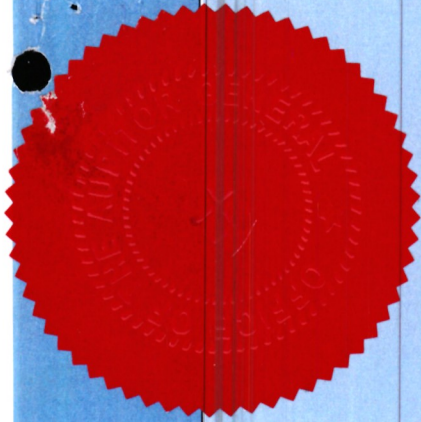


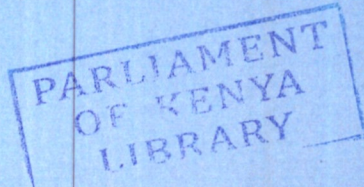
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

**REPORT**

*Paper laid by  
the Leader of Opposition  
27/6/2018  
MJA*



**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
MINISTRY OF EAST AFRICA COMMUNITY  
LABOUR AND SOCIAL PROTECTION**

**FOR THE YEAR ENDED  
30 JUNE 2017**

**STATE DEPARTMENT FOR SOCIAL  
PROTECTION**



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**MINISTRY OF EAC, LABOUR AND SOCIAL PROTECTION**  
*(STATE DEPARTMENT FOR SOCIAL PROTECTION)*

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2017**

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

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

**Reports and Financial Statements  
For the year ended June 30, 2017**

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**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The State Department for Social Protection was formed on 1/7/2016 at a Cabinet level. The State Department is represented by the Cabinet Secretary for Ministry of East African Community, Labour and Social Protection, who is responsible for the general policy and strategic direction of the State Department, to ensure that the Ministry's Vision and Mission are realised.

**(b) Key Management**

The State Department for Social Protection's day-to-day management is under the following key organs:

- Social Assistant Unit; (SAU)
- Directorate Children Services; (DCS)
- Directorate of Social Development, (DSD)

**(c) 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	Ms. Susan Mochache - PS
2.	Director Children Services	Mr. Noah Sanganyi
3.	Director Social Devt.	Ms. Josephine Muriuki

**(d) Fiduciary Oversight Arrangements**

- Budget Implementation Committees
- Audit Committee
- Medium Term Expenditure Framework Committee
- Medium Term Planning Committee
- Sector Policies Committee
- Performance Contracting Committee
- Sustainable Development Goals Committee
- Mentoring & Evaluating Committee
- Corruption eradication Committee
- Safety & Security Committee

**(e) State Department for Social Protection**

P.O. Box 46205-00100  
NSSF Building  
Bishops Road  
Nairobi, KENYA

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION**  
**(STATE DEPARTMENT FOR SOCIAL PROTECTION)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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**(f) State Department for Social Protection**

Telephone: (254) 2727980  
E-mail: Info@labour.go.ke  
Website: www.labour.go.ke

**(g) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
Kencom House  
P.O. Box 48400  
GPO-00100.  
Nairobi, Kenya
3. Co-operative Bank of Kenya  
Co-operative House  
Haile Selassie Avenue  
P.O. Box 74956-00200  
Nairobi, Kenya

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

## **II. FORWARD BY THE CABINET SECRETARY**

The State Department for Social Protection plays a pivotal role towards the realization of the country's transformation agenda as advocated in Kenya Vision 2030, Medium Term Plan (MTP), the Constitution, and Jubilee Manifesto administration transformative agenda whose term run concurrently with MTP II. The State Department is linked to the Social Pillar of the Kenya Vision 2030 which focuses on equity in access, control and participation in resource distribution for improved livelihoods of vulnerable groups specifically the orphans and vulnerable children, the elderly, and Persons with Disabilities.

The State Department's overall strategic focus in the National Development Agenda is geared towards empowerment of vulnerable groups. The Key Result Areas (KRA's) for the State Department during the 2016/17 period were: empowerment of communities, Persons With Disabilities (PWDs) and older persons; Social Protection for Vulnerable Groups; safeguarding the rights and welfare of children.

### **Major Mile Stones (achievements) during 2016/17**

#### **NATIONAL SAFETY NET (INUA JAMII) PROGRAMME**

The overall objective of this programme is to cushion the vulnerable section among the population specifically Orphans & Vulnerable Children, Older Persons and Persons with Severe Disabilities against vulnerability. The programme provides monthly cash transfers of Kshs. 2,000, delivered every two months to targeted beneficiaries to enable them meet basic human needs and live a dignified life.

- By the end of the 2016/17 financial year, the cumulative number of beneficiaries receiving the cash transfers was 710,000 as follows:-
  - (i) Older Persons 310,000;
  - (ii) Orphans & Vulnerable Children 353,000;
  - (iii) Persons with Severe Disabilities 47,000
- Established an Integrated MIS (Single Registry) for the National Social Safety Net Programme as a central database aimed to improve sector coherence, accountability and transparency as well to avoid duplication of efforts, prevent double dipping and incidences of fraud. This was launched on 14<sup>th</sup> September, 2016;
- To ensure synergy across all National Safety Net programme, the State Department consolidated all the three cash transfers and created **Social Assistance Unit (SAU)** as the overall coordinate Agency;
- Initiated the process of linking Older Persons cash transfer beneficiaries to NHIF; and
- Developed a harmonized targeting and enrollment tool for all cash transfer initiatives across national and decentralized units. This is aimed at enhancing synergy, avoid duplication and hence ensure transparency and accountability. Electronic registration using tablets is being used for this purpose.

#### **OPERATIONALIZATION OF THE COUNTER TRAFFICKING IN PERSONS ACT, 2010**

Counter Trafficking in Persons is one of the interventions under the Children Services

# MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION

## (STATE DEPARTMENT FOR SOCIAL PROTECTION)

### Reports and Financial Statements

For the year ended June 30, 2017

Department as per Executive order No.1 of May 2016. The enactment of the Counter Trafficking in persons act in 2010 was not accompanied with enhanced resource allocation to enable its effective implementation. The Act obligates the Ministry in charge of children to: operationalize the Counter Trafficking in Persons Secretariat and Advisory Committee; set up a Trust Fund for Victims; and implement the National Plan of Action (NPA).

- The State Department established a secretariat on Counter Trafficking in Persons as well as the National Referral Guidelines. Nominated persons to oversee the National Trust Fund for Counter Trafficking in persons;
- The State Department supported 22,000 Orphans and Vulnerable Children (OVCs) with scholarship under the Presidential Bursary Scheme for OVCs;
- Developed and launched the National Child Protection Information Management (CPIMS) aimed to provide timely, accurate and reliable data on the status of child protection issues; and
- 308,689 children in distress assisted through the child help line 116.

### SOCIAL DEVELOPMENT

- The State Department in collaboration with stakeholders developed the National Volunteerism Policy, which was approved by Parliament on 18<sup>th</sup> February, 2016, developed a Volunteerism Portal in the Kenya Labour Market Information System which will facilitate the linkage of volunteers and volunteer involving organization, developed the draft Volunteerism Bill, and established a National Volunteerism secretariat that will provide for coordination and regulatory structures in the volunteerism field.
- Initiated the process of formulating various sectoral policies and legal frameworks which include Community Development Policy, Family Promotion and Protection Policy, National Policy on Older Persons and Persons with Disability policy. These policies are at different stages of development. Development of draft older members of society Bill, Community Mobilization and Group Registration Bill was also initiated.
- Developed Regulatory National Standards and Guidelines for establishment and management of institutions for older persons and initiated the establishment of a National Rescue Centre for abandoned, abused and neglected older persons in Mwea – Kirinyaga County.

