

REPUBLIC OF KENYA



*Enhancing Accountability*



THE NATIONAL ASSEMBLY	
DATE: 16 FEB 2022	DAY: Wed
TABLED BY: LOM	
CLERK-AT-THE-TABLE: S. Kalama	

**REPORT**  
**OF**

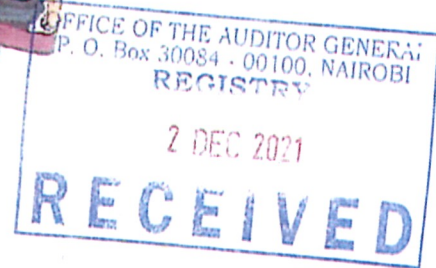
PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**MINISTRY OF DEFENCE**

**FOR THE YEAR ENDED  
30 JUNE, 2021**



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**MINISTRY OF DEFENCE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2021**

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

**MINISTRY OF DEFENCE**  
*Reports and Financial Statements*  
*For the year ended June 30, 2021.*

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) BACKGROUND**

The Ministry continued to execute its mandate as provided for in Article 241 of the Constitution and Executive Order No. 2 of May 2013. To this end the ministry was able to perform its core mandate and address emerging security challenges. The emerging security threats included terrorism, cattle rustling, human and drug trafficking, proliferation of small arms and piracy.

The Ministry is headed by the Cabinet Secretary, Dr. Monica K. Juma, CBS who is responsible for the Policy and the General Administration of the Ministry.

The Ministry is categorized as vote 1041 within the approved National Budget which is administered by Dr. Ibrahim M. Mohammed, CBS as the Accounting Officer.

The accompanying financial statements constitute the financial statements for the Ministry of Defence.

**1.1 VISION**

A premier, credible and mission capable Force deeply rooted in professionalism.

**1.2 MISSION**

To defend and protect the sovereignty and territorial integrity of the Republic, assist and cooperate with other civil authorities in situations of emergency or disaster and restore peace in any part of Kenya affected by unrest or instability as assigned.

**1.3 CORE VALUES**

To achieve its mission and vision, the Ministry has a number of core values and beliefs namely:-

- a. Apolitical:** The Defence Forces will steer clear of politics and will remain steadfastly apolitical.
- b. The Civil prerogative:** The Defence Forces shall always subordinate itself to democratic Civil Authority and exemplify civility in its dealings with the people of Kenya.

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- c. Loyalty and Commitment:** The Defence Forces will uphold its loyalty and commitment to the Commander-In-Chief and the people of Kenya through the chain of command.
  
- d. Patriotism:** The staff of the Ministry of Defence shall always be patriotic to the Government and the people of Kenya.
  
- e. Professionalism:** Service delivery will be based on the highest professional standards and will be blind to gender, ethnic, race or any other consideration.
  
- f. Integrity:** The staff of the Ministry of Defence will carry out duties with the highest integrity and in accordance with the laid down rules and regulation

#### **1.4 CORE FUNCTIONS**

The core functions of the Ministry of Defence as stipulated in the Executive Order No. 2/2013 are:

- a. National Defence.
- b. Development and Management of the National Defence Policy.
- c. Protection of National Borders.
- d. Support for Civil Authority.
- e. Defence Intelligence.

#### **1.5 USERS OF THE FINANCIAL STATEMENTS**

- a. Office of the Auditor General
- b. The Parliament
- c. The National Treasury
- d. Controller of budget
- e. Commissioner of Revenue Allocation
- f. Tax Payer
- g. Ministry of Defence

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**(b) Key Management**

The Ministry's day-to-day management is under the following key personnel:

No.	Designation	Name
1.	<b>Cabinet Secretary</b>	Dr. Monica K. Juma,CBS
2.	<b>Principal Secretary and Accounting Officer</b>	Dr. Ibrahim M. Mohamed,CBS
3.	<b>The Chief of the Defence Forces</b>	Gen. Robert K. Kibochi, MGH, CBS, 'NDC'(K), 'PSC'(UK)
4.	<b>Commander Kenya Army</b>	Lt. Gen. Walter K. Raria CBS, OGW 'NDC' (K) 'PSC' (TZ)
5.	<b>Commander Kenya Air Force</b>	Maj. Gen. F O Ogolla EBS, HSC, 'NDC' (K) 'PSC' (FRA)
6.	<b>Commander Kenya Navy</b>	Maj. Gen. Jimson Long'iro Mutai M.B.S. 'NDC' (K) 'PSC' (K)

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**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> Jun 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name	Period Served
1	<b>Cabinet Secretary</b>	Amb Dr. Monica K. Juma, CBS	1 <sup>st</sup> July 2020-30 <sup>th</sup> June 2021
2.	<b>Principal Secretary and Accounting Officer</b>	Dr. Ibrahim M. Mohamed, CBS	1 <sup>st</sup> July 2020-30 <sup>th</sup> June 2021
3	<b>The Chief of the Defence Forces</b>	Gen. Robert K. Kibochi, MGH, CBS, 'ndc'(K), 'PSC'(UK)	1 <sup>st</sup> July 2020- 30 <sup>th</sup> June 2021
4.	<b>Commander Kenya Army</b>	Lt. Gen. Walter K. Raria CBS, OGW 'ndc' (K) 'PSC' (TZ)	1 <sup>st</sup> July 2020- 30 <sup>th</sup> June 2021
5.	<b>Commander Kenya Air Force</b>	Maj. Gen. F O Ogolla MBS, HSC. 'ndc' (K) 'PSC' (FRA)	1 <sup>st</sup> July 2020- 30 <sup>th</sup> June 2021
6.	<b>Commander Kenya Navy</b>	Maj. Gen. Jimson Long'iro Mutai MBS, 'ndc' (K) 'PSC' (K)	1 <sup>st</sup> July 2020-30 <sup>th</sup> June 2021

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**(d) Fiduciary Oversight Arrangements**

**(i) Ministerial Committees**

**(a) Budget Implementation**

The committee is mandated to undertake the following:

- i. To review and consider the cash-flow plans
- ii. To review the utilization of cash limits and consider any changes as may be required
- iii. To review the utilization of donor funds voted to the Ministry
- iv. To advise the accounting officer on any challenges related to to the budget implementation
- v. To review and recommend reallocation of expenditure
- vi. To review and approve the submission of the expenditure returns, IPPD, pending bills and Revenue for the Ministry and recommend actions to be taken.
- vii. To participate in Sector Working Groups.
- viii. To prepare budgets for line Ministries in consultation with Heads of Departments

The Committee is scheduled to meet monthly in order to review any budget related issues and periodically advice the Accounting Officer

**(b) Ministerial Human Resource Management Advisory Committee (MHRMAC)**

The functions of MHRMAC entail making recommendations to the authorized officer regarding:

- i. Recruitment,
- ii. Performance management,
- iii. Promotions,
- iv. Training and development,
- v. Deployment,
- vi. Recommendations for retirement under 50 year rule among others.

It is chaired by the Principal Secretary or his deputy. The Director HRM is the Secretary. The HoD's and Military representation from DHQ and the Three Services are members of the Committee.

**(c) Ministerial Performance Management Committee(MPMC)**

The functions of MPMC entail:

- i. Undertaking quarterly review of implementation of Strategic Plans and Performance Contracts,
- ii. Ensure linkage between institutional performance contract and individual performance contract,
- iii. Ensure that the performance of all officers are evaluated and feedback on performance is relayed at the end of the Financial Year,
- iv. Develop and implement the internal monitoring and evaluation and reporting system.

It is chaired by the Principal Secretary or his deputy. The Director HRM is the Secretary. The HoD's and

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Military representation from DHQ and the three Services are members of the committee.

**(d) Procurement Advisory Board**

The function of Procurement Advisory Board is to advise the Accounting Officer in decision making on matters of procurement and assets disposals.

**(e) Ministerial Audit Committee**

The Ministerial Audit Committee has been reorganized with guidance from the National Treasury and has clear corporate terms of reference which include the following:-

- i. Follow up on recommendations of the Parliamentary Accounts Committee (PAC).
- ii. Preparation of responses on the Annual Report of the Auditor General.
- iii. Arranging for entry and exit meetings with the External Auditors

**(f) Parliamentary Committee Activities**

- (a) Parliamentary Committee on Defence and Foreign Relations.

The Ministry engaged the committee to:

- i. Discuss the budget strategy paper
- ii. To discuss Kenya Space Agency .
- iii. To review the performance of the National Security Sector.

- (b) Public Accounts Committee

- i. The Committee held discussions with the Ministry on the Report of the Auditor General on the Ministry's Appropriation Accounts for the Financial Year 2017/2018 and Financial Year 2018/2019

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**Ministry's Contact Details**

- e) **Ministry Headquarters**
  - P.O. Box 40668-00100
  - Ulinzi House-Lenana Road
  - Nairobi, KENYA
- f) **Ministry Contacts**
  - Telephone: (254) 020-2721100
  - E-mail: ps@mod.go.ke
  - Website: www.mod.go.ke
- g) **Ministry Bankers**
  - Central Bank of Kenya
  - Haile Selassie Avenue
  - P.O. Box 60000
  - City Square 00200
  - Nairobi, Kenya
- h) **Independent Auditors**
  - Auditor General
  - Kenya National Audit Office
  - Anniversary Towers, University Way
  - P.O. Box 30084
  - GPO 00100
  - Nairobi, Kenya
- i) **Principal Legal Adviser**
  - The Attorney General
  - State Law Office
  - Harambee Avenue
  - P.O. Box 40112, City Square 00200
  - Nairobi, Kenya

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**2. FOREWORD BY THE CABINET SECRETARY**



**MANDATE**

Article 241, sub-article 3 (a), (b) and (c) of the Constitution provides that the Mandate of the Ministry shall be the Defence and protection of the sovereignty and territorial integrity of the Republic, assist and co-operate with other authorities in situations of emergency or disaster and report to the National Assembly whenever deployed in such circumstances and may be deployed to restore peace in any part of Kenya affected by unrest or instability only with the approval of the National Assembly.

Amb. Dr Monica K. Juma,(Oxon),EGH

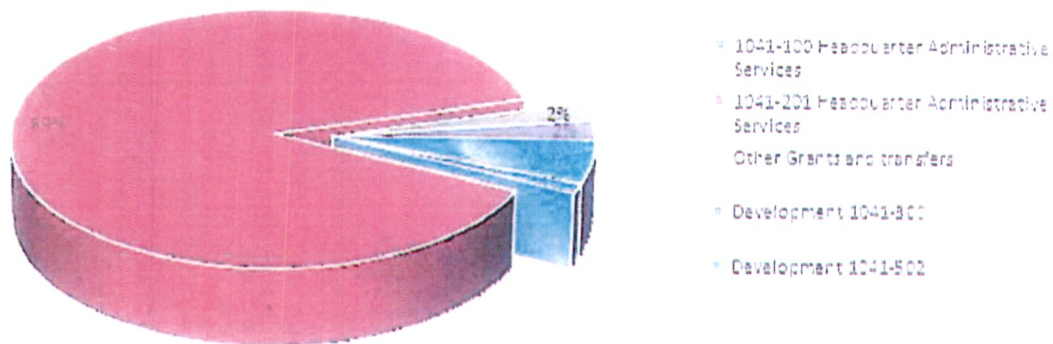
**Cabinet Secretary**

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**BUDGETARY ALLOCATION**

The budget allocated to the Ministry for the FY 2020/21 to accomplish the set objectives was **KShs 122,261,920,198**. This constituted an allocation of **Kshs 112,519,133,506** for Recurrent Expenditure and **Kshs 6,742,786,689** as Foreign Loan 'AIA' for the implementation of Military Modernization Programme and **Kshs 3,000,000,000** as Capital Grant for Mordenization Programme; apportioned as shown on the Chart below.

