

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

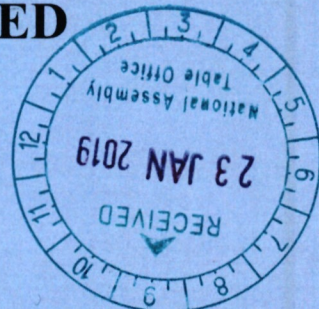
OF



THE AUDITOR-GENERAL

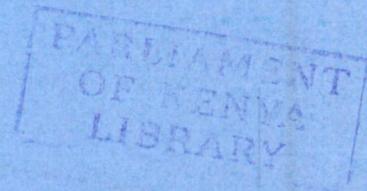
ON

THE FINANCIAL STATEMENTS OF  
NATIONAL COUNCIL FOR PERSONS  
WITH DISABILITIES (NCPWD)

FOR THE YEAR ENDED  
30 JUNE 2018



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 19 FEB 2019	TUESDAY
TABLED BY:	MAJORITY LEADER
Checked by:	





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**NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2018**

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



*Presentation of a complete kit for carpentry to a Person with Disabilities under the Tools of Trade Programme*



*Amb. Ukur Yattani visiting the Council exhibition booth during the International Albinism Awareness in Ruiru*



*Cash Transfer beneficiary (left), caregiver under CT-PWSD programme collecting payment (right)*



*County Disability Officer Nandi County issuing a school fees cheque for a student with disability to St. Stephen's Kugerioniot Primary and Secondary School*

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# **NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**

## **Annual Report & Financial Statements FY 2017/2018**

### **I. KEY ENTITY INFORMATION AND MANAGEMENT**

#### **a) Background information**

The National Council for Persons with Disabilities, (NCPWD), is a non-commercial State Agency established in 2004 by an Act of Parliament (Persons with Disabilities Act, 2003). NCPWD is under the Ministry of Labour and Social Protection. The Council is headed by a Board of directors drawn from key government Ministries and organization of/for persons with disabilities. The day to day running of the Council is conducted by the Secretariat headed by Executive Director. The Council works in collaboration with government Ministries, Departments and Agencies. It also works with institutions, associations and organizations of and for persons with disabilities in its endeavor to promote and protect the rights of persons with disabilities' agenda in development.

#### **Our Vision**

“A barrier free society for Persons with Disabilities”

#### **Our Mission**

“To promote and protect equalization of opportunities and realization of human rights for PWDs to live decent livelihoods”

#### **Our Core Values**

##### **1. Inclusivity**

The Council is dedicated to all its stakeholders regardless of their diversity.

##### **2. Human dignity**

The Council believes that our clients are worthy of honour/respect. We act with self-esteem, impartiality, politeness, respect and courtesy to clients at all times.

##### **3. Equality and equity**

We uphold fairness and impartiality for all irrespective of gender, region, socio-cultural background and marital status.

##### **4. Integrity**

We will uphold the highest ethical standards, demonstrating honesty and fairness in all our operations at all the levels of the Council

##### **5. Results Oriented**

We focus on achieving our objectives as set in all operations. We will uphold competence, high standards, reliability and excellence in our work.

#### **b) Principle activities**

The Council derives its mandate from the Persons with Disabilities (PWD) Act, 2003 which established it and outline its core functions as follows:

1. To issue adjustment orders under Section 24 of The Persons with Disabilities Act, 2003.
2. To formulate and develop policies designed to achieve equal opportunities for persons with disabilities, to rehabilitate persons with disabilities, protect and promote their rights.
3. To cooperate with the government during national census to ensure that accurate figures of PWDs are established in the country for purposes of planning.
4. To recommend measures to prevent discrimination against persons with disabilities.
5. To register persons with disabilities, institutions, associations and organizations where services are provided for them.
6. To provide assistive devices and other equipment to persons with disabilities

**KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)**

7. To pay allowances to persons with severe disabilities and are therefore not trainable in any skills disabilities.
8. To carry out measures for public information on the rights of persons with disabilities and the provisions of the PWDs Act.

**c) Key Management**

The day to day management of the affairs of the Council is run by:

- Board of Directors
- Executive Director as the Chief Executive and Accounting Officer,
- Head of Departments and
- Disability Services County Officers

**d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were;

1. Executive Director – Hon. Mohammed H Gabbow
2. Assistant Director Finance & Accounts/Ag. Deputy Director – Catherine Wameyo
3. Assistant Director Disability Services - James Ndwiga
4. Assistant Director Disability Services – Emily Limisi
5. Chief Human Resources Officer – Ruth Ruraa
6. Chief Legal Officer – Vincent Akarah
7. Chief Public Relations Officer – Francis Anyenda
8. Chief Finance & Accounts Officer – Anne Kagwi
9. Supply Chain Management Officer - Naom Ongwae
10. Senior Programmes Officer – Rosabel Githinji
11. Senior Internal Auditor- David Njoroge

**e) Fiduciary Oversight Arrangements**

The board has established five committees of the board to provide fiduciary oversight on management.

1. Finance and Investment committee
2. Human Resources and Administration committee
3. Audit, Risk and governance committee
4. Technical and strategy committee
5. Board of Trustees

**f) Registered Offices**

National Council for Persons with Disabilities  
Waiyaki Way  
P.O. Box 66577-00800  
Nairobi, Kenya

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**KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)**

National Council for Persons with Disabilities  
Mountain View Office  
House No. 195  
P.O. Box 66577-00800  
**Nairobi, Kenya**

**g) Entity Contacts**

Tel: +254-20-2375994, 254-20-2314621  
E-mail: [ncpwds@africaonline.co.ke](mailto:ncpwds@africaonline.co.ke)  
[director.ncpwd@africaonline.co.ke](mailto:director.ncpwd@africaonline.co.ke)  
Website: [www.ncpwd.go.ke](http://www.ncpwd.go.ke)

**h) Principal Bankers**

Kenya Commercial Bank  
Sarit Centre Branch  
P.O. Box 14959  
**NAIROBI**  
Tel: +254-20-3747576  
Fax: +254-20-3747576

**i) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084-00100  
**Nairobi, Kenya**  
Tel: +254-20-335777  
Fax: +254-20-330829

**j) Principal Legal Adviser**

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

**II. THE BOARD OF DIRECTORS**

**Expiration of Board of Directors Term**

During the period under review, the Council had no Board of Directors, the Board term expired in 13 May 2017 and appointment of a new one is in progress.

**NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**  
***Annual Report & Financial Statements FY 2017/2018***





**III. THE BOARD OF TRUSTEES**

**Expiration of Board of Trustees Term**




During the period under review, the Council had no Board of Directors, the Board term expired in 25 July 2017 and appointment of a new one is in progress.

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IV. MANAGEMENT TEAM

No:		Staff No.	Name of Officer:	Designa-tion	Qualifications
1.		CPD 081	Hon. Mohammed H. Gabbow	Executive Director	-Master's degree in Sociology -Bachelor's degree in Sociology -Certificate in Strategic Leadership Development Programme
2.		CPD 006	Catherine Amunga Wameyo	Assistant Director Finance & Accounts/ Ag. Deputy Director	- Master of Business Administration (finance) - Diploma in Computer Studies. - Certified Public Accountant (Kenya) <b>ICPAK No. 8964</b> -Certificate in Senior Management Course - Certificate in Strategic Leadership Development Programme
3.		CPD 017	James Kariuki Ndwiga	Assistant Director, Disability Services	-Master of Business Administration (MBA) Strategic Management -Bachelor of Economics and Sociology, -Diploma in Organization Development by Organization Capacity Improvement Consultants -Certificate in Senior Management Course
4.		CPD 004	Emily Zindoli Limisi	Assistant Director, Disability Services	-Masters of Science Human Resources Management -Bachelor of Education (Arts) -Higher Diploma: Human Resource Management <b>IHRM No. 8249</b> -Certificate in Strategic Leadership Development




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					Programme -Certificate in Senior Management Course
5.		CPD 082	Ruth Ruraa	Chief Human Resource Management Officer	-Master's degree in International Studies -Bachelor of Arts degree in Government Administration and Linguistics -Certified Public Secretary Part I (CPSI) -Certified Human Resource Professional II (CHRP II) <b>IHRM No. 6034</b> -Certificate in Strategic Leadership Development Programme -Certificate in Senior Management Course
6.		CPD 117	Vincent K.B. Akarah	Chief Legal Officer/ Ag. Company Secretary	- Bachelor of Law (LLB) - Bachelor of Arts (BA) - Diploma in Law - Certified Public Secretary (Kenya) <b>ICSPK No. 1479</b>
7.		CPD 018	Anne Muthoni Kagwi	Chief Finance & Accounts Officer	- Master of Business Administration (finance) -Bachelors of Business Administration (finance & Accounts) -Certified Public Accountant (Kenya) <b>ICPAK No. 9558</b> - Certificate in Senior Management Course

**NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**  
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8.		CPD 049	Francis Asiema Anyenda	Chief Public Relations Officer	-Bachelor of Information Science -Post Graduate Diploma in Mass Communication -Certificate in Senior Management Course
9.		CPD 042	Naom Ongwae	Supply Chain Management Officer	-Bachelor of commerce in Procurement and Supply Chain Management -Diploma in Purchasing and supplies management <b>KISM No. 67149</b>
10.		CPD 016	David Njoroge Kagoithe	Senior Internal Auditor	-Bachelor of Commerce – Accounting -Certified Public Accountant (Kenya) <b>ICPAK No. 5559</b> -Certificate in Senior Management Course
11.		CPD 031	Rosabel Wanjiku Githinji	Senior Programmes Officer	-Master of Social Practice (Honours) -Bachelor of Arts in Social Sciences (Economics and Sociology) -Diploma in Project Management -Certificate in Senior Management Course
12.		CPD 008	Winifred Mbugua	Senior Registration Officer	-Masters of Management Information System. -Bachelor of Information Technology -Diploma in Information Systems Analysis and Design <b>CSK No. 115843</b> <b>CSCO No. 11680124</b> - Certificate in Senior Management Course

**NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**  
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13.		CPD 053	Alexander Parsaloi Munyere	Program Officer – Albinism Sunscreen and Support Program	-Bachelor’s Degree in Special Education -Certificate in Senior Management Course
14		CPD 034	Joseph Maina Mwangi	Snr. Economist	- Bachelor of Arts in Economics - Certificate in Senior Management Course
15.		CPD 059	Daniel Njuguna	IT Officer	-Bachelor’s Degree in Computer Applications; -Diploma in Computer Studies. A++; N++ <b>CSK No. 115842</b> -Certificate in Senior Management Course

**V. REPORT OF THE CHIEF EXECUTIVE OFFICER**



Once again, I am pleased to release the financial results for the National Council for Persons with Disabilities for the Financial Year 2017/2018. One of the key milestones during the year under review was the presidential and general elections held in August 2018. The year began with heightened political campaigns that went on through to the elections and continued after the annulment of the presidential elections results by the Supreme Court. This greatly affected the smooth operations of the Council.

Further, during the period under review, the Council operated without a board of directors whose term expired in May in the previous financial year. However, despite the absence of the board, the Council continued to deliver on its mandate as stipulated by the Persons with Disabilities Act 2003 through consultations and direction by the parent Ministry, Ministry of Labour and Social Protection. The Council continued to provide various services to persons with disabilities in accordance of its programmes as mandated by the Act 2003. These services included provision of education support to learners with disabilities, provision of grants for groups of persons with disabilities for economic empowerment, cash transfers to households with persons with severe disabilities, support to persons with albinism, among others.