### Disability Mainstreaming

- The National Council for Persons with Disabilities provided sunscreen lotions and protective clothing to 3,156 persons with albinism. On skin cancer intervention, the council conducted skin cancer screening to 464 persons with albinism.
- Towards employment creation, the National Development Fund for PWDS, provided grants to 1,025 PWDs self-help groups for economic empowerment against a target of 965, supported 25 PWDs with LPO financing fund under AGPO; identified 245 VRC graduates with disabilities to support with tools of trade for self-employment. Provided 3,616 assistive and supportive devices against a target of 3,000; 1,917 scholarships to PWDs to improve their enrolment, retention and completion of education cycle for the eventual engagement in decent and gainful employment against a target 1,156; supported 43 learning institutions which provide education or social services to Persons with Disabilities with infrastructure and equipment against a target of 40; and supported 54 National DPOs with grants for awareness and advocacy on disability issues. Trained 237 workers offering essential services in Kenya sign language against a target of 300.

MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
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Reports and Financial Statements

For the year ended June 30, 2017

CHILD WELFARE SOCIETY OF KENYA

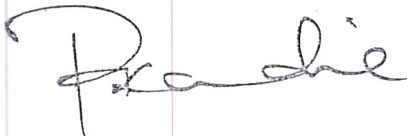
The Child Welfare Society of Kenya, a State Corporation for the care, protection; welfare and adoption of children, implemented programmes through four main thematic areas, where the following achievements were realized:-

- Under the OVC and vulnerable young person's provision of psychosocial support outside family households including education support a total of 47,200 children were supported. 46,116 children were supported under child protection in emergencies. 21,595 families and children were supported in family strengthening and promotion of quality care to children; a total of 23,671 duty bearers, rights holders were supported in the capacity building programme. In adoption services programme, 114 children were issued with adoption orders while several others are in the process of adoption.

Implementation Challenges and Recommendations

1. Huge demand for Social Protection support services to enable the vulnerable meet basic human needs in line with Article 43 of the Constitution on the Bill of Rights;
2. Inadequate and declining budgetary allocation to the State Department programmes and projects;
3. The State Department has low staffing level at both the headquarters and field offices, has an ageing workforce and lack effective succession management. There is need to enhance human resource capacity in terms of the number of personnel in order to enable the State Department effectively delivery the required services across the country. To address the State Department is working closely with Public Service Commission in order to have the vacant positions filled;
4. The budget ceiling for use of goods and acquisition of assets has remained almost at the same levels for the last three years. Consequently, it has been difficult to accommodate any new and ongoing strategic priorities;
5. Lack of adequate allocation to cater for universal cash transfers as advocated in the Government transformative agenda;
6. Inadequate policy, legal and legislative frameworks to guide the various players in social development arena; and
7. Need to upgrade dilapidated infrastructure in Statutory Children Institutions given the fact that they were construction during colonial time.

Sign



Cabinet Secretary

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2013 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 the Public Sector Accounting Standards Board of Kenya from time to time.

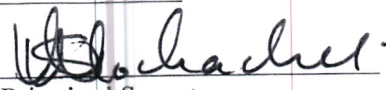
The Accounting Officer in charge of the State Department for Social Protection is responsible for the preparation and presentation of the Department's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 department; (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 State Department for Social Protection accepts responsibility for the Department's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Department's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2017, and of the Department's financial position as at that date. The Accounting Officer charge of the State Department for Social Protection further confirms the completeness of the accounting records maintained for the Department, which have been relied upon in the preparation of the Department's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the State Department for Social Protection confirms that the Department has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Department'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 Department'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 Department's financial statements were approved and signed by the Accounting Officer on \_\_\_\_\_ 2017.

  
Principal Secretary  
**SUSAN MOCHACHE, CBS**

  
Chief Accountant  
**CHARITY W. MURIUKI**  
ICPAK Member Number: **5380**

# REPUBLIC OF KENYA

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Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON THE MINISTRY OF EAST AFRICA COMMUNITY, LABOUR AND SOCIAL PROTECTION - STATE DEPARTMENT FOR SOCIAL PROTECTION FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

#### **Adverse Opinion**

I have audited the accompanying financial statements of the Ministry of East Africa Community, Labour and Social Protection - State Department for Social Protection set out on pages 8 to 26, which comprise the statement of financial assets and liabilities as at 30 June 2017, statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the period 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of State Department for Social Protection as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) And do not comply with the Public Finance Management Act, 2012.

In addition, and as required by Article 229(6) of the constitution, based on the procedures performed, I do not confirm that public money has been applied lawfully and in an effective way.

#### **Basis of Adverse Opinion**

#### **1.0 Accuracy, Completeness and Presentation of Financial Statements**

#### **1.1 Lack of Comparative Balances**

The reporting template provided by the Public Sector Accounting Standards Board (PASB) requires the National Government entities to include comparative figures for all items indicated therein. However, the State Department for Social Protection did not include comparative balances in the current year under audit review. The reasons given for the above scenario was that the National Treasury failed to give guidance on how the balances were to be shared by the newly created State Departments carved out of the former Ministry of Labour, Social Security and Services which was split into two State Departments and allocated new votes (vote 1184- State Department of Labour and Vote 1185 – State Department for Social Protection).

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*Report of the Auditor General on the Financial Statements of the Ministry of East Africa Community, Labour and Social Protection - State Department for Social Protection for the year ended 30 June 2017*

It is noted that this State Department was not an entirely new entity as it inherited current and fixed assets from the parent Ministry. Consequently, traceability of these assets may become difficult and some of the assets could be lost in the process.

In the absence of comparative balances, the financial statements as presented are not in compliance with the approved reporting template and do not therefore provide relevant, reliable and comparable information.

## **1.2 Fixed Assets Register**

Note 7 to the financial statements reflects acquisition of non-financial assets balance of Kshs.379,568,322. However, a fixed assets register was not availed for audit review. Further, ownership documents for land located in 28 institutions across the country, motor vehicle logbooks and equipment were also not produced for audit review.

In, the circumstances, it has not been possible to confirm the total assets acquired by the state department which has been shifting status over the years.

## **1.3 Kabete / Getathuru Land - Directorate of Children Services Department**

Nairobi Children's Remand Home, formerly known as Nairobi Juvenile Remand Home, was established in 1957 as an institution under the Children's Department in then Office of the Vice President and Ministry of Home Affairs. An Allotment letter Ref: No. 209163/F/136 dated 19 July 2012 indicate the size of the Land as 28.6 HA.

However, no ownership documents were availed for audit review despite the fact that the institution has existed since 1957. Further, information available indicate that part of the land measuring 4.579HA was being claimed by a private entity by the name M/s Laporte Investment Ltd which also was in possession of a title deed Ref: L.R No. 22355 dated 31/12/2002. It was not clear how the land was annexed from the main allotment of the Remand Home.

An audit inspection of the home done in March 2018 revealed that there were several other claimants to the land and part of it had been leased to M/s China Roads and Bridges Corporation while the Kenya Power and Lighting Company had also occupied a portion of the land. It was not clear how individuals and these companies and acquired Government Land or whether any payments had been made.

