. | 112 | Ministry of Local Government | Local Authorities Transfer Fund |
| 6. | 113 | Ministry of Roads | Mechanical and Transport Fund Account |
| 7. | 115 | Ministry of Labour | Occupational Safety and Health Fund |
| 8. | 119 | Ministry of Livestock Development | Veterinary Services Development Fund |
| 9. | 122 | Ministry of Co-operative Development and Marketing | Management of Supervision and Liquidation Fund |
| 10. | 144 | Ministry of Housing | Kenya Slums Upgrading Fund |
| 11. | 204 | Parliamentary Service Commission | Parliamentary Mortgage Scheme Fund |

Financial Statements

1. 201 Kenya National Human Rights and Equality Commission
2. 130 Ministry of Energy - Kenya Energy Sector Environment and Social Responsibility Programme
3. 207 Public Service Commission
4. 209 Teachers Service Commission
5. 213 Commission on Administrative Justice
6. 203 Independent Electoral and Boundaries Commission

Statements of Outstanding Loans

1. 107 Ministry of Finance
2. 146 Ministry of Tourism

Statements of Outstanding Obligations Guaranteed by Kenya Government

1. 107 Ministry of Finance
2. 132 Ministry of Information and Communication
3. 160 Ministry of Industrialization

Statement of Participation in Quasi Govt and other organization

1. 130 Ministry of Energy

Statement of Subscription by Kenya Government to International Organizations

- 1 107 Ministry of Finance

Statements of Revenue

| | | | |
|----|-----|--|---|
| 1. | 101 | Ministry of State for Provincial Admin and internal Security | Statement for Revenue 101 |
| 2. | 105 | Ministry of Home Affairs | Statement of Revenue |
| 3. | 121 | Ministry of Environment and | Revenue Head 160-210 - Forest and Mining Revenue Mineral Resources |
| 4. | 132 | Ministry of Information and Communication | Statement of Revenue |
| 5. | 136 | Ministry of Lands | Land Revenue Head 150-360 |
| 6. | 140 | Ministry of State for Immigration and Registration of Persons | Statement of Revenue |
| 7. | 144 | Ministry of Housing | Statement of Revenue |
| 8. | 146 | Ministry of Tourism | Statement of Revenue |
| 9. | 156 | Ministry of Fisheries Development | Statement of Revenue Head 000000-056 Fishing Rights |

APPENDIX D

The following is a list of financial statements for which I expressed an adverse opinion due to materials misstatements.

Consolidated Fund Services

1. 107 Ministry of Finance Statement of Assets and Liabilities - CFS Pensions and Gratuities

Appropriation Accounts – Recurrent

- 1 105 Ministry of Home Affairs
- 2 109 Ministry of Regional Development Authorities
- 3 114 Ministry of Transport
- 4 116 Ministry of Trade
- 5 126 The Judiciary
- 6 142 Ministry of Youth Affairs and Sports

Appropriation Accounts – Development

- 1 103 Ministry of state for Public Service
- 2 142 Ministry of Youth Affairs and Sports

Statements of Assets and Liabilities – Recurrent

- 1 103 Ministry of State for Public Service
- 2 105 Ministry of Home Affairs
- 3 109 Ministry of Regional Development Authorities
- 4 114 Ministry of Transport
- 5 131 Ministry of Education
- 6 142 Ministry of Youth Affairs and Sports
- 7 144 Ministry of Housing
- 8 156 Ministry of Fisheries Development

Statements of Assets and Liabilities – Development

- 1 103 Ministry of State for Public Service
- 2 142 Ministry of Youth Affairs and Sports

Statements of Assets and Liabilities – Deposits

- 1 103 Ministry of state for Public Service
- 2 105 Ministry of Home Affairs
- 3 112 Ministry of Local Government

| | | |
|---|-----|--|
| 4 | 149 | Ministry of Public Health and Sanitation |
| 5 | 160 | Ministry of Industrialization |
| 6 | 204 | Parliamentary Service Commission |

Fund Accounts

| | | | |
|---|-----|---|-------------------------------------|
| 1 | 105 | Ministry of Home Affairs | Prison Industries Fund |
| 2 | 105 | Ministry of Home Affairs | Prisons Farm Fund |
| 3 | 107 | Ministry of Finance | Asian Officers Family Pensions Fund |
| 4 | 107 | Ministry of Finance | Treasury's Main Clearance Fund |
| 5 | 107 | Ministry of Finance | Provident Fund |
| 6 | 111 | Ministry of Medical Services | Health Care Services Fund |
| 7 | 118 | Ministry of Gender, Children and social Development | Women Enterprise Fund |

