

REPUBLIC OF KENYA



*Paper laid
by Leader of Majority
Tuesday
13/3/18
A.H.*

OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
POLITICAL PARTIES FUND**

**FOR THE YEAR ENDED
30 JUNE 2017**



Republic of Kenya

POLITICAL PARTIES FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE, 2017

**BASIS: INTERNATIONAL PUBLIC SECTOR ACCOUNTING
STANDARDS (IPAS) CASH**

Lion Place, 1st floor
Off Waiyaki way
P.O. Box 1131-00606
NAIROBI

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OFFICE OF REGISTRAR OF POLITICAL PARTIES
Reports and Financial Statements
For the year ended June 30, 2017

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

The Act is the primary legal reference for management of political parties in accordance with Articles 91 and 92 of the Constitution 2010, which envisages well governed political parties that respect internal democracy and their constitutional status in the Kenyan political system. The office promotes a democratic political system that is issue-based, people-centred, result-oriented and accountable to the public as outlined in the Second Medium Term Plan (MTP II), ORPP Strategic Plan, Government Manifesto and Vision 2030.

The Office of Registrar of Political Parties is headed by Lucy K. Ndungu, EBS who is deputised by three (3) Assistant Registrars. The Registrar is responsible for the general policy and strategic direction of ORPP head the office.

The accompanying financial statements constitute the financial statements for the Office of the Registrar of Political Parties.

Vision

An inclusive and viable democratic multi-party system

Mission

To promote institutionalized democratic political parties in Kenya

Core Values

The Office is bound by the national values and principles of governance, leadership and integrity as stipulated in the Constitution. The specific core values are:

Professionalism: The office promotes a culture of professionalism and demonstrates competence and mastery of subject matter. Professionalism is reflected

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- Integrity:** in our performance through conscientious and efficient in meeting commitments, observing deadlines and achieving results. The office puts utmost premium on honesty in the service of its stakeholders. It genuinely pursues a policy of non-tolerance of any form of corruption. The staff and everyone engaging with the office bears personal responsibility and are accountable for their decisions and conduct.
- Teamwork:** The Office embraces team-work in all its operations.
- Transparency:** The office is open to independent scrutiny; accountable; shares information and promotes self-assessment.
- Respect for the rule of law:** The office is bound by the Constitution and the legal framework governing political system. The office takes great interest in achieving both substantive and procedural rule of law in undertaking its responsibilities.
- Equality and equity:** The Constitution and the statutory framework governing the office and political parties emphasize principles of equality and equity before the law. The Office positively seeks to assert the rights of special interest groups and promote diversity and equality in its internal establishment.
- Impartiality:** The office is unbiased, fair, firm, and dispassionate in its operations.

Core Functions

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

- (a) Register, regulate, monitor, investigate and supervise political parties to ensure compliance with this Act;
- (b) Administer the Political Parties Fund;
- (c) Ensure publication of audited annual accounts of political parties;
- (d) Verify and make publicly available the list of all members of political parties;
- (e) Maintain a register of political parties and the symbols of the political parties;

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- (f) Ensure and verify that no person is a member of more than one political party and notify the Commission of his findings;
- (g) Investigate complaints received under the Act; and
- (h) Perform such other functions as may be conferred by the Act or any other written law.

(b) Key Management

The office day-to-day management is under the following key departments:

1. Registration and County Coordination
2. Compliance and Regulation; and
3. Corporate Affairs.

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Names
1.	Registrar of Political Parties	Lucy K. Ndungu, EBS
2.	Assistant Director, Human Resource Management	Dinah Liech
3.	Assistant Director, Records Management	Joel Terer
4.	Assistant Director, Compliance	Juliet Murimi
5.	Principal Finance Officer	Joel Onchwati
6.	Chief Accountant	John Macharia
7.	Chief Internal Auditor	Veronica Muasya
8.	Senior Economist	Joseph Kariuki
9.	Chief Supply Chain Management Officer	Enid Nyamwaro
10.	Senior Training and Development Officer	Anastacia Kaberere
11.	Senior Information Communication Technology Officer	Robert Waithaka





Lucy Ndungu, is the Registrar of Political Parties, following the promulgation of the Constitution and subsequent enactment of the Political Parties Act, 2011. In her portfolio, the Registrar provides strategic direction in political system in Kenya by formulating strategic policies and implementation of the law. She is instrumental in setting the office of the Registrar of Political Parties, and spearheading the formulation of Legal and Institutional framework of political parties in

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<p>Lucy K. Ndungu, EBS Registrar of Political Parties</p>	<p>Kenya. She holds a Bachelor's degree in Law from the University of Nairobi, Diploma in Law from Kenya School of Law and is an Advocate of the High Court of Kenya. She is a Certified Public Secretary of Kenya (CPSK), holds Executive Education in Advanced Management Program from Strathmore University and Certificate in Contemporary Public Administration Management – Israel and a Certificate in Strategic Leadership development Programme (SLDP) from Kenya School of Government. She is a member of Law Society of Kenya, The Institute of Certified Public Secretaries (ICPSK) and is an accredited Bridge Facilitator.</p>
 <p>Dinah Anyango Liech Assistant Director, Human Resource Management</p>	<p>Mrs. Liech is responsible for providing strategic direction on HRM policies and effective management of Human Resource matters of ORPP. The position is also responsible for institutional transformation, optimal staffing levels and delivers current and future HR strategic goals for formulation and implementation of Human Resource Policies and procedures. She holds Masters in Business Management from ESAMI & Maastricht Management Institute and a Bachelor's degree in Business Administration from Kenya Methodist University. She is a Certified Public Secretary of Kenya (CPSK), holds a Diploma in Human Resource Management from Galilee International Management Institute (GIM) – Israel and a Certificate in Strategic Leadership development Programme (SLDP) from Kenya School of Government. She is a member of the Institute of Human Resource Management (IHRM), and Institute of Certified Public Secretaries of Kenya (ICPSK).</p>
 <p>Joel Kiplangat Terer Assistant Director, Records Management</p>	<p>Mr. Terer is responsible for implementing policies, guidelines and procedure on records management of the Office. He holds Masters in Arts, in Economics and Cooperation from BKD University (India) and Bachelor of Arts-Economics and Sociology from Agra University (India). He has a certificate in Records management from ESAMI, Strategic Leadership development Programme (SLDP) and Senior Management Course (SMC) from Kenya School of Government.</p>

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Joel Nyagwoka Onchwati
Principal Finance Officer

Mr. Onchwati is responsible for effective implementation of prudent financial management strategies, policies, standards and procedures in budget planning and preparation, and resource mobilisation. He holds a Masters Degree in Business Administration in Finance from Moi University, a Bachelor's Degree in Business Management from University of Eastern Africa- Baraton. He holds a certificate of Certified Public Accountants Section III, Corporate governance and Strategic Leadership from Kenya School of Government, Advanced Public Finance Management from ESAMI and Public Service Innovations from ESAMI.



