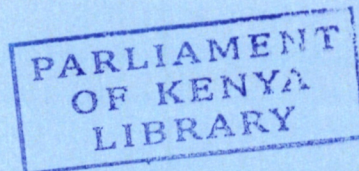


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
GOVERNMENT CLEARING
AGENCY FUND

FOR THE YEAR ENDED
30 JUNE 2016

THE NATIONAL TREASURY

4 APR 2017
By the leader of
majority party
Hon. Aden
Dunne
on Tuesday
14.3.2017
JES

OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI

30 SEP 2016

RECEIVED



THE NATIONAL TREASURY

GOVERNMENT CLEARING AGENCY (GCA)

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

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

**THE NATIONAL TREASURY
STATEMENT OF FINANCIAL POSITION
GOVERNMENT CLEARING AGENCY (GCA)
FOR THE YEAR ENDED JUNE 30, 2016 (KSHS)**

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I NATIONAL TREASURY INFORMATION AND MANAGEMENT

(a) Background Information

The National Treasury was established via the Executive Order No. 2 of May 2013. The basis for establishment of the National Treasury is found in Article 225 (i) of the Constitution of Kenya which states that an Act of Parliament shall provide for the establishment, functions and responsibilities of the National Treasury. This has been actualized in Section 11 and 12 of the Public Finance Management (PFM) Act 2012.

At Cabinet Level, the National Treasury is represented by the Cabinet Secretary for Finance, who is responsible for the general policy and strategic direction of the Ministry.

(b) Key Management

The National Treasury day-to-day management is under the following key offices:-

Office of the Principal Secretary

This office is responsible for the administration of the National Treasury for efficient delivery of public services that have been assigned to this Ministry. The Principal Secretary is also charged with the responsibility of rendering advice to the Cabinet Secretary in order to enhance efficiency and collective responsibility of the National Treasury.

Organizational structure of the National Treasury

The Ministry is organized into four (4) technical Directorates headed by Directors General and (1) Administrative and Support Services Directorate headed by a Principal Administrative Secretary. Each Director General is responsible for a Directorate comprising a cluster of Departments responsible for related policy functions. The Directorates and Departments are as follows:

Directorate of Budget, Fiscal and Economic Affairs

The Directorate is headed by a Director General, reporting to the Principal Secretary, National Treasury. It is organized into the following five (5) Technical Departments each headed by a Director:

- Budget Department;
- Macro and Fiscal Affairs Department
- Financial and Sectoral Affairs Department;
- Inter-Governmental Fiscal Relations Department
- Public Procurement Department.

Directorate of Accounting Services and Quality Assurance

The Directorate is headed by a Director General reporting to the Principal Secretary, National Treasury. It is organized into the following four (4) Technical Departments each headed by a Director:

- Government Accounting Services;
- Internal Auditor Services Department;
- Financial Management Information Systems (FMIS)
- National Sub-County Treasuries.

THE NATIONAL TREASURY
Reports and Financial Statements
For the year ended June 30, 2016

Directorate of Portfolio Management

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following three (3) Technical Departments each headed by a Director:

- Government Investment and Public Enterprises;
- National Assets and Liabilities Management;
- Pensions Department.
- Public Private Partnership Unit

Directorate of Public Debt Management

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following three (3) Technical Departments each headed by a Director:

- Resource Mobilization (Front Office);
- Debt Policy, Strategy and Risk Management (Middle Office);
- Debt Recording and Settlement (Back Office).