Another key milestone during the year was the approval of the Persons with Disabilities Amendment Bill 2018 by the Cabinet. This signalled the finalization process of the passing of the new Act for persons with disabilities to replace the current one – Persons with Disabilities Act No. 14 of 2003. The Act has far reaching provisions that enhance the rights of persons with disabilities and also enhance the wellbeing of persons with disabilities in Kenya. It is our hope and prayer that parliament will finalise on the passing of the Bill into law.

The year under review witnessed a number of new programmes introduced by the Council. Among these was the launch of the programme on the Tools of Trade. The programme is aimed at providing youths with disabilities who have vocational and technical skills with various tool kits that enable them start small businesses. A total of 241 youths benefited from the programme during the year. We intend to expand the programme in the coming year so that more and more persons with disabilities who cannot access formal employment can benefit from programme and be self-employed.

Further, during the year, the Council continued to strengthen partnerships with key stakeholders. The Council Partnered with Safaricom, Kenya Pipeline Company and KCB in promoting access to education by persons with disabilities. The partnership involved construction of classrooms and sponsorships of learners with disabilities drawn from all the counties. These partnerships are also aimed at enhancing enrolment and retention of learners with disabilities in the learning institutions.

Towards the end of the financial year, the Council reviewed its Strategic Plan. The new plan for the period 2018-2022 broadly provides the direction the Council will take in the next five years. Key input of the plan is the alignment of the Council's strategic objectives to the government's Big Four Agenda on Housing, Health, Manufacturing and Food Security. The Council going forward will strive to contribute to the realization of the Big Four Agenda by aligning its programmes and services to the Agenda and promoting inclusion of persons with disabilities in national development.

Despite the achievements gained in the year, the Council continued to experience a number of challenges. These included the delay in receipt of the government grants. In some instance the grants were not received at all. For example, the fourth quarter grants. This greatly jeopardized its operations. Some of the offices that the council occupies in the counties are not accessible to persons with disabilities especially where the offices are located in upper floors. Most of these are located in the County Commissioners' buildings that were built without consideration of the principles of Universal Design in construction. Some of these buildings don't have lifts forcing our staff to come downstairs to service the clients from the corridors.

# NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES

## Annual Report & Financial Statements FY 2017/2018

### REPORT OF THE CHIEF EXECUTIVE OFFICER (CONTINUED)

Nevertheless, these challenges are not insurmountable. Going forward the council will continue negotiating with County Commissioners with the view of being located offices on the ground floors which are accessible to persons with disabilities. We will also from partnership with county governments on this course. It is also worth noting that with the prevailing stability and peace in the country it is envisaged that the coming year will be fruitful for the Council.

#### Implementation of the United Nations Convention on the rights of persons with disabilities.

During the year, the Council continued to implement the Convention on the Rights of Persons with Disabilities (CRPD) through the various programmes and services offered in all the Council offices Country wide. The Convention which is a legally binding human rights treaty with an explicit social development dimension, recognizes the human rights and fundamental freedoms for all persons with disabilities. During the reporting period, the Council was represented by two members of staff at the 11<sup>th</sup> Session of the Conference of State Parties to the Convention on the Rights of Persons with Disabilities (CRPD) held between 12<sup>th</sup> and 14<sup>th</sup> June 2018 at the UN headquarters in New York.

#### Partnerships

The Council continued to strengthen and forge new partnerships with other stakeholders so as to enhance its service provision. Among these included partnership with:

- i. Ministry of Labour and Social Protection partnership in all areas and also during the Social Protection Conference week which was to create an opportunity for learning and sharing of experiences among various social protection actors with a view of stimulating, promoting and advocating for increased investments in social protection in Kenya.
- ii. UK International Disability Alliance and Ministry of Labour and Social Protection during the Mini-Global Disability Summit held in Kenya.
- iii. Kenya Institute of Special Education for provision of basic sign language skills to 339 government workers offering essential services.
- iv. Christian Blind Mission (CBM) in Road Safety-Linda Maisha Zuia Ulemavu Campaign for registration of Persons with Disabilities and procurement of assistive devices.
- v. JICA on the project for the promotion of Persons with Disabilities and Disability Mainstreaming.
- vi. Kenya Relief Organisation donated 30 Pet cart wheelchairs costing Kshs 1,020,000.
- vii. A Better Word Canada (ABW) supported registration exercise of persons with disabilities in Narok.
- viii. The Church of Jesus Christ of Latter Day Saints donated 381 assorted wheelchairs worth Kshs 7,605,381.
- ix. County government of Kisii which donated two data card duplex printers costing Kshs. 1,456,000



Hon. Mohammed Hussein Gabbow  
Executive Director

## **VI. CORPORATE GOVERNANCE STATEMENT**

Corporate governance entails the processes and structures used to direct and manage the business affairs of organisations, the respective roles of the Board of Directors and management, and the framework for internal controls.

The Council is guided by its core values of Inclusivity; Human dignity; Equality and equity; Integrity; Results oriented which underpin the council's decision-making processes. The Council has at all times endeavoured in delivery of its mandate to comply with the relevant legal principles and the highest ethical standards.

### **Principles and guidelines governing the board**

The Council embraces corporate governance regulations, guidelines and principles governing State Corporations, Directors and Staff as provided mainly in the following Acts:

- The various provisions of the Constitution of Kenya
- Persons with Disabilities Act, No. 14 of 2003
- The Public Finance Management Act, No. 18 of 2012
- State Corporations Act, Chap.446 of the Laws of Kenya
- Leadership and Integrity Act, No. 19 of 2012
- The Public Officers Ethics Act 2003,
- The Employment Act, 2007
- The Public Procurement and Asset Disposal Act, No. 33 of 2015
- Mwongozo – The Code of Governance for State Corporations

The Directors are required to make a written disclosure of any transaction which would constitute a conflict of interest and to abstain from voting when such matters are being considered during the Board meetings.

The Board operates under rules that govern the conduct of individual Directors spelt out in Directors' Code of Conduct to enable them operate effectively and in the best interests of the organization.

The code of conduct requires Directors to: act honestly and in good faith at all times; exercise the highest degree of care, skill and diligence in discharging duties; act in the best interest of Council; exercise independent judgement at all times; understand and accept the principle of collective responsibility; avoid and disclose conflict of interest; maintain confidentiality of information about the organisation; promote transparency and accountability at board level; devote sufficient time and commitment to carry out their responsibilities and attend to organisation's business and promote teamwork within the Board and the organization.

### **Constitution of the Board of Directors.**

The Council is currently without a Board after the tenure of the previous one expired in May 2017. When Board is constituted, it will comprise of between seven and nine Directors, including the Executive Director in line with Mwongozo and the proposed Persons with Disabilities Bill. The Directors including the Chairman will be non-executive and will be constituted according to Section 4 (or as amended) of the Persons with Disability Act on the appointment of members of the Council. Each member will serve for a maximum of two terms of three (3) years each. The Board shall be composed in terms of range and diversity of skills, knowledge, age and experience in various sectors which makes it effective and provides an appropriate balance for the oversight of the Board's mandate. The Board shall endeavour to meet the gender constitutional threshold.

### **Role of the Board:**

The Board of Directors provides leadership and strategic direction to the organization. The main responsibilities of the Board are:

# **NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**

## **Annual Report & Financial Statements FY 2017/2018**

### **CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

- a. Determine the organization's Mission, Vision, Purpose and Core values;
- b. Set and oversee strategy and approve significant policies of the organization;
- c. Ensuring preparation of the annual and financial statements;
  
- d. Approve and review the annual budgets of the organization;
- e. Monitor the organization's performance and ensure sustainability;
- f. Ensure availability of adequate resources for the achievement of the organization's objectives;
- g. Approve the organizational structure and hire the Chief Executive Officer and other senior management staff;
- h. Enhance the corporate image of the organization;
- i. Risk management by ensuring that the organization has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure continuity.

#### **Chairman of the Board of Directors**

The Council did not have a Chairman of the Board during the year under review. The Chairman of the Board shall be appointed by the President in accordance with Persons with Disabilities Act (as amended) and in line with Mwongozo. The principal role of the Chairman shall be to provide leadership to the Board. He chairs board meetings, ensures order and proper conduct of meetings, guides the Board's decision-making process and facilitates effective management of the Board. Monitor the performance of the CEO and lead the annual Board Evaluation Process. He shall also ensure that the Board is provided with timely and sufficient information to enable it to discharge its duties. He provides quarterly updates on governance matters and any issues thereof to the responsible Cabinet Secretary and State Corporation Advisory Committee.

#### **Board of Trustees**

The Council is currently without a Board of Trustees. Once it is constituted, it will consist of between five and nine Trustees including the Executive Director. The Board of Trustees including the Chairman shall be non-executive. The Board of Trustees shall be constituted as stipulated in Section 34 (or as amended) of the Persons with Disabilities Act, 2003.

The Board of Trustees administers the National Development Fund for Persons with Disabilities established as a permanent Fund under Section 32 of the Persons with Disabilities Act, 2003.

#### **Affairs of the Board of Trustees**

The Board of Trustees conducts its affairs in accordance with regulations prescribed by the Council subject to any law relating to trustees.

#### **The Executive Director**

The Executive Director is the Chief Executive Officer and is responsible for the day to day management of the Council. The position of the Executive Director is filled through public advertisement. The appointment is done by the Board in consultation with the relevant Cabinet Secretary. The Executive Director is an ex-official member of the Board but has no voting right at any meeting of the Board. The Corporation Secretary is the secretary to the Board.

#### **Board Responsibilities**

The Board's responsibility is to promote the long-term success of the Board. The Board provides leadership and concentrates its efforts on the strategic and governance issues. The Persons with Disabilities Act and the Board Charter defines the governance parameters within which the Board exists and operates the specific responsibilities to the discharged and powers of the Board, its committees and directors collectively, as well as certain roles and responsibilities incumbent upon directors as individuals.

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

The Board is charged with the following responsibilities:

- a) Determine the Council mission, vision, purpose and core values
- b) Review periodically the Council strategic objectives and policies
- c) Review, evaluate and approve on regular basis, long term plans for the Council
- d) Review, evaluate and approve the Council budget and capital investments
- e) Ensure that the procurement process is cost effective and delivers value for money
- f) Ensure effective, accurate, timely and transparent disclosure of pertinent information on the Council's operations and performance
- g) Ensure that the effective processes and systems of risk management and internal controls are in place
- h) Monitor compliance with the constitution, all applicable laws, regulations and standards.
- i) Appoint and appraise the Chief Executive Officer and top senior management of the Council

**Board and Committee meetings**

Board meetings are held at least four times a year. The Board therefore holds regular scheduled meetings throughout the year and supplementary meetings may be held as when necessary. In case of non-attendance due to other commitments such information is communicated to the Secretary, CEO and Chairman prior to the date of the scheduled meeting. The CEO is a member of all sub-Committees of the Board except Audit and Risk Committee.

**Board Committees and Responsibilities**

The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities. The Board has developed a committee structure that assists in the execution of its duties, powers and authorities. Each Committee is guided by the terms of reference which outlines its responsibilities as mandated by the Board.

The Committees are appropriately constituted drawing membership from amongst the board members with appropriate skills and experience. The Chairman of the Board, management and external parties/advisors are required to attend the committee meetings only by invitation.

The committees are expected to operate transparently, ensure full disclosure to the Board and conduct themselves within the rules and procedures set out by the board. Matters deliberated by the Committees are presented to the board by the respective Chairmen during the full board meeting. The Committees are Audit and Risk, Human Resource, Administration & Governance, Technical & Strategy, Finance and Investment. The responsibilities and attendance of meetings during the year is as summarised below:

The Council did not have a board thus no meetings were held during the year.

