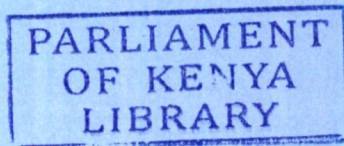
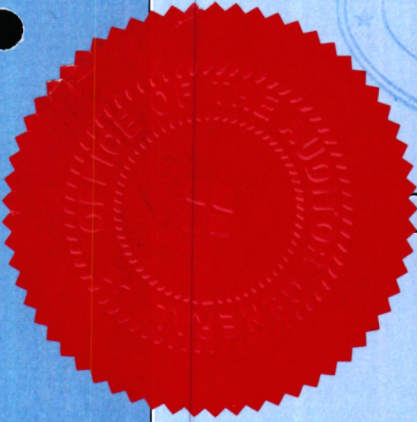


REPUBLIC OF KENYA



*Paper laid by the  
leader of my party  
Party  
myself  
12/6/2018.*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
THE PRISON INDUSTRIES  
REVOLVING FUND**

**FOR THE YEAR ENDED  
30 JUNE 2017**



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**KENYA PRISON SERVICE**  
*(Prison Industries Revolving Fund- (PIRF))*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

**KENYA PRISON SERVICE (PIRF)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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**I. KEY PIRF INFORMATION AND MANAGEMENT**

**(a) Background information**

The Prisons Industries Revolving Fund (PIRF) is domiciled in the directorate of Prisons Enterprise, Industries section of Kenya Prisons Service. The Fund was established by Legal Notice No. 314 of the Exchequer and Audit Act (Cap 412) Regulations of 1988. The Directorate of Prisons Enterprise is situated at the Prisons Headquartered, Magereza House in Nairobi and has branches in 103 industrial prisons countrywide. Section 11 of the Legal Notice No 314, requires the Officer administering the Fund to prepare financial statements in respect of that Prison Industries Revolving Fund, which gives a true and fair view of the state of affairs of the Fund at midyear and at the end of the financial period on operating results of the Fund for that period.

The fund administering officer is also required to ensure that Prison Industries Revolving Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund and safeguarding the assets of the Fund.

**ESTABLISHMENT OF THE PRISONS INDUSTRIES REVOLVING FUND**

LEGAL NOTICE No. 314

THE EXCHEQUER AND AUDIT ACT  
(Cap. 412)

IN EXERCISE of the powers conferred by section 34 of the Exchequer and Audit Act, the Minister for Finance makes the following Regulations:-

**THE EXCHEQUER AND AUDIT (PRISONS INDUSTRIES FUND) REGULATIONS, 1988**

1. These Regulations may be cited as the Exchequer and Audit (Prison Industries Fund) Regulations, 1988 and shall be deemed to have come into operation on the 1<sup>st</sup> July, 1987.

2. In these Regulations, unless the context otherwise requires-  
"Financial year" means the period from the 1<sup>st</sup> July in any year to the 30<sup>th</sup> June in the immediately succeeding year (both days inclusive);

"Fund" means the Prison Industries Fund established by the Treasury under section 32 (1) of the Act;

"Officer administering the fund" means the accounting officer responsible for the vote of the Office of the Vice President and Minister of Home Affairs and National Heritage or any other person appointed by him in writing to administer the fund on his behalf.

3. The purpose and object of the Fund shall be to train and rehabilitate prisoners and inmates and procure necessary raw materials, tools, plants and equipment required thereof; and offer for sale finished products in the open market.

4. The initial capital of the Fund shall be K£ 700,000 appropriated by Parliament in the 1987/88 financial year.

**KENYA PRISON SERVICE (PIRF)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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5. The surplus realized in any year from the operations of the Fund shall be retained in the reserve account of the Fund pending Treasury's decision on its disposal, and a deficiency, if realized in any year, shall, subject to Treasury's concurrence, be off-set against the realized surplus.

6. The expenditure on operation of prison industries and maintenance of tools, plants and equipment shall be on the basis of, and be limited to, the annual budget (on receipts and expenditure) which shall be submitted to the Treasury for approval before the beginning of the financial year to which the budget relates.

7. The institutions which may obtain manufactured items from the Prison Industries Fund shall be-

- a) Government Ministries,
- b) Government Departments,
- c) Local Government Authorities,
- d) Parastatal Organizations, and
- e) Private Organizations and Individuals.

8. The selling prices of finished goods shall be reviewed from time to time by the officer administering the Fund in consultation with the Treasury.

9. The Government procurement procedures shall strictly be adhered to when purchasing items referred to under Regulation 3.

10. All the receipts, savings and accruals of the Fund and balance of the Fund at the close of each financial year, shall be retained for the purpose of which the Fund is established subject to the provisions of Regulation 5.

11. The officer administering the Fund shall-

- a) supervise and control the administration of the Fund;
- b) advise and obtain such advice from the Minister for the time being responsible for finance as may from time to time be required;
- c) if he thinks fit, impose conditions as to the use to be made of any expenditure authorized by him or on his behalf and impose any reasonable prohibition, restriction or requirements concerning such use or expenditure;
- d) approve the prices of finished products to be offered for sale;
- e) cause to be kept all proper books of accounts and other books and records in relation to the Fund and to all various activities and undertakings financed by the Fund;
- f) transmit to the Controller and Auditor General, in respect of each financial year within four months after the end thereof, a statement of account relating to the Fund, prepared and signed by him, specifying income to the Fund, and showing the expenditure incurred from the Fund, in such details and with such additional information as he may deem to be proper and sufficient for the purpose of examination and audit by the Controller and Auditor-General in accordance with section 18 (2) of the Act as the Treasury may from time to time direct, and every statement of account shall include details of the balance between the assets and liabilities of the Fund, and indicate the financial status of the Fund, as at the end of the financial year concerned.

Made on the 22<sup>nd</sup> July, 1988.

GEORGE SAITOTI,  
*Minister for Finance.*

**(b) Principal Activities**

The principal mandate of the *Prison Industries* is to train and rehabilitate prisoners and inmates, procure necessary raw materials, tools, plants and equipment required thereof and offer for sale finished products in the market.

- **VISION :** A correctional service of excellence in Africa and beyond
- **MISSION:** Containment of offenders in humane and safe conditions in order to facilitate responsive administration of justice, rehabilitation, social integration and community protection
- **MOTTO :** Rehabilitation and Justice

**OUR CORE VALUES**

1. **Fairness and Equality to all within the law**
2. **Integrity**
3. **Team work and collaboration**
4. **Loyalty**
5. **Gender sensitivity**
6. **Discipline**
7. **Meritocracy**
8. **Leadership by example**

**(c) Key Management**

The *PIRF's* day-to-day management is under **The Accounting Officer who is the Principal Secretary State Department of Correctional Service.**

**(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:

No.	Designation	Name
1.	Principal Secretary	<b>Amb.Richard T. Ekai (PhD),CBS</b>
2.	Principal Secretary	<b>Micah P. Powon, CBS</b>
3.	Commissioner General of Prisons	<b>Isaya M. Osugo, CBS, CGP</b>
4.	Director of Prison Enterprise	<b>Josphat K. Ituka, MBS, ACGP</b>
5.	Deputy Director Prison Industries	<b>Kennedy Aluda, MBS, DCP</b>

**KENYA PRISON SERVICE (PIRF)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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**(e) Fiduciary Oversight Arrangements**

**Audit and finance committee activities**

The purpose of Internal Audit is to assist an organisation in accomplishing its objectives by bringing a systematic, disciplined approach, to evaluate and improve the effectiveness of risk management, control, and governance processes. In accordance with Public Financial Management Act (2012) Regulations [Section 165], the main purpose of the Audit Committee shall be to provide oversight over the issues of risk management, system of internal control and governance and associated assurance. The responsibility over the management of risk, control and governance processes remains with the management.

The Audit Committee shall also oversee the process of follow up on the implementation of the recommendations proposed by the internal and external auditors respectively.

**CORE FUNCTIONS;**

- ❖ Establishing the governance mechanisms of the Fund for transparency and accountability with regard to the finances and assets;
- ❖ Conducting risk-based, value-for-money and systems audits aimed at strengthening internal control mechanisms that could have an impact on achievement of the strategic objectives of the Enterprise;
- ❖ Verifying the existence of assets administered by the Fund and ensuring that there are proper safeguards for their protection;
- ❖ Providing assurance that appropriate institutional policies and procedures and good business practices are followed by the Enterprise;
- ❖ Evaluating the adequacy and reliability of information available to management for making decisions with regard to the Fund and its operations.
- ❖ Account for results of the audit of the financial statements and the related report therein and, if applicable, a report on changes during the year in accounting principles and their application.
- ❖ Report on significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit. Inquire about the cooperation received by the outside auditors during their audit, including access to all requested records, data, and information.
- ❖ Ask the outside auditors if there have been any disagreements with staff that, if left unresolved, would have caused them to issue a nonstandard report on the organization's financial statements.
- ❖ Obtain annually from the outside auditors a letter regarding the adequacy of internal controls.

**KENYA PRISON SERVICE (PIRF)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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**(f) PIRF Headquarters**

MAGEREZA House  
Bishop Road – Upperhill  
P.O. Box 30175-00100  
Nairobi, KENYA

**Registered Office**

Teleposta Building  
Kenyatta Avenue  
P.O. Box 30478-00100  
Nairobi, KENYA

**(g) PIRF Contacts**

Telephone: (254) 20-2722900-6  
E-mail: [commissioner.prisons.go.ke](mailto:commissioner.prisons.go.ke)  
Website: [www.go.ke](http://www.go.ke)

**(h) PIRF Bankers**

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

**(i) Independent Auditors**

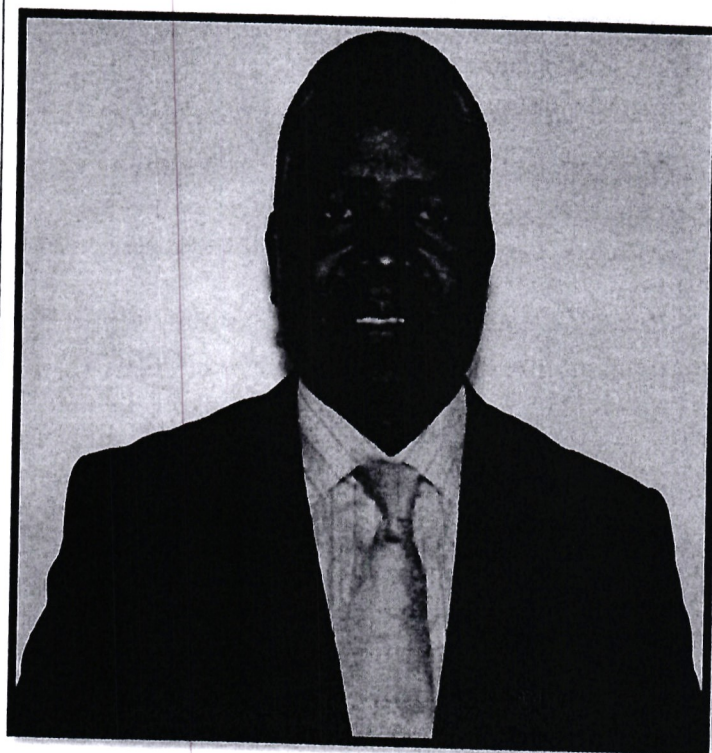
Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

