

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

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DATE: 09 MAR 2025

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Hon. Naomi Wacegi
Deputy Majority Party Whip

Thursday

THE AUDITOR-GENERAL

TABLED

Ashituko

ON

**JUDICIARY DEPOSIT ACCOUNTABILITY
STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE, 2024**



THE JUDICIARY



17 DEC 2024
RECEIVED

DEPOSIT ACCOUNTABILITY STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2024

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

THE JUDICIARY
DEPOSITS ACCOUNTABILITY STATEMENTS AND ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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I. Acronym and Glossary of Terms

ADR	Alternative Dispute Resolution
AJS	Alternative Justice Systems
CRJ	Chief Registrar of the Judiciary
CRTS	Court Recording and Transcription System
ELRC	Employment and Labour Relations Court
EMAR	Environment Management Agency Requirements
FY	Financial Year
ICT	Information Communication Technology
IPSAS	International Public Sector Accounting Standards
JCE	Judiciary Committee on Elections
JF	Judiciary Fund
JSC	Judicial Service Commission
KRA	Key Result Areas
NCAJ	National Council for Administration of Justice
NCLR	National Council for Law Reporting
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SCC	Small Claims Courts
STAJ	Social Transformation through Access to Justice

**THE JUDICIARY
DEPOSITS ACCOUNTABILITY STATEMENTS AND ANNUAL REPORT
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II. Key Information and Management

The Judiciary Is One Of The Three State Organs Established Under Chapter 10, Article 159 Of the Constitution of Kenya. It Establishes the Judiciary as An Independent Custodian of Justice in Kenya. Its Primary Role Is to Exercise Judicial Authority Given to It, By the People of Kenya. The Institution Is Mandated to Deliver Justice in Line with The Constitution and Other Laws. It Is Expected to Resolve Disputes in A Just Manner with A View to Protecting the Rights and Liberties of All, Thereby Facilitating the Attainment of The Ideal Rule of Law.

(a) Background Information

The Judiciary and its Related Institutions (Judicial Service Commission (JSC), Kenya Law, Tribunals and the Kenya Judiciary Academy (KJA), perform the following functions;

1. Administration Of Justice
2. Formulation and Implementation of Judicial Policies
3. Compilation and Dissemination of Case Law and Other Legal Information for The Effective Administration of Justice

The Judicial System in Kenya Is Defined By 15 Articles Spanning from Article 159 (Judicial Authority) To Article 173 (Judiciary Fund) Contained in The Constitution of Kenya 2010. The Judiciary Discharges This Mandate by Developing Jurisprudence and Providing Independent, Accessible, Fair and Responsive Fora for Dispute Resolution. Through Interpretation of The Constitution, The Judiciary Promotes the Rule of Law by Shaping Public Policy and Ensuring Access to Justice.

In Implementing This Mandate, The Judiciary Is Guided by The Following Principles as Stipulated Under Article 159 (2) Of the Constitution:

- a) Justice Shall Be Done to All Irrespective of Status;
- b) Justice Shall Not Be Delayed;
- c) Alternative Forms of Dispute Resolution Including Reconciliations, Mediation, Arbitration and Traditional Dispute Mechanism Shall Be Promoted;
- d) Justice Shall Be Administered Without Undue Regard to Procedural Technicalities; And
- e) The Purpose and Principles of The Constitution Shall Be Protected and Promoted.

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Vision, Mission and Core Values

Vision

To Be an Independent Institution of Excellence in The Delivery of Justice to All.

Mission

To Dispense Justice in A Fair, Timely, Accountable and Accessible Manner, Uphold the Rule of Law, Advance Indigenous Jurisprudence, Protect and Promote the Constitution.

Core Values

- i. Professionalism: We Will Exhibit the Highest Levels of Competence, Efficiency and Excellence in Executing Our Tasks.
- ii. Integrity: We Will Uphold the Highest Ideals of Honesty, Openness and Veracity in Service Delivery.
- iii. Diligence: We Shall Be Committed, Dedicated and Selfless to Our Duty
- iv. Transparency And Accountability: We Shall Be Open to Public Scrutiny, Exercise Good Governance and Take Responsibility for Our Actions.
- v. Humility: We Shall Be Modest in Exercising Powers Given to Us by the Constitution

(b) Key Management

The Judiciary's Day-To-Day Management is under the Following Key Organs:

- Judicial Service Commission;
- Office Of Chief Justice and President of Supreme Court And
- Office Of Chief Registrar of Judiciary