Revenue Statements

| | | | |
|----|-----|---------------------|---|
| 1 | 107 | Ministry of Finance | DRI - Statement of Development Revenue |
| 2 | 107 | Ministry of Finance | Revenue Head 1110000 - Taxes on Income, Profits and Capital Gains |
| 3 | 107 | Ministry of Finance | Revenue Head 1140000 - Taxes on Goods and Services |
| 4 | 107 | Ministry of Finance | Revenue Head 1150000 - Taxes on International Trade and Transactions |
| 5 | 107 | Ministry of Finance | Revenue Head 1160000 - Other Taxes (Not Elsewhere Classified) |
| 6 | 107 | Ministry of Finance | Revenue Head 1210000 - Social Security Contributions |
| 7 | 107 | Ministry of Finance | Revenue Head 1410000 - Property Income |
| 8 | 107 | Ministry of Finance | Revenue Head 1410000 - Property Income – Subhead 1410401 - Rent of Land |
| 9 | 107 | Ministry of Finance | Revenue Head 1410000 - Sub 1410100 - Loan Interest and Receipts |
| 10 | 107 | Ministry of Finance | Revenue Head 1420000 - Sales of Goods and Services |
| 11 | 107 | Ministry of Finance | Revenue Head 1450000 - Other Receipts (Not Classified Elsewhere) |
| 12 | 107 | Ministry of Finance | Revenue Head 4510000 - Repayments From Domestic Lending and on-Lending |

APPENDIX E

The following is a list of financial statements for which I was unable to express an opinion due to lack of sufficient and accurate information and explanations.

Consolidated Fund Services

1. 107 Ministry of Finance Statement of Assets and Liabilities - Consolidated Fund Services

Appropriation Accounts – Recurrent

1. 101 Ministry of State for Provincial Admin and Internal Security
2. 104 Ministry of Foreign Affairs
3. 107 Ministry of Finance
4. 108 Ministry of State for Defence
5. 113 Ministry of Roads
6. 120 Ministry of Water and Irrigation
7. 131 Ministry of Education
8. 135 Ministry of State for Special Programmes
9. 159 Ministry of Public Works
10. 160 Ministry of Industrialization

Appropriation Accounts – Development

1. 101 Ministry of State for Provincial Admin and Internal Security
2. 104 Ministry of Foreign Affairs
3. 107 Ministry of Finance
4. 113 Ministry of Roads
5. 120 Ministry of Water and Irrigation
6. 126 The Judiciary
7. 135 Ministry of State for Special Programmes
8. 148 Office of the Prime Minister
9. 159 Ministry of Public Works

Statements of Assets and Liabilities – Recurrent

- 1 101 Ministry of State for Provincial Admin and Internal Security
- 2 104 Ministry of Foreign Affairs
- 3 107 Ministry of Finance
- 4 108 Ministry of State for Defence
- 5 113 Ministry of Roads
- 6 116 Ministry of Trade
- 7 118 Ministry of Gender, Children and social Development
- 8 120 Ministry of Water and Irrigation
- 9 121 Ministry of Environment and Mineral Resources
- 10 135 Ministry of State for Special Programmes

- 11 143 Ministry of Higher Education, Science and Technology
- 12 155 Ministry of Forestry and Wildlife
- 13 159 Ministry of Public Works
- 14 160 Ministry of Industrialization

Statements of Assets and Liabilities – Development

- 1. 101 Ministry of State for Provincial Admin and Internal Security
- 2. 104 Ministry of Foreign Affairs
- 3. 107 Ministry of Finance
- 4. 110 Ministry of Agriculture
- 5. 113 Ministry of Roads
- 6. 118 Ministry of Gender, Children and social Development
- 7. 120 Ministry of Water and Irrigation
- 8. 121 Ministry of Environment and Mineral Resources
- 9. 131 Ministry of Education
- 10. 135 Ministry of State for Special Programmes
- 11. 143 Ministry of Higher Education, Science and Technology
- 12. 148 Office of the Prime Minister
- 13. 149 Ministry of Public Health and Sanitation
- 14. 155 Ministry of Forestry and Wildlife
- 15. 158 Ministry of Development of Northern Kenya and other Arid Lands
- 16. 159 Ministry of Public Works

Statements of Assets and Liabilities – Deposit

- 1. 101 Ministry of State for Provincial Admin and Internal Security
- 2. 104 Ministry of Foreign Affairs
- 3. 107 Ministry of Finance
- 4. 109 Ministry of Regional Development Authorities
- 5. 113 Ministry of Roads
- 6. 131 Ministry of Education
- 7. 142 Ministry of Youth Affairs and Sports
- 8. 143 Ministry of Higher Education, Science and Technology
- 9. 144 Ministry of Housing
- 10. 155 Ministry of Forestry and Wildlife
- 11. 158 Ministry of Development of Northern Kenya and other Arid Lands
- 12. 159 Ministry of Public Works
- 13. 204 Parliamentary Service Commission

