

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



REPORT

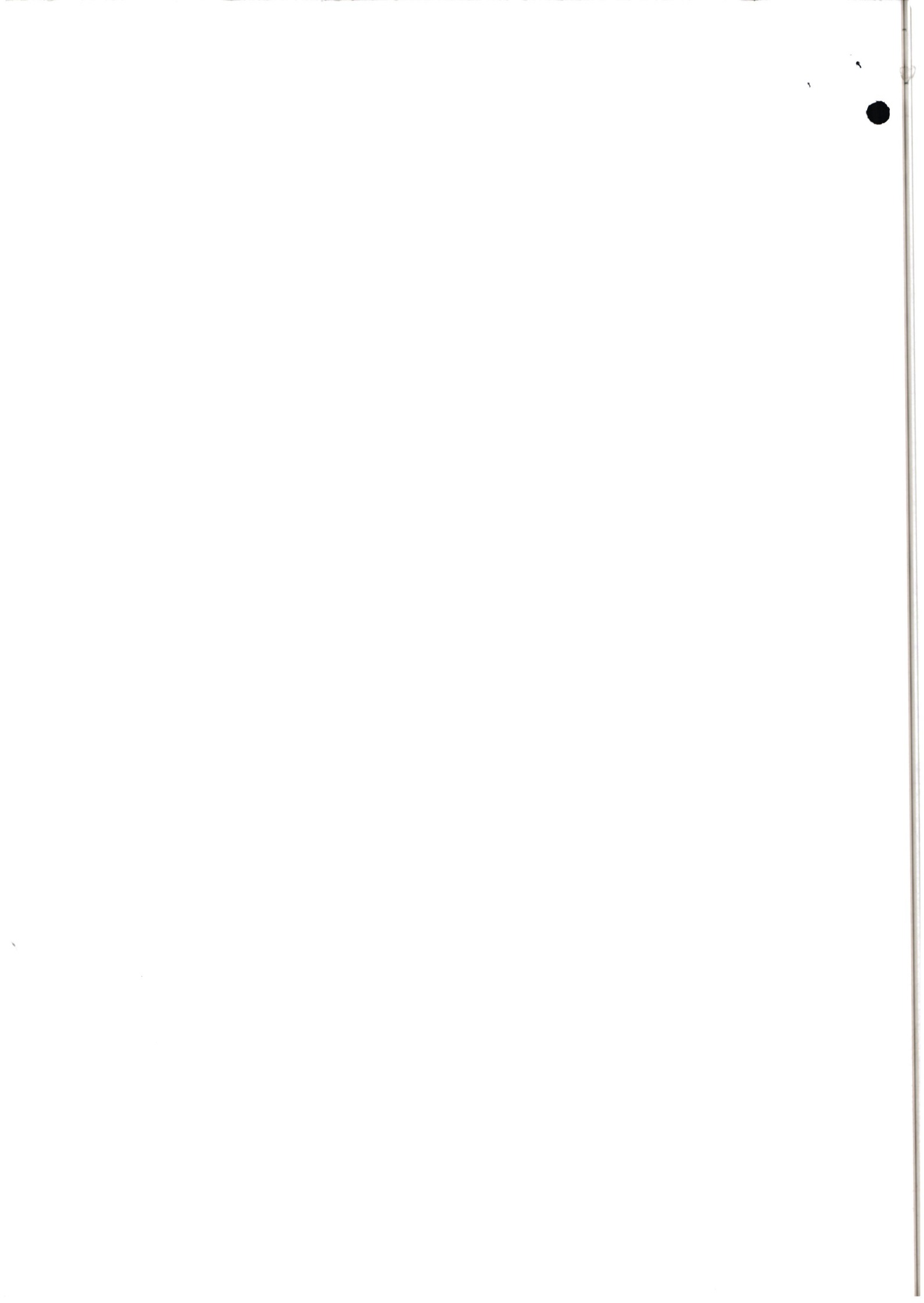
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
THE JUDICIARY**

**FOR THE YEAR ENDED
30 JUNE 2014**



REPUBLIC OF KENYA

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

P.O. Box 30084-00100
NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE JUDICIARY FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Judiciary set out on pages 7 to 37, which comprise the statement of financial assets and liabilities as at 30 June 2014, and the statement of receipts and payments, statement of cashflows, statement of comparative budget and actual amounts, summary statement of combined appropriation 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 8 of the Public Audit Act, 2003. 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.

Management's Responsibility for the Financial Statements

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

The Chief Registrar is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 4 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003 and submit the audit report in accordance with Article 229 of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In

making those risk assessments, the auditor considers internal control relevant to the Judiciary's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Judiciary's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Contract for Leasing of Office Equipment

On 4 February 2013, the Judiciary entered into a three year contract with M/s MFI Management Document Solution Ltd for leasing of printers, scanning and photocopy services at a cost of Kshs.51,144,786.00 per annum. During the month of September and October 2013, two payment vouchers were processed and paid on 13 January 2014 for these services.

There was no justification as to why the Judiciary decided to enter into a leasing agreement, which in three years would translate to a cost of Kshs.153,434,358.00 instead of buying their own equipment.

In the circumstances, it has not been possible to determine whether the Judiciary got value for money in the lease agreement.

2. Measures taken to address Delayed Delivery of Justice

Chapter 10 Section 159 (b) of the Constitution of Kenya states that justice shall not be delayed while Section 159 (C) states that justice shall be administered without undue regard to procedural technicalities.

In an effort to meet the constitutional requirement, the judiciary established Judicial Transformation Framework, 2012-2016 in which access to expeditious delivery of justice was one of the Key Result Areas (KRA).

Various strategies were adopted mainly:-

- a) Building more courts to reduce the distance to courts;
- b) Develop and deploy an electronic Case Management System; an integrated document management system;
- c) Embrace ICT and apply appropriate technology to enhance court efficiency;
- d) Increase the number of mobile courts;
- e) A litigant charter-to provide information on court's jurisdiction, fees and calendar; and
- f) Promote Alternative Dispute Resolution.

To implement the strategies, construction of new courts, refurbishment and upgrading of old courts and construction of prefabricated court structures, were

started in 2011/2012 as well as development of ICT infrastructure. However, according to Judiciary Case Audit and Institutional Capacity Survey, 2014 published by Performance Management Directorate dated August, 2014 Volume I, the survey established that as at 30 June 2013, there were 426,508 pending cases in the court system, of which 332,430 were civil and 94,078 were criminal.

Despite the intervention measures adopted by the judiciary, various challenges mentioned in our previous reports appear not to have been properly addressed as the 2013/2014 audit reveals in the following:

2.1 Three (3) Stalled Projects awarded to Same Contractor

i) Bomet Law Courts

As reported in 2012/2013, a contract for the construction of a prefabricated court structure at Bomet Law Courts was awarded on 27 November 2012 to a construction company - M/s Economic Housing Group Ltd at a contract sum of Kshs.81,664,580.00. However, despite the above works not having been completed, another tender Ref.JUD/20/2012-2013 was awarded on 9 May 2013 by the same Judicial Tender Committee to another construction company - M/s Bomco Builders Ltd for the construction of a high court building in Bomet at a contract price of Kshs.686,800,000.00.

It was noted during physical audit inspection of the two projects carried out in December 2014 that the two projects had stalled.

ii) Wanguru Law Courts

The Judicial Tender Committee on 15 January 2013 awarded a contract for the construction of a prefabricated court structure at Wanguru Law Courts to a construction company - M/s Economic Housing Group Ltd at a contract sum of Kshs.81,664,580.00. Examination of relevant documents revealed that an amount of Kshs.23,614,355.00 was paid during the year under review. It was however observed during physical verification of the project in December 2014 that construction of the pre-fabricated court structure had stalled at approximately 60% completion stage.

