

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT** NATIONAL ASSEMBLY

DATE: 16 FEB 2022

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**THE AUDITOR-GENERAL**

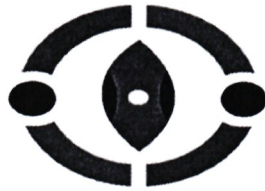
**ON**

**INTERGOVERNMENTAL RELATIONS  
TECHNICAL COMMITTEE (IGRTC)**

**FOR THE YEAR ENDED  
30 JUNE, 2019**



Revised Template 30<sup>th</sup> June 2019



**IGRTC**  
INTERGOVERNMENTAL  
RELATIONS TECHNICAL  
COMMITTEE

Consultation, Cooperation & Coordination in Devolution

**International Public Sector Accounting Standards (IPSAS)**  
**Annual Financial Reporting Template for**  
**Regulatory and Other Non – Commercial Government Owned Entities**  
*(Semi - Autonomous Government Agencies and Public Funds Established by an Act of Parliament  
or a Legal Notice)*

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INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE

**REGULATORY AND OTHER NON-COMMERCIAL ENTITIES**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING**  
**JUNE 30, 2019**

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

**Intergovernmental Relations Technical Committee  
Annual Reports and Financial Statements  
For the year ended June 30, 2019**

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Table of Contents	Page
I. KEY ENTITY INFORMATION AND MANAGEMENT .....	iii
II. FORWARD BY THE CHIEF EXECUTIVE OFFICER .....	vii
STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES .....	x
STATEMENT OF FINANCIAL PERFORMANCE .....	1
STATEMENT OF FINANCIAL POSITION .....	2
STATEMENT OF CHANGES IN NET ASSETS.....	3
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019 .....	5
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS .....	6
NOTES TO THE FINANCIAL STATEMENTS.....	7
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES .....	20

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

### **Background information**

IGRTC is a state agency responsible for the day to day functioning of the National and County Government Co-ordinating Summit (the summit) and the Council of County Governors (CoG). By law, it is charged with the responsibility of facilitating the activities of the Summit and CoG, as well as implementing the decisions of the two bodies. IGRTC was established in the fifth year of the implementation of the Constitution of Kenya, 2010 and the third year of the implementation of the system of devolved government established by the Constitution.

### **Vision Statement**

Harmonious and effective intergovernmental relations.

### **Mission Statement**

To support successful devolution through cooperative, consultative and coordinating intergovernmental relations

### **Mandate**

Section 12 of the Intergovernmental Relations Act, 2012 states that the IGRTC shall:

- (a) Be responsible for the day to day administration of the Summit and of the Council and in particular
  - (i) Facilitate the activities of the Summit and of the Council; and
  - (ii) Implement the decisions of the Summit and of the Council;
- (b) Take over the residual functions of the transition entity established under the law relating to transition to devolved government after dissolution of such entity;
- (c) Convene a meeting of the forty-seven County Secretaries within thirty days preceding every Summit meeting; and
- (d) Perform any other function as may be conferred on it by Summit, the Council, this Act or any other legislation.

### **Core Values**

- a) **Professionalism:** IGRTC members and staff will be guided by the constitution, the law and administrative competency in the delivery of services to the institution's stakeholders. The institution will place a premium on delivering outputs that are technically sound.
- b) **Accountability:** IGRTC will be primarily accountable to the Summit and the Council of Governors. As a public entity, it will ultimately be accountable to the Kenyan people through the relevant oversight institutions and the appropriate forms of public participation in its programmes
- c) **Impartiality:** IGRTC members and staff will provide unbiased services, including advice to the Summit and the Council of Governors.
- d) **Transparency:** IGRTC will conduct its affairs openly and grant oversight institutions the access to information that they require to hold it to account to the Kenyan people.

**Intergovernmental Relations Technical Committee  
Annual Reports and Financial Statements  
For the year ended June 30, 2019**

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e) **Integrity:** IGRTC will conduct all its affairs above board and will, amongst others, enforce a policy of zero tolerance to corruption. It will comply with integrity requirements in public service.

f) **Public participation:** IGRTC will involve members of the public in diverse ways, as appropriate, in the formulation of policies and its other work.

