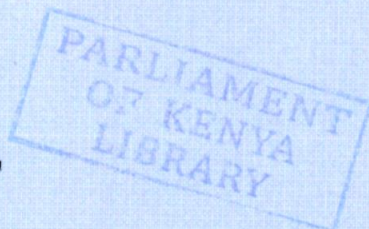
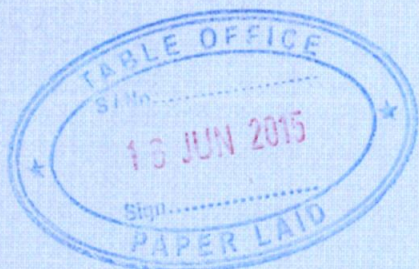


REPUBLIC OF KENYA



*Paper Laid
16/6/2015*

KENYA NATIONAL AUDIT OFFICE



REPORT

OF

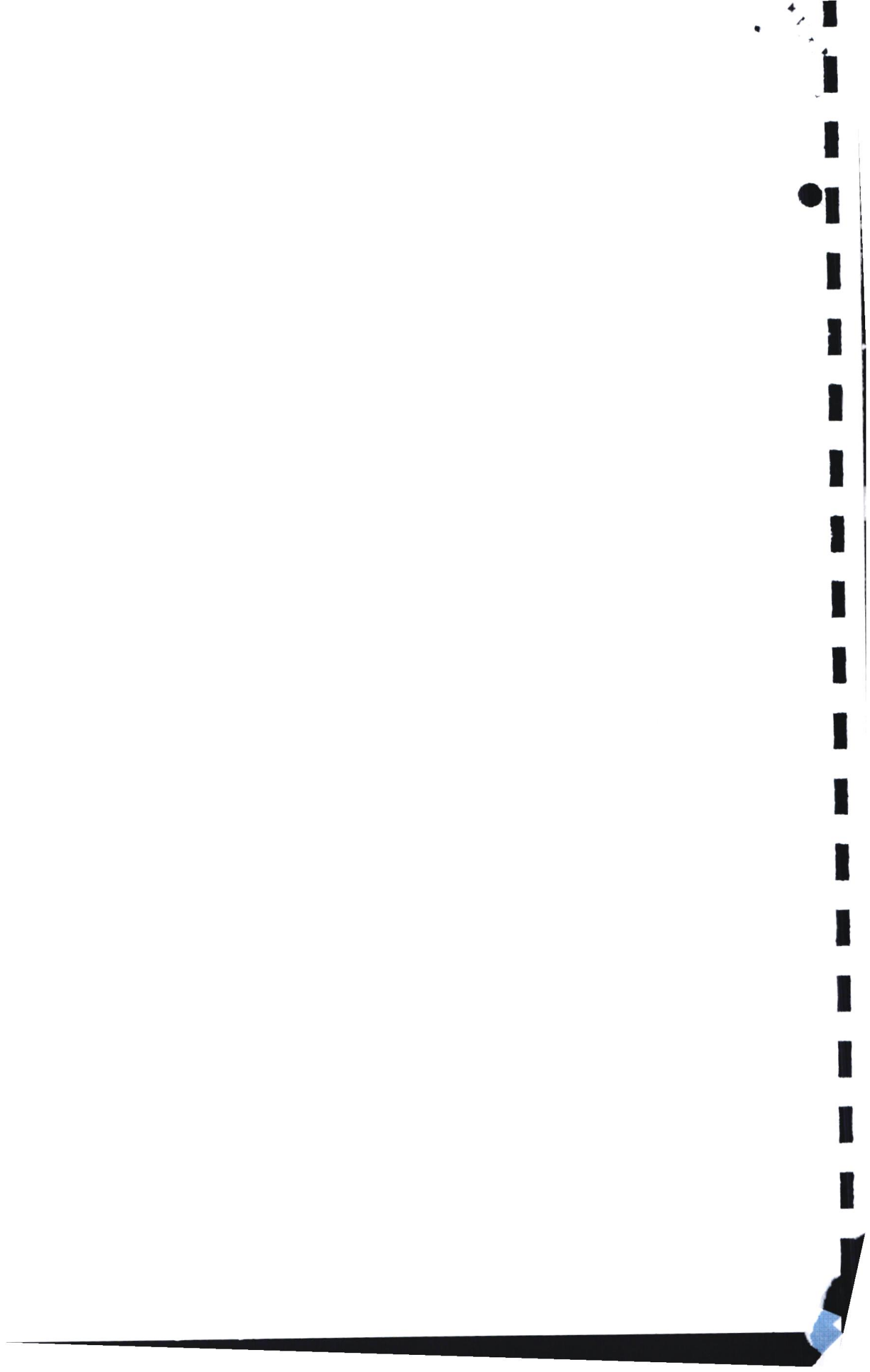
THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
OFFICE OF THE ATTORNEY- GENERAL
AND DEPARTMENT OF JUSTICE**