Juliet Wanjiku Murimi
Assistant Director,
Compliance

Juliet Murimi is responsible for strategic direction for effective and efficient registration, and continuous compliance by political parties. She holds a Masters Degree in Business Administration, Strategic Management from Jomo Kenyatta University of Agriculture and Technology LLB Degree from the University of Nairobi and a Diploma in law from Kenya School of Law (KSL). She has a Certificate in Senior Management from Kenya School of Government. She is an Advocate of the High Court of Kenya and is an accredited Bridge Facilitator. She is a member of Law Society of Kenya





Veronicah Muasya
Chief Internal Auditor

Veronicah Muasya is responsible for internal audit and Risk Management of the Institution as per Public Financial Management Act and Auditing Standards. She holds an MBA from the Management University of Africa (Kenya), a Diploma in Auditing from Institute of Internal Audit (IIA), Kenya, a CPA (K) holder, a Certificate in Certified Fraud Examiner (CFE) from Association of Certified Fraud Examiner and a certificate in Senior Management from Kenya School of Government. She is a member of the following professional bodies: Association of Certified Fraud Examiner (CFE), Institute of Internal Audit and ICPAK.

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	<p>Robert Waithaka is responsible for strategic direction on ICT services including security, networks, policy, training and the website. He holds a Masters degree in IT, in Systems Security and Audit from Strathmore University and a Bachelor's degree in IT from Jomo Kenyatta University of Agriculture and Technology (JKUAT). He has the following certifications: Enterasys Certified Specialist (ECS), Enterasys Certified Network Associate (ECNA), Cisco Certified Network Associate (CCNA) and Microsoft Certified Technology Specialists (MCTS).</p>
<p>Robert Gakuo Waithaka Senior ICT Officer</p>	<p>Joseph Kanja is responsible for the formulation of policies on monitoring and evaluation of the overall performance of the institution and political parties. He holds a Bachelor of Science degree in Mathematics and Economics from Moi University. He has a certificate in Project Management from GIZ (Kenya), Certificate in Monitoring and Evaluation from GIZ (Kenya).</p>
	<p>Enid Nyamwaro is responsible for coordinating, developing, and implementing strategic supply chain management policies and procedures that are aligned to the Public Procurement and Disposals Act. She holds a Masters degree in Science, Procurement and Logistics from Jomo Kenyatta University of Agriculture, Bachelor of Arts degree from the University of Nairobi, Graduate Diploma in Purchasing and Supply from the Chartered Institute of Purchasing and Supply (CIPS), UK, and is a Certified Public Accountant, Kenya finalist. She has a certificate in Senior Management and Project Planning and Management from Kenya School of Government. She is a member of Chartered Institute of Purchasing and Supply (CIPS) and Kenya Institute of Supplies Management.</p>
<p>Joseph Kariuki Kanja Senior Economist</p> <p>Enid Moraa Nyamwaro Chief Supply Chain Management Officer</p>	

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	<p>John Macharia is responsible for implementing prudent financial management policies, strategies, standards, procedures in accounting in line with Public Financial Management Act (PFM) and other Treasury Circulars. He holds a Bachelor Degree in Commerce in Finance from Masinde Muliro University of Science and Technology. He is a CPA (K) and has a certificate in Senior Management Course from Kenya School of Government. He is a member of ICPAK.</p>
<p>John Mwai Macharia Chief Accountant</p>	
	<p>Anastacia Kaberere is responsible for planning, coordinating and implementing training and development strategies in line with Training Policy. She holds a Masters degree in Business Administration, Project Management, from Kenyatta University, a Bachelors Degree in Business Administration, Human Resource Management from Kenya Methodist University and a Diploma in Business Management from Kenya Institute of Management (KIM). She has a certificate in Training of Trainers (ToT) from Commonwealth Secretariat and Supervisory Skills Management from Kenya School of Government.</p>
<p>Anastacia Kaberere Senior Training and Development Officer</p>	

(d) Fiduciary Oversight Arrangements

The oversight authority put in place by the ORPP include the following:

i. Audit Committee

The Public Finance Management Act, 2012 section 73(5) and Regulation 174 of the Public Finance Management Regulations, 2015 provides for the establishment of the Audit Committee.

In compliance, the Registrar through letter Ref.: RPP/CMT/13 dated 25th August 2016, appointed the following members:

- a) MaryAnne Njau-Kimani, OGW Chair-person
- b) Sellestine Kiuluku, MBS
- c) Jacob Ondari
- d) Sarah Ogongo
- e) Reuben Chirchir

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- f) Daniel Nyaga
- g) Veronicah Muasya Secretary to the Committee.

The functions of the Audit committee include:

- a) Obtain assurance from management that ORPP financial and non-financial internal control and risk management functions are operating effectively and reliably.
- b) Provide an independent review of ORPP reporting functions to ensure the integrity of financial reports.
- c) Monitors the effectiveness of the entity's performance management and performance information.
- d) Provide strong and effective oversight of the internal audit function.
- e) Provide effective liaison and facilitate communication between management and external audit.
- f) Provide oversight of the implementation of accepted audit recommendations.
- g) Ensure the ORPP effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

ii. Legal, Standards and Compliance Committee

The management agreed to have the above committee for effective implementation of the Act.

