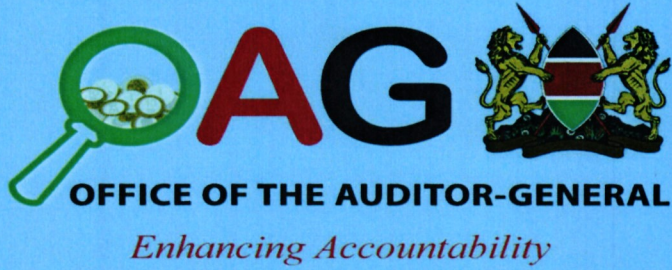


REPUBLIC OF KENYA



**REPORT**

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**OF**

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL COHESION AND INTEGRATION  
 COMMISSION**

THE NATIONAL ASSEMBLY  
 PAPERS LAID

DATE: 05 MAY 2021 DAY: Thursday

Hon Amos Kimunya,  
 Leader of the majority  
 Party  
 P.M. Ugeni

**FOR THE YEAR  
 ENDED 30 JUNE, 2020**



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**NATIONAL COHESION AND INTEGRATION COMMISSION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
JUNE 30, 2020**

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

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>		
<b>DATE: 06 MAY 2021</b>		
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<b>TABLED BY:</b>		
<b>CLERK-AT THE-TABLE:</b>		

## **Vision**

*A peaceful, united, harmonious and integrated Kenyan society*

\*\*\*\*\*

## **Mission**

*Develop and sustain processes that alleviate all forms of ethnic discrimination and promote diversity through knowledge creation, capacity building, advocacy and pertinent policy development*

\*\*\*\*\*

## **Core Values**

### **Professionalism:**

*Objectivity in addressing issues of ethnic discrimination*

### **Integrity:**

*Accountability and transparency*

### **Affirmative action for the marginalized and the minorities:**

*The Commission appreciates groups that are vulnerable and are faced by more challenges and affirms to generate policies and strategies that enhance their dignity and humanity towards equal opportunities*

### **Inclusivity:**

*The Commission commits to treat people from all walks of life resident in Kenya with fairness by according them equal opportunities*

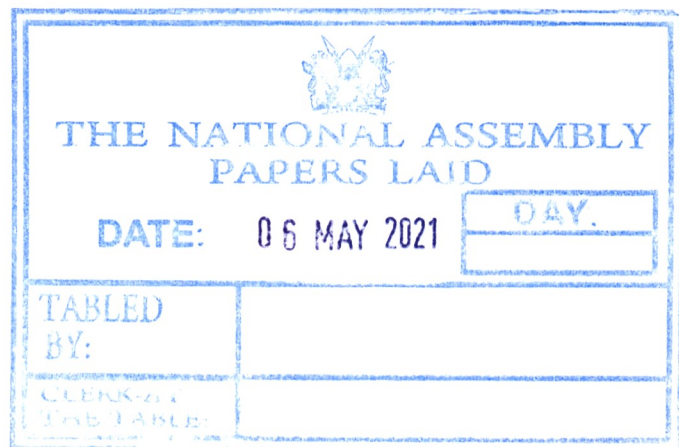
### **Respect for Diversity:**

*The Commission commits to treat people from all walks of life resident in Kenya with fairness by according them equal opportunities*

**National Cohesion and Integration Commission  
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**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Commission is a statutory body established under the National Cohesion and Integration Act (Act No. 12 of 2008) and is domiciled in Kenya. The Commission is represented by the Commissioners who are responsible for the general policy and strategic direction of the Commission.

**(b) Principal Activities**

The principal activities of the Commission are to facilitate and promote equality of opportunity, good relations, harmony and peaceful co-existence between persons of different ethnic and racial communities of Kenya, and to advise the Government on all aspects thereof.

**(c) Key Management**

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

- Commission Secretary
- Commissioners
- Management

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Ag. Commission Secretary/CEO	Millicent Apondi Okatch
2.	Ag Director Finance	CPA. Catherine Muthoni Njuki
3.	Head of Internal Audit	CPA. Philip Wuantai
4.	Head of Procurement	John-David Odhiambo

**(e) Fiduciary Oversight Arrangements**

The funds of the Commission consist of;

- a) Monies appropriated by parliament
- b) Monies on asset as may accrue to the Commission in the course of the exercise of its powers in the performance of its functions under the National Cohesion and Integration Act.
- c) Monies from donors.

With regard to the Commission's finances, the Commission Secretary is the Accounting Officer. Administration of funds is as per the annual estimates / work plans and funding agreements with

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**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

different donor agencies. This shall be guided by the Public Procurement disposal Act 2005, National Cohesion and Integration Act (No.12 of 2008), Government financial regulations and procedures and Public Finance Management (PFM) Act, 2013

The accounts of the Commission are audited and reported upon by the Auditor General in accordance with the provisions of the Public Audit Act 2003(No 12 of 2003).

In addition, development partners usually have independent audits of programs/projects that they fund directly as part of their oversight role as and when agreed.

The Finance Committee of the Commission held 3 meetings within the year under review. During these meetings the members considered quarterly budgets and requests for reallocation of funds in addition to expenditure reports before they were presented to the full Commission meetings for approval.

All procurements that were carried out in the year under review that exceeded five million shillings (Ksh 5,000,000) were duly reported to the Public Procurement Regulatory Authority as per the requirements.

**(f) Commission Headquarters**

KMA Centre  
6<sup>th</sup> Floor  
Mara Road, Upper Hill  
P. O. Box 7055 – 00100  
Nairobi  
Kenya.

**(g) Commission Contacts**

Telephone: 020-258701/2/3 Cell: 0702-777000  
E-mail: info@cohesion.or.ke  
Website: www.cohesion.or.ke

**(h) Commission Bankers**

Kenya Commercial Bank  
Sarit Centre Branch, Nairobi

Standard Chartered Bank  
Harambee Avenue Branch, Nairobi

National Bank of Kenya  
Harambee Avenue Branch, Nairobi

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**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(i) Independent Auditors**

The Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

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

## **II. THE COMMISSIONERS**

### **Commissioner Rev. Dr. Samuel Kobia**



Rev. Dr. Samuel Kobia, is the Chairman, National Cohesion and Integration Commission. Previously, he served as Senior Advisor on Cohesion, Peace and Conflict Resolution in the Executive Office of the President and Cabinet Affairs. Dr. Kobia served as a Commissioner in the Judicial Service Commission which recruits Kenyan judges, and oversees the Judiciary; 2010-2012 Ecumenical Special Envoy for the Sudan's; 2007-2018 Chancellor of St. Paul's University; former General Secretary of the Geneva based World Council of Churches. He was born on 20<sup>th</sup> March 1947.

He has vast experience in mediation and dialogue. Currently, he coordinates dialogue platforms as safe spaces for interactions between Kenyans of diverse stations and Government to address pressing issues. The fruits of the dialogues include peaceful co-existence, healing and reconciliation, peaceful resolution of conflicts and national cohesion.

He holds a Masters degree in Urban Planning, Theology, and International relations from universities in Kenya, USA and Switzerland. He is a visiting Professor to Wesley Colleges in USA and UK. He is an author of several books including *Dialogue Matters*.

### **Commissioner Hon. (Eng.) Phillip Okundi**



Commissioner Hon. (Eng.) Phillip Okundi is a seasoned Engineer who has served in various capacities. He holds a Bachelors Degree in Electronics and Telecommunication Engineering from

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the University of Westminster and a Masters Degree in Telecommunication System Engineering from the University Essex. He was born on 5<sup>th</sup> March 1941.

