



REPUBLIC OF KENYA

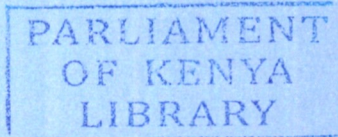


*Paper laid by the
Leader of Majority
on 06/06/2018
@Lumli;*



OFFICE OF THE AUDITOR-GENERAL

REPORT



OF



THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
SUBSCRIPTION BY KENYA GOVERNMENT
TO INTERNATIONAL ORGANIZATIONS**

**FOR THE YEAR ENDED
30 JUNE 2017**

REPUBLIC OF KENYA



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FOR THE YEAR ENDED
30 JUNE 2017





NATIONAL GOVERNMENT ENTITY

THE NATIONAL TREASURY

CFS SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS

REPORTS AND FINANCIAL STATEMENTS

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

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

THE NATIONAL TREASURY- CFS SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS

Reports and Financial Statements

For the year ended June 30, 2017

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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.

Vision

An institution of excellence in economic and public financial management.

Mission

To promote economic transformation for shared growth through formulation, implementation and monitoring of prudent economic and financial policies at national and county levels of government.

Core Values

The National Treasury is committed to providing quality services to all and is guided by the following core values: Customer Focus, Results Oriented, Stakeholder Participation, Professionalism, Accountability, Integrity and Transparency, Teamwork and Staff as key asset and Equity, Fairness and Inclusion.

Mandate of the National Treasury

The National Treasury derives its mandate from Article 225 of the Constitution, Public Finance Management Act 2012 and the Executive Order No.2/2013. The National Treasury will be executing its mandate in consistency with any other legislation as may be developed or reviewed by Parliament from time to time.

The core functions of the National Treasury as derived from the above legal provisions include;

- Formulate, implement and monitor macro-economic policies involving expenditure and revenue;
- Manage the level and composition of national public debt, national guarantees and other financial obligations of national government;
- Formulate, evaluate and promote economic and financial policies that facilitate social and economic development in conjunction with other national government entities;
- Mobilize domestic and external resources for financing national and county government budgetary requirements;

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- Design and prescribe an efficient financial management system for the national and county governments to ensure transparent financial management and standard financial reporting.
- In consultation with the Accounting Standards Board, ensure that uniform accounting standards are applied by the national government and its entities;
- Develop policy for the establishment, management, operation and winding up of public funds;
- Prepare the annual Division of Revenue Bill and the County Allocation of Revenue Bill;
- Strengthen financial and fiscal relations between the national government and county governments and encourage support for county governments
- Assist county governments to develop their capacity for efficient, effective and transparent financial management; and
- To prepare the National Budget, execute/implement and control approved budgetary resources to MDAs and other Government agencies/entities.

Role of the National Treasury in the Devolved System of Government

The National Treasury is mandated by law to:

- Strengthen financial and fiscal relations between the National Government and County Governments and encourage support for county governments in performing their functions.
- Assist county governments to develop their capacity for efficient, effective and transparent financial management.
- Prepare the annual Division of Revenue Bill and the County Allocation of Revenue Bill.
- Provide logistical support to intergovernmental institutions overseeing intergovernmental fiscal relations.
- Coordinate the development and implementation of financial recovery plans for county governments that are in financial distress.
- Coordinate capacity building of County Governments on public finance management matters.

(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 National Treasury 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

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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 Audit Services Department;
- Financial Management Information Systems (FMIS)
- National Sub-County Treasuries.

Directorate of Portfolio Management

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following four (4) 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 Office

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 twelve (12) 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;

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- Internal Audit;
- ICT
- Government Clearing Agency

(c) Fiduciary Management

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

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NO.	Designation	Name
1.	Principal Secretary	Dr. Kamau Thugge, EBS
2.	Principal Administrative Secretary	Mr. Mutua Kilaka.CBS, SS
3.	Director General, BFEA	Dr Geoffrey Mwau, EBS
4.	Director General, Accounting Services	Mr. Bernard Ndung'u, MBS
5.	Director General, PIPM	Ms. Esther Koimett, CBS
6.	Director General, PDMO	Mr. Wohoro Ndohho
7.	Director, Macro and Fiscal Affairs Department	Mr. Musa Gathanje
8.	Director, Budget Department	Mr. Francis Anyona, OGW
9.	Director, Financial and Sectoral Affairs Department	Mr. Christopher Oisebe
10.	Ag Director, Public Procurement Department	Mr. Eric Korir
11.	Director, Intergovernmental Fiscal Relations Department	Mr. Albert Mwenda, HSC
12.	Internal Auditor General	Mr. Alfayo Mogaka
13.	Ag Director, Government Accounting Services Department	Mr. Jona Wala
14.	Ag Director, National Sub County Treasuries	Mr. Tom Khakame
15.	Ag Director, Financial Management Information System	Mr. Jerome Ochieng
16.	Director, Public Private Partnership Unit	Eng. Stanley Kamau
17.	Director, National Assets and Liability Management	Mrs Beatrice Gathirwa
18.	Director, Government Investment and Public Enterprises	Mr. Kennedy Ondieki
19.	Director, Pensions Department	Mr Shem Nyakutu
20.	Director, Resource Mobilization Department	Mr. Jackson Kinyanjui, OGW
21.	Director, Debt Policy, Strategy and Risk Management Department	Mr. Daniel Ndolo
22.	Ag Director, debt Recording and settlement Department	Mrs Felister Kivisi
23.	Director of Administration	Mr David Oleshege, OGW
24.	Head, Accounts Division	Mr. George Gichuru
25.	Chief Finance Officer	Mr. Kimathi Mugambi, HSC
26.	Head, SCM	Mr. Peter Momanyi
27.	Director, Human Resource Management and Development	Ms. Susan Mucheru
28.	Ag Director, Information Communication and Technology	Mr. George Kariuki
29.	Head, Central Planning and Project Monitoring Unit	Mr. Antony Muriu
30.	Head, Public Communications	Mr. Maina Kigaga
31.	Programme Coordinator, Public Financial Management Reform Secretariat	Mr. Julius Mutua
32.	Head, Government Clearing Agency	Mr. Felix Ateg

(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:

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Internal Audit Unit

The National Treasury has a well resourced internal Audit Unit. The unit is charged with the responsibility of identifying risks in the management and day to day operations of the Ministry through the risk based audits. The Unit reports directly to the accounting officers on a regular basis.

