


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

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**THE AUDITOR-GENERAL**

**ON**

**JUDICIARY**

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



# THE JUDICIARY



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## THE JUDICIARY

### REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2019

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

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THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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TABLE OF CONTENT	PAGE
I. KEY JUDICIARY INFORMATION AND MANAGEMENT .....	1
II. FORWARD BY THE CHIEF REGISTRAR OF THE JUDICIARY .....	3
III. STATEMENT OF JUDICIARY MANAGEMENT RESPONSIBILITIES .....	5
IV. REPORT OF THE INDEPENDENT AUDITORS ON THE JUDICIARY .....	6
V. STATEMENT OF RECEIPTS AND PAYMENTS .....	7
VI. STATEMENT OF ASSETS AND LIABILITIES .....	8
VII. STATEMENT OF CASH FLOWS .....	9
VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED .....	10
IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT .....	11
X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT .....	12
XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES .....	13
XII. SIGNIFICANT ACCOUNTING POLICIES .....	14
XIII. NOTES TO THE FINANCIAL STATEMENTS .....	19

THE JUDICIARY  
 REPORTS AND FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED 30 JUNE 2019

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**I. KEY JUDICIARY INFORMATION AND MANAGEMENT**

The Judiciary is one of the three arms of Government. Its chief mission is to resolve disputes in a just manner with a view to protecting the rights and liberties of all. The principal activity/mission of the Judiciary is to deliver justice fairly, impartially and expeditiously, promotes equal access to justice, and advance local jurisprudence by upholding the rule of law.

**(a) Background information**

The Judiciary is an Arm of the Government. At cabinet level, the Judiciary is represented by the Chief Registrar of the Judiciary who is responsible for the general policy and strategic direction of the Judiciary.

**(b) Key Management**

The Judiciary's day-to-day management is under the following key organs:

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

**(c) Fiduciary Management**

The key management personnel who held office during and upto the date of these Financial Statements and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Hon. Chief Justice and President of the Supreme Court, The Head of Judiciary & Chair of: Judicial Service Commission, National Council of Law Reporting Auctioneer Licensing Board National Council on Administration of Justice	Hon. Mr. Justice David Kenani Maraga, EGH
2.	The Chief Registrar of the Judiciary	Hon. Anne A. Amadi, CBS
3.	Ag. Director Finance	Mrs Susan Oyatsi
4.	Accounts Controller	Mr. Wycliffe Wanga
5.	Director Supply Chain Management	Mr. Jeremiah Nthusi
6.	Director human Resources & Administration	Mrs. Elizabeth Kalei
7.	Ag. Director Public Communication	Catherine Wambui
8.	Ag. Director ICT	Mr. Stephen Ikileng
9.	Ag. Director Planning & Organisation Performance	Mr. Paul Kimalu
10.	Registrar Supreme Court	Hon. Esther Nyaiyaki
11.	Registrar Court of appeal	Hon. Moses Serem
12.	Registrar High Court	Hon Judith Omenge
13.	Registrar Employment & Labour Relations Court	Hon. Kennedy Kandet
14.	Ag. Registrar Environment and Land Court	Hon. Rose Makungu
15.	Registrar Magistrate Court	Hon. Peter Mulwa

THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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**(d) Fiduciary Oversight Arrangements**

The oversight roles are done by the Judicial Service Commission Audit and Finance Committee that carries out the oversight activities.

**(e) Judiciary Headquarters**

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

**(f) The Judiciary Contacts**

Telephone: (254)20-2221221,  
E-mail: [info@court.go.ke](mailto:info@court.go.ke).  
Website: [www.judiciary.go.ke](http://www.judiciary.go.ke)

**(g) The Judiciary Bankers**

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

(ii) Kenya Commercial Bank Limited,  
Kencom House,  
Moi Avenue,  
P. O Box 60000,  
City Square 00200,  
Nairobi,  
KENYA.

**(h) Principal Legal Adviser**

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

THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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## II. FORWARD BY THE CHIEF REGISTRAR OF THE JUDICIARY.

### Budget Highlights

The Judiciary's budget allocation in FY 2018/19 was Kshs. 16.095 Billion, up from Kshs. 14.651 Billion in the previous year. Actual expenditure for the current financial year was KShs 15.128 Billion was compared to Kshs. 13.8 Billion in the FY 2017/2018 representing 93% of the allocation for the period under review.

### Key achievements in Summary

The key achievements recorded during the year include, but are not limited to, the following:

- In the year, the Judiciary established 2 Anti-corruption and Economic Crimes divisions in Kisumu and Mombasa to enhance access to its services. In addition, Admiralty Division was established in Mombasa. Two (2) new Magistrates Courts were established at Msambweni and Ruiru. The Judiciary also established 4 new mobile magistrate courts at Butula, Mutuati, Endau and Konoin.
- To strengthen human resource capacity, 46 magistrates were appointed and 87 staff were recruited and deployed to serve in various stations.
- The Judiciary facilitated appointment of board members and operationalized Tribunals that had transited. This was by coordinating implementation of their programs and activities. The Tribunals are expected to provide specialized mechanism for expedient dispute resolution. The focus in 2018/19 was largely on capacity building, creating public awareness, development of rules of procedure and automation of court processes.
- In the year under review, 487,397 matters were filed in courts across the country and 470,030 cases were resolved hence a Case Clearance Rate (CCR) of 96%. This is a remarkable improvement from 93% in the previous period given the substantial increase in the number of filed matters. The high CCR was partly as a result of the sustained rapid results initiatives such as *justice@last* and service weeks, mobile courts/circuits and improvement in operational efficiency.
- The High Court undertook service weeks in 12 stations that had huge case backlog. A total of 7,472 cases that were more than 5 years old were resolved in the High Court. ELRC conducted service weeks in Nairobi and Kisumu where 2,364 matters were concluded.
- Improvement of physical access to courts remained a key priority and as such refurbishment, rehabilitation and construction of court buildings were undertaken. The Judiciary carried out rehabilitation/refurbishment that included shelving of registries, installation of water tanks, construction of ablution blocks, customer care, waiting bays and solar system. This was done in 15 High Court buildings at Milimani, Kisumu, Makeni, Bomet, Kisii, Voi, Vihiga Thika, Nyeri, Meru, Marsabit, Naivasha, Narok, Lodwar, and Kitui and 42 Magistrate court buildings at Kaloleni, Sirisia, Winam, Mavoko, Bondo, Bungoma, Butali, Eldama Ravine, Githunguri, Hamisi, Homabay, Kabarnet, Nairobi Kadhis' Court, Kajiado, Kandara, Kangu'ndo, Kapsabet, Kehancha, Kisumu (Old building), Keroka, Kikuyu, Kilifi, Kitale, Kyuso, Lamu, Mariakani, Marimanti, Maua, Mbita, Migori, Moyale, Mumias, Mutomo,

THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019


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Ndhiwa, Ngong, Siakago, Ukwala, Mombasa, Kaloleni and Ogembo; and at the National Civil Aviation and Administrative Review Tribunal's premises. The Magistrate Court buildings at Vihiga was also completed. One court room for the Supreme Court and Court of Appeal chambers were also refurbished.

- To entrench performance and accountability, the Judiciary developed Integrated Performance Management and Accountability System (JIPMAS) and piloted at the headquarters. This is a performance measurement tool that is used to produce data in real time and compare with set indicators.
- As part of the digital strategy, an additional six (6) court stations were connected with internet to bring the total to 128 (86%) court stations. This is meant to ease connectivity and facilitate other services such as e-filing and Case Management System.
- The Judiciary prioritised access to information and documentation by establishing and fully equipping 10 new libraries.
- Registry Manual for the Employment and Labour Relations Court (ELRC) to simplify court procedures for enhanced access to services was launched and developed a bench mark book on practice matters to improve the work methods of judicial officers.
- To create awareness on the procedures and services offered by the Judiciary, specific courts and tribunals various IEC materials were developed and disseminated at customer care desks, during ASK Shows and Open Days.
- An automated Principal Registry system was developed to aid in detection and aversion of multi-filing of succession matters by checking Probate and Administration (Form 30 P&A) electronically.

#### **Implementing Challenges**

A major challenge was inadequate funding for all proposed activities and delayed release of exchequer for development projects. Also the less number of Judicial Officers and staff continue to remain a hindrance to implementation of our programmes.

  
**Anne A Amadi, CBS**  
**Chief Registrar of the Judiciary**

THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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**III. STATEMENT OF JUDICIARY MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Judiciary is responsible for the preparation and presentation of the Judiciary's financial statements, which give a true and fair view of the state of affairs of the Judiciary for and as at the end of the year ended on 30<sup>th</sup> June 2019. This responsibility includes:

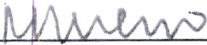
- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the Judiciary;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.


The Accounting Officer in charge of the Judiciary accepts responsibility for the Judiciary's 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 Judiciary's financial statements give a true and fair view of the state of Judiciary's transactions during the year ended 30<sup>th</sup> June 2019, and of the Judiciary's financial position as at that date. The Accounting Officer in charge of Judiciary further confirms the completeness of the accounting records maintained for the Judiciary, which have been relied upon in the preparation of the Judiciary's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Judiciary confirms that the Judiciary has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Judiciary'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 Judiciary's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The Judiciary's financial statements were approved and signed by the Accounting Officer on 27<sup>th</sup> September 2019.

  
\_\_\_\_\_  
Hon Anne A. Amadi, CBS  
Chief Registrar of the Judiciary

  
\_\_\_\_\_  
Wycliffe Wanga - ICPAK Member No: 3209  
Chief Accounts Controller

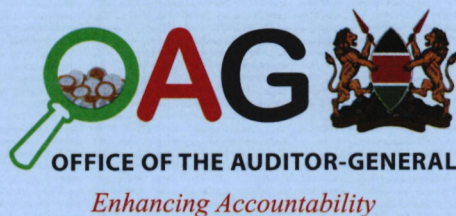
THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2019

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**IV. REPORT OF THE INDEPENDENT AUDITORS ON THE JUDICIARY**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON JUDICIARY FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### **Adverse Opinion**

I have audited the accompanying financial statements of Judiciary set out on pages 7 to 27, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined 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 the Judiciary as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012.

#### **Basis for Adverse Opinion**

##### **1. Inaccurate Cash and Bank Balances**

###### **1.1 Unsupported Third-Party Deposits**

The statement of assets and liabilities reflects a cash and cash equivalents balance of Kshs.7,437,549,982 which includes an amount of Kshs.6,785,776,575 being bank deposits held in various commercial banks on behalf of third parties. However, the cashbooks, bank certificates and bank reconciliation statements in support of the balances were not provided for audit verification.