Other Statements of Assets and Liabilities

- 1. 107 Ministry of Finance Statement of Assets and Liabilities -Pensions and Gratuities, Funds and Deposits
- 2. 159 Ministry of Public Works Stores and Services Fund Statements of Assets and Liabilities

Fund Accounts

| | | | |
|-----|-----|--|---|
| 1. | 101 | Ministry of State for Provincial Admin and Internal Security | District Cash Fund |
| 2. | 107 | Ministry of Finance | Petroleum Development Levy Fund |
| 3. | 107 | Ministry of Finance | Rural Enterprises Fund |
| 4. | 107 | Ministry of Finance | Government Clearing Agency Fund |
| 5. | 110 | Ministry of Agriculture | Agriculture Information Centre Revolving Fund |
| 6. | 110 | Ministry of Agriculture | Demonstration Farm Fund |
| 7. | 111 | Ministry of Medical Services | Medical Supplies Fund |
| 8. | 130 | Ministry of Energy | Petroleum Development Levy Fund |
| 9. | 130 | Ministry of Energy | Petroleum Training Fund |
| 10. | 135 | Ministry of State for Special Programmes | Strategic Grain Reserve Trust Fund |
| 11. | 135 | Ministry of State for Special Programmes | FAZA Fire Disaster Fund |
| 12. | 135 | Ministry of State for Special Programmes | National Humanitarian Fund |
| 13. | 135 | Ministry of State for Special Programmes | Nakumatt/Molo Fire Victims Fund |
| 14. | 136 | Ministry of Lands | Township Roads and Drains Account |
| 15. | 142 | Ministry of Youth Affairs and Sports | NYS Mechanical and Transport Fund |
| 16. | 144 | Ministry of Housing | Civil Servant Housing Scheme Fund |
| 17. | 159 | Ministry of Public Works | Stores and Services Fund |

Statement of Invests. by Financial Secretary (Treasury) in Local Companies

| | | | |
|----|-----|---------------------|--|
| 1. | 107 | Ministry of Finance | Statement of Invests. by Financial Secretary (Treasury) in Local Companies |
|----|-----|---------------------|--|

Statement of Outstanding Loans

| | | | |
|----|-----|----------------------------------|--------------------------------|
| 1. | 120 | Ministry of Water and Irrigation | Statement of Outstanding Loans |
|----|-----|----------------------------------|--------------------------------|

Statement of Revenue

| | | | |
|----|-----|---------------|--|
| 1. | 126 | The Judiciary | Revenue Head 1430100 - Fines and Forfeitures |
|----|-----|---------------|--|

7. Exchequer Account

REPORT OF THE AUDITOR-GENERAL ON THE STATEMENT OF RECEIPTS INTO AND ISSUES FROM THE EXCHEQUER ACCOUNT FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the Statement of Receipts into and Issues from the Exchequer Account for the year ended 30 June 2013 in accordance with Article 229(4) 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.

Accounting Officer's Responsibility for the Statement of Receipts into and Issues from the Exchequer Account

The Principal Secretary/National Treasury is responsible for the preparation and fair presentation of the Statement of Receipts into and Issues from the Exchequer Account in accordance with Government Financial Regulations and Procedures and the Public Finance Management Act, 2012 and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

The Principal Secretary/ National Treasury is also responsible for the submission of the Statement of Receipts into and Issues from the Exchequer Account to the Auditor-General in accordance with the provisions of Section 80 of the Public Finance Management Act, 2012 and Section 3 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on this financial statement based on the audit and report in accordance with the provisions of Section 8 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards

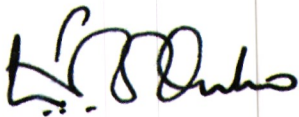
on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance that the Statement of Receipts into and Issues from the Exchequer Account is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the Statement of Receipts into and Issues from the Exchequer Account.

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

Opinion

In my opinion, the statement presents fairly, in all material respects, the receipts into and issues from the Exchequer Account during the year ended 30 June 2013, in accordance with Government Financial Regulations and Procedures and the Public Finance Management Act, 2012 of the Laws of Kenya.



Edward R. O. Ouko
AUDITOR-GENERAL

Nairobi

4 December 2013

REPUBLIC OF KENYA - THE EXCHEQUER ACCOUNT

RECEIPTS INTO AND ISSUES FROM EXCHEQUER ACCOUNT.

