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OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
STATE DEPARTMENT FOR COORDINATION  
OF NATIONAL GOVERNMENT

FOR THE YEAR  
ENDED 30 JUNE 2016

PAPER LAID  
ON BY THE  
LEADER OF THE  
MAJORITY PARTY  
ON 16/5/17  
IRM





OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
30 SEP 2016  
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**NATIONAL GOVERNMENT ENTITY**  
*STATE DEPARTMENT FOR COORDINATION OF NATIONAL GOVERNMENT*

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**30 JUNE, 2016**

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

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**Reports and Financial Statements  
For the year ended 30<sup>TH</sup> June, 2016 (KES)**

**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The State Department for Coordination of National Government is domiciled within Ministry of Interior and Coordination of National Government. It was formed by Executive Order No.2 of 20<sup>th</sup> May, 2013 which merged the Office of the President, Office of the Vice President and Ministry of Home Affairs, Ministry of Immigration and Registration of Persons and the National Cohesion and Reconciliation. At cabinet level, the State Department is represented by the Cabinet Secretary for Interior and Coordination of National Government, who is responsible for the general policy and strategic direction of the entity.

**(b) Key Management**

The State Department for Coordination of National Government's day-to-day management is under the following key organs:

- Headquarters Administrative Services;
- Kenya Correctional Services;
- Kenya Probation Services; and
- Betting Control and Licencing Board.

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2016 and who had direct fiduciary responsibility were:

<b>NO.</b>	<b>DESIGNATION</b>	<b>NAME</b>
1.	Accounting Officer	Micah Pkopus Powon
2.	Secretary Administration	Clare Omolo, EBS
3.	Commissioner General of Prisons	Isaiah M. Osugo, CBS
4.	Director Probation	Jerim W. Oloo, OGW
5.	Director Betting Control	Charles Wambia
6.	Director, HRM/HRD	Henry Omosa
7.	Chief Finance Officer	Sarah Kemunto Kerandi
8.	Head of Accounting Unit	Joseph Kamau Mwangi
9.	Head, Central Planning Unit	James Nyabochoa
10.	Head, Supply Chain Management	Mirieri Mageto

Reports and Financial Statements

For the year ended 30<sup>TH</sup> June, 2016 (KES)

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**(d) Fiduciary Oversight Arrangements**

*Audit and finance committee activities*

The State Department ensured fiduciary oversight through the Budget Implementation Committee (BIC), Projects Committee (PC) and the Departmental Audit Committee.

**(e) Headquarters**

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

**(f) Contacts**

Telephone:(254) 228411  
E-mail: ps@coordination.go.ke  
Website: www.go.ke

**(g) Bankers**

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

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

**II. FORWARD BY THE CABINET SECRETARY**

The State Department of Coordination of National Government mandate is management of correctional services (containment and rehabilitation of offenders), facilitation of administration of justice through provision of social enquiry reports to courts and regulation of the gaming industry in Kenya. In the Financial Year 2015/2016, the State Department for Coordination of National Government had an approved budget Ksh. 18,194,464,206 and the actual budget utilization was Ksh. 15,287,064,035. The resources were utilized by the State department to carry out functions through programs and sub-programmes within;

- i. Headquarters Administrative Services
- ii. The Kenya Prisons Service;
- iii. Probation and Aftercare Service and
- iv. Betting Control and Licensing Board

**i. Budget performance against Actual Amounts**

1. STATE DEPARTMENT FOR COORDINATION OF NATIONAL GOVERNMENT		
	Approved Budget	Actual Expenditure
	2015/16	2015/16
	Kshs. Millions	Kshs. Millions
<b>PROGRAMME 1: CORRECTIONAL SERVICES</b>		
SP 1. Offender Services	14,709.63	13,098.61
SP2. Capacity Development	1,715.18	1,277.54
SP4. Probation And Aftercare Service	831.67	615.27
<b>TOTAL PROGRAMME</b>	<b>17,720.14</b>	<b>14,991.42</b>
<b>PROGRAMME 2: GENERAL ADM. PLANNING &amp; SUPPORT SERVICES</b>		
SP1: Planning, Policy Coordination & Support Services	404	245
<b>TOTAL PROGRAMME</b>	<b>404</b>	<b>245</b>
<b>PROGRAMME 3. BETTING CONTROL, LICENSING &amp; REGULATION SERVICES</b>		
<b>TOTAL PROGRAMME</b>	<b>70.32</b>	<b>50.64</b>
<b>Total Vote</b>	<b>18,194.46</b>	<b>15,287.06</b>

Key: SP = Sub Programme

**Reports and Financial Statements**

**For the year ended 30<sup>TH</sup> June, 2016 (KES)**

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**ii. Key Achievements**

In the Financial Year 2015/16, the State Department had the following key achievements.