In view of the foregoing, the accuracy, completeness and presentation of the financial statements as at 30 June 2017 cannot be ascertained.

## **2.0 Cash Transfer Agreements with Payment Service Providers (PSP)**

### **2.1 Unfavorable Agency Agreements**

During the year under review the State Department for Social Protection transferred to the Kenya Commercial Bank (KCB) a total of Kshs.6,597,592,650 for onward payment to beneficiaries under the three cash transfer programs out of which a commission of Kshs.128,180,384.00 was paid to the KCB Bank. A further, Kshs.2,624,352,209.00 was transmitted through Equity Bank Limited for onward payment to beneficiaries and a commission of Kshs.80,296,209 paid to Equity Bank.

However, it was noted that the Agency Agreements did not contain a clause for payment of interest for substantial unpaid balances held by the Agents. For instance, KCB had unpaid balance of Kshs.861,316,000 while Equity Bank had a balance of Kshs.27,244,000.00 at the close of the year. The unpaid amounts were not refunded within the stipulated period i.e. 14 days after each payment cycle and no interest was paid into the account. The state department was therefore deprived of interest which could have been earned.

## **2.2 Low Absorption Rate of Cash Transfers by Beneficiaries**

In addition, available data shows that in two transaction cycles for March, 2017 to June, 2017, a total of Kshs.2,944,072,000 was transmitted through KCB agent with Kshs.2,082,784,000 paid out leaving a balance of Kshs.861,316,000 not paid translating to an absorption rate of 70% while in the same period, Kshs.233,888,000 was transmitted through Equity bank with Kshs.206,644,000.00 paid out leaving a balance of Kshs.27,244,000.00 translating to an absorption rate of 90% of the total funds disbursed.

The main reason for this could have been attributed to the fact that KCB is paid commission upfront while Equity is paid per transaction.

No reasons were given for the low absorption rate by KCB.

## **2.3 Unpaid Cash Transfers Balances still held by Service provider- Postal Corporation of Kenya**

The statement of receipts and payments reflects a figure of Kshs.18,014,360,263 under use of goods and services out of which Kshs.12,027,528,771 is reflected as capital transfers to service providers for onward transfer to individual beneficiaries.

Available information disclosed that the Department had previously contracted the Postal Corporation of Kenya (PCK) as an Agent to deliver cash to the vulnerable beneficiaries throughout the country. However, after the expiry of the contract between the State Department and the agent PCK, a balance of Kshs.169,300,000 remained unpaid. As at 30 June 2017, the agent had not refunded the unpaid balances. Correspondences, seen between the State Department and the Accounting Officer State Department for Broadcasting and Telecommunication Ref: ML&EAA 9/45 dated 12<sup>th</sup> July 2016 and which was also copied to the National Treasury, requested the Agent to refund the funds but to date no action has been taken.

It is not clear why the State Department has not taken legal action against the Postal Corporation of Kenya to have the Kshs.169,300,000 which has been outstanding since 2015 (3 years) without earning any interest refunded.

## **3.0 Pending Bills**

Examination of the pending bills records availed for audit revealed that the State Department had pending bills totalling Kshs.45,798,210 while the list of pending bills annexed to the financial statement reflects pending bills totalling Kshs.53,230,730 as at 30 June 2017. The figure of pending bills was therefore understated by

*Report of the Auditor General on the Financial Statements of the Ministry of East Africa Community, Labour and Social Protection - State Department for Social Protection for the year ended 30 June 2017*

Kshs.7,432,520. Further, the pending bills have no details or supporting documents as required. In addition, as at the time of the audit in March 2018, bills totaling Kshs.29,336,545 had been cleared leaving a balance of Kshs.23,894,185.

Had the bills been cleared by 30 June 2017, the statement of receipts and would have reflected a surplus of Kshs.247,101,205 instead of a surplus of Kshs.300,331,935 now shown.

Consequently, the accuracy, validity and completeness of the pending bills of Kshs.53,230,730 cannot be confirmed.

#### **4.0 Stalled Project**

##### **Proposed Dormitory for Dagoretti Rehabilitation Girls School**

A contract for the construction for the Proposed Dormitory for Dagoretti Rehabilitation School - Tender No. CWO/NRB/D15/16/2015-2016 was awarded to M/s Wanjugi Construction Co. at a contract sum of Kshs.21,370,279.80. The contract commenced on 2 August 2016 with an expected completion date of 2 February 2017 a period of 29 weeks.

According to a site minutes dated 18 January 2017, the project had stalled with only 20% of the work done. Information available indicate that the contractor had written to the State Department seeking for an extension period of 32 weeks which had not been granted. Audit inspection carried out in September 2017 revealed that the construction works had stalled at the upper slab level. The contractor was yet to start roofing the building and there was no activity on site during the time of visit.

As at the time the project stalled, the contractor had received payments totalling Kshs.9,731,997 or 45% despite completion of only 20%.

In view of the foregoing, it has not been possible to confirm project completion and value for money for amounts paid of Kshs.9,731,997 as at 30 June 2017.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, are of most significance in the audit of the financial statements. Except for the matters discussed in the Basis for Adverse Opinion and Other Matter section of my report, I confirm that there were no Key Audit Matters to communicate in my report.

#### **Other Matter**

#### **Budget and Budgetary Performance**

##### **i) Receipts**

Analysis of the actual receipts against the budgeted amounts revealed the following variances:

<b>Receipts</b>	<b>Budget Kshs.</b>	<b>Actual Kshs.</b>	<b>Excess (+)/ Shortfall (-) Kshs.</b>	<b>Variance %</b>
Exchequer releases	22,424,255,811	22,346,997,040	-77,258,771	1
Other Receipts	43,765,000	30,594,990	-13,170,010	30
<b>Total Receipts</b>	<b>22,468,020,811</b>	<b>22,377,592,030</b>	<b>-90,428781</b>	<b>0.4</b>

## ii) Expenditure

Analysis of the actual expenditure against the budgeted amounts revealed the following variances:

<b>Payments</b>	<b>Budget Kshs.</b>	<b>Actual Kshs.</b>	<b>Over (+)/ Under (-) Kshs.</b>	<b>Variance %</b>
Compensation of Employees	1,133,409,158	1,074,059,631	-59,349,527	5
Use of goods and services	18,300,066,605	18,015,689,376	-284,377,229	2
Transfers to Other Government Units	2,608,940,847	2,607,942,766	-998,081	0
Acquisition of Assets	425,604,201	379,568,322	-46,035,879	11
Other Payments				
<b>Total</b>	<b>22,468,020,811</b>	<b>22,077,260,094.57</b>	<b>-390,760,716</b>	<b>2</b>

The overall under absorption of Kshs.390,760,716 or 2% was attributed to change between the original and final approved budget as a result of supplementary budget and receipt of suppliers invoices after closure of the financial year.

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

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

In preparing the financial statements, management is responsible for assessing the State Department's ability to sustain services, disclosing, as applicable, matters related to sustainability of services.

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

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

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

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

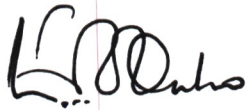
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the State Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the State Department's ability to continue offering 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 consolidated/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 State Department to cease to continue offering 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 of the State Department's activities to express an opinion on the financial statements.