Directorate of Administrative and Support Services (Common Shared Services)

The Directorate is headed by a Principal Administrative Secretary, reporting to the Principal Secretary. It is organized into eleven (11) specialized functions offering common shared services. The common shared services of the National Treasury consist of functions that are not core to the National Treasury but offer critical support services to the National Treasury. The functions include:

- Accounting,
- Finance,
- Human Resource Management and Development,
- Central Planning and Project Monitoring,
- Supply Chain Management,
- Legal,
- Public Communications,
- General Administration,
- Records Management;
- Internal Audit;
- ICT

THE NATIONAL TREASURY
Reports and Financial Statements
For the year ended June 30, 2016

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:-

NO.	Designation	Name
1.	Principal Secretary	Dr. Kamau Thugge, CBS
2.	Principal Administrative Secretary	Mr. Mutua Kilaka, CBS, SS
3.	Director General, BFEA	Dr Geoffrey Mwau, EBS
4.	Director General, AS&QA	Mr. Bernard Ndung'u
5.	Director General, PIPM	Ms. Esther Koimett, CBS
6.	Director General, PDMO	Mr. Wohoro Ndooho
7.	Ag. Director, Macro & Fiscal Affairs Department	Mr. Wanyambura Mwambia, OGW
8.	Director, Budget Department	Mr. Francis Anyona, OGW
9.	Ag. Director, Financial and Sectoral Affairs Department	Mr. Nzomo Mutuku
10.	Ag Director, Public Procurement Department	Mr. Eric Korir
11.	Internal Auditor General	Mr. Alfayo Mogaka
12.	Ag. Director, Accounting Services Department	Mr. Wala Jona
13.	Ag. Director, National Sub County Treasuries	Mr. Tom Khakhame
14.	Ag Director, Financial Management Information System	Mr. Jerome Ochieng
15.	Director, Public Private Partnership Unit	Eng. Stanley Kamau
16.	Ag. Director, National Assets and Liability Management	Mrs. Beatrice Gathirwa
17.	Director, Government Investment and Public Enterprises	Mr. Kennedy Ondieki
18.	Secretary/Director, Pensions Department	Mr. Shem Nyakutu
19.	Director, Resource Mobilization Department	Mr. Jackson Kinyanjui
20.	Director of Administration	Mr David Oleshege, OGW
21.	Head, Accounts Division	Mr. George K. Gichuru
22.	Head Finance Division	Mr. Kimathi Mugambi
23.	Head, Supplies Chain Management	Mr. Peter Momanyi
24.	Director, Human Resource Management and Development	Mrs. Susan Mucheru
25.	Head, Information Communication and Technology	Mr. Edward Rutere
26.	Head, Central Planning and Project Monitoring Unit	Mr. Antony Muriu
27.	Head, Public Communications	Mr. Maina Kigaga
28.	Programme Coordinator, Public Financial Management Reform Secretariat	Mr. Julius Mutua

(d) Fiduciary Oversight Arrangements

To manage the fiduciary risk, the National Treasury has put in place fiduciary oversight arrangements including setting up committees. The key oversight arrangements include:

Internal Audit Unit

The National Treasury has a well resourced internal Audit Unit. The Unit is charged with the responsibility of conducting risk based, value for money and systems audit, providing assurance that appropriate institutional policies, procedures and business practices are being followed; verifying the existence of assets administered by the Ministry, and evaluating the adequacy and reliability of information available to the management. The Unit reports directly to the accounting officers on a regular basis.

Audit Committee

The Audit Committee forms a key element in the governance process and its principle role is that of providing oversight of financial reporting, risk management and internal controls. The

THE NATIONAL TREASURY
Reports and Financial Statements
For the year ended June 30, 2016

National Treasury established an audit committee comprising officers from all departments of the Ministry. The Committee reviews and analyses all audit queries and makes recommendations on how to reduce fiduciary risks. In addition, the committee ensures that audit queries and external audit recommendations are fully addressed.

Budget Implementation Committee

To monitor the implementation of the Ministry's budget, programmes and activities, the National Treasury has appointed a committee comprising officers from all the Departments of the Ministry. The Committee reviews and analyses the progress made by Departments in the implementation of budget and the planned programmes and activities and advises the management accordingly.