Audit Committee

The National Treasury established an audit committee comprising officers from all departments of the Ministry, under the chairmanship of the Chief Finance Officer. The Committee reviews and analyses all audit queries and makes recommendations on how to reduce fiduciary risks. In addition, the committee prepares responses to all audit queries for presentation to the relevant committees of parliament.

Other fiduciary oversight arrangements include the following committees with specific objectives;

Senior Management Committee

To monitor the implementation of the Ministry's programmes and performance, the National Treasury has appointed a Senior Management Committee comprising of Directors General and Heads of Departments. The Committee receives reports from departments, builds consensus on National Treasury responses to emerging issues, challenges and risks and ensures that the decisions of top management are implemented in a timely manner.

Public Financial Management Sector Working Group

To facilitate the implementation of financial management reforms, the National Treasury has appointed senior officers to the Public Financial Management Sector Working Group. The Committee plays an oversight role in the implementation of financial reforms in the public service in collaboration with the development partners.

Budget Implementation Committee

To monitor the implementation of the Ministry's budget, programmes and activities, the National Treasury has appointed a committee comprising of 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

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(e) The National Treasury Headquarters

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

The National Treasury Contacts

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

(f) The National Treasury Bankers

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

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

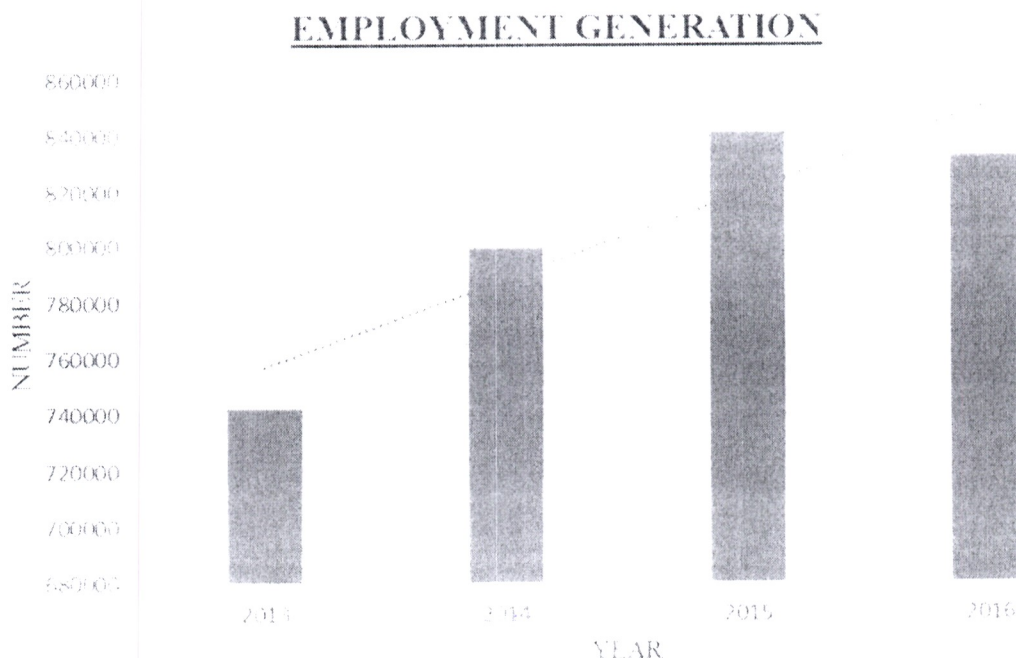
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II. FORWARD BY THE CABINET SECRETARY

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 bold economic policies, structural reforms and sound macroeconomic management, the economy grew by 5.8 per cent in 2016 compared to 5.6 per cent in 2015. This was above the average 1.4 per cent growth rate registered for sub-Saharan Africa. The sectors that registered significant improved performance in economic activities were; accommodation and food services; information and communication; real estate; and transport and storage. Persistent drought hampered growth in the fourth quarter of 2016 impacting negatively on agriculture and electricity supply.

The annual inflation rate was 8.1% in June 2017 compared to 6.5% in the same period in June 2016. This was largely on account of high food prices following adverse weather conditions. The Kenya shilling exchange rate however continued to display relatively less volatility compared to the East African currencies while the official foreign exchange reserves held by the Central Bank grew to **US\$ 8,500 million** (5.7 month of import cover) in June 2017 from **US\$ 8,267 million** (5.4 months of import cover) in the same period in 2016. The economic growth and stable macroeconomic environment led to the creation of 832,900 new jobs in 2016 broken down into 85,600 jobs in the modern sector and 747,300 jobs in the informal sector. Cumulatively, the economy is estimated to have generated 3,217,200 new jobs between 2013-2016 as shown in the bar graph below:-



In terms of budget performance, the National Treasury expenditure stood at **Kshs.35,563,916,019.00** against an approved budget of **Kshs.37,527,564,690.00** in Recurrent while Development expenditure stood at **Kshs.16,668,950,121.00** against an approved