### **Key Management**

The IGRTC day-to-day management is under the following key organs:

- Chairman
- Members
- Chief Executive Officer/ Secretary
- Directors
- Heads of Departments

### **Fiduciary Management**

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

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	Peter K. Leley
2.	Senior Accountant	John K. Kimathi

## **FIDUCIARY OVERSIGHT ARRANGEMENTS**

1. **Finance and Institutional Development Committee**  
Deals with day to today operations on internal financial and administrative issues while ensuring that programmes and activities are implemented as planned and that they are within the budget
2. **Audit committee**

This is an internal oversight committee responsible for systems and expenditure review and advises management on necessary internal controls aimed at securing and safeguarding the assets of the organization.

## **OVERVIEW**

The Intergovernmental Relations Technical Committee (IGRTC) is established pursuant to section 11 of the Intergovernmental Relations act 2012 with responsibility of the day to day administration of the summit and the council of Governors among other functions. It also took over residual functions of the defunct Transition Authority which was established under the law relating to transition to devolved government.

The IGRTC was set in motion following the appointment of members by the Cabinet Secretary Ministry of Devolution and Planning In march 2015. The team comprises of the chairman and seven other full-time members and the Principal Secretary, State Department of Devolution.

**Kenya Regulatory & Non - Commercial (Indicate actual name of the entity)**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

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**a. Full-time members**



Mrs. Njambi Muchane  
-Member



Prof Karega Mutahi,  
CBS-Chairman



Prof Shanyisa  
Khasiani -Member



Dr. Billow Khalid -  
Member



Ms. Allyce Kureiya –  
Vice Chairperson



Prof Judith Miguda-  
Attyang -Member



Dr. Nyeris Raymond-  
Member



Mrs Angeline Hongo-  
Alt Member



Dr. Francis Fondo -  
Member



Mr. Peter Leley  
Chief Executive Officer

**b. Members**

The Principal Secretary in the State department responsible for matters relating to devolution.

The members of the Committee listed in (a) above, apart from the secretary, may designate an officer from their respective State department to represent them.

Since inception in March 2015, the IGRTC has accomplished various tasks in fulfilment of its mandate. The tasks continue being implemented in consultation and partnerships with the County Governments, Government Ministries, Departments and Agencies (MDAs), the Constitutional and Independent offices including Commission on Revenue Allocation (CRA), Office of Auditor General, Office of Controller of Budget; Development partners and Non- State Actors among others.

**Intergovernmental Relations Technical Committee  
Annual Reports and Financial Statements  
For the year ended June 30, 2019**

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**(a) Entity Headquarters**

Parklands Plaza  
MEZZANINE, 3<sup>TH</sup> & 4<sup>TH</sup> Floor.  
Nairobi, KENYA

**Entity Contacts**

Parklands Plaza  
P.O. Box 44880-00100  
NAIROBI.  
Telephone:  
Landline: 0202101489  
E-mail: [info@igrtc.go.ke](mailto:info@igrtc.go.ke), [igrtc2015@gmail.com](mailto:igrtc2015@gmail.com)  
Website: [www.igrtc.go.ke](http://www.igrtc.go.ke)

**(b) Entity Bankers**

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

**(c) Independent Auditors**

Auditor General  
Office of The Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(d) Principal Legal Adviser**

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

## **II. FORWARD BY THE CHIEF EXECUTIVE OFFICER**

It gives me great pleasure to present the 2018/2019, Intergovernmental Relations Technical Committee (IGRTC) Financial Report. The IGRTC is responsible for facilitating the activities of the Summit and CoG, as well as implementing the decisions of the two bodies. It also took over residual functions of the defunct Transition Authority which was established under the law relating to transition to devolved government that is the Transition to Devolved Government Act (TDGA) 2012. During this reporting period, there were considerable achievements in the various departments and committees of the IGRTC. I am confident to state that the Committee worked diligently to deliver desirable results while leveraging opportunities that arose from time to time. Strategically, the Committee adopted and implemented practical approaches, which continue to guide the transition process, while drawing from successful models around the world.

The end of the financial year is a perfect time to take stock. The Committee continued to deliver on its mandate and seek more effective and efficient ways to support devolution. With county governments in place and most process taking off, the Committee has focused more on operational issues.

Key among them is;

- ▶ **Summit meetings.** IGRTC Organized and managed Summit meetings and Implemented the resolutions of the Summit.
- ▶ **The Assets and liabilities for the defunct local authorities.** IGRTC in consultation with IBEC and MODP developed framework for the verification and transfer of the assets and liabilities of the defunct local authorities to the County Governments.  
IGRTC facilitated and coordinated the exercise in line with Gazette Notice no. 2701 dated 24<sup>th</sup> march 2017, which established institutional structures for the identification, verification and validation of the assets and liabilities belonging to the Defunct Local Authorities as at 27<sup>th</sup> March 2013.