No reasons have been given as to why the project stalled.

iii) Othaya Law Courts

The Judicial Tender Committee on 15 January 2013 awarded a contract for the construction of a prefabricated court structure at Othaya Law Court to a construction company - M/s Economic Housing Group Ltd at a contract sum of Kshs.81,664,580.00. However, a physical inspection in December 2014 revealed that although an amount of Kshs.23,104,227.00 had been spent on the project, construction had stalled at approximately 55% completion stage. No reasons have been given as to why the project stalled or why this particular contractor should not be debarred.

2.2 Construction Works at Kericho Law Courts

On 28 May 2014, the Kericho District Tender Committee awarded three contracts for construction works at Kericho Law Courts as follows:

Name of contractor	Contract No.	Contract details	Date awarded	Completion date	Contract Sum Kshs.
M/s Tasco Enterprises	KCO 22/2013/2014	Court Room Extension and Erection of Public Toilet	16 June 2014	Not Specified	10,831,899.00
M/s Sarit Building & Construction Co. Ltd	KCO 23/2013/2014	Renovation/Refurbishment of High Court	13 June 2014	Not Specified	7,104,443.20
M/s Civil Trust Engineering Ltd	KCO 24/2013/2014	Court Room Extension	13 June 2014	Not Specified	11,841,894.00
Total					29,778,236.20

However, the contract agreements did not specify the commencement date and duration of each contract. It has therefore, not been possible to establish project completion dates. Available information indicates that full payment totalling Kshs.29,778,236.00 was made on 30 June 2014. However, physical inspection in December 2014 revealed that none of the projects had been completed.

It is not clear why the Tender Committee decided to award three contracts to three different contractors for similar work.

2.3 Non-functioning Wide/Local Area Connections (Wan/Lan)

During the year under review, the Judiciary spent Kshs.375,907,838.00 on improvement of WAN/LAN in various courts countrywide. However, it was noted that some of the courts were using modems in their day to day activities since WAN/LAN installation was not working which was noted particularly in Malindi, Mombasa and Kikuyu. In addition, commissioning reports or the user's reports from the ICT in the headquarters were not made available for audit review.

No reasons have been provided for paying for nonfunctioning ICT network.

3. Unsupported payments

Note 4 to the financial statements reflects payments totalling Kshs.159,130,934.00 under Use of Goods and Services in respect of Rentals of produced Assets out of which Kshs.1,716,800.00 was paid as rent for various stations. However, no supporting documents were made available to support the payments.

Consequently, the propriety of expenditure of Kshs.1,716,800.00 could not be ascertained.

4. Unsupported Domestic Travel and Subsistence Expenditure

Note 4 to the financial statements further indicate payments of Kshs.377,382,724.00.00 under Use of Goods and Services in respect of Domestic Travel and Subsistence, out of which Kshs.236,601,102.00 or 63% was paid as AIEs and posted to the ledger. However, no expenditure returns were made available for audit verification in respect of this expenditure. Further, a credit of Kshs.2,190,000.00 posted to the ledger under this item was not explained. In addition, an amount of Kshs.2,044,247.90 in respect of per diem paid to officers while attending official duties in Colombia was wrongly classified under this expenditure despite it being foreign travel.

In the circumstances, the domestic travel and subsistence expenditure of Kshs.377,382,724.00 has not been supported as at 30 June 2014.

5. Cash and Cash Equivalents

The statement of assets reflects a cash and cash equivalents balance of Kshs.269,286,893.00 as at 30 June 2014. However, bank reconciliation statements, board of survey reports and bank balances confirmation certificates from the stations in support of this figure were not made available for audit review.

In the circumstances, it has not been possible to confirm the cash and cash equivalents balance of Kshs.269,286,893.00 as at 30 June 2014 as accurately stated.

6. Pending Bills

During 2013/2014, bills totalling Kshs.297,784,255.35 were incurred which were however not settled during that year. As at the time of audit in December 2014, bills totalling Kshs.252,338,970.00 had been cleared leaving a balance of Kshs.45,445,285.00 still outstanding. Had these bills been paid, the statement of receipts and payments could have reflected a deficit of Kshs.28,497,362.00 instead of surplus of Kshs.269,286,893.00 now reflected.

No satisfactory explanation has been given as to why the bills were not settled in the year in which they occurred.

7. Outstanding Imprests and Advances

Imprests totalling Kshs.5,677,844.00 were due and outstanding as at 30 June 2014. Further, salary advances totalling Kshs.3,063,747.00 which were due for recovery as at 30 June 2014 had not been recovered. In addition, the salary advances schedule provided for audit review reflected Kshs.3,043,384.45 resulting in an unexplained difference of Kshs.20,362.00.

No reasons have been provided for non-recovery of the imprests and advances as at 30 June 2014.

8. Deposits

(i) Unsupported payments from the Deposits Account

During the year under review, the Judiciary made payments totalling Kshs.84,267,245.40 to various companies in respect of supply of goods and services from the deposits account. However, the payments were not supported with payment vouchers.

In the absence of payment vouchers the propriety of payments totaling Kshs.84,267,245.40 from the deposits account could not be confirmed.

(ii) Nyamira Law Courts : Un Reconciled Deposits/Cash Bail Ledger

The Courts deposits ledger reflects a balance of Kshs.2,247,16.00 as at 30 June 2014 while the bank balance as at the same date reflects Kshs.1,281,413.00. The difference of Kshs.965,752.00 between the deposit ledger and the bank statement was explained by management as being a historical problem. Further, the Law Court did not separate the cash bail bank account from the Authority to Incur Expenditures (A.I.Es) Bank Account as directed by the Chief Registrar's Circular JA/DB/2011/1 dated 5 June 2012. Under the circumstances, reconciliation between the deposits cashbook/ledger and the Bank statement has not been possible.


Consequently, it has not been possible to confirm the accuracy and completeness of the deposits account balances and expenditure as at 30 June 2014.

9. Unaccounted for Fees From Auctioneers Licensing Board

The Auctioneers Licensing Board collected fees totalling Kshs.4,648,750.00 as at 30 June 2014 but only Kshs.2,330,210.00 was reflected in the records maintained at the Supreme Court leaving a balance of Kshs.2,318,540.00 unaccounted for. In the circumstances, the fees balance of Kshs.2,318,540 remains unaccounted for as at 30 June 2014.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Judiciary as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and the Public Finance Management Act, 2012.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

29 May 2015

KENYA NATIONAL AUDIT OFFICE
P. O. Box 30084 - 00100, NAIROBI.

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THE JUDICIARY OF KENYA

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014

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

The Chief Registrar 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 financial year (period) ended on June 30, 2014. 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 Judiciary; (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 Chief Registrar 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) and relevant legal framework of the Government of Kenya. The Chief Registrar 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 financial year ended June 30, 2014, and of the Judiciary's financial position as at that date. The Chief Registrar in charge of the 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 Chief Registrar 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 Chief Registrar 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 Chief Registrar of Judiciary on 30-9-2014.


The Chief Registrar of Judiciary


Principal Accounts Controller

Pillar 4; Harnessing Technology as an enabler of for Justice

In F/Y 2013/2014, the Judiciary commissioned unified communication system through Internet Protocol (IP) telephony in 21 high court station and magistrate stations. An IT training and awareness program at ICT Centre (Milimani) launched where approximately 500 judicial officers and staffs have been through the program.