(c) Fiduciary Management

The Key Management Personnel Who Held Office During and Up to The Year Ended 30 June 2024 and Who Had Direct Fiduciary Responsibility Were:

No	Designation	Name
1.	Chief Justice and President of The Supreme Court	Hon. Lady Justice Martha Koome
2.	The Chief Registrar of The Judiciary	Hon. Winfridah B. Mokaya,
3.	Director Finance	Ms. Beatrice Kamau
4.	Director Accounts	CPA Wycliffe Wanga
5.	Director Supply Chain Management	Mr. Jeremiah Nthusi
6.	Director Human Resource & Administration	Dr. Elizabeth Kalei
7.	Director Public Affairs & Communication	Ms. Catherine Wambui
9.	Director Planning & Organisation Performance	Dr. Joseph Osewe

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No	Designation	Name
10.	Director Audit and Risk Management	CPA Ronald Wanyama
11.	Director ICT	Mr. Peter Kyalo
12.	Director, Building Services Unit	Architect Maxwell Suero
13.	Registrar Supreme Court	Hon. Letizia Wachira
14.	Registrar Court of Appeal	Hon. Moses Serem
15.	Registrar High Court	Hon. Clara Otieno
16.	Registrar Employment & Labour Relations Court	Hon. Kennedy Kandet
17.	Registrar Environment and Land Court	Hon. Rose Makungu
18.	Registrar Magistrate Court	Hon. Caroline Kabucho
19.	Registrar Tribunals	Hon. Anne Asugah

(d) Judiciary Headquarters

P.O. Box 30041-00100
Supreme Court Building
City Hall Way
Nairobi, KENYA

(e) The Judiciary of Kenya Contacts

Telephone: (254) 20-2221221
E-Mail: Info@Judiciary.Go.Ke
Website: www.Judiciary.Go.Ke

(f) Independent Auditors

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

(g) Principal Legal Adviser

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

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(h) Bankers

- | | |
|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| i. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000 - 00200
Nairobi, Kenya | ii. Kenya Commercial Bank Ltd
Kencom House
P.O. Box 60000 - 00200
Nairobi, Kenya 00200 |
|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|

III. Statement of Governance

The Judiciary is one of the three State organs established under Chapter 10, Article 159 of the Constitution of Kenya and Judicial services and administration is provided for under the Judicial Service Act 2011. Judiciary is established as an independent custodian of justice in Kenya whose primary role is to exercise judicial authority given to it, by the people of Kenya. The institution is mandated to deliver justice in line with the Constitution and other laws through resolution of disputes in a just manner with a view to protecting the rights and liberties of all.

In Kenya, the courts under the Constitution operate at two levels, namely; Superior and Subordinate courts. The Court system has been decentralized with the Supreme Court and the Court of Appeal having their own Presidents and the High Court having a Principal Judge as heads of the respective institutions.

The Supreme Court of Kenya is established under Article 163 of the Constitution of Kenya. It comprises of seven judges: the Chief Justice, who is the president of the Court, the Deputy Chief Justice, who is the deputy to the Chief Justice and the vice-president of the Supreme Court and five other judges.

The Court of Appeal is established under Article 164 of the Constitution of Kenya 2010. The High Court is established under Article 165 and it consists of a number of judges to be prescribed by an Act of Parliament. The Court is organized and administered in the manner prescribed by an Act of Parliament. The Court has a Principal Judge, who is elected by the judges of the High Court from among themselves.

The Judiciary also consists of the Environment and Land Court as well as the Employment and Labour Relations Court which are courts of equal status as the High Court. The Environment and Land Court is established under the Environment and Land Court Act 19 of 2011.

The Employment and Labour Relations Court is established under Article 162 (2) (a) of the Constitution of Kenya 2010. The Court is operationalised under the Employment and Labour Act No.20 of 2011. The subordinate courts are established under Article 169. They consist of the Magistrates' Courts, Kadhis Courts, Court Martial, and any other court or local Tribunal established by an Act of Parliament.

Under Article 161 (2) (c) of the Constitution the Chief Registrar of the Judiciary is the Chief Administrator and Accounting Officer of the Judiciary. Section 2(1)(c) of the Public Finance Management Act, 2012 (PFM Act) also designates the Chief Registrar of the Judiciary as the accounting officer.

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The Chief Registrar of the Judiciary also provides an important link between the Judiciary and other players in the justice sector. This ensures a coordinated approach in the administration of justice in her capacity as the Secretary to the National Council on the Administration of Justice (NCAJ). Further with support from various administrative units, she is responsible for facilitating and coordinating Courts to deliver services in line with Constitution of Kenya.