Monitoring and Evaluation

The Ministry undertakes monitoring and evaluation exercises to establish progress made in the implementation of various programmes and projects including those that are funded by the development partners.

(e) The National Treasury Headquarters

P.O. BOX 30007- 00100,
Treasury Building,
Harambee, Avenue
Nairobi, Kenya

(f) The National Treasury Contacts

Telephone: (254)020-2252299
Email: info@treasury.go.ke
Website: www.treasury.go.ke

(g) The National Treasury Banker

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

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. FORWARD BY THE CABINET SECRETARY

The National Treasury is mandated to coordinate economic and financial management of the country in accordance with section 12 of the Public Finance Management Act, 2012. Overall, the National Treasury has strived to maintain a policy environment that is conducive to economic growth and development of the Country. As a result of consistent implementation of the bold economic policies, structural reforms and sound macroeconomic management, the economy grew by 5.6 percent in 2015 compared to 5.3 percent growth in 2014. This strong growth was supported by positive growth in agriculture, forestry and fishing (4.8 percent), mining and quarrying (6.9 percent), electricity and water supply (8.5 percent), wholesale and retail trade (7.3 percent), accommodation and restaurant (12.1 percent) and information and communication (9.7 percent). Growth in other sectors, particularly manufacturing, construction, finance and insurance and real estate remained robust.

The annual inflation rate was 6.4 percent by June 2016 compared 6.5 percent in June 2015, and was therefore, within the current allowable margin of 2.5 percent on either side of the target of 5.0 percent. The Kenya shilling continued to display relatively less volatility compared with the major regional currencies due to improved Diaspora remittances and the narrowing of the current account deficit while official foreign exchange reserves held by the Central Bank grew to US\$ 7,648 million (equivalent to 5.1 months of import cover) by June 2016 from US\$ 7,212 million (4.5 months of import cover) in June 2015.

In budget performance, the National Treasury expenditure stood at **Kshs.38,735,101,627.00** against an approved budget of **Kshs.40,667,213,863.00** in recurrent while Development expenditure stood at **Kshs.43,784,489,609.00** against an approved budget of **Kshs.45,836,475,797** giving an overall absorption rate of 95.4%.

Other key achievements during the year under review are:-

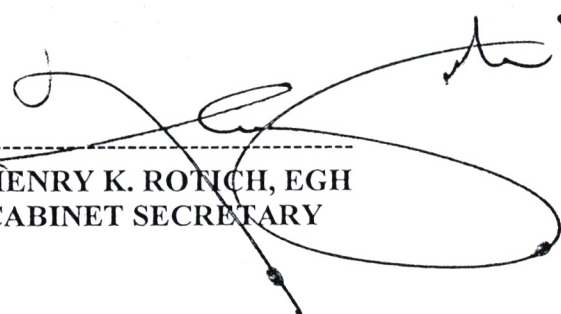
- The National Treasury mobilized external resources amounting to Kshs.366.67 billion. This included Kshs.320.23 billion in loans and Kshs.46.44billion in grants.
- The National Treasury continued to support Kenya Revenue Authority to achieve its target in revenue collection and simplification of the tax system. This included the implementation of the *i-tax* platform.
- In its commitment to deepen the Financial Markets, the Ministry finalized the Financial Services Authority bill and disseminated to stakeholders for comments and prepared the draft Nairobi International Financial Centre Bill.
- The National Treasury developed a pipeline of 65 bankable Public Private Partnership projects ready for investment. Other achievements in promoting PPP include continuous financial, technical and legal support to MDAs in the preparation of PPP projects, development of standardized documentation framework to support implementation of PPP and development of a template on PPP project submission.
- The National Treasury continued to build capacity on Public Financial Management in Ministries, Departments, Agencies as well as County Governments. 1,297 officers were trained over the financial year 2015/16 across the country.