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

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

**Nairobi**

**08 May 2018**

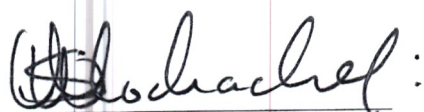
MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)

Reports and Financial Statements  
For the year ended June 30, 2017

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017 KES	2015-2016 KES
<b>RECEIPTS</b>			
Proceeds from Domestic and Foreign Grants	1	838,758,520.00	0
Exchequer releases	2	21,417,158,520.00	0
Proceeds from Foreign Borrowings	4	91,080,000.00	0
Other Receipts	3	30,594,989.65	0
<b>TOTAL RECEIPTS</b>		<b>22,377,592,029.65</b>	<b>0</b>
<b>PAYMENTS</b>			
Compensation of Employees	5	1,074,059,631.00	0
Use of goods and services	6	18,015,689,375.57	0
Transfers to Other Government Units	7	2,607,942,766.00	0
Acquisition of Assets	8	379,568,322.00	0
<b>TOTAL PAYMENTS</b>		<b>22,077,260,094.57</b>	<b>0</b>
<b>SURPLUS/DEFICIT</b>		<b>300,331,935.08</b>	<b>0</b>

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



Principal Secretary  
Susan Mochache, CBS



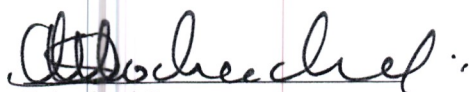
Chief Accountant  
Charity W. Muriuki  
ICPAK Member Number: 5380

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION**  
**(STATE DEPARTMENT FOR SOCIAL PROTECTION)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**VI. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2016-2017 KES	2015-2016 KES
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	9	567,416,814.00	0
Cash Balances	10	1,010,426.20	0
<b>Total Cash and cash equivalent</b>		<b><u>568,427,240.00</u></b>	<b><u>0</u></b>
Accounts receivables – Outstanding Imprests	11	65,083,669.15	0
<b>TOTAL FINANCIAL ASSETS</b>		<b><u>633,518,910</u></b>	<b><u>0</u></b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables – Deposits and retentions	12	333,178,974.45	0
<b>NET FINANCIAL ASSETS</b>		<b>300,331,935.00</b>	<b>0</b>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd</b>		0	
<b>Prior year adjustment</b>			
<b>Surplus/Deficit for the year</b>		300,331,935.00	0
<b>NET FINANCIAL POSITION</b>		<b><u>300,331,935.00</u></b>	<b><u>0</u></b>

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



Principal Secretary  
Susan Mochache, CBS



Chief Accountant  
Charity W. Muriuki  
ICPAK Member Number: 5380

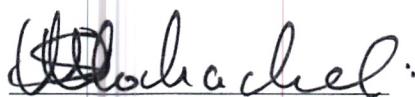
**VII.**


**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION**  
**(STATE DEPARTMENT FOR SOCIAL PROTECTION)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**II. STATEMENT OF CASH FLOWS**

		2016-2017 KES	2015-2016 KES
<b>Receipts for operating income</b>			
Proceeds from Domestic and Foreign Grants	1	838,758,520.00	0
Exchequer Releases	2	21,417,158,520.00	0
Other Revenues	3	30,594,989.65	0
		<b><u>22,286,512,029.65</u></b>	
<b>Payments for operating expenses</b>			
Compensation of Employees	5	1,074,059,631.00	0
Use of goods and services	6	18,015,689,375.57	0
Transfers to Other Government Units	7	2,607,942,766.00	0
		<b><u>21,697,691,772.57</u></b>	
<b>Adjust for</b>			
Changes in receivables	11	(65,083,670)	0
Changes in Payables	12	333,178,974.00	0
		<b><u>856,915,562.00</u></b>	
<b>Net cash flow from operating activities</b>			
Acquisition of Assets	8	379,568,322.00	0
<b>Net cash flows from Investing Activities</b>		<b><u>(379,568,322.00)</u></b>	0
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	4	91,080,000.00	0
<b>Net cash flow from financing activities</b>		<b><u>91,080,000.00</u></b>	0
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		568,427,240.00	0
<b>Cash and cash equivalent at beginning of the year</b>		0	0
<b>Cash and cash equivalent at END of the year</b>		<b><u>568,427,240.00</u></b>	0

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The State Department for Social Protection financial statements were approved on \_\_\_\_\_ 2017 and signed by:

  
Principal Secretary  
Susan Mochache, CBS

  
Chief Accountant  
Charity W. Muriuki  
ICPAK Member Number: 5380

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

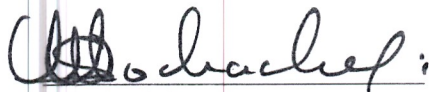
**Reports and Financial Statements**

**For the year ended June 30, 2017**

**VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	22,886,171,032.00	(461,915,221.00)	22,424,255,811.00	22,346,997,040.00	77,258,771.00	100%
Other Receipts	43,765,000.00		43,765,000.00	30,594,989.65	13,170,010.35	70%
	<b>22,929,936,032.00</b>	<b>(461,915,221.00)</b>	<b>22,468,020,811.00</b>	<b>22,377,592,029.65</b>	<b>90,428,781.35</b>	<b>100%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,136,490,867.00	(3,081,709.00)	1,133,409,158.00	1,074,059,631.00	59,349,527.00	95%
Use of goods and services	18,853,636,116.00	(553,623,511.00)	18,300,012,605.00	18,015,689,375.57	284,323,229.43	89%
Transfers to Other Government Units	2,610,340,847.00	(1,400,000.00)	2,608,940,847.00	2,607,942,766.00	998,081.00	100%
Acquisition of Assets	329,468,202.00	96,189,999.00	425,658,201.00	379,568,322.00	46,089,879.00	98%
Total Payments	<b>22,929,936,032.00</b>	<b>(461,915,221.00)</b>	<b>22,468,020,811.00</b>	<b>22,077,260,094.57</b>	<b>390,760,716.43</b>	<b>98%</b>
Surplus/Deficit				<b>300,331,935.08</b>		

The State Department for Social Protection financial statements were approved on \_\_\_\_\_ 2017 and signed by:



Principal Secretary  
Susan Mochache, CBS



Chief Accountant  
Charity W. Muriuki  
ICPAK Member Number: 5380

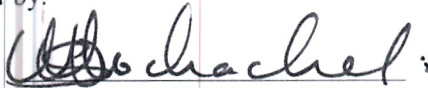
**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**


**Reports and Financial Statements  
For the year ended June 30, 2017**

**VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT**

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	8,065,771,032.00	(99,413,221.00)	7,966,357,811.00	7,957,820,000.00	8,537,811.00	99%
Other Receipts(AIA)	43,765,000.00		43,765,000.00	30,594,989.65	13,170,010.35	69%
	<b>8,109,536,032.00</b>	<b>(99,413,221.00)</b>	<b>8,010,122,811.00</b>	<b>7,988,414,689.65</b>	<b>21,707,821.35</b>	<b>99%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,006,090,867.00	(3,081,709.00)	1,003,009,158.00	1,002,394,256.00	614,902.00	100%
Use of goods and services	5,111,776,316.00	(87,091,511.00)	5,024,684,805.00	5,005,927,918.20	18,756,886.80	100%
Transfers to Other Government Units	1,951,340,847.00		1,951,340,847.00	1,950,342,766.00	998,081.00	100%
Acquisition of Assets	40,328,002.00	(9,294,001.00)	31,088,001.00	24,674,824.00	6,413,177.00	80%
<b>Totals</b>	<b>8,109,536,032.00</b>	<b>(99,413,221.00)</b>	<b>8,010,122,811.00</b>	<b>7,983,339,764.20</b>	<b>26,783,046.80</b>	<b>100%</b>
Surplus/Deficit				<b>5,075,225.45</b>		