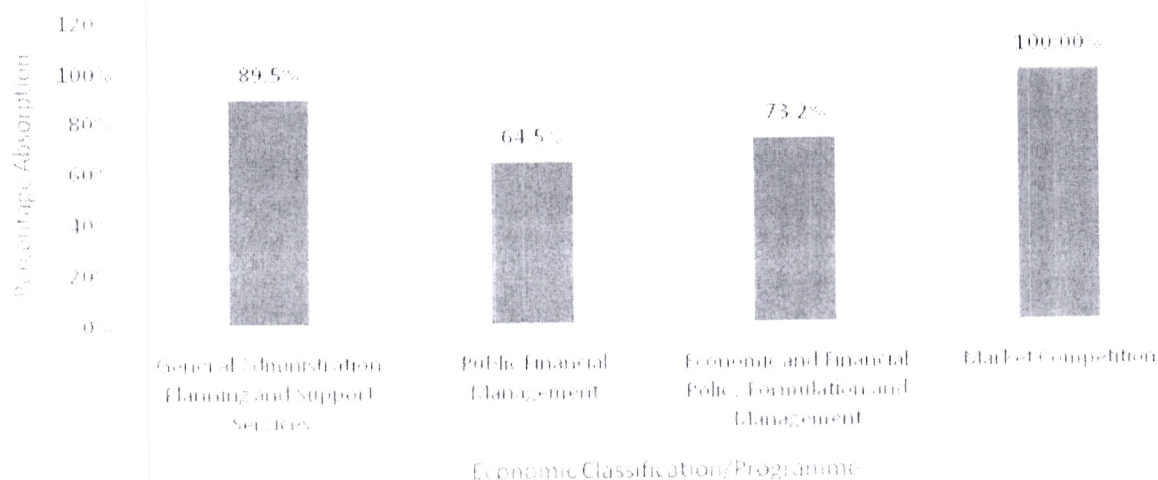
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budget of **Kshs.21,527,884,302.00** giving an overall absorption rate of 88.5%. The National Treasury implemented the 2016/17 budget within four economic classification/programmes. These were General Administration, Planning and Support Services, Public Financial Management, Economic and Financial Policy Formulation and Management and Market Competition. As demonstrated in the bar graph below, the Market Competition Programme had the highest absorption at 100% followed by General Administration, Planning and Support Services (89.5%), Economic and Financial Policy Formulation and Management (73.2%) and Public Financial Management Programme at 64.5%.

Budget absorption rate by Economic Classification/Programme



Utilisation of the budget was carried out through various activities as shown in the table below:

	Approved Budget Allocation	Actual Payments	Variance
	KShs	KShs	KShs
Payments			
Compensation of Employees	2,393,400,581.00	2,177,407,291.15	215,993,289.85
Social Contributions	0.00	0.00	0.00
Goods and Services	16,204,555,515.00	13,898,644,098.30	2,305,911,416.70
Routine Maintenance	121,383,364.00	89,824,691.10	31,558,672.90
Subsidies to Public Corporations	1,050,000,000.00	1,050,000,000.00	0.00
Grants and Other Transfers to International Organisations	1,283,656,005.00	1,150,831,076.15	132,824,928.85
Grants & Transfer to other Govt. Units	25,267,659,516.00	25,060,536,140.65	207,123,375.35
Other Transfers and Emergency Relief	3,710,329,340.00	3,152,942,824.75	557,386,515.25
Social Security Benefits	1,805,634.00	0.00	1,805,634.00
Budget contingency Reserve	0.00	0.00	0.00
Acquisition of Fixed Capital Assets	2,332,414,837.00	1,418,732,823.25	913,682,013.75

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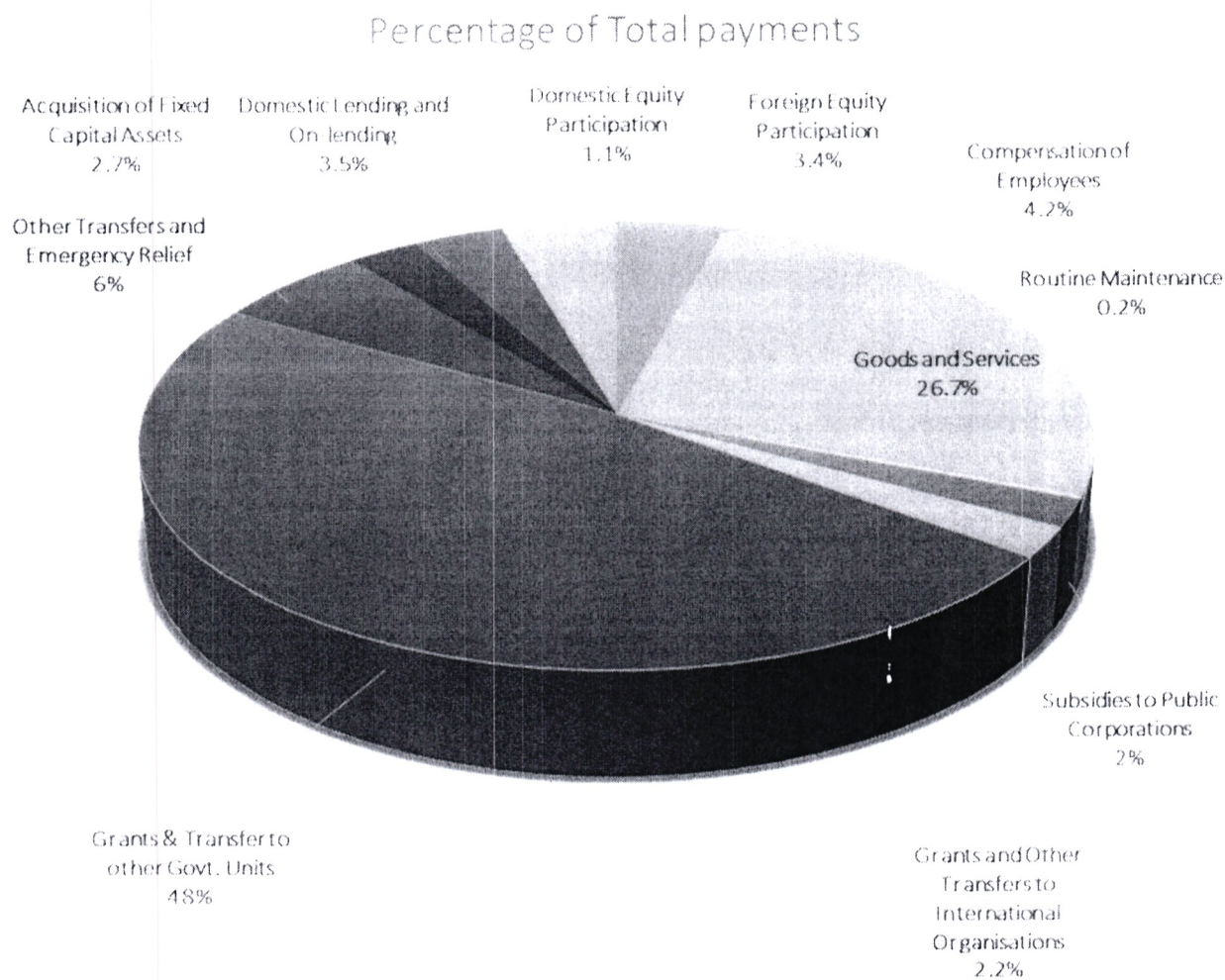
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Domestic Lending and On-lending	2,015,000,000.00	1,850,000,000.00	165,000,000.00
Domestic Equity Participation	600,000,000.00	600,000,000.00	0.00
Foreign Equity Participation	4,075,244,200.00	1,782,536,438.00	2,292,707,762.00
Total Payments	59,055,448,992.00	52,231,455,383.35	6,823,993,608.65