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

## II. THE BOARD OF MANAGEMENT

### Board Members photo and name.



**Amb. Richard T. Ekai, PhD, CBS**  
Principal Secretary

### Board Members key qualifications and work experience

**Principal Secretary** for State Department for Correctional Services, Ministry of Interior and Coordination of National Government

**Principal Secretary** for State Department for Sports, Ministry of Sports, Culture and The Arts (Dec. 2015 – March 2017)

**Principal Secretary** for Sports, Culture and The Arts, Ministry of Sports, Culture and The Arts (Sept. 2014 – Nov. 2015)

**Principal Secretary** for Mining, Ministry of Mining (June 2013 – Sept. 2014)

**Dean of the Diplomatic Corps** (2012 – 2013): Coordinated engagements between the Diplomatic Corps and the Royal government

**Ambassador/Head of Mission** (July 2006 – June 2013)

Personal Representative of the Head of State of the Republic of Kenya in Thailand, Cambodia and Vietnam

**Lecturer**, Moi University (2001 – 2006)

**Energy Researcher**, ISFH Germany (1997 – 2001)

#### **Fellowships & Scholarships**

- Deutsche Akademische Austausch Dienst (DAAD) Scholarship, Institute for Solar Energy Research (ISFH) Hameln/Emmerthal, University of Hannover, Germany (1996 – 2000);
- International Program for Physical Sciences (IPPS) Fellowship, Solar Energy Group, Department of Physics, University of Dar Es-Salaam (May – July 1995)

#### **RESEARCH & PUBLICATIONS**

- Book : Written a book on structured Silicon Solar Cells
- Papers : Published several papers in Journals and Conferences
- Research : Factors affecting the Performance of NSE

#### **EDUCATIONAL BACKGROUND**

- PhD (Solar Energy), University of Hannover, Germany (1997 – 2000)
- MBA (Strategic Management & Finance), Moi University (2004 - 2005)
- MPhil (Physics/Nuclear & Solid States), Moi University (1993 - 1996)
- BSc (Physics & Mathematics), Moi University (1988 - 1991)

#### **PROFESSIONAL SKILLS**

- Renewable Energies, Institute for Solar Energy Research (ISFH) Hameln/Emmerthal, University of Hannover, Germany
- MBA in Strategic Management and Finance, Moi University
- Sustainable Environmental Management, Kenya Institute of Administration
- German Language, Goethe/Bremen University, Bremen, Germany.



**Mr. Isaya M. Osugo, CBS (CGP)**  
**Commissioner General of Prisons**

Joined the Kenya Police Force on 1<sup>st</sup> July, 1978 and worked in the Criminal Investigation Department on the following capacities:

- \* Scene of Crime Officer
  - \* District Criminal Investigation Officer
  - \* Provincial Criminal Investigations Officer
- Appointed Commissioner of Prisons in 2008 and elevated to Commissioner General of Prisons (CGP) in 2014.

Achievements during the tenure as commissioner General of Prisons. Instrumental in prison reforms which include among others;

- \* Reorganization of the service
- \* Professionalization of the service,
- \* Expansion and modernization of prison facilities
- \* Review of rehabilitation and reformation programs
- \* Review and reorganization of security of prisons

**Qualifications:**

- \* **Ordinary Level of Education**
- \* **Professional Courses in security Management**
- \* **Administration and Management Course**



**Mr. Josephat K. Ituka, MBS, [ACGP]**  
**Director Prison Enterprises**

Enlisted in Kenya Prisons Service in 1985 as Chief Officer One (COI) and risen through ranks to the current rank of Assistant Commissioner General of Prisons (ACGP). Has served in Kenya Prisons Service for over 32 Years in the following capacities:

- \* Duty Officer
- \* Courts Officer
- \* Documentation Officer
- \* Deputy Officer in Charge
- \* Officer in Charge Shimo Annexe, Isiolo, Eldoret and Kakamega Prisons
- \* Deputy Provincial Prisons Commander
- \* Deputy Director Administration, Research & Statistics
- \* Director Reforms and Planning Unit; Gender and NGO Coordination; Inspections and Complaints and Prison Enterprises
- \* Served in United Nations Mission in Liberia (UNMIL) as a Correctional Advisor for 18 months

**Qualifications:**

- \* **MA (International Conflict Management) UON 2010**
- \* **BA (Hons) UON 1985**



**Mr. Kennedy Aluda, ndc(K), MBS [DCP]**  
**Deputy Director Prison Industries**

Enlisted in Kenya Prisons Service in 1990 as cadet Chief Officer One (COI) and risen through ranks to the current rank of Deputy Commissioner of Prisons (DCP). Has served in the following capacities:

1991-1992 worked as a Court's Liason officer at High Court of Kenya

1992-1994 Incharge motor vehicle number plate section, Kamiti Maximum security prison

1994-1996 Duty Officer Nairobi Remand & Allocation Prison

1996-1998 Deputy Officer in charge, Athi River Prison

1998-2000 Deputy officer in charge Prisons Industries, Naivasha Maximum Security Prison

2000-2005 Officer in charge Prisons Industries, Naivasha Maximum Security Prison

2005-2010 Deputy Director, Technical services, Prisons Headquarters

2010-2012 National Defence College (ndc) for Strategic Security Studies

2012-2013 Acting Director Prisons Enterprises

2013 to date Deputy Director Prisons Enterprises

**Qualifications:**

- **MA (International Studies) UON 2012**
- **BA (Hons) Design – UON**

### III. STATEMENT OF OFFICER ADMINISTERING THE FUND RESPONSIBILITIES

The Exchequer and Audit Act CAP 412, section 11 of the Legal Notice Act No314, require the Officer administering the Fund to prepare financial statements in respect of the *Prison Industries Revolving Fund*, which give a true and fair view of the state of affairs of the *Fund* at the end of the financial period and the operating results of the *Fund* for that year. The Officer administering the Fund is also required to ensure that the *Prison Industries Revolving Fund* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Fund*. The Officer administering the Fund is also responsible for safeguarding the assets of the *Fund*.

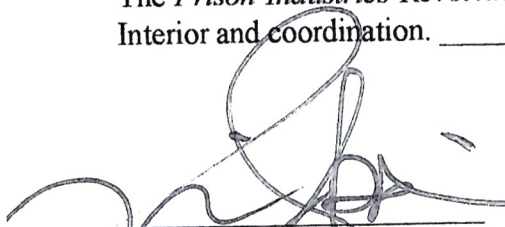
The Officer administering the Fund is responsible for the preparation and presentation of the *Prison Industries Revolving Fund* financial statements, which give a true and fair view of the state of affairs of the *Fund* for and as at the end of the financial year (period) ended on June 30, 2017. This 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 PIRF; (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 *Fund* (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Officer administering the Fund accepts responsibility for the *Prison Industries Revolving Fund* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act. The Officer administering the Fund is of the opinion that the *Prison Industries Revolving Fund* financial statements give a true and fair view of the state of *Fund* transactions during the financial year ended June 30, 2017, and of the *Funds* financial position as at that date. The Officer administering the Fund further confirms the completeness of the accounting records maintained for the *Prison Industries Revolving Fund* which have been relied upon in the preparation of the *Funds* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Officer administering the Fund to indicate that the *Prison Industries Revolving Fund* 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 *Prison Industries Revolving Fund* financial statements were approved by the Principal Secretary Interior and coordination. 29/9/ 2017

  
**Amb. R T. Ekai (PhD), CBS  
PRINCIPAL SECRETARY  
DEP'T OF CORRECTIONAL  
SERVICES**

  
**Isaya M. Obugo, CBS  
COMMISSIONER GENERAL  
OF PRISONS**

  
**Josphat K. Ituka, MBS  
DIRECTOR OF PRISON  
ENTERPRISES**

#### **IV. REPORT OF THE CHIEF EXECUTIVE OFFICER**

##### **STATEMENT BY THE PRINCIPAL SECRETARY**

It is my pleasure to release the Prison Industries Revolving Fund Financial Statement and Report for the year ended 30<sup>th</sup> June, 2017. I am proud to note that the fund has continued to fulfil its set purpose and objective of training and rehabilitation of prisoners and operating in accordance with business principles. During the year under review, 7,543 prisoners participated in various industrial vocational training programs and a total of 4,959 were booked for government trade test. A total of 708 candidates were examined and passed trade test grade I while 1391 and 2860 were examined and passed grades II and III respectively. The government spent Kshs. 27,956,000.00 in paying for examination fees and Kshs. 17, 230,500.00 on training and testing materials.

These prisoners are well skilled in their areas of trades and some of them have been released from prisons to the society as skilled artisans ready to join their families and communities in nation building.

Besides offering vocational and on- the- job training to prisoners, prison industries makes valuable contribution to the economy of the country by producing a pool of skilled artisan critical for the industrial and construction industry in line with vision 2030. Also, prison industries produce high quality furniture for the local market and save the economy of our country from importing both office and household furniture in line with the government policy of encouraging local manufacturers.

During the year under review, the fund experienced a marginal decrease of sales to 447,042,784.15 compared to Kshs, 474,036,593.48 realized in 2015/2016 financial year while current assets increased from Kshs. 512,282,073.18 in 2015/2016 to Kshs 588,129,954.21 in 2016/2017 financial year.

The continuous performance improvement of the fund is a true testimony of its stability and sustainability. Establishing a stable and sustainable fund to finance prisons offender rehabilitation programs were the noble ideals of the founders of this fund in 1988.

In order to ensure sustainability of the industries, the state department appointed a taskforce to look into ways and means of enhancing the productivity and commercial management of prison enterprises during the year under review. It is my hope that once the recommendations of the taskforce report are implemented, prison industries will witness unprecedented transformation in operations and management.

I want to reiterate my commitment to strengthening this fund to become an efficient and effective framework to fully support offender rehabilitation and reformation programs in our prisons.

Further, I am greatly impressed by the prudent measures the Commissioner General of Prisons and his team have put on the management of the fund. This fund has not only achieved its set purpose and objectives, but has also set a firm foundation for future prosperity. I urge prisons department to double its efforts to ensure that the fund not only fulfils its purpose, but also generates surplus funds that can be used to supplement the exchequer on the operational expenditure of prisons.

## V. CORPORATE GOVERNANCE STATEMENT

To improve on quality of products and services the department has been engaging in undertaking the market research to determine the needs, tastes and preferences of the consumers and use of the feedback to develop improved products and services.

To enhance corporate governance and improve on processes the department ensured continued compliance with the legal and regulatory framework established by the Government in order to promote sustainable business practices.

In strengthening institutional capacity the department achieved much progress geared to enhance the institutional capacity to serve the increased needs and demands of our valued customers. The department continues to invest in human capital investment to ensure that we attract and retain competent and skilled employees. This has resulted in improved productivity levels.

Furthermore, in order to enhance the reporting and mitigation of the material risks impacting on the financial condition of the fund, the Authorities are engaged in introduction of cashless collection of revenue to enhance the implementation of the risk based supervision model.

The industry and markets in Kenya are still evolving; the changing legal, social and political environment presents avenues for product development and innovation. The reforms within the government legal and structures for example, have significantly increased the responsibilities, markets and therein some risks that the directors face in running their firms.

The management shall continue to work closely with the various stakeholders to ensure the development and growth of the fund, coupled with the requisite dynamic and efficient regulation and supervision.

The number of creditors increased as we endeavoured to meet the demand to execute our core mandate of training prisoners and also fulfil the market demand of our customers. This came about due to non wiring fund monies left with our former ministry. The management is still pursuing the matter with the relevant authorities.