Section 14 of Part III of the Judicial Service Act provides for delegation of functions of the Commission to committees. The purpose for establishment of committees is to create structures for articulating goals and strategic plans, define a particular function in detail, and pool specialized expertise and knowledge in a given subject.

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IV. Statement by the Chief Registrar of the Judiciary

I am pleased to present the Unclaimed Court Deposit Statements held by the Judiciary as at 30th June 2024. This report has been prepared pursuant to section 39 of the Judicial Service Act 2011, and section 81 of the Public Finance Management Act 2012.

Deposits are funds that are potentially revocable and refundable to the depositor and do not belong to the Judiciary and separate deposit accounts are operated by each Court Station. Deposits may include: cash bail, surety, cash, bonds and cash that is suspected as being the proceeds from a crime e.g. cash seized from drug offenders, from persons entering the country with above the legal limits in cash and so on.

The Judiciary continues to implement its strategic focus that is primarily guided by the Social Transformation through Access to Justice (STAJ) and other policy documents as well as the environmental scan. This vision is borne out of the reality that justice is cross-cutting; broad and multi-faceted. It is a natural desire, a legitimate expectation of every citizen to be treated justly. The Chief Justice considers all people as stakeholders in the delivery of justice. At the Judiciary, we believe that people are our greatest asset.

The ***Social Transformation through Access to Justice*** is anchored on five (5) principles:


- i. Accessibility and Efficiency,
- ii. Transparency and Accountability,
- iii. Inclusiveness and Shared Leadership,
- iv. Cooperative Dialogue and
- v. Social Justice.

Our focus has been on improved case clearance and on filed cases as well as backlog reduction. During the period under review, the cases registered were 515,620 as compared to 423,394 cases registered during FY2022/2023 an increase of 92,226 cases equivalent to 21.78%. Case clearance rate improved from 99% registered in the Financial Year 2022/23 to a high of 101% at the end of Financial Year 2023/24. The overall case backlog has also reduced by 18%.

We have reviewed our service delivery model to enable members of the public claim their uncollected deposits on cases that have been concluded. We held outreaches to create awareness for re-unification during FY2023/2024 in selected counties namely; Muranga, Kirinyaga and Embu. Courts Stations in the counties are Kandara, Kigumo, Kangema, Muranga, Kerugoya, Baricho, Gichugu, Wanguru, Embu, Runyenjes and Siakago. This had a number of objectives including re-unification of unclaimed depositors with owners, enhancing compliance with the UFA Act and informing process improvement for better management of deposits.

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The Judiciary will continue to ensure public funds are effectively and efficiently managed in compliance with the applicable laws in the management of public funds entrusted.


.....
Hon. Winfridah B. Mokaya
Chief Registrar of the Judiciary

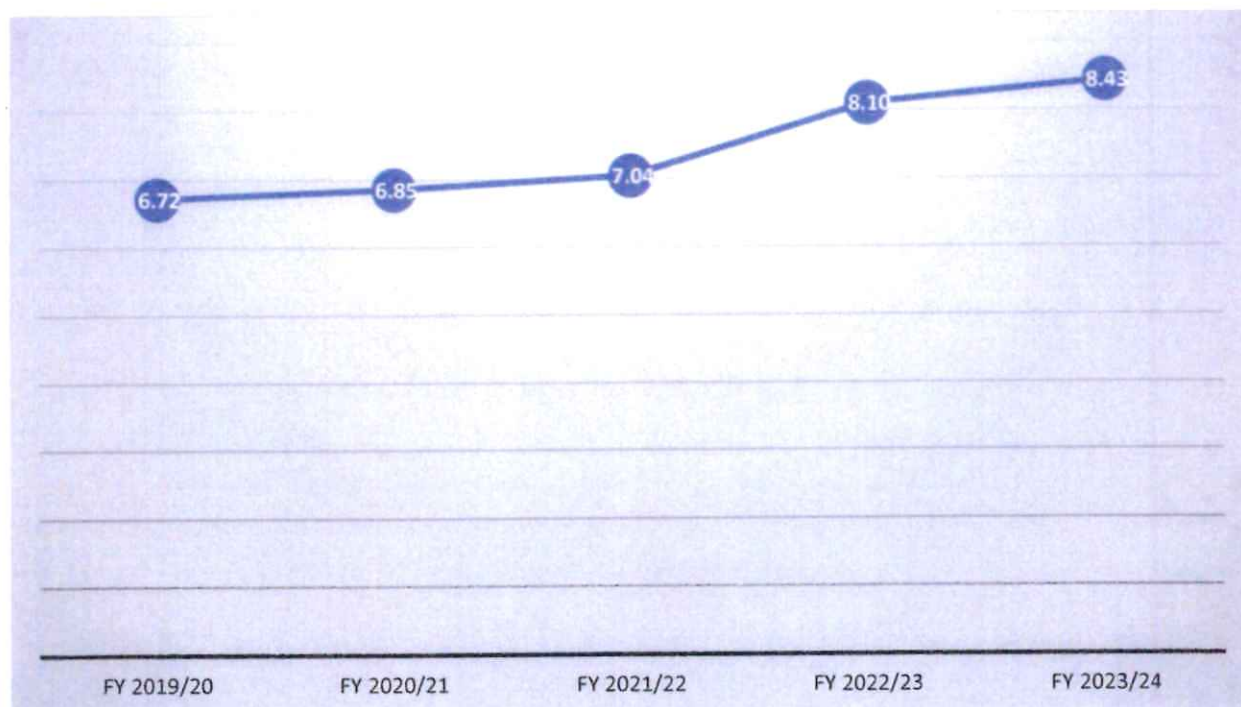
THE JUDICIARY DEPOSITS ACCOUNTABILITY STATEMENTS AND ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024