Some of the challenges the National Treasury faced while implementing the budget 2015/16 include:-

1. Lack of adequate funds to finance all the budget requests by Ministries, Departments and Agencies.
2. Inadequate funds to finance all the programmes and projects of the National Treasury.
3. Low absorption of Official Development Assistance (ODA).
4. Slow enactment of relevant regulation and related legal instruments to facilitate financial sector deepening.
5. High turnover of staff especially in the core technical areas of the National Treasury.

To surmount the above challenges and ensure successful implementation of the National Treasury goals and objectives, the Ministry will:-

1. Continue to maintain a prudent fiscal stance consistent with the medium-term debt targets while pursuing a shift in the composition of expenditure towards development priorities.
2. Strengthen capacity building in public financial management to MDAs and County Governments to ensure that the high expectations linked to devolution are met.
3. Enhance the Government's cash management system to avoid undue pressure on payment flows and interest rates, and reduce borrowing costs for the government and the private sector.
4. Ensure constant collaboration between the National Treasury and all the Stakeholders.
5. Promote the Public Private Partnership initiatives to finance government capital projects.
6. Engage other developments partners for concessional loans and grants as well as pursue strategies to facilitate issuance of international bonds to finance government projects.
7. Fast track and implement the proposed new scheme of service for the National Treasury officers to retain staff.



HENRY K. RONCH, EGH
CABINET SECRETARY

III. STATEMENT OF THE MANAGEMENT'S 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 NATIONAL TREASURY shall prepare financial statements in respect of that NATIONAL TREASURY. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

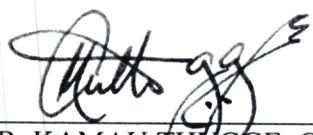
The Accounting Officer in charge of The National Treasury is responsible for the preparation and presentation of the Government Clearing Agency (GCA) report, which give a true and fair view of the state of affairs of The National Treasury for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the status of the revenue collected by the National Treasury; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the revenue report, and ensuring that they are free from material misstatements, whether due to error or fraud.

The Accounting Officer in charge of The National Treasury accepts responsibility for the National Treasury's Government Clearing Agency (GCA) report, which has been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that this Fund report gives a true and fair view of The National Treasury's Fund performance during the financial year ended June 30, 2016. The Principal Secretary in charge of The National Treasury further confirms the completeness of the accounting records maintained for The National Treasury, which have been relied upon in the preparation of this report as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of The National Treasury confirms that the National Treasury has complied fully with applicable Government Regulations. Further the Accounting Officer confirms that this report has 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 Government Clearing Agency Fund was approved and signed by the Principal Secretary on
29/9/2016


DR. KAMAU THUGGE, CBS
Accounting Officer


GEORGE K. GICHURU
Head of Accounting Unit

**THE NATIONAL TREASURY
FINANCIAL STATEMENTS
GOVERNMENT CLEARING AGENCY (GCA)
FOR THE YEAR ENDED JUNE 30, 2016 (KSHS)**

IV. REPORT OF THE INDEPENDENT AUDITORS ON THE FUND STATEMENTS

We have audited the accompanying revenue statements of *The National Treasury for the year ended June 30, 2016*, which comprise a statement of revenue and transfers and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the revenue statements

The *National Treasury's* Management is responsible for the preparation and fair presentation of the revenue statements in accordance with International Public Sector Accounting Standards, and for such internal control as the management determines is necessary to enable the preparation of revenue statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

Opinion

In our opinion, the accompanying revenue statements present fairly, in all material respects, the financial position of the revenue collected as at June 30, 2015, and transfers to the exchequer account for the year then ended in accordance with International Public Sector Accounting Standards.