## **VI. MANAGEMENT DISCUSSION AND ANALYSIS**

### **STATEMENT BY THE COMMISSIONER GENERAL OF PRISONS**

Thank you for your interest in the work of Kenya Prisons Enterprise. We are pleased to share our positive impact story with you. Our professional staffs provide a unique service to the State of Kenya. We provide technical and soft-skills training while modelling appropriate workplace behaviours for the state's most unlikely employees: incarcerated men and women. By providing this training, offenders learn "how to work" so they can successfully obtain and retain employment upon release from incarceration; the end result being former offenders who are crime free and contributing members of society.

Prison Enterprises is committed to helping make re-entry victorious which helps reduce crime in our state. We accomplish this through hard work, collaboration and winning partnerships. We take pride in providing offenders with the necessary skills to succeed after release from incarceration. Most of our programs offer certified technical skills, apprenticeship training and on-the-job technical training.

The performance of Prison Industries Revolving during the financial year 2016/2017 is yet another improvement. The fund has continued to grow from the initial seed capital of Kshs.14,000,000.00 appropriated by parliament in 1987/88 to the current assets base of Kshs. 588,129,954.21. At the same time, the numbers of prisoners enrolling in industrial vocational training and vocational training programs have witnessed a marked increase.

During the year under review, the fund operated 103 industrial prisons across the country offering industrial vocational training to 7,543 prisoners. As the country continues to embrace devolution, my department has taken steps to ensure that there is at least one industrial prison in each one of the 47 counties. These industrial prisons not only offer vocational training in different skills to prisoners at the grass root level but also provide employment opportunities to prisoners serving prison sentences and manufacture high quality products for sale in the local markets. The main beneficiary of prison industries products are schools, churches, hospitals, county governments, national government department, non-governmental organizations, private firms and individuals. Once released from prisons, the skilled prisoners are absorbed and integrate in society where they add to the national pool of artisans necessary for national development.

Further, during the year under review, the department recruited 80 new technicians of various industrial skills to enhance the human resource capacity for prisoners training programs and industrial production. This will go a long way in injecting new ideas and technology to keep our industrial vocational training and products competitive.

I am greatly indebted to the Principal Secretary, State Department of Correctional Services who is also the officer administering the fund for the great support and advice accorded us in the operations of the fund. I also take this opportunity to thank ministries, departments, government agencies and in a special way county governments who have continued to buy prison industries products. I appeal to all to continue supporting us as every time we buy prison industries products, we are helping in rehabilitation and reformation of offenders and making our society safer and secure.

## **VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

In executing its mandate, the Kenya Prisons Service, Prisons Industries revolving fund is committed to behaving ethically and responsibly, to contribute to economic development while improving the quality of life of its immediate clients (prisoners), employees and their families as well as the local community, national government and the society at large.

The Directorate Prison Enterprises (DPE) is the corporate division of the Department that manages industry business units in most of the State's prisons. It employs an average of 5,000 prisoners per day throughout the State's facilities.

The development of a work ethic is regarded as significant prisoner rehabilitation issue. DPE fosters work ethics, develops prisoner skills and trains prisoners in modern work techniques.

PE's workforce covers a broad range of processing operations including woodwork, metalwork, spray painting, general engineering and assembly textiles which contributes to the Department's needs in the provision of clothing.

PE operates under a very clear directive to avoid competing with main stream business, but seeks opportunities that will deliver vocational training in an environment supervised by suitably qualified trades-people. Many prisoners are trained and receive qualifications endorsed by the National Industrial Training Authority (NITA).

At the moment, the main focus of our Corporate Social Responsibility (CSR) activities and projects is in the area of promoting the impact of technical knowledge to incarcerated prisoners. Our CSR policy also covers community relations, national events, education, and support to national disaster mitigation efforts.

Some of the Authority's most notable CSR activities include, provision of furniture to ASK during trade fairs, provision of tool kits and start-up furniture to released prisoners, repair and maintenance of furniture for prison's churches, primary and secondary schools, maintaining the national presidential Dias, donation of items during the annual uniformed discipline forces thanksgiving prayer ceremonies etc.

The Enterprise shall continue to forge public private sector partnerships to ensure that it uplifts the society.

## VIII. REPORT OF THE DIRECTORS

### STATEMENT BY THE DIRECTOR OF PRISON ENTERPRISES

The Kenya Prison Enterprises comprise of Prisons Farms and Industries. Prisons Industries operate under the Prisons Industries Revolving Fund established by Legal Notice No. 314 of the Exchequer and Audit Act (Cap 412) Regulations, 1988.

The mission of Prison industries is to provide training opportunities to offenders that instil occupational and skills training, while producing quality products and services for sale in the open market

During the financial year 2016/2017, the operations of prison industries revolving fund registered yet again another impressive business report. The fund not only lived true to its purpose and objectives, but also witnessed tremendous improvement and expansion in vocational training programs, capital investment and revenue generation.

During the period under review, an average of 7,543 prisoners was registered for various vocational training skills in prison industries. Out of these, 4,959 were booked for government trade test grade I, II and III which they were examined and passed.

Efforts have also been directed towards improvement of the quality of training. During the period under review, 120 technical officers were trained at Kenya Technical Teachers College, National Industrial Training Authority (NITA) and Prisons Staff Training College on technical instructors' courses in Polishing, Tailoring, knitting and costing respectively.

Further, efforts have been made to modernize industries machinery and equipment. New generation motor vehicle number plate machines are in place awaiting just commencement.

Besides, efforts have also been made to make prison industries sustainable and profitable businesses.

Towards this end, the industries engaged in electricity meters separation from the main stations power supply and reviewed costing procedures to ensure actual cost of production and profitability of the industries.

It is my appeal that if you are a private individual, community based organization, government entity or a non-profit organization you can purchase any item in our state prison industries without bidding and delivery is absolutely free. When you purchase from Prison Enterprises, not only do you receive quality products and services, but also you are helping Kenya's local economy and contributing to the growth of the offender's rehabilitation skills that is utilized to make our products. Prison industries on-the-job experiences teach trades and work ethic, as well as sparking interests and uncover talents. Bettering these offenders is not only beneficial to institutional security, but also facilitate offenders' successful re-entry into society, which in turn improves Kenyan communities' security and safety. Together, we can help offenders help themselves - and a better Kenya will result.

## **STATEMENT BY THE DEPUTY DIRECTOR PRISONS INDUSTRIES**

The Kenya Prison Enterprises offers inmates training that help them find jobs, stay away from crime and contribute to society development. Those who support prison industries are our partners in helping reduce crime in our great country. Prison industries provide valuable training programs for inmates in the Kenya prison system. This training focuses on developing technical skills and pro-social attitudes which contribute to an offender's successful re-entry into society upon release.

The Prisons industries plays a vital role in our mission of promoting public safety and the training opportunities provided to offenders reduces prison idleness while reinforcing positive behaviour and work habits that aid an offender with successful re-entry back to their communities

The Kenya Prisons Industries provides rehabilitation opportunities to inmates and produces high quality merchandise at competitive prices for sale in the market. The program aids in the rehabilitation of inmates by teaching them job skills that are easily transferable to the private sector upon release. The industries employ over 700 technical instructors who train over 14,000 inmates placed on various vocational training programs.

Over the years, the industries has endeavoured to find creative and efficient ways to advance our products and services while reducing costs to the government and providing profit making opportunities to our private sector partners as is elicited in the production of new look Parliamentary and Count Assembly chambers as well as refurbishment of the law courts of Kenya all over the country.

Many inmates come to prisons having never held a real job or learnt the value of work. The industries are designed to serve Kenyan citizens by providing inmates with hands-on vocational training and teaching them social values that include work ethics, responsibility and a sense of self-worth they missed or never experienced before. The program facilitates inmates' adjustment and reintegration into the society upon release. This means that the inmate work assignment emulates real-life to the greatest extent possible.

It is designed to provide inmates with the vocational training and work experience needed to help ease their transition to life outside the prison walls. Their adjustment and reintegration into society upon release is the program's greatest value. This can only be possible if there is support and goodwill from all stake holders. Thank you for your continued support.

## PRINCIPAL ACTIVITIES

The principal activities of the PIRF is training and rehabilitating inmates, procuring the necessary raw materials, tools, plants and equipment required thereof and offer for sale finished products in the market in order to fulfil the concept of “ revolving fund”.

## RESULTS

The results of the PIRF for the year ended June 30, 2017 are set out on page 17 onwards

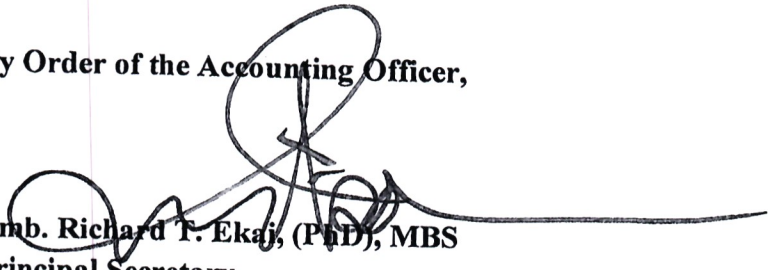
## DIRECTORS

The members of the management team who served during the year are shown on page 2. During the year there was change of mantle of the Accounting officers i.e. **Principal Secretary, Mr. Micah Pkopus Powon, MBS was transferred and replaced by PS Amb. Richard T. Ekai (PhD), CBS** with effect from March, 2017.

## AUDITORS

The Auditor General is responsible for the statutory audit of the *PIRF* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the *PIRF* for the year/period ended June 30, 2017.

By Order of the Accounting Officer,

  
Amb. Richard T. Ekai, (PhD), MBS  
Principal Secretary,  
State Department of Correctional Services,  
Nairobi.

Date:.....

29/09/17

## IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act*,) require the Directors to prepare financial statements in respect of that *Entity*, which give a true and fair view of the state of affairs of the *PIRF* 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*.

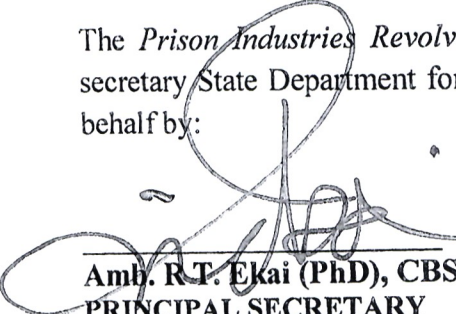
The Directors are responsible for the preparation and presentation of the *PIRF's* financial statements, which give a true and fair view of the state of affairs of the *PIRF* for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate 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 *PIRF*; (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 *PIRF*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Directors accept responsibility for the *PIRF'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 and (the State Corporations Act). The Directors are of the opinion that the *PIRF* financial statements give a true and fair view of the state of *PIRF* transactions during the financial year ended June 30, 2017, and of the *PIRF's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *PIRF*, which have been relied upon in the preparation of the *PIRF'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 *PIRF* 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 *Prison Industries Revolving fund (PIRF)* financial statements were approved by the Principal secretary State Department for Correctional Services on 29/9/ 2017 and signed on its behalf by:

  
Amb. R.T. Ekai (PhD), CBS  
PRINCIPAL SECRETARY  
DEP'T OF CORRECTIONAL  
SERVICES

  
Isaya M. Osugo, CBS  
COMMISSIONER GENERAL  
OF PRISONS

  
Josphat K. Ituka, MBS  
DIRECTOR OF PRISON  
ENTERPRISES

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON THE PRISON INDUSTRIES REVOLVING FUND FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Disclaimer of Opinion

I have audited the accompanying financial statements of the Prison Industries Revolving Fund set out on pages 17 to 55, which comprise the statement of financial position, and the statement of financial performance as at 30 June 2017, statement of changes in net assets, 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, as required by Article 229(6) of the Constitution, I have not been able to obtain sufficient appropriate audit evidence to confirm that public money has been applied lawfully and in an effective way.