V. Management Discussion and Analysis

Court Deposits Are Funds Held in Trust by The Judiciary as A Precautionary Measure During the Pendency of a Court Case. Deposits May Be Refunded at the conclusion of court proceedings and issuance of a court order to that effect. Cash bail, bond (security), land title deeds, vehicle log books, fixed deposit certificates, travel documents, and pay slips are all forms of court deposits.

Deposits paid in form of cash do not represent revenue to the Judiciary or the Government as long as the case has not been concluded. However, upon conclusion of a case and request by the depositor, the bond or bail money may be utilized towards payment of fine. The deposit may also be forfeited to the state when the accused fails to comply with their bail or bond terms.

Graph 1 shows the trends in court deposits held by the Judiciary at the end of each financial year.



Graph 1: Deposits Trend Analysis from FY 2019/20 – FY 2023/24

The court deposits held at close of FY20223/24 amounted to **KShs 8.43 billion** being an increase of KShs 330 million from FY2022/23 when the outstanding balance amounted to **KSh8.10 billion**.

VI. Unclaimed Financial Assets – Court Deposits

The Judiciary established a joint team between the Judiciary and Unclaimed Financial Assets Authority in August 2022 to develop mechanisms for the Judiciary to comply with

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the Unclaimed Financial Assets Act, identify assets that are under the ambit of the Act, and pursue reunification of the unclaimed financial assets with the rightful owners as well as sensitize the internal stakeholders on the Act.

Following the team's recommendations, court stations were directed to appraise the deposits ledgers against the case files to identify the files with orders for refund of deposits older than one year, and make efforts to unify the assets with the owners. This will ensure unclaimed deposits are refunded to depositors or dealt with in compliance with UFA Act.

VII. Statement of 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 a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (2) (d) requires the financial statements so prepared include a statement of the entity's assets and liabilities and deposits.

The Accounting Officer in charge of the Judiciary is responsible for the preparation and presentation of the Judiciary's financial statements, which give a true and fair view of the state of affairs of the Judiciary for and as at the end of the year ended on 30th June 2024.

This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting Year;
- (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 Judiciary;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Judiciary accepts responsibility for the Judiciary's Unclaimed Deposit Statements, which have been prepared on the Accrual basis of Financial Reporting, using appropriate accounting policies in accordance with IPSAS. The Accounting Officer is of the opinion that these Statements give a true and fair view of the state of the Deposit transactions during the year ended 30th June 2024, and of the Judiciary's financial position as at that date. The Accounting Officer in charge of Judiciary further confirms the completeness of the accounting records maintained for the Judiciary, which have been relied upon in the preparation of the Unclaimed Deposit's Statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Judiciary confirms that the Judiciary has complied fully with applicable Government Regulations. Further the Accounting Officer confirms that the Judiciary's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

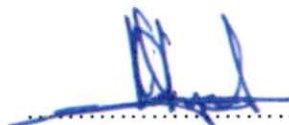
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Approval of the Financial Statements

The Judiciary's financial statements were approved and signed by the Accounting Officer onNovember, 2024.