Members of the committee are:

- a) Juliet Murimi
- b) Joseph Kanja
- c) Lenard Rotich
- d) Geraldine Mukele
- e) Rebecca Wahu
- f) Boniface Olwal

The functions of the committee include:

- a) Deliberate on the legal issues pertaining to the operations of ORPP specifically ;
- b) Advise on ORPP litigation of court matters;
- c) Develop strategies and policies for the compliance and regulation of political parties;
- d) Develop guidelines for investigation of offences and sanctions for non-compliance political parties under the Act;
- e) Coordinate Political Parties Liaison Committee (PPLC) framework; and
- f) Coordinate legal reform initiatives.

iii. Evaluation Committee

Pursuant to section 46. (1), the Registrar of Political Parties appoints from time to time an ad hoc committee known as evaluation committee from within the members of staff with relevant expertise.

The functions of the committee include:

- a) dealing with the technical and financial aspects of a procurement
- b) negotiation of the process including evaluation of bids, proposals for prequalification, registration lists, and Expression of Interest
- c) adopt a process that shall ensure the evaluation process utilized adheres to Articles 201(d) and 227 (1) of the Constitution
- d) inviting technical experts who are not employees of the office to assist in matters that need specific technical expertise

iv. Inspection and Acceptance Committee

Pursuant to section 48. (1), the Registrar of Political Parties appoints from time to time an ad hoc committee known as the inspection and acceptance committee.

The functions of the committee is to:

- a) inspect and where necessary, test the goods received;
- b) inspect and review the goods ,works or services in order to ensure compliance with the terms and specifications of the contract;
- c) accept or reject, on behalf of the procuring entity, the delivered goods, works or services
- d) ensure that the correct quantity of the goods is received; and
- e) ensure that the goods, works or services meet the technical standards defined in the contract ensure that the goods, works or services have been delivered or completed on time
- f) ensure that all required manuals and documentations are received
- g) issue interim or completion certificates or goods received notes, as appropriate an in accordance with the contract.

v. Disposal Committee

Pursuant to Section 163. (1), the Registrar shall establish a disposal committee as and when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment or assets.

The functions of Disposal Committee include:

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- a) verification and processing of all disposal recommendations in liaison with the head of procurement function as prescribed
- b) recommend the best method of disposing of unserviceable, obsolete or surplus stores or equipment
- c) Draft a technical report, and
- d) Recommend to the Registrar the best method of disposing of the stores/equipment.

vi. Human Resource and Administrative Committee

The management agreed to have the above committee for effective implementation of Human Resource Policy.

The committee is composed of the following members

- a) Joel Nyagwoka Onchwati Chairperson
- b) Dinah Liech Secretary to the Committee
- c) Joshua Ngala
- d) Joseph Kanja
- e) Geraldine Mukele
- f) Douglas Wanzala

The functions of the committee include:

To plan the Human Resources/Training and development programs including employee compensation and benefits, training and the management and organizational development and employee recruitment and retention.

vii) Budget Implementation Committee

Pursuant to The National Treasury Circular no. 12/2016 dated 29th June 2016, the Registrar constituted a budgetary implementation committee with following as members:

- a) Joel Nyagwoka Onchwati Chairperson
- b) Juliet Wanjiku Murimi
- c) John Mwai Macharia Secretary
- d) Enid Moraa Nyamwaro
- e) Anastacia Njeri Kaberere
- f) Robert Gakuo Waithaka

The functions of the committee include:

- a) To review and consider the cash flow plans and recommend review of the cash plan and approval of any changes to be communicated to the National Treasury,

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- b) To review the utilization of cash limits and consider any changes as may be required,
- c) To review the utilization of donor funds voted for ORPP,
- d) To review the monitoring and evaluation report and advise the Accounting Officer on the performance of the entire budget and any challenges related to the budget implementation,
- e) To review and recommend reallocation of expenditures,
- f) To review and approve the expenditure plans, Payroll (IPPD), Pending Bills and A-I-A returns for the ORPP and recommend actions to be taken,
- g) To participate in the budget Sector Working Groups, and
- h) To prepare budgets for ORPP in consultation with the Heads of Departments.

(e) Headquarters

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

Contacts

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

Regional Offices

- i) Kisumu
Re-insurance Plaza, 3rd floor Wing B
Oginga Odinga Road
- ii) Mombasa
Palli House, 5th Floor
- iii) Uasin Gishu
Kerio Valley Development Authority (KVDA) Plaza, 7th Floor,
Along Oloo Street
P. O. Box 8867 – 30100
Eldoret
Tel. +254 775 229524
Email: orppnorthrift@gmail.com

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iv) Isiolo
County Estate, Isiolo Township
Plot No. LR7918/164

(f) Entity Bankers

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

Accounts Maintained

REC: Registrar of Political Parties	1000181206
DEP: Registrar of Political Parties	1000181842
CBK 165: Registrar of Political Parties	1000182806

(g) Independent Auditors

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

(h) Principal Legal Advisor

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

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II. FORWARD BY THE ATTORNEY GENERAL

Introduction

The Republic of Kenya is a multi-party democratic state founded on the national values and principles of governance. Article 1 provides that all sovereign power belongs to the people of Kenya and shall be exercised only in accordance with the Constitution. The Constitution further provides that every person is equal before the law and has a right to make political choices which include the right to belong and campaign for a political party of their choice. Articles 91 and 92 of the Constitution recognize political parties as important governance institutions in the promotion of democracy. The Political Parties Act 2011 (PPA) operationalized the above Articles. The Act is the primary legal reference for management of political parties.

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

The Office of the Registrar of Political Parties as a public office draws its funding from the National Treasury. In compliance to Section 81(4) of the Public Financial Management (PFM) Act, 2012 and Section 32 (2) of the Political Parties Act, 2011 the RPP prepares and submits financial statements together with the statement of income and expenditure and a statement of assets and liabilities to the Auditor General for last financial year.