The State Department for Social Protection financial statements were approved on \_\_\_\_\_ 2017 and signed by:

  
Principal Secretary  
Susan Mochache, CBS

  
Chief Accountant  
Charity W. Muriuki  
ICPAK Member Number: 5380

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

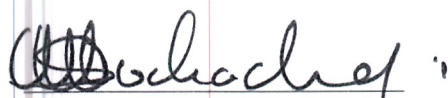
**Reports and Financial Statements**

**For the year ended June 30, 2017**

**IX. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	14,820,400,000.00	(362,502,000)	14,457,898,000.00	<b>14,389,177,040.00</b>	998,559,480.00	98%
	<b>14,820,400,000.00</b>	<b>(362,502,000.00)</b>	<b>14,457,898,000.00</b>	<b>14,389,177,040.00</b>	<b>998,559,480.00</b>	
<b>PAYMENTS</b>						
Compensation of Employees	130,400,000.00		130,400,000.00	71,665,375.00	58,734,625.00	55%
Use of goods and services	13,741,859,800.00	(466,532,000.00)	13,275,327,800.00	13,009,761,457.37	265,566,342.63	98%
Transfers to Other Government Units	659,000,000.00	(1,400,000.00)	657,600,000.00	657,600,000.00		100%
Acquisition of Assets	289,140,200.00	105,430,000.00	394,570,200.00	354,893,498.00	39,676,702.00	90%
Other Payments						
<b>Totals</b>	<b>14,820,400,000.00</b>	<b>(362,502,000.00)</b>	<b>14,457,898,000.00</b>	<b>14,093,920,330.37</b>	<b>363,977,669.63</b>	<b>97%</b>
<b>Surplus/Deficit</b>				<b>295,256,709.63</b>		

The State Department for Social Protection financial statements were approved on \_\_\_\_\_ 2017 and signed by:



Principal Secretary  
Susan Mochache, CBS



Chief Accountant  
Charity W. Muriuki  
ICPAK Member Number: 5380

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

**Reports and Financial Statements  
For the year ended June 30, 2017**

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**XI. SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Statement of compliance and basis of preparation**

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

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

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

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

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

**2. Recognition of receipts and payments**

**a) Recognition of receipts**

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

**Tax receipts**

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

**Transfers from the Exchequer**

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

---

**External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

**Donations and grants**

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

**Proceeds from borrowing**

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the Entity may take on will be treated on cash basis and recognized as receipts during the year of receipt.

**Undrawn external assistance**

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2017, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

**Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised in the financial statements the time associated cash is received.

**b) Recognition of payments**

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

**Compensation of employees**

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

---

**Use of goods and services**

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

**Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

**Repayment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

**Acquisition of fixed assets**

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

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

**3. In-kind contributions**

In-kind contributions are donations that are made to the *entity* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *entity* includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**4. Cash and cash equivalents**

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

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

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**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. As at 30th June 2017, this amounted to Kshs xxx compared to Kshs xxx in prior period as indicated on note.

There were no other restrictions on cash during the year

**5. Accounts Receivable**

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

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**NOTES TO THE FINANCIAL STATEMENTS**

**1 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

Name of Donor	Date received	Amount in foreign currency	2016-2017	2015-2016
			KES	KES
Grants Received from Bilateral Donors (World Bank Trust Fund)	7-Feb-17		426,020,340.00	
	18-May-17		412,738,180.00	
<b>TOTAL</b>			<b>838,758,520.00</b>	

**2 EXCHQUER RELEASES**

Description	2016-2017	2015-2016
	KES	KES
Total Exchequer Releases for quarter 1	272,700,000.00	0
Total Exchequer Releases for quarter 2	9,948,640,340.00	0
Total Exchequer Releases for quarter 3	3,860,680,000.00	0
Total Exchequer Releases for quarter 4	7,335,138,180.00	0
<b>Total</b>	<b>21,417,158,520.00</b>	<b>0</b>

**3 AIA**

Name of Donor	Date received	2016-2017	2015-2016
		KES	KES
State Department of Social Protection	30/06/2017	30,594,989.65	
<b>TOTAL</b>		<b>30,594,989.65</b>	

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

**Reports and Financial Statements  
For the year ended June 30, 2017**

**4 PROCEEDS FROM DOMESTIC AND FOREIGN BORROWING**

Description	Recurrent	Development	Total	2015-2016
	KES	2016-2017 KES	KES	KES
IDA Credit		91,080,000.00		
<b>TOTAL</b>		<b>91,080,000.00</b>		

We have confirmed the above amounts with the disbursing entities and attached these confirmations as an Appendix to these financial statements.

**5 COMPENSATION OF EMPLOYEES**

	2016-2017	2015-2016
	KES	KES
Basic salaries of permanent employees	653,026,497.00	0
Basic wages of temporary employees	91,064,087.00	0
Personal allowances paid as part of salary	329,969,047.00	0
<b>Total</b>	<b>1,074,059,631.00</b>	<b>0</b>

**6 USE OF GOODS AND SERVICES**

	2016-2017	2015-2016
	KES	KES
Utilities, supplies and services	29,930,938.00	0
Communication, supplies and services	33,111,672.00	0
Domestic travel and subsistence	326,415,237.00	0
Foreign and Domestic travel and subsistence	18,589,231.00	0

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION**  
**(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

Printing, advertising and information supplies & services	61,391,634.00	0
Rentals of produced assets	16,376,060.00	0
Training expenses	153,686,194.00	0
Hospitality supplies and services	151,725,285.00	0
Office and general supplies and services	67,976,598.00	0
Other operating expenses	711,467.00	0
Routine maintenance – vehicles and other transport equipment	473,006,331.57	0
Fuel Oil and Lubricants	80,539,065.00	0
Routine maintenance – other assets	51,879,385.00	0
Contracted Guards and Cleaning services	2,709,601.00	0
Contracted Professional Services	122,895,196.00	0
Courier & Postal Services	11,551,212.00	0
Supplies and Accessories for Computers and Printers	35,820,078.00	0
Telephone, telex, Facsimile and Mobile Phone services	445,500.00	0
Foods and Rations	149,547,719.00	0
Other Fuels	6,655,548.00	0
Donations	3,231,448,963.00	0
Medical Drugs	841,838.00	0
Veterinarian Supplies and Materials	331,590.00	0
Fungicide, Insecticide and sprays	452,940.00	0

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

Purchase of workshop tools spares and Small equipments	334,910.00	0
Agricultural Materials supplies and Small Equipment's	262,390.00	0
Education and Library Supplies	2,118,609.00	0
Purchase of Bedding and Linen	9,169,945.00	0
Supplies for women inmates	1,019,390.00	0
Supplies for productions	3,578,664.00	0
Sanitary and Cleaning Materials, Supplies and Services	6,471,210.00	0
Medical expenses	366,170.00	0
Purchase of uniforms and clothing-Inmates	16,077,657.00	0
Internet Connection	15,135,088.00	0
Temporary Committee Expenses	4,007,694.00	0
Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	1,489,700.00	0
scholarships and other Educational Benefits-Secondary Education	485,530,563.00	0
Non-Profit Non-Government Organization	19,478,599.00	0
Bank Service Commission and charges	286,283,728.00	0
Capital Transfer to Individuals	12,116,196,593	0
Purchase of Educational Aids and Related Equipment's	20,129,183.00	0
<b>Total</b>	<b>18,015,689,376</b>	<b>0</b>