###### **1.2 Unreconciled Receipts and Payments**

Audit inspections carried out in the months of August and September, 2019 in various courts revealed unreconciled differences between receipts and payments reflected in bank statements with those reflected in the Judiciary Integrated Financial Management Information System (JIFMIS) as shown below:

### 1.2.1 Unreconciled Receipts

<b>Court Station</b>	<b>Receipts as per Bank Statement Kshs.</b>	<b>Collections as per JIFMIS Kshs.</b>	<b>Difference Kshs.</b>
Nakuru	95,244,989	91,179,607	4,065,382
Kisumu	16,719,792	17,359,513	(639,721)
Kericho	20,881,062	13,317,621	7,563,441
Kilifi	9,787,701	9,457,642	330,239

### 1.2.2 Unreconciled Refunds and Forfeitures

<b>Court Station</b>	<b>Payments as per Bank Statement Kshs.</b>	<b>Payments as per JIFMIS Kshs.</b>	<b>Difference Kshs.</b>
Nakuru	72,674,990	110,494,729	(37,819,739)
Kisumu	13,252,524	14,634,981	(1,382,457)
Kericho	8,860,214	8,437,470	422,744
Kilifi	6,984,287	6,263,129	721,158

Although Management explained that a team had been constituted to ascertain the origin of the differences, the reconciliation of the two sets of records had not been provided as at the time the audit report was finalized.

### 1.3 Long Outstanding Items in Bank Reconciliation Statements

A review of the bank reconciliation statements for the recurrent, development and deposit bank accounts revealed long outstanding payments in bank statements not yet recorded in cashbooks and receipts in cashbook not yet recorded in bank statements amounting to Kshs.80,696,941 and Kshs.1,126,582 respectively. The bank reconciliation statements also reflected payments in cashbook not yet recorded in bank statements (unpresented cheques) of Kshs.331,847,914 some of which had been outstanding since 30 June, 2017 and are therefore stale. Although Management has indicated that the unpresented cheques have since been cleared, the supporting bank statements and cash book have not been availed for audit review.

In view of the foregoing, the existence, completeness and accuracy of the reported cash and cash equivalents balance of Kshs.7,437,549,982 could not be ascertained.

## 2. Unsupported Expenditure on Use of Goods and Services

Note 4 to the financial statement reflects Kshs.3,557,016,786 relating to use of goods and services for the year ended 30 June, 2019. Included in this amount is Kshs.9,742,625 and Kshs.1,551,200 on domestic travel and subsistence expenses and hospitality

supplies and services respectively, whose supporting documents were not provided for audit.

In the circumstances, the accuracy of the reported balances and the validity of the payments totalling Kshs.11,293,825 could not be confirmed.

### 3. Unsupported Pending Bills

Note 14 to the financial statements reflects pending bills totalling Kshs.858,437,695 comprising accounts payables and staff payables that were not settled during the financial year 2018/2019 but were instead carried forward to 2019/2020. Failure to settle bills in the year to which they relate distorts the financial statements for the year and also affects the budgetary provisions for the subsequent year. Further, pending bills amounting to Kshs.59,715,223 were not supported with delivery notes, invoices, contracts and local service or purchase orders as required.

Consequently, the accuracy and validity of the reported pending bills figure of Kshs.858,437,695 could not be confirmed.

### 4. Accounts Payables - Deposits

The statement of assets and liabilities reflects accounts payables – deposits amounting to Kshs.7,410,138,140. However, a listing of bank deposits in support of the accounts payable provided reflected a balance of Kshs.6,607,403,848 resulting into a difference of Kshs.802,734,292. Although Management explained that the difference related to historical figures and the issue was being resolved, evidence of the outcome of the process was not provided.

In addition, during audit inspections carried out in the months of August and September 2019, where a sample of eight (8) courts was considered, court documents verified revealed outstanding depositors balance of Kshs.1,159,644,537 while the supporting list provided at the Head Office reflected a balance of Kshs.1,300,196,977 resulting into an unexplained difference of Kshs.140,552,440 as shown:

<b>Court Stations</b>	<b>Outstanding Depositors Sampled Court Station Kshs.</b>	<b>Outstanding Depositors- Financial Statement Listing Kshs.</b>	<b>Difference Kshs.</b>
Kisumu	13,277,845	43,655,798	(30,377,953)
Makadara	360,075,249	455,498,009	(95,422,760)
Nakuru	259,079,521	262,538,262	(3,458,741)
Kericho	29,391,351	38,434,212	(9,042,861)
Taita Taveta		2,250,125	(2,250,125)
<b>Total</b>	<b>661,823,966</b>	<b>802,376,406</b>	<b>(140,552,440)</b>

Similarly, documents verified at the sampled courts revealed cashbook deposit balances of Kshs.1,079,910,223 while the supporting list availed for audit reflected total deposits of Kshs.1,204,301,231 for the same courts resulting to an unexplained difference of Kshs.124,391,008.

<b>Court Stations</b>	<b>Deposit Cash Balance - Sampled Court Station Kshs.</b>	<b>Deposit Cash Book Balance- Financial Statement Listing Kshs.</b>	<b>Difference Kshs.</b>
Kibera	202,366,673	203,396,529	(1,029,856)
Mombasa	255,257,921	366,134,463	(110,876,542)
Kilifi	18,934,336	18,837,788	96,548
Kisumu	43,376,914	44,993,276	(1,616,362)
Makadara	308,739,394	267,018,386	41,721,008
Nakuru	222,844,596	279,919,337	(57,074,741)
Kericho	28,390,389	21,747,677	6,642,712
Taita Taveta		2,253,775	(2,253,775)
<b>Total</b>	<b>1,079,910,223</b>	<b>1,204,301,231</b>	<b>(124,391,008)</b>

Further, confirmed cashbook deposit balance of Kshs.1,079,910,223 for the sampled courts was less than the confirmed deposits owed of Kshs.1,159,644,537 by Kshs.79,734,314 casting doubt on the ability of the Judiciary to fulfill its obligations as they fall due.