- Enhanced security in penal institutions through installation of CCTV and cameras and mobile jammers at Kamiti Maximum Prison and acquired 50 walk through metal detectors.
- Improved the inmates' health welfare by constructing 4 health facilities and acquired 30 ambulances.
- Improved access to clean water through construction of 2 boreholes and purchased 4 water tanks.
- Improved prison infrastructure by constructing 6 workshops.
- Improved inmates' welfare through provision of 15,130 uniforms and 36,412 blankets.
- Deepened rehabilitation of inmates by providing 8,027 with formal education; 9,850 with vocational training, registered and facilitated 776 (701 for KCPE and 75 for KCSE) to take national examinations and provided guidance and psychological counselling services to 16,000 offenders.
- Enhanced the human resource capacity of Kenya Prisons Service by recruiting and training 5,200 prison officers.
- Enhanced rehabilitation of young female offenders by constructing Kamiti Girls Borstal institution to 80% completion level.
- Increased offenders access to justice by providing 61,176 pre-sentence reports to courts, 3,111 post sentence reports to high court, submitted 485 reports to review boards and prepared 4,539 Bail Information Reports.
- Enforced court orders by supervising various categories of offenders as follows; 14,317 probation orders, 43,593 Community Service Orders (CSOs) and 46 Power of Mercy Cases
- Enhanced rehabilitation and reintegration of non-custodial offenders by providing; 14,317 offenders Counselling and guidance, 53 Offenders with workshop tools, 132 offenders with Vocational trainings and 173 offenders with formal educational support.
- Provided temporary accommodation to 260 needy and deserving offenders in probation hostels.
- Regulated the gaming industry by licensing 192 public gaming premises, presiding over 250 price competitions and 20 public lotteries besides supervising all gaming activities in the country.

**iii. Emerging Issues**

The State Department is faced with various challenges and constraints which greatly hamper its operation resulting to inefficiency and inadequate service delivery.

The emerging issues are:

- Crime has become more complex and sophisticated (e.g. terrorism, radicalization, cybercrime, sex offenders) hence the need to equip and retrain the officers on modern techniques in offender corrections.
- The increasing prisoners' population against low rate of expansion of penal facilities leading to overcrowding. Over 40 percent of the prison population is remands who are not engaged in productive labour or placed in rehabilitation programmes.
- Poor living and working conditions of prison officers as a result of lack of housing and inadequate supplies and equipment.
- Escalating costs of implementing projects whose implementations inordinately exceed the initial planned implementation period
- The need for Kenya Prisons Service to be food self-sufficient in the backdrop of inadequate mechanization of prison farms, shrinking prison land as a result of grabbing and only less than 15% of inmate population being suitable for deployment in prison farms.

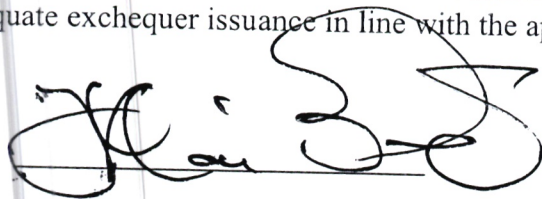
**iv. Challenges and constraints**

- Inadequate housing particularly for the prison officers
- Increased congestion in penal institutions
- Inadequate personnel for both prisons and probation departments
- Inadequate budgetary allocation to the State Department
- Huge pending bills for both recurrent and development expenditure

**v. Recommendation and way forward**

- Provision of budgetary allocation as per the draft budgetary estimates which are submitted annually as they are true reflection of the resource requirement;
- Adequate exchequer issuance in line with the approved estimates;

Sign



**Cabinet Secretary**

### III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity 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 *State Department for Coordination of National Government* 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 2015/2016 ended on June 30, 2016. 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 *State Department for Coordination of National Government* 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 *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2016 and of the *entity's* financial position as at that date. The Accounting Officer in charge of the *State Department for Coordination of National Government* further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the *State Department for Coordination of National Government* confirms that the *entity* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the *entity's* funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the *entity'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 *entity's* financial statements were approved and signed by the Accounting Officer on 30<sup>th</sup> September 2016.



Principal Secretary



Principal Accounts Controller

# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON THE STATE DEPARTMENT FOR COORDINATION OF NATIONAL GOVERNMENT FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of State Department for Coordination of National Government set out on pages 8 to 38, which comprise the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation-recurrent and development combined, summary statement of appropriation-recurrent, summary statement of appropriation-development and summary statement of provisioning 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.

#### **Management's Responsibility for the Financial Statements**

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

The 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.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Basis for Disclaimer of Opinion**

#### **1. Differences between the Financial Statements and the Trial Balance**

The expenditure balances for various items reflected in the statement of receipts and payments differs with the trial balance balances as at 30 June 2016. The resulting positive and negative differences totalling Kshs.16,030,076 and Kshs.984,492,589 respectively have not been investigated and corrected. In the circumstance, the accuracy of the financial statements cannot be confirmed.

#### **2. Acquisition of Assets**

The statement of receipts and payments show that the state department acquired assets valued at Kshs.405,488,166 (2014/15 - Kshs.688,408,022) during the year under review. However, the management does not maintain an assets register contrary to the requirements of Regulation 144 of the Public Finance Management (National Government) Regulations, 2015. Consequently, it has not been possible to verify and confirm existence and completeness of the assets acquired and issuance, use and disposal of the assets.