The Financial Statements of ORPP are hereby forwarded as presented here below:-

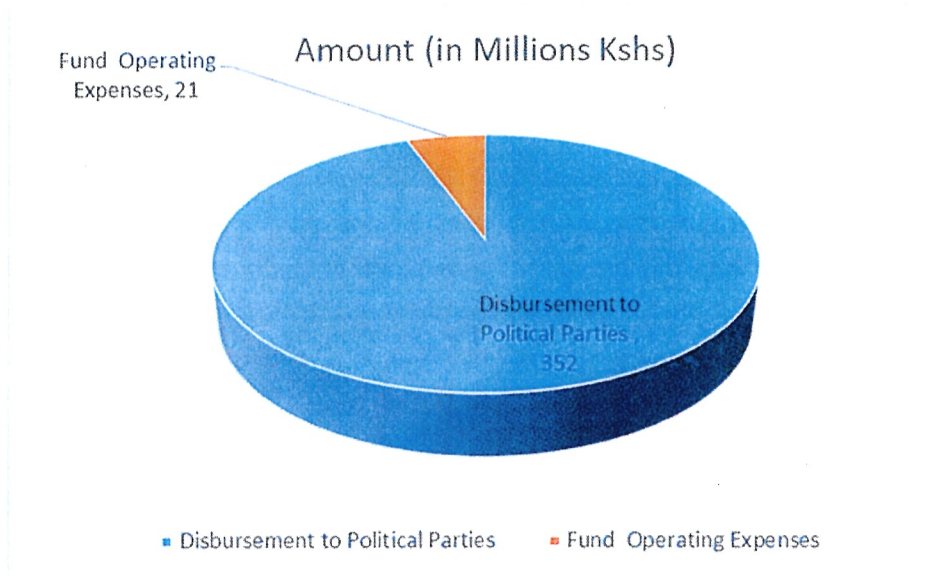
1. Budget Performance

During the financial year 2016/2017, ORPP was allocated a budget of Kshs.370.5 million. These being disbursement to political parties and 5% fund administration expenses.

This budget was utilized as follows:

Item	Amount (in Millions Kshs)
Disbursement to Political Parties	352.0
Fund Operating Expenses	21.0
Total	373.0

The actual expenditure for the financial year was Kshs.373.0 million representing 100.01% budget utilization.



2.0 Key Performance Highlights

Below is an overview of financial performance for the year ended 30th June 2017 as reported in the detailed financial statements together with the commentary and comparative analysis against budget and prior year for the key items in the financial statements.

2.1 The Legal and Regulatory Framework Strengthened

To improve the legal and regulatory framework of political parties, the ORPP spearheaded the following:

- Amendments to the Political Parties Act, 2011;
- Finalization of political parties (registration, funding) regulations and forwarding to National Assembly;
- Drafted Political Parties Liaison Committees (PPLC) and sub-committees terms of reference;
- Revision of nominations checklist;
- Training on nomination procedures conducted, electoral laws; and
- Development of Information, Education and Communication (IEC) materials.

2.2 Enhanced Compliance with the Political Parties Act, 2011 and other Laws

2.2.1 Registration and Regulations of Political Parties

Under Section 33 of the Political Parties Act, one of the functions of ORPP is to register political parties and maintain an updated register of political parties:

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Application for full registration

In the year under review, the following parties applied for full registration after fulfilling the requirements as tabulated in the political party act

Fully Registered Parties		
No	Political Party	Kenya Gazette Notice
1	Peoples Trust Party	No.7916 of 3 rd October 2016.
2	Maendeleo Chap Chap	No.7916 of 3 rd October 2016,
3	Democratic Congress	No. 8694 21 st October 2016
4	Liberal Democratic party	No. 9189 4 th November 2016
5	Green Congress Of Kenya	-
6	National Liberal Party	No. 10218 of 9 th December 2016
7	Movement For Democracy And Growth	No.10218 of 9 th December 2016.
8	Alternative Leadership Party	No. 10725 of 30 th December 2016
9	Ukweli Party	No,788 of 27 th January 2017.
10	Empowerment And Liberation Party	No.788 of 27 th January 2017.
11	Thirdway Alliance	No.1958 of 3 rd March 2017.
12	Justice and Freedom Party	No. 1958 of 3 rd March 2017

Provisional Registration

The following political parties have applied for provision registration under section 5 and 6 of the political parties' act 2011

Provisional registration		
No.	Political Party	Gazette Notice
1	Opportunity Party Of Kenya	No. 9754 of 25 th November 2016
2	Solar Motion Of Kenya	No. 10726 of 30 th December 2016
3	Haki Na Utaifa Party	No. 93 of 6 th January 2017
4	Justice and Freedom Party	No. 8897 28 TH October 2016
5	Millennium Economic Party	No. 10218 of 9 th December 2016

The Office received nine (9) applications for provisional registration during the year under review. During this period, the office received twelve (12) political parties' applications for full registration. The total number of fully registered political parties was Seventy Seven (77), however, ten (10) political parties merged to form the Jubilee Party. As at 30th June 2017 the number of fully registered political parties stood at Sixty Seven (67).

The office gazetted political parties' records changes and issued circulars for compliance on-

- a) Nomination rules & Constitutions
- b) Statutory declaration 60 days after full registration
- c) Statutory declaration 60 days before an election

2.2.2 Mergers and Coalitions (Section 10 of the Political Parties Act, 2011)

2.2.2.1 Mergers

In the month of September 2016, ten (10) fully registered political parties merged with Jubilee Alliance Party to form Jubilee Party (JP). The parties are as listed below:

- 1) United Republican Party (URP);
- 2) The National Alliance (TNA);
- 3) New Ford Kenya (NFK);
- 4) Unity Party of Kenya (UPK);
- 5) The Independent Party (TIP);
- 6) Grand National Union (GNU);
- 7) Republican Congress Party (RC);
- 8) Ford People (FP);
- 9) United Democratic Forum (UDF); and
- 10) Alliance Party of Kenya (APK)

2.2.2.2 Coalitions

Prior to 2017 General Elections, the following post-coalition agreements were deposited with ORPP:

- 1) The National Super Alliance (NASA) Coalition, deposited on 22nd February 2017. It comprises of the parties below:
 - i. Orange Democratic Movement (ODM),
 - ii. Wiper Democratic Movement - Kenya (WDM-K),
 - iii. Forum for the Restoration of Democracy - Kenya (FORD-Kenya),
 - iv. Amani National Congress (ANC), and
 - v. Chama Cha Mashinani (CCM)

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- 2) Wiper Democratic Movement - Kenya (WDM-K) and Muungano Party, deposited on 27th April 2017; and
- 3) Wiper Democratic Movement - Kenya (WDM-K) and Chama Cha Uzalendo (CCU), deposited on 24th April 2017.

2.2.3 Litigation

In the year under review, the office prosecuted the following cases as shown on the table below.