**Finance and Investment Committee**

The Finance and Investment Committee assists the board in fulfilling its oversight responsibilities for sourcing of funds, allocation, review of budgets and financial reporting.

The responsibilities of the committee are as follow:

- a) Prepare detailed quarterly income and expenditure report on the financial position of the Council and report to the board at every quarter
- b) Review budget for recommendation to the board
- c) Consider financial performance reports and review management responses and actions as appropriate
- d) Ensure appropriate, prudent sustainable and efficient use of Council funds
- e) Monitor the financial reporting process to ensure compliance with all regulatory returns

# **NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**

## **Annual Report & Financial Statements FY 2017/2018**

### **CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

- f) Bring to the Boards attention all financial matters and potential risk of which it has knowledge that may affect the current or future position of the Council

#### **Audit and Risk Committee**

The Committee assists the board to monitor, evaluate, make decisions and propose to the board with respect to all auditing, risk management and internal control functions relating to the Council and where appropriate issue instructions to the management for action or make recommendations thereof to the board. The committee has the following responsibilities;

- a) Review the effectiveness of the system for monitoring compliance with laws and regulations and ensure Council continuity amongst other responsibilities as may be delegated by the Board.
- b) Review and ensure the integrity of financial statements and appropriate accounting principles prior to review and approval by the Board.
- c) Review the effectiveness of the Board's internal control systems and compliance as well as advise the board on risks and mitigation measures
- d) Review audit reports and make recommendations to the Board

#### **Human Resource, Administration and Governance Committee**

The Human Resource, Administration and Governance Committee assists the board to ensure that the board fulfils its human, administration, ethical and governance functions through adequate governance policy development, recruitment and staff development programs. The

Committee has the following responsibilities:

- a) Oversee and monitor Council's governance framework policies
- b) Put in place systems to ensure that there is no harassment and intimidation of staff who voluntarily report corruption or malpractices at the Council
- c) Review skills and experience of the staff of the Council and recommend to the Board the desired skills and experience for potential new appointments.
- d) Assist and support annual review processes for evaluating the effectiveness of the Board and committees
- e) Appraise the performance of senior management team
- f) Satisfy itself with regards to succession planning, that the processes and plans are in place with regards to the Chief Executive Officer and senior appointments
- g) Address all disciplinary issues arising from the Council's staff

#### **Technical and Strategy Committee**

The Technical and Strategy Committee assists the board in fulfilling its oversight responsibilities for programmes of the Council, develop criteria and guidelines for the management of the National development fund for persons with disabilities.

The responsibilities of the committee are as follows;

- a) Monitor and guide the overall Vision, Mission, Strategy and program plan for the Council
- b) Consider the Council five-year strategic plan, objectives, budgets, performance indicators, business plans, annual work plans and performance contract established to achieve them.
- c) To review and develop criteria and guidelines on the administration of National development fund for persons with disabilities and set priority areas for funding and implementation of the fund.
- d) To make proposals to the Board for enhancement of the Council's programmes
- e) Advise the board on all matters regarding the contents of national, regional and international treaties and conventions on the rights of persons with disabilities

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**Board of Trustees**

The Board of Trustees assist the board in administration of the National development fund for persons with disabilities.

The responsibilities of the committee are as follows;

- a) To approve payment of grants towards economic empowerment support of persons with disabilities
- b) To approve payment to learning institutions of persons with disabilities with funds for infrastructure and equipment
- c) To provide support for assistive devices and services
- d) To approve payment of scholarship to persons with disabilities

**Board Effectiveness and Evaluation**

The Council did not have a Board during the year under review and therefore no evaluation was carried.

**Internal Controls and Risk Management**

The Board has the responsibility of identifying internal risk exposure and developing measures to mitigate against the identified risks. The Board reviews and monitors the development and implementation of systems on internal controls and risk management practices. The Board has developed the risk management framework and management control which identifies the risks. The Board has delegated the day to day management of risks to management through systems and process carried out on day to day basis.

**Relationship with Stakeholders**

The board appreciate that stakeholder's perception affect the organizations reputation. Therefore, the Board strives to achieve an appropriate balance between its various stakeholders in the best interest of the organization by taking into account their legitimate interest and expectations in decision making.

The Board values the importance of complete, timely, transparent and effective communication with its stakeholders for building and maintaining their trust and confidence by providing regular information on its activities and addressing their concerns whilst having regard to legal and strategic considerations. The Board developed a Corporate Communications Strategy which encompasses internal and external communication, customer service and public relations.

The main avenues for communication are through press releases, stakeholder forums, publications on disbursements and annual reports and financial statements. The Board has continued to encourage electronic communication through publishing documents in the Council website [www.ncpwd.go.ke](http://www.ncpwd.go.ke) and has endeavoured to ensure that the website is highly interactive and contains relevant information.

Additionally, the Board has dedicated staff to deal with complaints and public relations effectively, efficiently and as expeditiously as possible. The Board has an established mechanism of receiving, resolving and giving feedback on complaints referred to it by its stakeholders. The Board submits quarterly reports to the Commission of Administrative justice on complaints handling and management.

# **NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**

## **Annual Report & Financial Statements FY 2017/2018**

### **VII. MANAGEMENT DISCUSSION AND ANALYSIS**

#### **The Council's operational and financial performance**

This section provides an analysis of the activities and programme services offered by the Council during the Financial Year 2017/18. During the period under review, the Council continued to play its pivotal role of empowering Persons with disabilities and mainstreaming disability in all sectors of development. The key highlights of the achievements of the Council for the period are hereunder outlined.

#### **1. Cash Transfer funds for Persons with Severe Disabilities**

Persons with disabilities form a large part of those living in the margins of the society either because of poverty or inability to participate in income earning activities resulting from their disability. Most have no access to education, health, employment or rehabilitation services. Majority of persons with disabilities experience hardships as a result inbuilt social, cultural and economic prejudices, stigmatization and more often abuse and violence.

Cash transfers play an increasingly important role in the fight against global poverty. The primary purpose of cash transfers is to alleviate extreme poverty by supplementing the income of the poorest households, enabling them to increase their consumption of food and other basic items. The Funds also provide additional benefits, including increased use of education and health services and empowerment of women.

The persons with severe disabilities' social protection programme is designed to provide support to the most vulnerable persons with disabilities. The programme aims to improve livelihoods of targeted households with persons with severe disabilities through appropriate, reliable, and accessible payments.

In the year under review, the programme made cash payments to 42,611 households caring for persons with severe disabilities at total of Ksh. 801.6 Million.

#### **2. Albinism support programme (sunscreen lotions)**

The Albinism programme is designed to improve the welfare of persons with albinism (PWAs). During the year, the programme provided sunscreen lotions and lip balms to 3,156 persons with albinism for skin and lip care and protection. 7,000 pieces of lip balms were procured during the year. In addition, 57,540 pieces of sunscreen lotions were procured and distributed to persons with albinism through the hundred and ninety (190) grass root healthcare facilities spread across the Country. Further, the programme provided wide brimmed hats and T-shirts procured in the previous financial year to all 3,156 persons with albinism for protection against direct sun. The Council further conducted skin cancer screening to 980 persons with albinism. Out of these, 7 persons with albinism were supported for skin cancer treatment. In addition, the Council delivered 3 sets of ophthalmic and 30 pieces of cryotherapy equipment to healthcare facilities. The Council spent Kshs. 61.8 Million on this programme.

#### **3. The National Development Fund for Persons with Disabilities**

The National Development Fund for persons with disabilities is a permanent Fund established for the benefit of Persons with Disabilities in Kenya. It came into effect through a gazette Notice in 2009. Through the Fund, the Council is currently implementing several programmes aimed at improving the welfare of persons with disabilities. These are:

##### **3.1 Economic Empowerment programmes**

Micro and small enterprises provide means of livelihoods to a majority of Kenyans. For many persons with disabilities lacking education and skills for formal job market, micro and small business opportunities is the only opportunity to make a living. The Economic Empowerment programme provides seed capital for income generating activities through grants to community self-help groups of persons with disabilities. Through these grants, persons with disabilities are increasing their incomes and quality of lives.

# NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES

## Annual Report & Financial Statements FY 2017/2018

### MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

During the period under review, the Council supported 53 persons with disabilities to access government procurement business under the Local Purchase Order (LPO) financing programme to improve incomes of persons with disabilities. The Council also supported 241 youths with disabilities who have vocational and technical skills with tools of trade to start small businesses

Further the Council supported 141 Self Help Groups with Ksh.100,000 each for economic empowerment and training across the country to improve their incomes, skills and experience in business and to open opportunities for them to access loans from mainstreaming financial institutions to grow business.

#### 3.2 Education Scholarship Grants

Education is the greatest leveler of opportunity for persons with disabilities. The Council through this programme aims to increase enrolment, retention and completion rates of learners with disabilities for eventual engagement in decent and gainful employment. The programme supports applicants from primary school level to university. During the period under review, the Council awarded scholarships to 1,638 persons with disabilities to improve their access to education, training and rehabilitation of persons with disabilities.

#### 3.3 Advocacy and National Events

Advocacy and awareness campaigns play an important role in building critical mass to support the cause for protecting the rights of persons with disabilities as well as creating awareness on disability issues. During the period under review, grants were awarded to 39 Disabled Persons Organizations to carry out advocacy and awareness creation on disability.

#### 3.4 Infrastructure and Equipment support to learning institutions

This program facilitates the maintenance and growth of institutions and organizations which provide education or social services to persons with disabilities in order to improve enrolment capacity and quality of learning offered. Support is provided to education institutions, including special schools, special units, social service and care delivery organizations.

During the year, the programme supported 29 institutions of learning with funding for infrastructure improvement and equipment. Total grants given out was ksh. 54.2 million.

#### 3.5 Assistive Devices & Services

The Fund supports the provision of assistive devices or aids to persons with disabilities in Kenya and mobility & orientation training for persons who acquire visual impairment in adulthood to enable these individuals function freely and independently in society. The programme also trains workers offering essential services (nurses, social workers, police among others) in Kenya sign language. This is geared to enhance access to services provided by various government functionaries to the public and particularly persons with hearing impairment.

During the period under review, the Council supported 2,688 persons with disabilities from different counties with hearing aids, crutches, wheelchairs, tricycles, white canes and walking appliances. Further, the Council continued to monitor industrial attachment of 237 sign language trainees under the programme initiated in the last financial year. In addition, the Council supported 339 public officers offering essential services for training at the Kenya Institute of Special Education. The Council spent Kshs. 42.2 Million on assistive devices and services during the period under review.

#### 3.6 Registration of persons with disabilities.

Information and data on persons or clients is critical for planning and service delivery purposes. In this regard, the Council continued to maintain a database of persons with disabilities through the registration process. The process of registration begins with a disability assessment conducted at government hospitals.

# **NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**

## **Annual Report & Financial Statements FY 2017/2018**

### **MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)**

There are over 200 gazetted hospitals that facilitate the registration process. One has to go through a disability assessment for categorization and recommendation for registration.

In the 2017/18 Financial Year, the Council registered 35,261 persons with disabilities throughout the country. It is after registration that clients are able to access various services offered by the Council including, education assistance, assistive devices, cash transfer, and economic empowerment among others. The Council also facilitated 1,989 persons with disabilities to get tax exemption from the Kenya Revenue Authority. This exemption is important in cushioning persons with disabilities who experience a number of challenges that hinder them from fully exploiting their potential in national development.