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Key Performance Highlights (Continued)



The Ministry's payments mainly comprise of Transfers to Other Government entities i.e. Projects, State Corporations, Semi-Autonomous Government Agencies (SAGAs) and employee compensation, subscriptions and acquisition of assets.

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Total Payment Breakdown

	Year to 30 th June 2017	Year to 30 th June 2016	Change	%
Payment	KShs	KShs	KShs	Change
Compensation of Employees	2,177,407,291.15	2,226,957,812.40	49,550,521.25	(2.2)
Social Contributions	0.00	0.00	0.00	0
Goods and Services	13,898,644,098.30	10,828,491,721.50	3,072,355,888.95	(28.4)
Routine Maintenance	89,824,691.10	217,510,677.30	127,685,986.20	58.7
Subsidies to Public Corporations	1,050,000,000.00	0.00	1,050,000,000.00	0
Grants and Other Transfers to International Organisations	1,150,831,076.15	154,303,947.45	996,527,128.70	645
Grants & Transfer To Other Govt. Units	25,060,536,140.65	25,341,007,430.65	280,471,290.00	(1.1)
Other Transfers and Emergency Relief	3,152,942,824.75	9,995,466,792.70	6,842,523,967.95	(68.4)
Social Security Benefits	0.00	0.00	0.00	0
Budget Contingency Reserve	0.00	5,000,000,000.00	5,000,000,000.00	(1000)
Acquisition of Fixed Capital Assets	1,418,732,823.25	2,333,505,123.40	914,772,300.15	(39.2)
Domestic Lending and On-lending	1,850,000,000.00	2,020,826,471.05	170,826,471.05	(8.4)
Domestic Equity Participation	600,000,000.00	375,000,000.00	225,000,000.00	60
Foreign Equity Participation	1,782,536,438.00	3,750,304,751.30	1,967,768,313.30	(52.4)
Total Payments	52,232,866,140.00	62,243,374,727.75	10,005,846,797.25	

The total payments for FY 2016/2017 stood at **Kshs.52,232,866,140.00** representing an decrease from **Kshs.62,243,374,727.75** for FY 2015/2016.

The decrease in payments is attributable to a significant decrease in Transfers to Other Government entities i.e. Projects, State Corporations, Semi-Autonomous Government Agencies (SAGAs) and contingency reserves. Further, there was also a decrease in compensation of employees attributed to staff transferred from the Ministry and retirement.

Financial Assets Summary

Financial Assets	As at 30 th June 2017	As at 30 th June 2016	Change	%
	KShs	KShs	KShs	Change
Bank Balances	1,781,246,794.00	2,267,285,756.00	486,038,962.00	(21.4)
Cash Balances	1,490,696.00	1,946,189.00	455,493.00	(23.4)
Accounts Receivables - Outstanding Imprest & Salary Advances	464,425,979	592,378,338.00	127,952,359	(21.6)
Total Financial Assets	2,247,163,469.00	2,861,610,283.00	614,446,446,814.00	