#### **3. Rental of Produced Assets**

During the year under review, and as disclosed under Note 13 to the financial statements, the State Department incurred an expenditure of Kshs.67,527,078 on rental of produced assets. However, the State Department paid Kshs.14,305,740 and Kshs.37,257,208 for lease of office spaces at Re-Insurance Plaza and Telposta Tower, respectively without valid lease or contract agreements contrary to Section 135 of the Public Procurement and Asset Disposal Act, 2015. In the circumstances, it is not possible to confirm the validity and propriety of lease payments totalling Kshs.51,562,948 made for the office spaces.

#### **4. Fraudulent Payment of Water Bills**

Examination of a sample of water bills from seven prison stations revealed that bills totalling Kshs.11,545,660 were paid and thereafter recycled for payment resulting in unexplained double payments. No action has been taken to recover the amount totalling Kshs.11,545,660 that was paid fraudulently.

## **5. Accounts Receivables**

The statement of assets reflects a balance of Kshs.2,916,533,471 against accounts receivable which includes Kshs.2,910,918,008 , Kshs.5,415,762 and Kshs.199,700 relating to clearance accounts, central bank accounts and outstanding imprests, respectively. However, the clearance accounts balance has not been supported by authentic and verifiable source documents contrary to regulation 107(1) of the Public Finance Management (National Government) Regulations, 2015. Also, the reason for failure to transfer to the exchequer an amount of Kshs.5,415,762, which is disclosed under Note 23 to the financial statements as held in various central bank accounts, has not been provided. As a result, the validity, completeness and accuracy of the accounts receivables balance of Kshs.2,916,533,471 cannot be confirmed.

## **6. Pending Bills**

Pending bills totalling Kshs.4,523,107,327 as at 30 June 2016 have been disclosed under Note 26.1 to the financial statements. Had these bills been paid and the expenditure charged to the accounts for 2015/2016 financial year, the statement of receipts and payments for the year under review would have reflected a net deficit of Kshs.1,619,471,362 instead of the net surplus of Kshs.2,903,635,965 now shown. Failure to settle the bills in the year they relate to distorts the financial statements for that year and adversely affects the provisions of the subsequent year to which they are charged.

## **7. Cash and Bank Balances**

The statement of assets as at 30 June 2016 reflects cash and bank balances totalling Kshs.60,126,965. The balances as disclosed under Note 22 to the financial statements include development, recurrent, deposits and prison industries fund bank balances of nil, Kshs.1,517,866, Kshs.8,613,817 and Kshs.46,659,680 respectively and cash on hand of Kshs.3,335,602. The following unsatisfactory matters, however, have been observed:

- i. The development bank balance has not been supported by the cash book extract as at 30 June 2016. In addition, the Board of Survey report reflects a balance of Kshs.6,237,318 and not a nil balance as at 30 June, 2016.
- ii. The recurrent bank balance has not been supported by a Board of Survey report and the cash book extract as at 30 June, 2016.
- iii. The deposit and prison industries fund bank balances have not been supported by the respective cash book extracts, Board of Survey reports and bank reconciliation statements as at 30 June, 2016.
- iv. All the bank balances have not been supported by the respective certificates of bank balances as at 30 June, 2016.

The accuracy of cash and bank balances of Kshs.60,126,965 cannot, therefore, be confirmed under the above circumstances.

## **8. Prior Year Matters**

### **8.1 Unaccounted for Revenue**


As reported in the previous years, the Prisons Industries and Farms Revolving Funds had deposited Kshs.231,232,519 in the Ministry's Headquarters Deposit Account. The entire amount was apparently mis-appropriated. However, no recoveries have, been made to date.

### **8.2 Biogas Project at Kenya Prison Service**

As reported in the previous years, the Kenya Prisons Service initiated biogas projects in fourteen (14) Prisons across the Country at an estimated cost of Kshs.122,129,538 out of which an expenditure totalling Kshs.95,758,296 was incurred. However, none of these projects were operational as of 30 June, 2016.

### **Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



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

**Nairobi**

**27 April 2017**

NATIONAL GOVERNMENT ENTITY – STATE DEPARTMENT FOR COORDINATION OF  
NATIONAL GOVERNMENT

Reports and Financial Statements

For the year ended 30<sup>TH</sup> June, 2016 (KES)

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015- 2016 KES	RESTATED 2014- 2015 KES
<b>RECEIPTS</b>			
Tax Revenues	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	-	-
Transfers from National Treasury	4	18,190,700,000	17,708,003,000
Transfers from Other Government Entities	5	-	-
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Proceeds from Sale of Assets	8	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Revenues	11	-	-
<b>TOTAL REVENUES</b>		<b>18,190,700,000</b>	<b>17,708,003,000</b>
<b>PAYMENTS</b>			
Compensation of Employees	12	10,288,035,518	11,075,933,889
Use of goods and services	13	4,587,044,037	5,872,208,000
Subsidies	14	-	-
Transfers to Other Government Units	15	-	-
Other grants and transfers	16	1,250,000	1,760,000
Social Security Benefits	17	5,246,314	3,568,721
Acquisition of Assets	18	405,488,166	688,408,022
Finance Costs, including Loan Interest	19	-	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Other Expenses	21	-	-
<b>TOTAL PAYMENTS</b>		<b>15,287,064,035</b>	<b>17,641,878,632</b>
<b>SURPLUS/DEFICIT</b>		<b>2,903,635,965</b>	<b>66,124,368</b>

