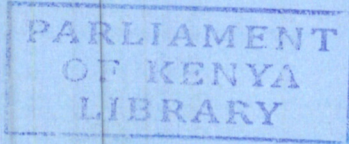


REPUBLIC OF KENYA



PAPER LAID
By the leader of
majority party
Hon. Aden Duale
on Tuesday
26/9/17
[Signature]

OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
PUBLIC COMPLAINTS COMMITTEE
ON ENVIRONMENT**

**FOR THE YEAR ENDED
30 JUNE 2016**





**PUBLIC COMPLAINTS COMMITTEE
ON ENVIRONMENT (PCC)**

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

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

i) Background Information

The Public Complaints Committee (PCC) was formally constituted and inducted by the then Minister for Environment and Natural Resources in August 2001 and that is when it started operations. At Cabinet level, the Public Complaints Committee is represented by the Cabinet Secretary for Environment and Natural Resources, who is responsible for the general policy and strategic direction of the PCC.

ii) Principal Activities

The Principal activity of the Public Complaints Committee is to conduct in-depth investigation of any allegations against any person in relation to the condition of the environment in Kenya or on its own motion; any suspected case of environmental degradation. Further, parliament through Section 32 of EMCA mandates PCC to: prepare and submit to the Cabinet Secretary periodic reports of its activities which report shall form part of the annual report on the state of the environment, to carry out public interest litigation and to perform such other functions and exercise such powers as may be assigned to it by the Cabinet Secretary.

The Vision of PCC is to be the leading environmental ombudsman in Africa. Its Mission is to facilitate access to environmental justice to the public by providing a forum for expeditious and affordable environmental conflict resolution and to contribute to environmental policy development.

iii) Key Management

The Public Complaints Committee's day-to-day management is under the following key organs.

1. Chairman

iv) Fiduciary Management

(I) The key management personnel who held offices during the financial year ended 30th June 2015/2016 and who had direct fiduciary responsibility were;

1. Committee Secretary	Mr. Fredrick Olendo
2. Committee Member	Ms. Felicity Biriri
3. Committee Member	Ms. Ikal Angelei
4. Committee Member	Mr. Antony Mulekyo
5. Committee Member	Mr. John K. Tuta

1. Duncan Kombo	-	Accountant
2. Simon Gatuhi	-	Head Research

v) Entity Headquarters

Public Complaints Committee Headquarters

P. O. Box 36256 - 00200
Bellevue Area, Popo Road off Mombasa Road
DRSRS Building
Nairobi, KENYA

vi) Entity Contacts

Telephone (254) 0202405782
Email: pcc.environment@gmail.com
Website: www.pccenvironment.or.ke

vii) Entity Bankers

Kenya Commercial Bank
KCB Capital Hill Branch
P. O. Box 69695 – 00400
Nairobi, KENYA

viii) Independent Auditors

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

ix) Principal Legal Adviser

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

II. THE COMMITTEE MEMBERS

 <p>Mr. Fredrick Olendo</p>	<p>Date of Birth: 6th November, 1975 Qualification: Bachelor of Commerce (Accounting) Experience: 12 years Financial Management</p>
 <p>Ms. Felicity Biriri</p>	<p>Date of Birth: 11th October, 1968 Qualification: BA HRM (Kenyatta University), Master in Peace Management and Conflict Resolution. (Kenyatta University) Experience: 16 years.</p>
 <p>Mr. John K. Tuta</p>	<p>Date of Birth: 22nd May, 1971. Qualifications: Advocate of the High Court of Kenya (1996); Commissioner for Oaths (2000), and Notary Public (2005). Experience: 20 years.</p>
 <p>Mr. Antony Mulekyo</p>	<p>Date of Birth: 13th December, 1970 Qualification: LLB (Hons) (Nairobi) Dip Law (KSL) Experience: 20 years as an Advocate of High court of Kenya</p>
 <p>Ms. Ikal Angelei</p>	<p>Date of Birth: Qualification: Bcom Finance General (University of Nairobi), Masters In Public Policy (State University of New York at stony Brook). Experience: 12 years</p>

III. CHAIRMAN'S STATEMENT

This Report of the Public Complaints Committee (hereinafter referred to as the Committee and or PCC) covers activities and achievements of the 5th Committee and challenges encountered.