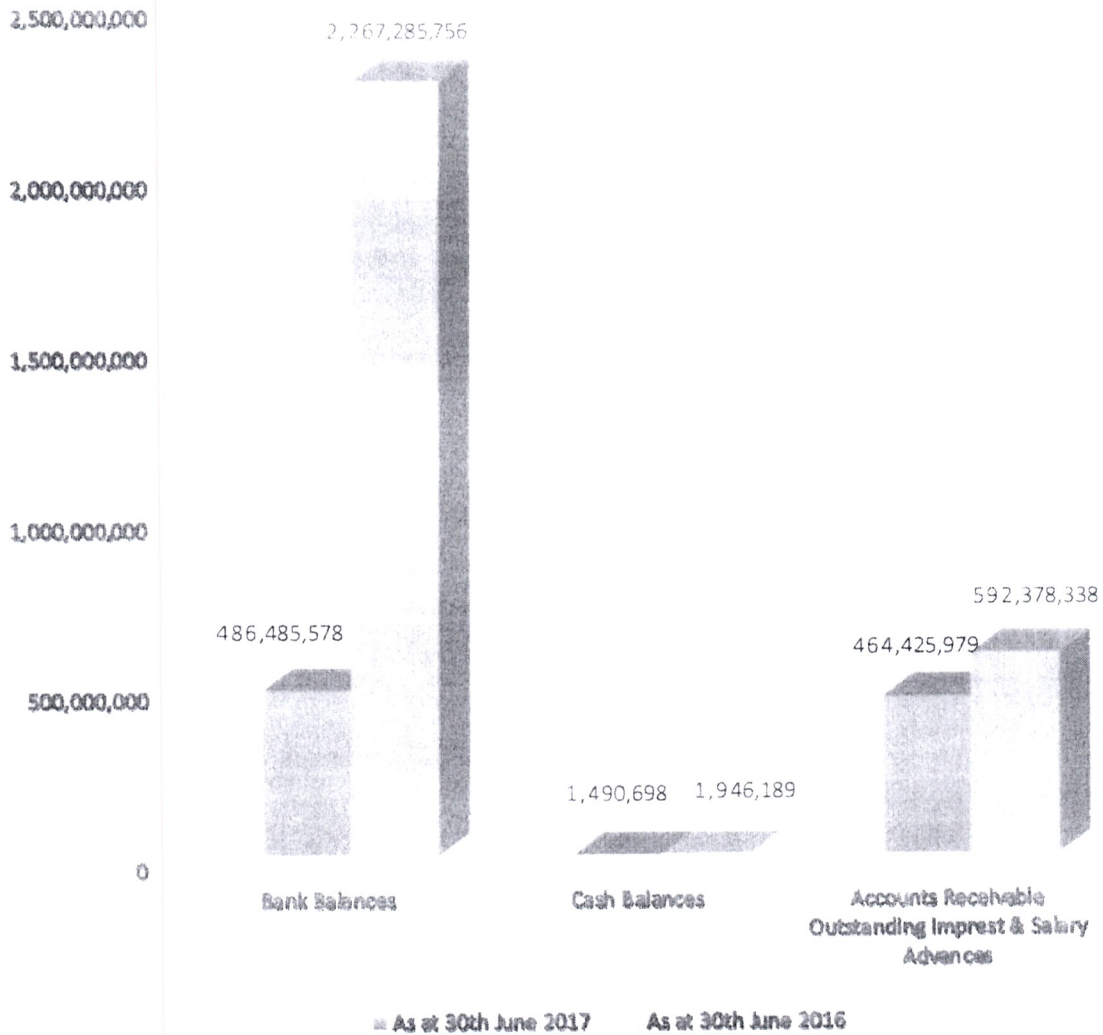
Bank balances decreased by 21.4% as a result of decreased deposits held in our Deposit Bank Account.

Cash balances declined by 23.4% due to increased cash related transactions at the year-end. There is also a decline in accounts receivables by 21% as a result of prompt accounting for imprest advance by the imprest holders and funds released to projects.

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Total Financial Assets in Kshs



Cash Flows and Cash Position

The cash and bank balances held by the Ministry as at 30th June 2017 was **Kshs.1,782,737,490/=** compared to **Kshs.2,269,231,945.00** held as at 30th June 2016.

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The National Treasury continued to implement its mandate of supporting the devolved system of Government. In terms of payments, the County Governments received a total of **Kshs.302.2 billion** in 2016/2017 up from **Kshs.275.1 billion** in 2015/2016. Since their establishment in March 2013, County Governments have received more than **Kshs.1 trillion** from the National Government. The National Treasury submitted to Parliament the Equalization Fund Appropriations bill which has since been enacted and further conducted public participation to identify projects to be implemented under this fund. In addition the National Treasury trained over 800 officers from County Governments on Public Financial Management in 2016/17.

Other key achievements during the period under review are:

- The National Treasury launched the M-Akiba Mobile Platform for issuance of Government Bonds on 23rd March 2017. The special limited offer achieved its **Kshs.150 million** target within 13 days. With 102,632 registrations, this offer demonstrated the appetite and zeal of Kenyans to adopt and use technology to boost their well-being. M-Akiba will enhance a savings culture among Kenyans and promote financial inclusion even to the unbanked population.
- The National Treasury mobilized external resources amounting to **Kshs.292.8 billion** in 2016/17 which was above the fiscal target of **153.0 billion**. This positive variance is mainly attributed to capacitating the economy to mitigate against the drought related challenges that affected the country.
- The National Treasury was able to prepare the 2017/18 budget under a revised tight calendar that took into account the preparations of the 2017 General Elections. In addition, the National Treasury also prepared a Pre- Election Economic and Fiscal Report which was published as provided for in the Constitution.
- In its commitment to deepen the Financial Markets the Ministry finalized the Nairobi International Financial Centre Bill that was subsequently approved by Parliament.
- The National Treasury hosted the 2nd High Level Meeting on Global Partnership on Economic Development Conference in Nairobi from 28th November to 1st December 2016, where ministers and high level representatives of developing and developed countries as well as heads of multilateral and bilateral development agencies committed to effective development cooperation as a means to achieve the universal Sustainable Development Goals (SDGs).

Some of the challenges the National Treasury faced while implementing the 2016/17 budget 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 regulations and related legal instruments to facilitate financial sector deepening.
5. High turnover of staff especially in the core technical areas of the National Treasury.

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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. Implement reforms in public financial management to enable the government mobilize adequate financial resources.
3. Strengthen capacity building in public financial management to MDAs and County Governments to ensure that the high expectations linked to devolution are met.
4. 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.
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. Implement the External Resources Policy for efficient management of external resources and increase absorption.
8. Fast track and implement the proposed new scheme of service for the National Treasury officers to retain staff.
9. Ensure constant collaboration between the National Treasury and all the Stakeholders.
10. Strengthen monitoring and evaluation framework.



HENRY K. ROTICH, EGH
CABINET SECRETARY

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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 CFS Subscription to International Organization *is* responsible for the preparation and presentation of the entity'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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of CFS Subscription to International Organization accepts responsibility for the entity'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 *entity'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 entity's financial position as at that date. The Accounting Officer charge of CFS Subscription to International Organization further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of CFS Subscription to International Organization confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

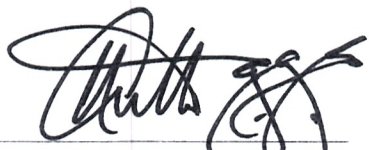
Approval of the financial statements

The *entity's* financial statements were approved and signed by the Accounting Officer on 29/9/2017 2017.