To deliver on its mandates, IGRTC required funding. During the 2018/2019 Financial Year, IGRTC approved recurrent budget was Kshs.444,920,000. Under the same period, total expenditure amounted to Kshs 344,810,451 leaving a balance of Kshs 100,109,549. This expenditure represents an absorption rate of 77.5%

We at IGRTC are committed to ensuring that the Committee continues to utilize its budgetary allocation for the intended purposes. I would therefore urge all our stakeholders to continue supporting our activities, so that we can collectively achieve success and entrench devolution in our country.



## **KEY ACHIEVEMENTS**

### **Transfer and verification of Assets and liabilities of the defunct local authorities.**

The Committee continued to engage other stakeholders in verification of public Assets and liabilities. Towards this end IGRTC in consultation with the IBEC and MODP issued gazette notice number 2701 dated 24<sup>th</sup> march 2017 establishing the institutional structure for identification, verification and validation of assets and liabilities of the defunct Local authorities as at 27<sup>th</sup> March 2017.

Ultimately, draft reports have been prepared and hand over process is in progress.

### **Summit Meeting**

In preparation for the summit meeting, IGRTC convened a meeting of all the 47 County Secretaries on 7<sup>th</sup> November 2016, pursuant to the provisions of section 12 (c) of the Intergovernmental Relations Act 2012. The meeting deliberated on matters of devolution in general and challenges facing intergovernmental relations. IGRTC prepared a report of the proceedings which will be shared with all county governments and relevant stakeholders.

### **Alternative Dispute Resolution (ADR)**

Pursuant to section 33 of the IGR Act 2012, IGRTC is mandated to resolve intergovernmental disputes. As such, IGRTC has been instrumental in mediating disputes between and amongst the two levels of government. The disputes that IGRTC has successfully resolved include:

- ▶ Dispute between the Office of the Governor and the Office of the County Commissioner in West Pokot County over ownership of an Office Block. This dispute was amicably resolved
- ▶ Land ownership between Tharaka Nithi County Government and the Department of Prisons. Both parties have agreed to dialogue.
- ▶ Nairobi City County Government and Ministry of Agriculture, Livestock and Fisheries over the function of Meat inspection
- ▶ Ministry of Lands and Physical Planning and Kirinyaga and Embu County Governments over Mwea Settlement Scheme. Negotiations still ongoing.

### **Cost of Litigation**

IGRTC, in conjunction with relevant stakeholders commissioned a study to establish the cost of litigation on intergovernmental-related issues and identify the challenges of operating without an ADR mechanism in place. The study will give a comprehensive report on ongoing court cases; the cost of litigation; recommendations on how to avoid litigation and embrace Alternative Dispute Resolution (ADR)

### **Civic Education and Public Participation**

IGRTC commissioned a study on the status of public participation in both the National and County Governments and the report was launched on 30th August 2016 and disseminated the findings to the stakeholders. Among the key findings of the study was the general low level of funding of public participation in the country, a matter that had been identified during the Summit meeting of 10-11th February 2016 where the need to enhance the funding was identified.

### **Agriculture Levies and Licenses**

IGRTC convened meetings with key stakeholders comprising of AFA, KRB and CoG to discuss the matter. It was resolved the National government would issue licenses for export and import while the counties would issue national ones.

### **Transfer of functions**

The pending activities under transfer of functions involved, among others, strategic intervention on emerging issues arising from implementation of transferred functions and further unbundling and costing of residue functions.

IGRTC commissioned a study to identify various dynamics regarding transfer of devolved functions. These include identifying the functions that have been transferred but are still being performed by national government or are not yet operationalized by county governments.

IGRTC will also analyze the framework for management of concurrent functions and unbundling of functions relating to Regional Development Authorities, roads sector and water service boards which have an element of devolved functions

### **Rationalization and deployment of staff framework.**

IGRTC is part of the process of inter-agency initiative spearheaded by the Public Service Commission for development of mechanisms for management of human resource in the health sector. IGRTC has also continued coordinating the process of posting of post-internship medical personnel where 693 medical officers, 152 pharmacists and 49 dental officers have been posted so far.