Auditor General

Date

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON GOVERNMENT CLEARING AGENCY FUND FOR THE YEAR ENDED 30 JUNE 2016 – THE NATIONAL TREASURY

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Government Clearing Agency Fund set out on pages 9 to 28, which comprise the statement of financial position as at 30 June 2016, and the statement of receipts and payments and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

Management's Responsibility for the Financial Statements

The Accounting Officer- National Treasury 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor- General's Responsibility

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

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

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Treasury's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. Because of the matters described in the Basis for Disclaimer of Opinion Paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1. Unsupported Debtors and Creditors Balances

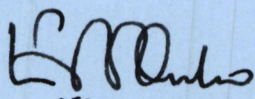
The statement of financial position as at 30 June 2016 reflects balances of Kshs.300,931,776.15 and Kshs.52,973,896.80 under Accounts Receivables- Debtors and Accounts Payables- Creditors respectively. However, these balances have not been supported with verifiable records and documents including debtors and creditors registers. Specifically, the creditors' balance has not been supported with contracts, Local Purchase/Service orders, invoices and delivery notes with the result that accuracy, completeness and validity of the balance could not be ascertained. Further, the debtors balance of Kshs.303,931,776.15 is net of a Clearance Account balance of Kshs.654,000,000.00 which, has also not been supported with any verifiable documents making it difficult to ascertain what it represents.

2. Unsupported Fund and Paymaster General Balances

The statement of financial position also reflects a brought forward Fund balance of Kshs.2,147,492.05 and a Paymaster General (PMG) overdraft balance of Kshs.245,810,387.30 which, as in the previous instance, have not been supported with verifiable documents including a bank balance confirmation certificate and bank reconciliation statement. As a result, the accuracy and validity of the balances cannot be confirmed.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion Paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



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

Nairobi

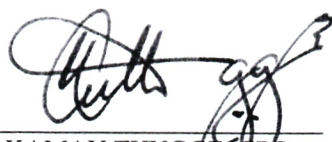
15 February 2017

**THE NATIONAL TREASURY
FINANCIAL STATEMENTS
GOVERNMENT CLEARING AGENCY (GCA)
FOR THE YEAR ENDED JUNE 30, 2016 (KSHS)**

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs	2014-2015 Kshs
TAX REVENUES			
Taxes on Income, Profits and Capital Gains		-	-
Taxes on Property		-	-
Taxes on Goods and Services		-	-
Taxes on International Trade & Transactions		-	-
Other Taxes		-	-
TOTAL TAX REVENUE		-	-
NON TAX REVENUES			
Fees on use of Goods/Services		-	-
Social Security Contributions		-	-
Property Income		-	-
Fines, Penalties and Forfeitures		-	-
Total Receipts for the year (GCA)	10	-	1,726,692.00
Sale of Goods and Services		-	-
Receipts from Sale of Non Financial Assets		-	-
TOTAL NON TAX REVENUE		-	1,726,692.00
TOTAL REVENUE COLLECTED		-	1,726,692.00
TRANSFERS TO OTHER GOVERNMENT AGENCIES (PAYMENTS)	13	-	1,726,692.00
BALANCE BROUGHT FORWARD		-	-
BALANCE CARRIED FORWARD		-	-

The accounting policies and explanatory notes to this Government Clearing Fund form an integral part of the Fund statement. This Fund statement was approved on 29/9/ 2016 and signed by:


DR. KAMAU THUGGE, CBS
Accounting Officer

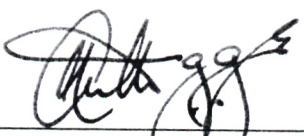

GEORGE K. GICHURU
Head of Accounting Unit

**THE NATIONAL TREASURY
FINANCIAL STATEMENTS
GOVERNMENT CLEARING AGENCY (GCA)
FOR THE YEAR ENDED JUNE 30, 2016 (KSHS)**

VI. STATEMENT OF FINANCIAL POSITION

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	1	(245,810,387.30)	(245,810,387.30)
Cash Balances		-	-
Total Cash and cash equivalent		<u>(245,810,387.30)</u>	<u>(245,810,387.30)</u>
Accounts receivables –Debtors	3	300,931,776.15	300,931,776.15
TOTAL FINANCIAL ASSETS		<u>55,121,388.85</u>	<u>55,121,388.85</u>
FINANCIAL LIABILITIES			
Accounts Payables – Creditors	4	52,973,896.80	52,973,896.80
NET FINANCIAL ASSETS		2,147,492.05	2,147,492.05
REPRESENTED BY			
Fund balance b/fwd		2,147,492.05	2,147,492.05
Surplus/Deficit for the year		-	-
NET FINANCIAL POSITION		<u>2,147,492.05</u>	<u>2,147,492.05</u>