THE NATIONAL TREASURY- CFS SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS

Reports and Financial Statements

For the year ended June 30, 2017



DR KAMAU THUGGE, CBS
Principal Secretary



GEORGE K. GICHURU
Senior Deputy Accountant General
ICPAK Member Number:9262

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON SUBSCRIPTION BY KENYA GOVERNMENT TO INTERNATIONAL ORGANIZATIONS FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Subscription by Kenya Government to International Organizations set out on pages 19 to 30, which comprise the statement of assets and liabilities as at 30 June 2017, 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. 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 Subscription by Kenya Government to International Organizations 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, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, public money has not been applied lawfully and in an effective way.

Basis for Adverse Opinion

Unsupported Balances

As reported in the financial year 2015/2016, the statement of details of Kenya Government share subscription and capital contribution to international organizations under note 5 to the financial statements reflected local value of subscriptions totalling Kshs.51,403,651,783 against various amounts in foreign currencies as at 30 June 2016. However, independent confirmation of balances as at 30 June 2016, shows that subscriptions were received from only four out of the twelve organizations.

In addition, the amount confirmed by two out of those four organizations differs with the balances reflected in the statement submitted by the National Treasury as follows.

Report of the Auditor-General on the Financial Statements of Subscription by Kenya Government to International Organizations for the year ended 30 June 2017

Organization	Balance as per the Statement (Foreign currency)	Balance as per the Statement (Local value) Kshs.	Balance as per the Confirmation (Foreign currency)
P.T.A. Bank Harare	USD24,208,356.00	2,447,518,049.98	USD25,967,315.00
Macro- Economic Financial Management Institute	USD 355,255.00	35,917,026.06	USD384,162.00
	TOTAL	2,483,435,076.04	

No explanation has been provided for the above differences.

In addition, independent confirmations of Government of Kenya share subscriptions and capital contribution balances as at 30 June 2016 were not received from eight organizations listed below:

Organization	Balance as per the Statement (Foreign currency)	Balance as per the Statement (Local Value) Kshs.
International Monetary Fund	SDR258,124,458.00	36,444,592,225.02
International Bank for Reconstruction and Development	US15,899,693.01	1,607,493,942.64
Development Association Washington D.C	USD.2,361,413.00	238,744,049.41
African Dev. Bank Abidjan	U.A48,010,000.00	6,882,262,306.00
Multilateral Investment Guarantee Agency	USD622,383.00	62,924,290.54
Shelter Afrique	USD7,007,546.00	708,478,317.20
East Africa Development Bank Kampala	USD22,500,000.00	2,274,799,500.00
Africa Export-Import Bank	USD2,391,807.00	241,816,949.68
	TOTAL	48,461,111,580.49

Further, the subscriptions for 2014/2015 totalling Kshs.116,813,106,919.00 in respect of ten organizations, were restated to Kshs.49,750,957,607.00 by converting balances in foreign currencies obtained from the Organizations as tabulated in the following table.

Organization	Statement Balance-2014/15 (Foreign currency)	Statement Balance-2014/15 (Local Value) Kshs.	Statement Balance-2014/15- Restated (Foreign currency)	Statement Balance- 2014/15- Restated (Local Value) Kshs.
International Monetary Fund	SDR261,156,794.00	36,397,422,379.78	SDR254,797,122.40	35,974,805,711.45
International Bank for Reconstruction and Development	US296,882,735.02	29,284,334,852.73	US15,512,384.29	1,568,336,178.70
African Dev. Bank Abidjan	U.A260,960,000.00	35,481,165,440.00	U.A45,536,130.58	6,527,631,640.00
Multilateral Investment Guarantee Agency	USD3,278,460.00	323,385,327.32	USD607,222.05	61,391,485.70
Shelter Afrique	USD2,000,000.00	197,278,800.00	USD6,836,845.62	691,220,132.90
East Africa Development Bank Kampala	USD80,000,000.00	10,877,120,000.00	USD21,951,911.04	2,219,386,500.00
P.T.A. Bank Harare	USD26,680,000.00	3,627,519,520.00	USD23,618,652.32	2,387,897,710.85
African Capacity Building Initiative	USD250,000.00	24,659,850.00	USD487,820.25	49,319,700.00
Africa Export-Import Bank	USD5,960,000.00	587,890,824.00	USD2,333,543.75	235,926,407.40

Macro-Economic Financial Management Institute	USD125,000.00	12,329,925.00	USD346,601.16	35,042,140.00
	TOTAL	116,813,106,919.00		49,750,957,607

However, notes explaining the restated balances were not presented for audit. Consequently, it has not been possible to confirm the validity and accuracy of the comparative balances as at 30 June 2016.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Subscription by Kenya Government to International Organization account in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibility in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Adverse Opinion Section of my report, I confirm that there were no Key Audit Matters to communicate in my report.

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 Ministry ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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, 2015.32

Those charged with governance are responsible for overseeing the Ministry'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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.


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 Fund'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 sustainability of services 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 Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and 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

THE NATIONAL TREASURY- CFS SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS

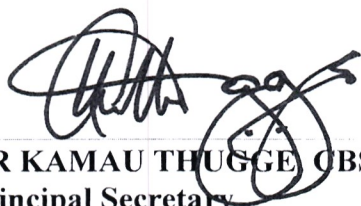
Reports and Financial Statements

For the year ended June 30, 2017

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017 Kshs	2015-2016 Kshs
RECEIPTS			
Exchequer releases	1	0	1,843,460
TOTAL RECEIPTS		0	1,843,460
PAYMENTS			
Subscriptions to International Organizations	2	0	(1,843,458)
TOTAL PAYMENTS		0	(1,843,458)
SURPLUS/DEFICIT		0	2

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 29/9/ 2017 and signed by:



DR KAMAU THUGGE CBS
Principal Secretary



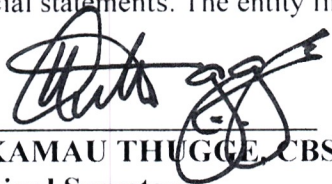
GEORGE K. GICHURU
Senior Deputy Accountant General
ICPAK Member Number:9262