Emerging issue

Despite continued investment in program aimed at reducing the number of unresolved cases, the judiciary continue to record new cases at an increasing rate. Child abuse, terrorism and money laundering cases pose a challenge and review of justice chain may be a considered option.

High penalties provided for in statutes keep many people behind bars and a review of cash bails and bond are under consideration.

The Judicial Service Act provide for establishment of High Courts in Counties and this has been constrained by budget which is heavily skewed to recurrent expenditure.

Management of the challenges

Development of policy on ADRs to resolve some cases could ease the case burden on Judiciary. Resource requirements for program that increase access to justice will be enhanced and procurement laws which delay acquisition of goods and service and therefore program activity be considered for review. However, internal processes are being reviewed to ensure we adhere to procurement plans.


Anne M. Amadi

Chief Registrar of the Judiciary

II. FORWARD BY THE CHIEF REGISTRAR

Budget Highlights

The Judiciary posted budget surplus of ksh. 269.2 million, the actual budget for the financial year (F/Y) under review was Kshs. 13.9 billion which included Donor facility of USD 6.5 from IDA. This is approximately 14.8% increase compared to FY2012/2013 .Budget utilization level for the FY 2013/2014 is 89%;

Expenses were up 3.68%, from the prior year. Staff Cost increased by 20.69% reflecting a major increase, offset in part by decrease in transfers to other Government entities and use of goods and services.

The Judiciary continued implementation of programs based on four pillars identified in the transformation framework that focuses on outcome oriented performance measures supporting priority goals.

Summary of key achievement under each pillar

Pillar 1; People focused delivery of justice

Access to justice remains priority goal of the Judiciary; towards this goal, Industrial Court decentralized to Kisumu, Kericho, Nyeri, Mombasa and Nakuru. Fifty one (11) High court Judges and fifty one (51) magistrates were recruited. Three(3) High courts stations were established in Naivasha, Homabay, and Migori while a high court registry was established in Kitui. At Mbita and Migwani magistrate courts were established.

In 2013/2014, resolved case were 87,578 and unresolved cases 350,807 as at 30th June 2014. Policy guidelines have been developed for Alternative Dispute Resolution (ADR) as a strategy to manage cases in our courts.

Pillar 2; Transformative Leadership, Organization resources and professional and motivated staffs

Productivity is a subject of measurement and this is being achieved by developing performance measurement tools that ensure the results are meaningful and relevant to judiciary operations with ability to measure performance, track, and collect the results and report in a systematic and accurate manner. In future judicial officers and staffs will be evaluated on scientifically developed tools. To support this pillar during the year under review, staffs regulations were reviewed and scheme of service is also considered for review.

Pillar 3: Adequate financial resources and physical infrastructures

Infrastructure development was also a key priority in the year under review where refurbishment of Kitui and Kangema courts. The proposed court constructions in the FY 2014/2015 include Garissa, Kakuma, Kimilili and Marimanti. All these projects are currently at procurement stage. To ensure value for money in project development a clear plan and policy guide has been developed to include Court Users Committees (CuCs).

(e) Headquarters

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

(f) Contacts

Telephone: (254) 20-2221221
E-mail: info@judiciary.go.ke
Website: www.judiciary.go.ke

(g) Bankers

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

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

I. KEY INFORMATION AND MANAGEMENT

(a) Background information

The Judiciary is one the three arms of Government established under Article 159. Its mission is to resolve disputes in a just manner with a view to protecting the rights and liberties of all.

(b) Principal Activities

The principal activity 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.

(c) Key Management

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

Office	Name of Office Holder
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. Dr Willy Mutunga
Chief Registrar of Judiciary;	Anne A Amandi
Director Finance	Beatrice Kamau
Principal Accountant	Wycliffe Wanga
Director Human Resource	Angeline Manyala
Director Information Communication Technology	Duncan Odima
Director Supply Chain Management	Austin Ogolla
Director Public Relations; and	Naim Bilal
Director Performance Management	DR. Wameca Nyoike

(d) Fiduciary Oversight Arrangements

The following bodies are responsible for key fiduciary oversight arrangement of judiciary

- Judicial service commission
- Parliamentary committee (Budget and Accounts)
- Audit and finance committee
- Human Resource Advisory Committee
- National Council on Administration of Justice

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

We have audited the accompanying financial statements of Judiciary for the year ended June 30, 2014, which comprise: (i) a statement of receipts and payments; (ii) a statement of financial assets and liabilities; (iii) a statement of comparative budget and actual amounts; (iv) a statement of pending bills as at June 30, 2014; and (v) a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Judiciary of Kenya as at June 30, 2014, and its receipts and payments, as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Auditor General

Date

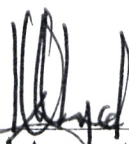
V. STATEMENT OF RECEIPTS AND PAYMENTS

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	Note	2013-2014 Kshs	2012-2013 Kshs
RECEIPTS			
Proceeds from Domestic and Foreign Grants	1	568,156,260	-
Transfers from National Treasury	2	12,113,000,000	11,984,600,000
TOTAL REVENUES		12,681,156,260	11,984,600,000
PAYMENTS			
Compensation of Employees	3	7,097,166,379	5,886,808,797
Use of goods and services	4	2,364,250,318	3,005,046,792
Transfers to Other Government Units	5	297,471,306	322,424,206
Social Security Benefits	6	848,608,693	503,949,633
Acquisition of Assets	7	1,487,592,424	2,230,704,392
Other Expenses	8	316,780,247	26,380,028
TOTAL PAYMENTS		12,411,869,367	11,975,313,848
SURPLUS		269,286,893	9,286,152

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 30th-9- 2014 and signed by:


 Chief Registrar Judiciary


 Principal Accounts Controller

**The Judiciary of Kenya
Reports and Financial Statements
For the year ended June 30, 2014**

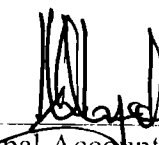
VI. STATEMENT OF ASSETS

	Note	2013-2014 Kshs	2012-2013 Kshs
<u>FINANCIAL ASSETS</u>			
<u>Cash and Cash Equivalents</u>			
Bank Balances	9	260,545,302	9,286,152
Cash Equivalents	10	8,741,591	4,636,298
TOTAL FINANCIAL ASSETS		269,286,893	13,922,450
<u>REPRESENTED BY</u>			
Fund balance b/fwd	11	13,922,450	4,388,573
Surplus for the year		269,286,893	9,286,152
Prior year adjustments	12	(13,922,450)	247,724
NET FINANCIAL POSITION		269,286,893	13,922,450

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 30th-9- 2014 and signed by:



Chief Registrar Judiciary



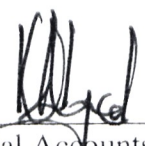
Principal Accounts Controller

STATEMENT OF CASHFLOW

	Note	2013 - 2014 Kshs	2012 - 2013 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
<u>Receipts for operating income</u>			
Proceeds from Domestic and Foreign Grants	1	568,156,260	-
Transfers from National Treasury	2	12,113,000,000	11,984,600,000
<u>Payments for operating expenses</u>			
Compensation of Employees	3	(7,097,166,379)	(5,886,808,797)
Use of goods and services	4	(2,364,250,318)	(3,005,046,792)
Transfers to Other Government Units	5	(297,471,306)	(322,424,206)
Social Security Benefits	6	(848,608,693)	(503,949,633)
Other Expenses	8	(316,780,247)	(26,380,028)
<u>Adjusted for:</u>			
Adjustments during the year	12	(13,922,450)	247,724
Net cash flow from operating activities		1,742,956,867	2,240,238,268
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	(1,487,592,424)	(2,230,704,392)
Net cash flows from Investing Activities		(1,487,592,424)	(2,230,704,392)
NET INCREASE IN CASH AND CASH EQUIVALENT		255,364,443	9,533,876
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	11	13,922,450	4,388,573
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	10	269,286,893	13,922,450