#### **4. Public information and awareness creation**

Information is critical in enabling the public make informed choices and decision in their day to day life. It also enhances understanding among people on their rights and privileges and also enabling them understand the environment in which they are working. In enhancing understanding of disability issues and promoting the rights of persons with disabilities, the Council continued to sensitize the public and create awareness on disability through a number of activities.

In this respect, the Council values the right to information by the public so that they can be able to understand the Council and also enable them access various services offered by the Council. In this respect, during the year, the Council participated in a number of forums and activities aimed at creating awareness and enhancing understanding on the rights and privileges of persons with disabilities.

The Council participated and exhibited in the 5<sup>th</sup> Annual Devolution Conference held in Kakamega. The Executive Director presented a paper on the key programmes of the Council. The Council also participated in the Mini Global Disability Summit held in Kenya in May 2018 in Nairobi where it also exhibited its services and programmes. The Council also used other national and international forums to create awareness on disability issues. This included participation in the Nyeri, Embu and Kakamega Agricultural Society of Kenya Shows, World Aids Day, World day of remembrance for road traffic victims and the International Day of older Persons.

The Council regularly provided information on disability and the rights of persons with disabilities to the public through its website and social media platform. The Council also distributed various publications to the public which included the Persons with Disabilities Act 2003, the Convention on the Rights of Persons with Disabilities, brochures, posters and flyers. The Council also used its website and its social media platform to disseminate information and educate the public on matters of disabilities and the rights of person with disabilities.

In enhancing understanding of disability issues and promoting the rights of persons with disabilities, the Council continued to sensitize the public and create awareness on disability through a number of activities. In December 2017, the Council in partnership with various stakeholders organized the observance of the International Day of Persons with Disabilities which was marked in all the 47 counties. The National celebrations were marked in Laikipia County. Over 14,000 persons with disabilities participated in the event countrywide.

During the year, the Council sat in the publicity committee for the Social Protection Conference held on 20<sup>th</sup> to 23<sup>rd</sup> March 2018 that was involved in the dissemination of information through the local media on cash transfer programmes. The Council participated and exhibited in the conference. The Council also regularly provided information on disability and the rights of persons with disabilities to the public through its website and social media platform.

**MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)**

**5. Disability Mainstreaming**

This is a strategy adopted by the Council in making the concerns and experiences of persons with disabilities an integral dimension of the design, implementation, monitoring, and evaluation of policies and programs in all political, economic, and societal spheres so that persons with disabilities benefit equally.

The strategy involves a number of activities including conducting accessibility audits, awareness creations on disability issues, promoting disability mainstreaming in government and private sector, promoting the rights of persons with disabilities, among others activities.

During the year, the Council finalised on the development of the guidelines for outsourcing accessibility audits so as to hasten the process of conducting accessibility audits in public buildings.

The Council reviewed Disability Mainstreaming Training Manual to be utilised by the outsourced organizations. Further, the Council developed the guidelines for provision of guide allowances for persons with disabilities in employment.

In consolidating the data on persons with disabilities seeking employment, the Council continue to update the data on the Web portal for persons with disabilities seeking employment to enable persons with disabilities upload their curriculum vitae. During the year the Council placed 283 persons with disabilities in employment in various organizations.

In the period under review the Council received reports from 174 MDAs on implementation of the mainstreaming Target under the Performance Contract 2017/18. 31 MDAs were trained /sensitized on disability mainstreaming in their respective workplace. The Council further carried out 106 Accessibility Audits in all the 47 counties.

**6. Access to Government Procurement Opportunities (AGPO)**

The programme aims to facilitate the enterprises owned by youth, women and persons with disabilities to be able to participate in government procurement. This is made possible through the implementation of the Presidential Directive that 30% of government procurement opportunities be set aside for the youth, women and persons with disabilities. This is an Affirmative Action aimed at empowering disadvantaged groups by giving them more opportunities to do businesses with government.

During the Financial Year 2017/18, the Council awarded tenders totaling Kshs 62,790,188 which is 30% of all the procurement allocations in the year for enterprises owned by the youth, women and persons with disabilities. Further, the Council awarded tenders to enterprises owned by persons with disabilities amounting to Kshs. 55,715,535 under the AGPO programme. The Council also sensitized 19 youth, women and persons with disabilities on Government procurement procedures and opportunities in government tenders.

**7. Monitoring programmes and activities**

During the year, the County officers conducted monitoring and evaluation of the Council's activities at the County level. These include monitoring of community self help groups funded for economic empowerment, bursaries issued to learners with disabilities, assistive devices issued to persons with disabilities and progress monitoring for institutions previously funded for infrastructure and equipment support. The aim of this exercise was to assess progress, relevance and impact of the programmes implemented towards improving the livelihoods of persons with disabilities. The findings of the monitoring are used to improve the services offered by the Council and also track how the groups are utilizing public funds to ensure that the resources have impact on the beneficiaries. Reports were shared with programmes department and the planning department to establish the impact of these programmes.

# **NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**

## **Annual Report & Financial Statements FY 2017/2018**

### **MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)**

The Council also carried out monitoring of sunscreen lotions uptake in Kisumu, Nandi, Kericho and Bomet Counties in hospitals earmarked for dispensing the lotions to the identified persons with albinism. These groups were funded to engage in economic activities thus improve their livelihoods.

During the period under review, the Council also developed a draft NCPWD Strategic Plan 2018-2022. The Draft Strategic Plan will be validated, launched, published and disseminated in the 2018/19 FY.

#### **8. Training and Capacity building of Staff**

Human capital readiness coupled with the requisite skills and knowledge is critical for efficient and effective service delivery. In this regard, the Council continued to invest in human resources to enhance service delivery and ensure that persons with disabilities access the Council services. During the year under review, interviews were conducted for 12 officers as a replacement for those who resigned, appointments will be done in 2018/19 financial year. The Council also engaged the services of 60 interns and 30 students on attachment under the internship programme whose aim is to provide young graduates with requisite experience in various fields to prepare them for the job market.

In the period under review, 15 officers attended various training at the Kenya School of Government, 10 officers attended professional body seminars for Continuous Professional Development (CPD). Three staff attended a retirement awareness training hosted by the Council's pension provider- Zamara. During the year the Council also conducted performance appraisal for 45 field officers. One member of the staff attended an office administrator training. A staff in the Internal Audit department attended a Forensic Audit Conference.

The Job Evaluation exercise results by the Salaries and Remuneration Commission were released during the Year. However, there are pending areas of concurrence that the Council is pursuing so as to implement the same.

#### **9. Promotion of use of ICT facilities**

During the period under review, the Council continued to disseminate news, programmes and services on various digital platforms such as the Council website and social media channels in real time. To facilitate this, the Council distributed Desktop computers to all County offices to enhance service delivery. The National Development Fund for Persons with Disabilities Management Information System was also rolled out. This saw all programmes under Fund automated and captured at the County level and final processing done at the headquarters thus greatly increasing efficiency in the processing of applications for the various programmes and services. The Council also held a one week training for all the county staff on the new MIS.

#### **10. Legal and policy intervention**

In promoting that values and principles of governance and ensuring that the values and principles are implemented in government offices as stipulated in the Constitution, the Council participated in a workshop organized by the Public Service Commission where implementation of constitutional values and principles of governance and wealth declaration in the public service was the main topics for discussion.

The Council participated in the sensitization of mandate and functions of the State Corporations Appeal Tribunal. To ensure an effective State Corporation, the Council made specific contributions to Review/Amendment of legislative and regulatory instruments establishing state corporations more particularly S.4 of the Persons with Disabilities Act.

To ensure compliance to the constitution on participation, the Council attended and contributed at the validation of the National Public Participation Policy. The Council also participated in the development and launch of the Guidelines for A Human Rights-Based Approach to Policy and Law Making and Its

**MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)**

Implementation at the National and County levels organized by Kenya National Commission on Human Rights in partnership with ILO.

In addition, the Council also actively participated in the development of a Criminal Procedure Bench Book. The Council also participated and contributed in the forum for Development of the Public Service Commission Regulations, 2018 organized by the State Corporations Advisory Committee.

**11. Maintenance of the Council Records**

Records and Information are a corporate resource. The Council creates, receives and maintains records which document the functions, activities and transactions carried out during the course of service delivery.

Records are therefore tools of administration, a carrier of information and therefore, a by-product of the business and administrative processes the Council. During the period under review, the Council reorganized its records in its 5 County offices including Kwale, Taita Taveta, Nyamira, Kisii and Kericho in an effort to ensure that there are standards and consistency within the organization in management of records. This is expected to enhance access to information and also timely action.

**Challenges**

Inadequate office space both at the Headquarters and in the counties. Most of the Council County offices are not accessible to persons with disabilities.

Despite the immense contribution the Council is making towards enhancing the welfare of persons with disabilities the Council experienced a number of challenges that greatly affected service delivery. One of the challenges is meeting the many demands of persons with disabilities occasioned by the increase in demand of services by persons with disabilities. The offices are located in the County Commissions building within the counties.

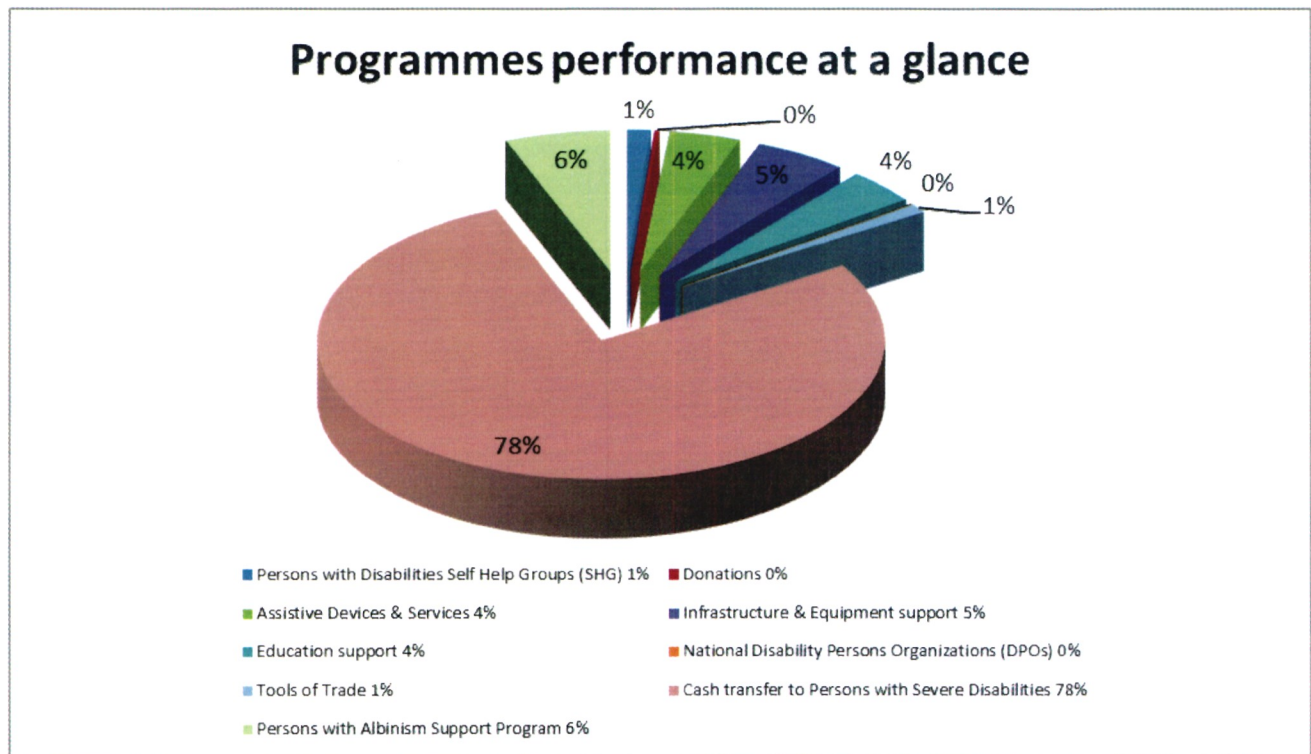
Some of the recommendations made during the Accessibility Audits aimed at making the built environment accessible to persons with disabilities were not implemented as most organizations viewed the cost of adjustments as too expensive especially for the old buildings which required complete overhaul.