Budget Allocation by Programme



The total budgetary allocation for FY 2020/21 was **KShs. 122,261,920,195**, but the actual expenditure was **KShs. 122,208,234,500**; with Recurrent Expenditure having an actual expenditure of **Kshs. 112,466,246,257**. while Development Expenditure (Foreign Loan 'AIA') component had an actual expenditure of **Kshs. 6,742,786,689** while and GoK Funded Development Expenditure had an expenditure of **Kshs 2,999,201,554**.

Below is an overview of the financial performance for the year ended 30<sup>th</sup> June 2021 as reported in the detailed financial statements.

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**For Budgeted Recurrent Expenditure;**

	Printed Estimates	Actual	Variance	% Utilization Variance
<b>Total Receipts</b>	112,519,133,506	112,512,421,204	6,712,302	100%
<b>Total Payments</b>	112,519,133,506	112,466,246,257	52,887,249	100%

**For Budgeted the Development Expenditure;**

	Printed Estimates	Actual	Variance	% Utilization Variance
<b>Total Receipts</b>	9,742,786,689	9,742,157,884	628,805	100%
<b>Total Payments</b>	9,742,786,689	9,741,988,243	798,446.	100%

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**Budget Utilization**

The Ministry spent **KShs. 122,208,234,498** against an approved budget of **KShs. 122,261,920,195** representing absorption of 100%. Utilisation of the budget was carried out through various activities (economic classifications) as shown in the table below:

Compensation of Employees	1,058,450,000	1,028,843,167	29,606,833
Use of goods and services	332,266,500	329,471,494	2,795,006
Military Payments	108,151,565,460	108,132,101,605	19,463,855
Other Grants and transfers	2,912,601,546	2,912,601,546	-
Acquisition of Assets	64,250,000	62,429,999	1,820,001
Payments - Development	3,000,000,000	2,999,201,554	798,446
Foreign Grants	6,742,786,689	6,742,786,689	-0
<b>Grand Total</b>	<b>122,261,920,195</b>	<b>122,207,436,054</b>	<b>54,484,141</b>

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**CURRENT YEAR PERFORMANCE AGAINST PRIOR YEAR**

*Receipts and Payments*

	Year to Year Ending 30 <sup>th</sup> June 2021	Year to Year Ending 30 <sup>th</sup> June 2020	Change	% Change
Total Receipts	122,261,920,195	122,254,579,087	7,341,109	100%
Total Payments	122,261,920,195	122,208,234,498	53,685,700	100%

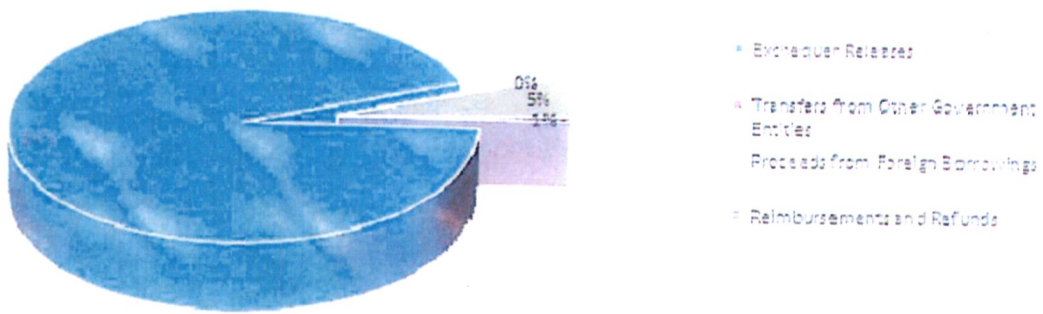
**Total Receipts Broken Down**

Receipts Classification	Year to Year Ending June 2021	Year to Year Ending June 2020	Variance	% Change
Exchequer Releases	115,511,792,397	101,851,157,577	13,660,634,820	12%
Transfers from Other Government Entities	479,523,053	548,716,016	-69,192,963	-14%
Proceeds from Foreign Borrowings	6,742,786,689	5,870,385,336	872,401,353	13%
Reimbursements and Refunds	751,148,165	772,428,207	-21,280,042	-1%
<b>Grand Total</b>	<b>123,485,250,304</b>	<b>109,042,687,136</b>	<b>15,933,121,747</b>	<b>113%</b>

The diagram below depicts the share of major categories of receipts for the fiscal year ended 30<sup>th</sup> June 2021. The major source of funding for the Ministry of Defence is exchequer releases that account for 93% of the total receipts

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Total Receipts Analysed



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**Total Payments**

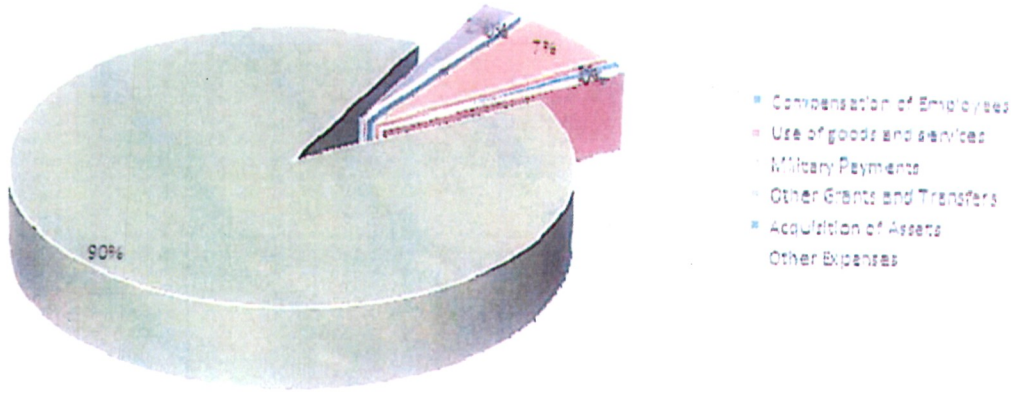
Compensation of Employees	1,028,843,167	904,382,754	124,460,413	114%
Use of goods and services	329,471,494	149,384,678	180,086,816	221%
Military Payments	111,132,101,603	100,626,639,450	10,505,462,153	110%
Other Grants and Transfers	2,912,601,546	150,000,000	2,762,601,546	1942%
Acquisition of Assets	62,429,999	8,469,460	53,960,539	737%
Other Expenses	7,973,457,907	7,191,529,559	781,928,348	111%
	123,438,905,716	109,030,405,901	14,408,499,815	113%

The increase in Payments is due to Increase in Budget for the Ministry, New MDA's within the Ministry.

The diagram below depicts the share of major categories of payments for the fiscal year ended 30<sup>th</sup> June 2021.

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Payments Analysed



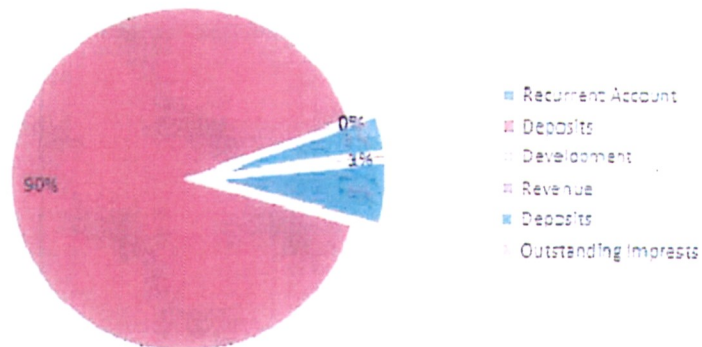
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**Financial Assets Summary**

Bank Account Name	Year to Year Ended Jun 2021	Year to Year Ended Jun 2020	Change	% Change
Recurrent Account	46,174,947	6,719,894	39,455,053	587%
Deposits	713,362,884	584,154,052	129,208,832	22%
Development	169,643	5,561,365	-5,391,722	-97%
Revenue	0	0	0	
Ulinzi Sports Complex	26,978,541	0	26,978,541	
<b>Total</b>	<b>786,686,015</b>	<b>596,435,311</b>	<b>190,250,704</b>	<b>32%</b>

Recurrent Bank balances increased by 587% as a result of increased receipts towards year end. Deposit Account Bank Balance increased by 22% as a result of increased collection of deposits, transfer of Unclaimed Liabilities (Pensions, Uncleared Effects) from recurrent account to the deposit account. .

Bank Balances



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**3.0 ACCOMPLISHMENTS**

During the period under review, the Ministry accomplished the following

- i. Under the rubric of Article 241 (3) (a) the Ministry performed its primary role by deploying and manning the borders thus ensuring the sovereignty and territorial integrity of the Republic.
- ii. Under the rubric of article 240 (8) (a) the Ministry continued to facilitate KDF's deployment in South Sudan under UN Mission in Darfur (UNAMID) and UN Mission in South Sudan (UNMISS). KDF deployed troops, alongside other Troop Contributing Countries (TCCs) under AMISOM (Somalia) Sector 2, UNMISS and UNAMID (Darfur), MINUSCA (Central Africa Republic) and MINUSMA(Mali). These deployments were instrumental in fostering regional peace and security.
- iii. To ensure Customer Satisfaction on uploading tenders, posting press releases and statements such as Defence Council Decisions on postings, promotions and appointments, the Ministry under the guidance of the Cabinet Secretary revamped MoD Website to meet the demands of the times. The Ministry also advertised recruitment for the Cadets, Specialists and Servicemen/Women interested to join KDF in the local dailies and on its website and subsequently did the recruitment as required.
- iv. On the Multi-Agency Approach to Security, the Ministry continued to collaborate with all the stakeholders including; Parliament, Ministries, Departments, and Agencies to achieve its Mandate. In this regard therefore, KDF collaborated with the Ministry of Interior and Coordination of National Government by conducting operations in Lamu (Fagia Msitu), Laikipia, Baringo and Pokot. Other operations included manning of a Multi - Agency Road Blocks in Isiolo, Garissa and Kilifi Counties, among other areas.
- v. Through the Ministry of Defence's Principal Secretary, who is the appointed revenue collector, **Kshs. 5,514,655,835.00** was collected, being proceeds from UN reimbursements, fees paid to learning institutions, rent from institutional houses, sale of tender documents and proceeds from auction of obsolete assets and stores among others
- vi. The Ministry awarded procurement opportunities worth **Kshs 2,356,850,184** to the Youth, Women and Persons with Disability owned enterprises to adhere to the Presidential directive on the 30% procurement rule on Access to Government Procurement Opportunities (AGPO).