#### Basis for Disclaimer of Opinion

##### 1. Fixed Assets

The statement of financial position reflects a fixed assets balance of Kshs.83,110,514.18 as at 30 June 2017 which, as similarly reported in the previous year, include scrap machinery valued at 2,926,440, that has since become obsolete.

The fixed assets have been lumped up based on their nature or function instead of being properly identified and recorded. In addition, a detailed schedule to support the balance of Kshs. 83,110,514.18 has not provided for audit review. The Fund did not also maintain fixed assets register during the year under review as similarly reported in the previous year.

The existence, completeness and correct values of the fixed assets reflected in the financial statements cannot be confirmed under the circumstances.

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*Report of the Auditor-General on the Financial Statements of the Prison Industries Revolving Fund for the Year Ended 30 June 2017*

## **2. Debtors**

The debtors balance rose from the previous year's figure of Kshs.44,853,557.16 to Kshs.77,391,757.86 as at 30 June 2017 as shown in the statement of financial position. Included in this figure is Kshs 40,156,906.66 owed by government departments. The debtors balance also includes Kshs.177,260.00 owed by private debtors dating back to the year 2000. No satisfactory explanation has been provided for failure to collect these long outstanding debts.

## **3. P.M.G Account**

The statement of financial position reflects a balance of Kshs.178,175,322.62 against Paymaster General Account as at 30 June 2017. This balance includes an amount of Kshs.175,210,763.05 representing cash and cash equivalents explained as held by the former Ministry of Home Affairs Deposit Account which is yet to be transferred to the Fund's new account. However, no documentation has been provided to support the said balance. Consequently, the existence, completeness and accuracy of the P.M.G. balance of Kshs.178,175,322.62 cannot be confirmed.

## **4. Suspense Account**

The statement of financial position also shows a balance of Kshs.3,647,677.10 under suspense account but whose analysis has not been provided for audit review. Its, therefore, not possible to confirm its validity, completeness and accuracy.

## **5. Creditors**

The financial statements reflect a balance of Kshs.69,651,920.00 against creditors as at 30 June 2017. As similarly reported in 2015/2016, no reasons have been provided for failure to pay the creditors despite the huge P.M.G. (bank) balance as at 30 June 2017.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

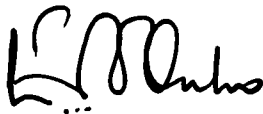
Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

My responsibility is to conduct an audit of the Prison Industries Revolving Fund financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matter described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of Prison Industries Revolving Fund 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.



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

**Nairobi**

**07 May 2018**

**XI. STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2017**

DETAILS	Notes	2016-2017	2015-2016
		Kshs.	Kshs.
<b>Sales</b>	XV/2	451,562,774.65	500,864,740.40
Less: previous Debts collected during the year		4,519,990.50	26,828,146.92
		<b>447,042,784.15</b>	<b>474,036,593.48</b>
<b>Opening Stock (1-7-2016)</b>	Page 48		
Raw Materials		158,034,947.63	157,944,258.52
Work in Progress		125,055,366.14	144,423,043.83
Finished goods		26,522,365.63	23,017,197.33
Purchases - (2211023)		<u>347,272,884.70</u>	<u>364,221,079.85</u>
<b>Total Cost of Materials</b>		<b>656,885,564.10</b>	<b>689,605,579.53</b>
<b>Less Closing Stock (30-06-2017)</b>	XV/4		
Raw Materials		189,335,152.84	158,034,947.63
Work in progress		116,841,459.37	125,055,366.14
Finished goods		28,574,753.63	<u>26,522,365.63</u>
<b>Sub-Total</b>		<b>334,751,365.84</b>	<b>309,612,679.40</b>
Cost of goods sold		322,134,198.26	379,992,900.13
<b>Gross Profit/Loss</b>		<b>124,908,585.89</b>	<b>94,043,693.35</b>
<b>Less Operating Expenses:</b>	Page 53	64,380,643.00	56,977,789.80
Depreciation	XIII	10,089,804.53	10,843,476.59
<b>Total Operating costs</b>		<b>74,470,447.53</b>	<b>67,821,266.39</b>
<b>Net Profit/(Loss)</b>		<b>50,438,138.36</b>	<b>26,222,426.96</b>

**Amb. R T. Ekai (PhD), CBS  
PRINCIPAL SECRETARY  
DEP'T OF CORRECTIONAL  
SERVICES**

**Isaya M. Osugo, CBS  
COMMISSIONER GENERAL  
OF PRISONS**

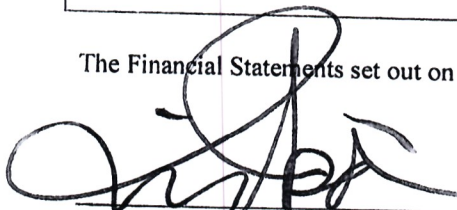
**Josphat K. Ituka, MBS  
DIRECTOR OF PRISON  
ENTERPRISES**

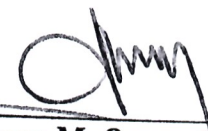
The notes set out on pages 17 to 59 form an integral part of these Financial Statements


**XII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017**

	Notes	2016/2017	2015/2016
		KSHS	KSHS
<b>FIXED ASSETS</b>	XIII		
Motor Vehicles NBV			
		11,350,032.71	12,611,147.45
Machinery NBV			
		64,350,923.02	68,088,147.20
Computers			
		4,483,118.45	4,220,129.05
Scrap Machinery			
		2,926,440.00	2,926,440.00
<b>Total Fixed Assets</b>		<b>83,110,514.18</b>	<b>87,845,863.70</b>
<b>CURRENT ASSETS</b>			
Raw Materials	} XV/4	189,335,152.84	158,034,947.63
Work in progress			
Finished Goods		116,841,459.37	125,055,366.14
Debtors	XV/5	28,574,753.63	26,522,365.63
P.M.G.	XV/6	77,391,757.86	44,853,557.16
		178,175,322.62	165,952,193.08
<b>Total Current Assets</b>		<b>590,318,446.32</b>	<b>520,418,429.64</b>
<b>LESS CURRENT LIABILITIES</b>			
Customers deposits(Advance Income)	page	13,152,856.00	8,426,927.20
Creditors	Page 52	69,651,920.00	61,314,106.00
<b>Net Current Assets</b>		<b>507,513,670.32</b>	<b>450,677,396.44</b>
<b>NET ASSETS</b>		<b>590,624,184.50</b>	<b>538,523,260.14</b>
<b>FINANCED BY;</b>			
Capital	XV/8	14,000,000.00	14,000,000.00
Accumulated Revenue	XV/9		
		522,538,369.04	494,315,942.08
Net Profit/(Loss)	Page 17	50,438,138.36	26,222,426.96
Suspense Account	XV10		
		3,647,677.10	3,984,891.10
		<b>590,624,184.50</b>	<b>538,523,260.14</b>

The Financial Statements set out on pages 17 to 18 were signed on behalf of the management by:

  
**Amb. R T. Ekai (PhD), CBS**  
**PRINCIPAL SECRETARY**  
**DEPT OF CORRECTIONAL**  
**SERVICES**

  
**Isaya M. Osugo, CBS**  
**COMMISSIONER GENERAL**  
**OF PRISONS**

  
**Josphat K. Ituka, MBS**  
**DIRECTOR OF PRISON**  
**ENTERPRISES**

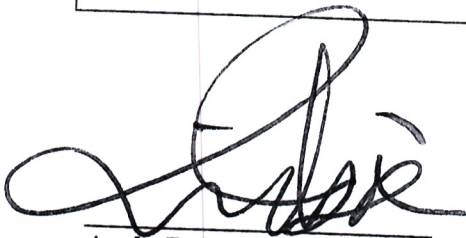
### XIII. STATEMENT OF CASH FLOWS AS AT 30 JUNE 2017


#### CASH FLOWS FROM OPERATING ACTIVITIES(REVENUE COLLECTION)

		2016-2017	2015-2016
<b>RECEIPT FROM VARIOUS STATION ( page 48)</b>		<b>419,231,112.25</b>	<b>439,698,577.60</b>
<b>TRANFER FROM DEVELOPMENT</b>		<b>10,000,000.00</b>	
		<b>429,231,112.25</b>	
<b>PAYMENTS (page 53)</b>			
2210101	Electricity	1,457,040.00	1,492,454.00
2210102	Water & Sewerage Charges		7,000.00
2210201	Telephone Telex Mobile Charges	70,000.00	75,000.00
2210301	Travel Costs	4,074,050.00	1,439,710.00
2210302	Accommodation, Domestic Travel	5,526,660.00	8,794,125.00
2210303	Dai y Subsistence	4,126,125.00	11,798,807.00
2210401	Foreign Travel		1,538,004.00
2210402	Foreign Travel Accommodation		2,277,803.00
2210504	Advertising Awareness and Publicity	195,000.00	60,000.00
2210505	Trade Shows & Exhibition	2,007,652.00	1,790,528.00
2210503	Subscription to Newspaper	165,000.00	244,800.00
2210706	Book Allowances		27,950.00
2210708	Project Allowance		
2210711	Tuition Fees	1,084,900.00	1,485,950.00
2210801	Catering Services	550,430.00	1,196,200.00
2211016	Purchase of uniform & clothing (staff)	497,130.00	542,859.00
2211023	Supplies for Production	347,272,884.70	364,221,079.85
2211101	General Office Supplies	1,410,440.00	1,280,975.00
2211102	Supplies and Accessories for Computers	363,200.00	1,279,960.00
2211201	Refined Fuel and Lubricants for Transport	7,544,345.00	7,613,750.80
2211204	Other Fuel (wood)		
2211302	School Fees Examination	28,261,000.00	6,254,000.00
2220101	Maintenance of Motor Vehicles	1,615,591.00	2,721,799.00
2220101	Maintenance of plant, Mech. & Equipments	1,689,080.00	2,328,435.00
2220205	Maintenance of Building (None residential)	3,508,000.00	2,593,560.00
2220210	Maintenance of Computers	235,000.00	134,120.00
<b>SUB TOTAL</b>		<b>411,653,527.70</b>	<b>421,198,869.65</b>

**ADD CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Non Current Asset (page 40)	5,354,455.00	3,868,873.00
<b>TOTAL PAYMENT</b>	<b>417,007,982.70</b>	<b>425,067,742.65</b>
Net increase/decrease in cash	12,223,129.55	14,630,834.95
Cash equivalent as at 1st July	165,952,193.08	151,321,358.53
<b>Cash equivalent as at 30th June</b>	<b>178,175,322.63</b>	<b>165,952,193.08</b>