Employment of persons with disabilities in both private and public organizations is still low. Most organizations have not complied with the requirement of reserving 5% of job opportunities to persons with disabilities.

The uncertainty brought about by the electioneering processes affected mobilisation of persons with disabilities for registration. There were cases of fraud as some people who do not have disability happened to have been assessed as persons with disabilities. These cases were however intercepted by the Council at the registration stage.

**NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**  
*Annual Report & Financial Statements FY 2017/2018*

**MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)**



## **VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

In recognition of the important role of Corporate Social Responsibility (CSR), the Council acknowledges that we have a responsibility to our society and have made therefore Corporate Social Responsibility an integral part of our operational culture. In this regard, the Council undertook several CSR activities during the period under review.

In Health, the Council donated 3 sets of ophthalmic equipment to 3 health facilities and 30 pieces of cryotherapy to 30 healthcare facilities in 30 counties. The Council further conducted skin cancer screening to 980 persons with albinism. Out of which 7 were supported for skin cancer treatment

In promoting arts and culture among persons with disabilities, the Council supported 10 organisations for persons with disabilities to participate in various sporting and cultural activities locally, regionally and internationally. These included Kenya Sports Association for Visually Impaired, Kenya Basket Association, Kenya Amputee Football Federation, Kenya Lawn Tennis Association, Kenya Para Volleyball Federation, Deaf Arts Culture Association of Kenya, Deaf Handball Association of Kenya, Uasin Gishu football Club SHG and National Museum of Kenya.

The Council works with its staff and stakeholders to enrich community life and participates in charitable projects. It remains the policy of the Council to ensure that activities meet and exceed the social, economic and environmental expectations of stakeholders. The Council ensures social, economic and environmental sustainability through the following:

### **1. Employee welfare**

At the Council, the staff view each other as part of one big family and each member's welfare is our collective responsibility. The Council takes every effort to ensure that employees' wellbeing (physical, emotional and financial) is considered as this affects them both at home and at work. The Council encourages communication through email by allocating all staff with an email address and internet.

During the year under review, The Council continued to ensure that all cross-cutting issues were addressed, the staff were sensitized on all cross-cutting issues i.e. HIV/AIDS, Health and Safety, Alcohol and Drug Abuse, Gender, National Cohesion and National Values etc.

### **2. Staff Training and Development**

To attract and retain the best talent, the Council aims to nurture people's careers by making relevant opportunities accessible and helping them to develop skills, knowledge and experience in different functions and specialism.

Staff training and development are a pre-requisite of employees' growth. In FY 2017/18, training continued to focus on departmental technical competencies and people management skills at all levels.

15 officers were sponsored to attend various training courses at the Kenya School of Government, 10 officers attended professional body seminars for Continuous Professional Development (CPD).

### **3. Stakeholder Engagement**

The Board is committed to open dialogue which helps to understand the concerns of its stakeholders and respond to them appropriately. For external communication, the Board has set up an email address – [info@ncpwd.go.ke](mailto:info@ncpwd.go.ke) and [director.ncpwd@africaonline.co.ke](mailto:director.ncpwd@africaonline.co.ke). These engagements assist to get feedback on the policies, procedures and ways of working. During the financial year, stakeholder engagement was done through print and electronic media and through involving of stakeholders during the International Day of Persons with Disabilities and the International Albinism Awareness Day celebrations.

# NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES

## Annual Report & Financial Statements FY 2017/2018

### IX. REPORT OF THE DIRECTORS

The Council submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of the Council affairs.

#### Principle activities

The principal activities of the Council are:

1. To issue adjustment orders under Section 24 of The Persons with Disabilities Act, 2003.
2. To formulate and develop policies designed to achieve equal opportunities for persons with disabilities, to rehabilitate PWDs, protect and promote their rights.
3. To cooperate with the government during national census to ensure that accurate figures of PWDs are established in the country for purposes of planning.
4. To recommend measures to prevent discrimination against persons with disabilities.
5. To register PWDs, institutions, associations and organizations where services are provided for them.
6. To provide assistive devices and other equipment to PWDs
7. To carry out measures for public information on the rights of persons with disabilities and the provisions of the PWDs Act.

#### Results

The results of the Council for the year ended June 30, 2018 are set out on page 1 to 5

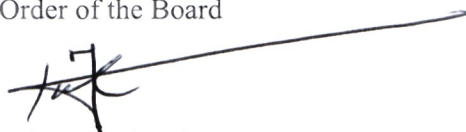
#### Directors

During the financial year under review the council did not have a board of directors.

#### Auditors

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

By Order of the Board



Mr. Vincent Akarah  
Acting Corporate Secretary  
ICPSK No. 1479  
Nairobi

Date. 14/12/2018

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES (NCPWD) FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

##### Opinion

I have audited the accompanying financial statements of National Council for Persons with Disabilities (NCPWD) set out on pages 1 to 28, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Council for Persons with Disabilities (NCPWD) as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Persons with Disabilities Act, 2003.

##### Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Council for Persons with Disabilities (NCPWD) in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Key Audit Matters

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

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*Report of the Auditor-General on the Financial Statements of National Council for Persons with Disabilities (NCPWD) for the year ended 30 June 2018*

## Other Matters

### 1. Budget and Budgetary Performance

#### 1.1. Revenue

The Council had a revenue budget of Kshs.2,039,553,133 but actual revenue realized amounted to Kshs.1,544,037,100 resulting to a shortfall of Kshs.495,516,033 or 24% as follows:

Revenue Head	Budget Kshs.	Actual Kshs.	Excess/(Shortfall) Kshs.	Variance %
Balance B/F	325,103,133	325,103,133	0	0
Government Grants & Subsidies	1,711,200,000	1,217,692,200	493,507,800	29
Public Contribution & Donations	250,000	687,500	(437,500)	175
Other income	3,000,000	554,267	2,445,733	82
<b>Total</b>	<b>2,039,553,133</b>	<b>1,544,037,100</b>	<b>495,516,033</b>	<b>24</b>

The shortfall was mainly attributed to non-release of exchequer funds for development -third quarter development and for both development and recurrent - fourth quarter. The non-release of the exchequer funds negatively affected cash transfer to persons with severe disability defeating the programme goals and objectives.

#### 1.2 Expenditure

The Council had an expenditure budget of Kshs.2,039,553,133 but actual expenditure for the year amounted to Kshs.1,279,556,297 resulting to an under expenditure of Kshs.759,996,836 compared with the budget or 37% as follows:

Expenditure	Budget Kshs.	Actual Kshs.	+Over/-Under Kshs.	Variance %
Employee Costs	161,700,000	151,199,326	-10,500,674	6
Repairs and maintenance	5,500,000	5,408,500	-91,500	2
Contracted Services	5,000,000	4,738,913	-216,087	5
Programmes	1,772,353,133	1,059,934,051	-712,419,082	40
General expenses	50,000,000	41,188,314	-8,811,686	18
Board expenses	28,000,000	545,420	-27,454,580	98
Depreciation	17,000,000	16,541,773	-458,227	3
<b>Total</b>	<b>2,039,553,133</b>	<b>1,279,556,297</b>	<b>-759,996,836</b>	<b>37</b>

The under expenditure was attributed to non-release of exchequer funds by the National Treasury thus affecting the implementation of some of the planned programmes by the Council.

## **2. Refunds due from Postal Corporation of Kenya**

The statement of financial position for the year ended 30 June 2018 reflects a figure of Kshs.36,244,365 for receivables from exchange transactions which includes Kshs.22,977,599 owed by Postal Corporation of Kenya. As previously reported Postal Corporation of Kenya received Kshs.327,150,960 for disbursement to persons with disability for 2014 July to December payroll cycle out of which Kshs.28,722,599 remained undisbursed.

After several demands to have the outstanding amount refunded, the Council and the Corporation entered into an arrangement on 25 January 2015 to have the amount paid in (10) months instalments of Kshs.2,872,200. However as at the time of the audit in November 2018 only Kshs.5,744,400 had been repaid by the Corporation leaving a balance of Kshs.22,977,599 outstanding.

In the circumstances, Postal Corporation of Kenya has failed to honour the agreement with the Council on repayment and legal action should be taken to recover the long outstanding debt.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

#### **Basis for conclusion**

My responsibility is to express a conclusion based on the audit. The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them.

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

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS**

#### **Conclusion**

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the procedures performed, except for the matter described in the conclusion on effectiveness of internal controls, governance and risk management systems section of my report, I confirm that,

nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for conclusion**

### **1. Non-appointment of Board of Trustees and Board of Directors**

During the year under review, the National Council for Persons with Disabilities operated without both a Board of Directors and a Board of Trustees whose term expired on 13 May 2017 and 25 July 2017 respectively. In the circumstances, the Council management activities were not subjected to Board oversight as required by the Persons with Disabilities Act, 2003 and in line with good corporate governance practices.

### **2. Non-Appointment of Audit Committee**

Public Finance Management Act regulation 74(1) of 2015, requires every National Government entity to establish an audit committee to provide oversight over management activities. It was however observed that there was no audit committee in place throughout the year under audit as required.

In the circumstances, the Council has not adhered to the provisions of the Public Finance Management Act, 2012 as far as establishment of audit committee is concerned and the activities of the Council Management were not independently appraised.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively in all material respects.

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

## **Responsibilities of Management and Those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 and for its assessment of the effectiveness of internal control. In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources is applied in an effective manner.

Those charged with governance are responsible for overseeing the Council's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public recourses are applied in an effective way in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Council's policies and procedures may deteriorate.


As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Council to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Council to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and

other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

**Nairobi**

**28 December 2018**

**X. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of that Council, which give a true and fair view of the state of affairs of the Council at the end of the financial year/period and the operating results of the Council for that year/period. The Directors are also required to ensure that the Council keeps proper accounting records which disclose with reasonable accuracy the financial position of the Council. The Directors are also responsible for safeguarding the assets of the Council.

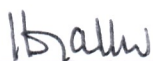
The Directors are responsible for the preparation and presentation of the Council financial statements, which give a true and fair view of the state of affairs of the Council for and as at the end of the financial year ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Council; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Council; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Council financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public-Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Council financial statements give a true and fair view of the state of Council transactions during the financial year ended June 30, 2018 and of the Council financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Council, which have been relied upon in the preparation of the Council financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The Council financial statements were not approved by the Board because the Board term ended on 13<sup>th</sup> May 2017 and the process of appointment of the directors is ongoing. In the period under review there was no board of Directors.