A highly self-motivated and enthusiastic leader with over 40 years' experience in all aspects of policy making, advising government and setting up the agenda and strategies for communication and implementation of international projects. Extensive experience in harnessing the critical support of the public and private sectors for key infrastructure upgrade objectives and in mobilizing and maintaining the interest of all stakeholders in these activities. Commissioner Okundi has served as a Member of Parliament for Rangwe 2003-2007 and also in various capacities. This includes Chairman of world space International (1995), Managing Director and Chief Executive Kenya Post and Telecommunication Corporation (1977), CEO Kenya Bureau of Standards 1997-2001, CEO Kenya Broadcasting Corporation (KBC), Chairman of the CCK Board of Directors 2008 and Managing Director and Chief Executive Kenya Ports Authority 1984-1993. At the Commission Eng. Hon. Okundi chairs the Communication and Knowledge Management , Information, Communication and Technology Committee.

**Commissioner Abdulaziz Ali Farah**



Commissioner Abdulaziz Ali Farah holds an Executive Master of Business Administration (EMBA) from Moi University (*Specialized in Strategic Management*) and a Bachelor of Education Arts from Kenyatta University, Nairobi. He has over twenty years work experience both in public and business sectors. He has previously worked as a National Civic Education Officer with the Truth, Justice & Reconciliation Commission of Kenya. He has also worked as a Managing Director in charge of several companies operations besides serving as a Member of the Constituency Development Fund Task Force whose report contributed to the amendment of the 2003 CDF ACT and CDF Amendment ACT 2007. He was born on 1<sup>st</sup> January 1969.

He is a resourceful and initiative driven leader, public administrator, peace and conflict advocate. He has a background and experience in managing operations of a constituency as a Member of Parliament (MP), Mandera East Constituency, Mandera Country, overseeing daily functions of companies and participating in the formulation of strategies and policies that seek to make them run effectively. He has a wide knowledge in the fields of administration and management, overseeing operations, formulating and implementing strategies, conflict management, peace building, and

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building partnerships. Additionally, he possesses knowledge in formulating and implementing best-practice management principles while fostering a culture that promotes sound work ethics. He is an excellent communicator with great interpersonal skills hence can interact with people from different backgrounds. His goal is to make a difference in society by promoting equality, integration and a conflict-free environment. At the Commission Hon Abdulaziz chairs the Research Policy and Planning Committee.

**Commissioner Dr. Danvas Makori**



Commissioner Dr. Danvas Makori holds a Doctor of Theology from the International Christian University, Masters of Arts in Biblical Theology of the International Christian University and a Bachelors of Arts in Theology from the Jameson Christian College. Commissioner Danvas was the County Executive Committee (CEC) of Finance and County Executive Committee (CEC) Agriculture, Livestock, Development and Fisheries in Nairobi County Government. At the Commission, Dr Makori chairs the Finance and Administration Committee. He was born on 18<sup>th</sup> June 1981.

**Commissioner Wambui Nyutu OGW**



Commissioner Wambui Nyutu, holds a Bachelor of Laws from the University of Nairobi. Currently, she is pursuing a Masters Degree in Business Administration- Strategic Management. She is a Certified Professional Mediator from Mediation Training Institute East Africa and holds an Arbitration and ADR certification. Prior to the appointment as a Commissioner at NCIC in 2019 , she served as a Director at the National Irrigation Board of Kenya since 2018 . She worked as a

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Legal Assistant at Kiragu Wathuta & Co Advocates in 2017 and Legal Secretary, Peman Consultants (2016-2019). She was born on 14<sup>th</sup> September 1991.

She is the founder and policy maker of *Tuimuke Initiative*, a youth-led organization concerned with the economic, political and social issues affecting the youth of Kenya. In 2015, she also served in the Kenya University Students Organisation as Legal Secretary and at Students Organisation of Nairobi University as a special delegate. She was awarded The Order of Grand Warrior (OGW) by His Excellency the President Hon. Uhuru Kenyatta in 2018. Commissioner Wambui, chairs the Legal and Complaints Committee in the Commission.

**Commissioner Sam Kona**



Commissioner Sam Kona is a conflict resolution, governance and stability expert with over 25 years' experience in public, private and civil society sectors. He has carried out extensive research and managed dozens projects in sub-Saharan Africa with particular focus on conflict early warning systems, post-conflict reconstruction, peacebuilding, mediation, governance and security. Sam has held senior leadership roles in government, including serving as Chairman of the National Council for Population and Development and Kerio Valley Development Authority.

A distinguished program leader, Sam has worked as a senior manager with international agencies and organizations such as the United States Agency for International Development, Development Alternatives Incorporated, Centre for Conflict Resolution at the University of Cape Town, South Africa, Chemonics International, Centre for Humanitarian Dialogue and Oxfam GB. While at the Centre for Conflict Resolution, he spearheaded national dialogue programs in Sudan, Swaziland, South Africa and Lesotho, in addition to facilitating dialogue and mediation trainings across Africa. Between 2008 and 2011, he led mediation processes and established peace caravans to support the Kofi Annan-mediated Kenya National Dialogue and Reconciliation process in the aftermath of the 2007-2008 post-election violence.

Sam played a major role in the development of conflict early warning mechanisms for Africa's Regional Economic Communities, as well as national early warning systems for Kenya, Uganda, Ethiopia, South Sudan and Sudan. He teaches conflict resolution and dialogue, negotiation and mediation at the Kenya School of Government (KSG) and the International Peace Support Training Centre (IPSTC), respectively.

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Sam holds MA in Conflict Resolution from Lancaster University in the United Kingdom and a Bachelor of Education (Science) from Kenyatta University, Kenya. He has received many national and international awards and honours for contributions to the field of conflict resolution and peace processes, and efficient delivery of programs. Commissioner Sam chairs the Peace, Building and Reconciliation Committee of the Commission. He was born on 21<sup>st</sup> July 1969.

**Commissioner Hon. Dorcas Kedogo**



Commissioner Hon. Dorcas Kedogo is a seasoned Educationist and has over 30 years experience in education. She holds a Masters Degree in Business Administration from USIU, Bachelor's Degree in Education from the University of Nairobi and a Diploma from Mosoriot Teachers Training College. Commissioner Hon. Kedogo was a Women Representative for Vihiga County. She served as a Women Representative for KNUT and as a representative of Teachers under the Kenya Union of Teachers Vihiga District 2000-2012. She has also served as a teacher in various capacities in her career and spearheaded various developments among the youth as well as the women. Commissioner Hon. Kedogo chairs the Civic, Education and Advocacy of the Commission. She was born on 14<sup>th</sup> May 1962.

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**Ag. Commission Secretary Millicent Apondi Okatch**






Millicent is the Acting Chief Executive Officer of the National Cohesion and Integration Commission (NCIC). She holds a Masters of Arts Degree with specialization in Sociology and Community Development and Bachelor of Arts Degree in Sociology and Communication both from the University of Nairobi. She is a certified Bullet Proof Management and Development specialist having been trained by APMG and Raiser Group. Millicent is a results-oriented, hands-on Social Development expert, with a successful 19-year career, having worked for various International Relief and Development Non-Governmental Organizations (NGOs) in different capacities. A better part of her career growth has been realized while working for Care International, Community Aid International and World Vision International in different capacities in Programme Management. She has also short stints working for Goal Kenya and People Against Torture (PAT).

Prior to joining NCIC, Millicent worked for World Vision International in the Capacity of National Programme Coordinator with a portfolio of over 70 programmes and projects across the 47 counties in Kenya. She successfully steered teams in designing, implementing, monitoring and evaluating programmes in Peace, Advocacy, Health, HIV & AIDS, Child Protection, Education, Gender Empowerment and Relief. She was born on 13<sup>th</sup> May 1976.