List of court cases

S.no	COURT CASE NO. / CITATION	CASE STATUS
1.	Civil Appeal No. 24 of 2017- Nairobi Charles Nyandusi & 3 Others Vs Registrar of Political Parties & Another	Concluded
2.	PPDT Case No.2 of 2017 People's Trust Party -vs- Franklin Makola	Concluded
3.	PPDT Cause no. 1 of 2017 Peter Wafula Nabikhuli – Vs – ORPP & 2 Ors	Concluded
4.	Judicial Review No. 47 of 2017 Republic -vs- RPP ex parte Edwards Kings Maina	Concluded
5.	JR. Misc No. 67 of 2017 Nairobi CCU -VS-ORPP	Concluded
6.	PPDT Case No. 14 of 2017 Alphonse Musyoki -vs- John Okemwa Anunda , PNU (interested Party)	Concluded
7.	High Court Civil Case No. 74 of 2017 Nairobi Northern Advocacy For Sustainable Agriculture Vs National Super Alliance, RPP and another	Concluded
8.	PPDT Case No. 2 of 2017 Peter Solomon Gichira -vs- RPP	Concluded
9.	Constitutional Petition No. 199 of 2017 Simon Mabisi Masinde & Michelle Nduta Gicharu -vs- ORPP, IEBC	Concluded
10.	Constitutional Petition No: 195 of 2017 Carol Omondi –vs – RPP, IEBC	Concluded
11.	Constitutional Petition No. 142 of 2017 Okiya Omtatah Vs AG, RPP & 11 others	Ongoing
12.	Constitution Petition No. 214 of 2017 , Nazlin Omar & another –vs- RPP, IEBC.	Ongoing

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13.	PPDT Case No. 218 A of 2017 Bernard Kiala - vs - WDP-K & Anr	Concluded
14.	Election petition Appeal No. 46 of 2017 Emmanuel O. Achayo –vs- Abigael Awino , RPP, ODM	Concluded
15.	PPDT Case No. 264 of 2017 Peter Wahinya Njau –vs - RPP & 6 Others	Concluded
16.	Constitutional Petition 253 of 2017 Gordon Sewe Okello –vs- RPP, IEBC,AG & 2 ors	Concluded
17.	High Court MEPA No. 14 of 2017 Daniel Mutegi Kajjita – vs- ORPP,IEBC	Concluded
18.	Misc Election Petition Appeal No. 23 of 2017 Chama cha Uzalendo -vs-ORPP, IEBC,DPP, AG	Concluded
19.	High Court. Constitutional Petition: 260 of 2017 Ogola Victor Omondi –vs- ORPP, IEBC	Concluded
20.	High Court App. No. 190 of 2017 John Mbugua & 4 Others –vs- ORPP,IEBC	Concluded
21.	Election Petition Appeal: 47 of 2017 Osman Khalif Abdi –vs- RPP & 21 Others	Concluded
22.	JR Misc Application No. 301 of 2017 Republic – vs- ORPP, IEBC,WDM Ex parte: Wavinya Ndeti Delivered	Concluded
23.	Judicial Review No.320 of 2017 Nixon Kiprotich Morogo – vs- IEBC, ORPP, Jubilee Party Nomination of Jubilee Party for MCA Solai Ward, Nakuru County.	Concluded
24.	High Court Petition No. 15 of 2017 Bonface Koome & Anr –vs- Hon Peter M. Munya, RPP & 5 Others	Concluded
25.	Constitutional & Human Rights Div. Petition No. 360 of 2017 Joel Kiprono Rop -vs- IEBC, AG,RPP	Concluded

It is imperative to note that, the office was able to successfully prosecute all the litigations occasioned by the activities towards 2017 General Election without adverse effect on its reputation.

2.3 Monitor, Investigate and Supervise Activities of Political Parties (Section 34)**2.3.1 Compliance with the Law**

In regulating political parties, the office evaluated the fully registered political parties' on compliance with the provisions of the Act and other elections laws. Circulars were issued to political parties with regard to compliance with Sections 29 and 31 of the Political Parties Act, 2011 which requires parties to publish their sources of funds and submit the accounts of each political party to the Auditor General within three

OFFICE OF REGISTRAR OF POLITICAL PARTIES
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For the year ended June 30, 2017

months after the end of each financial year respectively. Thirty political parties complied and submitted their accounts on due date.

The following activities were undertaken:

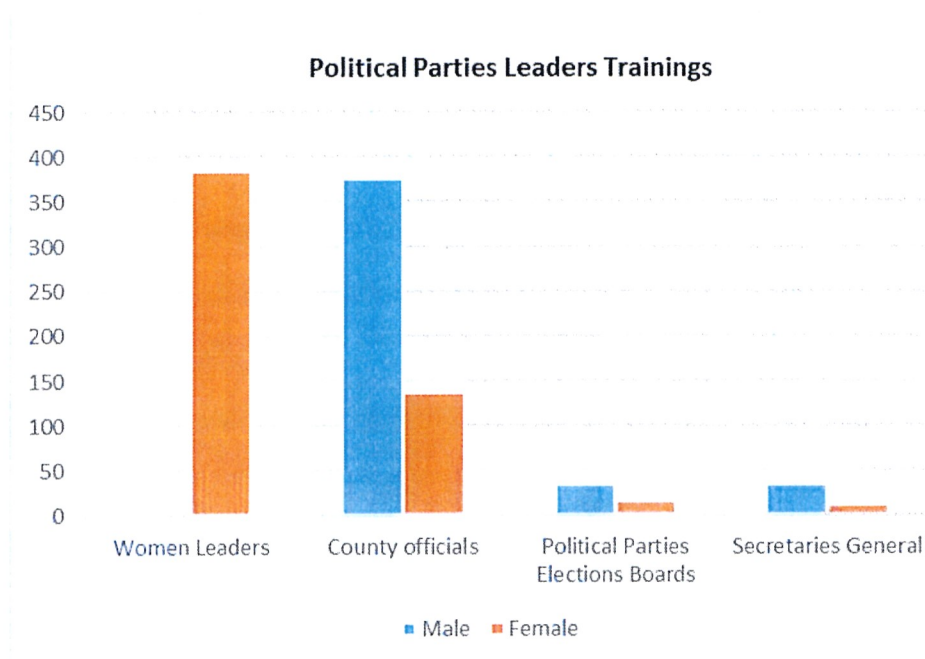
- a) Deployment of fifty four (54) county monitors and two hundred and eighty six (286) Constituency monitors in all the counties and constituencies to monitor activities of the political parties on their compliance with the electoral laws during the 2017 General Elections.
- b) Deployment of thirty (30) members of staff to monitor activities of the political parties during the electioneering period.
- c) Held stakeholders forums to sensitize the public on the role of political parties during elections.
- d) Issued Circulars and guidelines to political parties
- e) Liaised with IEBC, security agencies and National Gender and Equality Commission on compliance to electoral laws