Hon. Mohammed Gabbow  
Executive Director

**NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**  
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**XII. STATEMENT OF FINANCIAL PERFORMANCE**  
**For the year ended 30 June 2018**

	Note	2017-2018	2016-2017
Kshs			
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	6	687,500	515,000
Government grant	7	1,217,692,200	1,659,400,000
		<b>1,218,379,700</b>	<b>1,659,915,000</b>
<b>Revenue from exchange transactions</b>			
Other income	8	554,267	262,884
		<b>554,267</b>	<b>262,884</b>
<b>Total revenue</b>		<b>1,218,933,967</b>	<b>1,660,177,884</b>
<b>Expenses</b>			
Employee costs	9	151,199,326	136,780,836
Repairs and maintenance	10	5,408,500	3,667,544
Contracted services	11	4,738,913	2,654,250
Programmes	12	1,059,934,051	1,916,416,945
General expenses	13	41,188,314	47,650,314
Board Expenses	14	545,420	25,071,259
Depreciation	19	16,541,773	15,313,038
<b>Total expenses</b>		<b>1,279,556,297</b>	<b>2,147,554,185</b>
<b>Deficit for the year</b>		<b>(60,622,330)</b>	<b>(487,376,301)</b>

The notes set out on pages 6 to 25 form an integral part of the Financial Statements

**NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**  
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**XIII. STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2018**

	Note	2017-2018 Kshs	2016-2017 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	242,850,819	301,118,115
Receivables from exchange transactions	16	36,244,365	30,324,367
Receivables from non-exchange transactions	17	137,235	206,312
Staff Loans and Advances	18	690,400	-
		<b>279,922,819</b>	<b>331,648,794</b>
<b>Non-current assets</b>			
Property, plant and equipment	19	77,967,694	89,695,561
		<b>77,967,694</b>	<b>89,695,561</b>
<b>Total assets</b>		<b>357,890,513</b>	<b>421,344,355</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	21	2,554,149	4,225,661
Provisions	22	1,160,000	2,320,000
		<b>3,714,149</b>	<b>6,545,661</b>
<b>Total liabilities</b>		<b>3,714,149</b>	<b>6,545,661</b>
<b>Net assets</b>		<b>354,176,364</b>	<b>414,798,694</b>
Reserves		164,068,472	164,801,513
Accumulated surplus		190,107,892	249,997,181
<b>Total net assets and liabilities</b>		<b>357,890,513</b>	<b>421,344,355</b>

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



Hon. Mohammed Gabbow  
 Executive Director



Catherine Amunga Wameyo  
 Head of Finance & Accounts  
 ICPAK No. 8964

Date.. 14/12/18 .....

Date.. 14/12/18 .....

**NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**  
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**XIV. STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended 30 June 2018**

	Reserves			
	Capital replacement development reserve	Revaluation reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
<b>Balance as at 1 July 2016</b>	<b>149,729,362</b>	<b>16,425,145</b>	<b>736,020,488</b>	<b>902,174,995</b>
Deficit for the year	-	-	(487,376,301)	(487,376,301)
Transfer to/from accumulated surplus	-	-	-	-
Transfer of excess depreciation on revaluation	-	(1,352,994)	1,352,994	-
<b>Balance as at 30 June 2017</b>	<b>149,729,362</b>	<b>15,072,151</b>	<b>249,997,181</b>	<b>414,798,694</b>
<b>Balance as at 1 July 2017</b>	<b>149,729,362</b>	<b>15,072,151</b>	<b>249,997,181</b>	<b>414,798,694</b>
Deficit for the year	-	-	(60,622,330)	(60,622,330)
Transfer to/from accumulated surplus	-	-	-	-
Transfer of excess depreciation on revaluation	-	(733,041)	733,041	-
<b>Balance as at 30 June 2018</b>	<b>149,729,362</b>	<b>14,339,111</b>	<b>190,107,892</b>	<b>354,176,365</b>
<b>Balance as at 1 July 2018</b>	<b>149,729,362</b>	<b>14,339,111</b>	<b>190,107,892</b>	<b>354,176,365</b>

**NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**  
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**XV. STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2018**

	Note	2017-2018 Kshs	2016-2017 Kshs
<b>Cash flows from operating activities</b>			
Deficit for the year		(60,622,330)	(487,376,301)
Adjusted for:			
Depreciation	19	16,541,773	15,313,038
<b>Working capital adjustments:</b>			
(Increase)/Decrease in Exchange receivables	16	(5,919,998)	747,222,897
Decrease in Non-Exchange receivables	17	69,077	-
(Increase) in Staff loan and advances	18	(690,400)	-
(Decrease) in Trade payables	21	(1,671,512)	(127,463)
(Decrease) in Other payables	22	(1,160,000)	-
<b>Net cash flows from operating activities</b>		<b>(53,453,390)</b>	<b>275,032,171</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant & equipment	19	(4,813,906)	(9,296,655)
<b>Net cash flow used in investing activities</b>		<b>(4,813,906)</b>	<b>(9,296,655)</b>
<b>Net increase/(decrease) in cash and cash equivalent</b>		<b>(58,267,296)</b>	<b>265,735,516</b>
Cash and cash equivalents at 1 July 2017	15	301,118,115	35,382,599
<b>Cash and cash equivalents at 30 June 2018</b>	15	<b>242,850,819</b>	<b>301,118,115</b>

**NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**  
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**XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

	Original budget		Adjustments		Final budget		Actual on comparable		Performance difference	% Note
	2017-2018	Kshs	2017-2018	Kshs	2017-2018	Kshs	2017-2018	Kshs		
<b>Revenue</b>										
Brought forward	325,103,133		-		325,103,133		325,103,133	-		
Public contributions and donations	250,000		-		250,000		687,500	437,500	175%	
Government grants and subsidies	1,711,200,000		-		1,711,200,000		1,217,692,200	(493,507,800)	-29%	23 a
Other incomes	3,000,000		-		3,000,000		554,267	(2,445,733)	-82%	23 b
<b>Total income</b>	<b>2,039,553,133</b>		<b>-</b>		<b>2,039,553,133</b>		<b>1,544,037,100</b>	<b>(495,516,033)</b>	<b>-24%</b>	
<b>Expenses</b>										
Employee costs	161,700,000		-		161,700,000		151,199,326	10,500,674	6%	
Repairs and maintenance	5,500,000		-		5,500,000		5,408,500	91,500	2%	
Contracted services	5,000,000		-		5,000,000		4,738,913	261,087	5%	
Programmes	1,772,353,133		-		1,772,353,133		1,059,934,051	712,419,082	40%	23 c
General expenses	50,000,000		-		50,000,000		41,188,314	8,811,686	18%	23 d
Board expenses	28,000,000		-		28,000,000		545,420	27,454,580	98%	23 e
Depreciation	17,000,000		-		17,000,000		16,541,773	458,227	3%	
<b>Total expenditure</b>	<b>2,039,553,133</b>		<b>-</b>		<b>2,039,553,133</b>		<b>1,279,556,297</b>	<b>759,996,836</b>	<b>37%</b>	
<b>Surplus for the year</b>					<b>-</b>		<b>264,480,803</b>			<b>23 f</b>

# **NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**

## **Annual Report & Financial Statements FY 2017/2018**

### **XVII. NOTES TO THE FINANCIAL STATEMENTS**

#### **1. GENERAL INFORMATION**

The National Council for Persons with Disabilities is established and derives its authority and accountability from Persons with Disabilities Act, 2003. The Council is wholly owned by Government of Kenya and is domiciled in Kenya. The Council's principle activity is to promote and protect equalization of opportunities and realization of human rights for Persons with Disabilities to live decent livelihoods.

#### **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The Council's financial statements have been prepared in accordance with and comply with International Public-Sector Accounting Standards (IPSAS) as issued by International Public-Sector Accounting Standards Board (IPSASB), the Public Financial Management Act, 2012, Public Audit Act, 2003, and the Persons with Disabilities Act, 2003. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Council and all values are rounded to the nearest one (Ksh). The accounting policies have been consistently applied to all the years presented.

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

#### **3. ADOPTION OF NEW AND REVISED STANDARDS**

- i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2018**

##### ***IPSAS 33: First time adoption of Accrual Basis IPSAS***

In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period.

The Council adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the entity.

##### ***IPSAS 34: Separate Financial Statements***

In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

The Council does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***IPSAS 35: Consolidated Financial Statements***

In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. It requires an entity that controls one or more other entities to assess control over those entities based on the following:

- Its power over the other entity
- Its exposure or rights to variable benefits from involvement with the other entity
- Its ability to control the nature, timing and amount of benefits from the other entity.

Once control is assessed the controlling entity is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35.

The Council does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.

***IPSAS 36: Investments in Associates and Joint Ventures***

In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.

The Council does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.

***IPSAS 37: Joint Arrangements***

In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.

The Council does not have an interest in a joint arrangement and therefore the standard does not apply.

***IPSAS 38: Disclosure of Interests in other Entities***

In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows.

The Council does not have an interest in other entities and therefore the standard does not apply.

**NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018**

***IPSAS 39: Employee Benefits***

The standard is applicable on 1<sup>st</sup> January 2018. The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

***IPSAS 40: Public Sector Combinations***

The standard is applicable on 1<sup>st</sup> January 2019. The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

**iii) Early adoption of standards**

The Council did not early – adopt any new or amended standards in year 2018.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

***Transfers from other government entities, public contributions and donations***

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

**ii) Revenue from exchange transactions**

***Rendering of services***

The Council recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***Sale of goods***

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.

***Interest income***

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**b) Budget information**

The original budget for FY 2017-18 was approved by the Ministry of Labour and Social Protection through a letter Ref: No. MLSSS 8/4 VOL.XV dated 3<sup>rd</sup> April 2017

The annual budget is for one year and prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Council. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or under spending on line items.

**c) Property, plant and equipment**

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

Depreciation of assets is charged on a straight-line basis over the useful life of an asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value as follows;

Buildings	2.5%
Motor vehicles	25%
Office equipment, Furniture & Fittings	12.5%
Computers	30%

The Council derecognizes items of property, plant and equipment and /or any significant part of an asset upon disposal or when future economic benefits or service potential is expected from its continuing use. Any gain or

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized)

**d) Provisions**

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

Where the Council expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**Contingent liabilities**

The Council does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**Contingent assets**

The Council does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**e) Nature and purpose of reserves**

The Council creates and maintains capital replacement development reserve in terms of specific requirements.

- a) The capital replacement development reserve may only be utilized for purchasing items of property, plant and equipment and payment of grants to programs.
- b) Whenever an asset is purchased out of the capital replacement development reserve may, an amount equal to the cost price of the asset is transferred from the capital replacement development reserve and the accumulated surplus is credited by a corresponding amount.

**f) Changes in accounting policies and estimates**

The Council recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**g) Employee benefits**

**Retirement benefit plans**

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

**Short term employee benefits**

The cost of all short term employee benefit is recognized during the period in which the employee renders the related service.

**h) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Kenya Commercial Bank at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**i) Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Board provides money or services directly to a debtor with no intention of trading the receivable. Receivables mainly arise from non-exchange transactions which accrue in the ordinary course of business and there is no intention of trading the receivable.

Receivables are recognized initially at the fair value. They are subsequently measured at amortized costs using the effective interest method less provision for impairment.

A provision for impairment of receivables is made when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables.

The carrying value less discounts and any impairment provision of impairment is assumed to approximate their fair values. For financial instruments such as short-term receivables, no disclosure of fair value is required when the carrying amount is a reasonable approximation of fair value.

Receivables are classified as current assets if payment is due within one year or less (or in the normal operating cycle of business, if longer). If not, they are presented as non-current assets.