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 30th-9-2014 and signed by:


 Chief Registrar Judiciary


 Principal Accounts Controller

The Judiciary of Kenya
Reports and Financial Statements
For the year ended June 30, 2014

SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Code	Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% Utilization Difference to Final Budget
		a	b	c=a+b	d	e=d-c	f=d/c %
21	Compensation of Employees	6,804,636,848	(500,000,000)	6,304,636,848	6,446,360,827	141,723,979	102%
22	Use of goods and services	2,744,122,098	(15,620,798)	2,728,501,300	2,364,250,318	(364,250,982)	87%
26	Transfers to Other Government Units	2,243,370,479	(686,582,500)	1,556,787,979	615,057,105	(941,730,874)	40%
27	Social Security Benefits	1,127,145,835	(278,537,142)	848,608,693	848,608,693	-	100%
31	Acquisition of Assets	4,043,024,082	(2,219,962,060)	1,823,062,022	1,487,592,424	(335,469,598)	82%
41	Domestic loans to Individuals and Households	650,000,000	-	650,000,000	650,000,000	-	100%
Grand Total		17,612,299,342	(3,700,702,500)	13,911,596,842	12,411,869,367	(1,499,727,475)	89%

Comments on significant underutilization (below 50% of utilization) and any overutilization is given in page 11 and 12 below

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SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Code	Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=d-c	% of Utilization Difference to Final Budget f=d/c %
21	Compensation of Employees	6,804,636,848	(500,000,000)	6,304,636,848	6,446,360,827	141,723,979	102%
22	Use of goods and services	2,574,162,098	122,745,142	2,696,907,240	2,364,250,318	(332,656,922)	88%
26	Transfers to Other Government Units	298,620,479	-	298,620,479	297,471,306	(1,149,173)	100%
27	Social Security Benefits	1,127,145,835	(278,537,142)	848,608,693	848,608,693	-	100%
31	Acquisition of Assets	422,734,082	(6,208,000)	416,526,082	354,959,821	(61,566,261)	85%
41	Domestic loans to Individuals and Households	650,000,000	-	650,000,000	650,000,000	-	100%
Grand Total		11,877,299,342	(662,000,000)	11,215,299,342	10,961,650,965	(253,648,377)	98%

Notes :

Over Utilization of 102% in Code 21 resulted from Fringe Benefits Tax assessed by Kenya Revenue Authority . These arose from interest on car and mortgage that is below Market Interest rates. The assessed amount was borne by the employer.

VII. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Notes;

1. Code 22; underutilisation at 0% ; was as a result of lengthy procurement procedures
2. Code 26 (Transfer to Semi-Autonomous Entity) at 25%; Development Expenditure budgeted under JPIP was not fully implemented due to procurement procedures under World Bank conditionality.

VIII. SUMMARY STATEMENT OF PROVISIONINGS

Details of General Accounts on Vote

Details of Exchequer Account

	<u>2013 - 2014</u>	<u>2012 - 2013</u>
	<u>Kshs</u>	<u>Kshs</u>
Exchequer Provisioning account balance	1,230,370,582	172,904,056
	<u>1,230,370,582</u>	<u>172,904,056</u>

Details of Exchequer Account

	<u>2013 - 2014</u>	<u>2012 - 2013</u>
	<u>Kshs</u>	<u>Kshs</u>
Exchequer Provisioning account balance	1,230,370,582	172,904,056
	<u>1,230,370,582</u>	<u>172,904,056</u>

IX. 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. 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 and all values are rounded to the nearest (Kshs). 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. The cash basis of accounting recognises transactions and events only when cash is received or paid by the Judiciary.

2. Recognition of revenue and expenses

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

3. 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.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

5. 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 Judiciary 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.

6. Budget

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 Judiciary'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 Judiciary'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, 2014.

9. Pension fund

Judiciary operates employees defined contribution pension fund. The custodian of this fund is Kenya Commercial Bank Limited while Genesis Investment and Alexander Forbes are the fund manager and administrator respectively. The auditor of the pension fund is Kingangi and Kariuki Certified Accountants Co. In the pension fund the contribution are as shown below;-

Membership Category	Employee Contribution Rate	Employers Contribution Rate
Members before June 2013	7.5% of Basic Salary	15% of Basic Salary
Member after June 2013	9% of the Basic Salary	18% of the Basic Salary

X. NOTES TO THE FINANCIAL STATEMENTS

PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

<u>Name of Donor</u>	<u>2013 - 2014</u> <u>Kshs</u>	<u>2012 - 2013</u> <u>Kshs</u>
World Bank (JPIP Project)	568,156,260	-
Total	<u>568,156,260</u>	<u>-</u>

1 EXCHQUER RELEASES

<u>Description and reference of the transfer</u>	<u>2013 - 2014</u> <u>Kshs</u>	<u>2013 - 2014</u> <u>Kshs</u>
1st quarter transfer	1,670,000,000	-
2nd quarter transfer	4,335,000,000	-
3rd quarter transfer	3,798,000,000	-
4th quarter transfer	<u>2,310,000,000</u>	<u>11,984,600,000</u>
Total*	<u>12,113,000,000</u>	<u>11,984,600,000</u>

2 COMPENSATION OF EMPLOYEES

	<u>2013 - 2014</u> <u>Kshs</u>	<u>2012 - 2013</u> <u>Kshs</u>
Basic salaries of permanent employees	2,883,112,874	2,266,070,018
Basic wages of temporary employees	190,423,520	81,875,999
Personal allowances paid as part of salary	3,362,129,986	2,625,902,047
Compulsory national health insurance schemes	11,499,999	17,280,000
Social benefit schemes outside government	<u>650,000,000</u>	<u>895,680,733</u>
Total	<u>7,097,166,379</u>	<u>5,886,808,797</u>

3 USE OF GOODS AND SERVICES

	<u>2013 - 2014</u>	<u>2012 - 2013</u>
	<u>Kshs</u>	<u>Kshs</u>
Utilities, supplies and services	83,323,566	53,201,116
Communication, supplies and services	106,783,540	80,782,911
Domestic travel and subsistence	377,382,724	666,831,854
Foreign travel and subsistence	40,343,828	121,091,753
Printing, advertising and information supplies & services	68,072,933	76,313,302
Rentals of produced assets	159,130,934	85,020,128
Training expenses	45,161,958	45,400,000
Hospitality supplies and services	92,165,337	265,012,615
Insurance costs	623,827,207	597,750,000
Specialised materials and services	18,791,439	60,628,368
Office and general supplies and services	183,352,832	287,310,605
Other operating expenses	337,850,191	124,310,800
Routine maintenance – vehicles and other transport equipment	184,823,669	447,999,952
Routine maintenance – other assets	43,240,160	93,393,388
Total	<u>2,364,250,318</u>	<u>3,005,046,792</u>

4 TRANSFER TO OTHER GOVERNMENT ENTITIES

<u>Description</u>	<u>2013 - 2014</u>	<u>2012 - 2013</u>
	<u>Kshs</u>	<u>Kshs</u>
To semi-Autonomous institution*	297,471,306	322,424,206
TOTAL	<u>297,471,306</u>	<u>322,424,206</u>

* Semi-autonomous bodies include Political Party Tribunal, Auctioneer Licensing Board and National Council for law Reporting