FOR THE YEAR 2012/2013

| RECURRENT- | ORIGINAL ESTIMATES | ACTUAL RECEIPTS | UNDER/(OVER ESTIMATES) |
|--|-----------------------------|-----------------------------|--------------------------|
| TAXATION RECEIPTS:- | KSHs | KSHs | KSHs |
| Opening Balance | | 1,159,431,087.95 | |
| Income Tax from Individuals (P.A.Y.E) | 205,199,465,986.95 | 199,847,159,544.75 | 5,352,306,442.20 |
| Income Tax from Corporations | 178,256,399,069.50 | 173,238,881,870.95 | 5,017,517,198.55 |
| Immovable Property | 182,988,000.00 | - | 182,988,000.00 |
| Second Hand Motor Vehicle Pur. Tax | 470,745,741.00 | - | 470,745,741.00 |
| VAT on Domestic Goods & Services | 112,988,839,599.00 | 90,713,834,353.35 | 22,275,005,245.65 |
| VAT on Imported Goods & Services | 118,865,918,390.00 | 94,202,479,899.40 | 24,663,438,490.60 |
| Excise Receipts | 91,910,074,985.00 | 85,660,290,157.25 | 6,249,784,827.75 |
| Customs Duties | 67,384,242,136.00 | 57,649,683,692.65 | 9,734,558,443.35 |
| Other Taxes on Int. Trade & Transactions(IDF) | 31,399,393,797.00 | 24,162,911,277.00 | 7,236,482,520.00 |
| Stamp Duty | 10,799,705,784.00 | 8,537,806,412.85 | 2,261,899,371.15 |
| Licences under Stage Plays & Cinemas Act | 4,481,128.00 | - | 4,481,128.00 |
| Licences under Traffic Act | 3,358,534,101.00 | 2,431,428,389.25 | 927,105,711.75 |
| Licences Under Communications Act | 47,836,043.00 | - | 47,836,043.00 |
| Cont. From Govt. Employees To Social | 857,191,607.00 | - | 857,191,607.00 |
| Grants from Foreign Govt. through Exchequer | 5,979,878,495.00 | 5,187,910,442.70 | 791,968,052.30 |
| Loan from Foreign Govt. through Exchequer | 37,424,811,909.00 | 23,569,327,081.10 | 13,855,484,827.90 |
| Grants from International Organitions | 8,719,277,002.00 | 5,825,640,982.20 | 2,893,636,019.80 |
| Interest Received | 850,062,732.00 | 1,356,281,155.30 | (506,218,423.30) |
| Profits & Dividends from C.B.K. | 2,000,000,000.00 | 1,500,000,000.00 | 500,000,000.00 |
| Other Profits & Dividends | 8,998,589,681.00 | 13,764,235,967.15 | (4,765,646,286.15) |
| Surplus Funds for Regulatory Authority | 3,483,493,169.00 | - | 3,483,493,169.00 |
| Rent of Land | 1,550,304,702.00 | 1,788,668,271.85 | (238,363,569.85) |
| Fines, Penalties & Forfeitures & other charges | 1,410,574,516.00 | 1,465,498,052.70 | (54,923,536.70) |
| Miscellaneous & Sundry Revenue | 17,828,096,534.00 | 9,245,375,633.55 | 8,582,720,900.45 |
| <i>Administrative Fees and Charges</i> | | | |
| Fees Under Traffic Act | 1,206,875,512.00 | - | 1,206,875,512.00 |
| Motor Drivers Licences | 939,634,098.00 | - | 939,634,098.00 |
| Sale of Freehold Interest in Agri. Land | 1,287,954.00 | - | 1,287,954.00 |
| Immigration Visas and Other Consular Fees | 3,789,309,868.00 | 2,688,094,056.70 | 1,101,215,811.30 |
| Work Permit Fees | 2,535,775,947.00 | 4,277,488,809.00 | (1,741,712,862.00) |