**j) Payables**

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The historical cost carrying amount of payables subject to the normal credit terms usually approximates fair value.

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Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business if longer). If not, they are presented as non-current liabilities.

**k) Comparative figures**

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

**l) Related parties.**

The Council regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the and vice versa. Members of key management are regarded as related parties and comprise of Head of departments.

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Council's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Critical judgements in applying the accounting policies**

In the process of applying the Council's accounting policies, judgements have been made in determining-

- Whether assets are impaired
- Classification of financial assets
- The going concern

**Critical accounting estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Council based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Council. Such changes are reflected in the assumptions when they occur.

**Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Council
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

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Critical estimates are made by management in determining depreciation rates of property, plant and equipment.

**n) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018.

**o) Segment reporting**

The Council does not have any branches/reporting segments. All operations of the Council are managed from the registered office. The core business of the Council continues to be, formulating and implementing policies that are geared towards mainstreaming disability issues in the national economy together with other mandates as stipulated in the PWD Act 2003

**6. Public contributions and donations**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Donation from Base Titanium	50,000	-
Donation from Kenya Power & Lighting Co.	607,500	-
Donation from Nyeri Water and Sewerage Co.	10,000	5,000
Donation from Bena Patel	20,000	40,000
Donation from Kenya Pipeline Company Ltd	-	470,000
<b>Total transfers and sponsorships</b>	<b>687,500</b>	<b>515,000</b>

**7. a) Transfers from other governments**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
<b>Unconditional grants from Ministry of Labour and Social Protection</b>		
Operational grant	128,192,200	100,400,000
Development Fund	129,500,000	259,000,000
Cash transfer to Persons with severe disabilities	885,000,000	1,200,000,000
Persons with Albinism sunscreen lotion program	75,000,000	100,000,000
<b>Total government grants and subsidies</b>	<b>1,217,692,200</b>	<b>1,659,400,000</b>

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**7 b) Transfers from Ministries, Departments and Agencies**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	2016-2017
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Labour and Social Protection	1,217,692,200	-	-	1,217,692,200	1,659,400,000
<b>Total</b>	<b>1,217,692,200</b>	<b>-</b>	<b>-</b>	<b>1,217,692,200</b>	<b>1,659,400,000</b>

**8. Other incomes**

	2018	2017
	Shs	Shs
Training charges on disability mainstreaming	279,300	175,000
Sale of Tender	-	9,000
Braille Services	224,000	57,400
LPO Financing Service Charge 1%	50,967	21,484
<b>Total other income</b>	<b>554,267</b>	<b>262,884</b>

**9. Employee costs**

	2018	2017
	Shs	Shs
Salaries and wages	69,663,506	63,798,824
Employee related costs - contributions to pensions, medical and staff training	33,561,450	28,519,423
Transport and other allowances	25,692,738	22,414,061
Housing benefits and allowances	22,047,033	21,806,128
Social contributions	234,600	242,400
<b>Total Employee costs</b>	<b>151,199,326</b>	<b>136,780,836</b>

**10. Repairs and maintenance**

	2018	2017
	Shs	Shs
Buildings & stations	2,172,275	170,413
Furniture & equipment	291,160	235,036
Vehicles	2,381,665	2,328,204
Computer, software & networks	563,400	933,891
<b>Total repairs and maintenance</b>	<b>5,408,500</b>	<b>3,667,544</b>

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**11. Contracted services**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Professional Services	3,564,101	1,629,450
Guards & security services	1,174,812	1,024,800
<b>Total contracted services</b>	<b>4,738,913</b>	<b>2,654,250</b>

**12. Programmes**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Persons with Disabilities Self Help Groups (SHG)	14,050,000	53,650,000
Donations	2,988,511	3,702,276
Assistive devices & services	42,369,560	84,415,269
Infrastructure & Equipment support	54,228,558	86,402,102
Education support	41,798,580	73,352,954
National Disability Persons Organizations (DPOs)	-	47,271,250
Capacity building of Persons with Disabilities SHG	4,531,179	6,830,326
Monitoring & Evaluation of the SHG	1,674,900	2,152,900
Registration of Persons with Disabilities	20,928,469	20,415,275
Tools of Trade	11,232,442	-
Cash transfer to Persons with Severe Disabilities	801,642,631	1,390,281,805
Persons with Albinism Support Program	61,879,700	142,130,348
Disability Mainstreaming	2,609,522	5,812,440
<b>Total grants and subsidies</b>	<b>1,059,934,051</b>	<b>1,916,416,945</b>

**13. General Expenses**

	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Utilities, Supplies & Services	867,270	1,080,803
Communication, Supplies & Services	5,685,955	6,817,208
Domestic Travel	5,694,951	6,990,418
Foreign Travel	2,995,821	5,028,829
Printing, Advertising & Information, Supplies & Services	3,144,163	4,553,622
Catering Services	2,649,992	2,670,436
Conferences & Seminars	2,698,695	1,975,202
National Day Celebrations	6,068,448	5,679,688
Insurance	1,276,876	1,221,307
Office and General, Supplies & Services	6,963,588	8,415,349
Fuel, Oil & Lubricants	1,801,000	1,393,000
Bank Service Commission & Charges	181,556	348,143
Membership subscription	-	316,310
Audit Fees	1,160,000	1,160,000
<b>Total general expenses</b>	<b>41,188,314</b>	<b>47,650,314</b>

**14. Board Expenses**

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	2,018 Shs	2017 Shs
Honoraria	-	1,608,750
Board allowances	545,420	22,828,145
Insurance	-	634,364
<b>Total board expenses</b>	<b>545,420</b>	<b>25,071,259</b>

**15. Cash and cash equivalents**

	2018 Shs	2017 Shs
Bank	242,850,819	301,118,115
Cash-in-hand	-	-
<b>Total cash and cash equivalents</b>	<b>242,850,819</b>	<b>301,118,115</b>

**Detailed analysis of the cash and cash equivalents**

**15 (a) Bank balances**

Name of Bank	Bank Account Number	Currency	2018 Shs	2017 Shs.
Kenya Commercial Bank	1107116791	KES	232,858,636	278,665,969
Kenya Commercial Bank	1117769690	KES	9,992,183	22,452,146
<b>Total</b>			<b>242,850,819</b>	<b>301,118,115</b>

**15 (b) Cash on hand and in transit**

Form of cash holding	2018 Shs	2017 Shs
County offices running imprest	-	-
<b>Total</b>	-	-

**16. Receivables from exchange transactions**

	2018 Shs	2017 Shs
Current receivables		
Other exchange debtors	36,244,365	30,324,367
<b>Total current receivables</b>	<b>36,244,365</b>	<b>30,324,367</b>

Other exchange debtors refer to uncollected amount for cash transfer for persons with severe disabilities beneficiaries for July to December 2014 payroll cycle not refunded by Postal Corporation of Kenya amounting to Kshs 22,977,599 and money owed by clients under the Local Purchase Order (LPO) financing guarantee fund programme amounting to Kshs 13,266,766. The aged analysis of receivables from exchange transactions is as follows:

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	0-90 days	90-150 days	150-270 days	270-360 days	Over 1 year	Total
Particulars	Shs	Shs	Shs	Shs	Shs	Shs
Postal Corporation of Kenya					22,977,599	22,977,599
Denzin General Supplies					89,900	89,900
Geojes Limited					78,000	78,000
Rongo Canaan Hardware					400,000	400,000
Adopt Activate					405,000	405,000
Jushami Enterprises					55,800	55,800
Simaji Investment					453,462	453,462
Mass-com Kenya Limited					231,000	231,000
Solucom Agencies					330,000	330,000
Infinite/Countrywide Business Linkages					110,000	110,000
Ong'ata Brookview Academy					80,000	80,000
Summit Human Resource				117,250		117,250
Risasa Enterprises				500,000		500,000
Behantel Supplies				145,000		145,000
Misaman Enterprises Limited				387,324		387,324
Saints Solutions			500,000			500,000
Syntax Enterprises Limited			500,000			500,000
Sifteaglam Enterprises			22,000			22,000
Lionte General Supplies			284,500			284,500
Melsap Supplies		170,000				170,000
Jairich Enterprises		500,000				500,000
Domarks Enterprises-Kabati		500,000				500,000
Susma Suppliers Limited		165,000				165,000
Kawaju Supplies		498,000				498,000
Karakana Outlets Limited	485,000					485,000
Kyusi Enterprises	201,600					201,600
Laconic Icon Agencies	500,000					500,000
Lossayan Suppliers	500,000					500,000
Mepa Trading Enterprises	96,000					96,000
Jakoki Investments	468,809					468,809
Walbon Enterprises	341,200					341,200
Jestmo Enterprises	500,000					500,000
Mpofu Traders	500,000					500,000
Hairybells Limited	500,000					500,000
Dorcato Enterprises	62,000					62,000
Biscot Ventures Limited	450,000					450,000
Xenope Enterprises	109,200					109,200
Olalang' Tech Limited	40,500					40,500
Lendix Agencies	378,879					378,879
G. M. Hosana Limited	500,000					500,000
Estleon General Supplies	111,342					111,342
Equitorial Hawk Investments	500,000					500,000
Skyspace Systems Limited	500,000					500,000
<b>Total</b>	<b>6,744,530</b>	<b>1,833,000</b>	<b>1,306,500</b>	<b>1,149,574</b>	<b>25,210,761</b>	<b>36,244,365</b>

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**17. Receivables from non-exchange contracts**

<b>Current receivables</b>	<b>2018</b>	<b>2017</b>
	<b>Shs</b>	<b>Shs</b>
Other debtors (non-exchange transactions)	137,235	206,312
<b>Total current receivables</b>	<b>137,235</b>	<b>206,312</b>

	<b>0-3 months</b>	<b>Over 1 years</b>	<b>Total</b>
<b>Particulars</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>
Paul Mugambi Mwenda	-	60,600	60,600
Joan Koima	9,840		9,840
Julie Minyoso	7,000	-	7,000
Juliet Mati Ruwa	1,563		1,563
Julius M. Ole Ntayia	13,721		13,721
Madrine Njeri	4,431		4,431
Metrine Wamalwa	20,990		20,990
Patrick Limakou	5,590	-	5,590
Richard Ngove Ndambuki	13,500		13,500
<b>Total</b>	<b>76,635</b>	<b>60,600</b>	<b>137,235</b>

**18. Staff loan and advances**

<b>Staff Name</b>	<b>2018</b>	<b>2017</b>
	<b>Shs.</b>	<b>Shs.</b>
Mohammed Hussein Gabbow	690,400	-
<b>Total</b>	<b>690,400</b>	<b>-</b>

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19. Property, plant and equipment

	Land	Buildings	M/Vehicles	Office Equip. Furn. & Fittings	Computers	Total
<b>Cost</b>						
At 1 July 2016	25,000,000	21,789,659	46,835,097	33,612,826	16,395,428	143,633,010
Additions	-	-	-	1,348,850	7,947,805	9,296,655
At 30 June 2017	25,000,000	21,789,659	46,835,097	34,961,676	24,343,233	152,929,665
Additions	-	-	-	3,786,856	1,027,050	4,813,906
At 30 June 2018	25,000,000	21,789,659	46,835,097	38,748,532	25,370,283	157,743,571
<b>Depreciation</b>						
At 1 July 2016	-	4,086,078	19,177,606	13,004,587	11,652,797	47,921,067
Depreciation	-	544,742	7,974,550	4,212,132	2,581,614	15,313,038
At 30 June 2017	-	4,630,820	27,152,156	17,216,719	14,234,410	63,234,104
Depreciation	-	544,741	7,974,550	4,324,091	3,698,390	16,541,773
At 30 June 2018	-	5,175,561	35,126,705	21,540,810	17,932,801	79,775,877
<b>Net book values</b>						
At 30 June 2018	25,000,000	16,614,098	11,708,392	17,207,722	7,437,482	77,967,694
At 30 June 2017	25,000,000	17,158,840	19,682,941	17,744,957	10,108,823	89,695,561

The Council is required to measure the residual value of all items of property plant and equipment. Management does not expect a residual value for these assets because they will be utilized for their entire economic lives and do not have a significant scrap value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**20. Fully depreciated assets**

Fully depreciated motor vehicles at original cost of Kshs. 9,663,774 are still in use.