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 30/9/ 2016 and signed by:

  
Principal Secretary

  
Principal Accounts Controller

NATIONAL GOVERNMENT ENTITY – STATE DEPARTMENT FOR COORDINATION OF  
NATIONAL GOVERNMENT

Reports and Financial Statements

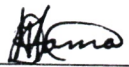
For the year ended 30<sup>TH</sup> June, 2016 (KES)

VI. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	RESTATED 2014-2015 Kshs
<b>FINANCIAL ASSETS</b>			
Bank Balances	22A	56,791,363	12,977,028
Cash Balances	22B	3,335,602	4,090,450
<b>Total Cash And Cash Equivalents</b>		<b>60,126,965</b>	<b>17,067,478</b>
Accounts Receivables - Outstanding Imprest and Clearance Accounts	23	2,916,533,471	60,320,203
<b>TOTAL FINANCIAL ASSETS</b>		<b>2,976,660,436</b>	<b>77,387,681</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables - Deposits	24	8,613,817	11,263,313
<b>NET FINANCIAL ASSETS</b>		<b>2,968,046,618</b>	<b>66,124,368</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	25	66,124,368	
Surplus/Deficit for the year		2,903,635,965	66,124,368
Prior year adjustments	26	- 1,713,715	-
<b>NET FINANCIAL POSITION</b>		<b>2,968,046,618</b>	<b>66,124,368</b>

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 30/9/ 2016 and signed by:

  
Principal Secretary

  
Principal Accounts Controller

NATIONAL GOVERNMENT ENTITY – STATE DEPARTMENT FOR COORDINATION OF  
NATIONAL GOVERNMENT

Reports and Financial Statements

For the year ended 30<sup>TH</sup> June, 2016 (KES)

VII. STATEMENT OF CASHFLOW

		2015 - 2016 Kshs	RESTATED 2014 - 2015 Kshs
<b>Receipts for operating income</b>			
Tax Revenues	1	-	-
Social Security Contributions	2		
Proceeds from Domestic and Foreign Grants	3	-	-
Transfers from National Treasury	4	18,190,700,000	17,708,003,000
Transfers from Other Government Entities	5	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Revenues	11	-	-
		<b>18,190,700,000</b>	<b>17,708,003,000</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	12	10,288,035,518	11,075,933,889
Use of goods and services	13	4,587,044,037	5,872,208,000
Subsidies	14	-	-
Transfers to Other Government Units	15	-	-
Other grants and transfers	16	1,250,000	1,760,000
Social Security Benefits	17	5,246,314	3,568,721
Finance Costs, including Loan Interest	19	-	-
Other Expenses	21	-	-
<b>Receipts for operating income</b>			
<b>Adjusted for:</b>			
Changes in receivables		(2,856,213,268)	60,320,203
Changes in payables		( 2,649,496)	11,263,313
Adjustments during the year		( 1,713,715)	-
<b>Net cashflow from operating activities</b>		<b>448,547,653</b>	<b>705,475,500</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	8	-	-
Acquisition of Assets	18	(405,488,166)	(688,408,022)
<b>Net cash flows from Investing Activities</b>		<b>(405,488,166)</b>	<b>(688,408,022)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>

NATIONAL GOVERNMENT ENTITY – STATE DEPARTMENT FOR COORDINATION OF  
NATIONAL GOVERNMENT

Reports and Financial Statements


For the year ended 30<sup>TH</sup> June, 2016 (KES)

NET INCREASE IN CASH AND CASH EQUIVALENT	<u>43,059,487</u>	<u>17,067,478</u>
Cash and cash equivalent at BEGINNING of the year	17,067,478	-
Cash and cash equivalent at END of the year	<u>60,126,965</u>	<u>17,067,478</u>

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 30/9/ 2016 and signed by:



Principal Secretary



Principal Accounts Controller

**Reports and Financial Statements**  
**For the year ended 30<sup>TH</sup> June, 2016 (KES)**

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

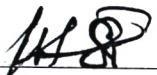
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Tax Receipts	-	-	-	-	-	
Social Security Contributions	-	-	-	-	-	
Proceeds from Domestic and Foreign Grants	-	-	-	-	-	
Exchequer releases	17,978,134,466	216,329,740	18,194,464,206	18,190,700,000	-3,764,206	100%
Transfers from Other Government Entities	-	-	-	-	-	
Proceeds from Domestic Borrowings	-	-	-	-	-	
Proceeds from Foreign Borrowings	-	-	-	-	-	
Proceeds from Sale of Assets	-	-	-	-	-	
Reimbursements and Refunds	-	-	-	-	-	
Returns of Equity Holdings	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
<b>Total Receipts</b>	<b>17,978,134,466</b>	<b>216,329,740</b>	<b>18,194,464,206</b>	<b>18,190,700,000</b>	<b>-3,764,206</b>	<b>100%</b>
<b>PAYMENTS</b>						
Compensation of Employees	11,521,531,000	- 416,943,585	11,104,587,415	10,288,035,518	-816,551,897	93%
Use of goods and services	5,313,264,286	1,028,410,290	6,341,674,576	4,587,044,037	-1,754,630,539	72%
Subsidies	-	-	-	-	-	
Transfers to Other Government Units	-	-	-	-	-	
Other grants and transfers	2,500,000	-	2,500,000	1,250,000	-1,250,000	50%
Social Security Benefits	6,760,000	-	6,760,000	5,246,314	-1,513,686	78%
Acquisition of Assets	1,134,079,180	-395,136,965	738,942,215	405,488,166	-333,454,049	55%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	