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- vii. Under the **40%** Policy on Promotion of Local Content in Procurement, the Ministry spent a total of **Kshs 2,531,596,417** on procurement of local goods and services.
- viii. In support of the Government effort in Environmental Sustainability in line with SDG's and Kenya's Vision 2030, the Ministry planted a total of 1,388,629 seedlings in designated areas and identified water towers through the Environmental Soldier Programme (ESP). This was achieved through working in partnerships with other supporting agencies and organizations.
- ix. To foster Regional cooperation the Ministry has taken a leading role by supporting and participating in the EAC, EASF, IGAD, UN, and AU Programmes and activities. These activities included; Workshops, Policy Organs Meetings, Training, Joint Exercises, Sporting and Cultural events.
- x. To ensure that the Ministry's assets were well maintained for operational readiness, an Asset and Property Register was developed while plant and equipment were maintained in accordance with the manufacturer's schedules.
- xi. The Ministry further continued to support the Government Policy on Gender mainstreaming by implementing the Ministry's Gender Policy and building capacity of women in the security sector; with reference to UN Resolutions 1325 (2000), through UN Women financial support.
- xii. The Ministry was also able to absorb the entire approved Recurrent Budget of **KShs. 112,512,421,202** for the Financial Year under review. This being **100%** of the amount budgeted for in the year in focus.

The Ministry was further able to utilise **Kshs. 3,000,000,000.00** of Development Funds as provided for in the budget and **Kshs. 6,742,786,689** budgeted for under the Export Compensation Agreement (ECA).

- xiii. The following modernization programmes continued to be implemented in the FY 20/21
  - a) New accommodation and messing facilities at various military installations
  - b) Completion of ongoing projects.
  - c) Equipment upgrades and improvement
  - d) Kenya-Somalia border Securitization programme
  - e) Construction of Ulinzi Sports Complex
  - f) Construction of Regional Hospitals

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- xiv. Under the Export Credit Arrangement (ECA), the following Programmes were funded and are still ongoing
- a. the construction of 4000 Ton Slip Way at Mtongwe was done and its development is still ongoing.
  - b. KNS Shupavu
- xv. The Ministry was able to carry out the following Humanitarian Civil Activities/Projects
- a) Drilling of Boreholes and construction of water pans
  - b) Airlifting of relief food in Lamu
  - c) Rehabilitation of the meter gauge railway lines, Nairobi-Nanyuki, Nairobi-Nakuru-Kericho and Gilgil-Ol Kalou
  - d) Planting of Trees in military cantonments, and other designated areas
  - e) Medical intervention camps in different parts of the country including Lamu County, Isiolo among other counties.
- xvi. Further, on the National Development Agenda, the Ministry of Defence (MoD), in line with its mandate to aid civil authorities and in executing directives of government, launched a number of projects that contribute towards the National Development Agenda. The projects undertaken during the year are as follows:
- a) Improvement of Operational Vehicles and Engineer Equipment at the Thika Barracks to enhance the state of troop readiness and agility. Apart from boosting the troops' morale, the project will support them to achieve results, guarantee territorial integrity and sovereignty of the Republic. This project is undertaken with local industries in an effort to promote the Buy Kenya, Build Kenya policy.

The local vehicle assemblers and franchises namely Toyota (Kenya), Isuzu East Africa, Mantrac (Kenya) and PRD Rigs (Kenya) entered into a framework agreement with the MoD for the acquisition and supply of assorted pick-ups, trucks, prime movers, water drilling rigs and a range of engineering equipment.

- b) On May 24, 2021, we rolled off the full production at the Kenya Meat Commission (KMC). Over the last few months we refurbished this strategic installation and set-up robust business process systems to cater for the needs of livestock farmers and the general public having received the Ministerial responsibility for the KMC was transferred to the MoD on September 7, 2020.

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- c) On May 27, 2021, we received from the President the much-awaited charter for the National Defence University (NDU). This is a significant addition to the growing ecosystem of centres of excellence in training within the MoD. Without a well-grounded human resource at the strategic policy level, any government would not effectively pursue its desired development path nor can national interests in today's competitive world order be corrected, framed, pursued and achieved. NDU will stand us well in the family of lead training, research and analysis institutions dealing with Defence, security and strategic matters.
- d) On June 1<sup>st</sup> 2021, HE the president launched the newly renovated Nakuru Kisumu MGR railway line. The full functioning of this rail road will provide seamless transportation from the Mombasa port to Kisumu. If the example of the Thika-Nanyuki is anything to go by, both the railway and shipyard are set to spur economic activity through the facilitation of the movement of people, goods and services across Kenya and around the Lake Victoria region into Uganda, Rwanda, Burundi and the DRC via Lake Victoria.
- e) On May 31<sup>st</sup> 2021, the President launched the Kenya Shipyards Limited, a parastatal within the Ministry of Defence. In pursuant to the National Development Agenda, KSL will greatly enhance our capabilities in exploitation of home waters in facilitating trade, industry and Defence of the country's maritime interests.
- Each of these projects was delivered to the highest level of professionalism, demonstrating the competencies of the MOD in general and KDF in particular, and are proof of our fidelity to the constitutional obligation to contribute to the national aspirations of our motherland.
- f)
- xvii. National Development Agenda.

The Ministry of Defence (MoD), in line with its mandate to aid civil authorities and in executing directives of government, launched a number of projects that contribute to the National Development Agenda.

The projects were done by the Kenya Defence Forces (KDF) alone or in cooperation with other ministries, departments and agencies. Other projects were initiatives of KDF and the private sector while one was done by KDF in collaboration with the academia. Each of these projects was delivered to the highest level of professionalism, demonstrating the competencies of the MOD in general and KDF in particular, and are proof of our fidelity to the constitutional obligation to contribute to the national aspirations of our motherland.

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- a) Operational Vehicles and Engineer Equipment at the Thika Barracks. In the nature of our business, troops' morale and resources play a key role in mission readiness and mission success. This project, therefore, is aimed at enhancing the state of troop readiness and agility.
- Apart from boosting the troops' morale, the project will support them to achieve results, guarantee territorial integrity and sovereignty of our nation and protect the citizens. Significantly, this project is undertaken with industries in an effort to promote local industry through the Buy Kenya, Build Kenya policy. The local vehicle assemblers and franchises namely Toyota (Kenya), Isuzu East Africa, Mantrac (Kenya) and PRD Rigs (Kenya) entered into a framework agreement with the MoD for the acquisition and supply of assorted pick-ups, trucks, prime movers, water drilling rigs and a range of engineering equipment.
- b) On May 24, 2021, we rolled off the full production at the Kenya Meat Commission (KMC). Over the last few months we refurbished this strategic installation and set up robust business process systems to cater for the needs of livestock farmers and the general public having received the Ministerial responsibility for the KMC was transferred to the MoD on September 7, 2020.
- c) On May 27, 2021, we received from the President the much-awaited charter for the National Defence University (NDU). This is a significant addition to the growing ecosystem of centres of excellence in training within the MoD. Without a well-grounded human resource at the strategic policy level, any government would not effectively pursue its desired development path nor can national interests in today's competitive world order be corrected, framed, pursued and achieved. NDU will stand us well in the family of lead training, research and analysis institutions dealing with defence, security and strategic matters.
- d) On Jun 1<sup>st</sup> 2021, HE the president launched the newly renovated Nakuru Kisumu MGR railway line. The full functioning of this rail road will provide seamless transportation from the Mombasa port to Kisumu. If the example of the Thika-Nanyuki is anything to go by, both the railway and shipyard are set to spur economic activity through the facilitation of the movement of people, goods and services across Kenya and around the Lake Victoria region into Uganda, Rwanda, Burundi and the DRC via Lake Victoria.
- e) On May 31<sup>st</sup> 2021, H.E the President launched the Kenya Shipyards Limited, a parastatal within the Ministry of Defence. In pursuant to the National Development Agenda, KSL will greatly enhance our capabilities toin exploitation of home waters in facilitating trade, industry and defence of the country's maritime interests.

Each of this projects was delivered to the highest level of professionalism demonstrating the

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competencies of the MOD in general and KDF in particular and are proof of our fidelity to the constitutional obligation to contribute to the national aspirations of our motherland

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**CHALLENGES**

The Ministry's optimum performance was constrained by the following factors:

**Inadequate Funding.** Inadequate funding is a major constraint in implementing defence programmes and activities. This is further compounded by the escalating costs of modern military hardware. Inadequate funding has in particular delayed implementation of Programmes in the Development Budget occasioning Pending Bills in the both the Recurrent and Development Vote.

**Procurement Lead Times.** Coupled with the challenges of having to rely heavily on foreign military products, the duration it takes to complete the procurement cycle is inordinately long due to the fact that military hardware are not off the shelf item.

**Diminishing Training Areas.** Diminishing of training areas is attributed partly to encroachment into military land and a rapidly expanding population. The reduction of training fields has called for adoption of other options and in particular reliance on advanced technology system like simulation. In effect, the adoption of these technologies will continue to call for more budgetary allocations.

**Ageing and Inadequate Infrastructure.** The deterioration of Defence infrastructure over the years due to inadequate funding continues to demand for more resources for the rehabilitation of most of the physical infrastructure and the rehabilitation of ageing equipment.

**Inadequate Number of Civilian Staff.** The Ministry is currently lacking enough civilian staff to meet the demands of providing support services to the rapidly expanding the military. Further, the Ministry has a challenge of civilian succession management due to restrictive Public Service recruitment and staffing policies. However, this challenge is currently being addressed by the leadership.

**Technological Changes.** The rapid changes being experienced in technology has continued to impact on the Ministry's ability to retain military systems over extended periods. Consequently, this effect has resulted in frequent changes in communications and information systems.

**Currency Fluctuation.** Most of our Military hardware is sourced from the international market and the volatility of international currencies adversely affected the Ministry's budgetary allocations.

**Covid-19 Global Pandemic.** Due to the global challenges related to Covid-19 pandemic, the Ministry lost staff. It also disrupted with implementation of key activities and programmes. The Ministry also lost some of its staff during the period under review

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**ACKNOWLEDGEMENT**

I wish to acknowledge the support and cooperation accorded to the Ministry during the period under review by: the National Treasury; the Parliament; the Central Bank of Kenya; the Kenya Revenue Authority; other Government Ministries, Departments and Agencies and the staff of the Ministry both uniformed and civilian; suppliers of goods and services and the people of the Republic Kenya.



Amb,Dr. Monica K. Juma, (Oxon),EGH  
Cabinet Secretary

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**3. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

**Introduction**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the Ministry's performance against predetermined objectives.