On its core mandate of investigating complaints on environmental degradation, the Committee investigated about 60 complaints in various parts of the country and rendered solutions by way of recommendations on the environmental issues unique to each region. The Committee has assisted the members of the public in various parts of the Country to identify and implement amicable and cost effective solutions to a great number of environmental complaints.

The Committee has also succeeded in sensitizing a large section of the public on the importance and benefits of best environmental practices. This has been done through public hearings and distribution of published material.

Still as part of carrying out its mandate, the Committee participated in international programmes that enhance environmental management and conservation such as the World Environment Days (WEDs), World Days to Combat Desertification (WDCDs) and the Nairobi International Trade Fairs, among others.

Having recognized the importance of team work in environmental conservation and management, the Committee also ensured the enhancement of linkages with the parent Ministry, the EMCA institutions, lead agencies, other stakeholders and communities.

However, the achievements above stated have not been without some challenges as will appear in this report. It is the hope of the Committee that those challenges will be addressed to make the Committee even more effective in the discharge of its mandate, taking cognisance of the inalienable rights of a clean and healthy environment for each person in the Republic of Kenya as enshrined in the Constitution.

On the whole, the future of the Committee is bright and wishes to thank the Committee Members and staff for their continued effort towards the achievement of the Committee's mandate.



Dr John K. Chumo
For; Chairman

IV. CORPORATE GOVERNANCE STATEMENT

The Public Complaints Committee on Environment (PCC) was established under Sections 31 to 36 of the Environmental Management and Co-ordination Act (No 8 of 1999) with the mandate of investigating allegations or complaints regarding the condition of the environment in Kenya, or on its own motion, suspected cases of environmental degradation. The PCC prepare reports of its findings and recommendations thereon and submits the same to the Cabinet Secretary in-charge of the environment. According to the Act, every person is entitled to a clean and healthy environment.

PCC is composed of seven members appointed by the Cabinet Secretary for Environment and Natural Resources headed by a Chairman who is qualified to be appointed as a judge of the Environment and Land Court of Kenya and composes members nominated by the office of the Attorney-General, the Council of Governors, the Law Society of Kenya and the business community. There are two other members who are appointed by the Minister for their role in environmental management.

The Constitution of Kenya, 2010 outlines that every person has the right to a clean and healthy environment, a provision that creates the right to have the environment protected for intergenerational benefits. The State has the core responsibility of ensuring sustainable utilization, management and conservation of the environment and natural resources.

The PCC strives to maintain the following core values;

- Professional integrity
- Team work
- Transparency and accountability
- Equity
- Commitment to excellence and timely responsiveness;
- Continuous learning
- Effective and efficient service delivery
- Application of best environmental practices
- Continuous staff development

These values are grounded on professional integrity, personal orientation, team work, equity, transparency, accountability, commitment to excellence, learning, applying best environmental practices, public service, and sustainable environmental management activities.

PCC operates under the Ministry of Environment and Natural Resources (MEWNR). The Ministry has elaborated its vision and mission clearly in the context of its mandate which is to protect, conserve and manage the environmental and natural resources through exploitation for

socio-economic development aimed at eradication of poverty, improved living standards and ensuring that a clean environment is sustained now and in the future in line with the country's aspirations as found in Vision 2030.

PCC has a significant role to play in all the pillars in Vision 2030 in view of the nature of its role and involvement in national development. The economic pillar aims to achieve an economic growth rate of 10 per cent per annum by 2012, the social pillar seeks to build a just, cohesive and equitable social development in a clean and secure environment whereas the political pillar aims to realize issue-based, people centered, result-oriented and a transparent and accountable democratic system that respects the rule of law, and protects the rights and freedoms of every individual in Kenyan society. The role of PCC in matters of environment permeates into all the pillars because of the significant nature of the environment and its importance and special place in national development. PCC provides the necessary back up services to all the stakeholders involved in the pursuance of the Medium Term Plan (MTP) aspirations.

