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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NEPAD / APRM KENYA SECRETARIAT**

**FOR THE YEAR ENDED  
30 JUNE 2017**



**NEPAD**  
TRANSFORMING AFRICA



**NEPAD / APRM KENYA SECRETARIAT**

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## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2017**

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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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## I. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

#### *Overview*

The reorganization of NEPAD/APRM institutions were effected through Kenya Gazette Notice No.4651 of 24<sup>th</sup> June 2016 that established NEPAD/APRM Kenya Secretariat (NAKS) as a Semi-Autonomous Agency (SAGA) in the Ministry of Devolution and Planning. It is headed by the Chief Executive Officer who is appointed by the Cabinet Secretary.

### (b) Principal Activities

According to the Legal Notice, NEPAD/APRM Kenya is charged with the following mandate:

- i. Promote Kenya's effective participation in activities of the New Partnership for Africa's Development (NEPAD) and the Domestication of the African Union (AU) Mission Core Principles and Values
- ii. Promote leadership, guidance and direction on the implementation of the Africa Peer Review Mechanism (APRM) in Kenya
- iii. Sustain the integrity of the APRM process, keeping it transparent, inclusive and accountable to the citizens of Kenya
- iv. Transmit the APRM review/progress reports to the APR Panel of Eminent Persons, the Head of State, and any other relevant national and African Union organs as specified by the APRM rules
- v. Monitor and report on progress realized in the implementation of the APRM National Programme of Action
- vi. Provide policy guidance in cascading the APRM as a governance tool to the counties
- vii. Serve as the Regional NEPAD/APRM co-ordinator for Eastern African Countries.
- viii. Co-ordination of NEPAD activities in the Eastern African region in liaison with the NEPAD Continental secretariat with the aim of incorporating and promoting Kenya's interests in NEPAD
- ix. Design, develop and implement necessary measures to identify and address governance issues affecting Kenya's performance in national, regional and global governance surveys and indices
- x. Provide guidance for structured engagement with local and international agencies undertaking and disseminating reviews on Kenya's Governance to ensure accuracy of facts and fidelity to best-practices on objective reporting

NEPAD/APRM's organizational structure consists of the National Governing Council (hereafter referred to as the Council) supported by the NEPAD/APRM Secretariat. The Secretariat is made up of; i) NEPAD Programmes, ii) APRM and Governance and ii) Human Resources and Administration.

#### *Our Vision*

To be the most effective Government Agency in facilitating implementation of the New Partnerships for Africa's Development Agenda in Kenya and the Eastern African region

#### *Our Mission*

To promote effective lobbying, advocacy, communication, coordination and research on NEPAD/APRM activities, nationally and regionally

*Our Core Values*

- ✓ Integrity
- ✓ Efficiency and Effectiveness
- ✓ Innovativeness
- ✓ Inclusiveness
- ✓ Professionalism
- ✓ Accountability and Transparency

**(c) National Governing Council**

The Council members who served during the Financial Year 2016/17 are as follows:

<b>Member</b>	<b>Position</b>	<b>Date of Appointment</b>
1. Prof. Michael Chege	Chairman	June 2016
2. Michael Kisilu	Member	June 2016
3. Jennifer Shamallah	Member	June 2016
4. Glens Etyang	Alternate to PS, Foreign Affairs	August 2016
5. Anthony Muriu	Alternate to PS, National Treasury	October 2016
6. Joshua Opiyo	Alternate to PS, Planning & Statistics	October 2016
7. Samuel Mwale	Member	November 2016
8. Dr. Monica Kerretts-Makau	Member	November 2016
9. Daniel N. Osiemo	Member -Ex Official	November 2015

**(d) Fiduciary Management**

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

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Ag. CEO	-Daniel N. Osiemo
2.	Director, APRM & Governance	-Peter N. Kimemia
3.	Ag. Director NEPAD	-Nicholas A. Ambundo
4.	Manager, Human Resources and Administration	-Erica Mutwiri

**(e) Entity Headquarters**

P.O. Box 46270-00100,  
Liaison House, 4<sup>th</sup> Floor  
State House Avenue  
Nairobi, KENYA

**(f) Entity Contacts**

Telephone: (254) 20 2733735/38/42  
E-mail: [info@nepadkenya.org](mailto:info@nepadkenya.org)  
Website: [www.nepadkenya.org](http://www.nepadkenya.org)

**(g) Entity Bankers**

Co-operative Bank of Kenya  
Co-operative House Branch,  
P.O. Box 48231 - 00100,  
NAIROBI

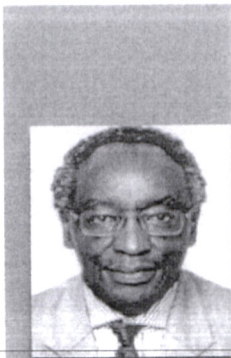
**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

## II. THE BOARD OF DIRECTORS



**Prof. Michael Chege, B.A., MSc, PhD, Chairman, National Governing Council (Non-Executive)**

Prof. Chege was appointed the Chair of the National Governing Council on 24<sup>th</sup> June 2016. He previously served as a board member of the Kenya Institute of Public Policy Research and Analysis (KIPPRA) where he chaired the Programmes Committee of the Board. He is also the Chairman of the African Leadership Institute a local NGO that provides training for younger Kenyans with demonstrated potential to be future African leaders.

Professor Chege holds a Bachelor's Degree in Economics and Government, Master of Science Degree and PhD Public Policy and Political Economy of Development. He has taught at the University of Nairobi, University of Geneva (Switzerland) and the University of Florida, Gainesville, where he served as the Director of the Center for African Studies. He has also served as Policy Advisor to the Ford Foundation and as an International Development Policy Advisor at Kenya's National Treasury (2004-13). In addition, he has been a Consultant with the World Bank, UNDP, Rockefeller Foundation, SIDA, and the Aga Khan Foundation among other international organizations.



**Michael Kisilu, Member, BSc, MIBA, (Non-Executive)**

Michael is the Manager, Housing and an Adjunct Faculty at the United States International University- Africa. He began his career as a lecturer at the Central Institute of Management. He holds Bachelors of Science in Tourism Management, MIBA Strategic Management, and is currently undertaking a PhD in Tourism Management. Prior to joining NEPAD/APRM Kenya, he was a member of the Kenya Utalii Council. Michael joined the National Governing Council on 24<sup>th</sup> June 2017 and is a member of the Audit and Risk Management Committee and chairs the Technical Committee.