The key objectives of the Ministry of Defence as per its constitutional mandate are to:

- a) To defend and protect the sovereignty and territorial integrity of the Republic, support internal security operations and promote Regional and International Peace and Security
- b) To support humanitarian activities
- c) To provide policy direction and administrative support services
- d) To administer and coordinate space related activities

**Progress on attainment of Strategic development objectives**

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

MDA Program:	Objective	Outcome	Indicator	Performance
<b>1. National Defence</b>				
<b>Sub Program: 1. Defence Policy Management</b>	To defend and protect sovereignty and territorial integrity of the Republic, support internal security operations and promote Regional and International Peace & Security	Provide direction and support to the three Services to secure the Nation.	Timely and effective logistics support	Provided ammo and material, and Maintained equipment and infrastructure
			Efficient personnel administration	General personnel administration and welfare was provided.
			Timely and effective operational support	Provided support to military operations
			Intelligence gathering and dissemination	Intelligence gathered and disseminated

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MDA Program:	Objective	Outcome	Indicator	Performance
			Comprehensive medical support	Coordination, provision of medical supplies and services was done
			Level of public awareness	Public awareness and information dissemination was done
			Quality and effectiveness of legal support	Litigations and legal support to services was provided
			Military modernisation	Acquisition of new equipment and development of related infrastructure on going
<b>Sub Program: 2 Land Defence</b>		Secure National land borders	Respond to land based threats.	Timely and effective response to land based threats
		Border Securitization	Percentage of completion of the Border	45% completion
		Enhanced regional & International Peace & Security	Participation in regional and international Peace support operations (PSOs) and programmes	Timely deployment and effective participation in PSOs and programmes
<b>Sub Program: 3. National Air Space Defence</b>		Secured National Air Space	Respond to Airborne threats	Timely and effective response to Airborne threats
		Enhanced regional & International peace & security	Participation in regional and international Peace support operations (PSOs) and programmes	Timely deployment and effective participation in PSOs and programmes
<b>Sub Program: 4. Territorial Water Defence.</b>		Secured Territorial Waters	Respond to Territorial Waters threats	Timely and effective response to Seaborne Threats

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MDA Program:	Objective	Outcome	Indicator	Performance
		Enhanced regional & International peace & security	Participation in regional and international Peace support operations (PSOs) and programmes	Timely deployment and effective participation in PSOs and programmes
<b>2. Civil Aid</b>				
<b>Sub Program:</b> 1. Civil Aid	To support humanitarian activities	Humanitarian assistance provided	Respond and mitigate crisis, disasters and emergencies	Timely and effective response to emergencies and disasters
<b>3. General Administration, Planning and Support</b>				
<b>Sub Program:</b> 1. General Administration, Planning and Support Services	To provide policy direction and administrative support services	Effective Service Delivery	Provide administrative support services	Effective administrative support services were provided
		Strategic Plan 2018-2022	Strategic Plan 2018-2022	Implementation of 2018-2022 Strategic Plan done
		Strategic Defence and Security Review (SDSR)	Strategic Defence and Security Review (SDSR)	Develop the Peace Support Operations Policy
		Peace Support Operations Policy	Peace Support Operations Policy	Develop the Peace Support Operations Policy
		Military Land Policy	Military Land Policy	Development of Military Land Policy on going
<b>Sub Program:</b> 2. Military Industrialization		Manufacture of small arms ammunition	Timely supply of Small Arms Ammunition	Sustained operational requirements of security agencies
		Modernization of small arms ammunition production lines	New WARSAW and NATO Ammo Production Lines	Acquisition of modern ammo production line on going

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MDA Program:	Objective	Outcome	Indicator	Performance
		Military Dehydrated Food and Ration Supplies produced	Timely Supply of Dehydrated Food and Rations	Production of dehydrated vegetables, fruits and MREs done
<b>4 National Space Management</b>				
<b>Sub Program: National Space Management</b>	To administer and coordinate space related activities	Effective management and regulation of space related activities	National Space sector regulation framework established	Linkages among academia, industry, Govt and partners  Sustainable development of capacity and outreach on going  Promote use of space derived data across Government

**4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

**1. Sustainability strategy and profile -**

The Ministry of Defence has been engaged in various aspects as far as Corporate Social Responsibility is concerned. Notably, among them is the Environmental Soldier Program that is aimed at conserving the environment. We have planted more than seven million trees countrywide. The Ministry has also conducted medical camps in remote areas of the country to assist the residents access better medical care. This is in line with the Big 4 Agenda of universal Health Care. In addition, the Ministry of Defence through its technical arm, KDF, has sunk boreholes in various parts of the Country to provide potable water to the populace.

We have in the recent past rehabilitated public institutions and infrastructure such as schools, roads, bridges, railway lines, and ships in an effort to ease transport and improve livelihood.

**2. Environmental Policy and Performance**

Ministry of Defence (MOD) is in the process of reviewing its Defence Environmental Policy – a process which is at an advanced stage, pending review by Service Commanders Committee and ratification. The policy aims at enhancing sustainability across all MOD activities and installations to enable mission readiness towards achieving ‘Total National Defence’.

**Sustainability Successes**

MOD has had a number of successes in its environmental sustainability efforts. These include:

- a. Through the Environmental Soldier Programme (ESP), MOD has **planted 1,100,000 seedlings** in military cantonments and gazetted government forests during the year under review.
- b. MOD continues to oversee the setting up of tree nurseries in military cantonments to ensure sustainable supply for its afforestation programme. Tree nurseries have been set up at Embakassi Garrison, Kenya Military Academy, Moi Airbase and Thika Barracks, and a further two nurseries are immediately planned for the School of Military Intelligence and Langata Barracks.
- c. MOD in partnership with the Ministry of Environment and Forestry (MoEF) and other stakeholders, continues to rehabilitate its adopted forests. Successes in this area includes the ongoing restoration of Mareba Wetlands in Uasin Gishu County, successful reforestation and continued monitoring of Kibiku Forest, and the regeneration of Ragia Forest in Nyandarua – a catchment of the Sasumua Dam.
- d. MOD facilitated the training of personnel in various sustainability fields including the

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- recently concluded Google Earth Engine Training of Five (5) Pax to enable better geospatial planning for environmental sustainability.
- e. Through the Environmental Sustainability Programme at the Kenya Military Academy, Cadets continue to be engaged in clean-up programmes including the clean-up of Dundori River and Lake Nakuru National Park.
- f. MOD has also instituted incorporation of its environmental experts in all projects' design, implementation and operation, to minimize its environmental footprint.
- g. MOD has implemented energy efficiency projects utilizing renewable energy including:
- (1) Installation of biodigester units at Garissa – Modika camp.
  - (2) Implementation of energy saving lighting across KDF units.
  - (3) Installation of LED street lighting across KDF units.
  - (4) Replacement of firewood with the Energy Efficient Cook Stove (DEFKITCH (K) 2010) in KDF bases.
  - (5) Installation of solar water heating units at the KDF Recovery Centre.
- h. The Ministry is also implementing integrated solid waste management pilot projects at KMA, MAB and Defence Headquarters.
- i. MOD has also expanded its partnership portfolio through the whole of government approach. The partners range from government and non-governmental organizations including:
- (1) Ministry of Environment.
  - (2) United Nations Environment Programme.
  - (3) Summit Seekers.
  - (4) Green Belt Movement.
  - (5) Various county governments.

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**Challenges**

A major challenge remains availability of funding. In spite of the efforts by the Ministry, internal funding is insufficient for the scale of its environmental programme. External is also restrictive with regards to priority projects, and as such ineffective.

**3. Employee welfare**

The Ministry is guided by various Government policies in recruitment of personnel, specifically the Public Service Commission policies and guidelines. The recruitment takes into consideration the a third gender ratio. The Ministry has continued to train its staff to enhance performance and facilitate career development. Promotion, re-designation and job enrichment are the key strategies applied in promoting employee career growth.

All employees are placed on annual performance appraisal system. The Ministry has a reward/sanction system based on performance.

The Ministry has implemented various measures to comply with the Occupational, Safety and Health Act, 2007. These include development of ministerial guidelines on health and safety management, training of personnel on OSHA as well as provision of Personal Protective Equipment to staff.

**4. Community Engagements-**

On behalf of the Republic of Kenya, KDF delivered 24 tonnes of assorted medicine, meat and meat products and dried food to aid the Humanitarian Support efforts in Goma, DRC.

KDF dispatched several shuttles of assorted humanitarian aid to affected families in Goma Province in the Democratic Republic of Congo DRC after they were displaced by eruption of Mt. Nyiragongo.

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Kenyan Troops Enroute to DRC as part of UN QRF

The Kenya Defence Forces troops are renovating a school and developing a borehole at Mararani in Kiunga Ward, Lamu County in the ongoing Multi-Agency Field Training Exercise to serve the residents.



A widow to a former Kenya Defence Forces (KDF) soldier today received keys to a newly built house constructed by the Military Wives Association of Kenya (MWAK) at Kabatini, in Bahati, Nakuru County

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*The Kenya Meat Commission was reopened by H.E Uhuru Kenyatta at Athi River after the President mandated the KDF to redesign the infrastructure of the commission with a view of making it more viable to meet food challenges in the county*

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*H.E Uhuru Kenyatta, President of the Republic of Kenya and C-in-C of the Defence Forces on Thursday granted charter to the National Defence College in Karen to become the National Defence University - Kenya alongside the 2021 NDC graduation ceremony.*

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*CS Defence Amb. Dr. Monicah Juma presided over the ceremony of handing over a Multi-function Drill Facility, constructed and donated to the Kenya Navy Training College.*

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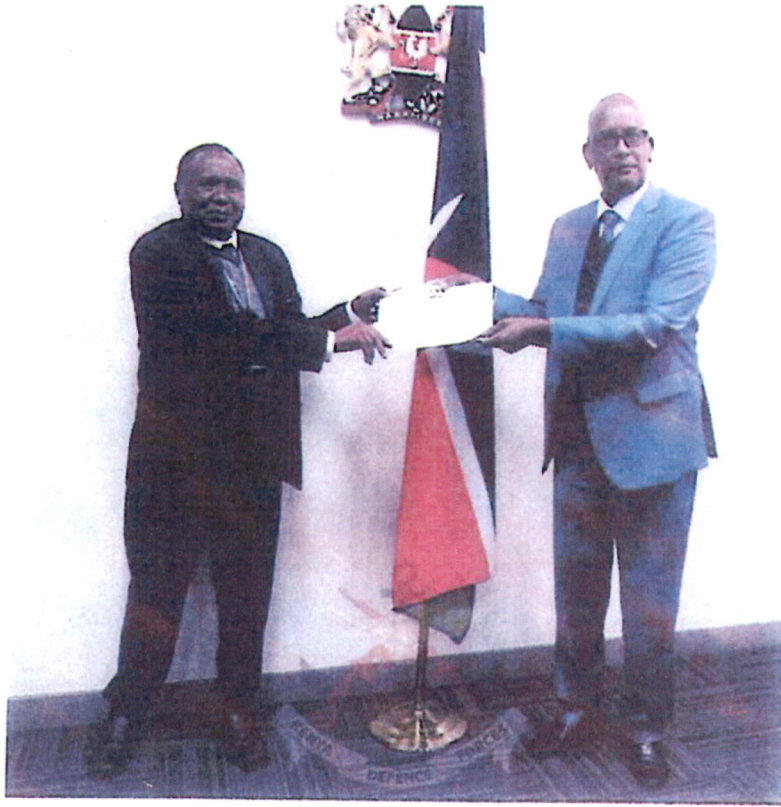
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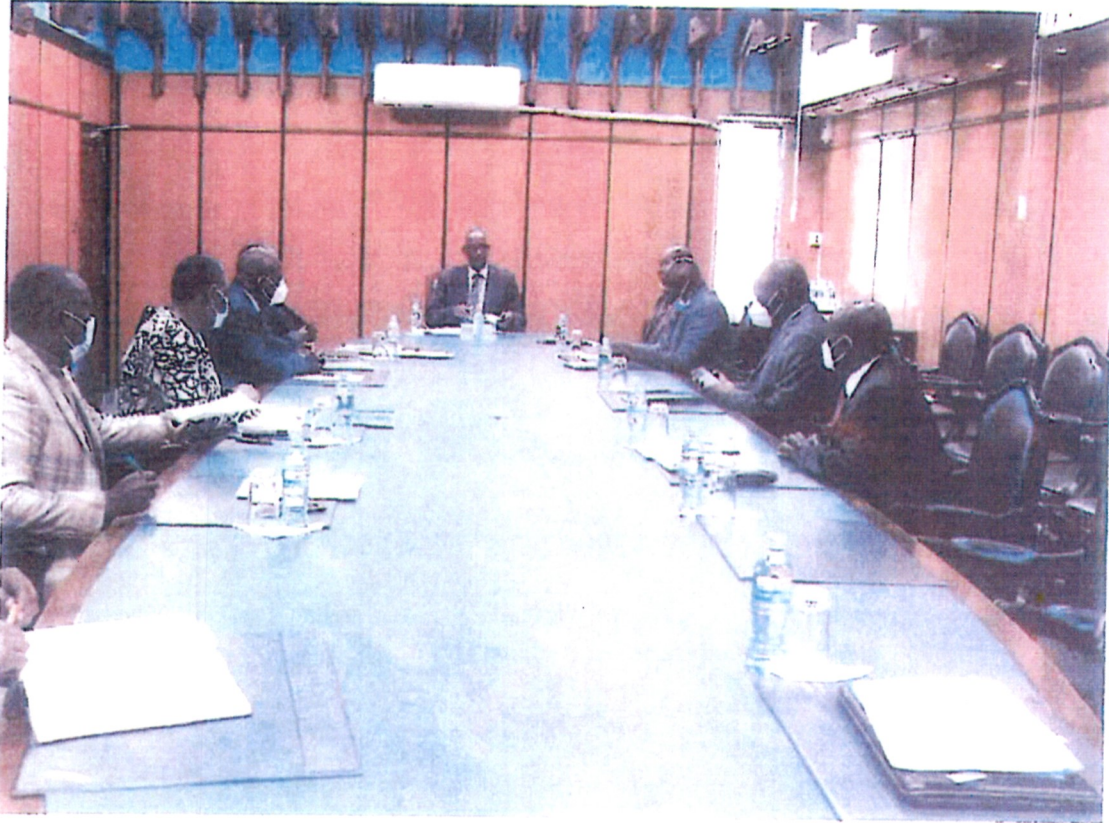