In the execution of its mandate, the PCC is committed to collaboration with various lead agencies, the private sector and civil society to enhance efficiency of the PCC and to achieve strategic objectives set out in its Strategic Plan. Since its inception in 2003, the Committee has received over 1,000 environmental complaints from all parts of the country. In its investigations, the committee has managed, in some cases to reverse the ill-effects of environmental degradation. For example, in the area of air pollution, the Committee has managed to investigate and intervene where factories have been accused of causing air pollution due to their emissions. As a result, such factories have put in place emission control measures which have significantly improved the level of air quality in those areas.

The Committee has worked in partnership with other environmental organizations, government departments, and stakeholders, especially the National Environment Management Authority (NEMA) in the preparation of the State of Environment reports, as well as participating in national and international environmental events and conferences. As an environmental ombudsman, the Committee intends to intensify its operations nationwide and to enhance the public's sense of environmental justice.

V. REPORT OF THE COMMITTEE FOR THE YEAR 2015/2016

Principal activities

The principal activities of the Public Complaints Committee on Environment are:-

- a) In-depth investigations:
 - i) Any allegations or complaints against any person or the Authority (NEMA) on issues of the state of the environment which includes environmental pollution and degradation or destruction.
 - ii) On its own motion, any suspected cases of environmental degradation
 - iii) And to make a report of its findings together with its recommendations thereon to the Cabinet Secretary.
- b) PCC submits its reports and recommendations to the Cabinet Secretary. The reports and recommendations forms part of the annual reports on the state of the Environment and assist the Government in formulation of environmental policy.
- bb) Carry out public interest litigation
- c) To perform such other functions and exercise such powers as may be assigned to it by the Cabinet Secretary.


COMMITTEE MEMBERS

The members of the Committee who served during the year are shown above in accordance with the Public Complaints Committee Articles of Association.

Auditors

The Auditor General is responsible for the statutory audit of the Public Complaints Committee in accordance with the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Committee


For: Chairman
Nairobi

Date:.....

VI. STATEMENT OF COMMITTEE MEMBER'S RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 require the Chairman to prepare financial statements in respect of that *Public Complaint Committee (PCC)*, which give a true and fair view of the state of affairs of the *Committee* at the end of the financial 2013/2014 and the operating results of the *PCC* for that year/period. The members are also required to ensure that the *Committee* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Committee*. The members are also responsible for safeguarding the assets of the *Committee*.

The members are responsible for the preparation and presentation of the *Committee* financial statements, which give a true and fair view of the state of affairs of the *Committee* for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *Committee* (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Chairman accept responsibility for the *Committee* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The members are of the opinion that the *Committee* financial statements give a true and fair view of the state of *PCC* transactions during the financial year ended June 30, 2016, and of the *Committee* financial position as at that date. The Chairman further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *Committee* financial statements as well as the adequacy of the systems of internal financial control.


Nothing has come to the attention of the members to indicate that the *Committee* 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 *Committee* financial statements were approved by the Committee on _____
2016 and signed on its behalf by:



For: Chairman



Accountant

REPUBLIC OF KENYA

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E-mail: oag@oagkenya.go.ke
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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON PUBLIC COMPLAINTS COMMITTEE ON ENVIRONMENT FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Public Complaints Committee on Environment set out on pages 11 to 22, which comprise the statement of Financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act 2015 and submit the report in compliance with Article 229 (7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

Report of the Auditor-General on the Financial Statements of Public Complaints Committee on Environment for the year ended 30 June 2016

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Committee's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Public Complaints Committee on Environment as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Environment Management Act, 1999.

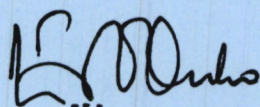
Other Matter

1. Committee Membership and Chairmanship

The Public Complaints Committee has not been fully constituted to enable delivery of its critical mandate to the people of Kenya in maintaining and preserving the environment for the present and future generation. Further, during the financial year 2015/2016 the Committee operated without a chairman who resigned. The chairman plays a key role in the Committee by directing its activities, his absence will hinder the Committee from achieving its objectives.

2. Weak Internal Control

Management has not put in place the requisite staff to assure proper operation of internal control in cash management and segregation of other duties. This situation puts the Committee at risk of loss in case of failure of the management controls.