**FOR THE YEAR ENDED
30 JUNE 2014**

Vii



REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON OFFICE OF THE ATTORNEY- GENERAL AND DEPARTMENT OF JUSTICE FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Office of the Attorney-General and Department of Justice set out on pages 8 to 25, which comprise the statement of financial assets and liabilities as at 30 June 2014, and the statement of receipts and payments, statement of cash flows, statement of comparative budget and actual amounts, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

The Accounting Officer - Office of the Attorney-General and Department of Justice 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 Accounting Officer is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 4 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 8 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229 (7) of the Constitution. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Offices 's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion

1. Accuracy and Completeness of the Financial Statements

(i) General Account on Vote

The financial statements reflect a nil General Account on Vote (GAV) balance for the year ended 30 June 2014. However, analysis of the total estimates and expenditures revealed a balance of Kshs.146,576,176.00 arrived at as shown below:

Item	Amount Kshs.
Recurrent approved estimate	2,592,204,299.00
Development approved estimate	358,308,300.00
<u>Total</u>	<u>2,950,512,599.00</u>
Recurrent actual expenditure	2,484,822,390.00
Development actual expenditure	319,104,032.80
<u>Total</u>	<u>2,803,926,422.80</u>
<u>GAV</u>	<u>146,586,176.20</u>

No reasons were provided for reflecting the wrong closing balance.

(ii) Exchequer Account

The financial statements reflect a nil Exchequer Account balance for the year ended 30 June 2014. However, analysis of the total Budget and total exchequer releases revealed a balance of Kshs.151,100,299.00 as shown below:

Item	Amount Kshs.
Total Budget	2,950,512,599.00
Total Exchequer Release	2,799,412,300.00
<u>Exchequer Balance</u>	<u>151,100,299.00</u>

No reasons were provided for reflecting the wrong closing balance.

(iii) The financial statements do not include a note on accounts payable as required by the template prescribed by the Public Sector Accounting Standards Board and consequently are not compliant with the Public Finance Management Act (PFM) No. 18 of 24 July, 2012.PSASB.

(iv) The financial statements have not been duly signed as required by the International Public Sector Accounting Standards Board (IPSAS) 1.

(v) The statement of assets reflects cash and cash equivalents of Kshs.198,235,919.15 whereas the cash flow statements reflects Kshs.199,684,953.25. The resulting difference of Kshs.101,449,035.10 has not been explained.

In view of the foregoing, the accuracy and completeness of the financial statements as at 30 June 2014 could be confirmed.

2. Cash and Cash Equivalents

The statement of assets for the year ended 30 June 2014 reflect total cash and cash equivalents balance of Kshs.198,253,919.15 which is at variance with the cash book, board of survey report and bank statements provided resulting in unexplained and unreconciled difference of Kshs.3,583,348.90 as at 30 June 2014 as follows:

<u>Description</u>	<u>Kshs.</u>
Recurrent Cash book	1,424,751.25
Development Cash book	18,141,003.25
Deposits Cash book	181,375,701.55
Revenue Cash book	826,750.00
Imprests	<u>52,268.00</u>
Total	<u>201,819,268.05</u>

Bank Reconciliation Statements

i) Development Account

Differences between the Development Cash book and Bank Statements

The development cash book reflect a credit balance of Kshs.18,141,003.25 while the bank account statement reflects a debit balance of Kshs.27,500,846.85. No

reconciliation statement was prepared for the development account to reconcile or explain the resultant difference of Kshs.9,359,483.60 between the two sets of records.

ii) Recurrent account

- **Payments in Bank Statement not yet recorded in Cash book**

The bank reconciliation statement for recurrent account as at 30 June 2014 reflect payments totalling Kshs.155,815,488.75 in the bank statement not recorded in the cash book. No reason or explanation was given for failure to record the payments in the cash book.