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION**  
**(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**7 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES**

Description	2016-2017	2015-2016
	KES	KES
Transfers to National Government entities (SCOA Codes 2630100, 2630200, 2640400, 2640500, 2649900, 2820100, 2820200, 2820300)		
<b>See attached list</b>	2,607,942,766.00	0
<b>TOTAL</b>	<b>2,607,942,766.00</b>	<b>0</b>

The above transfers were made to the following self-reporting entities in the year: **See Annex 6**

Description	Recurrent	Development	Total	2015-2016
	KES	KES	KES	KES
<b>Child Welfare Society of Kenya</b>	48,079,500.00	398,650,000.00	879,449,500.00	0
<b>National Council for Children Services</b>	69,093,266.00	0	69,093,266.00	
<b>National Council For Persons with Disabilities</b>	1,400,400,000.00	259,000,000.00	1,659,400,000.00	0
<b>TOTAL</b>	<b>1,950,292,760.00</b>	<b>657,650,000</b>	<b>2,607,942,766.00</b>	<b>0</b>

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to this financial statements

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

**Reports and Financial Statements**

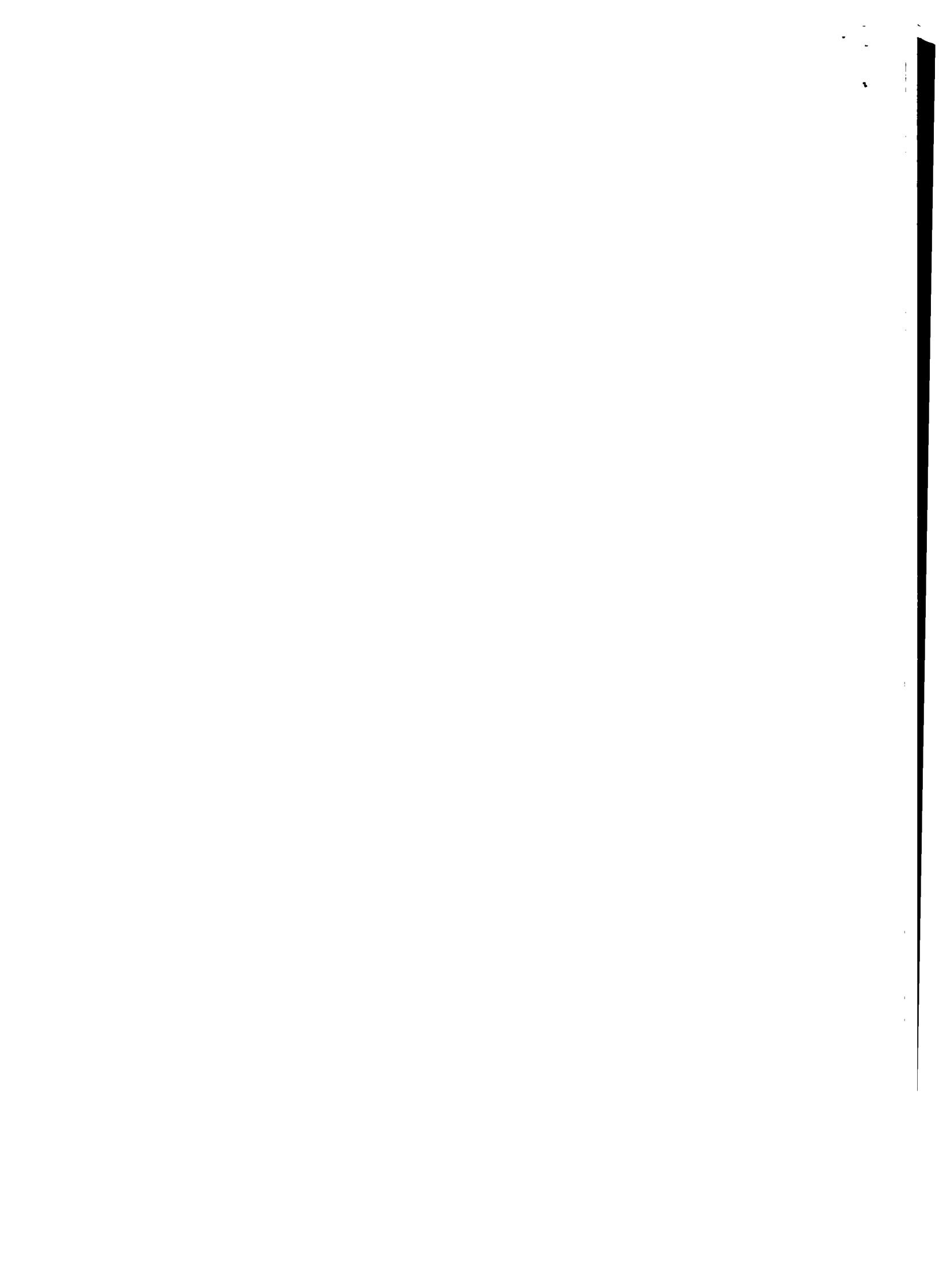
**For the year ended June 30, 2017**

**8 ACQUISITION OF ASSETS**

<b>Non-Financial Assets</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>KES</b>	<b>KES</b>
Refurbishment of Buildings	131,860,613.00	0
Purchase of Vehicles and Other Transport Equipment	109,670,200.00	0
Purchase of Household Furniture and Institutional Equipment	756,000.00	0
Purchase of Office Furniture and General Equipment	67,791,326.00	0
Purchase of ICT Equipment, Software and Other ICT Assets	69,490,183.00	0
<b>Total</b>	<b>379,568,322.00</b>	<b>0</b>

**9: Bank Accounts**

<b>Name of Bank, Account No. &amp; currency</b>	<b>Amount in bank account currency</b>		<b>2016-2017</b>	<b>2015-2016</b>
			<b>KES</b>	<b>KES</b>
State Department For Social Protection, Central Bank Of Kenya, 1000303212 ,KES	104,402,319	Recurrent	104,402,319	0
State Department For Social Protection Central Bank of Kenya, 1000303228, KES	109,829,700	Development	109,829,700	0
State Department For Social Protection, Central Bank of Kenya, 1000303239 KES	325,403,295	Deposit	325,403,295	0
Cash Transfer- State Department For Social Protection, Central Bank Kenya,1000311304,KES	27,781,500	Project Account	27,781,500	0
<b>Total</b>	<b>567,416,814</b>		<b>567,416,814</b>	<b>0</b>



**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**10: CASH IN HAND**

	2016-2017	2015-2016
	KES	KES
Cash in Hand – (KES)	1,010,426.00	0
<b>Total</b>	<b>1,010,426.00</b>	<b>0</b>

**Cash in hand should also be analyzed as follows:**

	2016-2017	2015-2016
	KES	KES
Head Quarters Cash Office	1,010,426.00	0
<b>Total</b>	<b>1,010,426.00</b>	<b>0</b>

**11: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS**

<i>Description</i>	2016-2017	2015-2016
	KES	KES
Government Imprests	4,024,670.00	0
General Suspense	23,105,530.50	0
District suspense	1,223,404.99	0
Clearance accounts	36,685,064.10	0
<b>Total</b>	<b>65,083,669.59</b>	<b>0</b>