2.3.2 Strengthening the Political Parties Leadership

In preparation for the 2017 general election and in compliance with law, the office trained national women leaders, Political Parties Elections Boards, secretary generals and county officials comprising of youth and People with Disability (PWDs). This was geared towards increased participation of women, PWDs and youth in all the elective positions and enhance cohesion in the General Elections. Table below illustrates the above.

Political Parties' Leaders trained at County Level

S.No	Category	No. of Meetings	No of Participants	Male	Female
1.	Women Leaders	17	384	-	384
2.	County officials	17	511	375	136
3.	Political Parties Elections Boards	1	51	35	16
4.	Secretaries General	2	46	35	11
	Total	37	992	445	547



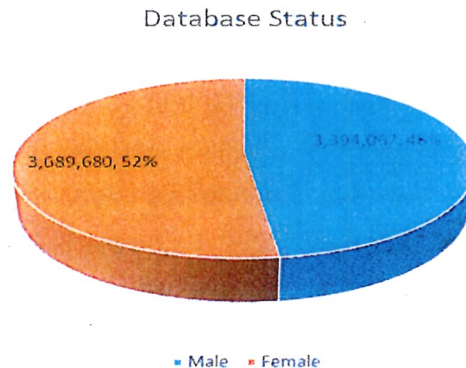
2.3.3 Maintenance of the Political Parties Register and Symbols

The Office has developed and operationalized an Integrated Political Parties Management System (IPPMS) that ensures the following:

- No person is a member of more than one political parties at the same time.
- The membership data is publicly available and contains details of party membership; officials and their signatures; headquarters and county offices; symbols and colours; records of assets and liabilities; and bank accounts details of political parties.
- The database is interfaced with political parties systems, managed by political parties for ease of uploading and updating new members as provided for by the law.
- Mass membership data upload – political parties can send sanitized data in mass.
- Decentralization of ORPP services – the Integrated Political Parties Management System (IPPMS) enables the county offices to render services such as party membership resignations.
- Management of political parties' funds – the system assists in the management of political parties fund during requisitioning, disbursement and accounting.
- Proper management of records – documents such as resignation letters and statutory forms are scanned and uploaded in the system enhancing storage and retrieval of information.

As at 30th June 2017, the Political parties' membership was to 7,623,747 and comprised 3,689,680 women and 3,394,067 men.

	Male	Female	Total
Membership	3,394,067	3,689,680	7,623,747



2.3.4 Independent Candidates

The ORPP processed applications and issued 4,995 clearance certificates to persons aspiring for various elective positions in the general election of 2017 as independent candidates.

3.0 Challenges

3.1 Inadequate Budgetary Allocation

Due to inadequate funding, the office is operating below its approved optimal staffing level. Further, the recruitment embargo by The National Treasury is still a challenge to this office in terms of succession management.

3.2 Political Parties Fund

Section 24 of the Political Parties Act, 2011 stipulates that the Political Parties Fund shall receive *“such funds not less than zero point three per cent of the revenue collected by the national government as may be provided by the Parliament”*. In the 2016/17 financial year, the Fund was allocated Kenya shillings three hundred and seventy million five hundred and four thousand (Kshs 370.5 million) which was below the anticipated Kshs 2.6 billion being 0.3% of the revenue collected by the national government as may be provided by the Parliament.

Failure by the National Treasury to provide fund as per the provisions of the law, resulted to a court case where the office was enjoined as a respondent. The matter is still pending in court.

3.3 Inter and intra Political Parties Conflicts

The office of the Registrar of Political Parties is frequently enjoined in matters filed in courts and Political Parties Dispute Tribunal (PPDT) arising from intra and inter political parties' wrangles. This affects the office in terms of legal fees, time management in defending cases. This has a negative effect on ORPP financial resources and operations.

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3.4 Independent Candidates

Whereas the Act provides for the mandate of the office of the registrar of political parties as registration, regulation, and funding of political parties, the office had to deal with issuance of clearance letters and symbols to independent candidates vying for elective positions which was outside the office mandate due to ambiguity in law. On the other hand, Independent Electoral and Boundaries Commission (IEBC) under the Elections Act, 2011 has the mandate to nominate independent candidates yet it is not the custodian of political party membership and symbols, which are mandatory for clearance. This had a negative impact on ORPP financial and human resources.

3.5 IFMIS

The office experienced delays in procurement of goods and services and processing of payments following the Executive order No. 6 of 6th March 2015, whereby all public procuring entities were directed to use the e-procurement module for procurement of goods and services. Arising from that directive, the office faced the following challenges:

- a) Most suppliers were technically challenged due to lack of basic computer skills and could not participate effectively in quotations and tenders.
- b) Some suppliers were quotations and tenders were cancelled and had to retender thereby delaying the procurement of goods and services.
- c) Frequent fluctuations of connectivity affected operations leading to underutilization of fund and pending bills

4.0 Emerging Issues

In the year under review, the following were the emerging issues which impacted on the implementation of the mandate:

- a) Frequent changes in the electoral laws
- b) Increased cases of litigations emanating from increased democratic space
- c) The law is ambiguous on independent candidates
- d) Shifting in political realignment
- e) Heightened political activities towards the 2017 General Elections



Prof. Githu Muigai, EGH, SC
Attorney General

Date: 

OFFICE OF REGISTRAR OF POLITICAL PARTIES

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For the year ended June 30, 2017

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

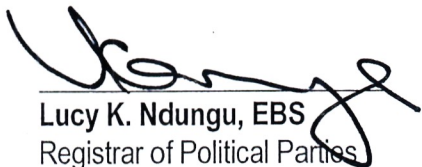
The Registrar of Political Parties is in charge of the office of the Registrar of Political Parties and is responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state of affairs of the office for and as at the end of the financial year ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Office of the Registrar of Political Parties; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the office of the Registrar of Political Parties; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Registrar of Political Parties accepts responsibility for the financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Registrar of Political Parties of the opinion that the financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2017, and of the financial position as at that date. The Registrar of Political Parties further confirms the completeness of the accounting records maintained for the office, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

The Registrar confirms that the office has complied fully with applicable Government Regulations and the political parties Act and that the Office of the Registrar of Political Parties' funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Registrar confirms that the financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The office of the Registrar of Political Parties' financial statements were approved and signed by the Registrar on 30.9.2017.