<b>Court Station</b>	<b>Outstanding Depositors Kshs.</b>	<b>Deposit Cash Book Balance Kshs.</b>	<b>Difference Kshs.</b>
Kibera	252,982,899	202,366,673	50,616,226
Mombasa	224,867,587	255,257,921	(30,390,334)
Kilifi	19,970,085	18,934,336	1,035,749
Kisumu	13,277,845	43,376,914	(30,099,069)
Makadara	360,075,249	308,739,394	51,335,855
Nakuru	259,079,521	222,844,596	36,234,925
Kericho	29,391,351	28,390,389	1,000,962
Taita Taveta			
<b>Total</b>	<b>1,159,644,537</b>	<b>1,079,910,223</b>	<b>79,734,314</b>

In view of the foregoing, the accuracy, completeness and validity of the reported accounts payable - deposits balance of Kshs.7,410,138,140 could not be confirmed.

##### **5. Delayed Completion of Thirty-Nine (39) Courts**

As previously reported, the balance of Kshs.25,368,939,031 being the historical cost of the assets of the Judiciary as shown under Annex I to the financial statements, includes

Kshs.3,491,859,987 relating to construction of thirty-nine (39) law courts spread across the country. Construction works for some of the law courts were awarded in the financial year 2013 but had taken long to complete therefore, attracting interest on the contract sum. A case in point was a local contractor for the Embu Law Courts who was demanding Kshs.4,859,432 interest on delayed payments.

Further, details of completion certificates issued for works done and total amount paid for each of the projects valued at Kshs.1,587,836,186 were not provided for audit review. In the absence of completion certificates and payment details, it has not been possible to confirm that the works paid for were certified as per the provisions of the signed contract agreements and that citizens got value for money on the expenditure already incurred.

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

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, except for the matters described in the basis for conclusion on lawfulness and effectiveness in use of public resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Management of the Tribunals**

Documents availed for audit on operations of the nineteen (19) tribunals transferred to the Judiciary revealed that some of the staff within the tribunals were still under their respective Ministries resulting in different reporting structures. In addition, the office spaces and courtrooms were inadequate for some tribunals while others were not easily accessible to the public leading to few cases being registered at the tribunals. Further, there are over sixty tribunals in the country but only nineteen (19) have been recognized in the financial statements of the Judiciary. It was not clear why the remaining tribunals were not transferred in compliance with Article 169(1) of the Constitution of Kenya that

defines subordinate courts under the Judiciary to include local tribunals as may be established by an Act of Parliament.

Under the circumstances, the judicial authority over the tribunals may not have been exercised in compliance with Article 159(1) of the Constitution of Kenya.

## 2. Irregular Acting Appointments

Audit review of the human resources records revealed that staff had been appointed in an acting capacity to various positions within the Judiciary for a period of between sixteen (16) and forty (40) months contrary to Section B 20 (iii) and (iv) of the Judiciary Human Resource Policies and Procedures Manual that requires acting appointments to be held for a maximum of twelve (12) months which can only be extended by a final acting period of six months. The Manual further states that the position must be filled or officer reverts to his or her position after acting for a maximum of eighteen months. It was further observed that officers serving in an acting capacity were again appointed to act in higher positions.

In consequence, the Judiciary was in breach of its Human Resource Policies and Procedures.

## 3. Unapproved Reallocations

Examination of the payment vouchers revealed that expenditure of Kshs.76,265,569 was misallocated or charged to wrong accounts as shown below:

<b>Vote</b>	<b>Correct Account</b>	<b>Incorrect Account charged</b>	<b>Amount Kshs.</b>
2210300	Domestic Travel	Tribunal	35,451,785
2210400	Foreign Travel	Tribunal	11,689,777
2210800	Hospitality	Tribunal	6,125,505
2210700	Training	Tribunal	13,514,308
	Routine maintenance of vehicles and other transport equipment	Fuel, oil and lubricants	9,484,194
			<b>76,265,569</b>

Approval from The National Treasury for the reallocations as required under Section 43 (2) (b) of the Public Finance Management Act, 2012 was not provided.

Consequently, the propriety of the reallocations could not be confirmed.

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

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

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

In preparing the financial statements, Management is responsible for assessing the Judiciary's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the Judiciary or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Judiciary'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 Judiciary to cease 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 Judiciary 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.



Nancy Gathungu

**AUDITOR-GENERAL**

**Nairobi**

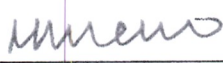
**18 December, 2020**

THE JUDICIARY  
 REPORTS AND FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	30 June 2019 KShs	30 June 2018 KShs
<b>RECEIPTS</b>			
Exchequer releases	1	13,044,322,865	13,718,988,951
Other receipts - Direct Payments	2	<u>2,158,285,551</u>	<u>177,469,506</u>
		15,202,608,416	13,896,458,457
<b>PAYMENTS</b>			
Compensation of Employees	3	7,599,671,082	7,398,332,179
Use of goods and services	4	3,557,016,786	2,767,699,003
Transfers to Other Government Units	5	533,663,056	876,890,288
Social Security Benefits	6	790,400,544	743,248,138
Acquisition of Assets	7	1,875,806,861	608,853,468
Other Expenses	8	<u>772,352,455</u>	<u>1,405,020,784</u>
		<b>15,128,910,784</b>	<b>13,800,043,861</b>
<b>SURPLUS/DEFICIT</b>			
		<b><u>73,697,632</u></b>	<b><u>96,414,596</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Judiciary financial statements were approved on 27<sup>th</sup> September, 2019 and signed by:

  
 Hon. Anne A. Amadi, CBS  
 Chief Registrar of the Judiciary

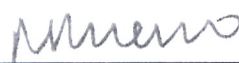
  
 Wycliffe Wanga - ICPAK Member No: 3209  
 Chief Accounts Controller

THE JUDICIARY  
 REPORTS AND FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