**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 a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed in the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of IGRTC is responsible for the preparation and presentation of the IGRTC's financial statements, which give a true and fair view of the state of affairs of the IGRTC for and as at the end of the financial year (2017/2018) ended on June 30, 2019.

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 IGRTC; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

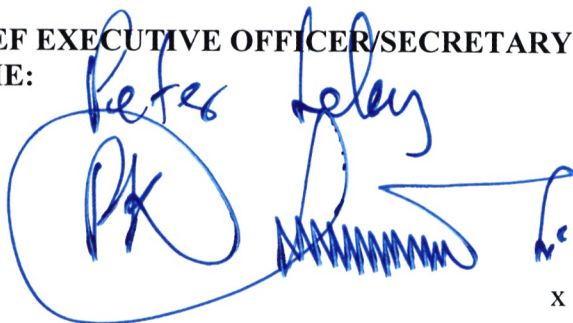
The Accounting Officer in charge of the IGRTC accepts responsibility for the Authority's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the IGRTC's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2019, and of the Committee's financial position as at that date. The Accounting Officer in charge of the IGRTC further confirms the completeness of the accounting records maintained for the Committee, which have been relied upon in the preparation of the Committee's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the IGRTC confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's 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 Accounting Officer confirms that the IGRTC'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.


**Approval of the financial statements**

The entity's financial statements were approved and signed by the Accounting Officer on 27/9/2019 2019.

**CHIEF EXECUTIVE OFFICER/SECRETARY**  
**NAME:**

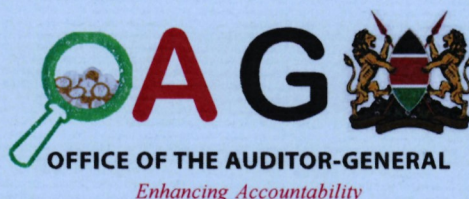
  
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**SENIOR ACCOUNTANT**

**NAME:** John K. Kinathi  
**ICPAK No.** 23401  


# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: 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 INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE (IGRTC) FOR THE YEAR ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Intergovernmental Relations Technical Committee (IGRTC) set out on pages 1 to 20, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, the statement of cash flows and the 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 effects 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 Intergovernmental Relations Technical Committee as at 30 June, 2019, 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 Intergovernmental Relations Act, 2012 and Public Finance Management Act, 2012.

#### **Basis for Qualified Opinion**

##### **1.0 Presentation of Financial Statements**

Section 2.2.2. of Gazette Notice No 5440 of 2014 that established the Public Sector Accounting Standards Board, states that semi-autonomous Government Agencies such as the IGRTC shall apply Accrual-Based International Public Sector Accounting Standards.

Although the statements for the year under review have been correctly prepared using the Standards, the previous year's statements were prepared under cash basis and have not been restated as required by International Public Sector Accounting Standards 3-Accounting Policies, Changes in Accounting Estimates and Errors.

In the circumstance, the financial statements do not conform to International Public Sector Accounting Standards and the reporting requirements set by the Public Sector Accounting Standards Board.

## 2.0 Unconfirmed Prior Year Balances

Several of the previous (2017/18) financial year balances reflected in the financial statements for the year under review do not tally with identical account balances reflected in the certified financial statements for 2017/2018 as tabulated below:

Item		Comparative Balance in 2018/2019 Financial Statements (Kshs.)	Certified Balance 2017/2018 Financial Statements (Kshs.)	Unexplained Variance (Kshs.)
1.	Training Expenses	3,981,021	5,359,221	1,378,200
2.	Contracted Professional Services	12,888,003	Nil	12,888,003
3.	Office and General Supplies (Paper, Pencils, Forms)	9,932,802	11,471,008	1,538,206
4.	Acquisition of Assets	0	21,399,710	21,399,710
5.	Surplus	18,473,721	3,141,953	15,331,768
6.	Depreciation and Amortization	6,067,942	Nil	6,067,942

In view of the unexplained variances, the accuracy and validity of the financial statements for the year under review could not be confirmed.

## 3.0 Property, Plant and Equipment

The statement of financial position reflects a property, plant and equipment balance totalling Kshs.24,133,251 as at 30 June, 2019. However, Management does not maintain an assets register on the fixed assets owned by the Committee.

In addition, eight (8) vehicles previously owned by the defunct Transitional Authority that were indicated to have been transferred to the Committee were not disclosed in the schedule of property, plant and equipment and further, logbooks for the vehicles were not provided for audit verification.