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Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Other Expenses	-	-	-	-	-	
<b>TOTALS</b>	<b>17,978,134,466</b>	<b>216,329,740</b>	<b>18,194,464,206</b>	<b>15,287,064,035</b>	<b>-2,907,400,171</b>	<b>84%</b>

The entity financial statements were approved on 30/9/ 2016 and signed by:

  
 \_\_\_\_\_  
 Principal Secretary

  
 \_\_\_\_\_  
 Principal Accounts Controller

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Tax Receipts			-		-	
Social Security Contributions			-		-	
Proceeds from Domestic and Foreign Grants			-		-	
Exchequer releases	16,967,134,466	616,329,740	17,583,464,206	17,583,389,117	-75,089	100%
Transfers from Other Government Entities			-		-	
Proceeds from Domestic Borrowings			-		-	
Proceeds from Foreign Borrowings			-		-	
Proceeds from Sale of Assets			-		-	
Reimbursements and Refunds			-		-	
Returns of Equity Holdings			-		-	
Other Receipts			-		-	
<b>Total Receipts</b>	<b>16,967,134,466</b>	<b>616,329,740</b>	<b>17,583,464,206</b>	<b>17,583,389,117</b>	<b>-75,089</b>	<b>100%</b>
<b>PAYMENTS</b>						
Compensation of Employees	11,521,531,000	-416,943,585	11,104,587,415	10,288,035,518	-816,551,897	93%
Use of goods and services	5,313,264,286	1,028,410,290	6,341,674,576	4,587,044,037	-1,754,630,539	72%
Subsidies	-	-	-	-	-	
Transfers to Other Government Units	-	-	-	-	-	
Other grants and transfers	2,500,000	-	2,500,000	1,250,000	-1,250,000	50%
Social Security Benefits	6,760,000	-	6,760,000	5,246,314	-1,513,686	78%
Acquisition of Assets	1,134,079,180	-395,136,965	738,942,215	405,488,166	-333,454,049	55%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	
Other Payments	-	-	-	-	-	
<b>TOTALS</b>	<b>17,978,134,466</b>	<b>216,329,740</b>	<b>18,194,464,206</b>	<b>15,287,064,035</b>	<b>-2,907,400,171</b>	<b>84%</b>

Reports and Financial Statements

For the year ended 30<sup>TH</sup> June, 2016 (KES)

The entity financial statements were approved on 30/9 2016 and signed by:



Principal Secretary



Principal Accounts Controller

X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Tax Receipts			-		-	
Social Security Contributions			-		-	
Proceeds from Domestic and Foreign Grants			-		-	
Exchequer releases	1,011,000,000	-400,000,000	611,000,000	607,310,883	-3,689,117	99%
Transfers from Other Government Entities			-		-	
Proceeds from Domestic Borrowings			-		-	
Proceeds from Foreign Borrowings			-		-	
Proceeds from Sale of Assets			-		-	
Reimbursements and Refunds			-		-	
Returns of Equity Holdings			-		-	
Other Receipts			-		-	
<b>Total Receipts</b>	<b>1,011,000,000</b>	<b>-400,000,000</b>	<b>611,000,000</b>	<b>607,310,883</b>	<b>-3,689,117</b>	<b>99%</b>
<b>PAYMENTS</b>						
Compensation of Employees			-		-	
Use of goods and services	6,500,000	-5,000,000	1,500,000	-	-1,500,000	0%
Subsidies			-		-	
Transfers to Other Government Units			-		-	
Other grants and transfers			-		-	
Social Security Benefits			-		-	
Acquisition of Assets	1,004,500,000	-395,000,000	609,500,000	365,089,088	-244,410,912	60%
Repayment of principal on Domestic and Foreign borrowing			-		-	
Other Payments			-		-	

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For the year ended 30<sup>TH</sup> June, 2016 (KES)

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>TOTALS</b>	<b>1,011,000,000</b>	<b>-400,000,000</b>	<b>611,000,000</b>	<b>365,089,088</b>	<b>-245,910,912</b>	<b>60%</b>

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

(b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- i. Probation contracted professional services did not take place due to delayed procurement procedures, hence the amount of Ksh 1,500,000 was not utilized.

The entity financial statements were approved on 30/9/ 2016 and signed by:

  
Principal Secretary

  
Principal Accounts Controller

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XI. SUMMARY STATEMENT OF PROVISIONINGS

[The provisioning summary statement is required for entities that have a vote in the National Budget.]