- **Payments in Cash book not in Bank Statement**

The recurrent bank reconciliation statement reflect payments in the cash book and not reflected in the bank statement totalling to Kshs.404,855,177.84 as at 30 June 2014. No reason has been given for failure to clear the outstanding payments for the reconciliation statement.

iii) Deposits Account

Payments in Cash book not in Bank Statement

The deposits cash book of the Office of the Attorney-General and Department of Justice reflect Kshs.181,375,701.35 as the closing balance as at 30 June 2014 while the bank statements reflect a balance of Kshs.176,802,697.20. The difference of Kshs.4,573,004.15 has not been reconciled or explained.

3. Unvouched and Unsupported Expenditure

Expenditure amounting to Kshs.133,423,181.80 on printing, advertising and information supplies and services; rental of produced assets; other grants and transfers; purchase of specialized materials and state law field services incurred without payment vouchers and supporting documents .

As a result, the propriety, validity and accuracy of the expenditure could not be confirmed as at 30 June 2014.

4. Un-Supported Expenditure - Proceeds from Domestic and Foreign Grants

The statement of receipts and payments reflects proceeds from domestic and foreign grants of Kshs.87,804,497.00 as at 30 June 2014. The donor agencies paid the funds directly to recipients project/programmes. However, no documents were made available to support disbursements to the projects and the expenditure incurred thereon.

Consequently, it has not been possible to confirm the propriety of the expenditure and whether the funds have been properly accounted for as at 30 June 2014.

5. Unaccounted for Transfers to Other Government Units

During the year under review, the Office of the Attorney- General and Department of Justice transferred a total of Kshs.296,183,479.00 to other Government Units. However, only a total of Kshs.272,520,830.00 was received by the respective Units as shown below:

Government Unit	Amount Disbursed Kshs.	Amount Received Kshs.	Difference Kshs.
Truth, Justice and Reconciliation	23,662,649.00	NIL	23,662,649.00
National Cohesion and Integration Commission	19,000,000.00	NIL	19,000,000.00
National Crime Research Centre	128,630,830.00	96,010,000.00	32,620,830.00
Kenya School of Law	124,890,000.00	176,510,830.00	51,620,830.00
Total	296,183,479	272,520,830	126,904,309.00

The resultant difference of Kshs.126,904,309.00 remains unexplained and therefore not accounted for.

6. Pending Accounts Payable

Annex 1 of the financial statements as at 30 June 2014 indicates that the Office of the Attorney-General and Department of Justice had outstanding bills of Kshs.17,060,902.45. However, the ledger reflects Kshs.19,562,754,000. The resulting difference of Kshs.2,501,851.55 has not been explained or reconciled. Further, had these bills been settled the surplus Kshs.172,832,239.65 reported in the statement of receipts and payments as at 30 June 2014 would have reduced to Kshs.155,771,337.20 instead of Kshs.172,832,239.65 now shown.

7. Domestic Currency and Domestic Deposits - Deposits held in Trust

Note 7 to the financial statements for the year ended 30 June 2014 reflect Kshs.542,260,496.95 under Domestic Currency and Domestic Deposits – Deposits held in Trust which differs with the cash book closing balance of Kshs.181,375,701.55 as at 30 June 2014. No reconciliations or explanations were provided in the note for the resultant difference of Kshs.360,884,795.40.

Further, records available confirmed that a total of 28 receipt books for deposit had not been accounted for and no reasons were provided for the anomaly.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not give a true and fair view of the financial position of the Office of the Attorney-General and Department of Justice as at 30 June 2014, and of its financial performance and of its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and the Public Finance Management Act, 2012.

Other matter

The Office has no functioning audit committee, risk assessment strategy and a tested disaster recovery plan to enhance its governance. My opinion is not justified in respect to the above matter.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

22 May 2015



OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014**

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

OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

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OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Office of the Attorney General and Department of Justice is established under the Presidential Executive Order No.2 of 2013. The office has a huge mandate that is derived from article 156 of the Constitution, the office of The Attorney General Act 2012 and the Presidential Executive Order No. of /2013. As the Government's Principal legal Advisor, the Attorney General is responsible for representing the national government in court on all civil proceedings, drafting of legislations, management of public trusts and legislation of services. It does not deal with criminal proceedings. It is also deals with legal policy, coordination of GJLOS sector and receiving and investigating complaints against advocates. The Attorney General is the promoter of the rule of law and defender of the public interest.