  
**Amb. R T. Ekai (PhD), CBS**  
**PRINCIPAL SECRETARY**  
**DEPT OF CORRECTIONAL**  
**SERVICES**

  
**Isaya M. Osugo, CBS**  
**COMMISSIONER GENERAL**  
**OF PRISONS**

  
**Josphat K. Ituka, MBS**  
**DIRECTOR OF PRISON**  
**ENTERPRISES**

## STATEMENT OF CHANGES IN NET ASSETS

For the eyar ended 30th June 2017		
	Industries Account	Accumulated Reserves
Balance as at 30th June, 2015	14,000,000.00	367,333,575.76
Add surplus for the previous year	-	126,982,366.32
Balance as at 30th June, 2016	14,000,000.00	494,315,942.08
Add surplus for the previous year	-	26,222,426.96
Balance as at 30th June, 2017	14,000,000.00	522,538,369.04

**XIII. NON CURRENT ASSETS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2017**

Details	Motor Vehicles	Carpentry	Tailoring	Printing	Metal	Number plates	Miscellaneous	Leather	Coconut	Computer	Tools&Equipmt	Total
Balance B/f 1 July 2016	12,611,147.45	8,396,984.23	18,336,257.84	2,566,767.19	2,397,903.37	16,735,243.39	12,249.54	6,780,425.79	260,880.38	4,220,129.05	12,601,435.47	84,919,423.70
Additions in the year										498,943.00	4,855,512.00	5,354,455.00
Disposal												
Total assets	12,611,147.45	8,396,984.23	18,336,257.84	2,566,767.19	2,397,903.37	16,735,243.39	12,249.54	6,780,425.79	260,880.38	4,719,072.05	17,456,947.47	90,273,878.70
Depreciation	1,261,114.75	419,849.21	916,812.89	128,338.36	119,895.17	836,762.17	612.48	339,021.29	13,044.02	235,953.60	5,818,400.59	10,089,804.53
N.B. V. as at 30.06. 2017	11,350,032.71	7,977,135.02	17,419,444.95	2,438,428.83	2,278,008.20	15,898,481.22	11,637.06	6,441,404.50	247,836.36	4,483,118.45	11,638,546.88	80,184,074.17
N.B. V. as at 30.06.2016	12,611,147.45	8,396,984.23	18,336,257.84	2,566,767.19	2,397,903.37	16,735,243.39	12,249.54	6,780,425.79	260,880.38	4,220,129.05	12,601,435.47	84,919,423.70
<b>Summary</b>												
Carpentry	7,977,135.02											
Tailoring	17,419,444.95											
Printing	2,438,428.83											
Metal	2,278,008.20											
Number plate	15,898,481.22											
Miscellaneous	11,637.06											
Leather	6,441,404.50											
Coconut	247,836.36											
Tools & equipmt	11,638,546.88											
<b>Total</b>	<b>84,350,923.02</b>											

XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2017

ITEM	DESCRIPTION	TOTAL ALLOCATION	ADJUSTMENTS 2016-2017	FINAL BUDGET 2016-2017	ACTUAL COMPARABLE BASIS 2017	PERFORMANCE DIFFERENCE 2016-2017
2210101	Electricity Expenses	10,000,000.00		10,000,000	1,457,040.00	8,542,960.00
2210102	Water & Sewerage	200,000.00		200,000.00		200,000.00
2210201	Telephone ,Telex	200,000.00		200,000.00	70,000.00	130,000.00
2210301	Travel costs (Domestic)	3,000,000.00		3,000,000.00	4,074,050.00	(1,074,050.00)
2210302	Accommodation(Domestic)	7,000,000.00		7,000,000.00	5,526,660.00	1,473,340.00
2210303	Daily Subsistence(Domestic)	6,000,000.00		6,000,000.00	4,126,125.00	1,873,875.00
2210401	Travel costs(Foreign)	1,500,000.00		1,500,000.00		1,500,000.00
2210402	Accommodation (Foreign travel)	2,000,000		2,000,000.00		2,000,000.00
2210403	Daily Subsistence(Foreign)					
2210503	Subscription Newspapers ,periodicals	330,000.00		330,000.00	165,000.00	165,000.00
2210504	Advertising Awareness,Publicity	1,000,000.00		1,000,000.00	195,000.00	805,000.00
2210505	Trade Shows & Exhibitions	3,000,000.00		3,000,000.00	2,007,652.00	992,348.00
2210706	Book Allowance	80,000.00		80,000.00		80,000.00
2210711	Tuition Fee Allowance	3,000,000.00		3,000,000.00	1,084,900.00	1,915,100.00
2210718	Project Allowance	100,000.00		100,000.00		100,000.00
2210801	Catering Services	1,000,000.00		1,000,000.00	550,430.00	449,570.00
2211006	Purchase of W/shop Tools,Spares,Equip	15,000,000.00		15,000,000.00	4,855,512.00	10,144,488.00
2211016	Purchase of Uniform & Clothing	1,200,000.00		1,200,000.00	497,130.00	702,870.00
2211023	Supplies for Production	491,166,500		491,166,500.00	347,272,884.70	143,893,615.30
2211101	General Office Supplies	1,500,000.00		1,500,000.00	1,410,440.00	89,560.00
2211102	Supplies & Accessories for Computers	600,000.00		600,000.00	363,200.00	236,800.00
2211201	Refined Fuels & Lubricants for Transport	7,000,000.00		7,000,000.00	7,544,345.00	(544,345.00)
2211204	Other Fuel ,Wood,Charcoal etc	4,000,000.00		4,000,000.00		4,000,000.00
2211302	School Exam & Invigilation fee	20,000,000.00		20,000,000.00	28,261,000.00	(8,261,000.00)
2220101	Maintenance Expenses (Motor Vehicle)	3,500,000.00		3,500,000.00	1,615,591.00	1,884,409.00
2220201	Maintenance of Plant Machinery & Equip.	2,000,000.00		2,000,000.00	1,689,080.00	310,920.00
2220205	Maint of Building & 5tn -Non Residential	6,000,000.00		6,000,000.00	3,508,000.00	2,492,000.00
2220210	Maint.of Computers & Comp.Equipment	400,000.00		400,000.00	235,000.00	165,000.00
3111201	Overhaul of Plant Machinery & Equipment	30,000,000.00		30,000,000.00		30,000,000.00
3110701	Purchase of Motor Vehicle	1,500,000		1,500,000		1,500,000.00
3111002	Purchase of Computers & Printers	3,000,000.00		3,000,000.00	498,943.00	2,501,057.00

**XV. NOTES TO THE FINANCIAL STATEMENTS**

**Purpose of Establishment**

The Prison Industries Revolving Fund was found on the premises of acting as a training ground for inmates. It is aimed at manufacturing products for own use as well as for the market thereby generating revenue for the Fund. It was also aimed at offering some vocational training to prisoners so that they would upon completion of their sentence engage in vocational works as way of training them. More than profit motive, it's driven by need to training and rehabilitation of prisoners on various skills.

**Accounting policies**

The accounting policies adopted in the preparation of the financial statements are set out as follows

**a) Basis of preparation**

The financial statements have been prepared under historical cost convention.

**b) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and can reliably be measured on accrual basis.

**c) Fixed assets**

1. Fixed assets are stated at Net Book Value or cost less accumulated depreciation. Depreciation is calculated on reducing balance as follows:-

2. Motor Vehicles	10%
3. Machinery	5%
4. Tools	33 1/3%
5. Computers	5%

**d) Revenue Reserve**

Constitutes retained surpluses from operations to the fund pending Treasury decision on its disposal. Any deficiency realized in any financial year shall, subject to Treasury approval, be set-off against the retained surpluses.

e) The preparation of the Trading, Profit and Loss Account and the Balance sheet for the year ended 30<sup>th</sup> June, 2017 is based from manual records. Revenue and Expenditure return and stock taking certificates from the stations.

**2. Sales**

Sales represent revenue collected by respective stations and surrendered at Prison Headquarters.

	<b>2015/2016</b>	<b>2016/2017</b>
Sales	431,271,650.40	406,078,256.25
Credit sales for the year	<u>27,232,740.00</u>	<u>37,057,591.20</u>
	458,504,390.40	443,135,847.45
B/F Prepayment	42,360,350.00	8,426,927.20
Previous debt collected during the year	<u>(26,828,146.92)</u>	<u>(4,519,990.50)</u>
	<u>474,036,593.48</u>	<u>447,042,784.15</u>

The amount of 406,078,256.25 excludes 13,152,856.00 which was a prepayment hence was not included in the sales of the financial year

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**3. Fixed Asset Schedule**

See Schedule Attached.

**4. Inventories**

Inventories are valued at the lower cost or net realizable value.

	<u>2015/2016</u>	<u>2016/2017</u>
Raw materials	158,034,947.63	189,335,152.84
Work in progress	125,055,366.14	116,841,459.37
Finished goods	<u>26,522,365.63</u>	<u>28,574,753.63</u>
	<b><u>309,612,679.40</u></b>	<b><u>334,751,365.84</u></b>

**5. Debtors**

The debtors represent the amount owed to the fund from credit sales. These constitute both Government Departments as well as private individuals.

	<u>2015/2016</u>	<u>2016/2017</u>
Government	44,521,759.66	77,214,497.86
Private	<u>331,797.50</u>	<u>177,260.00</u>
	<b><u>44,853,557.16</u></b>	<b><u>77,391,757.86</u></b>

**DEBTORS RECONCILIATION AS AT 30<sup>TH</sup> JUNE 2017**

Opening balance as at 1 <sup>st</sup> July, 2016	44,853,557.16
Add New debts during the year	37,057,591.20
Less: debts paid	<u>(4,519,880.50)</u>
Closing balance as at 30th June, 2017	<b><u>77,391,757.86</u></b>

**6) PMG**

PMG Account represents cash and cash equivalent held in our former Ministry Deposit Account on behalf of the Fund yet to be transferred to our new account plus the account balance during the year.

PMG balance at MOHA	175,210,763.05
Bank balance as 30 <sup>th</sup> June 2017	<u>2,964,559.57</u>
	<b><u>178,175,322.62</u></b>

**EXPENDITURE 2016/2017**

Operating and Capital Expenditure	69,735,098.00
Direct cost (Raw materials-2211023	<u>347,272,884.71</u>
	<b><u>417,007,982.71</u></b>

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**7) PREPAYMENTS**

**PREPAID INCOME**

Represent customer deposits for work in progress at year end where a customer is supposed to pay a down payment upon placing an order.

	<u>2015/2016</u>	<u>2016/2017</u>
Government	5,116,727.20	10,757,456.00
Private	<u>3,310,200.00</u>	<u>2,395,400.00</u>
	<u><b>8,426,927.20</b></u>	<u><b>13,152,856.00</b></u>

**8) Capital Fund**

Authorized capital is Kshs 14,000,000.00 initially appropriated by Parliament vide Legal Notice no. 314 of 1992/93.

**9) Accumulated Revenue**

Movement in revenue reserves during the year were as follows:-

	<u>2015/2016</u>	<u>2016/2017</u>
Balance b/f	367,333,575.76	494,315,942.08
Net Profit/Loss	<u>126,982,366.32</u>	<u>26,222,426.96</u>
	<u><b>494,315,942.08</b></u>	<u><b>522,538,369.04</b></u>

**10. SUSPENSE**

The suspense account balance represents a balancing figure as the books of accounts were not in agreement. The suspense account has reduced to the current level. Movement in the account is as follows.