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**III. MANAGEMENT TEAM**

 <p>Millicent A. Okatch <b><u>Ag. Commission Secretary/CEO</u></b></p>	<p>Millicent holds a Masters of Arts Degree with specialization in Sociology and Community Development and Bachelor of Arts Degree in Sociology and Communication both from the University of Nairobi. She is a certified Bullet Proof Management and Development specialist having been trained by APMG and Raiser Group</p>
 <p>Killian Nyambu <b><u>Assistant Director, Civic Education and Advocacy</u></b></p>	<p>He holds a Master of Education (M.Ed) in Educational Administration and Planning as well as Bachelor of Education (Arts) degree from the University of Nairobi. Mr. Nyambu has multiple certificates in various management programmes from different training institutions including the Kenya School of Administration.</p>
 <p>Dr. Sellah Nasimiya King'oro <b><u>Assistant Director of Research, Policy and Planning</u></b></p>	<p>Dr. Sellah has a PhD in Peace and Conflict (Kisii University), a Master of Arts in International Studies (University of Nairobi), a Bachelor of Education Arts (Maseno University) and a Bachelor of Laws (Mount Kenya University). She is also a Rotary Peace Fellow Alumni with a postgraduate certificate in Peace and Conflict from Chulalongkorn University, Thailand and a diploma in 'Using Democracy for Peace' from Bradford University, UK.</p>

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 <p>Kyalo Mwengi  <b><u>Assistant Director Complaints, Legal and Enforcement</u></b></p>	<p>He is an advocate of the high court of Kenya and a member of the Law Society of Kenya. He holds a Bachelor's degree in Social Legislation (BSL), Bachelors in Laws (LLB) from Dr. Babasahab Ambadkar Marathwada University, India and a Diploma in Law from the Kenya School of Law.</p>
 <p>Liban Guyo  <b><u>Assistant Director Peacebuilding and Reconciliation</u></b></p>	<p>He holds a Master's Degree in Governance and Development from Sussex University and a BA in International Relations from United States International University- Africa Nairobi, Kenya He is also a Co-president at African Alliance for Peace building</p>
 <p>Olive Metet  <b><u>Assistant Director Communication and Knowledge Management</u></b></p>	<p>She holds a Masters of Arts Communication Studies from the University of Nairobi and a Bachelor of Arts degree Communication-Public Relations (Honors) from the Daystar University. She is a member of Public Relations Society of Kenya (PRSK), Media Council of Kenya (MCK) and African Public Relations Association (APRA).</p> <p>Metet has attended various management trainings that include the Senior Management Course (SMC) and Strategic Leadership Development Programme (SLDP) of the Kenya School of Government (KSG).</p>

#### **IV. CHAIRMAN'S STATEMENT**

It is my pleasure to present to you the Annual Report and Financial Statement of the Commission for the year ended 30<sup>th</sup> June 2020. The Financial year was a critical year for the Commission since it was a year of transition and change of guard. As a result, there were many expectations for the incoming Commissioners to enhance the work of their predecessors. I am happy to report that the Commission not only embraced its mandate fully, but has also remained steadfast as the principal instrument of Government in the implementation of Kenya's Cohesion and integration agenda. Soon after taking office, the Commissioners took the first few months to understand the Commission's mandate and to set up and realign institutional structures and framework to support the organizations development.

It is worth noting that in the year under review, the world was struck by Covid 19 pandemic. Thus in the wake of the pandemic of Covid 19, the Commission supported the efforts of H.E the President Uhuru Kenyatta and the people of Kenya in the fight against the Corona virus pandemic which has not only been a national challenge and a threat to our social cohesion but also a global health crisis. Thus, the Commission established and launched a multi-stakeholder committee on the impact of Covid 19 on Social Cohesion to jointly address emerging concerns, while complimenting and providing linkages to NERCC.

Further, the Commission activated the Kenya National Dialogue Forum that brought together all the peace actors across the country to step up efforts in the fight against Covid-19.

At the initial stages of my chairmanship of the Commission, we have prioritized the development of a five year Strategic Plan as well as a Strategic roadmap towards the 2022 General Elections. The Commission is cognizant of the heightened political campaigns; hence the need to step up the strategic programmes to address pertinent national peace and reconciliation matters. I am pleased to report that we have been able to develop a five year Strategic Plan as well as Roadmap towards the 2022 general elections.

Under the NCI Act 2008, we are mandated to work with other lead government agencies including laws enforcing agencies to implement cohesion and integration regulations, particularly in the enforcement. Hence we have reactivated the Uwiano Platform for peace that brings together all the peace actors and have commenced preparation for a peaceful and cohesive Kenyan society ahead of

**National Cohesion and Integration Commission  
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the 2022 general elections.

As a Commission mandated to bring peace, we have endeavoured to promote arbitration, conciliation, mediation and other similar forms of Alternative Dispute Resolution Mechanisms (ADR). Thus we have facilitated reconciliation dialogues between warring communities in Samburu-Laikipia, Narok South and Narok North, Nakuru County, Marsabit, Nandi-Kakamega and Meru-Tharakanithi among other. As a result of these forums, the communities signed peace resolutions that has contributed to preventing, averting and resolving inter-community conflicts.

Finally, on behalf of the NCIC Commissioners and Staff, I wish to reiterate the Commission's efforts in focussing on national ethos, a creed formed from shared values and traditions through which the nation views its past, present and future; it is the integrating element that defines a nation identity and bonds it into a coherent social group. As a Commission we wish to assure Kenyans that we shall endeavour to cohere the diverse identities in Kenya into a rainbow of **One People, One Nation and One Destiny**.



**REV. DR. SAMUEL KOBIA  
CHAIRMAN  
NATIONAL COHESION AND INTEGRATION COMMISSION**

**V. REPORT OF THE CHIEF EXECUTIVE OFFICER**

The Financial year 2019-2020 was a unique year for the National Cohesion and Integration Commission (NCIC). It was a year of transition and change of guard as a new set of Commissioners and Commission Secretary were assuming office. Nonetheless, the Annual Report and Financial Statement are a clear testimony of our unwavering dedication and determination towards attaining a peaceful cohesive united and integrated Kenyan society. I am glad to be part of the team that steered this exceptional performance.

Among the key achievement during the year, was the establishment and the launch of multi-stakeholder committee on the impact of Covid 19 on social cohesion. The members of the Committee were drawn from different backgrounds and expertise to jointly address concerns that emerged as a result of Covid 19 pandemic. Further, the Committee complimented and provided linkages to NERCC. In particular, the Commission through the support of GIZ, undertook a two month long media campaign through the social media platforms as well as traditional channels; national television and community radio stations with an aim of amplifying the president's call on the need to fight the pandemic. As such, various strategic and targeted messages were developed, translated to various vernacular languages and disseminated to reach out to the vulnerable and marginalised target audiences to avert stigmatization and discrimination of persons affected with Covid 19.

In a bid to step up efforts in the fight against Covid-19, the Commission activated the Kenyan National Dialogue Forum (KNDF) that convened all the peace actors across the country. In a nutshell, the forum provided weekly updates on the impact of Covid 19 as well as other drivers that would threaten social cohesion. Through this platform the Commission was able to publish and disseminate two Policy briefs namely; *Kenya: State, Personla Responsibility, and Community Cohesion; Key in Fighting Covid-19 pandemic and The Impact of Covid -19 on the Youth*. As a result of the recommendations of the policy briefs, the Government considered the role of youth in fighting Covid 19 thus Kazi mtaani project.

Despite the pandemic, some counties experienced conflicts that erupted into violence. Hence, the Commission together with other partners stepped in to mediate and reconcile communities in Narok North, Narok South, Nakuru County, Nandi-Kakamega among other counties. In particular the

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Commission with relevant partners undertook sensitization forums, intra and intercommunity dialogues to restore calm and order in the regions and among warring communities.