VI. STATEMENT OF ASSETS AND LIABILITIES

	Note	2018-2019 KShs	2017-2018 KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	9	<u>7,437,549,982</u>	<u>5,874,957,865</u>
Accounts Receivables - Outstanding Imprest and Clearance Accounts	10	<u>265,127,574</u>	<u>183,100,347</u>
<b>TOTAL FINANCIAL ASSETS</b>		<u><b>7,702,677,555</b></u>	<u><b>6,058,058,213</b></u>
<b>LESS: FINANCIAL LIABILITIES</b>			
Accounts Payables - Deposits	11	<u>7,410,138,140</u>	<u>5,126,896,135</u>
<b>NET FINANCIAL ASSETS</b>		<u><b>292,539,416</b></u>	<u><b>931,162,078</b></u>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	12	931,162,078	834,747,482
Prior Year Adjustment	13	(712,320,295)	-
Surplus/Deficit for the year		<u>73,697,632</u>	<u>96,414,596</u>
<b>NET FINANCIAL POSITION</b>		<u><b>292,539,416</b></u>	<u><b>931,162,078</b></u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Judiciary financial statements were approved on 27<sup>th</sup> September 2019 and signed by:

  
 Hon. Anne A. Amadi, CBS  
 Chief Registrar of the Judiciary

  
 Wycliffe Wanga - ICPAK Member No: 3209  
 Chief Accounts Controller

THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

VII. STATEMENT OF CASH FLOWS

	Not e	2018-2019 KShs	2017-2018 KShs
<b>Receipts for operating income</b>			
Transfers from National Treasury	1	13,044,322,865	13,718,988,951
Other Receipts	2	<u>2,158,285,551</u>	<u>177,469,506</u>
		15,202,608,416	13,896,458,457
<b>Payments for operating expenses</b>			
Compensation of Employees	3	7,599,671,082	7,398,332,179
Use of goods and services	4	3,557,016,786	2,767,699,003
Transfers to Other Government Units	5	533,663,056	876,890,288
Social Security Benefits	6	790,400,544	743,248,138
Other payments	8	<u>772,352,455</u>	<u>1,405,020,784</u>
		<b>(13,253,103,923)</b>	<b>13,191,190,391</b>
<b>Adjusted for:</b>			
Changes in receivables		(82,027,226)	128,967,980
Changes in payables		<u>2,283,242,005</u>	<u>759,061,944</u>
		<b>2,201,214,779</b>	<b>888,029,924</b>
<b>Net cashflow from operating activities</b>		<b>4,150,719,272</b>	<b>1,593,297,990</b>
Acquisition of Assets	7	<u>(1,875,806,861)</u>	<u>(608,853,469)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>2,274,912,411</b>	<b>984,444,520</b>
Prior year adjustment	13	(712,320,295)	-
<b>Cash and cash equivalent at beginning of the year</b>		<b>5,874,957,866</b>	<b>4,890,513,345</b>
<b>Cash and cash equivalent at end of the year</b>		<b><u>7,437,549,982</u></b>	<b><u>5,874,957,865</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Judiciary financial statements were approved on 27<sup>th</sup> September 2019 and signed by:



Hon. Anne A. Amadi, CBS  
Chief Registrar of the Judiciary



Wycliffe Wanga - ICPAK Member No: 3209  
Accounts Controller

THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustment B	Final Budget c=b+a	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>RECEIPTS</b>						
Total Exchequer releases	6,818,750,000	8,336,746,725	15,155,496,725	14,275,241,639	880,255,092	94%
Direct Payments (PIIP)	1,499,000,000	(559,000,000)	940,000,000	927,366,783	12,633,217	99%
	<u>8,267,750,000</u>	<u>7,827,746,725</u>	<u>16,095,496,422</u>	<u>15,202,608,416</u>	<u>892,888,309</u>	<u>94%</u>
<b>PAYMENTS</b>						
Compensation of Employees	3,800,000,000	3,800,000,000	7,600,000,000	7,599,671,082	328,918	100%
Use of goods and services	2,077,704,269	1,571,806,355	3,649,510,623	3,557,016,786	92,493,837	97%
Transfers to Other Government Units	296,590,000	296,540,000	593,130,000	533,663,056	59,466,944	90%
Social Security Benefits	410,269,802	410,269,802	820,539,603	790,400,544	30,139,059	96%
Acquisition of Assets	1,683,185,930	967,172,688	2,650,358,618	1,875,806,861	774,551,757	71%
Other Expenses	151,000,000	630,957,881	781,957,881	772,352,455	9,605,426	99%
<b>Grand Total</b>	<b>8,418,750,000</b>	<b>7,676,746,725</b>	<b>16,095,496,725</b>	<b>15,128,910,784</b>	<b>966,585,941</b>	<b>94%</b>

The overall absorption in acquisition of assets was at 71% due to delays in presentation of work certificates for payments. In addition the development was not fully funded by exchequer resulting to pending bills.

The Judiciary financial statements were approved on 27<sup>th</sup> September 2019 and signed by:

  
Hon. Anne A. Amadi, CBS  
Chief Registrar of the Judiciary

  
Wycliffe Wangari - ICPAK Member No: 3209  
Accounts Controller

THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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

Receipt/Expense Item	Original Budget	Adjustment	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=b+a	d	E=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	6,768,750,000	6,317,802,086	13,086,552,086	12,946,022,865	140,529,221	99%
<b>PAYMENTS</b>						
Compensation of Employees	3,800,000,000	3,800,000,000	7,600,000,000	7,599,671,082	328,919	100%
Use of goods and services	2,077,704,269	1,571,806,355	3,649,510,623	3,557,016,786	92,493,837	97%
Transfers to Other Government Units	296,590,000	296,540,000	593,130,000	533,663,056	59,466,944	90%
Social Security Benefits	410,269,802	410,269,802	820,539,603	790,400,544	30,139,059	96%
Acquisition of Assets	184,185,930	239,185,930	272,371,860	204,444,391	67,927,469	75%
Other Expenses - Domestic lending & on Lending - Mortgage	151,000,000	-	151,000,000	151,000,000	-	100%
<b>Grand Total</b>	<b>6,919,750,000</b>	<b>6,317,802,086</b>	<b>13,086,552,086</b>	<b>12,836,195,859</b>	<b>250,356,227</b>	<b>98%</b>

The absorption for acquisition of assets in recurrent budget was at 75% due to delays in presentation of work certificates for payments.