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*The Ministry of Defence (MoD) was awarded a certificate of compliance in recognition of its exemplary performance in the 2020-2021 Performance Contracting Guidelines on the National Cohesion and Values indicator.*

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*PS Ministry of Defence signing Performance Contracts with different Heads of Departments for FY 2020 2021*

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*CS Defence and Members of Board of Management of Moi Forces Academy during a Special Visit by the CS and board of Management Meeting*

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*Chief of Defence Forces Laying Foundation of New Anglican Church at Defence Headquarters*

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*Environmental Conservation and Wildlife protection in Boni Forest*

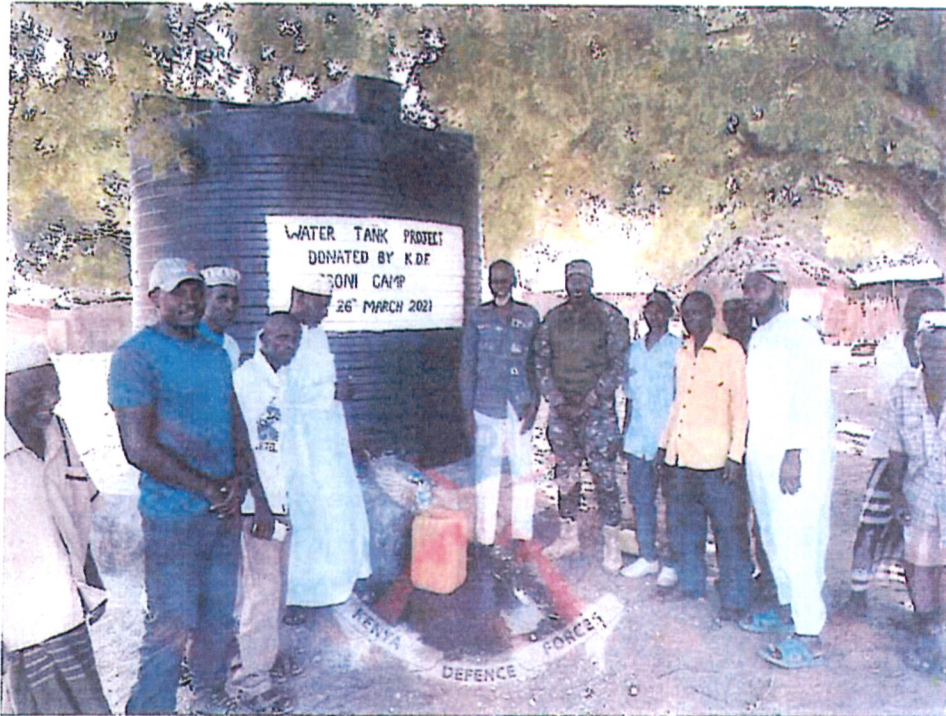
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*Above: H.E President Uhuru Kenyatta and Senior MOD Officials during the inauguration of Defence Wellness Center. The facility will go a long way in improving mental and physical state of KDF Personnel especially Post-operation.*  
*Below: H.E President Uhuru Kenyatta Inaugurates the National Air Support Department at Wilson Airport. The Department will go a long way in providing an all in one approach to the country's air assets management*



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4. Above, KDF Donates water-tanks to residents of Boni Forest

Below: KDF Participated in planting of trees as part of Environmental Soldier Programme. Commander Kenya Army Corps of Transport (KACT) and personnel from the Corp in company with the Kenya Forest Service led by Mr Samuel Ihara - Central Highlands Head of Conservation and the local population planted 4,000 trees today.



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*Col Kioko participates on the launch of Oloomaiyana Community Water Supply points and Launch of Borehole jointly done by KDF and Rotary Club of Kenya*

## 5. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the *Ministry of Defence* is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the *Ministry of Defence* accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *Ministry's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2021, and of the Ministry's financial position as at that date. The Accounting Officer charge of the *Ministry of Defence* further confirms the completeness of the accounting records maintained for the *Ministry*, which have been relied upon in the preparation of the Ministry's financial statements as well as the adequacy of the systems of internal financial control.

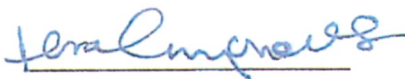
The Accounting Officer in charge of the *Ministry of Defence* confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Ministry's funds received during the year under audit were used for the

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eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the Ministry's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The *Ministry's* financial statements were approved and signed by the Accounting Officer on 30.06. 2021.



**Principal Secretary**

**Name: Dr. IBRAHIM M. MOHAMED**



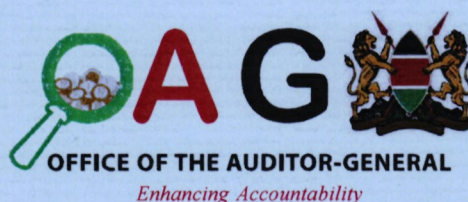
**Deputy Accountant General**

**Name: ELECTINA W. WANYONYI**

**ICPAK No: 3674**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON MINISTRY OF DEFENCE FOR THE YEAR ENDED 30 JUNE, 2021**

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### **PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Ministry of Defence set out on pages 56 to 88, which comprise the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statements of appropriation - recurrent and development combined for the year then ended, and a

summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Defence as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

### **Other Matter**

### **Contingent Liabilities**

As disclosed in Note 15.2 to the financial statements, the Ministry of Defence had contingent liabilities totalling Kshs.2,536,677,187 as at 30 June, 2021, an increase of Kshs.1,115,539,542 or 79% from the previous year's balance of Kshs.1,421,137,645. The contingent liabilities relate to fifty-nine (59) court cases still pending in various courts. The balance of Kshs.2,536,677,187 is still outstanding, subject to an outcome of court determination of the fifty-nine (59) civil cases.

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

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the

financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

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

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

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

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

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

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

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

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Ministry to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Ministry to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**11 January, 2022**

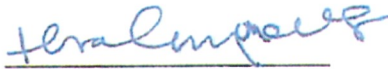
**MINISTRY OF DEFENCE**  
**Annual Report and Financial Statements**  
**For the year ended June 30 2021.**

**7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 21**

	Note	2020-2020	2019-2020
		KShs	KShs
<b>RECEIPTS</b>			
Exchequer releases	1	115,511,792,399	101,851,157,577
Transfers from Other Government Entities	2	479,523,053	548,716,016
Proceeds from Foreign Borrowings	3	6,742,786,689	5,870,385,336
Reimbursements and Refunds	4	751,148,165	772,428,207
<b>TOTAL RECEIPTS</b>		<b>123,485,250,304</b>	<b>109,042,687,136</b>
<b>PAYMENTS</b>			
Compensation of Employees	5	1,028,843,167	904,382,754
Use of goods and services	6a	329,471,494	149,384,678
Military Payments	6b	111,132,101,605	100,626,639,450
Transfers to Other Government Entities	7	2,912,601,546	150,000,000
Acquisition of Assets	8	62,429,999	8,469,460
Other Payments	9	7,973,457,907	7,191,529,559
<b>TOTAL PAYMENTS</b>		<b>123,438,905,716</b>	<b>109,030,405,901</b>
<b>SURPLUS/DEFICIT</b>		<b>46,344,588</b>	<b>12,281,235</b>

**MINISTRY OF DEFENCE**  
**Annual Report and Financial Statements**  
**For the year ended June 30 2021.**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30.06.2021 and signed by:



**Principal Secretary**

**Name: Dr. IBRAHIM M MOHAMED**



**Deputy Accountant General**

**Name: ELECTINA W. WANYONYI**

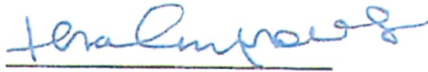
**ICPAK No: 3674**

8. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	10A	786,686,015	596,435,311
Cash Balances	10B	0	0
<b>Total Cash and cash equivalent</b>		<b><u>786,686,015</u></b>	<b><u>596,435,311</u></b>
Accounts Receivables	11	4,475,000	4,475,000
<b>TOTAL FINANCIAL ASSETS</b>		<b>791,161,015</b>	<b>600,910,311</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables	12	740,341,425	584,154,052
<b>NET FINANCIAL ASSETS</b>		<b>50,819,590</b>	<b>16,756,259</b>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd</b>	13	4,475,000	104,774,395
Prior Year Adjustments	14		-100,299,371
<b>Surplus/Deficit for the year</b>		<b>46,344,588</b>	<b>12,281,235</b>
<b>NET FINANCIAL POSITION</b>		<b>50,819,588</b>	<b>16,756,259</b>

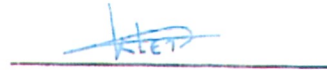
**MINISTRY OF DEFENCE**  
**Annual Report and Financial Statements**  
**For the year ended June 30 2021.**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30.06. 2021 and signed by:



**Principal Secretary**

**Name: Dr. IBRAHIM M MOHAMED**



**Deputy Accountant General**

**Name: ELECTINA W. WANYONYI**

**ICPAK No: 3674**

**MINISTRY OF DEFENCE**  
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**9. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2021**

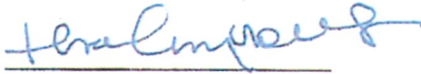
		2021-2021	2020-2020
		Rs. mn.	Rs. mn.
<b>Receipts for operating income</b>			
Exchequer Releases	1	115,511,792,399	101,851,157,577
Transfers from Other Government Entities	2	479,523,053	548,716,016
Reimbursements and Refunds	4	751,148,165	772,428,207
<b>Payments for operating expenses</b>			
Compensation of Employees	5	1,028,843,167	904,382,754
Use of goods and services	6a	329,471,494	149,384,678
Military Payments	6b	111,132,101,605	100,626,639,450
Transfers to Other Government Units	7	2,912,601,546	150,000,000
Other Expenses	9	7,973,457,907	7,191,529,559
<b>Adjusted for:</b>			
Adjustments during the year			
Decrease/(Increase) in Accounts Receivable		-	42,245,357
Increase/(Decrease) in Accounts Payable		156,187,373	42,931,955
Prior Year Adjustments	14	-12,281,259	-100,299,371