**Mr. Glens Etyang, (Non-Executive)**

Glens Ekisa Etyang is a First Secretary, Africa & AU Directorate at the Ministry of Foreign Affairs and International Trade. He holds a Bachelor of Arts in International Relations (USIU) and Master of Arts in Diplomatic Studies (Leicester, UK). He is the Desk Officer -for the African Union (AU), Africa Partnerships (Africa Peer Review, Africa-EU, Africa-China (FOCAC), TICAD, Africa-South America, US-Africa, Africa-India, and Northern Corridor Integrated Projects (NCIP). He joined the Council in August 2016 and is a member of both Technical and Finance and Administration Committees



**Ms. Jennifer Shamalla, (Non-Executive)**

Jennifer is an Advocate of the High Court of Kenya. She has a wealth of experience having worked with governments, international and national non-governmental organisations as well as the private sector both nationally and regionally. Jennifer is currently a Senior Visiting Fellow with the Consulting House and a council member, in the Law Society of Kenya where she is the Convener of the ICT/Intellectual Property Rights Committee. She joined the Council on 24<sup>th</sup> June 2016, chairs the Audit and Risk Management Committee and is a member of Technical Committee



**Mr. Anthony Muriu, BA, MA, (Non-Executive)**

Anthony, an alternate to the Principal Secretary, National Treasury, is a Chief Economist and Head of the Central Planning and Project Monitoring Unit of the National Treasury. He is a career Civil Servant with over 20 years' experience. Anthony holds a Bachelor of Arts in Economics and Master Degree in International Development Studies. He has served in several Committees and Taskforces of the Government of Kenya. He joined the Council in October 2016 and is a member of both Audit and Risk Management Committee and Finance and Administration Committee.



**Joshua Opiyo, B.A, Bsc, M.A., (Non-Executive)**

Joshua is a career civil servant with many years of experience, he is currently a Chief Economist/Statistician: Macroeconomic Planning and International Cooperation Department, State Department of Planning and Statistics, Ministry of Devolution and Planning. He holds a Bachelor of Philosophy in Economics, Bachelor of Science in Mathematics and Statistics, Masters in Rural Development Management and a Postgraduate Certificate in Planning and Management of Decentralized Development, he has trained in Government Financial Statistics at the IMF Institute quality and productivity management. Joshua joined the Council in October 2016 and is a member of both Finance and Administration; and Audit and Risk Management Committees.



**Mr. Samuel Mwale, BSc. MSc (Non-Executive)**

Samuel holds a Masters Degree in Agricultural Economics, a Post Graduate Diploma in Development Economics, a Bachelor of Science in Range Management and has attended executive training on policy analysis at Stanford University and leadership at Harvard University. Samuel is the Founder & CEO of Farasi Strategy Advisors Ltd, a firm that provides investment and strategy advice to public and private sector clients. He is a well-respected economist, public administrator, and public policy and business advisor with twenty nine years of professional experience in both public and private sectors. He has contributed substantially to the development and implementation of key national policies and strategies. Samuel joined the Council in November 2016 and he is the Chairman of the Technical Committee is a member of Finance and Administration Committee.



**Dr. Monica Kerretts-Makau, BA, MSc, PhD, (Non-Executive)**

Based at Strathmore Business School (SBS) as Senior Faculty, Dr. Kerretts-Makau holds a PhD in Institutional Management from University of New South Wales Australia and a Masters from the University of Salford in Mancher UK.. She works a consultant for the World Bank in ICT Regulation and Policy (2009 to date). She is a certified CMA/IFC board governance trainer and has facilitated several training programs at executive level at SBS and trained several boards on the same. She is also currently serving as Board Director Saham chairing the HR and Governacne Committee and a member of the Audit committee. Dr. Kerretts-Makau has previously served as a Board Director Bank of Africa (2013 to 2015); and CCK (2010 to 2014). Dr. Kerretts-Makau joined the council in November 2016 and serves as the Chair for Finance and Administration Committee. She has also served as change advisor to the Judiciary (2012 to 2014)

### III. MANAGEMENT TEAM



**Daniel Osiemo, OGW, Ag. Chief Executive Officer**

Daniel, a career civil servant with many years of experience, holds a Master of Science in Economics and Management; Master of Public Administration; Bachelor of Arts (Economics) and a Post Graduate Certificate in Project Management, Monitoring and Evaluation. Prior to joining the Secretariat, he was the Chief Economist in the Ministry of Forestry and before that, he worked as the Programme Manager, Agricultural Sector Programme Support (ASPS), Ministry of Agriculture. Upon joining the Secretariat, Daniel played a key role in the elevation of the Lamu Port South Sudan Ethiopia Transport Project (LAPPSET) to the Presidential Infrastructure Championship Initiative (PICI) under the African Union. In addition, Daniel played a critical role in lobbying for Kenya to host the Second High Level Meeting on Global Partnership for Effective Development Cooperation. He was appointed to his current position in November 2015. Daniel is a member of the Economists Society of Kenya



**Peter Kimemia, Director, APRM & Governance**

Peter holds two Masters Degrees in Economics and Social Sciences, respectively from Rhodes University, a Postgraduate Diploma in Diplomacy & International Studies (University of Nairobi) and a BA. Economics and Sociology (Egerton University). He is currently a PhD candidate. He has more than 15 years working experience in both public and private sectors. Prior to joining the Secretariat, in 2014, Peter worked at Rhodes University as an Economics Lecturer (1999-2004), at Coastal Environmental Services (CES) as a consultant in South Africa and Mozambique (2005), at Afesis-Corplan as a Programmes Manager (2006-2011), at the Kenya School of Government (KSG, Nairobi in 2012) as a Senior Lecturer and at the Transition Authority (TA) as the Director for Policy Analysis, Research & Advocacy (2012-2014). Peter is a Member of Economists Society of Kenya.



**Nicholas Andati Ambundo, Ag., Director, NEPAD**

Nicholas is a holder of a Masters of Arts Degree (Development Economics) from the Institute of Social Studies, the Hague, Netherlands. He also has a Bachelor of Arts Degree from Bhopal University, India. Has over 15 years working experience in the Public Sector and in various development projects. Before joining the Secretariat in 2012, he worked as a Liaison officer in the Programmes Directorate of the Ministry of Planning National Development and Vision 2030. Nicholas is a Member of the Economists Society of Kenya.



**Erica Mutwiri, Head of Human Resource and Administration**

Erica holds a Higher National Diploma in Human Resource Management and she is currently pursuing a Degree in Social Science at St. Pauls University. She has 35 years working experience in the Public Service in various Ministries and Departments. Erica is a member of the Institute of Human Resource Management of Kenya



**CPA Rhoda Chepngetich, Head of Internal Audit**

Rhoda holds a Bachelor's Degree in Business Management (Finance and Banking option) and is A member of Institute of Certified Public Accountants of Kenya (ICPAK). Prior to joining NEPAD/APRM, she served as an internal auditor Ministry of Transport and Infrastructure and Kenya Metrological Services



**CPA Miriam Sindiyo, BA, MSc, Head of Accounting Unit**

Miriam holds a Master of Science Degree in Finance, a member of Institute of Certified Public Accountants of Kenya (ICPAK), holds a Bachelor of Arts Degree (Economics & Sociology). Prior joining NEPAD/APRM Secretariat, she worked as the Project Accountant, Systems for Land Based Emissions Estimations in Kenya (SLEEK) and has also served as a Senior Accountant in the Ministry of Environment and Natural Resources and in other various Ministries for over 7 Years.