| Passport Fees | 684,684,993.00 | 502,181,114.65 | 182,503,878.35 |
| Sale of Tender Documents | 3,262,043.00 | - | 3,262,043.00 |
| Course Fees & Hostel Charges | 11,319,986.00 | - | 11,319,986.00 |
| Kenya Oil Facility Storage Charges | 226,013.00 | - | 226,013.00 |
| Fishing Rights | 77,121,788.00 | 171,448,126.20 | (94,326,338.20) |
| Betting Control | 161,762,967.00 | 111,588,721.15 | 50,174,245.85 |
| Registration Services | 101,482,716.00 | 247,289,590.70 | (145,806,874.70) |
| Others | 1,462,671,021.00 | 2,135,856,141.75 | (673,185,120.75) |
| Loans to Non-Financial Public Enterprises | 1,664,287,165.00 | 2,035,403,380.20 | (371,116,215.20) |
| Loans to Financial Institutions/Re-embursement | 31,945,208.00 | 66,375,000.00 | (34,429,792.00) |
| Fund Management fee | 53,019,275.00 | - | 53,019,275.00 |
| Net Domestic Borrowing (CBK) | 106,740,000,000.00 | 175,510,000,000.00 | (68,770,000,000.00) |
| | 1,029,435,571,661.45 | 987,893,138,124.35 | 41,542,433,537.10 |
| Treasury Bills/Bonds | | 156,320,000,000.00 | - |
| Total Revenue | | 1,145,372,569,212.30 | |
| RECURRENT | | | |
| MINISTRY/DEPARTMENT | ESTIMATED ISSUES | ACTUAL ISSUES | |
| | KSHs | KSHs | |
| Ministry of State - P. A & I. Security | 69,996,476,483.00 | 67,645,000,000.00 | 2,351,476,483.00 |
| State House | 1,924,466,158.00 | 1,859,000,000.00 | 65,466,158.00 |
| Ministry of State- Public Service | 5,589,119,978.00 | 5,585,000,000.00 | 4,119,978.00 |
| Ministry of Foreign Affairs | 10,133,873,400.00 | 9,565,000,000.00 | 568,873,400.00 |
| Office of V.P. & Ministry of Home Affairs | 15,143,970,717.00 | 15,141,000,000.00 | 2,970,717.00 |
| Planning & National Dev. | 2,668,535,892.00 | 2,667,000,000.00 | 1,535,892.00 |
| Ministry of Finance | 22,690,990,958.00 | 22,690,000,000.00 | 990,958.00 |
| Ministry of State for Defence | 77,526,356,285.00 | 73,045,000,000.00 | 4,481,356,285.00 |
| Ministry of Regional Development & Auth. | 785,256,275.00 | 785,200,000.00 | 56,275.00 |
| Ministry of Agriculture | 9,110,634,979.00 | 9,081,000,000.00 | 29,634,979.00 |
| Medical Services | 39,556,050,575.00 | 39,010,000,000.00 | 546,050,575.00 |
| D.P.M.s Office & Ministry of Local Govt. | 1,387,644,115.00 | 1,274,000,000.00 | 113,644,115.00 |
| Ministry of Roads | 2,442,123,577.00 | 2,145,500,000.00 | 296,623,577.00 |
| Ministry of Transport | 1,489,868,684.00 | 1,485,000,000.00 | 4,868,684.00 |
| Ministry of Labour & HRD | 1,473,374,499.00 | 1,405,000,000.00 | 68,374,499.00 |
| D.P.M.s Office, Ministry of Trade | 1,884,936,469.00 | 1,876,500,000.00 | 8,436,469.00 |
| Justice Nat. Cohesion & Const. Affairs | 2,490,761,706.00 | 2,487,700,000.00 | 3,061,706.00 |
| Ministry of Gender and Children Dev. | 5,319,642,960.00 | 5,319,500,000.00 | 142,960.00 |
| Ministry of Livestock Development | 4,527,683,995.00 | 4,449,000,000.00 | 78,683,995.00 |