**MINISTRY OF DEFENCE**  
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		2020-2021	2019-2020
		Kshs	Kshs
<b>Receipts for operating income</b>			
<i>Net cash flow from operating activities</i>		-6,477,284,729	-5,864,756,700
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets			
Acquisition of Assets	8	-62,429,999	-8,469,460
<b>Net cash flows from Investing Activities</b>		-62,429,999	-8,469,460
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	3	6,742,786,689	5,870,385,336
<i>Net cash flow from financing activities</i>		6,742,786,689	5,870,385,336
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		202,531,961	-2,840,824
<b>Cash and cash equivalent at BEGINNING of the year</b>	13	584,154,054	599,276,135
<b>Cash and cash equivalent at END of the year</b>	10a	786,686,013	596,435,300

**MINISTRY OF DEFENCE**  
**Annual Report and Financial Statements**  
**For the year ended June 30 2021.**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30.06. 2021 and signed by:



**Principal Secretary**

**Name: Dr. IBRAHIM M. MOHAMED**



**Deputy Accountant General**

**Name: ELECTINA W. WANYONYI**

**ICPAK No: 3674**

**MINISTRY OF DEFENCE**  
*Annual Report and Financial Statements*  
 For the year ended June 30 2021.

**10. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Proceeds from Domestic and Foreign Grants	13,079,049,600	(6,336,262,911)	6,742,786,689	6,742,786,689	(0)	100%
Exchequer releases	110,272,956,500	5,246,177,006	115,519,133,506	115,511,792,399	7,341,107	100%
<b>Total Receipts</b>	<b>123,352,006,100</b>	<b>(1,090,085,905)</b>	<b>122,261,920,195</b>	<b>122,254,579,088</b>	<b>7,341,107</b>	<b>100%</b>
<b>Payments</b>						
Compensation of Employees	1,348,990,000	-290,540,000	1,058,450,000	1,028,843,167	29,606,833	0.97
Use of goods and services	465,966,500	-133,700,000	332,266,500	329,471,494	2,795,006	99%
Military Payments	104,237,000,000	3,914,565,460	108,151,565,460	108,132,900,051	18,665,409	100%

**MINISTRY OF DEFENCE**  
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**For the year ended June 30 2021.**

Other Grants and transfers	150,000,000	2,762,601,546	2,912,601,546	2,912,601,546	-	100%
Acquisition of Assets	71,000,000	-6,750,000	64,250,000	62,429,999	1,820,001	97%
Payments - Development	4,000,000,000	-1,000,000,000	3,000,000,000	2,999,201,554	798,446	100%
Foreign Grants	13,079,049,600	-6,336,262,911	6,742,786,689	6,742,786,689	-0	100%
<b>Grand Total</b>	<b>123,352,006,100</b>	<b>-1,090,085,905</b>	<b>122,261,920,195</b>	<b>122,208,234,498</b>	<b>53,685,697</b>	<b>100%</b>
Surplus/Deficit	-	-	-	46,344,588	-46,344,588	

(a) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

a. No Expenditure was below 90% absorption.

(Explain whether the changes between the original and final budget are as a result of relocations within the budget or other causes as per IPSAS 1.7.23. The totals of actual on comparable basis under the recurrent and development statement should equal to the total on actual on comparable basis under the Combined Summary Statement of Appropriation.)

a. The reallocations in the budgets was due to budget changes as a result of supplementary budget approved by National Assembly

b. The Difference in amounts between Total Receipts and Total Payments in the Statement of Receipts and

**MINISTRY OF DEFENCE**  
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*Payments and Statement of Combined Appropriation is due to the following analyzed Receipts.*

S/No	Transfers from Central government entities	Amount (Kshs)
1	Pensions	124,409,778
2	RTCDC	6,735,475
3	Ministry of Interior	301,000,000
4	Ministry of Transport	47,377,800
5	UN Compensation	751,148,165
	<b>TOTAL</b>	<b>1,230,671,218</b>

*The items enumerated above are not appropriated in the Ministry's budget as approved by Parliament; hence do not appear in the Statement of Appropriation for both recurrent and development combined.*

The entity financial statements were approved on 30.06.2021 and signed by:



Principal Secretary  
 Name: Dr. IBRAHIM M. MOHAMED



Deputy Accountant General  
 Name: ELECTINA W. WANYONYI  
 ICPAK No: 3674

**MINISTRY OF DEFENCE**  
*Annual Report and Financial Statements*  
*For the year ended June 30 2021.*

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

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=d-c	% of Utilisation Difference to Final Budget f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	106,272,956,500	6,246,177,006	112,519,133,506	112,512,421,204	6,712,302	100%
<b>Total Receipts</b>	<b>106,272,956,500</b>	<b>6,246,177,006</b>	<b>112,519,133,506</b>	<b>112,512,421,204</b>	<b>6,712,302</b>	<b>100%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,348,990,000	(290,540,000)	1,058,450,000	1,028,843,167	29,606,833	97%
Use of goods and services	465,966,500	(133,700,000)	332,266,500	329,471,494	2,795,006	99%
Military Payments	104,237,000,000	3,914,565,460	108,151,565,460	108,132,900,051	18,665,409	100%
Other Grants and transfers	150,000,000	2,762,601,546	2,912,601,546	2,912,601,546	0	100%
Acquisition of Assets	71,000,000	(6,750,000)	64,250,000	62,429,999	1,820,001	97%
<b>Grand Total</b>	<b>106,272,956,500</b>	<b>6,246,177,006</b>	<b>112,519,133,506</b>	<b>112,466,246,257</b>	<b>52,887,249</b>	<b>100%</b>

MINISTRY OF DEFENCE  
Annual Report and Financial Statements  
For the year ended June 30 2021.

Surplus/Deficit	0	0	0	46,174,947	(46,174,947)

Notes

(b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

a. No Expenditure was below 90% absorption.

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.7.23. The totals of actual on comparable basis under the recurrent and development statement should equal to the total on actual on comparable basis under the Combined Summary Statement of Appropriation.)

c. The reallocations in the budgets was due to budget changes as a result of supplementary budget approved by National Assembly

The entity financial statements were approved on 30.06.2021 and signed by:



Principal Secretary

Name: Dr. IBRAHIM M. MOHAMED



Deputy Accountant General

Name: ELECTINA W. WANYONYI

ICPAK No: 3674

**MINISTRY OF DEFENCE**  
**Annual Report and Financial Statements**  
**For the year ended June 30 2021.**

**12. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT**

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Proceeds from Domestic and Foreign Grants	13,079,049,600	(6,336,262,911)	6,742,786,689	6,742,786,689	(0)	100%
Exchequer releases	4,000,000,000	(1,000,000,000)	3,000,000,000	2,999,371,195	628,805	100%
<b>Total Receipts</b>	<b>17,079,049,600</b>	<b>(7,336,262,911)</b>	<b>9,742,786,689</b>	<b>9,742,157,884</b>	<b>628,805</b>	<b>100%</b>
<b>Payments</b>						
Payments - Development	4,000,000,000	(1,000,000,000)	3,000,000,000	2,999,201,554	798,446	100%
Foreign Grants	13,079,049,600	(6,336,262,911)	6,742,786,689	6,742,786,689	(0)	100%
<b>Grand Total</b>	<b>17,079,049,600</b>	<b>(7,336,262,911)</b>	<b>9,742,786,689</b>	<b>9,741,988,243</b>	<b>798,446</b>	<b>100%</b>
Surplus/Deficit	0	0	0	169,641	(169,641)	

(c) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

**MINISTRY OF DEFENCE**  
**Annual Report and Financial Statements**  
**For the year ended June 30 2021.**

a. *No Expenditure was below 90% absorption.*

*(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.7.23. The totals of actual on comparable basis under the recurrent and development statement should equal to the total on actual on comparable basis under the Combined Summary Statement of Appropriation.)*

d. *The reallocations in the budgets was due to budget changes as a result of supplementary budget approved by National Assembly*

The entity financial statements were approved on 30.06.2021 and signed by:



Principal Secretary

Name: Dr. IBRAHIM M. MOHAMED



Deputy Accountant General

Name: ELECTINA W. WANYONYI

ICPAK No: 3674

**MINISTRY OF DEFENCE**  
**Annual Report and Financial Statements**  
**For the year ended June 30 2021.**

**13. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

Programme/Sub-programme	Original Budget 2021 Kshs	Adjustments Kshs	Final Budget 2021 Kshs	Actual on comparable basis Kshs	Budget utilization difference Kshs	%
1041-100 Headquarter Administrative Services	1,885,956,500	(430,990,000.00)	1,454,966,500	1,420,744,660	34,221,840	91%
1041-201 Headquarter Administrative Services	104,237,000,000	3,914,565,460.00	108,151,565,460	108,132,900,049	18,665,411	93%
Other Grants and transfers	150,000,000	2,762,601,546.00	2,912,601,546	2,912,601,546	0	100%
Development 1041-300	4,000,000,000	(1,000,000,000.00)	3,000,000,000	2,999,201,554	798,446	73%
Development 1041-502	13,079,049,600	(6,336,262,911.00)	6,742,786,689	6,742,786,689	0	88
	123,352,006,100	(1,090,085,905.00)	122,261,920,195	122,208,234,498	53,685,697	92

*(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Ministry's budgets which are programme based. Ensure that this document is completed to enable consolidation by the National Treasury)*

## 14. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

### 1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

### 2. Reporting Ministry

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

- i. *Hospitals - Isiolo and Kahawa*
- ii. *Ulinzi Sports Complex*
- iii. *Defco Relocation*

### 3. Reporting Currency

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

**MINISTRY OF DEFENCE**  
**Annual Report and Financial Statements**  
**For the year ended June 30 2021.**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Significant Accounting Policies**

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

**a) Recognition of Receipts**

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

**i) Tax Receipts**

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to Ministry.

**ii) Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving Ministry.

**iii) External Assistance**

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

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient Ministry or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30<sup>th</sup> June 2021, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**iv) Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised in the financial statements the time associated cash is received.

**b) Recognition of payments**

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

**i) Compensation of Employees**

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

**ii) Use of Goods and Services**

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

**iii) Interest on Borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they are paid for.

**iv) Repayment of Borrowing (Principal Amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

**v) Acquisition of Fixed Assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

**5. In-kind contributions**

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

**6. Third Party Payments**

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

**7. Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

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**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Restriction on Cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2021, this amounted to Kshs 740,341,425 compared to Kshs 584,154,052 in prior period as indicated on note 12. There were no other restrictions on cash during the year.

**8. Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**9. Accounts Payable**

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

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**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**10. Pending Bills**

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

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2020 for the period 1<sup>st</sup> July 2020 to 30<sup>th</sup> June 2021 as required by Law and there were two supplementary adjustments to the original budget during the year.

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

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

**12. Comparative Figures**

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

**13. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2021.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**14. Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented. During the year, errors that have been corrected are disclosed under note 26 explaining the nature and amounts.