The accounting policies and explanatory notes to this Government Clearing Fund form an integral part of the Fund statement. This Fund statement was approved on 29/9 2016 and signed by:


DR. KAMAU THUGOE, CBS
Accounting Officer


GEORGE K. GICHURU
Head of Accounting Unit

THE NATIONAL TREASURY
FINANCIAL STATEMENTS
GOVERNMENT CLEARING AGENCY (GCA)
FOR THE YEAR ENDED JUNE 30, 2016 (KSHS)

VII. STATEMENT OF CASH FLOW

	Note	2015-2016	2014-2015
		Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Total Receipts for the year		-	1,726,692.00
Social Security Contributions		-	-
Proceeds from Domestic and Foreign Grants		-	-
Transfers from National Treasury		-	-
Transfers from Other Government Entities		-	-
Reimbursements and Refunds		-	-
Returns of Equity Holdings		-	-
Other Revenues		-	-
		-	<u>1,726,692.00</u>
Payments for operating expenses			
Compensation of Employees		-	-
Use of goods and services		-	-
Subsidies		-	-
Transfers to State Department of Transport		-	1,341,835.00
Other grants and transfers		-	-
Social Security Benefits		-	-
Finance Costs, including Loan Interest		-	-
Other Expenses – Refund to Deposit		-	384,857.00
			<u>1,726,692.00</u>
Adjusted for:			
Changes in receivables		-	-
Changes in payables		-	-
Adjustments during the year		-	-
Net cash flow from operating activities		-	-
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Net cash flows from Investing Activities		-	-

THE NATIONAL TREASURY
FINANCIAL STATEMENTS
GOVERNMENT CLEARING AGENCY (GCA)
FOR THE YEAR ENDED JUNE 30, 2016 (KSHS)

STATEMENT OF CASH FLOW (CONTINUATION)

CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings		-	-
Proceeds from Foreign Borrowings		-	-
Repayment of principal on Domestic and Foreign borrowing		-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		-	-
Cash and cash equivalent at BEGINNING of the year		245,810,387.30)	(245,810,387.30)
Cash and cash equivalent at END of the year		(245,810,387.30)	(245,810,387.30)

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *National Treasury* and all values are rounded to the nearest thousand (KSh's'000). The accounting policies adopted have been consistently applied to all the years presented.

The revenue statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the *National Treasury*.

1. Recognition of Revenue

The *National Treasury* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *National Treasury*.

2. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the revenue statements. The revenue budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the revenue's actual performance against the comparable budget for the financial year under review has been included in to these revenue statements.

3. Comparative Figures

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

4. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June30, 2016.

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IX. NOTES TO THE STATEMENT OF FINANCIAL POSITION

1. Bank Balances

	Original Estimates	Revised Estimates	Actual	% Realized
			KSHS.	
Bank Balance			-	
Balance brought forward			(245,810,387.30)	
Transfers to the Exchequer account			-	
Balance carried forward			(245,810,387.30)	

Commentary on Actual Revenue against the Revised Estimates

N/A

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2. Cash Balances

	Original Estimates	Revised Estimates	Actual	% Realized
			KSHS.	
Cash Balance			-	
Balance brought forward			(245,810,387.30)	
Transfers to the Exchequer account			-	
Balance carried forward			(245,810,387.30)	