Lucy K. Ndungu, EBS
Registrar of Political Parties


John Macharia
Chief Accountant
ICPAK Member No. 5474

OFFICE OF REGISTRAR OF POLITICAL PARTIES

Reports and Financial Statements

For the year ended June 30, 2017

IV. REPORT OF THE INDEPENDENT AUDITORS ON THE REGISTRAR OF POITICAL PARTIES

We have audited the accompanying (consolidated) financial statements of Office of the Registrar of Political Parties for the year ended June 30, 2017 which comprise: (i) a statement of receipts and payments; (ii) a statement of financial assets and liabilities; (iii) a statement of comparative budget and actual amounts; (iv) a statement of pending bills as at June 30, 2017; and (v) a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Office of the Registrar of Political Parties preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Office of the Registrar of Political Parties as at June 30, 2017, and its receipts and payments, as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards

Auditor General

Date

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON POLITICAL PARTIES FUND FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Political Parties Fund set out on pages 1 to 10, which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive receipts and payments, 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 Political Parties Fund as at 30 June 2017, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Political Parties Act, 2011.

Further, as required by Article 229(6) of the Constitution, except for the matter described in the Other Matter section of my report, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Political Parties Fund in accordance with ISSAI 30 on Code of Ethics. I have fulfilled my other ethical responsibilities in accordance with other ethical requirements applicable to performing audit of the 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.

Report of the Auditor-General on the Financial Statements of Political Parties Fund for the year ended 30 June 2017

Other Matter

Information Technology Systems

During the year under review, it was noted that the Office of Political Parties Fund Information Technology (IT) conformity, disaster recovery plan and back-ups were not kept off-site as required. Further, no IT Strategic or Steering Committee and no formally documented and approved use of management standards and procedures. In addition, there was no formal process to review user access rights.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to ease 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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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 of Kenya. 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 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.

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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of expressing giving an assurance on the effectiveness of the Fund's 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 Fund's ability to continue 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 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 Fund's 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 Fund's 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

09 February 2018

OFFICE OF REGISTRAR OF POLITICAL PARTIES


Reports and Financial Statements

For the year ended June 30, 2017

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfer from Account No. 1000181206	1	370,504,800	367,200,000
Miscellaneous Receipts			883,660
TOTAL RECEIPTS		370,504,800	368,083,660
PAYMENTS			
Use of goods and services	2	15,693,187	10,564,943
Transfers to other Government Entities	3	351,979,559	349,519,245
Acquisition of Financial Assets	4	4,384,800	5,962,150
TOTAL PAYMENTS		372,057,547	3,666,046,338
SURPLUS/DEFICIT		-1,552,747	2,037,322

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30.9.2017 and signed by:


Lucy K. Ndungu, EBS
Registrar of Political Parties


John Macharia
Chief Accountant
ICPAK Member No. 5474

OFFICE OF REGISTRAR OF POLITICAL PARTIES
Reports and Financial Statements
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VI. STATEMENT OF ASSETS AND LIABILITIES

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	5	57,962,707	60,399,144
Total Cash and cash equivalent		<u>57,962,707</u>	<u>60,399,114</u>
		57,962,707	60,399,114
TOTAL FINANCIAL ASSETS			
Less FINANCIAL LIABILITIES			
Accounts Payables – Deposits		-	883,660
NET FINANCIAL ASSETS		57,962,707	59,515,454
REPRESENTED BY			
Fund balance b/fwd	6	59,515,454	57,478,132
Less Prior year adjustment		-	
Surplus/Deficit for the year		-1,552,747	2,037,322
NET FINANCIAL POSITION		57,962,707	59,515,454

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30.9. 2017 and signed by:


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 Registrar of Political Parties

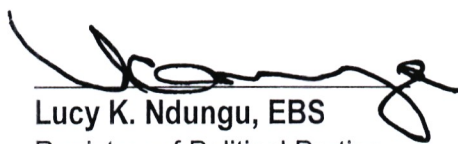

John Macharia
 Chief Accountant
 ICPAK Member No. 5474

OFFICE OF REGISTRAR OF POLITICAL PARTIES
Reports and Financial Statements
For the year ended June 30, 2017

VII. STATEMENT OF CASH FLOWS

		2016-2017	2015-2016
		Kshs	Kshs
Receipts for operating income			
Transfer from Recurrent A/c.1000181206	1	370,504,800.00	367,200,000.00
Miscellaneous receipts (Retention)		-	883,660
Payments for operating expenses			
Compensation of Employees			
Use of goods and services	2	15,693,187.00	10,564,943.00
Other grants and transfers	3	351,979,560.00	349,519,245.00
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		367,672,747.00	360,084,188.00
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	4	4,384,800.00	5,962,150.00
Net cash flows from Investing Activities		4,384,800.00	5,962,150.00
CASHFLOW FROM BORROWING ACTIVITIES			
Repayment of principal on Domestic and Foreign borrowing		-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		-1,552,747.00	2,037,322.00
Cash and cash equivalent at BEGINNING of the year		59,515,454.00	57,478,132.00
Prior Year Adjustment		-	-
Cash and cash equivalent at END of the year	6	57,962,707.00	59,515,454.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30.9. 2017 and signed by:


Lucy K. Ndungu, EBS
 Registrar of Political Parties


John Macharia
 Chief Accountant
 ICPAK Member No. 5474

OFFICE OF REGISTRAR OF POLITICAL PARTIES

Reports and Financial Statements

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VIII. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Transfer from recurrent.	370,504,800	-	370,504,800	370,504,800	-	100
Total	370,504,800	-	370,504,800	370,504,800		
PAYMENTS						
Use of goods and services	15,693,187		15,693,187		-	100
Transfers to Political Parties	351,979,559	-	351,979,559	351,979,559	-	100
Acquisition of Assets	4,384,800	-	4,384,800	4,384,800	-	100
Total Payments	372,057,547		372,057,547	372,057,547	-	100.01
Surplus/ Deficit		-		-1,552,747	-	