- Details of General Accounts On Vote

	2015 - 2016 Kshs	2014 - 2015 Kshs
GAV Provisioning account balance	2,907,400,171	16,501,100
<i>Total</i>	<u>2,907,400,171</u>	<u>16,501,100</u>

- Details of Exchequer Provisioning

	2015 - 2016 Kshs	2014 - 2015 Kshs
Exchequer Provisioning balance	3,764,206	2,300,600
<i>Total</i>	<u>3,764,206</u>	<u>2,300,600</u>



Principal Secretary



Principal Accounts Controller

Reports and Financial Statements  
For the year ended 30<sup>TH</sup> June, 2016 (KES)

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**XII. SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *entity* and all values are rounded to the nearest thousand (Kshs'000). The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

**2. Recognition of revenue and expenses**

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

**3. 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 revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**4. Cash and cash equivalents**

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

**Reports and Financial Statements**

**For the year ended 30<sup>TH</sup> June, 2016 (KES)**

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- 5. 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 is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure 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.
- 6. Accounts Payable**  
For the purposes of these financial statements, deposits and retentions held on behalf of third parties has been recognized 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.
- 7. Non-current assets**  
Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.
- 8. 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 are recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the *entity* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.
- 9. Budget**  
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *entity's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.
- 10. Comparative figures**  
Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.
- 11. Subsequent events**  
Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

Reports and Financial Statements

For the year ended 30<sup>TH</sup> June, 2016 (KES)

XIII. NOTES TO THE FINANCIAL STATEMENTS

1 TAX REVENUES

	2015 - 2016	RESTATED 2014 - 2015
	KES	KES
Taxes on Income, Profits and Capital Gains	0	0
Taxes on Property	0	0
Taxes on Goods and Services	0	0
Taxes on International Trade and Transactions	0	0
Other Taxes (not elsewhere classified)	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

2 SOCIAL SECURITY CONTRIBUTIONS

	2015- 2016	RESTATED 2014 - 2015
	KES	KES
Receipts for Health Insurance Contribution	0	0
Receipts to NHIF for Health Insurance Contributions	0	0
Receipts from Govt Employees to Social & Welfare Schemes in Govt	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2015 - 2016	RESTATED 2014 - 2015
			KES	KES
<b>Grants Received from Bilateral Donors (Foreign Governments)</b>				
(Insert name of donor)	N/A	0	0	0
(Insert name of donor)	N/A	0	0	0
<b>Grants Received from Multilateral Donors (International Organisations)</b>				
(Insert name of donor)	N/A	0	0	0
(Insert name of donor)	N/A	0	0	0

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For the year ended 30<sup>TH</sup> June, 2016 (KES)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 EXCHQUER RELEASES

	2015 - 2016	RESTATED 2014 - 2015
	KES	KES
Total Exchequer Releases for quarter 1	4,225,000,000	2,477,240,000
Total Exchequer Releases for quarter 2	4,768,700,000	5,364,063,000
Total Exchequer Releases for quarter 3	5,030,700,000	6,160,700,000
Total Exchequer Releases for quarter 4	4,166,300,000	3,706,000,000
<b>Total</b>	<b>18,190,700,000</b>	<b>17,708,003,000</b>

5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Transfers from Central government entities (insert name of budget agency)	0	0
(insert name of budget agency)	0	0
Transfers from Counties (insert name of budget agency)	0	0
(insert name of budget agency)	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

6 PROCEEDS FROM DOMESTIC BORROWINGS

	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Borrowing within General Government	0	0
Borrowing from Monetary Authorities (Central Bank)	0	0
Other Domestic Depository Corporations (Commercial Banks)	0	0
Borrowing from Other Domestic Financial Institutions	0	0
Borrowing from Other Domestic Creditors	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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For the year ended 30<sup>TH</sup> June, 2016 (KES)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 PROCEEDS FROM FOREIGN BORROWINGS

	2015- 2016 KES	RESTATED 2014 - 2015 KES
Foreign Borrowing – Draw-downs Through Exchequer	0	0
Foreign Borrowing - Direct Payments	0	0
Foreign Currency and Foreign Deposits	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

8 PROCEEDS FROM SALE OF ASSETS

	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Receipts from the Sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Receipts from Sale of Certified Seeds and Breeding Stock	0	0
Receipts from the Sale of Strategic Reserves Stocks	0	0
Receipts from the Sale of Inventories, Stocks and Commodities	0	0
Disposal and Sales of Non-Produced Assets	0	0
Receipts from the Sale of Strategic Reserves Stocks	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

9 REIMBURSEMENTS AND REFUNDS

	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Refund from World Food Programme (WFP)	0	0
Reimbursement of Audit Fees	0	0
Reimbursement on Messing Charges (UNICEF)	0	0
Reimbursement from World Bank – ECD	0	0
Reimbursement from Individuals and Private Organisations	0	0
Reimbursement from Local Government Authorities	0	0
Reimbursement from Statutory Organisations	0	0
Reimbursement within Central Government	0	0
Reimbursement Using Bonds	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**10 RETURNS OF EQUITY HOLDINGS**

	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Returns of Equity Holdings in Domestic Organisations	0	0
Returns of Equity Holdings in International Organisations	0	0
	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**11 OTHER REVENUES**

	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Interest Received	0	0
Profits and Dividends	0	0
Rents	0	0
Other Property Income	0	0
Sales of Market Establishments	0	0
Receipts from Administrative Fees and Charges	0	0
Receipts from Administrative Fees and Charges - Collected as AIA	0	0
Receipts from Incidental Sales by Non-Market Establishments	0	0
Receipts from Sales by Non-Market Establishments	0	0
Receipts from Sale of Incidental Goods	0	0
Fines Penalties and Forfeitures	0	0
Receipts from Voluntary transfers other than grants	0	0
Other Receipts Not Classified Elsewhere	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**12 COMPENSATION OF EMPLOYEES**