**15. Related Party Transactions**

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

**16. Contingent Liabilities**

Section 148 (9) of the PFM Act regulations 2015 requires the Accounting officer of a Ministry to report on the payments made, or losses incurred, by the Ministry to meet contingent liabilities as a result of loans during the financial year.

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The *Ministry* 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. **Annex 7** of this financial statement is a register of the contingent liabilities in the year..

**MINISTRY OF DEFENCE**  
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**15. NOTES TO THE FINANCIAL STATEMENTS**

**1 Exchequer Releases**

Description	2020-2021	2019-2020
	Kshs	Kshs
Total Exchequer Releases for quarter 1	24,735,704,995	18,569,876,183
Total Exchequer Releases for quarter 2	26,307,634,097	29,557,427,566
Total Exchequer Releases for quarter 3	28,990,780,518	26,034,760,810
Total Exchequer Releases for quarter 4	35,477,672,789	27,689,093,018
<b>Total</b>	<b>115,511,792,399</b>	<b>101,851,157,577</b>

*The Ministry received full exchequer as per requests made. Increments of the amount was due to increased budget approved.*

**2 Transfers from other Government Entities**

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers from Central government entities		
Pensions	124,409,778	148,101,992
RTCDC	6,735,475	12,473,820
Ministry of Interior	301,000,000	313,140,204
Ministry of Transport	47,377,800	0
Ministry of Health – Covid 19 Mitigation		75,000,000
<b>TOTAL</b>	<b>479,523,053</b>	<b>548,716,016</b>

*The above transfers were received from the following self-reporting entities in the year. New Receipts were as a result of new programmes being implemented by the Ministry in partnership with other MDA's whereas others were stopped since the intervention required then was sufficient (Covid-19 Mitigation)*

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**2a) Transfers from other Government Entities**

Particulars	Approved RUB	Disbursed RUB	Total RUB	2019/20 RUB
<b>Transfers from Central government entities</b>				
Pensions	124,409,778		124,409,778	148,101,992
RTCDC	6,735,475		6,735,475	12,473,820
Ministry of Interior	301,000,000		301,000,000	313,140,204
Ministry of Transport - KR	23,377,800		23,377,800	0
Ministry of Transport - KAA	24,000,000		24,000,000	0
Ministry of Health – Covid 19Mitigation	0		0	75,000,000
<b>Total</b>	<b>479,523,053</b>		<b>479,523,053</b>	<b>548,716,016</b>

*We have confirmed the above amounts with the disbursing entities and attached these confirmations as an Appendix to these financial statements. The amount from each ministry should be stated separately.*

**MINISTRY OF DEFENCE**  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**3 Proceeds from Foreign Borrowings**

	2020-2021	2019-2020
	Kshs	Kshs
Foreign Borrowing – (A-in-A)	6,742,786,689	5,870,385,336
<b>Total</b>	<b>6,742,786,689</b>	<b>5,870,385,336</b>

*Increase in the expenditure is due to increase in implementation of the programmes under this category.*

**4 Reimbursements and Refunds**

	2020-2021	2019-2020
	Kshs	Kshs
Reimbursement and Refund	751,148,165	772,428,207
<b>Total</b>	<b>751,148,165</b>	<b>772,428,207</b>

**5 Compensation of Employees**

	2020-2021	2019-2020
	Kshs	Kshs
Basic salaries of permanent employees	652,098,492	553,047,156
Personal allowances paid as part of salary	376,744,374	351,335,598
<b>Total</b>	<b>1,028,843,167</b>	<b>904,382,754</b>

*Increase in Salaries and Allowances was due to Increase in Staff in the Ministry and promotions of staff during the year in review.*

**6a Use of Goods and Services**

	2020-2021	2019-2020
	Kshs	Kshs
Utilities, supplies and services		
Communication, supplies and services	10,972,610	8,144,424
Domestic travel and subsistence	15,874,300	27,617,149
Foreign travel and subsistence	5,197,250	4,332,036
Printing, advertising and information supplies & services	4,085,045	3,045,468
Training expenses	51,982,232	8,012,424
Hospitality supplies and services	39,362,643	21,342,113
Specialized materials and services	39,931,289	16,911,800
Office and general supplies and services	28,070,876	15,766,884
Fuel Oil and Lubricants	32,741,352	10,332,500

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Other operating expenses	64,014,521	20,995,965
Routine maintenance – vehicles and other transport equipment	23,904,714	7,999,599
Routine maintenance – other assets	11,834,660	4,884,316
Research, Feasibility Studies	1,500,000	0
<b>Total</b>	<b>329,471,494</b>	<b>149,384,678</b>

*Increase in Expenditure is due to increase in budget and activities in this category*

**6b Use of Goods and Services**

	2020-2021	2019-2020
	Kshs	Kshs
Recurrent Payments - Military	107,760,115,643	98,449,120,533
Development Expenditure - Military	2,999,201,554	2,177,518,917
National Air Assets Department	372,784,408	0
<b>Total</b>	<b>111,132,101,605</b>	<b>100,626,639,450</b>

**7 Grants and Transfers to other Government Entities**

Description	2020-2021	2019-2020
	Kshs	Kshs
<b>Transfers to National Government entities</b>		
Kenya Shipyard Limited	1,800,000,000	0
Kenya Meat Commission	962,601,546	0
Kenya Space Agency	150,000,000	150,000,000
<b>TOTAL</b>	<b>2,912,601,546</b>	<b>150,000,000</b>

*Significant Change in the above was as a result of new Saga's being added to the Ministry during the financial year. This resulted in budget being provided for them.*

**7a Transfers to self – reporting entities in the year**

*The above transfers were made to the following self-reporting entities in the year:*

Description	Recurrent	Development	Total	2020-2021
	Kshs	Kshs	Kshs	Kshs
<b>Transfers to SAGAs and SCs</b>				
Kenya Meat Commission	962,601,546		962,601,546	962,601,546
Kenya Shipyard Limited	1,800,000,000		1,800,000,000	1,800,000,000

**MINISTRY OF DEFENCE**  
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Description	Recurrent Kshs	Development Kshs	Total Kshs	2020-2021 Kshs
Kenya Space Agency	150,000,000		150,000,000	150,000,000
<b>TOTAL</b>	<b>2,912,601,546</b>		<b>2,912,601,546</b>	<b>2,912,601,546</b>

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

**8 Acquisition of Assets**

<u>Non-Financial Assets</u>	2020-2021 Kshs	2019-2020 Kshs
Overhaul and Refurbishment of Construction and Civil Works	29,699,999	0
Purchase of Vehicles and Other Transport Equipment	30,000,000	0
Overhaul of Vehicles and Other Transport Equipment		
Purchase of Office Furniture and General Equipment	2,730,000	8,469,460
Purchase of Specialized Plant, Equipment and Machinery	0	
<b>Sub-total</b>	<b>62,429,999</b>	<b>8,469,460</b>

The Ministry acquired new vehicles and Reimbursement of Buildings to support operations within the Ministry

**9 Other Payments**

Description	2020-2021 Kshs	2019-2020 Kshs
Transfers from Central government entities		
Pensions	124,409,778	148,101,992
RTCDC	6,735,475	12,473,820
Ministry of Interior	301,000,000	313,140,204
Ministry of Transport	47,377,800	0
Ministry of Health – Covid 19 Mitigation	0	75,000,000
UN Compensation Reimbursement	751,148,165	772,428,207

**MINISTRY OF DEFENCE**  
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Direct Payments – National Treasury	6,742,786,689	5,870,385,336
<b>TOTAL</b>	<b>7,973,457,907</b>	<b>7,191,529,559</b>

**10a Bank Accounts**

Name of Bank, Account No. & currency	Amount in bank account/currency	Indicate whether recurrent, Development deposit etc	Exe rate of in foreign currency	2020-2021 Kshs	2019-2020 Kshs
<i>Recurrent, MoD, 1000181435</i>	Ksh	Recurrent		46,174,947	6,719,894
<i>Deposit MoD, 1000182032</i>	Ksh	Deposit		713,362,884	584,154,052
<i>CBK, 1000182466, CBK 165</i>	Ksh	0		0	0
<i>Development MoD</i>	Ksh	Development		169,643	5,561,365
<i>MoD, 1000387246</i>	Ksh	Revenue		0	0
<i>Ulinzi Sports Complex Deposit MoD, 1000477873</i>	Ksh	Deposit		26,978,541	0
<b>Total</b>				<b>786,686,015</b>	<b>596,435,311</b>

**MINISTRY OF DEFENCE**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

10B: cash in hand

	2020-2021	2019-2020
	Kshs	Kshs
Cash in Hand – Held in domestic currency	0	0
Cash in Hand – Held in foreign currency	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

Cash in hand should also be analysed as follows:

**11: Accounts Receivable**

Description	2020-2021	2019-2020
	Kshs	Kshs
Government Imprests	4,475,000	4,475,000
Clearance accounts		0
<b>Total</b>	<b>4,475,000</b>	<b>4,475,000</b>

[Include a breakdown of the outstanding imprest below or as an annex to the notes if the list is longer than 1 page.]

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Capt B M Macharia	April 2004	4,475,000	0	4,475,000
<b>Total</b>		<b>4,475,000</b>	<b>0</b>	<b>4,475,000</b>

(NB: The total of the balance column should agree to the total amount under note 23).

**MINISTRY OF DEFENCE**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

12. Accounts Payable

Description	2020-2021	2019-2020
	Kshs	Kshs
Retention		
Deposits	740,341,425	584,154,052
Suspence Accounts		
<b>Total</b>	<b>740,341,425</b>	<b>584,154,052</b>

*A new deposit account was added during the Financial year for the development of Ulinzi Sports Stadium*

13. Fund Balance Brought Forward

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank accounts	596,435,311	599,276,135
Surrendered Balances Recurrent Account	-6,719,894	
Surrendered Balances Development Account	-5,561,365	
<b>Adjusted Bank Balances</b>	<b>584,154,054</b>	<b>599,276,135</b>
Cash in hand	0	0
Accounts Receivables	4,475,000	46,720,357
<b>Accounts Payables</b>	<b>-584,154,052</b>	<b>-541,222,097</b>
<b>Total</b>	<b>4,475,000</b>	<b>104,774,395</b>

*[Provide short appropriate explanations as necessary]*

**MINISTRY OF DEFENCE**  
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**14. Prior Year Adjustments**

Description of the error	Balance in	Adjustments	Adjusted
	FY 2020-2021 as per audited General statements	to the Year ending to prior periods	Balance FY 2020-2021
	Kshs	Kshs	Kshs
Bank account Balances			
Prior Year disclosure	12,281,259	12,281,259	100,299,371
Cash in hand			
Accounts Payables			
Receivables			
Others (specify)			
<b>Total</b>	<b>12,281,259</b>	<b>12,281,259</b>	<b>100,299,371</b>

\*\* (The adjusted balances are not carried down on the face of the financial statement. Entity to provide disclosure on the adjusted amounts)(Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy. Provide explanations for the prior year adjustments made their nature and effect on the fund balance of the entity).