| | | | |
|---|---------------------------|---------------------------|--------------------------|
| Ministry of Water & Irrigation | 4,340,235,626.00 | 4,316,000,000.00 | 24,235,626.00 |
| Ministry of Environment & Mineral Res. | 2,513,260,546.00 | 2,510,000,000.00 | 3,260,546.00 |
| Ministry of Coop. Dev. & Marketing | 1,231,702,976.00 | 1,229,000,000.00 | 2,702,976.00 |
| Cabinet Office | 2,006,760,705.00 | 1,800,000,000.00 | 206,760,705.00 |
| Ministry of East African Community | 1,264,524,742.00 | 1,261,000,000.00 | 3,524,742.00 |
| State Law Office | 1,611,756,018.00 | 1,548,000,000.00 | 63,756,018.00 |
| Judicial Department | 10,221,428,327.00 | 10,065,000,000.00 | 156,428,327.00 |
| Ministry of Energy | 2,247,222,349.00 | 2,245,000,000.00 | 2,222,349.00 |
| Ministry of Education | 42,498,016,426.00 | 41,940,000,000.00 | 558,016,426.00 |
| Ministry of Information & Comm. | 2,263,659,015.00 | 2,262,000,000.00 | 1,659,015.00 |
| Ethics & Anti-Corruption Commission | 1,372,673,920.00 | 1,210,000,000.00 | 162,673,920.00 |
| Ministry of State for Special Programmes | 5,485,203,110.00 | 5,365,500,000.00 | 89,703,110.00 |
| Ministry of lands | 2,651,901,976.00 | 2,465,000,000.00 | 186,901,976.00 |
| Ministry of State for Immigration & Reg. Pers. | 4,619,145,396.00 | 4,617,000,000.00 | 2,145,396.00 |
| Ministry of State for National Heritage & Cult. | 1,741,208,561.00 | 1,714,000,000.00 | 27,208,561.00 |
| Ministry of Youth Affairs & Sports | 6,324,334,594.00 | 6,314,000,000.00 | 10,334,594.00 |
| Ministry of Higher Education Sc & Tech. | 34,475,208,833.00 | 34,365,000,000.00 | 110,208,833.00 |
| Ministry of Housing | 1,705,997,266.00 | 1,165,000,000.00 | 540,997,266.00 |
| National Security Intelligence Service | 13,749,000,000.00 | 13,749,000,000.00 | - |
| Ministry of Tourism | 1,413,068,473.00 | 1,413,000,000.00 | 68,473.00 |
| Office of the Prime Minister | 2,250,243,636.00 | 2,250,000,000.00 | 243,636.00 |
| Ministry of Public Health & Sanitation | 16,550,025,500.00 | 16,520,000,000.00 | 30,025,500.00 |
| Ministry of Forestry and Wildlife | 3,895,015,033.00 | 3,890,000,000.00 | 5,015,033.00 |
| Ministry of Fisheries Development | 1,301,501,787.00 | 1,228,000,000.00 | 73,501,787.00 |
| Ministry of Nairobi Metropolitan Development | 309,651,125.00 | 310,000,000.00 | (338,875.00) |
| Ministry of DVP of N. Kenya & other A. Areas | 629,273,510.00 | 621,500,000.00 | 7,773,510.00 |
| Ministry of Public Works | 1,962,632,817.00 | 1,735,000,000.00 | 227,632,817.00 |
| Ministry of Industrialisation | 1,899,088,175.00 | 1,750,000,000.00 | 149,088,175.00 |
| Directorate of Public Prosecution | 1,010,179,862.00 | 940,000,000.00 | 70,179,862.00 |
| Commission For The Implementation of the constitution | 451,241,920.00 | 458,000,000.00 | (6,758,080.00) |
| Registrar of Political Parties | 383,999,998.00 | 351,000,000.00 | 32,999,998.00 |
| Witness Protection Agency | 196,523,378.00 | 196,500,000.00 | 23,378.00 |
| Transition Authority | 758,000,000.00 | 758,000,000.00 | - |
| Kenya national Human Rights & Equality Comm. | 251,454,350.00 | 251,000,000.00 | 454,350.00 |
| Independent Electoral & Boundaries Comm. | 25,166,913,951.00 | 25,166,000,000.00 | 913,951.00 |
| Parliamentary Service Commission | 12,974,510,097.00 | 11,150,000,000.00 | 1,824,510,097.00 |
| Commission on Revenue Allocation | 344,961,447.00 | 371,100,000.00 | (26,138,553.00) |
| Public Service Commission | 760,507,908.00 | 747,186,000.00 | 13,321,908.00 |
| Salaries & Remuneration Commission | 492,150,000.00 | 431,000,000.00 | 61,150,000.00 |
| Teachers Service Commission | 139,951,989,702.00 | 128,510,000,000.00 | 11,441,989,702.00 |
| National Police Service Commission | 292,000,000.00 | 290,000,000.00 | 2,000,000.00 |
| Auditor General | 1,896,500,000.00 | 1,530,000,000.00 | 366,500,000.00 |
| Controller Of Budget | 381,140,895.00 | 275,000,000.00 | 106,140,895.00 |
| The Commission on the Administrative justice | 215,811,303.00 | 215,800,000.00 | 11,303.00 |