As a result, it was not possible to confirm the completeness of the balance totalling Kshs.24,133,251 and the nature, values and locations of the fixed assets owned by the Committee.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Intergovernmental Relations Technical Committee Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit 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. I have determined that there are no key Audit Matters to report in the year under review.

### **Other Matter**

#### **Unresolved Prior Year Issues**

The audit report for the previous year highlighted several matters that included discrepancies in presentation of the financial statements, accuracy and completeness of balances reflected in the statements, acquisition of assets and purchase of goods and services. The matters had not been resolved by the end of financial year under review on 30 June 2019.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Basis for Lawfulness and Effectiveness in 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 money has not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1.0 Irregular Appointment of Members of the Committee**

Section 11 of the Intergovernmental Relations Act, 2012 provides that members of the Committee shall be appointed by the Summit. However, the members of the Committee in office as at 30 June, 2019 were appointed by the Cabinet Secretary for Devolution and not the Summit. Consequently, the appointments were made in breach of the Law.

#### **2.0 Irregular Purchase of Airtime**

The statement of financial position reflects payments totalling Kshs.177,631,475 in respect of use of goods and services for the year ended 30 June, 2019. Examination of records on use of goods and services expenditure indicated that Ksh.2,361,000 was spent on purchase of airtime through cash purchases instead of the competitive Request of Quotation procurement process prescribed in Section 105 of the Public Procurement and Asset Disposal Act, 2015.

Consequently, Management acted in breach of the law and further, value for money may not have been obtained on the expenditure totalling Ksh.2,361,000 spent on the procurement.

### **3.0 Insufficient Disclosures on Rental Contract**

Expenditure records indicated that Kshs.49,784,537 was spent on rental expenses paid for the lease of the Committee's office in Nairobi City. However, the respective lease agreement was not registered by the Lands Registrar and further, the lease was drawn between the landlord and the Government of Kenya without reference to the Committee.

In the absence of sufficient information, the validity and value for money on the rental expenditure totalling Kshs.49,784,537 spent by the Committee on rent in the year under review could not be confirmed.

### **4.0 Mismatched Staff Establishment**

The Committee had an authorized staff establishment of one-hundred and eighteen (118) employees as at 30 June, 2019. However, only fifty-four (54) were in post resulting in a deficit of sixty-four (64) Officers. However, some cadres had been overstaffed as follows:

- the authorized establishment of five (5) for Officer II/Senior Clerical Officer-Scale 10 had nine (9) in post resulting in an excess of four (4) officers and
- the Drivers/Office Assistants- Scale 12 with an authorized establishment of two (2), had seven (7) in post resulting to an excess of five (5).

No satisfactory explanation was provided by Management for the failure to observe the prescribed establishment while hiring staff.

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

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

### **Conclusion**

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

## **Basis for Conclusion**

### **Failure to Establish an Internal Audit Function**

Contrary to the requirements set in Section 73(a) of the Public Finance Management Act, 2012, the Committee did not have an Internal Audit Unit during the year under review. As a result, its internal control and oversight systems were not properly established and the risk of ineffective use of resources and non-adherence to laws and regulations was high.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standard requires that I plan and perform the audit so as to obtain assurance about whether effective processes and systems of internal control, risk management and governance were maintained in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

In preparing the financial statements, Management is responsible for assessing the ability of the Committee to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the Committee.

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 responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public money is applied in an effective manner.

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,



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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 giving an assurance on the effectiveness of the Committees` 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 applicable 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 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 the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Committee to cease to continue 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 Committee 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**07 January, 2022**

**Kenya Regulatory & Non - Commercial (Indicate actual name of the entity)**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2018-2019	2017-2018
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from State Department for Devolution	6	444,920,000	350,552,000
<b>Total revenue</b>		<b>444,920,000</b>	<b>350,552,000</b>
<b>Expenses</b>			
Use of goods and services	7	177,604,776	174,050,719
Employee costs	8	106,907,774	80,660,555
Depreciation and amortization expense	9	6,309,994	6,067,942
Repairs and maintenance	10	17,434,921	16,269,912
Contracted services	11	3,074,761	12,888,003
Grants and subsidies	12	16,383,633	10,569,088
General expenses	13	17,094,592	31,572,059
<b>Total expenses</b>		<b>344,810,451</b>	<b>332,078,279</b>
<b>Surplus before tax</b>		<b>100,109,549</b>	<b>18,473,721</b>
<b>Surplus/( deficit) for the period/year</b>		<b>100,109,559</b>	<b>18,473,721</b>
<b>Net Surplus for the year</b>		<b>100,109,559</b>	<b>18,473,721</b>
Attributable to:			
Surplus attributable to owners of the controlling entity		100,109,559	18,473,721
		<b>100,109,559</b>	<b>18,473,721</b>