**Ezekiel Manyara, BA,MA, CPPP, Head of Finance**

Ezekiel holds a Master Degree in International Development and Cooperation as well as a Bachelor's Degree in Economics. He is a certified professional in the practice and management of Public Private Partnerships with 16 years of work experience in both public and private sectors. Prior to joining the Secretariat in January 2017 he served as the Development Planner for 5 years in the successfully completed Community Empowerment and Institutional Support Project (CEISP), a US\$2.1 million-project jointly funded by the Government of Kenya and African Development Bank. Ezekiel is a Fellow of the Economists Society of Kenya and is currently pursuing Investments and Financial Analysts certification.

#### IV. CHAIRMAN'S STATEMENT



**Prof. Michael Chege**

It is with great pleasure that I present the Annual Financial Statement and Report of NEPAD/APRM Kenya Secretariat (NAKS) for the year ending 30<sup>th</sup> June 2017. This is the first report during my tenure as the Chairman of the National Governing Council (NGC) of NEPAD/APRM Kenya. The report provides an opportunity for stakeholders to review the activities and performance of the Council during the period under review. From the onset, I wish to extend my appreciation to the Cabinet Secretary, Ministry of Devolution and Planning for appointing respective council members that enabled the NGC to be fully functional.

The 2016/17 period was important as Kenya made history by becoming the first African country to be Peer Reviewed for the second time. The findings were shared at the African Peer Review Summit in January 2017 in Addis Ababa, Ethiopia. The Kenya Country Review Report received wide acclaim from Heads of States and Governments, and other stakeholders. I therefore take this earliest opportunity to congratulate the NGC members, the NEPAD/APRM Secretariat, and our partners for the hard work that made the whole exercise a success. As well, I wish to sincerely thank the National Treasury for allocating additional resources that enabled us to carry out the necessary activities towards the review.

Because of the concerted effort, Kenya stood tall in the Continent and gained an enhanced diplomatic profile, and confirmed its leadership in good governance. It is therefore imperative that we upscale our commitment to implementing the National Plan of Action that emanated from the Peer Review.

During the same period, the Secretariat was able to host an Extra Ordinary Summit on APR alongside Tokyo International Conference on African Development (TICAD) IV, in which 9 Heads of State and Government participated. The event was a huge success that led to the revitalization of the APR process on the continent.

Further, in collaboration with The National Treasury, the Secretariat spearheaded the hosting of the 2nd High Level Meeting of (Global Partnership on Effective Development Cooperation) in November 2016. The Forum aims to help nations and business organizations to work together to ensure that their development efforts yield maximum impact. The Forum produced the Nairobi Outcome Document on Enhanced in Coordination on Development Agenda

The secretariat engaged various stakeholders in sustainable development and good governance through its coordination role. Various key coordination activities were carried out, as outlined in the Ag. Chief Executive Officer's Report. Key among them was hosting the Mission Delegation with Focal Points and participation in the Heads of States Summit in Addis Ababa.

As part of resource mobilization, the Secretariat spearheaded the Launch of Skills Initiative for African project in Kenya to enhance Technical Vocational Education and Training in the last quarter of the review period. In addition, the Secretariat was able to lobby for US\$ 2 million from African Development Bank to facilitate feasibility studies on LAPPSET.

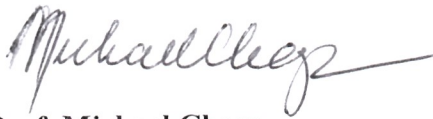
The Council remains committed to championing the domestication of the African Union Principles and core values as well as good governance in Kenya and the Eastern African region. To realize this, the Secretariat endeavours to:

- i. Undertake Lobbying, Advocacy and Communication;
- ii. Review and Coordinate NEPAD/APRM Kenya Secretariat core mandate,
- iii. Strengthen Knowledge management, Governance and Institutional Management
- iv. Strengthen the Secretariat's Human Resource capacity
- v. Develop a strategy to mobilize additional resources for the Secretariat.

One of the challenges facing the Council is inadequate resources to implement its activities. I therefore urge development partners to work closely with us to support the Secretariat to deliver on its mandate. Another challenges has been postponement of country review at the level of African Union and APRM Forum.

I am confident that this Annual Report presents a fair assessment of the Secretariat's performance and its future prospects.

I wish to recognize, with appreciation, the support received from the Government and development partners over the years that has enabled the Secretariat to come this far.



**Prof. Michael Chege**

## V. REPORT OF THE CHIEF EXECUTIVE OFFICER



The period 2016/17 is important for NEPAD/APRM in Kenya in light of the performance of the two key programmes that form the Secretariat.

### **NEPAD Programmes**

In the first quarter, the Secretariat participated in hosting and coordinating the LAPSSET Side Event during the 6<sup>th</sup> Tokyo International Conference on African Development (TICAD VI). With the support of regional Heads of States, African Development Bank, Intergovernmental Authority on Development (IGAD) and Ministry of Transport and Infrastructure, the LAPSSET Authority relaunched some of its projects, which would improve access to regional market and boost cross border trade. The event rode on the sidelines of the high level Japanese Conference, which was held outside Japan for the first time, to elicit interest and investment opportunities. The event was well attended by high level participants from both public and private sector.

In addition, the Secretariat organized various consultative meetings with Ministries, Departments and Agencies implementing NEPAD/APRM activities in Agriculture and Food Security; Regional Integration and Infrastructure; Human Development; Economic and Corporate Governance. The meetings were meant to harmonize implementation as well as reporting Kenya's progress in domestication of the African Union (AU) Mission, Core Principles and Values.

In the Second Quarter, the Secretariat played a key role in hosting of the 2<sup>nd</sup> High Level Meeting of Global Partnership on Effective Development Cooperation (GPEDC). The GPEDC is a forum that helps nations, business and organizations to work together to ensure that their development efforts have maximum impact. The forum was established at the 4<sup>th</sup> High Level Forum on Aid Effectiveness held in Busan, South Korea in 2011 to deliberate on measures for improved coordination and effective delivery of development assistance to developing countries. The aim to have sustained dialogue on issues related to the quality and effectiveness of international development co-operation. The meeting resulted in the Nairobi Outcome Document on enhanced in Coordination on Development Agenda

In the Fourth Quarter, the Secretariat was instrumental in organizing the launch of the Skills Initiative for Agricultural Technical Vocational and Education Training in Kenya. This was an initiative of the NEPAD Continental Office in South Africa.