| National Gender & Equality Commission | 261,535,394.00 | 261,000,000.00 | 535,394.00 |
| Independent Police Oversight Authority | 246,000,000.00 | 150,000,000.00 | 96,000,000.00 |
| Total | 634,680,938,352.00 | 609,424,986,000.00 | 25,255,952,352.00 |
| DEVELOPMENT | | | |
| Ministry of State - P. A & I. Security | 5,522,500,000.00 | 5,073,950,000.00 | 448,550,000.00 |
| State House | 276,250,000.00 | 265,000,000.00 | 11,250,000.00 |
| Ministry of State- Public Service | 344,812,980.00 | 299,000,000.00 | 45,812,980.00 |
| Ministry of Foreign Affairs | 444,900,000.00 | 263,000,000.00 | 181,900,000.00 |
| Office of V.P. & Ministry of Home Affairs | 1,583,740,010.00 | 1,575,000,000.00 | 8,740,010.00 |
| Ministry of Planning & National Dev. | 23,970,201,996.00 | 23,925,801,555.00 | 44,400,441.00 |
| Ministry of Finance | 20,533,639,311.00 | 19,832,921,744.00 | 700,717,567.00 |
| Ministry of Regional Development & Auth. | 3,745,840,700.00 | 3,275,385,963.00 | 470,454,737.00 |
| Ministry of Agriculture | 12,360,480,360.00 | 8,016,401,160.00 | 4,344,079,200.00 |
| Medical Services | 5,768,171,655.00 | 3,604,000,000.00 | 2,164,171,655.00 |
| D.P.M.s Office & Ministry of Local Govt. | 4,866,862,389.00 | 4,556,744,800.00 | 310,117,589.00 |
| Ministry of Roads | 40,886,536,000.00 | 34,193,320,560.00 | 6,693,215,440.00 |
| Ministry of Transport | 6,741,822,596.00 | 3,558,117,745.00 | 3,183,704,851.00 |
| Ministry of Labour & HRD | 512,900,000.00 | 490,000,000.00 | 22,900,000.00 |
| D.P.M.s Office, Ministry of Trade | 505,495,000.00 | 357,000,000.00 | 148,495,000.00 |
| Justice Nat. Cohesion & Const. Affairs | 126,056,650.00 | 90,000,000.00 | 36,056,650.00 |
| Ministry of Gender & Children Dev. | 4,270,724,824.00 | 2,991,396,195.00 | 1,279,328,629.00 |
| Ministry of Livestock Dev. | 4,153,910,676.00 | 3,759,309,245.00 | 394,601,431.00 |
| Ministry of Water & Irrigation | 19,065,287,629.00 | 15,733,708,920.00 | 3,331,578,709.00 |
| Ministry of Environment & Mineral Resources | 4,255,421,332.00 | 3,270,270,915.00 | 985,150,417.00 |
| Ministry of Coop. Dev. & Marketing | 181,890,000.00 | 180,000,000.00 | 1,890,000.00 |
| Cabinet Office | 670,000,000.00 | 430,000,000.00 | 240,000,000.00 |
| State Law Office | 178,100,000.00 | 103,200,000.00 | 74,900,000.00 |
| Judicial Department | 1,936,075,729.00 | 1,919,600,000.00 | 16,475,729.00 |
| Ministry of Energy | 25,672,203,930.00 | 18,474,918,190.00 | 7,197,285,740.00 |
| Ministry of Education | 6,051,503,353.00 | 5,849,204,635.00 | 202,298,718.00 |
| Ministry of Information & Comm. | 4,299,698,042.00 | 3,741,272,940.00 | 558,425,102.00 |
| Ethics and Anti-Corruption Commission | 12,500,000.00 | 10,000,000.00 | 2,500,000.00 |
| Ministry of State for Special Programmes | 5,384,895,541.00 | 3,325,625,502.00 | 2,059,270,039.00 |
| Ministry of lands | 2,127,624,181.00 | 1,520,093,740.00 | 607,530,441.00 |
| Ministry of State for Immigration & Reg. Pers. | 2,063,201,565.00 | 1,885,500,000.00 | 177,701,565.00 |
| Ministry of State for National Heritage & Cult. | 561,310,000.00 | 551,000,000.00 | 10,310,000.00 |
| Ministry of Youth Affairs & Sports | 3,658,530,200.00 | 3,179,330,010.00 | 479,200,190.00 |
| Ministry of Higher Education Sc & Tech | 6,929,450,000.00 | 5,303,000,000.00 | 1,626,450,000.00 |
| Ministry of Housing | 2,400,648,914.00 | 2,114,981,585.00 | 285,667,329.00 |
| Ministry of Tourism | 734,240,000.00 | 671,800,000.00 | 62,440,000.00 |
| Office of the Prime Minister | 297,900,000.00 | 283,000,005.00 | 14,899,995.00 |
| Ministry of Public Health and Sanitation | 11,846,187,488.00 | 7,867,051,921.00 | 3,979,135,567.00 |
| Ministry of Forestry and Wildlife | 3,778,676,360.00 | 3,595,521,355.00 | 183,155,005.00 |
| Ministry of Fisheries Development | 2,593,789,156.00 | 2,072,261,150.00 | 521,528,006.00 |
| Ministry of Nairobi Metropolitan Development | 3,259,894,415.00 | 1,876,736,000.00 | 1,383,158,415.00 |