The notes set out on pages xxx to xxx form an integral part of these Financial Statements

**Kenya Regulatory & Non - Commercial (Indicate actual name of the entity)**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Notes	2018-2019	2017-2018
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	126,287,822	3,061,953
<b>Total Current Assets</b>		<b>126,287,822</b>	<b>3,141,953</b>
<b>Non-current assets</b>			
Property, plant and equipment	15	21,057,844	25,431,420
<b>Total assets</b>		<b>147,345,666</b>	<b>28,573,373</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	16	16,340,036	0
<b>Net assets</b>		<b>131,005,630</b>	<b>28,573,373</b>
Accumulated surplus			2,322,708
Capital Fund			
<b>Total net assets and liabilities</b>		<b>131,005,630</b>	<b>30,896,081</b>

The Financial Statements set out on pages 1 to 20 were signed on behalf of the Board of Directors by:

**Chief Executive Officer/Secretary**

Name:

*Peter Seles*

Date: *27/09/19*

**Senior Accountant**

Name

*John K. Kinani*

ICPAK Member Number:

*23401*

Date

*27/9/19*

*John K. Kinani*

*Kenya Regulatory & Non - Commercial (Indicate actual name of the entity)*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2019**

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
<b>At July 1, 2017</b>	-	-	-	2,322,708	-	11,782,927	14,105,635
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	3,141,953	-	-	3,141,953
Capital/Development grants received during the year	-	-	-	-	-	21,399,710	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	(7,751,217)	(7,751,217)
Dividends paid – 2017	-	-	-	-	-	-	-
Interim dividends paid – 2018	-	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-	-
<b>At June 30, 2018</b>	-	-	-	5,464,661	-	25,431,420	30,896,081
<b>At July 1, 2018</b>	-	-	-	5,464,661	-	25,431,420	30,896,081
Issue of new share capital	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	104,483,125	-	-	104,483,125

**Intergovernmental Relations Technical Committee  
Annual Reports and Financial Statements  
For the year ended June 30, 2019**

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
Capital/Development grants received during the year	-	-	-		-	1,936,418	1,936,418
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	6,309,994	6,309,994
Dividends paid – 2018	-	-	-	-	-	-	-
Interim dividends paid – 2019	-	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-	-
<b>At June 30, 2019</b>	-	-	-	<b>109,947,786</b>	-	<b>21,057,884</b>	<b>131,005,630</b>

*Note:*

- 1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
- 2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances need to be done.*

**Kenya Regulatory & Non - Commercial (Indicate actual name of the entity)**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019**

		<b>2018-2019</b>	<b>2017-2018</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government grants State Department for Devolution		444,920,000	350,552,000
<b>Total Receipts</b>		<b>444,920,000</b>	<b>350,552,000</b>
<b>Payments</b>			
Compensation of employees		106,907,774	80660555
Goods and services		127,709,359	124,791,181
Rent paid		49,895,417	49,259,538
Other payments		37,604,274	39,727,004
Grants and subsidies paid		16,383,633	31,572,059
<b>Total Payments</b>		<b>338,500,456</b>	<b>326,010,337</b>
<b>Net cash flows from operating activities</b>	17	<b>106,419,543</b>	<b>24,541,663</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(1,936,418)	(21,399,710)
<b>Net cash flows used in investing activities</b>		<b>(1,936,418)</b>	<b>(21,399,710)</b>
<b>Cash flows from financing activities</b>		<b>104,483,125</b>	<b>3,141,953</b>
Proceeds from borrowings		16,340,036	0
<b>Net cash flows used in financing activities</b>		<b>16,340,036</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		<b>120,823,161</b>	<b>3,141,953</b>
Cash and cash equivalents at 1 JULY 2018	18	5,464,661	2322,708
<b>Cash and cash equivalents at 30 JUNE</b>	19	<b>126,287,822</b>	<b>5,464,661</b>