5 SOCIAL SECURITY BENEFITS

	<u>2013 - 2014</u>	<u>2012 - 2013</u>
	<u>Kshs</u>	<u>Kshs</u>
Government pension and retirement benefits*	848,608,693	503,949,633
Total	<u>848,608,693</u>	<u>503,949,633</u>

* accounting Policy 9

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6 ACQUISITION OF ASSETS

	<u>2013 - 2014</u>	<u>2012 - 2013</u>
	<u>Kshs</u>	<u>Kshs</u>
<u>Non -Financial Assets</u>		
Purchase of Buildings	18,365,940	789,809,128
Construction of Buildings	476,661,525	274,765,682
Refurbishment of Buildings	261,697,300	220,431,805
Purchase of Vehicles and Other Transport Equipment	246,766,589	287,590,240
Purchase of Office Furniture and General Equipment	108,193,232	52,622,142
Purchase of Specialised Plant, Equipment and Machinery	375,907,838	605,485,395
Total	<u>1,487,592,424</u>	<u>2,230,704,392</u>

7 OTHER EXPENSES

	<u>2013 - 2014</u>	<u>2012 - 2013</u>
	<u>Kshs</u>	<u>Kshs</u>
Capital Transfer Judiciary Performance Improvement Project(JPIP)*	316,780,247	26,380,028
Total	<u>316,780,247</u>	<u>26,380,028</u>

*The project became effective on 30th April 2013 to run until 31st December 2018, the main project sponsor is World Bank. The key objective of the project is to improve the performance of the Judiciary to provide services in the project areas in a more effective and accountable manner.

9. BANK ACCOUNTS

<u>Name of Bank, Account No. & currency</u>	<u>2013 - 2014</u>	<u>2012 - 2013</u>
	<u>Kshs</u>	<u>Kshs</u>
Recurrent Bank Account - 1000181915 CBK	7,715,176	6,558,190
Development Bank Account- 1000182048 CBK	4,058,406	2,727,962
JPIP Bank Account- 1000187441 CBK	248,771,720	-
Total	<u>260,545,302</u>	<u>9,286,152</u>

10. CASH EQUIVALENT

	<u>2013 - 2014</u>	<u>2012 - 2013</u>
	<u>Kshs</u>	<u>Kshs</u>
Imprest Outstanding	5,677,844	2,738,708
Salary Advances	3,063,747	1,897,590
Total	<u>8,741,591</u>	<u>4,636,298</u>
Total	<u>269,286,893</u>	<u>13,922,450</u>

11. BALANCES BROUGHT FORWARD

	<u>2013 - 2014</u>	<u>2012 - 2013</u>
	<u>Kshs</u>	<u>Kshs</u>
Bank accounts	9,286,152	4,388,573
Imprest	4,636,298	-
Total	<u>13,922,450</u>	<u>4,388,573</u>

12. PRIOR YEAR ADJUSTMENTS

	<u>2013 - 2014</u>	<u>2012 - 2013</u>
	<u>Kshs</u>	<u>Kshs</u>
Bank accounts	(9,286,152)	-
Imprest	(4,636,298)	247,724
Total	<u>(13,922,450)</u>	<u>247,724</u>

13. OTHER IMPORTANT DISCLOSURES

13.0 pending accounts payable

	<u>2013 - 2014</u>	<u>2012 - 2013</u>
	<u>Kshs</u>	<u>Kshs</u>
Construction of civil works	89,908,001	178,000
Supply of goods	9,519,506	-
Supply of services	153,492,407	-
Total	<u>252,919,914</u>	<u>178,000</u>

13.1: pending staff payables

	<u>2013 - 2014</u>	<u>2012 - 2013</u>
	<u>Kshs</u>	<u>Kshs</u>
Staff	483,685	-
Reimbursement to court station	2,004,970	-
Total	<u>2,488,655</u>	<u>-</u>

13.2: other pending payables

	<u>2013 - 2014</u>	<u>2013 - 2014</u>
	<u>Kshs</u>	<u>Kshs</u>
Amounts due to third parties	42,375,687	-
Total	<u>42,375,687</u>	<u>-</u>

3rd party payment relate to pending bails payable to Judiciary pension scheme and Income Tax

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13.3 Court deposits and bails

Analysis of liabilities outstanding at the year end;

	2013-2014	2012-2013
	Kshs.	Kshs.
Cash bails	2,263,433,831.65	2,423,705,298.70
Retention Account	191,868,462.00	-
	<hr/>	<hr/>
	<u>2,455,302,293.65</u>	<u>2,423,705,298.70</u>

These are third party liabilities arising from court orders; monies held in trust and security pending court resolution.

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

ANNEX 2; ANALYSIS OF PENDING BILL 2013/14 AS AT AUGUST 2014						
category	Amount	BANK ACCT	Beneficiary	invoice date	AMOUNT PAID TO DATE	COMMENTS
3rd party	40,734,021.90	1115876511	JUDICIAL S. S. S. SCHEME	20-Jun-14	40,734,021.90	paid
3rd party	1,641,664.80	040100113	COMMISSIONER OF INCOME TAX	25-Jun-14	1,641,664.80	paid
SUBTOTAL	42,375,686.70				42,375,686.70	paid
civil work	63,466,744.55	0100000110846	THE COPY CAT LIMITED		0.00	paid
civil work	26,441,256.60	0100002827648	PLUTON ICT LIMITED		0.00	paid
SUBTOTAL	89,908,001.15				89,908,001.15	not yet
goods	1,136,000.00	1000150726	PRIMAX OFFICE SOLUTIONS	9-Jun-14	1,136,000.00	paid
goods	1,056,000.00	025000023505	MOKONA GENERAL SERVICES	10-Jun-14	1,056,000.00	paid
goods	440,000.00	0130101633100	KEGORI GENERAL STATIONERS & PRINTIN	7-Feb-14	440,000.00	paid
goods	60,900.00	0170290569411	KISIMA LIMITED	12-Jun-14	60,900.00	paid
goods	1,440,000.00	01148395102500	GARNET LINK TRADERS	9-Jun-14	1,440,000.00	paid
goods	186,500.00	0120193219910	EVASTAR ENTERPRISES SERVICES	9-Jun-14	186,500.00	paid
goods	350,000.00	0010197400958	MORUA DISTRIBUTORS	29-May-14	350,000.00	paid
goods	498,000.00	8208168	GRYJOS PRINTERS AND STATIONERS	29-Jan-14	498,000.00	paid
goods	29,718.00	0140291407965	MUTINDWA ENTERPRISES LIMITED	25-Mar-14	29,718.00	paid
goods	23,548.00	0186471201	PRINTPOINT SUPPLIERS	16-Jun-14	23,548.00	paid
goods	3,848,840.00	95870400000050	DOLPHIN STATIONERS LIMITED	16-Apr-14	3,848,840.00	paid
goods	450,000.00	01020060991900	KITE SUPPLY LINK	9-Jun-14	450,000.00	paid
SUBTOTAL	9,519,506.00				9,519,506.00	paid
others	323,800.00	1136895248	MACHAKOS LAW COURT	10-Jun-14	323,800.00	paid
others	282,808.00	01136069177700	WONDERJOY PARTY LIMITED	21-May-14	282,808.00	paid
others	945,200.00	1116329069	CHIEF MAGISTRATE MAKADARA LAW COURT	6-Jun-14	945,200.00	paid