Commentary on Actual Revenue against the Revised Estimates

N/A

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3. Accounts Receivables - Debtors

	Original Estimates	Revised Estimates	Actual KSHS.	% Realized
10 Office of The President			55,904,744.40	
20 State House			156,679.60	
40 Ministry of Foreign Affairs			13,836,134.25	
50 Ministry of Home Affairs			64,613,346.10	
70 Ministry of Finance and Planning			11,344,876.50	
80 Department of Defense			110,659,615.15	
100 Ministry of Agriculture Livestock			232,454,640.50	
110 Ministry of Health			245,257,924.45	
140 Ministry of Transport and Communication			1,849,656.00	
160 Ministry of Tourism and Wildlife			512,114.30	
170 Ministry of Lands and Settlement			310,018.20	
180 Ministry of Culture and Social Services			188,527.00	
190 Ministry of Information Broadcasting			15,859,384.00	
200 Ministry of Lands Rec. Regional and Water			44,524,447.50	
210 Ministry of Environment and Natural Resources			111,000.00	
220 Ministry of Cooperative Development			2,467,895.70	
240 Ministry of Education			64,430,896.15	
290 National Assembly			40,303.10	
310 Central Bank of Kenya			1,784,727.30	
330 Uganda Agents			8,452.25	

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Commentary on Actual Revenue against the Revised Estimates

N/A

Accounts Receivables - Debtors

	Original Estimates	Revised Estimates	Actual	% Realized
			KSHS.	
390 Ministry of Planning and Development			444,924.20	
400 Ministry of Public Works and Housing			17,344,539.70	
440 Ministry of Energy			731,736.25	
490 Paymaster General Special Account			-	
491 Armed Force Canteen			51,395,154.10	
494 Ministry of Research and Tech. Training			303,253.10	
496 Ministry of Tech. Training and Applied Tech			7,543,994.05	
500 Kenya National Library Services			9,775.00	
501 Kenya Broadcasting Co-operation			22,854.60	
502 Moi University			1,326,733.35	
503 Jomo Kenyatta University College			3,831,981.55	
504 Supplies Branch			650,511.80	
506 Kenya Fluorspar Co. Ltd			5,010,935.85	
SUB- TOTAL			954,931,776.00	
4-124-8800-6780104 Clearance Account			(654,000,000.00)	
TOTAL			300,931,776.15	

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4. Accounts Payables - Creditors

	Original Estimates	Revised Estimates	Actual	% Realized
			KSHS.	
150 Ministry of Labour Manpower Development			2,956,111.75	
230 Ministry of Commercial and Industry			11,162.70	
140 Ministry of Transport and Communication			49,590,866.20	
250 Office of the Attorney General			3,707.10	
320 Kenya Post and Telecommunication			200,301.10	
360 University of Nairobi			211,747.95	
TOTAL			52,973,896.80	

Commentary on Actual Revenue against the Revised Estimates

N/A

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5. OTHER TAXES (NOT ELSEWHERE CLASSIFIED)

	Original Estimates	Revised Estimates	Actual	% Realized
Stamp Duty			-	
Refunds			-	
Total Revenue			-	
Balance brought forward			-	
Transfers to the Exchequer account			-	
Balance carried forward			-	

Commentary on Actual Revenue against the Revised Estimates

Xxxx (comment on each revenue item)

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6. FEES ON USE OF GOODS AND ON PERMISSION TO USE GOODS OR TO PERFORM SERVICES AND ACTIVITIES

	Original Estimates	Revised Estimates	Actual	% Realized
			KSHS.	
Interest Received	-		-	
Licences under Traffic Act	-		-	
Licenses under the Communication Act	-		-	
Petroleum Development Levy (PDL)	-		-	
Roads Maintenance Levy (RML)	-		-	
Total Fees	-		-	
Balance brought forward	-		-	
Transfers to the Exchequer account	-		-	
Balance carried forward	-		-	