	2015- 2016 KES	RESTATED 2014 - 2015 KES
Basic salaries of permanent employees	7,065,847,922	7,435,273,289
Basic wages of temporary employees	5,154,907	5,944,217
Personal allowances paid as part of salary	3,217,032,689	3,634,716,382
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Employer Contributions Compulsory national social security schemes	-	-
Employer Contributions Compulsory national health insurance schemes	-	-

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Total	10,288,035,518	11,075,933,889
<i>NOTES TO THE FINANCIAL STATEMENTS (Continued)</i>		
<b>13 USE OF GOODS AND SERVICES</b>		
	<b>2015 - 2016</b>	<b>RESTATED</b>
	<b>KES</b>	<b>2014 - 2015</b>
		<b>KES</b>
Utilities, supplies and services	576,785,226	655,069,700
Communication, supplies and services	17,615,225	27,123,100
Domestic travel and subsistence	91,721,567	79,164,600
Foreign travel and subsistence	12,181,129	17,214,100
Printing, advertising and information supplies & services	4,548,992	1,813,600
Rentals of produced assets	67,527,078	61,266,700
Training expenses	276,556,218	60,390,700
Hospitality supplies and services	46,105,629	43,723,100
Insurance costs	52,350	95,400
Specialized materials and services	3,145,781,632	4,282,986,200
Office and general supplies and services	21,957,076	52,818,700
Other operating expenses	236,536,528	349,209,600
Routine maintenance – vehicles and other transport equipment	67,297,464	173,114,300
Routine maintenance – other assets	18,021,852	57,355,700
Exchange Rate Losses	4,356,071	10,862,500
	-	-
<b>Total</b>	<b>4,587,044,037</b>	<b>5,872,208,000</b>

**14 SUBSIDIES**

Description	2015 - 2016	RESTATED
	KES	2014 - 2015
		KES
Subsidies to Public Corporations		
<i>See list attached</i>	0	0
(insert name)	0	0
Subsidies to Private Enterprises		
<i>See list attached</i>	0	0
(insert name)	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**15 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES**

Description	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Transfers to National Government entities (SCOA Codes 2630100, 2630200, 2640400, 2640500, 2649900, 2820100, 2820200, 2820300)		
See attached list	0	0
Transfers to other levels of Government - Counties (insert name of County)	0	0
(insert name of County)	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

**16 OTHER GRANTS AND TRANSFERS**

	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Membership dues and subscriptions to international organizations	1,250,000	1,760,000
Scholarships and other educational benefits	0	0
Emergency relief and refugee assistance	0	0
Grants to small businesses, cooperatives, and self employed	0	0
Grants to foreign government	0	0
<b>Total</b>	<b>1,250,000</b>	<b>1,760,000</b>

**17 SOCIAL SECURITY BENEFITS**

	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Government pension and retirement benefits	5,246,314	3,568,721
Social security benefits in cash and in kind	0	0
Employer Social Benefits in cash and in kind	0	0
<b>Total</b>	<b>5,246,314</b>	<b>3,568,721</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Purchase of Buildings	-	-
Construction of Buildings	143,306,475	189,545,382
Refurbishment of Buildings	10,133,750	70,942,442
Construction of Roads	-	-
Construction and Civil Works	-	54,665,537
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	-	120,000,000
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	4,173,172	6,061,422
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	247,874,769	247,193,239
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	-
Research, Studies, Project Preparation, Design & Supervision	-	-
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<u>Financial Assets</u>	-	-
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Foreign Payables - From Previous Years	-	-
<b>Total</b>	<b>405,488,166</b>	<b>688,408,022</b>

19 FINANCE COSTS, INCLUDING LOAN INTEREST

	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Interest Payments on Foreign Borrowings	0	0
Interest Payments on Guaranteed Debt Taken over by Govt	0	0
Interest on Domestic Borrowings (Non-Govt)	0	0
Interest on Borrowings from Other Government Units	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Principal repayments on domestic loans	0	0
Principal repayments on Guaranteed Debt taken over by Government	0	0
Repayments on borrowings from other domestic creditors	0	0
Repayment of Principal from Foreign Lending & On – Lending	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

21 OTHER EXPENSES

	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Budget Reserves	0	0
Civil Contingency Reserves	0	0
Other expenses	0	0
	<b>0</b>	<b>0</b>

22A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit e.t.c	Exc rate (if in foreign currency)	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Central Bank Of Kenya 1000209593	KES	Recurrent	N/A	0	0
Central Bank Of Kenya 1000209674	KES	Recurrent	N/A	0	0
Central Bank Of Kenya 1000209704	KES	Development	N/A	0	1,676,668
Central Bank Of Kenya 1000209728	KES	Recurrent	N/A	1,517,866	37,047
Central Bank Of Kenya 1000212567	KES	Deposit	N/A	8,613,817	11,263,313
Central Bank Of Kenya 1000216317		Prison Industries Fund	N/A	46,659,680	0.00
<b>Total</b>				<b>56,791,363</b>	<b>12,977,028</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22B: CASH IN HAND