In the preparation for the Building Bridges Initiative, Referendum and upcoming general succession politics, the Commission commenced development of a five year strategic plan and a roadmap towards that will ensure peaceful electoral processes. Consequently, the Commission has continued to foster partnerships with the relevant agencies and political class to discuss and shape peaceful coexistence despite the political differences and affiliations. In the year under review, the Commission held a consultative meeting with the Committee on National Cohesion and Equal opportunity and Regional Integration and the National Assembly Select Committee on National Cohesion and Equal Opportunity. To strengthen relationship with the County Government, the Commission undertook various training of the County Public Service Boards with an aim of ensuring fairness in distribution of resources in the counties.

Human capital is a key pillar to the successful execution of the Commission's Strategic Plan. Thus in the year under review, the Commission sponsored staff for quality training both locally and overseas through an elaborate training plan for all staff. The staff also signed performance contracts to ensure achievement of the Commission's mandate.

I wish to thank the Commissioners, Management and Staff of the National Cohesion and Integration Commission for their continued support and dedication, without which our ambitious objectives could not have been achieved. I also extend our gratitude to the Government of Kenya, the Ministry of Interior and Coordination National Government, our development partners and the national Treasury for their unwavering cooperation and support. I also acknowledge the support of the general public and the members of fourth estate for always supporting us and upholding our brand in their own distinctive way. Finally, I wish to assure our stakeholders of our strong dedication to deliver a peaceful, united and cohesive and integrated Kenyan Society.

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<b><u>Financial Performance</u></b>	<b><u>Kshs</u></b>
Revenue from non-exchange transactions	382,050,250
Expenses	(356,112,343)
<b><u>Surplus for the year</u></b>	<b><u>25,937,907</u></b>



**Ms. Millicent Okatch**

**AG. COMMISSION SECRETARY**

## **VI. REVIEW OF THE COMMISSION'S PERFORMANCE**

The National Cohesion and Integration Commission has five strategic pillars and objectives within its Strategic Plan for the FY 2015-2020. These strategic pillars are as follows:

- Pillar 1: National Identity and Values
- Pillar 2: Peacebuilding, Reconciliation and Integration
- Pillar 3: Policy and Legal Frameworks
- Pillar 4: Research and Knowledge Management
- Pillar 5: Organizational Development

The National Cohesion and Integration Commission develops its annual work plans based on the above five pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The National Cohesion and Integration Commission achieved its performance targets set for the FY 2019/2020 period for its five strategic pillars, as indicated in the diagram below:

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
1. <b>National Identity and Values</b>	To build and strengthen the capacity of institutions and the public in fostering national identity and values	<ul style="list-style-type: none"> <li>• 807 youths reached in 10 counties</li> <li>• 690 women reached in 5 counties</li> <li>• 80 journalists and bloggers sensitized</li> <li>• 96 national and county officers reached in 3 counties</li> <li>• Over 5,000 teachers and students reached with cohesion and integration messages</li> <li>• Over 50,000 people reached with cohesion and integration messages</li> </ul>	<ol style="list-style-type: none"> <li>1. Conduct sensitization forums for youth, women and PWDs on peace and cohesion</li> <li>2. Conduct capacity building forums for journalists and bloggers</li> <li>3. Train county and national government officers on peace, cohesion and national values</li> <li>4. Conduct sensitization forums for teachers and students on peace and cohesion</li> <li>5. Facilitate Amani clubs national writing competition on peace and cohesion</li> <li>6. Conduct Amani Clubs national debating championship on peace and cohesion</li> <li>7. Mainstream cohesion and integration in Kenya national Drama and Music festivals</li> </ol>	<ul style="list-style-type: none"> <li>• Increased capacity of youth, women and PWDs to contribute to peace processes</li> <li>• Increased inclusion and participation of youth and women in community cohesion</li> <li>• Increased resilience among youth and women to counter violent extremism</li> <li>• Enhanced objective reporting of NCIC stories</li> <li>• Increased capacity of state officials to mainstream cohesion and integration</li> <li>• Increased awareness on peace and cohesion in institutions of learning</li> <li>• Increased awareness on peace and cohesion among the public</li> </ul>
2. <b>Peacebuilding, Reconciliation and Integration</b>	To promote national peace building, reconciliation, cohesion and integration among the different ethnic, racial and religious groups of Kenya	<ul style="list-style-type: none"> <li>• Three peace agreements endorsed in Narok North, Narok South and Marsabit</li> <li>• Over 3,000 community representatives from antagonistic communities reached in Marsabit, Narok, Nandi, Kakamega.</li> </ul>	<ol style="list-style-type: none"> <li>1. Community dialogue meetings conducted between the Massai and Kipsigis in held in Narok North and Narok South sub counties</li> <li>2. Community dialogue forums held between the Borana and Degodia at Badha</li> </ol>	<ul style="list-style-type: none"> <li>• During all the community dialogue forums, community representatives developed a shared understanding on the causes of conflict in the different counties</li> <li>• Endorsement of peace agreements in Narok North, Narok South sub county and</li> </ul>