During the reporting period, the APRM and Governance Program focused on Kenya's 2<sup>nd</sup> Country Self-Assessment and Reporting. In this regard, Kenya made history by becoming the first African country to be Peer Reviewed for the second time. The achievement of this milestone entailed the coordination of various activities, including:

- i. Holding of validation workshop of 2<sup>nd</sup> Country Self-Assessment for Kenya at different levels:
  - Validation workshops of 2<sup>nd</sup> Country Self-Assessment for Kenya at county levels
  - Validation workshops with Non-State actors
  - Validation workshops with Political Parties
  - Validation workshops with Private Sector Stakeholders
- ii. Hosting of Mission delegation meetings with the Focal Point Chairpersons and National Governing Councils
- iii. Facilitated participation of the Kenyan Delegation in the Summit of Heads of State and Governments

Kenya received widespread acclaim during the tabling of the Review at the African Peer Review Summit in January 2017 at Addis Ababa, Ethiopia. Present at the event were Heads of States and Governments and other stakeholders during the Forum, the efforts made Kenya to stand tall in the Continent through enhanced Kenya's diplomatic profile and cemented leadership on good governance across the continent.

The Kenya Country Review Report received accolades from Heads of States and Governments, and other stakeholders. I therefore take this earliest opportunity to congratulate the NGC members, the NEPAD/APRM Secretariat, and our partners for the hard work that made the whole exercise a success.

This did Kenya proud as it stood out as a pioneer in the Continent and gained an enhanced diplomatic profile, and confirmed its leadership in good governance. It is therefore imperative that we upscale our commitment to implementing the National Plan of Action that emanated from the Peer Review.

Throughout the reporting period, the Secretariat various consultative meetings with Ministries, Departments and Agencies implementing NEPAD/APRM activities in Agriculture and Food Security; Regional Integration and Infrastructure; Human Development; Economic and Corporate Governance. The meetings are meant to harmonize implementation as well as reporting Kenya's progress in domestication of the African Union (AU) Mission, Core Principles and Values.

### **Outlook 2017/2018**

NAKS will continue with its leadership role of championing sustainable development in Kenya and the East African Region by focusing on:


#### *Promoting good governance in Kenya:*

- Launch of the 2<sup>nd</sup> Country Review Report
- Customize APRM Tool for Counties
- Spearhead entrenching of National Plan of Action into Medium Term Plan III
- Forge collaborations with Technical Research Institutions (TRIs) to undertake relevant governance and development research projects
- Provide guidance for structured engagement with local and international agencies undertaking and disseminating reviews on Kenya's governance to enhance objective reporting

#### *Domestication of African Union principles and Core Values:*

- Participate and report on the LAPSSSET at the NEPAD Steering Committee Meeting
- Monitor the implementation of Alliance for Accelerating Excellence in Science in Kenya
- Track Implementation of SE4ALL investment plan
- Linking implementers with potential donors

- Undertake sensitization workshops for stakeholders institutions on financing facility for the skills development programme
- Engage stakeholders on evidence based planning
- Develop a monitoring and evaluation framework



**Daniel N. Osiemo, OGW**

## VI. CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process by which corporations are made responsive to the rights and wishes of stakeholders. The National Governing Council acknowledges this responsibility to ensure the transparency, accountability and integrity of the financial and internal systems in the organization and hereby confirms that sufficient safeguards have been instituted and are reviewed regularly.

The principal responsibilities of the Council include:

- Lay solid foundations for management and oversight
- Promote ethical and responsible decision making
- Safeguard integrity in financial reporting
- Make timely and balanced disclosure of all material matters concerning NAKS
- Recognize and manage risk
- Encourage enhanced Council and Management Performance
- Recognize the legitimate interests of all legitimate stakeholders

### **Conflict of interest**

According to the Mwongozo and National Governing Council Charter, members should not take part in any discussions or decision making regarding any subject or transaction in which they have a conflict of interest. In this regard, during the period under review, no case of conflict of interest from Council Members was reported.

### **Council Remuneration**

Members of the National Governing Council draw a sitting allowance only in all official engagements for the Secretariat. However, in addition, the Chairman of the NGC receives a monthly honoraria for his volunteer services rendered to the Secretariat. During the year under review, the Secretariat was able to pay NGC members their entitlements promptly.

### **Governance Audit**

The Chairman of the National Governing Council and two independent Council were appointed through Kenya Gazette Notice 4561 on 24<sup>th</sup> June 2016. One Council member was appointed in August 2016, two members were appointed in October 2016 and the last two members were appointed in December 2016. The intermittent appointment of Council members is to ensure that an elaborate success plan for the Council is in place.

In terms of meeting statutory obligations, the Secretariat met its obligations in presenting quarterly reports and financial statements to the Ministry of Devolution and Planning and the National Treasury. In addition, NGC have the three committees in place and the full NGC met on a quarterly basis as stipulated in the law. Above all, the Secretariat's website is continuously updated on the major events carried out by the organization for public information and scrutiny

### **Board evaluation**

The chair intends to institute Council member evaluation owing to the fact members were appointed in different times during the year

The Council has a Charter in place outlining Council functions, ethics and beliefs to guide the execution of its mandate. During the period under review, the Council discharged its functions through the three Council committees which meet quarterly to deliberate on issues for consideration by the full National

Governing Council. These are: Finance, Human Resources and Administration Committee; Audit and Risk Management Committee; and the Technical Committee. The Committees were put in place in March 2017 when charters were developed and approved.

## **Finance, Human Resources and Administration Committee**

### **1. Financial Management**

- a) Oversee the development and implementation of the resource mobilization strategy for the NEPAD/APRM Kenya Secretariat
- b) Receive, consider and review the NEPAD/APRM Kenya Secretariat's long-term financial and investment plans and strategies, including the NEPAD/APRM Kenya Secretariat's investment objectives and current and projected financial results of operations;
- c) Receive, consider and review the NEPAD/APRM Kenya Secretariat's quarterly and annual financial performance reports and make appropriate recommendations to the Full NGC;
- d) Oversee compliance to the Public Finance Management Act 2012, Public Finance Management Regulations 2015

### **2. Risk management**

In collaboration with Audit and Risk Management Committee, oversee the development and implementation of an Institutional Risk Management Framework for NEPAD/APRM Kenya Secretariat

### **3. Human Resource Development and Management**

- a) Oversee the development and implementation of human resource and administration policies at NEPAD/APRM Kenya Secretariat
- b) Oversee institution of succession plans for NEPAD/APRM Kenya Secretariat management
- c) Oversee entrenchment of a corporate culture at NEPAD/APRM Kenya Secretariat
- d) Oversee Board Development and staff training at NEPAD/APRM Kenya Secretariat
- e) Entrench Performance management at NEPAD/APRM Kenya Secretariat

### **4. Asset management**

- a) Oversee the development and implementation of an Asset Policy for NEPAD/APRM Kenya Secretariat
- b) Oversee compliance of NEPAD/APRM Kenya Secretariat to the Public Procurement and Assets Disposal Act 2015

### **5. ICT Management**

Oversee the development and implement Information, Communication Technology policy for NEPAD/APRM Kenya Secretariat

### **6. General Responsibilities**

The Committee shall exercise such other powers and authority as the NGC shall, from time to time, in line with the Public Financial Management Act of 2012 and other Financial Laws confer upon it.