The Judiciary financial statements were approved on 27<sup>th</sup> September 2019 and signed by:



Hon. Anne A. Amadi, CBS  
Chief Registrar of the Judiciary



Wycliffe Wangari - ICPAK Member No: 3209  
Accounts Controller

THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustment	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	Original Budget
	a	b	c=b+a	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	50,000,000	2,018,944,639	2,068,944,639	1,387,218,768	681,725,871	67%
Direct Payments (JPIP)	1,499,000,000	(559,000,000)	940,000,000	927,366,783	12,633,217	99%
	<b>1,549,000,000</b>	<b>1,459,944,639</b>	<b>3,008,944,639</b>	<b>2,314,585,551</b>	<b>694,359,088</b>	<b>77%</b>
<b>PAYMENTS</b>						
Acquisition of Assets -GoK	50,000,000	101,227,114	151,227,114	122,410,748	28,816,366	81%
Ford Foundation Expenditure	-	58,717,525	58,717,525	49,112,099	9,605,426	84%
Acquisition of Assets - JPIP	1,499,000,000	1,300,000,000	2,799,000,000	1,548,951,723	677,807,922	76%
<b>Grand Total</b>	<b>1,549,000,000</b>	<b>1,459,944,639</b>	<b>3,008,944,639</b>	<b>2,292,714,925</b>	<b>716,229,714</b>	<b>76%</b>

The absorption for acquisition of assets in development budget at 81% in GoK funded budget, 84% in donor (Ford Foundation) funded projects and 76% in World Bank funded (JPIP) project. Delays in presentation of work certificates for payments in GoK, Ford funded activities and JPIP resulted to low absorption rate. In addition the development budget was not fully funded by exchequer resulting to pending bills.

The Judiciary financial statements were approved on 27<sup>th</sup> September 2019 and signed by:



Hon. Anne A. Amadi, CBS  
Chief Registrar of the Judiciary



Wycliffe Wanga - ICPAK Member No: 3209  
Accounts Controller

THE JUDICIARY  
 REPORTS AND FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2018-2019 KShs	Adjustment 2018-2019 KShs	Final Budget 2018-2019 KShs	Actual on Comparable Basis 2018-2019 KShs	Budget Utilisation Difference 2018-2019 KShs
<b>Programme 1: Dispensation of Justice</b>					
Sub-programme 1: Access to Justice	11,365,336,384	1,560,838,518	12,926,174,902	12,155,986,814	770,188,088
Sub-programme 2: Administration and Support Services	3,090,863,616	78,158,207	3,169,021,823	2,972,923,970	196,097,853
<b>Grand Total</b>	<b>14,456,200,000</b>	<b>1,638,996,725</b>	<b>16,095,196,725</b>	<b>15,128,910,784</b>	<b>966,285,941</b>

## XII. 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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. 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 Judiciary. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

### 2. Reporting Entity

The financial statements are for the Judiciary. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012 and also comprise of the following development project implemented by the entity:

#### *i) Judicial Performance Improvement Project*

### 3. Reporting Currency

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

### 4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

#### a) Recognition of Receipts

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

#### • Transfers from the Exchequer

Transfers from the exchequer are 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 Judiciary.

**a) Recognition of Receipts (Continued)**

- **External Assistance**

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

Grants and loans 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 Judiciary.

In case of grant/loan 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. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30<sup>th</sup> June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

**b) Recognition of payments**

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Judiciary.

- **Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

- **Use of Goods and Services**

Goods and services are recognized as payments in the period when the goods/services are 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 are 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.

**b) Recognition of payments (Continued)**

- **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 the Judiciary and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

**5. In-kind contributions**

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

**6. Third Party Payments**

Included in the receipts and payments, are payments made on its behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings.

**7. 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.

- **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.

There were no other restrictions on cash during the year

THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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**8. 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 is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure 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.

**9. Accounts Payable**

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

**10. Pending Bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Entity at the end of the year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an cash basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2018 for the period 1st July 2018 to 30th June 2019 as required by Law and there were two supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

**12. Comparative figures**

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

THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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**13. Subsequent events**

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

**14. Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

THE JUDICIARY  
 REPORTS AND FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

XIII. NOTES TO THE FINANCIAL STATEMENTS

1) EXCHEQUER RELEASES

Description and reference of the transfer	2018-2019	2017-2018
	KShs	KShs
Total Exchequer Releases for quarter 1	3,856,659,345	3,009,799,084
Total Exchequer Releases for quarter 2	2,675,303,200	4,289,980,005
Total Exchequer Releases for quarter 3	3,643,175,100	3,348,827,047
Total Exchequer Releases for quarter 4	<u>2,869,185,220</u>	<u>3,070,382,815</u>
<b>Total</b>	<b><u>13,044,322,865</u></b>	<b><u>13,718,988,951</u></b>

2) PROCEEDS FROM FOREIGN BORROWINGS (JPIP)