.....
Hon. Winfridah B. Mokaya
Chief Registrar of the Judiciary



.....
Wycliffe Wanga - ICPAK No: 3209
Director Accounting Services

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON JUDICIARY DEPOSIT ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of The Judiciary Deposit Accountability Statements set out on pages 1 to 11, which comprise the statement of

financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of The Judiciary Deposit Accountability Statements as at 30 June, 2024, 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 Judicial Service Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Failure to Disclose Budget Amounts

The statement of comparison of budget and actual amounts reflects performance difference on interest income of negative Kshs.268,424,279, due to the original and final budget columns which have not been completed. Similarly, the statement reflects performance difference on transfer to exchequer of Kshs.267,708,551 due to lack of original and final budget amounts. The statement is therefore incomplete.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

2. Unsupported Long Outstanding Reconciliation Items

The statement of financial position reflects cash and cash equivalents balance of Kshs.8,432,972,935 as disclosed in Note 3 to the deposit accountability statements. This balance comprises Central Bank of Kenya deposits of Kshs.657,688,319 and other deposits held at various commercial banks amounting to Kshs.7,775,284,616. However, the bank reconciliation statements reflect receipts in the cash books not in bank statements totaling Kshs.352,938,473 some dating back to 2019. The clearance of these receipts through the bank is doubtful as they have been outstanding for long and have not been reversed in the cash book. Further, the amount has not been supported by an analysis in the financial statements detailing reasons for the failure to investigate and clear the balances.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.8,432,972,935 could not be confirmed.

3. Lost Deposits During Delinking of Judiciary

The statement of financial position reflects third party deposits of Kshs.8,432,972,935 as disclosed in Note 5 to the deposit accountability statements. However, as previously reported, the balance includes general deposits for various Court stations amounting to

Kshs.7,322,048,732 out of which an amount of Kshs.352,938,472 relates to deposits for seventy-two (72) court stations held by the former District Treasuries that have not been paid to the Judiciary. Although, Management had written to the Principal Secretary for The National Treasury vide letter Ref. CRJ/14 of 29 December, 2021 requesting confirmation of the liability, The National Treasury did not acknowledge the same to date. Further, there is no evidence of receivable or a contingent asset recognized in the deposit accountability statement or recovery of the losses in the near future.

In the circumstances the accuracy and completeness of the cash and cash equivalents of Kshs.8,432,972,935 and the and recoverability of the lost deposits could not be confirmed.

4. Loss of Cash Deposits

The statement of financial position reflects cash and cash equivalents balance of Kshs.8,432,972,935 as disclosed in Note 3 to the deposit accountability statements. However, as previously reported in the Judiciary financial statements for the year 2022/2023 and third-party deposits in Note 5 to the deposit accountability statements, included in the bank balance are deposits amounting to Kshs.150,748,101 lost through theft by staff members in Embu, Malindi, Molo, Nakuru Courts and Judiciary Headquarters in 2017/2018 and prior financial years. Although the matter was referred to the Directorate for Criminal Investigation and Assets Recovery Agency, the amounts had not been recovered as at 30 June, 2024

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.8,432,972,935 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of The Judiciary Deposit Accountability Statements Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management are responsible for the other information set out on page iii to xiii which comprise of, Key Information and Management, Statement of Governance, Statement by the Chief Registrar of the Judiciary, Management Discussion and Analysis, Unclaimed Financial Assets -Court Deposits and Statement of Management's Responsibilities. The

Other Information does not include the deposit accountability statements and my audit report thereon.

In connection with my audit on the Judiciary Deposit Accountability statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Failure to Submit Monthly Bank Reconciliation Statements and Quarterly Reports

During the year under review, Management did not prepare and submit to the Auditor-General monthly bank reconciliation statements for Judiciary deposits including the station deposits bank accounts. This is contrary to the Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015 which requires accounting officers to prepare bank reconciliation statements not later than 10th of the subsequent month and submit a copy to The National Treasury with a copy to the Auditor-General.

Further, Management did not prepare and submit copies of quarterly deposit reports to the Auditor-General as required by Regulation 65 of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the deposit accountability statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Internal Audit Reports

Management did not provide internal audit reports for the Deposit during the financial year under review. This is contrary to Section 73 (3)(b) of the Public Finance Management Act, 2012 which requires a national government entity to ensure that appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

In the circumstances, the effectiveness of the Deposits' internal controls could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these deposit accountability statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Judiciary ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the deposit accountability statements comply with the authorities which govern them and that public resources are applied in an effective way.