The Committee is made up of the following NGC Members:

- Dr. Monica Kerretts-Makau (Chair)
- Mr. Glenns E. Etyang (Member)
- Mr. Joshua Opiyo (Member)
- Mr. Anthony Muriu (Member)

- Mr. Samuel Mwale (Member)

#### **Audit and Risk Management Committee**

- a) Monitor the implementation of the risk management policy framework for NGC
- b) Monitoring and ensuring timely implementation of recommendations of various fiduciary oversight responsibilities including internal and external auditors, Government projects and programmes as well externally funded programmes under NGC
- c) Overseeing continuing efficacy of accounting and internal control standards, policies and practices
- d) Ensuring compliance with legal covenants of Development Partners funding agreement on projects by them
- e) Monitoring performance of key internal audit staff against approved performance contracts
- f) Any other responsibility delegated by NGC

In carrying out its responsibilities, the Committee's practices and policies should remain flexible, in order for the Committee to respond to changing facts and circumstances.

The Committee is made up of the following NGC Members:

- Ms. Jennifer Shamalla (Chair)
- Mr. Michael Kisilu (Member)
- Mr. Anthony Muriu (Member)

#### **Technical Committee**

- a) Facilitate the review of NEPAD/APRM Kenya Secretariat's key technical activities and make recommendations to the NGC
- b) Facilitate NAKS's effective participation in the activities of APRM and NEPAD at the Regional and Continental level
- c) Review and offer guidance to NAKS's research projects and outputs
- d) Facilitate and guide the implementation of County Peer Reviews in an effort to promote good governance in the devolved units.
- e) Facilitate preparation of Kenya's position on key international issues related to NEPAD/APRM

The Committee is made up of the following NGC Members

- Mr. Michael Kisilu (Chair)
- Mr. Samuel Mwale (Member)
- Ms Jennifer Shamalla (Member)
- Mr. Glenns Etyang (Member)
- Mr. Joshua Opiyo (Member)

## VII. MANAGEMENT DISCUSSION AND ANALYSIS

New Partnerships for Development and Good Governance in Africa continues to rank highly in African Union Agenda. This was evident from discussions between Governments of African Countries and development partners during the period under review. In this regard, Kenya witnessed a number of discussions around these two major issues during the financial year 2016/2017:

### **Key Activity Highlights**

#### *August 2016*

NEPAD / APRM Kenya was part of the committee tasked in preparation for the TICAD VI that was held in Kenya. During the side meeting Kenya held an APRM Extra-Ordinary Summit that was part of the revitalization process of the APRM Mechanism. The event was attended by Nine Heads of States Participating in the APRM Mechanism. The meeting attracted over three hundred participants. In addition, the LAPSSET Development Authority and the NEPAD / APRM Kenya Secretariat organized a side event on the LAPSSET that attracted development partners and the three Government implementing the LAPSSET Corridor.

#### *October 24th – November, 2016*

The APRM, led by the Country Review Team (CRT) carried out country-wide visits. The exercise involved holding Focus Group Discussion in all the forty seven counties across the country. Towards a conclusive and inclusive report, the CRT team also held half day meetings with Political Party representatives, Private Sector, Parliament and the various arms of government.

#### *December 2016*

The NEPAD / APRM Kenya Secretariat received the draft 2nd APRM Kenya Country Review Report, which was validated by key Ministry Department Agencies in a forum. This involved a series of workshops to validate the report and come up with a Government Response as part of the process. The NEPAD / APRM Kenya Secretariat development and National Plan of Action with MDAs to respond issues raised by the report. Besides this a country issues paper was prepared for the country.

#### *January 2017*

In January 2017, Kenya participated in the APR Summit where it presented its report to wide commendation by a number of countries on progress made on this and other development fronts. Kenya was applauded for being the first APRM Member State to undertake the Second Generation Review and President Uhuru Kenyatta was also lauded for his leadership in the integration and development of the Eastern Africa Region.

#### *March 2017*

NEPAD/APRM Kenya Secretariat started off the process of finalizing its five year Strategic Plan. This involved conducting a workshop on the same together with validating the Strategic Plan with the National Governing Council.

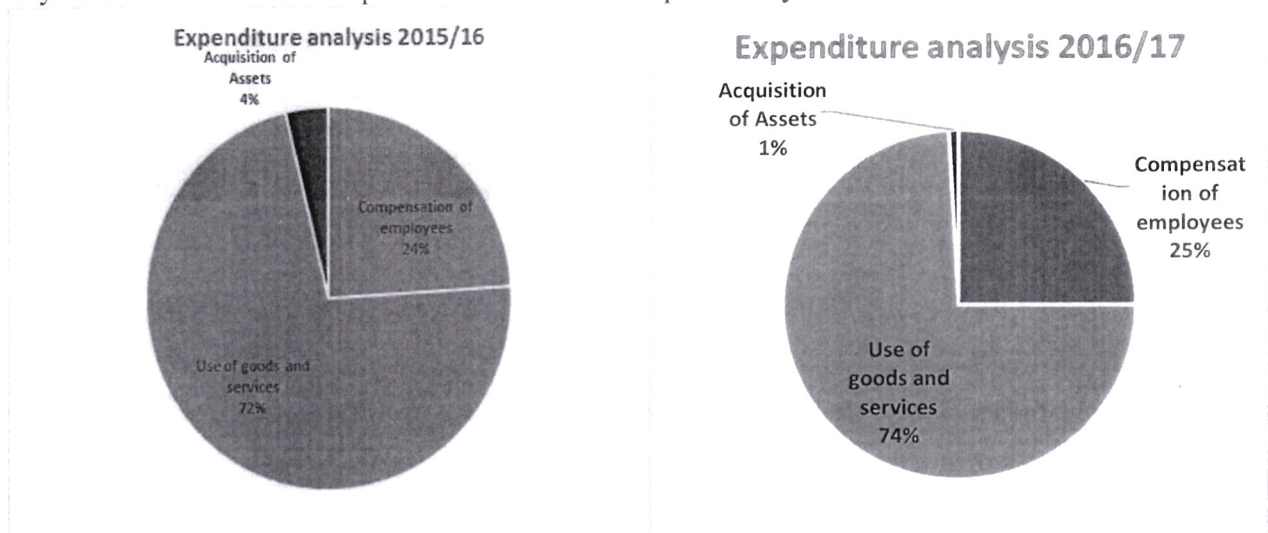
The LAPSSET Authority successfully got two million dollars for a feasibility study. The approval was done through the NEPAD IPPF and the funds will be channelled through the African Development Bank.

May 2017

The NEPAD / APRM Kenya Secretariat launched the Skills Initiative Africa in Kenya on 5th May 2017. This was in partnership with the Ministry of Education, GIZ and the NEPAD Agency. The Launch attracted participants from TVET institutions and the private sector. The objective of the workshop was to identify synergies on other youth employment interventions in the country that could be aligned with existing bilateral programmes; as well as consult with the key stakeholders on best practices and approaches for establishing Continental Dialogue Platform on Technical Vocational Education and Training (TVET).