THE NATIONAL TREASURY- CFS SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS
Reports and Financial Statements
For the year ended June 30, 2017

VI. STATEMENT OF ASSETS AND LIABILITIES

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	3	2	2
Total Cash and cash equivalent		0	0
TOTAL FINANCIAL ASSETS		2	2
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions		0	0
NET FINANCIAL ASSETS			
REPRESENTED BY			
Fund balance b/fwd	4	2	0
Prior year adjustment	5	0	0
Surplus/Deficit for the year		0	2
NET FINANCIAL POSSITION		2	2

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 29/9/ 2017 and signed by:



DR KAMAU THUGGE CBS
Principal Secretary



GEORGE K. GICHURU
Senior Deputy Accountant General
ICPAK Member Number:9262

THE NATIONAL TREASURY- CFS SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS

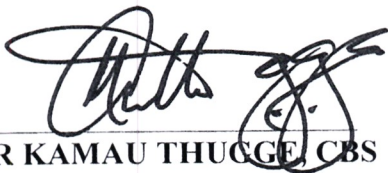
Reports and Financial Statements

For the year ended June 30, 2017

VII. STATEMENT OF CASH FLOWS

		2016-2017 Kshs	2015-2016 Kshs
Receipts for operating income			
Exchequer Releases	1	0	1,843,460
Payments for operating expenses			
Subscriptions to International Organizations	2	0	(1,843,458)
Adjusted for:			
Change in Receivables		0	0
Changes in Payables		0	0
Adjustments during the year		0	0
Net cash flow from operating activities		<u>0</u>	<u>2</u>
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		0	0
Acquisition of Assets		0	0
Net cash flow from Investing activities		<u>0</u>	<u>0</u>
CASHFLOW FROM BORROWING ACTIVITIES			
Net cash flow from financing activities		<u>0</u>	<u>0</u>
NET INCREASE IN CASH AND CASH EQUIVALENT			
Cash and cash equivalent at BEGINNING of the year		<u>2</u>	<u>0</u>
Cash and cash equivalent at END of the year	3	<u>2</u>	<u>2</u>

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 29/9/ 2017 and signed by:



DR KAMAU THUGGE, CBS
Principal Secretary



GEORGE K. GICHURU
Senior Deputy Accountant General
ICPAK Member Number:9262

NATIONAL GOVERNMENT ENTITY – CFS SUBSCRIPTORS TO INTERNATIONAL ORGANIZATIONS
Reports and Financial Statements
For the year ended June 30, 2017

VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT

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 %
RECEIPTS						
Exchequer releases	500,000	0	500,000	0	500,000	
PAYMENTS						
Subscriptions to International Organization	500,000	0	500,000	0	500,000	
Surplus/ Deficit	0	0	0	0	0	

There was no expenditure during the year. The nil expenditure is due to none receipt of any demand notes from the International Organizations in respect of subscription.

The entity financial statements were approved on 29/9/ 2017 and signed by:


Principal Secretary
DR KAMAU THUGGE, CBS



Senior Deputy Accountant General
GEORGE KIHARA GICHURU
ICPAK Member Number:9262


THE NATIONAL TREASURY- CFS SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS
Reports and Financial Statements
For the year ended June 30, 2017

IX. 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 %
RECEIPTS						
Exchequer releases	500,000	0	500,000	0	500,000	
PAYMENTS						
Subscriptions to International Organizations	500,000	0	500,000	0	500,000	
Surplus/ Deficit	0	0	0	0	0	

There was no expenditure during the year. The nil expenditure is due to none receipt of any demand notes from the International Organizations in respect of subscription.

The entity financial statements were approved on 29/9/2017 and signed by:


 Principal Secretary
 DR KAMAU THUGGE, CBS


 Senior Deputy Accountant General
 GEORGE KIHARA GICHURU
 ICPAK Member Number: 9262

X. 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. Reporting entity

The financial statements are for the Subscriptions to International Organizations. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012.

3. 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.

THE NATIONAL TREASURY- CFS SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS

Reports and Financial Statements

For the year ended June 30, 2017

SIGNIFICANT ACCOUNTING POLICIES

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.

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.

THE NATIONAL TREASURY- CFS SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS

Reports and Financial Statements

For the year ended June 30, 2017

SIGNIFICANT ACCOUNTING POLICIES

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.

4. In-kind contributions

In-kind contributions are donations that are made to 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, Subscriptions to International Organizations 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.

5. 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.

SIGNIFICANT ACCOUNTING POLICIES

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 0.00 compared to Kshs 0.00 in prior period as indicated on note xxxx.

There were no other restrictions on cash during the year

6. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised 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.

THE NATIONAL TREASURY- CFS SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS

Reports and Financial Statements

For the year ended June 30, 2017

XI. NOTES TO THE FINANCIAL STATEMENTS

1 EXCHQUER RELEASES

Description	2016-2017	2015-2016
	Kshs	Kshs
Total Exchequer Releases for quarter 1	0	0
Total Exchequer Releases for quarter 2	0	0
Total Exchequer Releases for quarter 3	0	1,843,460
Total Exchequer Releases for quarter 4	0	0
Total	0	1,843,460

There was no expenditure during the year therefore no exchequer issued .

2 PAYMENTS

Description	2016-2017	2015-2016
	Kshs	Kshs
Subscriptions to International Organizations	0	1,843,458
TOTAL	0	1,843,458

There was no demand note received for subscriptions during the year therefore no payment was made.

3: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit e.t.c	Exc rate (if in foreign currency)	2016-2017	2015-2016
				Kshs	Kshs
CENTRAL BANK OF KENYA (Kes)					
<i>Account No. 1000204427</i>		Recurrent		2	2
Total				2	2

THE NATIONAL TREASURY- CFS SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS

Reports and Financial Statements

For the year ended June 30, 2017

4: FUND BALANCE BROUGHT FORWARD

Description	2016-2017	2015-2016
	Kshs	Kshs
Bank accounts	2	
Cash in hand	0	0
Total	2	0

The fund balance brought forward is comprised of the bank balance as at the end of 30th June,2016.