*The Prior Year adjustments relate to surrender of closing balances to the National Treasury*

S/No	Description	Amount
1	Recurrent Bank Balance surrendered	6,719,894
2	Development Bank Balance surrendered	5,561,365
	<b>Total</b>	<b>12,281,259</b>

**MINISTRY OF DEFENCE**  
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**15.1 Related Party Disclosures**

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the Ministry of Defence

- i) Key management personnel that include the Cabinet Secretaries and Accounting Officers
- ii) Other Ministries Departments and Agencies and Development Projects;
  - o Kenya Shipyards Limited
  - o Kenya Meat Commission
  - o Kenya Space Agency
  - o Kenya Ordnance Factories Corporation
- iii) County Governments; and
- iv) State Corporations and Semi-Autonomous Government Agencies.

**15.2 Contingent Liabilities**

Description : Contigent Liabilities	2020-2021	2019-2020
	Kshs	Kshs
Court cases against the Ministry	2,536,677,187	1,421,137,645
<b>Total</b>	<b>2,536,677,187</b>	<b>1,421,137,645</b>

A schedule of the Liabilities is provided under annex 7

**MINISTRY OF DEFENCE**  
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**16.PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

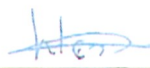
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: Resolved / Not Resolved	Unresolved / Partly resolved / Not expected / Issue to be resolved
365	Pending Bills 2018/2019	i) Pending Bills were occasioned by Exchequer Under Issue ii) The Pending Bills were paid as 1 <sup>st</sup> Charge in FY 2019/2020	Resolved	N/A
319	Pending Bills 2019/2020	i) Pending Bills were occasioned by Exchequer Under Issue ii) The Pending Bills were paid as 1 <sup>st</sup> Charge in FY 2020/2021	Resolved	N/A

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue.
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Principal Secretary  
 Name: Dr. IBRAHIM M. MOHAMED



Deputy Accountant General  
 Name: ELECTINA W. WANYONYI  
 ICPAK No: 3674

ANNEXES

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of goods or services	Original Annual	Date Contracted	Amount Paid To Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
	A	B	C	d=a-c		
<b>Construction of buildings</b>						
1.						
2.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
3.						
4.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
7.						
8.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To Date	Outstanding Balance (2)	Outstanding Balance (3)	Comments
		a	b	c	d=a-c		
<b>Senior Management</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Middle Management</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Unionisable Employees</b>							
5.							
6.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
7.							
8.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

**ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Direct Transaction Description	Original Amount	Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2021	Comments
		a	b	c	d=a-c		
<b>Amounts due to National Govt Entities</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Amounts due to County Govt Entities</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Amounts due to Third Parties</b>							
5.							
6.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
7.							
8.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical/ Cost b/f (Kshs) 2019/2020	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) 2020/21
Buildings and structures	0	29,699,999	0	0	29,699,999
Transport equipment	105,938,729	30,000,000	0	0	135,938,729
Office equipment, furniture and fittings	59,926,157	2,730,000	0	0	62,656,157
ICT Equipment	47,774,299	0	0	0	47,774,299
<b>Total</b>	<b>213,639,185</b>	<b>59,729,999</b>	<b>0</b>	<b>0</b>	<b>276,069,184</b>

*NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete and covers all the entity's assets. Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No. 23/2020 of The National Treasury)*

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**ANNEX 5 – LIST OF PROJECTS IMPLEMENTED BY THE MINISTRY OF DEFENCE**

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements (Yes/No)

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**ANNEX 6 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE MINISTRY OF DEFENCE**

Ref	SC, SAGA or Public Fund's name	Principal activity of entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	Kenya Space Agency	National Space Management and Policy	Maj. Gen Chepkuto	150,000,000	Yes
2	Kenya Shipyard Limited	Building of Shipyards & Maritime Vessels	Managing Director- Brig. Otieno	1,800,000,000	Yes
3	Kenya Meat Commission	Promote the country's meat industry through purchase and slaughter of livestock products in the local and export markets..	Managing Commissioner- Brig. Githaga	962,601,546	Yes

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**ANNEX 7 – CONTINGENT LIABILITIES REGISTER**

**CONTINGENT LIABILITIES REGISTER**

S/N	NATURE OF CONTINGENT LIABILITY	PAYABLE TO	CURRENCY	ESTIMATED AMOUNT KSHS	EXPECTED DATE OF PAYMENT	REMARKS
1	Unlawful Shooting	Abishiro M. Adawo	KSHS	3,747,112.00	FY 21/22	No allocation
2	Violation of Rights	Hellen Nyambura Macharia	KSHS	2,000,000.00	FY 21/22	No allocation
3	Violation of Rights	Robert Morara Nyakundi	KSHS	1,350,000.00	FY 21/22	No allocation
4	Unfair Dismissal	Ex-Spate Benson Maina Kiama	KSHS	35,000.00	FY 21/22	No allocation
5	Claim for unfair termination	Charles Mironga Nyamwato	KSHS	2,885,000.00	FY 21/22	No allocation
6	Unfair Dismissal	David Wanyonyi	KSHS	15,672,537.00	FY 21/22	No allocation
7	Road Traffic Accident	Dorothy Kanyua Mbaka	KSHS	24,080,000.00	FY 21/22	On Payment Process
8	Loss of Land	Eunice Makori & Hellen Makone	KSHS	17,257,930.00	FY 21/22	No allocation
9	Road Traffic Accident	Joseph njuguna Panga	KSHS	994,995.54	FY 21/22	No allocation
10	Unfair Dismissal	Julius Ogutu	KSHS	7,171,986.00	FY 21/22	No allocation
11	Compensation	James Alielo	KSHS	9,357.00	FY 21/22	No allocation
12	Breach of Contract	Kay Construction	KSHS	721,137,645.00	FY 21/22	No allocation
13	Unfair Dismissal	Lt. Col (Ret) Benjamin Muema	KSHS	6,400,000.00	FY 21/22	No allocation
14	Unfair Dismissal	Maj Gen (Ret) Enoch Sasia and Lt Col (Ret) Barnabas Rono	KSHS	72,443,473.00	FY 21/22	No allocation
15	Unfair Dismissal	Major (Ret) Ezra Imacana Laibuta	KSHS	22,965,460.00	FY 21/22	No allocation
16	Unfair Dismissal	Major Mwebanye Musyoki	KSHS	202,000.00	FY 21/22	No allocation
17	Unfair Dismissal	Major Harry Mwilili	KSHS	7,000,000.00	FY 21/22	No allocation
18	Violation of Rights	Major Maza Luu Mulyana	KSHS	1,099,928.40	FY 21/22	No allocation

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20	Unfair Dismissal	Simon Mwaniki & 25 Others	KSHS	12,500,000.00	FY 21/22	No allocation
21	Road Traffic Accident	John Mbugua Wakatu	KSHS	572,671.30	FY 21/22	No allocation
22	Loss of Land	Torino Enterprise & Abenaquil Developers Kenneth Boil	KSHS	1,530,000,000.00	FY 21/22	No allocation
23	Violation of Rights	Waraga Hussein Jihaye	KSHS	5,200,000.00	FY 21/22	No allocation
24	Road Traffic Accident	Emily Aoko Otiemo	KSHS	500,000.00	FY 21/22	No allocation
25	Road Traffic Accident	Monica Wanjiru Kamau	KSHS	4,048,000.00	FY 21/22	No allocation
26	Road Traffic Accident	James Mufango	KSHS	700,000.00	FY 21/22	No allocation
27	Road Traffic Accident	Lucy Nduta Wambai	KSHS	998,452.60	FY 21/22	No allocation
28	Road Traffic Accident	Mary Wanjiru	KSHS	1,071,700.00	FY 21/22	No allocation
29	Road Traffic Accident	John Murembwa	KSHS	735,973.33	FY 21/22	No allocation
30	Breach of Contract	Geoffrey Kimani	KSHS	920,000.00	FY 21/22	No allocation
31	Unfair Dismissal	Polycarp Mliyogo Nyakara	KSHS	11,000,000.00	FY 21/22	No allocation
32	Malicious Prosecution	Peter Njogu	KSHS	2,902,509.10	FY 21/22	No allocation
33	Road Traffic Accident	Thomas Mutua	KSHS	473,000.00	FY 21/22	No allocation
34	Road Traffic Accident	Yordanika Marinova	KSHS	254,346.00	FY 21/22	No allocation
35	Road Traffic Accident	Jackson Kimutai	KSHS	1,499,132.00	FY 21/22	No allocation
36	Road Traffic Accident	Joseph Mulai	KSHS	3,211,337.00	FY 21/22	No allocation
37	Unfair Dismissal	Ex-Cpt Elijah Kamalo Peter	KSHS	380,976.00	FY 21/22	No allocation
38	Unfair Dismissal	Lt Col (Ret) Lukale Moses Sande	KSHS	24,106,657.59	FY 21/22	No allocation

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39	Unfair Dismissal	Maj (RAF) Joseph Kipkeribui Tarui	KSHS	3,000,000.00	FY 21/22	No allocation
40	Road Traffic Accident	Diana Wanja Njenga	KSHS	304,599.00	FY 21/22	No allocation
41	Road Traffic Accident	Nancy Njeri Njenga	KSHS	740,000.00	FY 21/22	No allocation
42	Road Traffic Accident	Francis Mbugua Karlu	KSHS	1,199,263.00	FY 21/22	No allocation
43	Road Traffic Accident	Virginia Njoki Njenga	KSHS	842,081.00	FY 21/22	No allocation
44	Road Traffic Accident	Peter Gitati Maina	KSHS	649,445.00	FY 21/22	No allocation
45	Road Traffic Accident	Esther Nyaguthii	KSHS	2,009,700.00	FY 21/22	No allocation
46	Road Traffic Accident	Samuel Njoroge Mwega	KSHS	443,988.00	FY 21/22	No allocation
47	Road Traffic Accident	Benjamin Kaigwa	KSHS	529,372.00	FY 21/22	No allocation
48	Road Traffic Accident	Paul Ngure Karogo Deceased (Represented by Ruth Nyambura Kariuki & Evans Kariuki)	KSHS	406,100.00	FY 21/22	No allocation
49	Road Traffic Accident	Elizabeth Achola Mangemil (Suing through next of friend Geoffrey Oloo Mangemil)	KSHS	1,200,000.00	FY 21/22	No allocation
50	Road Traffic Accident	James Karanja Mwangi & Another	KSHS	1,055,775.00	FY 21/22	No allocation
51	Road Traffic Accident	Vincent Magero Magire (Minor Suing through father and next friend Dickson Magire Oncheku)	KSHS	489,900.00	FY 21/22	No allocation
52	Road Traffic Accident	Samuel Mwangi Chege	KSHS	686,906.00	FY 21/22	No allocation

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53	Road Traffic Accident	Rorbert Muchina Mbogo	KSHS	1,106,742.00	FY 21/22	No allocation
54	Unfair Dismissal	Patric Lumumba Kowade	KSHS	9,500,000.00	FY 21/22	No allocation
55	Unlawful Shooting	Elizabeth Chepungeich Too	KSHS	980,000.00	FY 21/22	No allocation
56	Constitutional Interpretation	Joseph Karobia Kinyua	KSHS	800,000.00	FY 21/22	No allocation
57	Road Traffic Accident	WOII Peter Mwangi	KSHS	1,255,210.00	FY 21/22	No allocation
58	Road Traffic Accident	Teresia Nderitu	KSHS	333,504.00	FY 21/22	No allocation
59	Violation of Rights	Sylvia Kagendo Mbae	KSHS	1,000,000.00	FY 21/22	No allocation
<b>TOTAL</b>				<b>2,536,677,186.86</b>		

## **ANNEX 8- REPORTS GENERATED FROM IFMIS**

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

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