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		<p>Tana River, Meru, Isiolo, Laikipia</p> <ul style="list-style-type: none"> <li>Over 200 elders, peace committees, women, youth trained in dispute resolution mechanisms</li> </ul>	<p>Arero bordering Moyale and Wajir</p> <ol style="list-style-type: none"> <li>Community dialogue forums held within and along the borders of Nandi and Kakamega counties</li> <li>Consultative meetings held with Marsabit County Security Intelligence Committee, youth and interfaith leaders</li> <li>Consultative meetings with stakeholders from Transmara West area i.e. professionals from Narok and the county security teams</li> <li>Isiolo – Samburu-Laikipia inter county forum to resolve conflicts accords the borders</li> <li>Public outreach forum conducted in Sangailu, Hulugho to strengthen community resilience against violent extremisms</li> <li>Scoping missions were conducted in Central and Rift Valley regions to establish the status of cohesion while identifying opportunities for intervention.</li> <li>Community outreach forums in Garsen and Galole constituencies, Tana River</li> </ol>	<p>Marsabit county</p> <ul style="list-style-type: none"> <li>Strengthened capacities of representatives of local peace structures</li> <li>Clarity on the disputed border line that caused violent conflict between the Siria and Wuasi Nkishu clans</li> <li>Consensus on the causes of conflict reached among the 3 counties of Isiolo, Samburu and Laikipia reached and a peace agreement endorsed.</li> <li>Advisories to the education sector stakeholders to revoke the decision of TSC to transfer non-local teachers from counties of Mandera, Wajir and Garissa</li> <li>Key threats to cohesion were identified in Murang'a, Nyeri, Nyandarua, Nakuru, Uasin Gishu with land related disputes, politics around the BBI process among others needing urgent interventions</li> <li>Increased awareness among the communities on the need for promoting peaceful co-existence</li> </ul>
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<p>3. <b>Policy and Legal Frameworks</b></p>	<p>To develop enforcement mechanisms to ensure compliance with constitutional provisions, and other legislations relating to cohesion and integration</p>	<p>Monitored and recorded the proceedings of 6 BBI rallies</p> <p>4 Police sensitisation forums</p> <p>3 County Public Service Board (CPSB) sensitization forums</p> <p>Court attendance</p> <p>Number of cases Investigated on the offences of NCI act</p>	<p>I. Monitoring of the BBI rallies in Kakamega, Mombasa, Kitui, Meru, Garissa and Narok</p> <p>Trained 150 DCI officers in Nyeri, Kiambu, Kilifi, Narok and Bomet Counties</p> <p>County Public Service Board (CPSB) Sensitization forum in Nyandarua, Nyeri and Murang'a counties</p> <p>Attending court on new and ongoing criminal cases in Nakuru, Kericho, Bomet, Kisumu and Nairobi courts</p> <p>Undertake investigation of hate speech cases and ethnic contempt</p>	<ul style="list-style-type: none"> <li>• Incidences of hate speech, incitement monitored</li> <li>• The presence of NCIC in the rallies have ensured the politicians did not use the platform to divide Kenyans along ethnic lines</li> <li>• The offence of ethnic contempt was committed during the Narok BBI rally and the Commission fully investigated and has prosecuted one suspect for the said offence</li> <li>• The Commission has been informed on the happenings in the rallies and has been able to issue strategic direction and warnings to those seem to incite Kenyans along ethnic lines</li> <li>• Trained DCI officers on the law relating to hate speech and related offences.</li> <li>• The officers are able to detect and fully investigates hate speech and related offences and offer necessary support to prosecutors</li> <li>• The trainings have created good working relation between the Commission and National Police Service</li> <li>• Trained CPSBs on the law and principles to apply when recruiting to ensure inclusivity and diversity in the employment of staff in their respective counties</li> <li>• Hence, CPSB are able to apply the relevant laws and principles to ensure all ethnic</li> </ul>
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				<p>groups are given equal opportunity in employment</p> <ul style="list-style-type: none"> <li>• The engagements have created synergy between the Commission and CPSB in ensuring there is no discrimination in employment</li> <li>• Represented the Commission on ongoing criminal cases to ensure the prosecution is within the law and justice is served</li> <li>• Over 50 cases were investigated and are different prosecution levels.</li> </ul>
<p><b>4. Research and Knowledge Management</b></p>	<p>To undertake research and studies on any issue that threatens national cohesion and integration and make recommendations to the Government</p>	<ul style="list-style-type: none"> <li>• 1 Policy brief generated to address the negative effects of COVID-19 on social cohesion</li> <li>• 1 Policy brief generated to enhance youth involvement in the</li> <li>• Report on Impediments to Peace in the North Rift region of Kenya</li> <li>• A research agenda for the Commission developed</li> </ul>	<ol style="list-style-type: none"> <li>1. Inquiry into the effects of the COVID-19 pandemic on social cohesion</li> <li>2. Inquiry into the impact of COVID-19 on Kenyan youth</li> <li>3. Undertake participatory action research on the impediments to peace in the North Rift region of Kenya</li> <li>4. Initiate collaborative action with universities' peace departments to promote research on ethnic and religious cohesion in Kenya</li> </ol>	<ul style="list-style-type: none"> <li>• Practical interventions to help address the effects of the pandemic shared with relevant stakeholders</li> <li>• Practical interventions to enhance youth involvement in the fight against the pandemic shared with relevant stakeholders</li> <li>• Critical obstacles to cohesion in the North Rift region of Kenya identified</li> <li>• Improved synergies and linkages for future research collaboration</li> </ul>
<p><b>5. Organizational Development</b></p>	<p>To enhance the competence of NCIC to effectively discharge its mandate</p>	<ul style="list-style-type: none"> <li>• Over 5000 members of the public reached</li> <li>• Increase in the population reached through NCIC's social</li> </ul>	<ol style="list-style-type: none"> <li>1. Develop and disseminate publicity materials to promote national unity</li> <li>2. Develop peace messaging and</li> </ol>	<ul style="list-style-type: none"> <li>• Increased knowledge among Kenyans on peace cohesion and integration</li> <li>• Increased peace messaging on social and mainstream media</li> </ul>

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		<p>media handles and cohesion messages on TV and Radio (Facebook followers-8700, twitter-32,000)</p> <ul style="list-style-type: none"> <li>• 10 consultative forums with both internal and external publics held</li> </ul>	<p>counter narratives on social and mainstream media</p> <p>3. Hold consultative forums towards the development of the 2020-2025 Strategic Plan</p>	<ul style="list-style-type: none"> <li>• Five key pillars through which NCIC shall draw realistic objectives and activities consistent with the organization's mission drawn</li> </ul>
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## **VII. CORPORATE GOVERNANCE STATEMENT**

The National Cohesion and Integration Commission (NCIC) is devoted to the doctrines of good corporate governance which are a reflection of its core values which are: Professionalism, Integrity, Affirmative action for the marginalized and the minorities, Inclusivity and Respect for diversity.

The Commission's operations and functions are regulated by:

- The Constitution of Kenya;
- The National Cohesion and Integration Act (no 12 of 2008);
- The Public Finance Management Act 2012;
- The Public Officers Ethics Act;
- The Public Procurement and Disposal Act 2015;
- Employment Act 2007
- Occupational and Safety Act 2007
- Internal Policies and Guidelines and the Bilateral agreements between NCIC and development partners.

### ***a) Commissioners***

The Commission is headed by a chairman and seven commissioners who were appointed on the 18<sup>th</sup> of November 2019 through a Kenya Gazette notice Volume CXXI-No. 157.

Following the amendment of the NCI Act, the Chairperson and Commissioners will now hold office for a period of Six (6) years from a previous period of 3 years.

During the financial year under review, each Commissioner has been assigned a specific region in order to provide oversight to the Commission's activities in the region as follows:

<b>Region</b>	<b>Commissioner</b>
<b>Central Rift</b> (Narok Bomet, Nakuru Counties)	1. Com Sam Kona- <b>Lead</b>
<b>Upper Eastern</b> Marsabit, Isiolo, Meru, Samburu and Laikipia Counties	1. Com Dr. Danvas Makori- <b>Lead</b> 2. Com Hon. Abdulaziz Farah- <b>Assisting</b>
<b>Coastal Region</b> (Taita Taveta, Kwale, Makueni, Kilifi, Mombasa and Lamu Counties)	1. Com Wambui Nyutu- <b>Lead</b> 2. Com Sam Kona- <b>Assisting</b>

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North Eastern /coast Kitui Manderu, Garissa, Wajir and Tana River	1. Com Hon Abdulaziz Farah- <b>Lead</b>
North Rift (Turkana, West Pokot, Baringo, Transzoia and Uasin Gishu, Elgeyo Marakwet	1. Commissioner Dorcas Kedogo- <b>Lead</b> 2. Commissioner Danvas Makori- <b>Assisting</b>
<b>Nyanza &amp; Western Region</b> & part of south Rift Kakamega, Kisii, Nyamira, Kisumu Migori, Kericho &Nandi	1. Commissioner Philip Okundi- <b>Lead</b> 2. Commissioner Sam Kona- <b>Assisting</b>
Urban Conflicts	1. Chairman Dr Samuel Kobia- <b>Lead</b> 2. Com Wambui Nyutu <b>Assisting</b>

The conduct of the business of the Commission is regulated by the 3<sup>rd</sup> schedule of the NCI Act.

The Commissioners give strategic direction in order to enable the Commission to achieve its mandate. The Commission's processes, procedures, policies, laws, and guidelines governed its operations for the year ended 30<sup>th</sup> June 2020

***b) Commission Committees***

The following are the Commission committees and the meetings held in the period ended 30th June 2020

Meeting	No. of Meetings	Average Attendance
Full commission meeting	6	100%
Finance & Administration Committee	3	95%
Legal Complaints and Investigations	3	100%
Civic Education and Advocacy	3	100%
Research Policy and Planning	3	100%
Peace Building and Reconciliation	3	100%
Audit Committee		

## **VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

During the year under review the Commission continued to undertake targeted programs that were geared towards the attainment of its vision of a peaceful, united, harmonious and integrated Kenyan society. The programs were in line with the five key Result Areas (KRAs) that are under its five year strategic plan (2015-2020) titled “*Consolidating the Foundations for a Cohesive Nation within the Devolved System of Governance*”.

To achieve this, the Commission heavily relied on the support of the National Government which funded Ksh 384,050,250. The Commission did not get donor funding in the year but collaborated with some partners in a number of activities.

### **Operational report**

The Strategic Plan 2015-2020 titled ‘Consolidating the Foundations for a Cohesive Nation within a Devolved System of Governance’ defines a five-year period in which the Commission positions itself to prevent, mitigate and resolve ethnic, religious and racial conflicts in Kenya. To this end, the Commission undertook a number of activities and programs as discussed below towards the attainment of this objective.