	<u>2015/2016</u>	<u>2016/2017</u>
Balance B/F	3,966,131.10	3,984,891.10
Increase/decrease	<u>18,760.00</u>	<u>(337,213.99)</u>
	<u><b>3,984,891.10</b></u>	<u><b>3,647,677.11</b></u>

**1. GENERAL INFORMATION**

The Kenya Prison Enterprises comprise of Prisons Farms and Industries. Prisons Industries operates under the Prisons Industries Revolving Fund (PIRF) established by Legal Notice No. 314 of the Exchequer and derives its authority and accountability from Audit Act (Cap 412) Regulations, 1988. The PIRF is wholly owned by the Government of Kenya and is domiciled in Kenya. The PIRF's principal activity is rehabilitation and reformation of the incarcerated persons.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The PIRF's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the PIRF. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**3. ADOPTION OF NEW AND REVISED STANDARDS**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017**

<b>Standard</b>	<b>Impact</b>
<p><b>IPSAS 33:</b> First time adoption of Accrual Basis IPSAS</p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b>                      In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period.  <i>The PIRF adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the PIRF.</i></p>
<p><b>IPSAS 34:</b> Separate Financial Statements</p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b>                      In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an <i>entity</i> prepares separate financial statements.  <i>The PIRF does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply</i></p>

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Standard	Impact
<b>IPSAS 35:</b> Consolidated Financial Statements	<p><b>Effective for annual periods beginning on or January 1, 2017)</b>            In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an PIRF controls one or more entities. It requires an PIRF that controls one or more other entities to assess control over those entities based on the following:</p> <ul style="list-style-type: none"> <li>- Its power over the other PIRF</li> <li>- Its exposure or rights to variable benefits from involvement with the other PIRF</li> <li>- Its ability to control the nature, timing and amount of benefits from the other PIRF.</li> </ul> <p>Once control is assessed the controlling PIRF is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35.</p> <p><i>The PIRF does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply</i></p>
<b>IPSAS 36:</b> Investments in Associates and Joint Ventures	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b>            In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.</p> <p><i>The PIRF does not have investments in associates or joint ventures hence no impact of application of the new standard IPSAS 36:</i></p>
<b>IPSAS 37: Joint            Arrangements</b>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b>            In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.</p> <p><i>The PIRF does not have an interest in a joint arrangement and therefore the standard does not apply</i></p>
<b>IPSAS 38:</b> Disclosure of Interests in Other Entities	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b>            In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an PIRF to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows.</p> <p><i>The PIRF does not have an interest in other entities and therefore the standard does not apply.</i></p>

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 39:</b> Employee Benefits	<b>Applicable: 1<sup>st</sup> January 2018</b> The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.
<b>IPSAS 40: Public Sector Combinations</b>	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non exchange transactions which are covered purely under Public Sector combinations as amalgamations.

**iii. Early adoption of standards**

The PIRF did not adopt any new or amended standards in year 2017.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

The PIRF recognizes revenues from sales when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the PIRF and the fair value of the asset can be measured reliably.

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the PIRF and can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

***Rendering of services***

The PIRF recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to cost of materials incurred to date as a percentage of total estimated cost.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

***Sale of goods***

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the PIRF.

**b) Budget information**

The original budget for FY 2016-2017 was approved by the Accounting Officer on August 2016. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the PIRF upon receiving the respective approvals in order to conclude the final budget. Accordingly, the PIRF did not record any additional appropriations in the 2016-2017 budget.

The PIRF's budget is prepared on the basis to the actual income and expenditure disclosed in the financial statements. The Budget and financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on an incremental cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the PIRF recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**f) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The PIRF determines the classification of its financial assets at initial recognition.

***Impairment of financial assets***

The PIRF assesses at each reporting date whether there is objective evidence that a financial asset or an PIRF of financial assets is impaired. A financial asset or a PIRF of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the PIRF of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a PIRF of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)
- Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The PIRF determines the classification of its financial liabilities at initial recognition.
- All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

**g) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the PIRF.

**h) Provisions.**

***Contingent liabilities***

The PIRF does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

***Contingent assets***

The PIRF does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the PIRF in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**i) Nature and purpose of reserves**

The PIRF creates and maintains reserves in terms of specific requirements. *PIRF to state the reserves maintained and appropriate policies adopted.*

**j) Changes in accounting policies and estimates**

The PIRF recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**k) Related parties**

The PIRF 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 the PIRF, or vice versa. Members of key management are regarded as related parties and comprise the directors, the KPS, National Government, County government and senior managers.

**l) Service concession arrangements**

The PIRF analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the PIRF recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the PIRF also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**m) 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.

**n) Comparative figures**

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

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the PIRF's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The PIRF based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the PIRF. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the PIRF
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

*(include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)*

**p) 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.

**KENYA PRISON SERVICE (PIRF)**

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**1. Financial Risk Management**

The PIRF's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The PIRF entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The PIRF entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The PIRF entity's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The PIRF has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the PIRF's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

**(i) Credit risk (Continued)**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The PIRF has significant concentration of credit risk on amounts due from xxxx

The board of management sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the PIRF's directors, who have built an appropriate liquidity risk management framework for the management of the PIRF's short, medium and long-term funding and liquidity management requirements. The PIRF manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

**(iii) Market risk**

The management has put in place an internal audit function to assist it in assessing the risks faced by the PIRF on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the PIRF's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Enterprise's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the PIRF's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The PIRF has no transactional currency exposures.

**b) Interest rate risk**

Interest rate risk is the risk that the PIRF's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

*Management of interest rate risk*

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

*Sensitivity analysis*

The PIRF analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

**KENYA PRISON SERVICE (PIRF)**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**2. Related Party Balances**

**a) Nature of related party relationships**

Entities and other parties related to the PIRF include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

The PIRF is related to

- i) The National Government;
- ii) The Parent Ministry;
- iii) The Kenya Prisons Service
- iv) Key management;

**b) Related party transactions**

	2017 Kshs	2016 Kshs
Transfers from related parties'	Nil	Nil
Transfers to related parties	Nil	Nil
	=====	=====

**c) Key management remuneration**

	2017 Kshs	2016 Kshs
Directors'	NIL	NIL
Key management compensation	NIL	NIL
	=====	=====

**d) Due from related parties**

Due from Parent Ministry	175,210,763.46	175,210,763.46
Due from SC or SAGA	<u>77,214,497.86</u>	<u>44,521,759.66</u>
	<u>252,425,261.32</u>	<u>219,732,523.12</u>
	=====	=====

**e) Due to related parties**

Due to the parent Ministry	NIL	NIL
Due to SC or SAGA	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
	=====	=====

**KENYA PRISON SERVICE (PIRF)**  
**Reports and Financial Statements**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**f) Segment information**

PIRF has 106 industrial stations located in all the 47 counties of the republic. Each station is under the supervision of an officer in charge who is directly answerable to the Director Prisons Enterprises.

**3. Events after the reporting period**

There were no material adjusting and non- adjusting events after the reporting period.

**4. Ultimate and Holding PIRF**

The PIRF is a directorate in Kenya Prisons Service, State Department of Correctional Services under the Ministry of Interior and Coordination of National Government. Its ultimate parent is the Government of Kenya.

**5. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

**KENYA PRISON SERVICE (PIRF)**  
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**For the year ended June 30, 2017**

**XVI. Appendix 1: PROJECTS IMPLEMENTED BY THE PIRF**

**Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	nil	nil	nil	nil	nil	nil
2	nil	nil	nil	nil	nil	nil

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)*

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1						
2						
3						

**KENYA PRISON SERVICE (PIRF)**  
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**XVII. Appendix 2: CAPITAL EXPENDITURE FOR THE YEAR**

	2211006			3111002	TOTAL
	PURCHASE	PURCHASE	OVERHAUL	PURCHASE	
	OF TOOLS	OF MV	OF PLANT	OF COMPS.	
COMPRIS	132,000.00				132,000.00
KAMITI 'M'	600,000.00			299,443.00	899,443.00
KAMITI MED	10,000.00				10,000.00
LANGATA 'W'	20,000.00				20,000.00
NBI/WEST	10,000.00				10,000.00
KIAMBU	50,000.00				50,000.00
KERUGOYA	50,000.00				50,000.00
MWEA	100,000.00				100,000.00
T/FALLS 'M'	10,000.00				10,000.00
T/FALLS 'W'	10,000.00				10,000.00
NYERI 'M'	49,997.00				49,997.00
NYERI 'W'	9,970.00				9,970.00
NYERI MED	10,000.00				10,000.00
MURANGA 'M'	50,000.00				50,000.00
MURANGA 'W'	10,000.00				10,000.00
THIKA 'M'	10,000.00				10,000.00
THIKA 'W'	10,000.00				10,000.00
RUIRU	100,000.00				100,000.00
MARANJAU	140,000.00				140,000.00
KWALE	30,000.00				30,000.00
KWALE 'W'	10,000.00				10,000.00
KINGORANI					-
SHIMO 'M'	50,000.00				50,000.00
SHIMO 'W'	9,950.00				9,950.00
SHIMO B.I.	30,000.00				30,000.00
SHIMO 'MED'	10,000.00				10,000.00
MANYANI	20,000.00				20,000.00
KILIFI	150,000.00				150,000.00
HOLA	10,000.00				10,000.00
HINDI	9,995.00				9,995.00
MALINDI 'M'					-
MALINDI 'W'	5,000.00				5,000.00
VOI S.S	10,000.00				10,000.00
WUNDANYI 'M'					-
WUNDANYI 'W'					-

**KENYA PRISON SERVICE (PIRF)**  
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EMBU 'M'	50,000.00				50,000.00
EMBU 'W'	10,000.00				10,000.00
ISIOLO					-
KITUI 'M'	30,000.00				30,000.00
KITUI 'W'	10,000.00				10,000.00
MACHAKOS 'M'	200,000.00				200,000.00
YATTA	150,000.00				150,000.00
MACHAKOS 'W'	10,000.00				10,000.00
KANGETA	10,000.00				10,000.00
MERU 'M'	10,000.00				10,000.00
MERU 'W'	10,000.00				10,000.00
URUKU	100,000.00				100,000.00
MAKUENI					-
GARISSA	10,000.00				10,000.00
WAJIR					-
MANDERA					-
KISII 'M'	20,000.00				20,000.00
KISII 'W'	10,000.00				10,000.00
KISUMU 'M'	50,000.00				50,000.00
RACHUONYO	9,850.00				9,850.00
SIAYA					-
KIBOS 'M'	20,000.00				20,000.00
KISUMU 'W'	10,000.00				10,000.00
HOMA-BAY	10,000.00				10,000.00
MIGORI 'M'	10,000.00			100,000.00	110,000.00
MIGORI 'W'	30,000.00				30,000.00
LODWAR					-
KAPENGURIA	10,000.00				10,000.00
MARLAL 'M'	10,000.00				10,000.00
MARALAL 'W'					-
KITALE 'M'	50,000.00				50,000.00
KITALE 'MED'	10,000.00				10,000.00
KITALE 'W'	20,000.00				20,000.00
KITALE 'A'	10,000.00				10,000.00
E/RAVINE					-
ELDORET 'M'	8,800.00				8,800.00
ELDORET 'W'	50,000.00				50,000.00
KAPSABET	160,000.00				160,000.00
RUMURUTI					-