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the deposit accountability statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs) The standards require that, in conducting the audit, I obtain reasonable assurance about whether the deposit accountability statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 deposit accountability statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/> This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 December, 2024


THE JUDICIARY
DEPOSITS ACCOUNTABILITY STATEMENTS AND ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

IX. Statement of Financial Performance for the Year Ended 30 June 2024

	Note	30-Jun-2024	30-Jun-2023
Income		KShs	KShs
Revenue from exchange transactions			
Interest Income on deposits	1	439,901,837	197,280,943
TOTAL INCOME		<u>439,901,837</u>	<u>197,280,943</u>
PAYMENTS			
Transfer to Revenue	2	(268,424,279)	(192,402,275)
TRANSFER TO REVENUE		<u>(268,424,279)</u>	<u>(192,402,275)</u>
SURPLUS/DEFICIT		<u>171,477,559</u>	<u>4,878,669</u>

Interest is earned on deposit balances at the rate of 6% payable on a quarterly basis. Interest earned is transferred to revenue and subsequently to Exchequer in line with of the PFM Act. Expenses incurred in management of Deposits are absorbed by the Judiciary. The Judiciary has separate financial statements in line with the PFM Act.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Deposit Accountability Statements were approved on November, 2024 and signed by:



 Hon. Winifridah B. Mokaya
Chief Registrar of the Judiciary



 Wycliffe Wanga - ICPAK No: 3209
Director Accounting Services-

**THE JUDICIARY
DEPOSITS ACCOUNTABILITY STATEMENTS AND ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

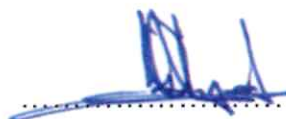
X. Statement of Financial Position as at 30th June 2024

	Note	30-Jun-2024	30-Jun - 2023
Financial Assets		KShs	KShs
Current Assets			
Cash And Cash Equivalentents	3	8,432,972,935	8,100,777,464
Receivables	4	<u>171,477,559</u>	<u>4,878,669</u>
Total Assets		<u>8,604,450,494</u>	<u>8,105,656,133</u>
Liabilities and Reserves			
Third Party Deposits	5	<u>8,432,972,935</u>	<u>8,100,777,464</u>
Total Payables		<u>8,432,972,935</u>	<u>8,105,656,133</u>
Represented By			
Unclaimed Deposits		-	-
Interest Payable		<u>171,477,559</u>	<u>4,878,669</u>
Total Liabilities and Reserves		<u>8,604,450,494</u>	<u>8,105,656,133</u>

The accounting policies and explanatory notes to these unclaimed deposit statements form an integral part of the financial statements. The statements were approved onNovember, 2024 and signed by:



.....
Hon. Winndah B. Mokaya
Chief Registrar of the Judiciary



.....
Wycliffe Wanga - ICPAK No: 3209
Director Accounting Services

**THE JUDICIARY
DEPOSITS ACCOUNTABILITY STATEMENTS AND ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

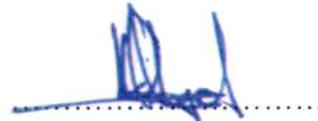
XI. Statement of Cash Flows for the Year Ended 30th June 2024

	Note	30-Jun-2024	30-Jun-2023
Cash Flow from Operating Activities		KShs	KShs
Surplus For the Year		171,477,559	4,878,669
Increase In Receivables	6	(166,598,890)	(4,878,669)
Increase In Payables	7	332,195,471	1,405,908,524
Interest Transferred to Exchequer		(4,878,669)	-
Net Cash from Operating Activities		<u>332,195,471</u>	<u>1,405,908,524</u>
Net Increase in Cash and Cash Equivalent Cash And Cash Equivalent at Beginning of The Year		332,195,471	1,405,908,524
		<u>8,100,777,464</u>	<u>6,694,868,940</u>
Cash And Cash Equivalent at End of The Year		<u>8,432,972,935</u>	<u>8,100,777,464</u>

The accounting policies and explanatory notes to these statements form an integral part of the Deposit Accountability Statements. The Statements were approved onNovember, 2024 and signed by:



.....
Hon. Winfridah B. Mokaya
Chief Registrar of the Judiciary




.....
Wycliffe Wanga – ICPAK No: 3209
Director Accounting Services

**THE JUDICIARY
DEPOSITS ACCOUNTABILITY STATEMENTS AND ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**


XII. Statement Of Changes in Net Assets for The Year Ended 30th June 2024.

	30-Jun-2024	30-Jun-2023
	KShs	KShs
Opening Balance as at 1st July	8,105,656,133	6,694,868,940
Add: Interest Earned	439,901,837	197,280,943
Additional Deposits Received during the year	<u>3,784,772,762</u>	<u>4,012,033,391</u>
TOTAL	<u>12,330,330,732</u>	<u>10,904,183,274</u>
Less: Refunds during the year	3,141,919,440	2,606,124,867
Transfers to revenue Statements		
• Conversions/Utilizations	81,631,722	-
• Forfeitures	229,026,130	-
• Interest Income	273,302,947	192,402,275
Revenue in arrears	171,477,559	-
Transfers to UFAA	-	-
Total Refunds and Transfers	<u>3,897,357,798</u>	<u>2,798,527,142</u>
BALANCE AS AT 30 JUNE	<u>8,432,972,935</u>	<u>8,105,656,133</u>

The Unclaimed Deposit Statements were approved onNovember, 2024 and signed by:



 Hon. Winfridah B. Mokaya
 Chief Registrar of the Judiciary




 Wycliffe Wanga - ICPAK No: 3209
 Director Accounting Services

**DEPOSITS ACCOUNTABILITY STATEMENTS AND ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

XIII. Statement of Comparison of Budget and Actual Cash Amounts for FY2023/2024:

Item	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance Difference	Remarks
	KShs '000	KShs' 000	KShs' 000	KShs'000	KShs'000	
RECEIPTS						
Interest Income	=	=	=	<u>439,901,837</u>	<u>(439,901,837)</u>	
PAYMENTS						
Transfer to Exchequer	-	-	-	268,424,279	(268,424,279)	
Surplus for the period	=	=	=	<u>171,477,559</u>	<u>171,477,559</u>	=

The Unclaimed Deposit Statements were approved onNovember, 2024 and signed by:



 Hon. Winifidah B. Mokaya
Chief Registrar of the Judiciary



 Wycliffe Wanga - ICPAK No: 3209
Director Accounting Services

THE JUDICIARY
NOTES TO THE DEPOSITS ACCOUNTABILITY STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

XIV. Notes to the Deposit Accountability Statements

1. General Information

The Deposit balances represent cash deposits held by the Judiciary for Litigants during pendency of a court case. The deposits are refundable at the conclusion of a court process or forfeited to state as Fines. The deposits are held and managed by the Judiciary.

2. Statement of compliance and basis of preparation

The Unclaimed Deposit Statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The statements are prepared on the Accrual Basis of Accounting and applicable government legislations and regulations. The statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya. The accounting policies adopted have been consistently applied to all the years presented. The cash flow statement is prepared using the indirect method.

3. Reporting Entity

The Statements are for the court Deposits by the Judiciary. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012.

4. Reporting Currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

5. Significant Accounting Policies

The following accounting policies have been consistently applied by the Judiciary for all the Years presented.

a) Recognition of revenue and expenses

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

i) Interest Income

Interest income is accrued on a time proportion basis using the effective yield method. The effective yield discounts estimated future cash receipts through the

THE JUDICIARY
NOTES TO THE DEPOSITS ACCOUNTABILITY STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the gross outstanding deposit at bank to determine interest income in each period.

ii) Forfeitures

Forfeitures are deposits transferred to revenue as fines upon conclusion of a case. Forfeitures are recognised once a court order is issued to forfeit the deposit or convert the deposit to fine.

b) Budget Information

The Outstanding deposits are as a result of court process and therefore not budget for. Expenses related to deposit management are borne by the Judiciary.

c) 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.

d) Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits and retentions. As of 30th June 2024, this amounted to **KShs 8,432,972,934.57** There were no other restrictions on cash during the year.

e) Third Party Deposits and Retentions

For the purposes of these financial statements, deposits and retentions held on behalf of third parties has been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

THE JUDICIARY
NOTES TO THE DEPOSITS ACCOUNTABILITY STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

f) Reserves

The reserves consist of accumulated surplus realised during the year and in prior years.

g) Comparative Figures

The comparative figures for the previous financial year have been amended or reconfigured to comfort to the required changes in presentation. This is the first year of preparation of the Deposit Accountability Statements.

h) Subsequent Events

There was KShs.171,477,559 interest earned on deposit that was transferred to revenue subsequent to year end.