Commentary on Actual Revenue against the Revised Estimates

N/A

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7. SOCIAL SECURITY CONTRIBUTIONS

	Original Estimates	Revised Estimates	Actual	% Realized
			KSHS.	
Contributions from Government Employees to Social and Welfare Schemes within Government	-		-	
Total Contributions	-		-	
Balance brought forward	-		-	
Transfers to the Exchequer account	-		-	
Balance carried forward	-		-	

Commentary on Actual Revenue against the Revised Estimates

N/A

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8. PROPERTY INCOME

	Original Estimates	Revised Estimates	Actual	% Realized
			KSHS.	
Interest	-		-	
Dividends from Central Bank of Kenya (CBK)	-		-	
Other Profits and Dividends	-		-	
Surplus funds from Regulatory Authorities	-		-	
Rent of Land	-		-	
Rent of Government Buildings and Housing	-		-	
Total Property Income	-		-	
Balance brought forward	-		-	
Transfers to the Exchequer account	-		-	
Balance carried forward	-		-	

Commentary on Actual Revenue against the Revised Estimates

N/A

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9. FINES, PENALTIES AND FORFEITURES

	Original Estimates	Revised Estimates	Actual	% Realized
			KSHS.	
Fines, Penalties and Forfeitures and Other Charges	-		-	
Total Income	-		-	
Balance brought forward	-		-	
Transfers to the Exchequer account	-		-	
Balance carried forward	-		-	

Commentary on Actual Revenue against the Revised Estimates

N/A

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10. OTHER RECEIPTS NOT CLASSIFIED ELSEWHERE

	Original Estimates	Revised Estimates	Actual	% Realized
			KSHS.	
Miscellaneous Revenue - (Treasury Main Clearance Account (TMC))	-		-	
Sundry Revenue	-		-	
Total Revenue	-		-	
Balance brought forward	-		-	
Payments to creditors	-		-	
Balance carried forward	-		-	

Commentary on Actual Revenue against the Revised Estimates

N/A

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11. SALE OF GOODS AND SERVICES

	Original Estimates	Revised Estimates	Actual KSHS.	% Realized
Administrative Fees and Charges	-		-	
Incidental Sales by Non-Market Establishments	-		-	
Sale of Tender Documents	-		-	
Total Revenue	-		-	
Balance brought forward	-		-	
Transfers to the Exchequer account	-		-	
Balance carried forward	-		-	

Commentary on Actual Revenue against the Revised Estimates

N/A

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12. RECEIPTS FROM SALE OF NON FINANCIAL ASSETS

	Original Estimates	Revised Estimates	Actual	% Realized
			KSHS.	
Receipts from the Sale of Buildings	-		-	
Receipts from the Sale of Vehicles and Transport Equipment	-		-	
Receipts from the Sale of Inventories, Stocks and Commodities	-		-	
Receipts from the Sale of Intangible Non-Produced Assets	-		-	
Total Revenue	-		-	
Balance brought forward	-		-	
Transfers to the Exchequer account	-		-	
Balance carried forward	-		-	

Commentary on Actual Revenue against the Revised Estimates

N/A

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13. TRANSFERS TO OTHER GOVERNMENT AGENCIES (PAYMENTS)

ANALYSIS OF PAYMENTS	Original Estimates	Revised Estimates	Actual	% Realized
			KSHS.	
P/S State Department of transport	-		-	
Refund to Deposit	-		-	
TOTAL	-		-	

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14. STATEMENT OF ARREARS OF GOVERNMENT CLEARING AGENCY AS AT 30TH JUNE 2015

Tax Head	Principal - Kes.	Interest - Kes.	Penalty - Kes.	Total Arrears - Kes.
Corporate Tax	-			
PAYE	-			
VAT on Domestic Goods & Services	-			
VAT on Imported Goods & Services	-			
Excise Taxes	-			
Withholding Tax	-			
Total Debt	-			