The Commission conducted Conduct sensitization forums for youth, women and PWDs on peace and cohesion, trained county and national government officers on peace, cohesion and national values. It also conducted sensitization forums for teachers and students on peace and cohesion in addition to facilitating Amani clubs national writing competition and debating competitions on peace and cohesion

To promote national peace building, the Commission conducted intra and inter community dialogue meetings in the following regions; Marsabit, Narok, Moyale, Wajir, Nandi, Kakamega, Transmara, Isiolo and Laikipia. Further, it conducted public outreach forums to strengthen community resilience against violent extremism. Scoping missions were also conducted in Central and Rift Valley regions to establish the status of cohesion while identifying opportunities for intervention.

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To develop enforcement mechanisms to ensure compliance with constitutional provisions, and other legislations relating to cohesion and integration, the Commission Trained DCI officers, County Public Service Boards and undertook investigation of hate speech cases and ethnic contempt

The Commission made inquiry into the effects of the COVID-19 pandemic on social cohesion and practical interventions to help address the effects of the pandemic shared with relevant stakeholders. It undertook participatory action research on the impediments to peace in the North Rift region of Kenya and initiated collaborative action with universities' peace departments to promote research on ethnic and religious cohesion in Kenya

To enhance the competence of NCIC to effectively discharge its mandate, the Commission developed and disseminated publicity materials to promote national unity, developed peace messaging and counter narratives on social media and held consultative forums towards the development of the 2020-2025 Strategic Plan.

**IX. REPORT OF THE COMMISSIONERS**

The Commissioners submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Commission's affairs.

**Principal activities**

The principal activities of the Commission are to facilitate and promote equality of opportunity, good relations, harmony and peaceful co-existence between persons of different ethnic and racial communities of Kenya, and to advise the Government on all aspects thereof .

**Results**

The results of the Commission for the year ended June 30, 2020 are set out on page 1

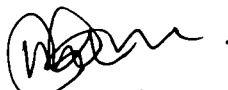
**Commissioners**

The Commissioners on page iv to xv served for a period of one month in the year under review

**Auditors**

The Auditor General is responsible for the statutory audit of the Commission in accordance with the Section 68 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Commission



**Ms. Millicent Okatch**

**AG. COMMISSION SECRETARY**

**X. STATEMENT OF COMMISSIONERS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2015 and section 14 of the State Corporations Act, require the Commissioners to prepare financial statements in respect of that Commission, which give a true and fair view of the state of affairs of the Commission at the end of the financial year/period and the operating results of the Commission for that year/period. The Commissioners are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Commissioners are also responsible for safeguarding the assets of the Commission.

The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year (period) ended on June 30, 2018. 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 Commission; (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 Commission; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Commissioners accept responsibility for the Commission's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Commissioners are of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2020, and of the Commission's financial position as at that date. The Commissioners further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

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Nothing has come to the attention of the Commissioners to indicate that the Commission will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Commission's financial statements were approved by the Commission on 10/12/2020 2020 and signed on its behalf by:



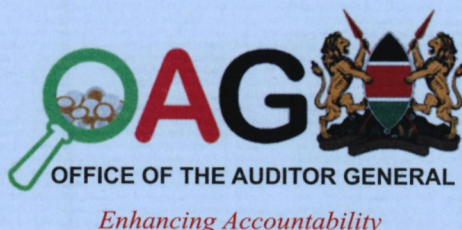
Rev. Dr. Samuel Kobia  
**COMMISSION CHAIRMAN**



Dr. Danvas Makori  
**CHAIRMAN FINANCE COMMITTEE**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR GENERAL ON NATIONAL COHESION AND INTEGRATION COMMISSION FOR THE YEAR ENDED 30, JUNE 2020**

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Cohesion and Integration Commission set out on pages 30 to 47, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I 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, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Cohesion and Integration Commission as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

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

##### **1. Unsupported Expenditure**

As disclosed in Note 10 to the financial statements, the statement of financial performance reflects an expenditure balance of Kshs.142,142,932 under general expenses which includes various unsupported payments amounting to Kshs.24,853,232. The unsupported payments include allowances paid for meetings, retreats, workshops, burials and court attendance. The allowances are not supported with relevant documents including attendance sheets by the participants and workshop or retreat reports.

In the circumstances, it has not been possible to confirm the accuracy and validity of the reported general expenses balance of Kshs.142,142,932.

##### **2. Lack of Fixed Assets Register**

The statement of financial position reflects a balance of Kshs.79,965,371 under property, plant and equipment as at 30 June, 2020. The Commission, however, did not avail a register of fixed assets during the year under review. As a result, it has not been possible to ascertain the completeness and accuracy of the property, plant and

equipment net balance of Kshs.79,965,371. Further, it could not be confirmed that preventative mechanisms required under Regulation 139 of Public Finance Management Regulations, 2015 were in place to eliminate theft, security threats, losses, wastage and misuse of assets.

Failure to provide a register of fixed assets is also contrary to the provisions of Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015 which provides that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Cohesion and Integration Commission 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 qualified opinion.

### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, 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 procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the ability of the National Cohesion and Integration Commission 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 Commission.

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 Commission 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 ability of the Commission 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 Commission to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Commission to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**20 April, 2021**

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**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2019-2020	2018-2019
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	5	-	32,591,700
Transfers from other governments – gifts and services-in-kind	6	382,050,250	384,924,400
		<b>382,050,250</b>	<b>417,516,100</b>
<b>Revenue from exchange transactions</b>			
<b>Total revenue</b>		<b>382,050,250</b>	<b>417,516,100</b>
<b>Expenses</b>			
Employee costs	7	174,015,830	168,930,733
Depreciation and amortization expense	8	22,139,229	22,082,241
Repairs and maintenance	9	17,814,352	20,077,325
General expenses	10	142,142,932	215,387,019
<b>Total expenses</b>		<b>356,112,343</b>	<b>426,477,318</b>
<b>Other gains/(losses)</b>			
<b>Surplus/( deficit) for the period</b>		<b>25,937,907</b>	<b>(8,961,218)</b>

The notes set out on pages 35 to 48 form an integral part of these Financial Statements

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**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	Notes	2019-2020	2018-2019
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	116,146,001	48,753,895
Receivables from non-exchange transactions	12	19,193,886	15,599,718
		<b>135,339,887</b>	<b>64,353,613</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	79,965,371	85,580,082
Intangible assets	14	3,442,593	307,291
		83,407,964	85,887,373
<b>Total assets</b>		<b>218,747,852</b>	<b>150,240,987</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
	15	44,638,342	6,701,384
<b>Non-current liabilities</b>			
	15	4,632,000	-
			-
<b>Total liabilities</b>		<b>49,270,342</b>	<b>6,701,384</b>
<b>Net assets</b>		<b>169,477,510</b>	<b>143,539,603</b>
<b>Reserves</b>			
Accumulated surplus		160,630,510	134,692,603
Capital Fund		8,847,000	8,847,000
<b>Total net assets and liabilities</b>		<b>169,477,510</b>	<b>143,539,603</b>

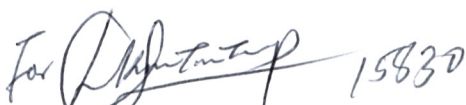
The Financial Statements set out on pages 30 to 48 were signed on behalf of the Commissioners on 10/12/2020 by:



Millicent A. Okatch  
**Ag. Commission Secretary/CEO**



Rev. Dr. Samuel Kobia  
**Commission Chairman**



CPA. Catherine Muthoni Njuki  
**Ag. Director Finance, HR & Administration**  
**ICPAK Member Number 6753**