**Kenya Regulatory & Non - Commercial (Indicate actual name of the entity)**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	2018-2019	Kshs	2018-2019	Kshs	2018-2019	Kshs	2018-2019	Kshs	2018-2019	Kshs
<b>Revenue</b>										
Government grants and subsidies	444,920,000		-		444,920,000		444,920,000			100%
<b>Total income</b>	<b>444,920,000</b>				<b>444,920,000</b>		<b>444,920,000</b>			
<b>Expenses</b>										
Compensation of employees	-		-		112,308,460		106,907,774			
Goods and services	-		-		223,571,540		127,709,359			
Finance cost	-		-		0		0			
Rent paid	-		-		50,000,000		49,895,417			
Purchase of Asset	-		-		2,500,000		1,936,418			
Other payments	-		-		40,000,000		37,604,274			
Gratuity-Civil servants	-		-		16,540,000		16,383,633			
<b>Total expenditure</b>							<b>340,436,875</b>			
<b>Surplus for the period</b>					<b>444,920,000</b>		<b>104,483,125</b>			

**Budget notes**

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.



**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

IGRTC is a state agency responsible for the day to day functioning of the National and County Government Co-ordinating Summit (the summit) and the Council of County Governors (CoG). By law, it is charged with the responsibility of facilitating the activities of the Summit and CoG, as well as implementing the decisions of the two bodies. IGRTC was established in the fifth year of the implementation of the Constitution of Kenya, 2010 and the third year of the implementation of the system of devolved government established by the Constitution.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *IGRTC's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *IGRTC*.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. There were no sector combinations during the financial year.

**3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)**

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019**

<b>Standard</b>	<b>Effective date and impact:</b>
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for</li> </ul> <p>There were no financial affected by the application of this standard in the financial year</p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ol> <p>IGRTC had no social benefit activity.</p>

**iii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2019.

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Revenue recognition**

###### **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. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

##### **b) Budget information**

The original budget for FY 2018-2019 was approved by the National Assembly on June 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of ksh 167,580,000 on the 2018-2019 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

**e) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

**f) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

**g) Inventories (Continued)**

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**h) Provisions**

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.

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

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.

**j) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**k) 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. 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.

**l) Comparative figures**

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

**m) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

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

The preparation of the Entity'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. In IGRTC there were no issue that required estimation or any assumptions.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**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

**Kenya Regulatory & Non - Commercial (Indicate actual name of the entity)**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

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**6. TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2018-2019
			KShs	KShs	KShs
Ministry/State Department for Devolution	444,920,000	0	0	444,920,000	444,920,000
<b>Total</b>	<b>444,920,000</b>	<b>0</b>	<b>0</b>	<b>444,920,000</b>	<b>444,920,000</b>

**Kenya Regulatory & Non - Commercial (Indicate actual name of the entity)**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

**7. USE OF GOODS AND SERVICES**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Electricity	1,883,982.00	929,062.00
Communication & postage	2,947,495.00	2,770,192.00
Travel Costs Local	72,894,039.00	34,395,902.00
Travel Costs Foreign	277,373.00	-
Printing and Publicity	11,746,690.00	15,797,521.00
Training expenses	3,084,112.00	3,981,021.00
Meetings and seminars	20,275,668.00	12,498,995.00
Fuel and Oils	14,600,000.00	8,070,000.00
Rental expenses	49,895,417.00	49,259,538.00
<b>Total good and services</b>	<b>177,604,776.00</b>	<b>124,791,181.00</b>

**8. EMPLOYEE COSTS**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Salaries and wages	70,623,650.00	70,850,108.00
House Allowance	28,417,584.00	7,815,320.00
Transport Allowance	2,112,000.00	0
Extraneous Allowance	1,666,500.00	0
Leave Allowance	4,088,040.00	1,995,127.00
<b>Employee costs</b>	<b>106,907,773.75</b>	<b>80,660,555.05</b>



**9. DEPRECIATION AND AMORTIZATION EXPENSE**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	6,309,994	6,067,942
Intangible assets	0	0
Investment property carried at cost	0	0
<b>Total depreciation and amortization</b>	<b>6,309,994</b>	<b>6,067,942</b>

**10. REPAIRS AND MAINTENANCE**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
General Repairs & Maintenance- Buildings	6,370,120.00	11,454,670.20
Vehicles	11,064,801.00	4,815,242.00
<b>Total repairs and maintenance</b>	<b>17,434,921.00</b>	<b>16,269,912.20</b>