OFFICE OF REGISTRAR OF POLITICAL PARTIES

Reports and Financial Statements

For the year ended June 30, 2017

IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2017 Kshs	Adjustments Kshs	Final Budget 2017 Kshs	Actual on comparable basis Date, 2017 Kshs	Budget utilization difference Kshs
Programme 1					
Registration and regulation of political parties and administration of Political Parties Fund					
Sub-Programme:- administration of Political Parties Fund	370,504,800	-	370,504,800	372,057,547	-1,552,547

OFFICE OF REGISTRAR OF POLITICAL PARTIES
Reports and Financial Statements
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X. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The receivables and payables are disclosed in the Statement of Assets and Liabilities. The Statement of Assets and Liabilities is not mandatory statement under the IPSAS Cash basis but is encouraged in order to disclose information on assets and liabilities.

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

2. Reporting entity

The financial statements are for the office of the registrar of the political parties. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the entity.

b) Transfers from other Government entities.

Transfer from government entities is recognized in the books of accounts when cash is received. Cash is considered as received when the transfer is actually received in the bank.

c) Recognition of payments

The entity recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

SIGNIFICANT ACCOUNTING POLICIES

d) Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

OFFICE OF REGISTRAR OF POLITICAL PARTIES
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For the year ended June 30, 2017

e) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition of these items are treated as payments. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of disclosure. This summary is disclosed as an annexure to the entity's financial statements.

4. Cash and cash equivalents

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

Amounts maintained in deposit bank accounts are restricted for use in funding third party deposits. As at 30th June 2017, this amounted to Kshs.57,962,707 compared to Kshs.59,515,454 in prior period as indicated on note 5.

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

OFFICE OF REGISTRAR OF POLITICAL PARTIES**Reports and Financial Statements****For the year ended June 30, 2017****XI. NOTES TO THE FINANCIAL STATEMENTS****1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description	2016-2017	2015-2016
	Kshs	Kshs
Transfers from Recurrent account No. 1000181206	370,504,800	367,200,000
TOTAL	370,504,800	367,200,000

The above amount is provided for in the budget of the Registrar of Political Parties for the financial year 2016-17 and has been transferred in full from the recurrent account.

2 USE OF GOODS AND SERVICES

	2016-2017	2015-2016
	Kshs	Kshs
Domestic travel and subsistence	6,368,323	6,531,245
Foreign travel and subsistence	600,314	
Printing, advertising and information supplies & services	-	1,605,100
Training expenses	8,642,550	-
Hospitality supplies and services	82,000	340,000
Other operating expenses	-	1,548,880
Routine maintenance – vehicles and other transport equipment	-	539,718
Exchange Rate Losses	-	-
Total	15,693,187	10,564,943

3 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2016-2017	2015-2016
	Kshs	Kshs
Transfers to National Government entities (SCOA Codes 2630100)		
Transfers to political Parties	351,979,561	349,519,245
TOTAL	351,979,561	349,519,245

The above transfers were made to the following self-reporting entities in the year as shown below:

DISBURSEMENT TO POLITICAL PARTIES:

S/No.	PARTY NAME	2016-17	2015-2016
1	The National Alliance	37,349,197	158,979,845
2	Orange Democratic Movement party	131,233,622	139,647,018

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3	United Republican Party	11,782,940	50,892,382
5	Jubilee Party	145,911,500	-
6	Wiper Democratic Movement	25,702,302	-
	TOTAL	351,979,561	349,519,245

The disbursement was in accordance with Political Parties Act, 2011 Section 25 (1) (a) (aa) b and subsection 2

4 ACQUISITION OF ASSETS

Non Financial Assets	2016-2017	2015-2016
	Kshs	Kshs
Refurbishment of Buildings	-	9,553,600
Purchase of Vehicles and Other Transport Equipment		2,921,150
Purchase of Office Furniture and General Equipment		855,000
Purchase of ICT Equipment, Software and Other ICT Assets	4,384,800	2,186,000
Acquisition of Intangible Assets and ICT equipment		-
Sub-total	-	-
Financial Assets		
Domestic Public Non-Financial Enterprises	-	-
Sub-total	-	-
Total	4,384,800	5,962,150

5: BANK ACCOUNTS

Name of Bank	Currency	Deposit	Exch. rate	2016-2017	2015-2016
				Kshs	Kshs
Central Bank of Kenya					
Registrar of Political Parties 1000181842 Kshs.	Kshs.	-	-	57,962,707	59,515,454
Total				57,962,707	59,515,454

6. FUND BALANCE BROUGHT FORWARD

Description	2016-2017	2015-2016
	Kshs	Kshs
Bank accounts	57,962,707	59,515,454
Cash in hand		-
Accounts Receivables		-
Accounts Payables		-
Total	57,962,707	59,515,454

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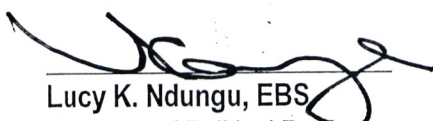
7. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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)
OAG/RPPF/2014-2015	Unregistered lease	The lease is in the lands office for registration. This issue is also before Parliamentary Accounts Committee (PAC)	Juliet Murimi	Not Resolved	Two months

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.


Lucy K. Ndungu, EBS
 Registrar of Political Parties


John Macharia
 Chief Account
 ICPAK Member No. 5474

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ANNEX 1 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE ENTITY - ORPP

Ref	SC, SAGA or Public Fund's name	Principal activity of entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	Political Parties	Enhancing democracy	Secretary General	351,979,561	Yes

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ANNEX 2- ASSETS REGISTER

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

Asset class	Historical Cost b/f (Kshs) 2015/2016	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Motor Vehicle	2,951,150	-	-	2,921,150
Computers	2,186,000	4,384,800	-	6,570,800
Furniture	855,000	-	-	855,000
Total	5,962,150	4,384,800	-	10,346,950