	2015- 2016	RESTATED
	KES	2014 - 2015
		KES
Cash in Hand – Held in domestic currency	3,335,602	4,090,450
Cash in Hand – Held in foreign currency	0	0
<b>Total</b>	<b>3,335,602</b>	<b>4,090,450</b>

Cash in hand should also be analysed as follows:

	2015 - 2016	RESTATED
	KES	2014 - 2015
		KES
Location 1	3,335,602	4,090,450
Location 2	0	0
Location 3	0	0
Other Locations ( <i>specify</i> )	0	0
<b>Total</b>	<b>3,335,602</b>	<b>4,090,450</b>

[Provide cash count certificates for each]

23: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2015 - 2016	RESTATED
	KES	2014 - 2015
		KES
Government Imprests	<b>199,700</b>	<b>3,321,600</b>
Central Bank Of Kenya 1000214716	30,826	0
Central Bank Of Kenya 1000214748	908,358	0
Central Bank Of Kenya 1000214805	3,450,928	0
Central Bank Of Kenya 1000214821	355,722	0
Central Bank Of Kenya 1000215968	669,928	0
Clearance accounts	2,910,918,008	56,998,603
<b>Total</b>	<b>2,916,533,471</b>	<b>60,320,203</b>

NATIONAL GOVERNMENT ENTITY – STATE DEPARTMENT FOR COORDINATION OF NATIONAL GOVERNMENT

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

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>KES</i>	<i>KES</i>	<i>KES</i>
PATRICK MUKHONYI	27/07/15	30,000	0	30,000
HORACE CHACHA	31/07/15	134,000	0	134,000
SAMUEL MBUGUA	30/10/15	35,700	0	35,700
<b>Total</b>				<b>199,700</b>

24. ACCOUNTS PAYABLE

	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Deposits	8,613,817	11,263,313
<b>Total</b>	<b>8,613,817</b>	<b>11,263,313</b>

[Provide short appropriate explanations as necessary]

25. FUND BALANCE BROUGHT FORWARD

	2015 - 2016 KES	RESTATED 2014 - 2015 KES
Bank accounts	12,977,028	-
Cash in hand	4,090,450	-
Accounts Receivables	60,320,203	-
Accounts Payables	(11,263,313)	-
<b>Total</b>	<b>66,124,368</b>	<b>-</b>

[Provide short appropriate explanations as necessary]

NATIONAL GOVERNMENT ENTITY – STATE DEPARTMENT FOR COORDINATION OF  
NATIONAL GOVERNMENT

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For the year ended 30<sup>TH</sup> June, 2016 (KES)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. OTHER IMPORTANT DISCLOSURES

26.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	KES	KES
Construction of buildings	72,085,367	0
Construction of civil works	0	0
Supply of goods	4,390,554,158	0
Supply of services	60,467,802	0
	<u>4,523,107,327</u>	<u>0</u>

26.2: PENDING STAFF PAYABLES (See Annex 2)

	KES	KES
Senior management	0	0
Middle management	0	0
Unionisable employees	0	0
Others ( <i>specify</i> )	0	0
	<u>0</u>	<u>0</u>

26.3: OTHER PENDING PAYABLES (See Annex 3)

	KES	KES
Amounts due to National Government entities	0	0
Amounts due to County Government entities	0	0
Amounts due to third parties	0	0
Others ( <i>specify</i> )	0	0
	<u>0</u>	<u>0</u>

26.4: PRIOR YEAR ADJUSTMENTS

	KES	KES
Central Bank of Kenya 1000209704	1,676,668	0
Central Bank of Kenya 1000209728	37,047	0
Total	<u>1,713,715</u>	<u>0</u>

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For the year ended 30<sup>TH</sup> June, 2016 (KES)

26.5: RESTATEMENT FOOTNOTE

The re-stated figures of 2014/2015 were arrived at after considering what could be supported against what the IFMIS system reflected as per the audit queries raised.

**Bank accounts**

			AUDITED 2014- 2015 KES	ADJUSTMENTS KES	RESTATED 2014- 2015 KES
Name of Bank, Account No. & currency					
Central Bank Of Kenya 1000209704	KES	Development	550,127,100	-548,450,432	1,676,668
Central Bank Of Kenya 1000209728	KES	Recurrent	17,920,732,900	-17,920,695,853	37,047
Central Bank Of Kenya 1000212567	KES	Deposit	-3,439,813	14,703,126	11,263,313
<b>TOTAL</b>			<b>18,467,420,187</b>	<b>-18,454,443,159</b>	<b>12,977,028</b>

**Cash in hand**

Cash in Hand – Held in domestic currency	KES		8,540,500	-4,450,050	4,090,450
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*Outstanding imprest and clearance accounts*

Government Imprests	KES		2,896,655,400	-2,893,333,800	3,321,600
Clearance accounts	KES		-1,518,945,919	1,575,944,522	56,998,603

*Accounts payable*

Deposits	KES		19,787,545,800	-19,776,282,487	11,263,313
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27 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.

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

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

  
Principal Accounts Controller