**KENYA PRISON SERVICE (PIRF)**  
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NANYUKI M	20,000.00				20,000.00
NANYUKI W	40,000.00				40,000.00
NAKURU 'M'	100,000.00				100,000.00
NAKURU 'W'	20,000.00				20,000.00
NAIVASHA 'W'	49,950.00			99,500.00	149,450.00
NAIVASHA MED	30,000.00				30,000.00
NAIVASHA 'M'	1,500,000.00				1,500,000.00
NAROK	10,000.00				10,000.00
ATHI-RIVER	50,000.00				50,000.00
KERICHO'M'	10,000.00				10,000.00
KERICHO'W'	10,000.00				10,000.00
TAMBACH					-
BOMET					-
KABARNET	10,000.00				10,000.00
KILGORIS					-
NGERIA FARM	10,000.00				10,000.00
KAJIADO	10,000.00				10,000.00
KAKAMEGA 'M'	50,000.00				50,000.00
SHIKUSA B.I.	30,000.00				30,000.00
SHIKUSA S.S	20,000.00				20,000.00
KAKAMEGA 'W'	10,000.00				10,000.00
BUNGOMA	10,000.00				10,000.00
VIHIGA	10,000.00				10,000.00
BUSIA	10,000.00				10,000.00
BUSIA W	10,000.00				10,000.00
VIHIGA	10,000.00				10,000.00
<b>GRAND TOTAL:-</b>	<b>4,855,512.00</b>	<b>0.00</b>	<b>0.00</b>	<b>498,943.00</b>	<b>5,354,455.00</b>

**KENYA PRISON SERVICE (PIRF)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**XVIII. Appendix 3: NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**PRIVATE OUTSTANDING DEBTS FOR THE PERIOD ENDED 30-6-2017**

PRIVATE OUTSTANDING DEBTS FOR THE PERIOD ENDED 30-6-2017							
REGION	STATION	NAME OF DEBTOR	ITEM DESCRIPTION	QNTY	LPO NO. & DATE	INVOICE & DATE	AMOUNT
Eastern	Kitui Rem.	Simon K. Kingor		1		59 13-4-2004	10,400.00
		Mr. Kirui	Executive sofa sets	2		C 138	60,000.00
		P. M Musumbi	wall unit	1		C15799/21-12-2000	39,500.00
		Mr. E. M Guantai	S/bed, D/set, C/set			15633 3-4-2003	67,360.00
						<b>TOTAL</b>	<b>177,260.00</b>

**KENYA PRISON SERVICE (PIRF)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

PRISON INDUSTRIES PAID DEBTS FOR PERIOD ENDED 30-6-2017						
REGION	STATION	NAME OF DEBTOR	ITEM DESCRIPTION	MR NO.	DATE	AMOUNT
Rift Valley	Naivasha 'M'	K.C.C	Kaunda suits	83985-48	4/6/2016	84,420.00
	Kapenguria	Mr. Kitui Wakape	Concrete	84225	19/4/2017	825.00
	DPP	Office Furniture	Office Furniture			3,900,000.00
Eastern	Embu Main	Mr. Julius Sang	C/table,big stools,4c/stools	84231	19/4/2017	5,500.00
	Meru 'M'	Reuben Miriti	lounge chair	84232	19/4/2017	1,122.50
PHQ	Showroom	Mr. Moses Nela	Sofa set	84215	19/4/2017	4,000.00
		Mr. Nesbit Choka	Side board		19/4/2017	940.00
		Mr. Thuo	Single Bed		19/4/2017	800.00
		Mr. Mwakio	House furniture		19/4/2017	1,230.00
		Oby Oduho	Day Bed	84220	19/4/2017	8,000.00
		Mr. Nyaribo	D/bed W/mattress	84221	19/4/2017	20,000.00
		"	C/table,set	84222	19/4/2017	12,200.00
		Oi/c procurement	detergent	84223	19/4/2017	1,200.00
		"	coat hangers	84223	19/4/2017	1,250.00
		"	detergent	84223	19/4/2017	1,200.00
		Mr. Mogoya(C.P.O)	double bed	84224	19/4/2017	10,000.00
	Coast	Shimo 'A'	Mrs Mary Nthurina		84226	19/4/2017
PHQ	Showroom	PS MOHA	Coffee table	84227	19/4/2017	12,400.00
	Showroom	Director Medical Services	Dinning chairs	84228	19/4/2017	27,000.00
Nyanza	NAROK	PC Narok	coffee table	84228	19/4/2017	8,000.00
		District Surveyor -Siaya	ballast[tonnes]	84228	19/4/2017	1,960.00
	Kibos	Kisumu Main	Jackets & Trousers	84233	19/4/2017	495.00
			Working uniform	84233	19/4/2017	160.00
			Blue serge	84233	19/4/2017	300.00
EASTERN	Athi River	Co-operative officer	Shirts & Trousers	84236	19/4/2017	440.00
		Co-operative officer	Blue serge & Trousers	84236	19/4/2017	440.00
	Embu Main	Kisumu	Working uniform	84238	19/4/2017	200.00
		Kisumu	Working uniform	84238	19/4/2017	160.00
		Dagoreti approved school-Kiku	Office chair	84238	19/4/2017	2,800.00
	University of Nairobi	Partitioning	84238	19/4/2017	377,988.00	
	KMTC Embu		84238	19/4/2017	27,000.00	
	KSOG Embu		84238	19/4/2017	6,000.00	
<b>TOTAL</b>						<b>4,519,880.50</b>

**KENYA PRISON SERVICE (PIRF)**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**PRISON INDUSTRIES NEW DEBTS AS AT 30-6-2017**

		NTSA	Number plates			20,502,072.00
		EACC	Refurbishment			2,154,439.20
	Garissa	EACC	Refurbishment			1,649,180.00
						16,100.00
Nyanza	Rachuonyo	OIC Rachuonyo	Office Furniture			
						1,600,000.00
Coast	Shimo main	Kenya school of Government	Office Furniture	3P011589 30/5/16	5090 20/6/17	1,421,000.00
				3P011590 30/5/16		18,000.00
				3P012130 2/5/17	5094 5/4/17	
						169,200.00
Central	Nyeri main	Nyeri county Government	Tailoring services	1235571 09/5/2017	1109 26/5/2017	
				3P012142 30/5/17		18,000.00
						30,000.00
Rift Valley	Kapenguria	OIC Kapenguria	Coffee Table		3619	3,600.00
			Wine Stool		36189	55000
			Dinning set		3622	
					<b>TOTAL</b>	<b>37,057,591.20</b>

**KENYA PRISON SERVICE (PIRF)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**GOVERNMENT OUTSTANDING DEBTS FOR THE PERIOD ENDED 30-6-2017**

PRISONS INDUSTRIES GOVERNMENT OUTSTANDING DEBTS AS AT 30-6-2016

REGION	STATION	NAME OF DEBTOR	ITEMS DESCRIPTION	QTY	LPO NO	INVOICE NO	AMOUNT
RIFT VALLEY	Naivasha						
	"	PS MOHA \$ NH	Standard coffin	1	PMM	7322/15/08/98	600,000.00
	"	PS-MOHA \$ NH	Binding charges	75	PGG5	5-00281/25-1-97	36,000.00
							636,000.00
NYANZA	Athi River	P.S., M.O.H.A. - NBI	Coffins	50	P.S. MOHA & N.H	14237 / 15-8-98	400,000.00
		Commissioner of Prisons	D/Table with 8 chairs	1		36581/ 18-6-2010	80,000.00
			Pocket buttons	2,570		36575/2-10-09	539,700.00
			Palm bar	10,000		36574/9-6-2009	750,000.00
		Commissioner of Prisons	Bookshelf	1		36585/16-8-2010	60,000.00
			Pocket buttons	2,000		93352/16-2-2011	500,000.00
		Commissioner of Prisons	Bar Soaps				4,995,000.00
		Ministry of Transport	Office Furniture				4,473,348.83
		District Surveyor -Siaya	Jackets & Trousers	26	25286 / 23-11-81	58057 / 15-02-82	6,560.00
		magistrates	shelves	24	2939853 of 19.5.09		63,072.00
Homa Bay		Kakamega County					3,750,000.00
		Bomet County					695,000.00
							4,514,632.00
		DC Homa Bay	D/combined	1	4079		13,000.00
		DC Homa Bay	Dinning Set	1	4079	18,000.00	
		DC Homa Bay	Dinning Set	1	4079	16,000.00	



**KENYA PRISON SERVICE (PIRF)**  
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**STOCK TAKING 30<sup>TH</sup> JUNE, 2017**

PRISON INDUSTRIES REVOLVING FUND SUMMARY VALUATION AS AT  
 30-06-2017

OPENING STOCK AS AT 1ST JULY-2016										CLOSING STOCK AS AT 30TH JUNE-2017									
CODE	STATION	WORK IN PROGRESS	FINISHED GOODS	CUSTOMER'S DEPOSIT	OPENING R/MAT.	PURCHASE OF R/MAT.	CLOSING R/MAT.	WORK IN PROGRESS	FINISHED GOODS AT COST	INVOICED PRICE	REVENUE MANUAL	CUSTOMER'S DEPOSIT GOVT.	PRIVATE						
0	COMPRISON S		12,338,123.08		66,956,496.00	303,574,825.05	27,280,515.00		13,351,607.70	17,357,090.00									
0	PHQ S/ROOM TIMBER-YARD				28,559,899.10		35,277,141.10												
3475601	KAMITIMI	95,592,699.63	3,863,534.25	1,021,793.10	27,034,969.00	13,500,000.00	89,543,635.69	86,996,960.30	3,116,419.35	4,154,450.00	313,568,536.55	4,200,000.00	733,000.00						
3475601	KAMITI 'MED'	23,584.00			924,009.20	270,000.00	508,057.40	225,000.00	165,904.00	225,000.00	971,520.00								
3475201	LANGATA 'W'	87,601.00	232,042.05	9,500.00	70,116.50	500,000.00	139,200.00	1,503,120.00	212,437.95	276,505.00	553,923.00		19,500.00						
3475201	NBI/WEST	632,627.42	97,712.59	1,096,000.00	285,194.60	580,000.00	634,168.50	784,398.90	221,477.63	643,000.00	2,012,030.00		365,000.00						
3225201	KIAMBU	44,335.67	55,880.01	146,500.00	1,255,098.80	550,000.00	1,153,311.60	828,055.90	146,153.00	190,000.00	1,586,860.00								
3205301	KERUGOYA	24,700.00	379,697.97		189,930.45	220,000.00	97,407.80	35,152.00	329,554.35	428,500.00	178,500.00								
3205401	MWEA	768,821.61	155,391.63		1,563,338.30	600,000.00	1,272,044.00	381,640.95	220,776.25	287,000.00	2,294,930.00								
3215101	MURANGA 'M'	190,212.60	341,869.16		322,025.20	420,000.00	63,930.00	374,315.30	317,338.98	412,580.00	1,444,012.00		20,000.00						
3215101	MURANGA 'W'	8,590.00	19,538.45		24,100.00	90,000.00	46,770.00	7,270.00	16,520.00	21,800.00	111,299.00								
3185101	T/FALLS 'M'	67,047.00	339,888.28	17,000.00	195,586.14	110,000.00	75,991.66	46,495.00	657,626.90	862,056.00	1,047,386.00								
3185101	T/FALLS 'W'	14,130.00	61,200.00		75,019.00	90,000.00	66,844.00	19,463.00	23,900.00	29,930.00	126,815.00								
3195301	NYERIM'	833,000.05	31,572.80		1,361,074.15	1,299,708.00	2,072,416.00	1,973,545.00	385,781.48	503,400.00	3,433,262.00		220,000.00						
3195301	NYERIW'	12,056.00	62,059.50		31,850.00	90,000.00	56,307.00	19,480.00	34,739.00	47,040.00	157,140.00								
3195301	NYERI MED	235,014.85	28,700.00		282,834.28	169,980.00	155,520.00	157,200.00	55,030.00	81,000.00	651,530.00								
3194011	RUIRU	373,348.40	600,000.00		640,000.00	350,000.00	1,056,266.00	864,788.00	137,200.00	196,000.00	739,500.00								
3225701	THIKAW'	193,360.65	48,114.66	48,000.00	2,377,902.50	580,000.00	2,891,112.00	11,852.02	218,829.66	335,500.00	5,249,550.00	70,000.00							
3225701	THIKAW	37,634.00	37,429.78		45,120.00	120,000.00	57,448.50	36,087.00	71,537.00	93,055.00	254,300.00								
3215601	MARANJAU	288,656.70	332,278.81		1,768,817.92	219,996.00	767,076.06	115,634.95	772,307.70	1,004,000.00	1,152,040.00								
3035201	KILIFI	33,707.54	55,700.00		19,682.59	160,000.00	94,626.59	65,854.57			1,047,448.00								
3025101	KWALE 'M'		28,961.54		151,203.50	160,000.00	49,950.00		6,538.46	8,500.00	132,541.00								
3025101	KWALE 'W'	4,725.00			27,760.00	80,000.00	39,390.00	19,100.00	20,935.00	23,885.00	70,320.00								