### Financial performance

NAKS received a total of **ksh.248,518,000** as grants from the government for the year 2016/2017 which is purely for recurrent purposes. The figure below presents a summary of expenditure by category for the year under review in comparison with that of the previous year.



From the figures above, use of goods and services account for about 75% in both financial years

### Enterprise Risk Management

In spite of the positive outlook of the disclosure in New Partnerships and Good Governance issues in Kenya and East African Region in general, certain risks still remain within the environment that the Secretariat operates. First, dependency on Government as the main source of funding puts the Secretariat in a vulnerable position. Second, the Secretariat has a staff capacity of 30 in post against an authorized establishment of 56 engaged in three-year cycles; an indication that it relies on half (50%) capacity to deliver on its mandate. Above all, the financial operations are done manually hence exposing the Secretariat to lower level financial risks.

In order to mitigate the impact of the identified risks, the Secretariat is in the process of developing a prospective robust strategic plan for the period 2017/18-2021/22 as a key resource mobilization tool. In addition, the Secretariat engaged the Salaries and Remuneration Commission and the Ministry of State for Public Service to ensure that the staff at the Secretariat are well remunerated and engaged on permanent and pension basis.

Further, the Secretariat embarked on the process of acquiring an Enterprise Resource Planning system. The Secretariat also organized a number of stakeholder forums for ministries departments and agencies to seek for areas of collaboration

### **Outlook for 2017/18**

The Secretariat intends to continue executing its mandate of coordinating implementation of African Union Principles and core values in East African Region as well as promoting good governance in Kenya through APR process by focusing on the following activities:

- Finalize NAKS strategic plan under MTP III (2018-2022) and launch it to provide a platform for stakeholder engagement and activity implementation
- Launch the 2nd APRM Country Review Report including county visits and sensitizations once the elected county governments are in place. After the launch, NAKS plans to cascade the APRM through piloting the APRM process in eight counties
- Participate in finalization of the National Agriculture Investment Policy and presentation of the first CAADP report in January 2018.
- Undertake M&E activities on Skills initiative, PIDA Projects been implemented in Kenya and the implementation of LAPSSET

In addition, the NEPAD/APRM Kenya Secretariat is currently seeking for resource mobilization for the implementation of Menengai Phase II geothermal project together with the NEPAD Agency in South Africa

### VIII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 requires the Directors to prepare financial statements in respect of that *entity*, which gives a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Directors are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The Directors are also responsible for safeguarding the assets of the *entity*.

The Directors are responsible for the preparation and presentation of the Secretariat's financial statements, which give a true and fair view of the state of affairs of the Secretariat 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 Secretariat; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the NEPAD/AFPRM Kenya Secretariat's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Directors are of the opinion that the NEPAD/AFPRM Kenya Secretariat's financial statements give a true and fair view of the state of the Secretariat's transactions during the financial year ended June 30, 2017, and of the Secretariat's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the NEPAD/AFPRM Kenya Secretariat, which have been relied upon in the preparation of the Secretariat's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the NEPAD/AFPRM Kenya Secretariat will not remain a going concern for at least the next twelve months from the date of this statement.

#### Approval of the financial statements

The NEPAD/AFPRM Kenya Secretariat's financial statements were approved by the Council on \_\_\_\_\_ 2017 and signed on its behalf by:



Daniel N. Osiemo, OGW  
A.g. Chief Executive officer  
Date 01/02/18



Prof. Michael Chege  
NGC, CHAIRMAN  
Date \_\_\_\_\_

# REPUBLIC OF KENYA

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Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### **REPORT OF THE AUDITOR-GENERAL ON NEPAD / APRM KENYA SECRETARIAT FOR THE YEAR ENDED 30 JUNE 2017**

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#### REPORT ON THE FINANCIAL STATEMENTS

##### **Qualified Opinion**

I have audited the accompanying financial statements for NEPAD/APRM Kenya Secretariat for the year ended 30 June 2017 set out on pages 1 to 13, which comprise the statement of assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of audit.

In my opinion, except for the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of NEPAD/APRM Kenya Secretariat as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standard (Cash Basis) and comply with Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

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

###### **Compensation of Employees**

Compensation to employees' total expenditure of Kshs.62,001,142 reflected in the statement of receipts and payment, and as disclosed in Note 3 to the financial statements includes basic salaries of permanent employees' figure of Kshs.30,136,483. The latter figure however includes PAYE - Kshs.1,426,961 and SACCO deduction - Kshs.523,686.75 both for the month of June 2016 claimed not to have been captured in the cash book for that month. Consequently, the compensation of employees' expenditure of Kshs.62,001,142 for the year ended 30 June 2017 is not fairly stated.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of NEPAD/APRM Kenya Secretariat in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical

responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance to the audit of the financial statements for the current year. Except for matters described in the Basis for Qualified Opinion paragraph, I have determined that there were no key audit matters to report in the year under review.

### **Other Matter.**

#### **Communication**

As disclosed in Note 2 to the financial statements, the total expenditure of Kshs.184,023,521 on use of goods and services includes communication expense for the year amounting to Kshs.9,140,669. The communication expense further includes mobile phone calling cards and direct line airtime provided to the staff at a cost of Kshs.3,252,000. Although the airtime is a standard monthly benefit paid to the staff in accordance with the Secretariat's Human Resource Policy and Procedures Manual, the amount paid during the year under review was not subjected to taxation contrary to the current legislation. No satisfactory explanation has been provided for this omission and non-compliance with the law.

### **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 Standard (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Secretariat's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Secretariat or to cease operations, or have no realistic alternative but to do so.

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with

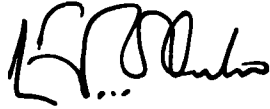
the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material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

As part of an audit 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 Secretariat's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Secretariat to continue as a going concern. 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 Secretariat to cease to continue as a going concern.
- 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 Secretariat 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**

**07 March 2018**

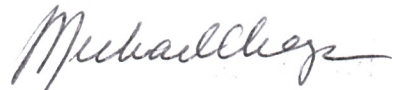
**X. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2016 - 2017 Kshs.	2015 - 2016 Kshs.
<b>RECEIPTS</b>			
Transfer from Other Government Entities	1	248,518,000	199,687,200
Reimbursement and Refunds	2		5,530,355
<b>TOTAL RECEIPTS</b>		<b>248,518,000</b>	<b>205,217,555</b>
<b>PAYMENTS</b>			
Compensation of Employees	3	62,001,142	54,243,305
Use of Goods and Services	4	184,023,521	162,887,054
Acquisition of Assets	5	2,188,696	8,397,004
<b>TOTAL PAYMENTS</b>		<b>248,213,359</b>	<b>225,527,364</b>
<b>SURPLUS/DEFICIT</b>		<b>304,641</b>	<b>- 20,309,809</b>

  
**Daniel N. Osiemo, OGW**

Ag. CEO

Date.....01/02/18



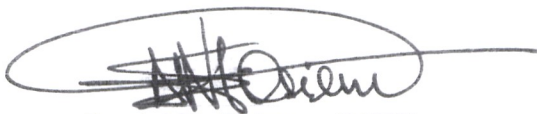
**Prof. Michael Chege**


Chairman, National Governing Council

Date.....