**11. CONTRACTED SERVICES**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Medical Insurance	1,235,680.50	12,465,203.35
Contracted Professional Services	1,839,080.00	422,800.00
Property valuations	0	0
<b>Total contracted services</b>	<b>3,074,760.50</b>	<b>12,888,003.35</b>

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

**12. GRANTS AND SUBSIDIES**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Gratuity – Civil servants	16,383,633	31,572,059.
<b>Total grants and subsidies</b>	<b>16,383,633</b>	<b>31,572,059</b>

**13. GENERAL EXPENSES**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Purchase of Uniforms and Clothing - Staff	0	636,286.00
General office supplies (paper, Pencils forms)	6,822,260.00	6,116,802.00
Supplies and accessories for computers and Printers	10,272,332.00	3,569,000.00
Sanitary and cleaning materials, supplies	0	247,000.00
<b>Total general expenses</b>	<b>17,094,592.00</b>	<b>10,569,088.00</b>

*Kenya Regulatory & Non - Commercial (Indicate actual name of the entity)*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

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

**14. CASH AND CASH EQUIVALENTS**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
CBK-Current Account number 1000304863	126,287,822	3,061,953
<b>Total cash and cash equivalents</b>	<b>126,287,822</b>	<b>3,061,953</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

**Kenya Regulatory & Non - Commercial (Indicate actual name of the entity)**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

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

**15. PROPERTY, PLANT AND EQUIPMENT**

Cost	Land and Buildings		Motor vehicles		Furniture and fittings		Computers		Other Assets (specify)		Plant and equipment		Capital Work in progress		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2017					11,782,926.75											11,782,927
Additions					12,033,310.00			9,366,400.00								21,399,710.00
Disposals	0	0	0	0	-	-	-	-	0	0	-	-	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0	0	0	-	-	0	0	0	0
<b>At 30<sup>th</sup> June 2018</b>																
Additions		0		0	23,816,236.75			9,366,400								33,182,636.75
Disposals		0		-	1,936,418.00			-								1936418.00
Transfer/adjustments		-		-	-			-								-
<b>At 30<sup>th</sup> June 2019</b>																
<b>Depreciation and impairment</b>																
At 1 July 2017																
Depreciation		0		0	1,683,275.25			0								1683275.0
Impairment		0		0	2,977,029.59			3,090,912.00								6,067,941.59
<b>At 30 June 2018</b>																
Depreciation		-		-	4,660,304.84			3090912.00								7751216.844
Disposals		-		-	3,219,081.84			3,090,912.00								6,309,993.84
Impairment		-		-	-			-								-
Transfer/adjustment		--		-	-			-								-

**Kenya Regulatory & Non - Commercial (Indicate actual name of the entity)**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

At 30 <sup>th</sup> June 2019	-	-	7,879,386.69	6,181,824.00	-	-	14,061,211
Net book values							21,057,844.
At 30 <sup>th</sup> June 2019	-	-	17,873,268.06	3,184,576.00	-	-	21,057,844
At 30 <sup>th</sup> June 2018	-	-	17,873,268.06	3,184,576.00	-	-	21,057,844
<i>[Include brief description of WIP as a footer]</i>	-	-	<b>19,155,931.91</b>	<b>6,275,488.00</b>	-	-	<b>25,431,420</b>

*Kenya Regulatory & Non - Commercial (Indicate actual name of the entity)*  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

**16. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Description	2018-2019	2017-2018
	KShs	KShs
Trade payables	16,340,036.00	-
Payments received in advance	-	-
Employee advances	-	-
Third-party payments	-	-
Other payables	-	-
<b>Total trade and other payables</b>	<b>16,340,036.00</b>	<b>-</b>

**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
Ministry of Planning and Devolution	31/8/2018	Recurrent	70,750,000	-	-	-	-	70,750,000
Ministry of Planning and Devolution	18/10/2018	Recurrent	42,750,000	-	-	-	-	42,750,000
Ministry of Planning and Devolution	19/11/2018	Recurrent	65,090,000	-	-	-	-	65,090,000
Ministry of Planning and Devolution	8/2/2019	Recurrent	70,750,000	-	-	-	-	70,750,000
Ministry of Planning and Devolution	25/4/2019	Recurrent	70,750,000	-	-	-	-	70,750,000
Ministry of Planning and Devolution	16/5/2019	Recurrent	124,830,000	-	-	-	-	124,830,000
<b>Total</b>			<b>444,920,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>444,920,000</b>