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**For the year ended June 30, 2017**

3425301	KISUMUJW	10,320.00	26,485.00		22,275.00	90,000.00	46,350.00	8,790.00	41,080.00	64,940.00	102,825.00	
3425201	KIBOS	158,080.00	106,170.00		556,393.00	370,000.00	519,839.00	253,357.92	706,661.42	945,950.00	1,490,035.00	
3334501	RACHUONYO	9,915.00	16,479.00		15,989.75	170,000.00	140,268.75		26,394.00	36,500.00	42,000.00	40,000.00
3435101	HOMA-BAY	97,477.95	94,971.80		77,257.90	110,000.00	267,587.40	31,389.95	89,939.20	117,320.00	287,320.00	
342501	SIAYA						31,900.00		27,300	39,000.00	75,800.00	
3445101	MIGORIM'	526,000.00			503,214.40	270,000.00	390,137.65	172,400.00	18,000.00	23,400.00	1,027,480.00	172,400.00
3445101	MIGORIW'	13,100.00	20,650.00		15,070.00	60,000.00	15,800.00	2,650.00	13,120.00	18,160.00	203,450.00	
3345201	ATHI-RIVER	15,416,279.00	649,445.39	430,000.00	6,455,653.45	4,899,953.65	6,124,924.45	12,355,939.30	586,075.20	761,770.00	6,750,745.00	558,000.00
3355101	KERICHO'M'		32,060.00	0	14,000.00	160,000.00	248,739.20	60,244.00	14,705.60	19,500.00	111,400.00	
3355101	KERICHO'W'	5,478.00	4,433.00		13,515.00	119,940.00	77,232.00	2,360.00	11,216.00	14,720.00	88,200.00	
3155301	MED											
3455101	KILGORIIS											
3315301	NANYUKI 'M'	35,747.00			31,660.00	170,000.00	1,405,564.00	44,843.90	311,461.50	404,900.00	225,550.00	
3315301	NANYUKI 'W'	1,187.00	30,807.00		56,790.00	90,000.00	88,437.00		13,840.00	17,995.00	128,520.00	
3315101	RUMURUTI	19,000.00	22,647.70								60,250.00	
3325101	NAKURUM'	122,251.60	319,504.92		664,555.50	700,000.00	912,639.30	270,025.85	572,384.60	744,100.00	1,653,500.00	150,000.00
3325101	NAKURUW'	9,725.00			28,735.00	120,000.00	48,465.00	15,865.00			176,650.00	
3325301	NAIVASHAM'	479,470.60	1,019,859.00	373750	2,700,114.80	2,398,837.00	2,716,053.00	1,079,568.20	531,457.00	691,000.00	19,057,520.00	191,900.00
3325301	NAIVASHA 'W'	3,390.00	7,400.00		13,950.00	109,203.00	32,660.00	5,535.00	8,020.00	10,426.00	117,450.00	
3325301	NAIVASHAM' ED"	225,868.00	27,676.20	30000	257,655.00	329,939.00	78,920.00		81,735.00	113,193.00	479,940.00	
3335101	NAROK	38,681.50	79,034.52		60,628.20	110,000.00	7,450.00	67,030.00	44,901.10	58,670.00	415,760.00	
3265101	KITAL'EMED'	124,473.13	19,200.15		236,635.70	170,000.00	415,566.52	71,457.78	17,849.40	23,250.00	824,030.00	
3265101	KITALE'M'	324,394.79	184,960.90	35,000.00	513,452.20	630,000.00	239,486.60	330,592.80	320,715.39	416,930.00	2,255,450.00	
3265101	KITALE'W'	8,845.00	43,563.00		22,131.00	90,000.00	37,460.00	9,890.00	14,447.00	19,039.00	146,350.00	
3265101	KITALE'A'	28,741.00	320,292.30		350,671.00	110,000.00	369,159.20	45,680.00	369,265.35	480,045.00	132,550.00	
3275101	ELDORET'M'	1,831,847.38	560,700.00	3,185,141.00	1,124,114.00	1,249,999.00	445,928.53	382,677.70	447,900.00	582,270.00	7,823,584.00	
3275101	ELDORET'W'	6,631.00	16,129.50		3,143.00	100,000.00	7,619.00	6,140.00	24,340.00	32,440.00	280,750.00	
3365201	BOMET		21,250.00									
3285301	TAMBACH	16,897.00			31,423.00		1,680.00	8,457.00	2,400.00	3,120.00	20,000.00	
3295201	KAPSABET	158,090.00			103,560.00	103,620.00	267,890.00	62,885.00	141,747.50	201,000.00	100,500.00	
3255101	MARALAL'M'	65910	14,650.00		21,533.00	60,000.00	50,000.00		34,576.90	44,950.00	89,290.00	
3255101	MARALAL'W'	700	7,175.00		12,010.00		7,570.00	900	8,769.20	11,400.00	6,700.00	
3235301	LODWAR										51,000.00	



**KENYA PRISON SERVICE (PIRF)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**LIST OF CREDITORS 2016/ 2017**

S/NO	NAME	AMOUNT
1	KIMGEN SUPPLIES LTD	10,400,000.00
2	NOWDAYS ENERPRISES	895,000.00
3	ABCOS LTD	7,920,000.00
4	ABCOS LTD	9,360,000.00
5	LABRADA LTD	1,817,200.00
6	BETNAM SUPPLIES	1,259,500.00
7	KIMGEN SUPPLIES LTD	9,360,000.00
8	MBAME GEN SUPPLIES	4,452,500.00
9	REAL TIME CAPITAL INVESTMENT	5,195,000.00
10	APEX COATING (EA) LTD	1,950,000.00
11	KENYA BUREAU OF STANDARDS	512,720.00
12	NITA	13,250,000.00
13	NOVUS KENYA	3,280,000.00
	<b>TOTALS</b>	<b>69,651,920.00</b>

**KENYA PRISON SERVICE (PIRF)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**Appendix 4: PRISON INDUSTRIES EXPENDITURE RETURNS AS AT 30TH JUNE 2017**

S.N	CODE	2210101	2210201	2210301	2210302	2210303	2210504	2210503	2210504	2210505	2210711	2211016	2210801	2211101	2211102	2211201	2211302	2211302	2211302	2220305	222010	TOTAL
		ELECT R	TELEPH ONE	TRAVEL COST	ACCOM M	D/SUB ALLOWA NCE	ADVER T PUB.	SUB.N/ PAPER S	TRADE SHOWS	TUITO N FEE	PUR. UNIFO RM	CATERI NG SERVIC ES	OFFICE SUPPLI ES	AC/FOR COMP.	FUELS & LUBRCA NT	EXAM FEE	MAINT. MV	MAINT. PE/EQU IPI.	MAINT. BUILDI NG	MAIN T. COMP		
1	0	14,700.00		2,977,500.00	5,057,000.00	1,835,775.00	120,000.00	165,000.00	1,617,689.00	1,084,900.00		530,430.00	379,200.00	277,300.00	6,314,796.00	28,261,000.00	1,237,826.00		511,300.00	215,000.00	20,000.00	2,226,330.00
2	14756 01	50,000.00	30,000.00	299,950.00	99,740.00	100,000.00					397,000.00		29,820.00	50,000.00	499,820.00		150,000.00	500,000.00				193,840.00
3	14752 01	78,840.00		5,000.00	60,000.00	10,000.00					20,000.00		10,000.00					10,000.00				30,000.00
4	14752 01			5,000.00		10,000.00							10,000.00					5,000.00				50,000.00
5	14756 01			5,000.00		30,000.00							10,000.00					5,000.00				220,000.00
6	32252 01	110,000.00		10,000.00		60,000.00							10,000.00	20,000.00				10,000.00				30,000.00
7	32053 01			5,000.00		10,000.00							10,000.00					5,000.00				325,000.00
8	32054 01	250,000.00		15,000.00		30,000.00							20,000.00					5,000.00				42,000.00
9	31851 01	2,000.00		5,000.00		20,000.00							10,000.00					5,000.00				42,000.00
10	31851 01	2,000.00		5,000.00		20,000.00							10,000.00					5,000.00				658,300.00
11	31953 01	22,000.00	10,000.00	10,000.00		30,000.00							10,000.00			494.50		30,000.00	496.50			41,895.00
12	31953 01	2,000.00		5,000.00		19,900.00							9,995.00					5,000.00				42,400.00
13	31953 01	4,000.00		3,400.00		20,000.00							10,000.00					5,000.00				85,000.00
14	32151 01			5,000.00		20,000.00							10,000.00					50,000.00				40,000.00
15	32151 01			5,000.00		20,000.00							10,000.00					5,000.00				50,000.00
16	32257 01	10,000.00		5,000.00		20,000.00							10,000.00					5,000.00				42,000.00
17	32257 01	2,000.00		5,000.00		20,000.00							10,000.00					5,000.00				64,000.00
18	32156 01	4,000.00		5,000.00		20,000.00							10,000.00					5,000.00				74,000.00
19	40605 801	4,000.00		5,000.00		20,000.00							10,000.00	20,000.00				5,000.00				53,000.00
20	30552 01	3,000.00		5,000.00		30,000.00							10,000.00					5,000.00				57,900.00
21	30251 01	3,000.00		5,000.00		30,000.00							10,000.00					5,000.00				44,500.00
22	30251 01	3,000.00		10,000.00		29,900.00							10,000.00					5,000.00				44,900.00
23	30551 01			10,000.00		19,500.00							10,000.00					4,990.00				6,000.00
24	30151 01			10,000.00		20,000.00							10,000.00					20,000.00				169,980.00
25	30153 01			10,000.00		10,000.00					19,980.00		10,000.00					20,000.00				44,890.00
26	30153 01			10,000.00		20,000.00							9,890.00					5,000.00				55,610.00
27	30153 01	2,000.00		9,400.00		30,000.00							9,210.00					5,000.00				65,000.00
28	30153 01			10,000.00		20,000.00							10,000.00					5,000.00				85,000.00
29	30654 01			10,000.00		50,000.00							10,000.00					5,000.00				40,000.00
30	30453 01			10,000.00		20,000.00							10,000.00					5,000.00				0.00
31	30335 01			10,000.00		20,000.00							10,000.00					5,000.00				40,000.00