**XI. STATEMENT OF ASSETS AND LIABILITIES**

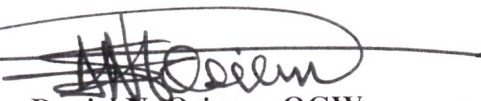
	Note	2016 - 2017 Kshs.	2015 - 2016 Kshs.
<b>FINANCIAL ASSETS</b>			
Bank Balances	6	21,690,983	21,045,661
Imprests and Advances	7	160,908	501,590
<b>TOTAL FINANCIAL ASSETS</b>		<b>21,851,891</b>	<b>21,547,251</b>
<b>REPRESENTED BY:</b>			
Funds Balance B/Fwd.	8	21,547,251	41,857,060
Surplus/Deficit from the Year	9	304,641	- 20,309,809
<b>NET FINANCIAL POSITION</b>		<b>21,851,892</b>	<b>21,547,251</b>


  
**Daniel N. Osiemo, OGW**  
 Ag. CEO  
 Date: 01/02/18

  
**Prof. Michael Chege**  
 Chairman, National Governing Council  
 Date:.....

**XII. STATEMENT OF CASH FLOW**

	Note	2016 - 2017 Kshs.	2015- 2016 Kshs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Transfer from Other Government Entities	1	248,518,000	199,687,199.60
Reimbursement and Refunds	2		5,530,355.00
<b>Total Receipts</b>		<b>248,518,000</b>	<b>205,217,554.60</b>
<b>PAYMENTS</b>			
Compensation of Employees	3	- 62,001,142	- 54,243,304.90
Use of Goods and Services	4	- 184,023,521	- 162,887,054.42
<b>Total Payments</b>		<b>- 246,024,663</b>	<b>- 217,130,259.32</b>
<b>Net Cash flow from Operating Activities</b>		<b>2,493,337</b>	<b>- 11,912,804.72</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	5	-2,188,696	- 8,397,003.50
<b>Net Cash flow from Investing Activities</b>		<b>-2,188,696</b>	<b>- 8,397,003.50</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>304,641</b>	<b>- 20,309,808.22</b>
Cash and Cash equivalent at Beginning of the Year		21,547,251	41,857,058.05
Cash and Cash equivalent at End of the Year		21,851,892	21,547,249.83


  
**Daniel N. Osiemo, OGW**  
 Ag. CEO  
 Date: 01/02/18

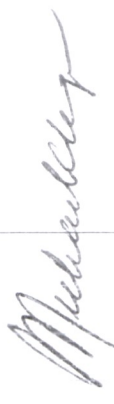
  
**Prof. Michael Chege**  
 Chairman, National Governing Council  
 Date: .....

**XIII STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget e=a+b	Actual on Comparable Basis d	Variance e=d-c	% of Variance f=e/c %
<b>Receipts</b>						
Transfer from Government Entities	205,165,000	43,353,000	248,518,000	248,518,000		0
<b>Total Receipts</b>	<b>205,165,000</b>	<b>43,353,000</b>	<b>248,518,000</b>	<b>248,518,000</b>		<b>0</b>
<b>Payments</b>						
Compensation of Employees	60,000,000	3,000,000	63,000,000	62,000,142	- 998,858	- 1.54
Use of Goods and Services	173,968,000	9,000,000	182,968,000	184,023,521	1,055,521	0.58
Acquisition of Non-Financial Assets	14,550,000	-	2,550,000	2,188,696	- 361,304	- 14.17
<b>Total Payments</b>	<b>248,518,000</b>		<b>248,518,000</b>	<b>248,213,359</b>		<b>0.12</b>

Explanations to the statement of comparative budget and actual amount is provided in annex 1

  
**Daniel N. Osiemo, OGW,**  
 Ag. Chief Executive Officer  
 Date 01/02/18.....

  
**Prof. Michael Chege**  
 Chairman, National Governing Council  
 Date.....

## XIV SIGNIFICANT ACCOUNTING POLICIES

### 1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION- IPSAS 1

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 relevant legal framework of the Government of Kenya. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

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

#### FIRST TIME ADOPTION OF IPSAS

The Secretariat adopted IPSAS for the first time in the 2013/2014 financial year.

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

### 2. RECOGNITION OF REVENUE AND EXPENSES

The *entity* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *entity*. In addition, the *entity* recognises all expenses when the event occurs and the related cash has actually been paid out by the *entity*.

### 3. EMPLOYEE BENEFIT- IPSAS 25

#### i) Pension Scheme

The Secretariat is in the process of establishing a pension scheme for its staff.

The Secretariat also contributes to the National Social Security Fund (NSSF). This is a defined contribution scheme registered under the Social Security Act. The Secretariat's obligation under the scheme is limited to specific monthly contributions legislated from time to time and are currently fixed at Kshs.1,080 per employee per month. The Secretariat's contributions to NSSF in respect of current service have been charged to the income and expenditure account in the year.

#### ii) Staff Gratuity

The secretariat has thirty members of staff, who are all employed on a 3-year renewable contract basis, who are eligible to gratuity upon expiry off their respective contracts.

The Secretariat therefore operates a separate Gratuity Account for them, where the amounts equivalent to 31% of the employee's monthly basic salary are remitted. Movements in this account are clearly tabulated and accounted in the statements.

iii) **Staff Annual Leave Accrual**

Employee entitlements to annual leave are recognised when they accrue. A provision is made for the estimated liability for annual leave as a result of services rendered by the employee up to the end of the financial year.

**4. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash at bank. Bank account balances include amounts held at the Co-operative Bank of Kenya at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include advances to authorized public officers which were not accounted for at the end of the financial year.

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**5. RELATED PARTIES**

The Secretariat regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over it, or vice versa. The chairman to the National Governing Council, members of the National Governing Council and members of key management are regarded as related parties. Key management includes the Chief Executive Officer and Directors who are involved in day to day running of the Secretariat.

**6. BUDGET INFORMATION**

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

**7. COMPARATIVE FIGURES**

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

**8. SUBSEQUENT EVENTS**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

**9. Taxes**

The entity does not have tax liability but as a government collecting agent, only withholds tax on behalf of the government and remit to Kenya Revenue Authority.