Fully depreciated assets at original cost are as follows:

	2018	2017
	Shs	Shs
Motor Vehicles	9,663,774	9,663,774
Computers	10,043,123	10,043,123
Office Equipments, Furniture & Fittings	2,273,534	-
	<b>21,980,431</b>	<b>19,706,897</b>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**21. Trade payables from exchange transactions**

The aged analysis of trade payables from exchange transactions is as follows:

	2018	2017
	Shs	Shs
Trade payables	2,554,149	4,225,661
<b>Total trade and other payables</b>	<b>2,554,149</b>	<b>4,225,661</b>

Particulars	0-3 months	Total
	Shs	Shs
Commissioner of Vat	873,387	873,387
First Assurance Co. Ltd	92,913	92,913
Helinas Safaris	20,540	20,540
Zamara Actuaries	219,309	219,309
Kenya Society for the Blind	1,348,000	1,348,000
<b>Total</b>	<b>2,554,149</b>	<b>2,554,149</b>

**22. Provisions**

	2018	2017
	Shs	Shs
Provision for audit fees	1,160,000	2,320,000
<b>Total Provision</b>	<b>1,160,000</b>	<b>2,320,000</b>

**23. Comparison of budget and actual amounts**

**a. Government Grants & Subsidies**

The variance of -28.84% was occasioned by non-release of exchequer for third quarter funds for Development and fourth quarter funds for both Recurrent and Development votes as follows:

Operational grant	44,007,800
Development Fund	129,500,000
Cash transfer to Persons with severe disabilities	295,000,000
Persons with Albinism sunscreen lotion program	25,000,000
<b>Total</b>	<b>493,507,800</b>

**b. Other Incomes**

The variance of -81.5% was due to donations received in kind inform of scholarship for 188 students with Disabilities at a total cost of Kshs. 4,932,547 from Kenya Pipeline Company Ltd which was paid directly to the schools.

**c. Programmes**

The variance of 40% was due to;

- Non-release of exchequer for third quarter funds for Development and fourth quarter funds for both Recurrent and Development votes totaling to Ksh. 493,507,800.00.

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- 7,424 Cash Transfer beneficiaries not paid due to issues affecting collection such as double registration, sharing of caregivers, similar ID numbers, beneficiaries registered as caregivers and uncollected payments and payment cards. The total amount due to the beneficiaries is Ksh. 218,911,282.00.

**d. General expenses**

The saving of 18% was due to austerity measures. The Council reduced expenditure on non-essential items during the period.

**e. Board Expenses**

The saving of 98% was because there was no Board during the financial year. The new Board has since been appointed and gazette notice released on 16<sup>th</sup> November 2018.

**f. Actual on Comparable Surplus Reconciliation**

The deficit as per the statement of the financial performance on page one does not tie to that on the statement of comparison of budget and actual amounts on page 5 due to differences in accounting basis (budget is accrual while statement of financial performance is cash basis). The following is reconciliation of the two amounts:

	<b>2017-2018</b> <b>Kshs</b>
Deficit as per statement of Financial Performance	(60,622,330)
Add: Funds B/fwd	<u>325,103,133</u>
Surplus as per statement of comparison of budget and actual amounts	<u><u>264,480,803</u></u>

**24. Related Party disclosures**

Key management personnel as per management team on pages' viii to xi

The total remuneration of members of the Council and the number of individuals, on a full-time basis receiving remuneration from the entity are:

	<b>2018</b> <b>Shs</b>	<b>2017</b> <b>Shs</b>
Total remuneration	28,099,726	22,359,916
Number of persons	15	15
	<b>2018</b> <b>Shs</b>	<b>2017</b> <b>Shs</b>
Revenue received from Government of Kenya through the Ministry of Labour and Social Protection	1,217,692,000	1,659,400,000

**25. Financial Risk Management Disclosures**

**a. Liquidity Risk**

The Council fully depends on the exchequer for funding. In the event that there are delays in the release of funds by the exchequer, the Council may be exposed to liquidity risk as it will be unable to settle its commitments and meet its Performance Contract Obligations. The Council has embarked on seeking for other donor funds through development of partnerships as a liquidity risk management strategy.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

The table below represents cash flows payable as at the reporting date at the carrying balances:

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2018</b>				
Trade Payables	2,554,149	-	-	<b>2,554,149</b>
Provisions	1,160,000	-	-	<b>1,160,000</b>
<b>Total</b>	<b>3,714,149</b>	-	-	<b>3,714,149</b>
<b>At 30 June 2017</b>				
Trade Payables	4,225,661	-	-	<b>4,225,661</b>
Provisions	1,160,000	-	1,160,000	<b>2,320,000</b>
<b>Total</b>	<b>5,385,661</b>	-	<b>1,160,000</b>	<b>6,545,661</b>

**b. Credit Risk**

The Council is exposed to the risk that a counterparty will be unable to pay amounts in full when due. Council's credit risk arises from cash and cash equivalents, bank balances and receivables. The amounts of receivables presented in the statement of financial position are as estimated by the Council's management based on their experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements that best represents the Council's maximum exposure to credit risk as at 30 June 2017 is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2018</b>				
Receivables from exchange transactions	36,244,365	13,266,766	22,977,599	
Receivables from non-exchange transactions	137,235	137,235	-	
Staff loan/advance	690,400	690,400	-	
Bank Balances	242,850,819	242,850,819	-	
<b>Total</b>	<b>279,922,819</b>	<b>256,945,220</b>	<b>22,977,599</b>	
<b>At 30 June 2017</b>				
Receivables from exchange transactions	30,324,367	4,671,576	25,652,791	-
Receivables from non-exchange transactions	206,312	206,312	-	
Bank balances	301,118,115	301,118,115	-	
<b>Total</b>	<b>331,648,794</b>	<b>305,996,003</b>	<b>25,652,791</b>	-

**26. Commitments and contingencies**

**Capital commitments**

There were no capital commitments in both 2018 and 2017

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Contingencies**

**Contingent liabilities**

There were no contingent liabilities in both 2018 and 2017

**Contingent assets**

The following listed institutions were issued with grants under infrastructure support and economic empowerment. The institutions have failed to account for the funds resulting for the Council to file for complaints with respective County Criminal Investigation offices for criminal prosecution.

<b>Institution</b>	<b>2018 Kshs</b>	<b>2017 Kshs</b>	<b>Action taken</b>
Austim Society of Kenya	3,104,000	3,104,000	Complaint filed with Nairobi County Criminal Investigation Office. Investigations are ongoing.
Kenya Paraplegic Organization	6,304,085	6,304,085	Complaint filed with Nairobi County Criminal Investigation Office. Investigations are ongoing.
Ogilge Bomet Physically Handicapped Group	420,000	420,000	Council officers have recorded statements at Bomet CID offices. Investigations are ongoing.
Molo Town Disabled Self-Help Group	1,012,800	1,040,800	An agreement was reached between Court, Council and the Self-Help Group to pay Ksh 457,000. The group has so far deposited Kshs 28,000 in Council account and Kshs 140,000 in Court.
International Non-Governmental Organization	2,000,000	2,000,000	Complaint filed with Mombasa County Criminal Investigation Office. Investigations are ongoing.
University of Nairobi	-	45,928	The University refunded the Funds back to the council
	<b>12,840,885</b>	<b>12,914,813</b>	

**27. Inventories**

The Council had consumable stocks amounting to Ksh. 1,696,845.00 as at 30th June 2018 being stationery and toners which were all consumed in July and August 2018.

**28. Events after the reporting period**

The Agency for Cash transfer program account No. 1168237459 with Kenya Commercial Bank is a holding account for three cash transfer programs under the National Safety Net Program. The account balance as at 30 June 2018 specific to Persons with Severe Disabilities cash transfer program was Kshs 189,192,000 which left holding account on 18 July 2018 for payment of Kshs 42,611 beneficiary's stipend for March-April payment cycle.

**29. Ultimate and Holding Entity**

National Council for Persons with Disabilities is a State Corporation under the Ministry of Labour and Social Protection. Its ultimate parent is the Government of Kenya.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**30. Comparative figures**

The comparative figures are the Prior year figures for the year ended 30 June 2017.

**31. Currency**

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

**NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES**  
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**XVIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Refund due from Postal Corporation of Kenya	Postal Corporation made a commitment through a letter dated 25 <sup>th</sup> January 2017 to refund the amounts owed in 10 equal instalments. One instalment of Kshs. 2,872,200 was received on 9 <sup>th</sup> June 2017. The 2 <sup>nd</sup> instalment of Ksh 2,872,200 was received on 20 <sup>th</sup> Sept 2017	V. Akarah – Chief Legal officer	Partly Resolved; The Council to follow up with the balance of Kshs. 22,977,599.	

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Hon. Mohammed Hussein Gabbow

Executive Director..... *H. alw*

Date..... *14/12/18*

**XIX. APPENDIX 1: INTER-ENTITY TRANSFERS**

ENTITY NAME:		NATIONAL COUNCIL FOR PERSONS WITH DISABILITIES		
<b>Break down of Transfers from the State Department for Social Protection</b>				
<b>FY 2017/2018</b>				
a. Recurrent Grants				
		<b>Bank Statement Date</b>	<b>Amount (Kshs)</b>	<b>Financial Year</b>
		08/09/2017	363,050,000	2017/2018
		01/03/2018	362,174,800	2017/2018
		27/04/2018	362,967,400	2017/2018
		<b>Total</b>	<b>1,088,192,200</b>	
b. Development Grants				
		<b>Bank Statement Date</b>	<b>Amount (Kshs)</b>	<b>Financial Year</b>
		13/09/2017	64,750,000	2017/2018
		23/02/2018	64,750,000	2017/2018
		<b>Total</b>	<b>129,500,000</b>	

The above amounts have been communicated to and reconciled with the Head of Accounting Unit, Ministry of Labour and Social Protection through letter Ref. No. NCPWD/FIN/05 VOL X (897).

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**XX. APPENDIX 2: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Labour and Social Protection	27-04-2018	Recurrent	1,088,192,200	1,088,192,200	-	-	-	-	1,088,192,200
Ministry of Labour and Social Protection	23-02-2018	Development	129,500,000	129,500,000	-	-	-	-	129,500,000
<b>Total</b>			<b>1,217,692,200</b>	<b>1,217,692,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,217,692,200</b>



Persons with Albinism diagnosed with skin cancer during skin cancer screening event held in December.



Former PS, MLSS, Susan Mochache presenting a sewing machine to one of the beneficiaries during the International Day of Persons with Disabilities celebrations



A dormitory at Kipngosos Special School for the Mentally Handicapped, Bomet County, which was constructed and equipped by NCPWD



One of the classrooms at Hola School for the Mentally Handicapped that was renovated through partnership between NCPWD and Safaricom