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

Nairobi

20 July 2017

Public Complaints Committee on Environment
Annual Report and Financial Statements

VIII. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2016

	Note	2015-2016	2014-2015
		Kshs	Kshs
Governments – Grants	3	55,148,044	49,930,000
		<u>55,148,044</u>	<u>49,930,000</u>
Expenses			
Employee costs	4	5,599,972	18,121,942
Depreciation and amortization expense	5	1,346,017	1,776,709
Repairs and maintenance	6	574,980	853,140
General expenses	7	51,082,940	60,915,321
Finance costs		<u>Nil</u>	<u>Nil</u>
Total expenses		<u>58,603,909</u>	<u>81,667,112</u>
Deficit before tax		<u>(3,455,865)</u>	<u>(31,737,112)</u>
Taxation		-	-
Deficit for the period		<u>(3,455,865)</u>	<u>(31,737,112)</u>
Attributable to:			
Deficit attributable to owners of the controlling entity		<u>(3,455,865)</u>	<u>(31,737,112)</u>

The notes set out on pages 16 to 21 form an integral part of the Financial Statements

IX. STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

Assets	Note	2015-2016 Kshs	2014-2015 Kshs
Current assets			
Cash and cash equivalents	8	306,619	2,416,466
Receivables from non exchange contracts	9	<u>393,510</u>	<u>393,510</u>
		<u>700,129</u>	<u>2,809,976</u>
Non-current assets			
Property, plant and equipment	10	<u>4,693,701</u>	<u>6,039,719</u>
			<u>6,039,719</u>
Total net assets and liabilities		<u>5,393,830</u>	<u>8,849,695</u>

Represented By,

Deficit for the period

(3,455,865)	(31,737,112)
8, 849,695	40,586,807
<u>5,393, 830</u>	<u>8,849,695</u>

Committed by:-


Dr. John Chumo

Duncan Kombo

For: Chairman

For: Chairman


Date.....

Date.....

X. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2016

	Accumulated Surplus
	Kshs
Balance as at 30 JUNE 2012	4,889,080
Surplus/(deficit) for the period	108,438
Transfers to/from accumulated surplus	<u>1,254,000</u>
Balance as at 30 JUNE 2013	<u>6,251,518</u>
Surplus for the period	34,335,289
Transfers to/from accumulated surplus	<u>6,251,518</u>
Balance as at 30 JUNE 2014	<u>40,586,807</u>
Deficit for period	<u>(31,737,112)</u>
Transfer to/from accumulated surplus	<u>40,586,807</u>
Balance as at 30th June 2015	<u>8,849,695</u>
Deficit for the period	<u>(3,455,865)</u>
Transfers to/from accumulated surplus/deficit	<u>8,849,830</u>
Balance as at 30th June, 2016	<u>5,393,839</u>

XI. STATEMENT OF CASH FLOWS

	Note	2015-2016 Kshs	2014-2015 Kshs
<u>Cash flows from operating activities</u>			
Receipts			
Government grants		<u>55,148,044</u>	<u>49,930,000</u>
Payments			
Compensation of employees		(5,599,972)	(18,121,942)
Goods and services		(51,657,920)	(61,768,461)
Finance cost		Nil	Nil
		(57,257,892)	(79,890,403)
Decrease in Receivables			-
Net cash flows from operating activities			
<u>Cash flows from investing activities</u>			
Purchase of equipment and property			
Net cash flows used in investing activities			
Cash flows from financing activities		(2,109,848)	(29,960,403)
Cash 30 th June 2015		2,416,466	32,376,869
Cash and cash equivalents at 30th June 2016		<u>306,619</u>	<u>2,416,466</u>

XII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS*

	Original budget 2015 - 2016	Adjustments 2015 - 2016	Final budget 2015 - 2016	Actual on comparable basis 2015 - 2016	Performance difference 2015 - 2016
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Government grants and subsidies	55,148,044	0	55,148,044	55,148,044	0
	55,148,044	0	55,148,044	55,148,044	0
	55,148,044				
Compensation of employees	7,000,000	0	7,000,000	5,599,972	1,400,028
Goods and services	48,148,044	0	48,148,044	53,003,937	(4,855,893)
Total expenditure	55,148,044	0	55,148,044	(-58,603,909)	(3,455,865)

XIII. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

PCC financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest one shilling. 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 direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue from non-exchange transactions

i) Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

ii) Transfers from other government entities

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 entity and can be measured reliably.