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**12. ACCOUNTS PAYABLE**

Description	2016-2017	2015-2016
	KES	KES
Deposits	325,403,295.00	-
Other Payables-RD CHQS	4,450,677.00	
General Deposits	3,325,002.00	
<b>Total</b>	<b>333,178,974.00</b>	<b>-</b>

**13.**

**PRIOR YEAR AUDIT ISSUES**

	ISSUES RAISED	MANAGEMENT RESPONSE	ASSIGNED TO	STATUS
1	UNSUPPORTED BURSARY PAYMENTS FOR NAIROBI COUNTY OF KES 9,007,260	The payments were subsequently supported and payment schedule availed for audit review. A confirmation of the same is provided in the annex	Noah Sanganyi	Resolved

**MINISTRY OF (EAC), LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR SOCIAL PROTECTION)**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**14. OTHER IMPORTANT DISCLOSURES**

**ANNEX 5 – LIST OF PROJECTS IMPLEMENTED BY THE STATE  
DEPARTMENT FOR SOCIAL PROTECTION**

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements(yes/no)
1	Cash Transfer-OVC	Cash Transfers to the OVC	Principle Secretary Susan Mochache CBS -	Yes

**ANNEX 6 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE STATE  
DEPARTMENT FOR SOCIAL PROTECTION**

Ref	SC, SAGA or Public Fund's name	Principal activity of entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	Child Welfare Society of Kenya	Social Assistance for children's	Irene Murithi(CEO)	879,449,500.00	YES
2	National Council for Children Services	Children services	Noah Sanganyi-(Director Children Services)	69,093,266.00	YES
3	National Council For Persons with Disabilities	Social Assistance to Persons with Disability	Mohamed H. Gabbow-(Executive Director)	1,659,400,000.00	YES
				2,607,942,766.00	

# ANNEX 1



MINISTRY OF (EAC), LABOUR & SOCIAL PROTECTION  
STATE DEPARTMENT FOR SOCIAL PROTECTION  
INTERNAL MEMO

## PENDING BILLS 2016/2017

Appended, please find a list of pending bills for 2016/2017 F/Y .

	SUPPLIERS' NAME & ADDRESS	AMOUNT (KSHS.)	SECTION
Recurrent			
2	Cheroma Communications	66,000.00	SPS
3	D.T Dobie & Company (K)	536,000.00	SOCIAL DEVELOPMENT
4	Postal Corporation of Kenya	12,440.00	CHILDREN
5	Machakos Institute of Technology	91,680.00	CHILDREN
6	Ministry of Land Housing and Urban Development.	2,213,620.00	CHILDREN
7	Pakanje Enterprises	194,900.00	HRM
8	Urysia Limited	196,553.80	SOCIAL DEVELOPMENT
Development			
1	Image Communication Ltd	227,000.00	CHILDREN
2	Josen Stationers	469,080.00	CHILDREN
4	Baraka FM	400,000.00	SAU
5	Primax Business Supplies	14,3000.00	SAU
7	Tridband Enterprises	498,000.00	SOCIAL DEVELOPMENT
TOTAL		5,048,273.00	

# DEVELOPMENT

REPUBLIC OF KENYA

F.O. 51

Date 30/06/2017

Report of the Board of Survey on the Cash and Bank Balances of State Dept for Social Protection as at the close of business on 30-06-2017

The Board, consisting of *-(Names and official titles)*

1. Mr. ELIJAH SONGONYI
2. WERESA BONGO
3. MOSES MUGA

assembled at the office of Cashier (NSSF Building BRACCA) at 4.30 PM (time) on the 30-06-2017

and the following cash was produced:--

Notes .....	Sh. <u>          </u>
Silver .....	Sh. <u>          </u>
Copper .....	Sh. <u>          </u>
Cheques (as per details on reverse) .....	Sh. <u>          </u>

It was observed that cheques amounting to Sh.            cts. had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the 30-06-2017, 19.:

Cash on hand .....	Sh. <u>          </u>
Bank Balance .....	Sh. <u>109,829,700.10</u>
	<u>109,829,700.10</u>

The Bank Certificate of Balance showed a sum of Sh. one hundred and nine thousand eight hundred and twenty nine thousand, seven hundred and ten cents (Sh.            cts.) standing to the credit of the account on 30/06/2017

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

Elijah Songonyi  
Chairman

Weresa Bongo  
Members of the Board

Moses Muga  
Members of the Board

Date

# DEPOSIT

REPUBLIC OF KENYA

100/51

Date 30/06/2017

Report of the Board of Survey on the Cash and Bank Balances of State Department for Social Protection as at the close of business on 30/06/2017

The Board consisting of (Names and official titles)

1. Mr Elijah Sanyang
2. Wabesa Bongo
3. Moses Muga

assembled at the office of Cashier (NSSF Building Block II) at 4:30pm (time) on the 30-06-2017 and the following cash was produced:—

Notes	Sh.	—
silver	Sh.	—
Copper	Sh.	—
Cheques (as per details on reverse)	Sh.	—

It was observed that cheques amounting to Sh. ... cts. had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the 30-06-2017

Cash on hand	Sh.	—
Bank Balance	Sh.	<u>325403,295.10</u>
		<u>325403,295.10</u>

million, Three hundred and Twenty Five thousand and Three Hundred and Ninety Five and Ten Cts.

standing to the credit of the account on 30/06/2017.

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

Elijah Sanyang  
Chairman

Date 30/06/2017  
Wabesa Bongo  
Members of the Board

Moses Muga





# National Council for Persons With Disabilities

WAIYAKI WAY, P.O. BOX 66577 - 00800, TEL. 2314621 / 2375994, FAX 4452877  
NAIROBI.  
Email: [ncowds@africaonline.co.ke](mailto:ncowds@africaonline.co.ke)

NCPWD/FIN/05 VOL X(647)

25 July 2017

Principal Accounts Controller  
Ministry of East African Community, Labour & Social Protection  
State Department for Social Protection  
P.O. Box 40326-00100  
NAIROBI

Re: Inter-Entity Transfers confirmation

The National Council for Persons with Disabilities wishes to confirm the amounts disbursed to us as at 30 June 2017 as indicated in the table below. Please compare the amounts you disbursed and what we received. Kindly sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by NCPWD as at 30 June 2017						
Ref No.	Date Disbursed	Amount Disbursed to NCPWD as at 30 June 2017			Amount Received by NCPWD (Kshs) as at 30 June 2017 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter Ministerial (C)		
4391252	03-10-2016	350,100,000			350,100,000	350,100,000
4391255	25-11-2016		129,500,000		129,500,000	129,500,000
4391258	20-12-2016	350,100,000			350,100,000	350,100,000
4391262	02-03-2017	350,100,000			350,100,000	350,100,000
4391265	23-03-2017		97,125,000		97,125,000	97,125,000
4391268	18-05-2017	350,100,000			350,100,000	350,100,000
4391269	24-05-2017		32,375,000		32,375,000	32,375,000
Total		1,400,400,000	259,000,000		1,659,400,000	1,659,400,000

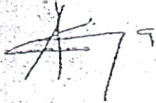
I confirm that the amounts shown above are correct as of the date indicated and are as included in the financial statements.

Head of Accounts department

Name: CHARITY W. MURUKI Signature *[Signature]*

Date: 26/7/2017

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Catherine Wameyo', written in a cursive style.