**National Cohesion and Integration Commission**  
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**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	<b>Retained earnings</b>	<b>Capital/ Development Grants/Fund</b>	<b>Total</b>
<b>At July 1, 2017</b>	<b>8,847,000</b>	<b>243,757,209</b>	<b>252,604,209</b>
Total comprehensive deficit for the period	-	(100,103,388)	(100,103,388)
<b>At June 30, 2018</b>	<b>8,847,000</b>	<b>143,653,821</b>	<b>152,500,821</b>
Total comprehensive deficit for the period	-	(8,961,218)	(8,961,218)
<b>At June 30, 2019</b>	<b>8,847,000</b>	<b>134,692,603</b>	<b>143,539,603</b>
Total comprehensive surplus for the period	-	25,937,907	25,937,907
<b>At June 30, 2020</b>	<b>8,847,000</b>	<b>160,630,510</b>	<b>169,477,510</b>

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2020**

		<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
Surplus for the Period		25,937,907	(8,961,218)
<b>Adjustments for</b>			
Depreciation	8	22,139,229	22,082,241
Loss on disposal			-
<b>Operating surplus before working capital changes</b>		<b>48,077,136</b>	<b>13,121,023</b>
Increase in trade and other receivables		(3,594,168)	4,816,234
Increase in trade and other payables		42,568,958	5,374,559
<b>Net cash flows from operating activities</b>		<b>87,051,926</b>	<b>23,311,816</b>
Cash flows from investing activities			
Purchase of property, plant, equipment	13	(14,803,480)	(8,781,450)
Purchase of intangible assets	14	(4,856,340)	-
<b>Net cash flows used in investing activities</b>		<b>(19,659,820)</b>	<b>(8,781,450)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>67,293,606</b>	<b>14,530,366</b>
Cash and cash equivalents at 1 July 2019	11	48,753,895	34,224,530
<b>Cash and cash equivalents at 30 June 2020</b>		<b>116,146,001</b>	<b>48,753,896</b>

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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 30 JUNE 2020**

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	%
<b>Revenue</b>										
Government grants and subsidies	383,580,000		(1,529,750)		382,050,250		382,050,250			-
<b>Total income</b>	<b>383,580,000</b>		<b>(1,529,750)</b>		<b>382,050,250</b>		<b>382,050,250</b>			-
<b>Expenses</b>										
Compensation of employees	179,180,000		-		179,180,000		174,015,830			2.9
Rent paid	39,500,000		-		39,500,000		38,144,939			3.4
Repairs and Maintenance	19,200,000		(2,619,754)		16,580,246		17,814,352			(7.4)
Other expenses	145,700,000		1,090,004		146,790,004		126,137,222			14.1
<b>Total expenditure</b>	<b>383,580,000</b>		<b>(1,529,750)</b>		<b>382,050,250</b>		<b>356,112,243</b>			
<b>Surplus for the period</b>		-		-			<b>25,937,907</b>			

**Budget notes**

Operations in the year ended 30 June 2020 were greatly affected due to the COVID-19 pandemic that affected not only Kenya but the entire world. This led to the 14.1% performance difference as movement and meetings had been banned and the Commission complied with the guidelines issued by the Ministry of Health and curb the spread of the virus and help flatten the curve.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

The Commission is a statutory body established under the National Cohesion and Integration Act (Act No. 12 of 2008). The Commission is an independent Commission and is domiciled in Kenya. The principal activities of the Commission are to facilitate and promote equality of opportunity, good relations, harmony and peaceful co-existence between persons of different ethnic and racial communities of Kenya, and to advise the Government on all aspects thereof.

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

The Commission's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity.

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

The financial statements are prepared on accrual basis.

The financial statements have been prepared in accordance with the PFM Act, the National Cohesion and Integration Act (Act No. 12 of 2008) and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

The Commission did not adopt any new or amended standards in year 2020.

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **a) Revenue recognition**

#### **i. Revenue from non-exchange transactions**

##### **Public Contributions and Donations**

The Commission recognizes grants from development partners as and when received from such organizations. The Memoranda of understanding clearly stipulates the nature of agreement and how the monies are to be utilized.

##### **Transfers from other government entities**

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Budget information**

The original budget for FY 2019-2020 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 5 of these financial statements.

**c) Property, plant and equipment**

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

Full year depreciation is charged in the year of purchase and none in the year of disposal. Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates.

	<u>Rate - %</u>
Motor vehicles	25
Furniture & Fittings	12.5
Computers, copiers & faxes	33.33%

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. . Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life at an annual rate of 33.3%. The useful life of the intangible assets is assessed as either finite or indefinite.

**e) Inventories**

The Commission's stock is in the form of low cost consumables which were expensed at the point of purchase hence there is no reflection of closing inventory in the financial statements.

**f) Inventories**

The Commission's stock is in the form of low cost consumables which are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations.

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

The Commission recognizes the effects of changes in accounting policy prospectively, especially if retrospective application is impractical.

**h) Employee benefits**

**Retirement benefit plans**

The Commission provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

The NCIC Staff Pension Scheme was established under irrevocable trust. It commenced on 1 July 2012 and is governed by Trust Deed and Rules. Employees who are the members contribute to the scheme at the rate of 7.5% of their basic salary while the employer, also Founder, contributes at the rate of 15% of the Member's basic salary. In addition, members are allowed to make additional voluntary contributions.

**i) Related parties**

The Commission regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Commission's operating and financial decisions. The Commissioners and key management are considered as the Commission's related parties. The Commission has 8 full time commissioners. The Commissioners are charged with policy formulation and direction while the key management led by the Commission secretary (who is the CEO) are charged with the implementation and day-to-day running of the Commission.

**j) 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 various commercial banks at the end of the financial year.

**k) Comparative figures**

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

**l) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2019-2020	2018-2019
	KShs	KShs
UNDP	-	32,591,700
Total transfers and sponsorships	-	<b>32,591,700</b>

The Commission did not receive funds from partners in the year. However, it received Kshs 1,550,000 during the year from Interpeace, to assist them implement their activity in the North-Rift and North Eastern region that had been funded by the Federal Republic of Germany. The funds were received into the Commission's account and upon completion of the activity, the monies were duly accounted for and original documents sent to Interpeace for onward submission to the Federal Republic of Germany.

6 TRANSFERS FROM OTHER GOVERNMENTS

Description	2019-2020	2018-2019
	Kshs	KShs
<b>Unconditional grants</b>		
Operational grant	382,050,250	384,924,400
<b>Total government grants and subsidies</b>	<b>382,050,250</b>	<b>384,924,400</b>

TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2018-2019
			KShs	KShs	KShs
Ministry of Interior and Coordination of National Government	382,050,250	-	-	382,050,250	384,924,400
<b>Total</b>	<b>382,050,250</b>	<b>-</b>	<b>-</b>	<b>382,050,250</b>	<b>384,924,400</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	161,882,696	158,202,333
Employee costs - contributions to pensions	11,596,400	10,728,400
Employee costs - contributions to medical aids	536,734	-
<b>Employee costs</b>	<b>174,015,830</b>	<b>168,930,733</b>

8 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	Kshs	Kshs
Property, plant and equipment	20,418,191	21,928,620
Intangible assets	1,721,038	153,622
<b>Total depreciation and amortization</b>	<b>22,139,229</b>	<b>22,082,242</b>

9 REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	Kshs	Kshs
Vehicles	10,300,496	8,637,991
Repairs and Maintenance of computers	1,842,902	3,938,734
Repairs of office and furniture	5,670,954	7,500,600
<b>Total repairs and maintenance</b>	<b>17,814,352</b>	<b>20,077,325</b>