**XV. NOTES TO THE FINANCIAL STATEMENTS**

	2016 - 2017	2015 - 2016
	Kshs	Kshs
<b>1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES</b>		
Total transfer from State Department of Planning for Quarter 1	51,291,250	127,582,500
Total transfer from State Department of Planning for Quarter 2	51,291,250	-
Total transfer from State Department of Planning for Quarter 3	51,291,250	34,069,244
Total transfer from State Department of Planning for Quarter 3 (APRM)	43,353,000	-
Total transfer from State Department of Planning for Quarter 4	51,291,250	38,035,456
<b>Total</b>	<b>248,518,000</b>	<b>199,687,200</b>
<b>2 REIMBURSEMENTS AND REFUNDS</b>		
Reimbursement from UNECA	-	5,530,355
<b>Total</b>	<b>-</b>	<b>5,530,355</b>

	2016 - 2017 Kshs	2015 - 2016 Kshs
<b>3 COMPENSATION OF EMPLOYEES</b>		
Basic Salaries of Permanent Employees	30,136,483	27,137,596
Basic Wages of Temporary Employees	309,668	240,235
Personal Allowances Paid as Part of Salary (House & Commuter allowances)	17,990,286	13,713,250
Personal Allowances Paid as Reimbursements (leave commutation, extraneous and entertainment)	4,053,653	4,100,844
Personal Allowances Provided in Kind (Leave Allowance)	666,417	620,569
Compulsory National Social Security Schemes (NSSF)	379,080	336,960
Social Benefit Schemes Outside Government (Gratuity)	8,465,555	8,093,851
<b>Total</b>	<b>62,001,142</b>	<b>54,243,305</b>

	2016 - 2017 Kshs.	2015 - 2016 Kshs
<b>4. USE OF GOODS AND SERVICES</b>		
Utilities, Supplies and Services	721,082	3,448,670
Communication, Supplies and Services	9,140,669	9,556,630
Domestic Travels and Subsistence	68,529,641	52,712,826
Foreign travels and Subsistence	15,518,830	41,679,721
Printing, Advertising and information supplies and services	3,802,406	626,780

Office Rent	9,860,404	6,380,587
Training Expenses	20,112,034	5,154,953
Hospitality, Supplies and Services	27,263,062	15,541,619
Directors Expenses	7,749,640	
Insurance Costs	8,525,291	5,853,373
Contracted Professional Services	77,256	4,483,210
Office and General Supplies and Services	2,201,828	12,555,550
Other Operating Expenses (including bank charges)	5,821,502	129,028
Fuel, Lubricants and Oils	2,977,168	2,813,280
Routine Maintenance - Vehicles and Other Transport Equipment	1,197,160	1,428,231
Routine Maintenance - Other Assets	525,548	88,940
Security Guards Services	-	433,657
<b>Total</b>	<b>184,023,521</b>	<b>162,887,055</b>

**5. ACQUISITION OF ASSETS**

	2016-2017 Kshs	2015 - 2016 Kshs
<b>Non-Financial Assets</b>		
Purchase of Office Furniture and General Equipment	1,559,896	2,773,324
Purchase of Motor Vehicle	-	5,623,680
Acquisition of ICT equipment	628,800	-
<b>Total</b>	<b>2,188,696</b>	<b>8,397,004</b>

	2016 - 2017 Kshs	2015 - 2016 Kshs
<b>6. BANK BALANCE</b>		
Co-Operative Bank Account No. 01136006041100		
<b>Total</b>	<b>21,690,983</b>	<b>21,045,661</b>
<b>7. Imprests and Advances</b>		
Salary Advance	160,908	170,989
Imprests		330,600
<b>Total</b>	<b>160,908</b>	<b>501,589</b>

**8. Funds Balances B/Fwd**

Balances b/fwd	2016 - 2017	2015 - 2016
Imprests and Advances	21,045,661	41,857,060
<b>Total</b>	<b>501,590</b>	<b>41,857,060</b>
	<b>21,547,251</b>	

9. Kes 304,641 is the surplus for the year ending June, 30 2017.

#### 10. DIRECTORS' EXPENSES

These are expenses incurred by the National Governing Council members.

Details	2016/2017	2015/2016
	Kshs	Kshs
Sitting allowances for NGC members	5,999,230	0
Conferences and Training	790,410	0
Honoraria	960,000	0
<b>Total</b>	<b>7,749,640</b>	<b>0</b>

*N/B: The appointment of the National Governing Council members was done within the Financial Year 2016/2017. Most of the meetings held were to facilitate the 2<sup>nd</sup> APRM Country Review for Kenya.*

- The director's expenses are included under hospitality, supplies and services.*

	2016/2017	2015/2016
	Kshs	Kshs
• Key Management compensation	8,166,240	11,407,740
	=====	=====

#### 11. INSURANCE EXPENSES

These were composed of:

Details	2016/2017	2015/2016
	Kshs	Kshs
Medical Insurance	7,010,246	4,658,127
Group Personal Accident Insurance	223,071	0
Group Life Insurance	434,223	371,668
Motor Vehicle Insurance	857,751	823,578
<b>Total</b>	<b>8,525,291</b>	<b>5,853,373</b>

XVI ANNEXES

ANNEX 1 – BUDGET AS AT 30<sup>TH</sup> JUNE 2017

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Variance e=d-c	% of Variance f=e/c %	Comment on Variance
<b>Receipts</b>							
Transfer from State Department of Planning	205,165,000	43,353,000	248,518,000	248,518,000	-		
<b>Total Receipts</b>	<b>205,165,000</b>	<b>43,353,000</b>	<b>248,518,000</b>	<b>248,518,000</b>			
<b>Payments</b>							
Compensation of Employees	60,000,000	3,000,000	63,000,000	62,001,142	- 998,858	-1.59	Lagged filling of vacant posts.
Use of Goods and Services	173,968,000	9,000,000	182,968,000	184,023,521	1,055,521	0.58	Payment of services at the extra ordinary summit during TICAD VI
Acquisition of Non-Financial Assets	14,550,000	-	2,550,000	2,188,696	- 361,304	-14.17	Some assets not bought due to non-recruitment of staff.
<b>Total Payments</b>	<b>248,518,000</b>		<b>248,518,000</b>	<b>248,213,359</b>			

- The adjustment by Kes 43,353,000 was additional funds from the National Treasury to facilitate the 2<sup>nd</sup> APRM Country Review
- Adjustments made on expenditure were reallocation done mid-year by the Secretariat.

**ANNEX 2 – ASSET REGISTER AS AT 30TH JUNE 2017**  
**NEPAD KENYA SECRETARIAT ASSET REGISTER**

Date of Purchase	Supplier	Quantity	Description of Asset	Make/Model	Serial Number	Total cost (Ksh.)
31/07/16	Viable Deco Solutions	60	Furniture		COC 06000766	479,486
32/12/16	Viable Deco Solutions	1	Chair	High mesh back	COC 06000767	42,910
20/02/17	Seal honey Ltd.	1	TA desk			19,000
18/10/16	Remifam Systems Ltd	1	Laptop	HP	SN.8CG63314RJ	132,700
24/6/17	Intermass Technologies Ltd	1	Projector	Epson EB-531	SN.WDVK6Y03693	98,000
28/03/17	Fast Choice Ltd	23	Office furniture	High back Chairs, Workstations, Cabinet	11244	1,018,500
27/07/17	Remifam Systems Ltd.	3	Laptops	HP	SN.SYMY1G2,8CG6390RVN,8CG6506 TKW	398,100

**2,188,696**