THE NATIONAL TREASURY- CFS SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. PRIOR YEAR ADJUSTMENTS

Description of the error	2016 – 2017	2015 – 2016
	Kshs	Kshs
Adjustments on bank account balances	0	0
Adjustments on cash in hand	0	0
Total	0	0

There was no prior year adjustments made.

NATIONAL GOVERNMENT ENTITY – CFS SUBSCRIPTINS TO INTERNATIONAL ORGANIZATIONS

Reports and Financial Statements

For the year ended June 30, 2017

7. OTHER IMPORTANT DISCLOSURES

- i. Certificate of Bank balance.
- ii. Cash Book Extract
- iii. The entity does not own any fixed assets.
- iv. There are no SCs, SAGAs and Public Funds under Subscriptions to International Organizations.

THE NATIONAL TREASURY- CFS SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS

Reports and Financial Statements

For the year ended June 30, 2017

8. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

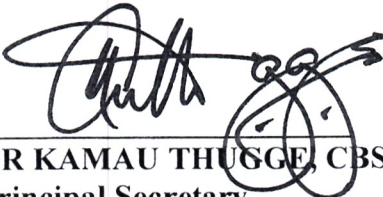
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Unsupported Balance	The amounts confirmed by P.T.A. Bank USD 25,967,315.00 is the paid up share capital while Kenya's membership contribution to MEFMI was USD 384,162.00 as at 30.06.2016.	L. Bumbe and H. Anyanga	Not Resolved	31st December, 2017
1.2		Confirmations received from the following four Organizations have since been submitted for audit review. International Bank for Reconstruction and Development, Multilateral Investment Guarantee Agency, East African Development Bank and African Development Bank.			


THE NATIONAL TREASURY- CFS SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS

Reports and Financial Statements

For the year ended June 30, 2017

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.3		<ul style="list-style-type: none"> • The subscriptions for 2014/15 in respect of seven organisations included callable amounts and were restated to reflect the paid up capital. • Balances on two organizations were restated to reflect the revised status. • Balance on MEFMI is not share holding or capital but membership contribution for the year. <i>Appendix with details is attached.</i> 			
2.	Bank Reconciliation Statement	The Bank Reconciliation statement for statement of expenditure on CFS Subscriptions to International Organizations was submitted for audit.		Resolved	


DR KAMAU THUGGE, CBS
 Principal Secretary


GEORGE K. GICHURU
 Senior Deputy Accountant General
 ICPAK Member Number:9262

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2015/2016	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Land	0	0	0	0
Buildings and structures	0	0	0	0
Transport equipment	0	0	0	0
Office equipment, furniture and fittings	0	0	0	0
ICT Equipment, Software and Other ICT Assets	0	0	0	0
Other Machinery and Equipment	0	0	0	0
Heritage and cultural assets	0	0	0	0
Intangible assets	0	0	0	0
Total	0	0	0	0

The entity does not own any fixed assets.

THE NATIONAL TREASURY - CFS SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS
 Reports and Financial Statements
 For the year ended June 30, 2017

ANNEX 6 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER SUBSCRIPTIONS TO INTERNATIONAL ORGANIZATIONS

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	None	-	-	-	-

There are no SCs, SAGAs and Public Funds under Subscriptions to International Organizations.

BANKI
KUU YA
KENYA



CENTRAL
BANK OF
KENYA

Haile Selassie Avenue
P.O. Box 60000 - 00200 Nairobi, Kenya
Telephone: 2860000, Fax: 340192



5th July, 2017

CERTIFICATE OF BALANCES

Customer : 120373/100094

THE NATIONAL TREASURY

Balance Date: 30-Jun-17

Account No	Account Name	Currency	Balance
1000181467	REC-THE NATIONAL TREASURY	KES	3,236,411,368.15
1000181664	DEV-THE NATIONAL TREASURY	KES	664,092,078.05
1000182137	DEP-THE NATIONAL TREASURY	KES	1,259,616,889.25
1000187492	MICRO FINANCE SEC S CR-REFINANCING	KES	0.00
1000187506	MICRO FINANCE SEC SUP CR-CAP BLDG	KES	81,739,310.30
1000190299	VALUE FOR MONEY (VFM) AUDIT-GIZ	KES	0.00
1000192976	NAT.TREASURY- AID EFFECTVENESS GRP	KES	29,142,421.00
1000201924	VOLUNTARY PAY CUT	KES	68,237,043.05
1000204378	REC-PUBLIC DEBT	KES	2,619,405,630.10
1000204419	REC-SALARIES ALLOWA MISC AND NSSSFC	KES	279,871,546.70
1000204427	REC-SUBSCRIPTION TO INTERNAT. ORG	KES	2.00
1000205024	PETROLEUM DEVELOPMENT LEVY FUND	KES	1,963,342,402.90
1000221518	KENYA PETROLEUM TECHNICAL ASS PROJ	KES	15,650,110.50
1000237872	FINANCIAL SEC.SUPP.PRJ-IDA 56270-KE	KES	112,506,145.70
1000268743	AFRICAN INSTITUTE FOR REMITTANCES	KES	80,828,290.80
1000000977	TREASURY BILLS ACCOUNT	KES	7,357,813,982.27
1000000988	TREASURY BONDS ACCOUNT	KES	26,568,290,679.50
1000000996	REVENUE DEPOSIT ACCOUNT	KES	13,099,389,385.65
1000004053	TREASURY BONDS REDEMPTION	KES	0.00
1000004061	TREASURY BONDS INTEREST	KES	0.00
1000004088	TREASURY BILLS REDEMPTION SUSP.	KES	0.00

L. K. RWERIA
AUTHORISED SIGNATORY
BANKING SERVICES

P. S. LENKUME
AUTHORISED SIGNATORY
BANKING SERVICES