	2018 -2019	2017 -2018
	Kshs	Kshs
Total Exchequer Releases for quarter 1	-	-
Total Exchequer Releases for quarter 2	436,003,250	-
Total Exchequer Releases for quarter 3	121,082,500	-
Total Exchequer Releases for quarter 4	673,833,018	-
Direct Payments	<u>927,366,783</u>	<u>177,469,506</u>
	<b><u>2,158,285,551</u></b>	<b><u>177,469,506</u></b>

3) COMPENSATION OF EMPLOYEES

	2018-2019	2017-2018
	KShs	KShs
Basic salaries of permanent employees	3,393,678,632	3,420,523,930
Basic wages of temporary employees	147,289,623	150,617,211
Personal allowances paid as part of salary	<u>4,058,702,827</u>	<u>3,827,191,038</u>
<b>Total</b>	<b><u>7,599,671,082</u></b>	<b><u>7,398,332,179</u></b>

THE JUDICIARY  
 REPORTS AND FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

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4) USE OF GOODS AND SERVICES

	2018-2019	2017-2018
	KShs	KShs
Utilities, supplies and services	122,496,419	102,426,578
Communication, supplies and services	248,992,949	208,276,750
Domestic travel and subsistence	679,203,145	436,737,044
Foreign travel and subsistence	65,656,254	14,973,775
Printing, advertising and information supplies & services	83,208,604	37,658,952
Rentals of produced assets	21,144,660	20,041,614
Training expenses	46,289,559	24,978,614
Hospitality supplies and services	226,785,154	110,078,872
Insurance costs	1,055,000,000	882,002,454
Specialised materials and services	38,186,708	12,452,733
Office and general supplies and services	195,180,622	131,544,619
Other operating expenses	414,074,528	429,102,805
Routine maintenance - vehicles and other transport equipment	135,520,379	183,412,214
Routine maintenance - other assets	72,069,496	50,402,917
Fuel Oil and Lubricants	<u>153,208,309</u>	<u>123,600,062</u>
<b>Total</b>	<b><u>3,557,016,786</u></b>	<b><u>2,767,699,003</u></b>

THE JUDICIARY  
 REPORTS AND FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

5) TRANSFERS TO OTHER GOVERNMENT ENTITIES

	2018-2019	2017-2018
Entity	KShs	KShs
National Council for Administration of Justice	48,855,013	28,180,974
Auctioneer Licensing Board	-	20,000,000
National Council for Law Reporting	-	320,000,000
Education Tribunal	8,135,604	8,958,471
Standards Tribunal	13,161,444	17,474,478
Business Premises Tribunal	33,971,461	32,965,735
Co-operative Tribunal	49,645,486	52,418,692
Industrial Property Tribunal	13,088,074	14,275,886
HIV and AIDs Tribunal	44,909,164	46,987,261
National Environment Tribunal	22,750,779	20,815,984
Rent Restriction Tribunal	27,880,828	29,094,455
Sports Dispute Tribunal	17,097,287	19,182,146
Energy Tribunal	9,674,682	9,605,558
Private Public Partnership Dispute Tribunal	29,464,400	41,968,479
Competition Tribunal	29,195,551	31,072,108
Transport Licensing Appeals Board	73,078,742	79,987,860
Political Parties Dispute Tribunal	25,329,428	6,604,620
Competent Authority	10,397,550	20,845,261
Education Appeals Tribunal	10,600,250	7,681,038
Tribunal Secretariat	26,731,478	14,530,579
State Corporations Appeals Tribunal	39,695,835	54,240,703
Transfers to Central government entities	<u>533,663,056</u>	<u>876,890,288</u>

6) SOCIAL SECURITY BENEFITS

Government pension and retirement benefits	<u>790,400,544</u>	<u>743,248,138</u>
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Social security benefits relate to Judiciary contribution towards staff retirement under the defined contribution scheme and defined benefit schemes. The contributions are made to Sanlam Kenya Limited and Zamara Actuaries, Administrators & Consultants Limited who are the fund managers and administrators respectively.

THE JUDICIARY  
 REPORTS AND FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

7) ACQUISITION OF ASSETS

Non-Financial Assets		2018-2019	2017-2018
		KShs	KShs
Construction of Buildings		19,582,077	182,855,299
Refurbishment of Buildings		102,828,671	81,769,597
Purchase of Vehicles and Other Transport Equipment		125,052,100	278,559,520
Purchase of Office Furniture and General Equipment		79,392,291	31,362,668
Purchase of Specialized Plant, Equipment and Machinery		-	34,306,384
Domestic Lending and On-lending - JPIP		<u>1,548,951,723</u>	<u>-</u>
<b>Total</b>		<b><u>1,875,806,861</u></b>	<b><u>608,853,468</u></b>

8) OTHER EXPENSES

Purchase of goods and services - JPIP		452,413,790	1,227,551,278
Purchase of goods and services - Direct Payments		119,826,566	177,469,506
Housing Loans to public servants		151,000,000	-
Ford Foundation Expenses		<u>49,112,099</u>	<u>-</u>
		<b><u>772,352,455</u></b>	<b><u>1,405,020,784</u></b>

9) BANK ACCOUNTS

Name of Bank, Account No. & currency	Type		
<i>Central Bank of Kenya: 1000181915 - KES</i>	Recurrent	20,661,941	169,629,751
<i>Central Bank of Kenya: 1000182048 - KES</i>	Development	639,216	10,623,017
<i>Central Bank of Kenya: 1000182342 - KES</i>	Deposits	624,361,565	567,620,122
<i>Central Bank of Kenya: 1000187441 - KES</i>	JPIP	6,110,685	188,841
<i>Various Commercial Banks</i>		<u>6,785,776,575</u>	<u>5,126,896,135</u>
<b>Total</b>		<b><u>7,437,549,982</u></b>	<b><u>5,874,957,865</u></b>