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others	453,162.00	1129777367	MILIMANI LAW COURT RECURRENT ACCOUN	26-Jun-14	453,162.00	paid
SUBTOTAL	2,004,970.00				2,004,970.00	paid
service	45,445,285.00	5010207	D.T. DOBIE & COMPANY (K) LIMITED	11-Jun-14	45,445,285.00	paid
service	170,500.00	0100000130499	HOTEL INTERCONTINENTAL	13-Jun-14	170,500.00	paid
service	644,800.00	0100000130499	HOTEL INTERCONTINENTAL	20-Aug-13	644,800.00	paid
service	183,990.00	0100000129668	ONE WAY CLEANING SERVICES LIMITED	10-Oct-13	183,990.00	paid
service	24,005.00	1106887115	SILVERBIRD TRAVEL PLUS LIMITED	15/5 & 6/17	24,005.00	paid
service	11,700.00	1149535423	AFRICAN TOUCH SAFARIS LIMITED	17-Jun-14	11,700.00	paid
service	1,539,398.00	0100000198999	ROYAL MEDIA SERVICES LTD	25-Oct-13	1,539,398.00	paid
service	233,878.00	1104220304	MALINDI WATER & SEWERAGE COMPANY LI	26-May-14	233,878.00	paid
service	70,000.00	00011360944303 0	THE TRAVELMART LIMITED	12-May-14	70,000.00	paid
service	870,000.00	0240299622143	JACMARK SOLUTION	4-Jun-14	870,000.00	paid
service	108,000.00	1106515188	KENYA SAFARI LODGES & HOTELS LTD	31-Mar-14	108,000.00	paid
service	496,479.50	0102029979600	DEWCIS SOLUTIONS	4-Jun-14	496,479.50	paid
service	883,487.45	1107145880	CMC MOTORS GROUP LIMITED		883,487.45	paid
service	980,994.90	1107145880	CMC MOTORS GROUP LIMITED		980,994.90	paid
service	773,427.90	1107145880	CMC MOTORS GROUP LIMITED	Various	773,427.90	paid
service	504,000.00	1103135449	NATIONAL COUNCIL FOR LAW REPORTING	17-Oct-13	504,000.00	paid
service	858,507.00	102340019	TOYOTA (KENYA) LIMITED		858,507.00	paid
service	196,736.00	1000134275	STANTECH MOTORS LIMITED	12-Jun-14	196,736.00	paid
service	25,252.00	0102010621200	CONFERENCE CATERERS	December 2013	25,252.00	paid
service	529,861.60	5010207	D.T. DOBIE & COMPANY (K) LIMITED		529,861.60	paid
service	115,884.00	0106003159190	NATION MEDIA GROUP LIMITED		115,884.00	paid
service	106,488.00	0100000025156	STANDARD GROUP LIMITED	19-May-14	106,488.00	paid
service	1,757,306.40	062000010044	VICTORIA CLEANING SERVICES	20-Nov-13	1,757,306.40	paid

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service	2,511,161.55	01000189681	KLEANSLEY LIMITED	HYGIENE PLUS	2-Jan-14	2,511,161.55	paid
service	76,451.00	1107145880	CMC MOTORS GROUP LIMITED		11-Apr-14	76,451.00	paid
service	335,800.00	00800486621210	HEMINGWAYS NAIROBI LIMITED		30-Mar-14	335,800.00	paid
service	36,088.00	1107145880	CMC MOTORS GROUP LIMITED		9-Jun-14	36,088.00	paid
service	143,161.75	1107145880	CMC MOTORS GROUP LIMITED		26-Mar-14	143,161.75	paid
service	269,172.00	1107145880	CMC MOTORS GROUP LIMITED		13/04 & 08/02	269,172.00	paid
service	34,229.00	102340019	TOYOTA (KENYA) LIMITED		29-May-14	34,229.00	paid
service	62,633.00	102340019	TOYOTA (KENYA) LIMITED		10-Jun-14	62,633.00	paid
service	85,378.00	1000134275	STANTECH MOTORS LIMITED		22-May-14	85,378.00	paid
service	1,410,416.15	00150299802500	JEPKO CLEANING SERVICES		8-May-14	1,410,416.15	paid
service	1,410,416.15	00150299802500	JEPKO CLEANING SERVICES		12-Jun-14	1,410,416.15	paid
service	98,419.45	5010207	D.T. DOBIE & COMPANY LIMITED	(K)	6-Jun-14	98,419.45	paid
service	997,810.70	5010207	D.T. DOBIE & COMPANY LIMITED	(K)	22/02 to 20/06	997,810.70	paid
service	1,898,876.00	062000010044	VICTORIA CLEANING SERVICES		2-Dec-13	1,898,876.00	paid
service	17,400.00	1000144	AUTOMOBILE ASSOCIATION OF KENYA		12-Jun-14	17,400.00	paid
service	518,376.50	01000189681	KLEANSLEY LIMITED	HYGIENE PLUS	12-Jun-14	518,376.50	paid
service	579,394.50	0104098892603	YANA TYRE CENTRE LIMITED		18-Jun-14	579,394.50	paid
service	20,825.00	1149535423	AFRICAN TOUCH SAFARIS LIMITED		11-Jun-14	20,825.00	paid
service	67,280.00	1116686937	KENYA NATIONAL EXAMINATION COUNCIL			67,280.00	paid
service	593,000.00	0120150938900	ARTOFFICE FURNITURES LIMITED		28-May-14	593,000.00	paid
service	2,180,000.00	1103135449	NATIONAL COUNCIL FOR LAW REPORTING		22-Nov-12	2,180,000.00	paid
service	58,378.00	102340019	TOYOTA (KENYA) LIMITED		30-May-14	58,378.00	paid
service	60,834.60	5010207	D.T. DOBIE & COMPANY LIMITED	(K)	6-Jun-14	60,834.60	paid
service	304,557.30	5010207	D.T. DOBIE & COMPANY LIMITED	(K)	17-Jun-14	304,557.30	paid
service	335,037.00	5010207	D.T. DOBIE & COMPANY LIMITED	(K)		335,037.00	paid

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service	443,134.75	5010207	D.T. DOBIE & COMPANY (K) LIMITED	25-Jun-14	443,134.75	paid
service	8,715,000.00	0106094643702	SAFARICOM KENYA LIMITED	23-Jun-14	8,715,000.00	paid
service	107,543.60	0402573501	ST AUSTINS SERVICE STATION LIMITED	10-Jun-14	107,543.60	paid
service	436,392.00	010000025156	STANDARD GROUP LIMITED	13-Jun-14	436,392.00	paid
service	13,275.00	0102010734700	BCD TRAVEL	19-Jun-14	13,275.00	paid
service	48,720.00	1000144	AUTOMOBILE ASSOCIATION OF KENYA	20-Jun-14	48,720.00	paid
service	2,643,673.00	0100000129668	ONE WAY CLEANING SERVICES LIMITED	15-Oct-13	2,643,673.00	paid
service	16,530.00	1106887115	SILVERBIRD TRAVEL PLUS LIMITED	11-Jun-14	16,530.00	paid
service	23,200.00	1149535423	AFRICAN TOUCH SAFARIS LIMITED	4-Jun-14	23,200.00	paid
service	46,400.00	1116686937	KENYA NATIONAL EXAMINATION COUNCIL		46,400.00	paid
service	243,000.00	0120150938900	ARTOFFICE FURNITURES LIMITED	28-May-14	243,000.00	paid
service	872,608.55	1107145880	CMC MOTORS GROUP LIMITED		872,608.55	paid
service	1,066,720.65	1107145880	CMC MOTORS GROUP LIMITED	2/12 to 9/6	1,066,720.65	paid
service	382,241.70	1107145880	CMC MOTORS GROUP LIMITED	26-Jun-14	382,241.70	paid
service	719,514.95	1107145880	CMC MOTORS GROUP LIMITED		719,514.95	paid
service	497,002.00	0106003159100	NATION MEDIA GROUP LIMITED	18-Jun-14	497,002.00	paid
service	492,315.00	1200003126	OKSANA INVESTMENT LIMITED	10-Jun-14	492,315.00	paid
service	167,526.00	01000189681	KLEANSLEY HYGIENE PLUS LIMITED	29-Jan-14	167,526.00	paid
service	98,917.00	01000189681	KLEANSLEY HYGIENE PLUS LIMITED	28-Feb-14	98,917.00	paid
service	36,250.00	0100000130499	HOTEL INTERCONTINENTAL	22-May-14	36,250.00	paid
service	179,000.00	01136028439200	KENYA PIPELINE COMPANY LIMITED		179,000.00	paid
service	44,202,148.00	0200989009	RILEY SERVICES LIMITED	March to May 2014	44,202,148.00	paid
service	555,196.00	0550051810	ROBU CLEANING SERVICES	30/3 & 30/5	555,196.00	paid
service	4,527,624.00	0100000129668	ONE WAY CLEANING SERVICES LIMITED	15-May-14	4,527,624.00	paid
service	576,000.00	0150290921114	TECHNOVY SYSTEMS LIMITED	4-Apr-14	576,000.00	paid