i) Related Party Transactions

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.
- c) Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

j) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, and indemnities. Letters of comfort/ support, insurance, Public Private Partnerships. The entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

THE JUDICIARY
NOTES TO THE DEPOSIT ACCOUNTABILITY STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

1) Interest Income

	30-Jun-24	30-Jun-23
	Kshs	Kshs
Quarter 1	56,537,118	28,854,840
Quarter 2	57,182,150	40,135,696
Quarter 3	58,725,634	39,258,324
Quarter 4	<u>267,456,936</u>	<u>89,032,083</u>
Total	<u>439,901,837</u>	<u>197,280,943</u>

2) Transfer To Revenue

	30-Jun-24	30-Jun-23
	KShs	KShs
Quarter 1	56,537,118	28,854,840
Quarter 2	57,182,150	40,135,696
Quarter 3	58,725,634	39,258,324
Quarter 4	<u>95,979,377</u>	<u>84,153,415</u>
Total	<u>268,424,279</u>	<u>192,402,275</u>

3) Cash And Bank Accounts

	30-Jun-24	30-Jun-23
	KShs	KShs
Bank Accounts (6A)	<u>8,432,972,935</u>	<u>8,100,777,464</u>

3A) Bank Accounts

	30-Jun-24	30-Jun-23
	KShs	KShs
Central Bank of Kenya (CBK), A/c No. & Type		
CBK: 1000589377 – Dep - Judiciary Fund	618,924,979	728,449,399
CBK: 1000182342 – Dep - Judiciary	38,763,340	50,279,333
<i>Various Commercial Banks</i>	<u>7,775,284,616</u>	<u>7,322,048,732</u>
Total	<u>8,432,972,935</u>	<u>8,100,777,464</u>

THE JUDICIARY
NOTES TO THE DEPOSIT ACCOUNTABILITY STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

4) Receivables

	30-Jun-2024	30-Jun-2023
	KShs	KShs
Interest Receivable	<u>171,477,559</u>	<u>4,878,669</u>

Receivables aging analysis.

	FY2023/2024	% of the Total	FY2022/2023	% of the Total
	KShs		KShs	
Under one year	171,477,559	100%	4,878,669	100%
1-2 year	-		-	
2-3 year	-		-	
Over 3 years	-		-	
Total	<u>171,477,559</u>		<u>4,878,669</u>	

5) Third Party Deposits and Retention

	30-Jun-2024	30-Jun-2023
	KShs	KShs
General Deposits - HQs	657,688,319	778,728,732
General Deposits - Stations	<u>7,775,284,616</u>	<u>7,322,048,732</u>
	<u>8,432,972,935</u>	<u>8,100,777,464</u>
Ageing analysis:		
Under one year	2,043,487,411	2,044,187,230
1-2 years	1,354,602,257	1,362,051,594
2-3 years	1,051,209,217	958,638,187
Over 3 years	<u>3,983,674,050</u>	<u>3,735,900,453</u>
Total	<u>8,432,972,935</u>	<u>8,100,777,464</u>

Note: Included in the third part deposits and retentions were losses reported in Embu, Malindi, Molo, Nakuru Law Courts and Judiciary headquarters totaling KShs150,748,101. The losses were reported to investigating agencies including the Assets Recovery Authority for prosecution and recovery.

THE JUDICIARY
NOTES TO THE DEPOSIT ACCOUNTABILITY STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

6) (Increase)/ Decrease in Receivables

	30-Jun-2024	30-Jun-2023
	KShs	KShs
Receivables as at 1 st July (a)	4,878,669	-
Receivables as at 30 th June (b)	<u>171,477,559</u>	<u>(4,878,669)</u>
(Increase)/Decrease in Receivables (c=(b-a))	<u>(166,598,890)</u>	<u>(4,878,669)</u>

7) Increase/ (Decrease) In Third-Party Deposits

	30-Jun-24	30-Jun-23
	KShs	KShs
Payables as at 1 st July (d)	8,100,777,464	6,694,868,940
Payables as at 30 th June (e)	<u>8,432,972,935</u>	<u>8,100,777,464</u>
(Increase)/Decrease in Payables (f=(e-d))	<u>332,195,471</u>	<u>1,405,908,524</u>



Chief Registrar of the Judiciary,
Supreme Court Building, Off City Hall Way, Nairobi,
P.o Box 30041 - 00100, Nairobi
Tel: 0730181600/ 700 /800



www.judiciary.go.ke