| | | | |
|--|---------------------------|---------------------------|--------------------------|
| Ministry of DVP of N. Kenya & other A. Areas | 1,871,043,003.00 | 1,495,908,910.00 | 375,134,093.00 |
| Ministry of Public Works | 4,670,124,546.00 | 3,890,600,000.00 | 779,524,546.00 |
| Ministry of Industrialisation | 2,454,599,997.00 | 2,267,061,100.00 | 187,538,897.00 |
| Directorate of Public Prosecution | 61,400,000.00 | 61,000,000.00 | 400,000.00 |
| Transition Authority | 3,216,430,000.00 | 3,216,430,000.00 | - |
| Parliamentary Service Commission | 1,563,100,000.00 | 1,321,000,000.00 | 242,100,000.00 |
| Public Service Commission | 35,000,000.00 | 52,000,000.00 | (17,000,000.00) |
| TOTAL | 258,445,570,528.00 | 212,388,425,845.00 | 46,057,144,683.00 |

COUNTIES EXCHEQUER ISSUES

| COUNTY GOVERNMENTS | COUNTY ALLOCATION | EXCHEQUER ISSUES | |
|--|-------------------------|-----------------------------|-----------------------|
| BARINGO | 167,256,975.00 | 167,256,975.00 | 0.00 |
| BOMET | 177,291,444.00 | 177,291,444.00 | 0.00 |
| BUNGOMA | 289,098,464.00 | 289,098,464.00 | 0.00 |
| BUSIA | 204,893,279.00 | 204,893,279.00 | 0.00 |
| ELGEYO/MARAKWET | 123,169,798.00 | 123,169,798.00 | 0.00 |
| EMBU | 144,564,942.00 | 144,564,942.00 | 0.00 |
| GARISSA | 217,388,329.00 | 217,388,329.00 | 0.00 |
| HOMA BAY | 212,227,537.00 | 212,227,537.00 | 0.00 |
| ISIOLO | 115,138,304.00 | 115,138,304.00 | 0.00 |
| KAJIADO | 166,166,769.00 | 166,166,769.00 | 0.00 |
| KAKAMEGA | 335,494,219.00 | 335,494,219.00 | 0.00 |
| KERICHO | 169,668,084.00 | 169,668,084.00 | 0.00 |
| KIAMBU | 281,065,927.00 | 281,065,927.00 | 0.00 |
| KILIFI | 280,233,425.00 | 280,233,425.00 | 0.00 |
| KIRINYAGA | 133,240,926.00 | 133,240,926.00 | 0.00 |
| KISII | 267,165,122.00 | 267,165,122.00 | 0.00 |
| KISUMU | 213,967,379.00 | 213,967,379.00 | 0.00 |
| KITUI | 273,681,740.00 | 273,681,740.00 | 0.00 |
| KWALE | 193,053,229.00 | 193,053,229.00 | 0.00 |
| LAKIPIA | 129,910,803.00 | 129,910,803.00 | 0.00 |
| LAMU | 77,260,390.00 | 77,260,390.00 | 0.00 |
| MACHAKOS | 254,918,456.00 | 254,918,456.00 | 0.00 |
| MAKUENI | 224,836,164.00 | 224,836,164.00 | 0.00 |
| MANDERA | 337,276,386.00 | 337,276,386.00 | 0.00 |
| MARSABIT | 195,437,951.00 | 195,437,951.00 | 0.00 |
| MERU | 244,561,818.00 | 244,561,818.00 | 0.00 |
| MIGORI | 219,826,411.00 | 219,826,411.00 | 0.00 |
| MOMBASA | 195,756,188.00 | 195,756,188.00 | 0.00 |
| MURANG'A | 201,712,527.00 | 201,712,527.00 | 0.00 |
| NAIROBI | 489,488,844.00 | 489,488,844.00 | 0.00 |
| NAKURU | 305,694,565.00 | 305,694,565.00 | 0.00 |
| NANDI | 179,079,104.00 | 179,079,104.00 | 0.00 |
| NAROK | 199,147,810.00 | 199,147,810.00 | 0.00 |
| NYAMIRA | 156,473,885.00 | 156,473,885.00 | 0.00 |
| NYANDARUA | 162,223,384.00 | 162,223,384.00 | 0.00 |
| NYERI | 167,582,330.00 | 167,582,330.00 | 0.00 |
| SAMBURU | 133,759,268.00 | 133,759,268.00 | 0.00 |
| SIAYA | 188,109,598.00 | 188,109,598.00 | 0.00 |
| TAITA TAVETA | 124,634,357.00 | 124,634,357.00 | 0.00 |
| TANA RIVER | 150,044,045.00 | 150,044,045.00 | 0.00 |
| THARAKA NITHI | 118,155,722.00 | 118,155,722.00 | 0.00 |
| TRANS-NZOIA | 192,075,005.00 | 192,075,005.00 | 0.00 |
| TURKANA | 394,663,541.00 | 394,663,541.00 | 0.00 |
| UASIN GISHU | 195,518,698.00 | 195,518,698.00 | 0.00 |
| VIHIGA | 145,812,293.00 | 145,812,293.00 | 0.00 |
| WAJIR | 272,397,682.00 | 272,397,682.00 | 0.00 |
| WEST POKOT | 162,445,573.00 | 162,445,573.00 | 0.00 |
| CFS | 9,783,568,690.00 | 9,783,568,690.00 | |
| Salaries Allowances & Miscellaneous Services | 4,508,154,885.00 | 4,140,000,000.00 | 368,154,885.00 |
| Public Debt | 303,632,708,318.00 | 284,109,221,860.00 | 19,523,486,458.00 |
| Pensions & Gratuities | 37,846,892,198.00 | 25,030,000,000.00 | 12,816,892,198.00 |
| | | 313,279,221,860.00 | |
| TOTAL ISSUES | | 1,144,876,202,395.00 | |
| SURPLUS FOR THE YEAR 2012/2013 | | | 496,366,817.30 |

DATE 25/9/13



DR. KAMAU THUGGE
PRINCIPAL SECRETARY / NATIONAL TREASURY