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the cash 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.

c) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation. 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 entity 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.

d) Provisions – IPSAS 19

Provisions are recognized when the Entity 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 Entity 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.

e) Changes in accounting policies and estimates – IPSAS 3

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

f) 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 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.

g) Comparative figures

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

h) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the PCC'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.

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 Entity
- 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

u) Subsequent events – IPSAS 14

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, 2014.

3. Transfers from other governments

	2016 Shs	2015 Shs
Unconditional grants		
Operational grant	55,148,044	49,930,000
Total	55,148,044	49,930,000

4. Employee costs

	2016 Shs	2015 Shs
Employee related costs - salaries and wages		
- Staff	-	7,480,012
- Stipend	2,439,272	1,037,020
- Sitting	2,709,200	7,002,060
- Tax of sitting allowances	451,500	2,602,850
Total	5,599,972	18,121,942

5. Depreciation and amortization expense

	2016 Shs	2015 Shs
Property, plant and equipment	1,346,017	1,776,709
Total	<u>1,346,017</u>	<u>1,776,709</u>

6. Repairs and maintenance

	2016 Shs.	2015 Shs
Property	0	Nil
Equipment	0	Nil
Vehicles	547,980	853,140
Other		Nil
Total	574,980	853,140

7. General expenses

The following are included in general expenses:

	2016	2015
	Shs.	Shs
Air ticket	874,611	1,617,335
Seminar expenses	7,210,565	18,189,070
Airtime		Nil
Consultancy		
Entertainment		Nil
Hospitality	15,734,377	24,118,920
Fuel	295,500	Nil
Insurance	381,050	1,106,708
Internet /Computer/ Stationery	565,156	2,527,835
Newspapers		
Bank Charges	23,281	Nil
Audit Fees		580,000
Sanitation		Nil
Stationary		
Training		Nil
Domestic Travel (DSA)	25,998,400	12,756,533
Totals	51,082,940	60,894,401

8. Cash and cash equivalents

	2016	2015
	Shs	Shs
Cash book balance	298,768	2,394,996
Cash-on-hand and in transit	7,851	21,469
Total	306,619	2,416,465

9. Receivables - **Kshs. 393,510** This is composed of outstanding impress of Mr Daniel Nyamora

10. Property, Plant and Equipment Schedule

DETAILS	MOTOR VEHICLES	FURNITURE FITTINGS& EQUIP.	COMPUTERS & PRINTERS	TOTAL
	Kshs.	Kshs.	Kshs.	Kshs.
DEPRECIATION RATES	25%	12.5%	33.3%	
COST/VALUATION				
As at 1 st July 2014	7,830,843	2,797,109	2,441,744	13,069,696
Addition during the year	Nil	Nil	Nil	Nil
As at 30th June, 2015	7,830,843	2,797,109	2,441,744	13,069,696
PROVISION FOR DEPRECIATION				
Accumulated Depreciation				
As at 1 st July, 2015	3,661,119	1,262,864	2,105,995	7,029,978
Charge for the year	<u>1,042,431</u>	<u>191,781</u>	<u>111,805</u>	<u>1,346,017</u>
As at 30th June, 2015	4,703,550	1,454,645	2,217,800	8,375,995
Carrying Amounts as at :				
As at 30 th June, 2016	<u>4,3,127,293</u>	<u>1,342,464</u>	<u>223,945</u>	<u>4,693,701</u>
As at 30 th June, 2015	4,169,724	1,534,245	335,749	6,039,719

Assets are valued on historical cost basis. A full year's depreciation is charged in the year of purchase. Depreciation is on reducing balance method and the rates shown above have been applied.

11. Cash generated from operations

	2016	2015
	Shs	Shs
Deficit for period	(3,455,865)	(31,737,112)
Adjusted for:		
Depreciation	1,346,017	1,776,709
Working capital adjustments:		
Decrease in receivables		
Net cash flows from operating activities	<u>(2,109,848)</u>	<u>(29,960,403)</u>

12. Events after the reporting period

There are no material non-adjusting events after the reporting date.

13. 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)
	None	None	N/A	N/A	N/A

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;