Catherine Wameyo  
Head of Finance & Accounts  
NCPWD

Copy to: Director General Accounting Services and Quality Assurance,  
National Treasury



The Ministry of East African Community  
(EAC), Labour and Social Protection

Chief Office Building, Langata, Nairobi  
P.O. Box 2098, 00100 Nairobi  
Tel: 254 20 271 101 Fax: 254 20 271 124  
E-mail: [info@eac.go.ke](mailto:info@eac.go.ke) [www.eac.go.ke](http://www.eac.go.ke)  
Website: [www.eac.go.ke](http://www.eac.go.ke)



25/09/2017

Sep-03PL

Ext. Ref: .....

Int. Ref: .....

Principal Secretary  
State Department of Social Protection  
NAIROBI

Dear Madam,

**RE: INTER ENTITY TRANSFER CONFIRMATION**

This is to confirm that in the financial year 2016-2017, we received a total of Kshs 879,449,500.00. divided as follows

Recurrent	Kshs. 480,799,500.00
Development	Kshs. 298,650,000.00
OVC Development	Kshs. 100,000,000.00

We wish to express our gratitude for the continued support given to us.

Yours faithfully,

Irene Mureithi  
**CHIEF EXECUTIVE OFFICER.**



ANNEX 6"C"

## THE NATIONAL COUNCIL FOR CHILDREN'S SERVICES

Tel: +254-20-2691023

Website: [www.nccs.go.ke](http://www.nccs.go.ke)

Email: [nccs2002@yahoo.com](mailto:nccs2002@yahoo.com)

[nccssecretariat@nccs.go.ke](mailto:nccssecretariat@nccs.go.ke)

National Social Security House(NSSF)  
Block "C" 4<sup>th</sup> floor  
Bishops Road  
P.o. Box 6446-00100  
Nairobi

When replying please quote

Ref. No: NCCS/2/14/VOL.1[150]

Date: 26<sup>th</sup> September 2017

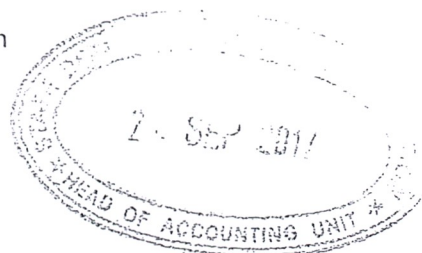
The Principle accounts controller

Ministry of east African community, Labour & social protection

State department for social protection

P.O. BOX 40326-00100

NAIROBI



RE: INTER-ENTITY TRANSFERS CONFIRMATION

The National Council for Children's Services wishes, to confirm the amount disbursed to us as at 30<sup>th</sup> June 2017 as indicated on the table below;

Confirmation of amounts received by NCCS as at 30 <sup>th</sup> June 2017							
Ref No.	Date Disbursed	Amount disbursed to NCCS as at 30 <sup>th</sup> June 2017				Amount received by NCCS(ksh) as at 30 <sup>th</sup> June 2017 (E)	Differences (Ksh) (F)=D-E
		Recurrent (A)	Development (B)	Inter-ministerial (C)	Total (D)=(a+b+c)		
	20-09-2016	34,093,266	-	-	34,093,266	34,093,266	-
	03/10/2016	17,500,000	-	-	17,500,000	17,500,000	-
	23-03-2017	17,500,000	-	-	17,500,000	17,500,000	-
Totals		69,093,266	-	-	69,093,266	69,093,266	-


P.S SOCIAL

	SALARY	HSE ALL	ARREARS	TOTALS
Jul-16	1,056,000.00	200,000.00		1,256,000.00
Aug-16	1,056,000.00	200,000.00		1,256,000.00
Sep-16	1,056,000.00	200,000.00	50,000.00	1,306,000.00
Oct-16	1,056,000.00	200,000.00		1,256,000.00
Nov-16	1,056,000.00	200,000.00		1,256,000.00
Dec-16	1,056,000.00	200,000.00		1,256,000.00
Jan-17	1,056,000.00	200,000.00		1,256,000.00
Feb-17	1,056,000.00	200,000.00		1,256,000.00
Mar-17	1,056,000.00	200,000.00		1,256,000.00
Apr-17	1,056,000.00	200,000.00	4,419,000.00	5,675,000.00
May-17	1,056,000.00	200,000.00	9,835,838.70	11,091,838.70
Jun-17	1,056,000.00	200,000.00	300,000.00	1,556,000.00
	12,672,000.00	2,400,000.00	14,604,838.70	29,676,838.70

PS LABOUR

	SALARY	HSE ALL	ARREARS	TOTALS
Jul-16	819,843.00	150,000.00		969,843.00
Aug-16	929,157.00	150,000.00		1,079,157.00
Sep-16	874,500.00	150,000.00		1,024,500.00
Oct-16	874,500.00	150,000.00		1,024,500.00
Nov-16	874,500.00	150,000.00		1,024,500.00
Dec-16	874,500.00	150,000.00		1,024,500.00
Jan-17	874,500.00	150,000.00		1,024,500.00
Feb-17	874,500.00	150,000.00		1,024,500.00
Mar-17	874,500.00	150,000.00		1,024,500.00
Apr-17	874,500.00	150,000.00		1,024,500.00
May-17	874,500.00	150,000.00		1,024,500.00
Jun-17	874,500.00	150,000.00		1,024,500.00
	10,494,000.00	1,800,000.00	-	12,294,000.00

	SALARY	HSE ALL	ARREARS	TOTALS
Jul-16	655,875.00	150,000.00		805,875.00
Aug-16	1,093,125.00	150,000.00		1,243,125.00
Sep-16	874,500.00	150,000.00		1,024,500.00
Oct-16	874,500.00	150,000.00		1,024,500.00
Nov-16	874,500.00	150,000.00		1,024,500.00
Dec-16	874,500.00	150,000.00		1,024,500.00
Jan-17	874,500.00	150,000.00		1,024,500.00
Feb-17	874,500.00	150,000.00		1,024,500.00
Mar-17	874,500.00	150,000.00		1,024,500.00
Apr-17	874,500.00	150,000.00		1,024,500.00
May-17	874,500.00	150,000.00		1,024,500.00
Jun-17	874,500.00	150,000.00		1,024,500.00
	10,494,000.00	1,800,000.00	-	12,294,000.00

  
 SECRETARY (S) 2017  
 O. B. K. 403226 - 10100  
 SECTION IN CHARGE  
 MAHOBI

SUMMARY	CS	PS LABOUR	PS SOCIAL	TOTALS
SALARY	12,672,000.00	10,494,000.00	10,494,000.00	33,660,000.00
HSE ALL	2,400,000.00	1,800,000.00	1,800,000.00	6,000,000.00
MIN ALLOW	14,604,838.70	-	-	14,604,838.70
LEAVE	50,000.00	50,000.00	50,000.00	150,000.00
LEAVE COMM	2,534,400.00	-	-	2,534,400.00
MOTOR VEH	7,000,000.00	-	-	7,000,000.00
	<u>39,261,238.70</u>	<u>12,344,000.00</u>	<u>12,344,000.00</u>	<u>63,949,238.70</u>

Prepared by G. Maelaja  
 SECRETARY, SECRETARY SOCIAL  
 SECURITY OF LABOUR  
 SECURITY & SERVICES  
 P.O. Box 40326 - 00100  
 NAIROBI