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service	1,455,000.00	0102000185600	INTERMASS PRINTERS & STATIONERS LIM	30-May-14	1,455,000.00	paid
service	1,356,280.00	0550051810	ROBU CLEANING SERVICES	28-Feb-14	1,356,280.00	paid
service	494,000.00	0120162390638	ENEXTBROTHERS ENTERPRISES	23-May-14	494,000.00	paid
service	941,000.00	01290161769078	RAMO DISTRIBUTORS	26-May-14	941,000.00	paid
service	245,000.00	1107179149	TELKOM KENYA LIMITED	18-Jun-14	245,000.00	paid
service	674,000.00	102087003	AIRTEL NETWORKS KENYA LIMITED		674,000.00	paid
service	1,773,367.90	0106003159100	NATION MEDIA GROUP LIMITED	31-May-14	1,773,367.90	paid
service	1,889,271.00	0106003159100	NATION MEDIA GROUP LIMITED	31-Jul-13	1,889,271.00	paid
service	225,795.00	0102010734700	BCD TRAVEL	19-Jun-14	225,795.00	paid
service	2,004,731.00	062000010044	VICTORIA CLEANING SERVICES	20-Jan-14	2,004,731.00	paid
service	362,756.00	059000005569	MOJON ENTERPRISES	10-Jun-14	362,756.00	paid
service	153,686.50	059000005569	MOJON ENTERPRISES	12-Jun-14	153,686.50	paid
service	955,608.00	062000010044	VICTORIA CLEANING SERVICES	20-May-14	955,608.00	paid
service	7,500.00	0102010734700	BCD TRAVEL	27-Jun-14	7,500.00	paid
service	217,800.00	1106876555	SPEEDBIRD TRAVEL AND SAFARIS LIMITE		217,800.00	paid
service	344,790.50	0200989009	RILEY SERVICES LIMITED		344,790.50	paid
service	2,254,812.00	0100000129668	ONE WAY CLEANING SERVICES LIMITED		2,254,812.00	paid
service	392,000.00		AFROMARK GENERAL CONTRACTOR		392,000.00	paid
SUBTOTAL	153,492,406.50				153,492,406.50	paid
staff	50,000.00	0110086069000	CHARLES ARIBA KUTWA	17-Jun-14	50,000.00	paid
staff	15,000.00	1102345326	STEPHEN WANYOIKE KIMUJU	23-Jun-14	15,000.00	paid
staff	35,195.00	1107121914	KENYA COMMERCIAL BANK LIMITED	26-Jun-14	35,195.00	paid
staff	197,640.00	01100089258400	SAMWEL BUNDI	19-Jun-14	197,640.00	paid
staff	120,000.00	1103258451	BENJAMIN JAMES KINUTHIA	30-Jun-14	120,000.00	paid
staff	5,600.00		ALI KATEMBO GALALE		5,600.00	paid
staff	22,750.00	1105887545	MARGARET A AKWIRI-PATRICIA ODOLO		22,750.00	paid
staff	37,500.00	0350190372756	EUNICE NYAMBURA GICHUNGU		37,500.00	paid

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<i>SUBTOTAL</i>	483,685.00			483,685.00	paid
<i>GRAND</i>	297,784,255.35			207,876,254.20	paid

ANNEX 2: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved. The issued attached in the annex 2 below covers year 2008/2009 and 2009/2010

**Public Accounts Committee Report
 2008/2009**

Committee recommendation and action

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
792	The accounting officer must ensure that matters capable of being resolved with the auditor general are promptly resolved failure to which he will be sanctioned by the appointing authority.	The accounting officer holds meetings with the auditor before finalizing the audits and also responds to the management letters in time whenever received.			
793	The accounting officer must ensure that matters capable of being resolved with the auditor general are promptly resolved failure to which he will be sanctioned by the appointing authority.	The accounting officer holds meetings with the Auditor before finalizing the audits and also responds to the management letters in time whenever received.			

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794	The accounting officer must ensure that matters capable of being resolved with the auditor general are promptly resolved failure to which he will be sanctioned by the appointing authority.	The accounting officer holds meetings with the Auditor before finalizing the audits and also responds to the management letters in time whenever received.		
795	The accounting officer must ensure that matters capable of being resolved with the auditor general are promptly resolved failure to which he will be sanctioned by the appointing authority.	The accounting officer holds meetings with the auditor before finalizing the audits and also responds to the management letters in time whenever received.		
796 - 797	The Accounting officer should put in place adequate and stringent measures to ensure that bills are always cleared within the financial year they relate to.	At the commencement of each financial year approved Procurement Plan is put in place to ensure timely procurement of goods and services and cash flow planning.		

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798-800	<p>The Accounting officer should institute sufficient stern measures to ensure that judicial officers strictly abide by government financial regulations and procedures on imprest to guard against malpractices; He should use all means at his disposal to ensure that all the outstanding imprest are fully recovered. Where he is unable to justify his failure to recover within three months from due date, he should be surcharged the amount in default.</p>	<p>There are standing instructions to recover any outstanding imprest that is due. The recovery is done through payroll deductions. Also any staff who has outstanding imprests is not issued with another in accordance with regulations. There is also continuous training of the officers who are issued imprest on the Regulations</p>		
801-806	<p>The Ethics and Anti-corruption commission (EACC) should investigate the circumstances under which the Judiciary overpaid for certificates No. 31 and 35 by amounts of Ksh 10,500,000 and Ksh 1,843,280 respectively with a view to take appropriate legal action against the culpable; The Accounting officer must ensure that the overpayments made in respect of certificates No.31 and 35 are fully recovered urgently.</p>	<p>The overpayments were fully recovered from the subsequent payments of retention monies. For all contracts before final payments are made statement of accounts is reviewed and reconciled</p>		