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

**10 GENERAL EXPENSES**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Advertising, Printing, Information supplies	3,169,305	13,376,446
Audit fees	1,044,000	1,044,000
Bank charges	509,868	515,896
Hospitality & Conferences	8,980,521	12,928,250
Confidential expenditure	-	15,000
Contracted guards and cleaning services	3,472,197	2,930,000
Contracted professional services	907,000	5,054,411
Domestic travel and subsistence	37,751,899	76,112,599
Electricity	1,160,805	640,283
Foreign travel and subsistence	4,804,225	14,958,150
Fuel and oil	6,729,035	7,368,523
Hire charges	-	438,200
Insurance	13,106,342	11,965,540
Internet connectivity	1,738,187	969,910
Membership fees, dues, subscriptions	785,385	654,830
Parking charges	3,150	6,420
Postage	67,835	349,425
Office and general supplies	13,191,889	13,023,991
Project sponsorships	1,921,853	3,747,140
Rental	38,144,939	39,041,395
Specialized material and supplies	-	720,000
Telecommunication	1,789,367	2,657,985
Training	2,865,129	6,868,625
<b>Total general expenses</b>	<b>142,142,932</b>	<b>215,387,019</b>

**11 CASH AND CASH EQUIVALENTS**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>KShs</b>
Current account	116,146,001	48,753,895
<b>Total cash and cash equivalents</b>	<b>116,146,001</b>	<b>48,753,895</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11a DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

		2019-2020	2018-2019
Financial institution	Account number	Kshs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	11189199238	116,069,929	48,677,823
National Bank of Kenya	0102815036400	2,170	2,170
Standard Chartered Bank	01020060864600	73,902	73,902
<b>Sub- total</b>		<b>116,146,001</b>	<b>48,753,895</b>

12 RECEIVABLES FROM NON-EXCHANGE CONTRACTS

Description	2019-2020	2018-2019
	KShs	KShs
<b>Current receivables</b>		
Imprest		
GOK	3,138,550	209,225
SIDA	3,225,750	3,225,750
<b>Total imprest</b>	<b>6,364,300</b>	<b>3,434,975</b>
Staff advances	1,513,733	1,917,929
Bank Guarantee	1,700,000	1,700,000
Prepayments	8,920,853	8,546,814
Other receivables	695,000	
<b>Total current receivables</b>	<b>19,193,886</b>	<b>15,599,718</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 PROPERTY, PLANT AND EQUIPMENT

Cost	Motor vehicles Shs	Furniture and fittings Shs	Computers Shs	Total Shs
At 1 July 2017	160,322,940	89,858,491	44,967,708	295,148,139
Additions during the year	-	2,573,750	3,637,978	6,211,728
Disposals	-	-	(115,000)	(115,000)
At 30th June 2018	160,322,940	92,432,241	48,490,686	301,244,867
Additions during the year	-	6,522,050	2,109,400	8,631,450
At 30th June 2019	160,322,940	98,954,291	50,600,086	309,877,317
Additions during the year	11,170,000	1,616,480	2,017,000	14,803,480
At 30th June 2020	171,492,940	100,570,771	52,617,086	324,680,797
Depreciation and impairment				
At 1 July 2017	109,927,821	40,874,702	24,631,996	175,434,519
Depreciation	12,598,530	6,444,567	7,971,875	27,014,972
Disposal	-	-	(80,875)	(80,875)
At 30 June 2018	122,526,351	47,319,269	32,522,995	202,368,615
Depreciation	9,449,148	6,454,378	6,025,094	21,928,620
At 30 June 2019	131,975,499	53,773,647	38,548,089	224,297,235
Depreciation	9,879,360	5,849,641	4,689,190	20,418,191
At 30th June 2020	141,854,859	59,623,288	43,237,279	244,715,426
Net book values				
At 30 June 2020	29,638,081	40,947,483	9,379,807	79,965,371
At 30 June 2019	28,347,441	45,180,644	12,051,977	85,580,082
At 30 June 2018	37,796,589	45,112,972	15,967,690	98,877,251
At 1 July 2017	160,322,940	89,858,491	44,967,708	295,148,139

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 INTANGIBLE ASSETS-SOFTWARE

Description	2019-2020	2018-2019
	KShs	KShs
<b>Cost</b>		
At beginning of the year	1,003,400	853,400
Additions	4,856,340	150,000
<b>At end of the year</b>	<b>5,859,740</b>	<b>1,003,400</b>
<b>Amortization and impairment</b>		
At beginning of the year	696,108.63	542,486.00
Amortization	1,721,038.00	153,622.63
<b>At end of the year</b>	<b>2,417,146.63</b>	<b>696,108.63</b>
<b>NBV</b>	<b>3,442,593.37</b>	<b>307,291.36</b>

15 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

a) Current Liabilities

Description	2019-2020	2018-2019
	KShs	KShs
OAG	1,044,000	1,044,000.00
Commissioner of domestic taxes	1,061,692	2,069,384.00
Life Insurance claims payable	39,200,000	3,588,000.00
Tender Bids payable	3,332,650	0.00
<b>Total current liabilities</b>	<b>44,638,342</b>	<b>6,701,384</b>

Life insurance claims payable relate to monies that the Commission received in trust for onward payment to the beneficiaries of the deceased vice chairperson of the Commission. As at the end of the year the beneficiaries had not agreed upon the criteria for division of funds hence remaining unpaid.

b) Non-current liabilities

Description	2019-2020	2018-2019
	KShs	KShs
OAG	1,044,000	0
Life Insurance claim payable	3,588,000	0
<b>Total Non-current liabilities</b>	<b>4,632,000</b>	<b>0</b>

The Commission received the life insurance claim in trust for onward payment to the beneficiaries of the deceased Director of Finance. As at the end of the year one of the beneficiaries had not been shared his bank details despite a reminder being sent; hence remaining unpaid.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 RELATED PARTY BALANCES

**Nature of related party relationships**

The Commission regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Commission's operating and financial decisions. The Commissioners and key management are considered as the Commission's related parties. The Commission has 7 full time The Commissioners are charged with policy formulation and direction while the key management led by the Commission secretary (who is the CEO) are charged with the implementation and day-to-day running of the Commission.

The Commission is in summary is related to

- i) The National Government;
- ii) The Parent Ministry;
- iii) Commissioners;
- iv) Key management.

	2019-2020	2018-2019
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Key management compensation</b>		
Director Programmes & Technical Services	5,277,687	4,774,000
Director Finance, Human Resource & Administration	-	397,000
Ass. Director Communication & Knowledge Management	3,934,682	3,650,015
Ass. Director Complaints, Legal & Enforcement	3,995,350	3,995,350
Ass. Director Civic Education & Advocacy	3,995,350	3,995,350
Ass. Director Reconciliation & Peace Building	3,995,350	3,995,350
Ass. Director Research	3,995,350	3,995,350
Ass. Director Investigations	3,552,014	3,163,010
Ag. Director Finance, Human Resource & Administration	2,425,010	2,550,010
<b>Total</b>	<b>31,170,793</b>	<b>30,515,435</b>

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**17 Events after the Reporting Period**

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

**18. Ultimate and Holding Entity**

The National Cohesion and Integration Commission is a statutory body established by the National Cohesion and Integration Act (NCI Act) NO 12 of 2008 under the Ministry of Interior and Coordination of National Government.

**19. Currency**

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

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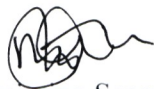
**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>

**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.



Commission Secretary/CEO

Date..... 12<sup>th</sup> DEC. 2020 .....

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APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:	NATIONAL COHESION AND INTEGRATION COMMISSION		
	Break down of Transfers from the Ministry of Interior and Coordination of National Government.			
	FY 19/20			
a.	Total Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		01-08-19	95,895,000	2019/2020
		15-10-19	94,365,250	2019/2021
		14-01-20	95,895,000	2019/2022
		07-05-20	95,895,000	2019/2023
		<b>Total</b>	<b>382,050,250</b>	