10) ACCOUNTS RECEIVABLE

Government Imprests		33,608,175	13,720,908
Government Imprests - JPIP		15,423,241	-
Salary advances		925,570	945,197
District suspense		<u>215,170,588</u>	<u>168,434,242</u>
<b>Total</b>		<b><u>265,127,574</u></b>	<b><u>183,100,347</u></b>

THE JUDICIARY  
 REPORTS AND FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

11) ACCOUNTS PAYABLE

	2018-2019	2017-2018
	KShs	KShs
General Deposits - HQs	624,361,565	515,381,375
General Deposits - Stations	6,785,776,575	4,611,514,760
Retention	-	-
<b>Total</b>	<b><u>7,410,138,140</u></b>	<b><u>5,126,896,135</u></b>

12) BALANCES BROUGHT FORWARD

Bank Accounts	9	5,874,957,865	4,890,513,345
Accounts Receivable	10	183,100,347	312,068,328
Accounts Payable	11	(5,126,896,135)	(4,367,834,191)
<b>Total</b>		<b><u>931,162,078</u></b>	<b><u>834,747,482</u></b>

13) PRIOR YEAR ADJUSTEMENTS

Adjustment on Bank Deposit Account		(567,620,122)	-
Adjustments on Receivables - JPIP		(144,700,173)	-
<b>Total</b>		<b><u>(712,320,295)</u></b>	<b><u>-</u></b>

14) OTHER IMPORTANT DISCLOSURES

14.1: PENDING ACCOUNTS PAYABLE (See Annex 4 for detailed listing)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Construction of buildings	253,150,849	255,029,397	83,539,780	424,640,466
Supply of goods	77,353,653	68,526,795	68,844,751	77,035,697
Supply of services	<u>228,513,324</u>	<u>245,288,547</u>	<u>217,087,658</u>	<u>256,714,213</u>
<b>Total</b>	<b><u>559,017,826</u></b>	<b><u>568,844,739</u></b>	<b><u>369,472,189</u></b>	<b><u>758,390,376</u></b>

14.2: PENDING STAFF PAYABLES (See Annex 5 for detailed listing)

Staff Payables	<u>54,780,238</u>	<u>97,308,307</u>	<u>52,041,226</u>	<u>100,047,319</u>
<b>TOTAL</b>	<b><u>613,789,063</u></b>	<b><u>666,153,046</u></b>	<b><u>666,153,046</u></b>	<b><u>858,437,695</u></b>

THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

ANNEX 1 - SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/2018 KShs	Additions during the year (Kshs) KShs	Disposals during the year (Kshs) KShs	Transfers in/(out) during the year KShs	Historical Cost c/f (Kshs) 2018/2019 KShs
Land	7,297,599,999	-	-	-	7,297,599,999
Buildings and structures	11,328,235,191	1,401,734,020	-	-	12,729,969,211
Transport equipment	2,914,588,877	201,211,130	-	-	3,115,800,007
Office equipment, furniture and fittings	248,826,068	176,997,229	-	-	425,823,297
ICT Equipment	286,524,589	95,864,303	-	-	382,388,892
Machinery and Equipment	1,417,357,625	-	-	-	1,417,357,625
Biological assets	-	-	-	-	-
Infrastructure Assets- Roads, Rails	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Work in Progress	-	-	-	-	-
<b>Total</b>	<b>23,493,132,349</b>	<b>1,875,806,681</b>	<b>-</b>	<b>-</b>	<b>25,368,939,031</b>

THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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**ANNEX 2 -LIST OF STATE CORPORATIONS AND SEMI-AUTONOMOUS  
GOVERNMENT AGENCIES UNDER THE JUDICIARY.**

- 1) State Corporation Appeals Tribunal
- 2) HIV & AIDS Tribunal
- 3) Political Parties Dispute Tribunal
- 4) National Council for Administration of Justice

THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

ANNEX 3 – PROGRESS ON THE 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 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	Lack of fixed asset Register	A team has been established to take stock of all assets, tag them and come up with an updated asset register All contractors files are maintained and updated with certificates issued and payments made. During the year under review not all certified works were paid due to austerity measures hence could not be recognised as expenditure for the year.	HAU/FO	Not resolved	Awaiting Resolution PAC
2.	Unrecognised and uncertified contractor's expenditure		HAU/FO	Not resolved	Awaiting Resolution PAC
3.	Unsupported Tribunals Expenditure	Tribunals had a one line budget and thus all expenditure were card were charged therein. Support documents were provided as per sample payment vouchers requested. The unpaid pending bills could not have resulted to a deficit. As indicated in other matters No.2 there was an unutilised budget of KShs	HAU/FO	Not resolved	Awaiting Resolution PAC
4.	Pending Bills		HAU/FO	Not resolved	Awaiting Resolution PAC

THE JUDICIARY  
 REPORTS AND FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2019

Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		851,849,868 which was more than the unpaid pending bills.			

*mmmm*

Hon. Anne A. Amadi, CBS  
 Chief Registrar of the Judiciary

*[Signature]*

Wycliffe Wangi - ICPAK Member No: 3209  
 Accounts Controller

THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

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**ANNEX 5- REPORTS GENERATED FROM IFMIS**

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. GOK IFMIS Receipts and Payments Statement
- iv. GOK IFMIS Statement of Financial Position
- v. GOK IFMIS Statement of Cash Flows
- vi. GOK IFMIS Notes to the Financial Statements
- vii. GOK IFMIS Statement of Budget Execution
- viii. GOK IFMIS Statement of Deposits
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification
- x. GOK IFMIS Budget Execution by Heads and Programmes
- xi. GOK IFMIS Budget Execution by Programmes and Sub-programmes