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807 - 809	<p>The Accounting officer should ensure that the Judicial officers handle revenue received in accordance with government financial regulations and procedures and disciplinary action taken against officers who fail to comply. He should particularly take disciplinary action against officers responsible for the issuance of the IOU's as reported by the Controller & Auditor General.</p> <p>The Accounting officer should ensure that the IOU's system of advancing cash is discontinued in accordance with treasury's circular No.7/2004 of 18th March, 2004 and all outstanding amounts advanced under the system are fully recovered.</p>	<p>The IOU's are no longer being issued and where issued against the regulation disciplinary action is promptly taken against the officer.</p> <p>The cash management systems have been reviewed and thus cash receipts are directly banked limiting cash availability.</p> <p>All amounts due were fully recovered.</p>		
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810 - 812	<p>The accounting officer should ensure that judicial officers handle revenue in accordance with government financial regulations and procedures and disciplinary action be taken against officers who fail to comply.</p> <p>Section 116 of the traffic Act cap 403 should be there to stay and the Judiciary should liaise with other interested parties and put in place sufficient austerity measures to safeguard it against abuse;</p> <p>The accounting Officer should ensure that all the outstanding arrears of revenue are fully The accounting officer should ensure that judicial officers handle revenue in accordance with government financial regulations and procedures and disciplinary action be taken against officers who fail to comply.</p> <p>Section 116 of the traffic Act cap 403 should be there to stay and the Judiciary should liaise with other interested parties and put in place sufficient austerity measures to safeguard it against abuse;</p>	<p>Revenues are accurately recorded and promptly remitted in accordance with government regulations. In cases of noncompliance disciplinary action is taken immediately.</p> <p>The traffic cases pleas are not admissible without the presence of the persons arrested, in the absence the retains cash bails</p> <p>The courts have issued warrants of arrest for all outstanding cases.</p> <p>Judiciary has built capacity by recruiting and training skilled staff in the accounting profession.</p> <p>The AIE holders are also trained on the financial regulations.</p>
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Public Accounts Committee Report
 2009/2010
 Committee recommendation and action

Paragraph	Recommendation	Action	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
676	The Accounting officer is responsible for the delay in resolving this matter and recommends that he must at all times ensure that matters capable of being resolved with the Auditor General are resolved promptly failure of which he be sanctioned by the appointing authority.	The accounting officer holds meetings with the auditor before finalization of the Audit and also responds to the management letters in time whenever received.			
677	The Accounting officer is responsible for the delay in resolving this matter and recommends that he must at all times ensure that matters capable of being resolved with the Auditor General are resolved promptly failure of which he be sanctioned by the appointing authority.	The accounting officer holds meetings with the auditor before finalization of the Audit and also responds to the management letters in time whenever received.			

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678-679	<p>The Accounting officer is responsible for the delay in resolving this matter and recommends that he must at all times ensure that matters capable of being resolved with the Auditor General are resolved promptly failure of which he be sanctioned by the appointing authority.</p> <p>The accounting officer must take necessary steps to ensure that the ministry accounts staff adhere to high standards of accounting and always prepare accurate and up to date accounts consistent with international accounting standards and principles.</p>	<p>The accounting officer holds meetings with the auditor before finalization of the Audit and also responds to the management letters in time whenever received.</p> <p>Judiciary has built capacity by recruiting and training skilled staff in the accounting profession.</p>		
680	<p>The Accounting officer is responsible for the delay in resolving this matter and recommends that he must at all times ensure that matters capable of being resolved with the Auditor General are resolved promptly failure of which he be sanctioned by the appointing authority.</p>	<p>The accounting officer holds meetings with the auditor before finalization of the Audit and also responds to the management letters in time whenever received.</p>		
681-683	<p>The Accounting officer should institute sufficient austerity measures to ensure that the bills are always cleared within the financial year they relate to.</p>	<p>A procurement plan is put in place for each financial year to ensure timely procurement of goods and services and cash flow planning</p>		

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684-686	<p>The Accounting officer must institute stringent measures to ensure that all officers at the ministry strictly adhere to government regulations and procedures on imprest to guard against malpractices.</p>	<p>There are standing instructions to recover any outstanding imprest promptly with clear instructions on cutoffs for surrenders especially at the financial year end.</p> <p>The officers are also trained on the financial regulations</p>		
687	<p>The Accounting Officer should ensure that Judicial officers handle revenue in accordance with governmental financial regulations and procedures and disciplinary action be taken against officers who fail to comply;</p> <p>Section 116 of the Traffic Act cap 403 should be there to stay and the Judiciary should liaise with other interested parties and put in place sufficient austerity measures to safeguard it against abuse:</p> <p>The Accounting Officer should ensure that all the outstanding arrears of revenue are fully recovered.</p>	<p>Revenues are accurately recorded and promptly remitted in accordance with government regulations. In cases of noncompliance disciplinary action is taken immediately.</p> <p>Administratively traffic cases pleas are only brought before court when the police produce the arrested persons in court. These action has resulted in reduction in outstanding arrears of revenue</p>		

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688-689	<p>The Accounting Officer should ensure that Judicial officers handle revenue in accordance with governmental financial regulations and procedures and disciplinary action be taken against officers who fail to comply;</p>	<p>Revenues are accurately recorded and promptly remitted in accordance with government regulations. In cases of non-compliance disciplinary action is taken immediately.</p>		
690	<p>The Accounting officer must ensure that the Kshs 511,852 is fully recovered.</p>	<p>The amount is now fully recovered.</p>		
691	<p>The Accounting officer should ensure that Judicial officers handle revenue in accordance with government financial regulations and procedures and disciplinary action to be taken against officers who fail to comply. He should particularly take disciplinary action against officers responsible for the issuance of the IOU's as reported by the controller & Auditor General;</p>	<p>The IOU's are no longer being issued and where issued against the regulation disciplinary action is promptly taken against the officer. Also cash management systems have been reviewed and thus cash receipts are directly banked limiting cash availability.</p>		
	<p>The Accounting officer should ensure that the IOU's system of advancing cash is discontinued in accordance with Treasury's circular No.7/2004 of 18th March, 2004 and all outstanding amounts advanced under the system fully recovered.</p>	<p>All amounts due, were fully recovered. I owe You (IOUs) are not allowed in accordance with regulations</p>		

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692	The Accounting Officer must be more proactive and pursue the police department using all available channels to have the warrants executed and the outstanding revenue fully recovered.	The traffic cases pleas are not admissible in court without the presence of the persons arrested and this has minimized default cases, also all payments are now made directly to the bank.		
693-694	The Accounting officer must ensure due diligence is exercised while making payments to forestall cases of irregular payments at the ministry. The Accounting officer must ensure that all the irregularly made payments are fully recovered	Any payment of allowances requires a prior approval of the Accounting Officer thus forestalling any irregular payments. All amounts irregularly paid have been fully recovered.		

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655-703	<p>The EACC should investigate whether public servants involved in the tendering process of this works acted in the best interest of the public with the view to holding them accountable and recommending the blacklisting of the contractor from being awarded government jobs if found to have influenced the award of the tender.</p> <p>The Accounting officer jointly with his Ministry of Public Works counterpart must institute sufficient measures to ensure that project implementation is well planned and executed in line with specifications and acceptable standards and delays and costs overruns avoided;</p> <p>The Accounting Officer must ensure that the Ministry is well represented in the arbitration case facing the ministry over termination of the first contract.</p> <p>The Accounting officer must ensure that the project is completed as a matter of urgency and immediately commissioned for use.</p>	<p>The matter is still pending before the Arbitrators.....</p> <p>The Judiciary ha also forwarded the matter to the PPOA on the professionalism of the contractor with the view of recommending for blacklisting.</p> <p>The Accounting Officer has established Infrastructure Committee for project planning and implementation to mitigate project Implementation risk</p> <p>On the matters before the Arbitrators the Judiciary is well represented by a legal officer and the head of procurement unit.</p> <p>Project is already completed and occupied.</p>		
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