Pursuant to Executive Order No.2/2013, the Attorney General has a broadened mandate of discharging the mandates of the former Department Of Justice, National Cohesion and Constitutional Affairs and the Former State Law Office. In this regard, the broad functions of the Office has been expanded to include promotion of human rights, constitutional implementation, access to justice, promotion of legal aid, good governance, legal education, law reform, among others. It also provides policy direction and facilitates coordination of the GJLOS sector in addition to playing oversight functions with regard to various legal sector institutions.

In summary, the OAG&DOJ has been instrumental in creating conducive environment for doing business, enhanced provision of legal services, constitutional implementation and legal reform. Legal education and awareness and promotion of Economic Governance, among others.

(b) Key Management

The office of the attorney General and department of justice day-to-day management is under the following key organs:

- Legislative Drafting
- Civil Litigation
- Public Trustee
- Registration Services
- Advocates Complaints Commission
- Legal Advisory and Research
- Government Transactions
- International Law Division
- Department of Justice and
- Administration Services

OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE
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(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	- Njee Muturi
2.	Director of Administration	- Peter Kusimba
3.	Head of Accounting Unit	- Philip Gathuya

(d) Fiduciary Oversight Arrangements

The fiduciary oversight is undertaken by among other organs

- i. The internal audit department- who carry out the day to day audit of the operations of the office
- ii. The audit committee that evaluate the reports of the internal auditor and give recommendations on the best course of action
- iii. The Kenya national audit office who does the final audit of the accounts of the office and forwards the unresolved issues to the parliamentary accounts committee.
- iv. The Parliamentary accounts committee that evaluates all the unresolved issues between the auditor general and the office and afterwards gives recommendations on how best these issues can be resolved or any disciplinary action to be taken.

(e) Entity Headquarters

P.O. Box 40112
Sheria House
Harambee Avenue
Nairobi, KENYA

(f) Entity Contacts

Telephone: (254) 020 2227461
E-mail: info.statelawoffice@Kenya.go.ke
Website: www.go.ke

(g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Branch: Moi Avenue
Account No.: 1123414246

OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE
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For the year ended June 30, 2014 (Kshs'000)

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

II. FORWARD BY THE CABINET SECRETARY

During the period under review, the OAG&DOJ initiated a number of key flagship projects and programmes, facilitated the formulation and implementation of policies, drafted laws and instituted institutional reforms all aimed at providing quality service to Kenyans. Among the programs and projects that the office initiated included national healing, reconciliation and reconstruction of the country after the 2008 post-election violence, promulgation of the Constitution (2010), and establishment of various commissions and committees particularly those related to implementation of the constitution and enactment of various laws as set out in the Fifth Schedule of the Constitution.

With regard to the implementation of the constitution, the OAG&DOJ made significant milestones in the development of county legislations, policies and establishment of institutions to put into effect the two levels of government. It also facilitated the establishment of various Commissions and committees for the Implementation of the Constitution. These include the CIC, Transitional Authority, National Gender and Equality Commission (NGEC), Commission for Revenue Allocation (CRA), Independent Elections and Boundaries Commission (IEBC), Truth Justice and Reconciliation Processes. Arising from these development initiatives the country can brag of holding peaceful elections under the new constitution.

Out of the total allocation of Ksh3, 381,281,362 to the office, the office was able to utilize Ksh.2,867,598,775 translating to absorption level of 84.5 percent.

The key challenges that the OAG&DOJ faced was low budgetary ceiling. This in effect hampered full implementation of the programmed projects and constraint general administrative functioning of the office including transportation of state counsels to attend courts. Further, inadequate funding had constraint our ability to devolve our services to the programmed county offices. Moving forward, the office has set to implement a number of flagship programmes drawn from the Second Medium Term Plan of the Kenya Vision 2030 and those falling under the Jubilee Manifesto. The import of all the on-going and programmed projects will call for additional exchequer over and above what was allocated in the year under review. It is our hope that additional exchequer will be made available to enable this office deliver on its mandate

Sign

Cabinet Secretary

OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for 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 *Office of the Attorney General and Department of Justice* is responsible for the preparation and presentation of the *Office of the Attorney General and Department of Justice* financial statements, which give a true and fair view of the state of affairs of the *Office of the Attorney General and Department of Justice* for and as at the end of the financial year (period) ended on June 30, 20XX. 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 *Office of the Attorney General and Department of Justice*; (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 *Office of the Attorney General and Department of Justice*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

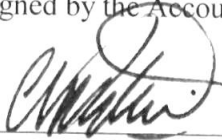
The Accounting Officer in charge of the *Office of the Attorney General and Department of Justice* accepts responsibility for the *Office of the Attorney General and Department of Justice* financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *Office of the Attorney General and Department of Justice* financial statements give a true and fair view of the state of *Office of the Attorney General and Department of Justice* transactions during the financial year ended June 30, 2014, and of the *Office of the Attorney General and Department of Justice* financial position as at that date. The Accounting Officer in charge of the *Office of the Attorney General and Department of Justice* further confirms the completeness of the accounting records maintained for the *Office of the Attorney General and Department of Justice*, which have been relied upon in the preparation of the *Office of the Attorney General and Department of Justice's* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the *Office of the Attorney General and Department of Justice* 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 *Office of the Attorney General and Department of Justice'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.

OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

Approval of the financial statements

The *Office of the Attorney General and Department of Justice* financial statements were approved and signed by the Accounting Officer on _____ 2014.



Principal Secretary



Principal Accounts Controller

OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

REPORT OF THE INDEPENDENT AUDITORS ON OFFICE OF THE ATTORNEY GENERAL
AND DEPARTMENT OF JUSTICE

IV.

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

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

Opinion

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

Auditor General

Date

OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2013-2014 Kshs	2012-2013 Kshs
RECEIPTS			
Tax Receipts	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	87,804,497	608,757,335.90
Exchequer releases	4	2,799,412,300	4,193,900,000.00
Transfers from Other Government Entities	5	-	-
Proceeds from Domestic Borrowings	6	-	-
Retention and compensation deposits	7	542,260,496.95	972,159,045.95
Proceeds from Foreign Borrowings	8	-	-
Proceeds from Sale of Assets	9	-	-
Reimbursements and Refunds	10	-	-
Returns of Equity Holdings	11	-	-
Other Receipts	12	120,000,000.00	120,000,000.00
TOTAL RECEIPTS		3,549,477,293.95	5,894,816,381.85
PAYMENTS			
Compensation of Employees	13	850,868,675.00	879,136,981.00
Use of goods and services	14	1,030,368,253.30	2,360,985,880.15
Interest payments	15	-	-
Subsidies	16	96,485,000.00	166,304,000.00
Transfers to Other Government Units	17	1,227,820,939.00	1,695,936,334.00
Other grants and transfers	18	3,900,000.00	-
Social Security Benefits	19	2,070,000.00	26,679,517.00
Acquisition of Assets	20	165,132,187.00	183,260,588.00
Finance Costs, including Loan Interest	21	-	-
Repayment of principal on Domestic and Foreign borrowing	22	-	-
Other Payments	23	-	608,757,335.90
TOTAL PAYMENTS		3,376,645,054.30	5,921,060,636.05
SURPLUS/DEFICIT		172,832,239.65	26,244,254.20

OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The *Office of the Attorney General and Department of Justice* financial statements were approved on _____ 2014 and signed by:



Principal Secretary



Principal Accounts Controller

VI. STATEMENT OF ASSETS

	Note	2013-2014 Kshs	2012-2013 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	24A	19,565,614	126,819,540.60
Cash Balances	24B	140	33,173.00
Cash Equivalents	24C	176,802,697.20	119,062,809.00
Outstanding Imprests	24D	1,867,467.95	1,815,199.95
TOTAL FINANCIAL ASSETS		198,235,919.15	247,730,722.55

REPRESENTED BY

Fund balance b/fwd	25	128,667,913.55	217,820,961.25
Surplus/Deficit for the year		172,832,239.65	26,244,254.20
Prior year adjustments	26	103,264,234.05	56,154,015.50
NET FINANCIAL POSITION		198,235,919.15	247,730,722.55

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The *Office of the Attorney General and Department of Justice* financial statements were approved on _____ 2014 and signed by:



Principal Secretary



Principal Accounts Controller

OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

VII. STATEMENT OF CASHFLOW

		2013-2014	2012-2013
Receipts for operating income			
Tax Receipts	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	87,804,497	608,757,335.90
Exchequer Releases	4	2,799,412,300	4,193,900,000
Transfers from Other Government Entities	5	-	-
Reimbursements and Refunds	10	-	-
Returns of Equity Holdings	11	-	-
Other Receipts	12	120,000,000	-
Payments for operating expenses			
Compensation of Employees	13	850,868,675	879,136,981
Use of goods and services	14	1,030,368,253.30	2,360,985,880.15
Interest payments	15	-	-
Subsidies	16	96,485,000	166,304,000
Transfers to Other Government Units	17	1,227,820,939	1,695,936,334
Other grants and transfers	18	3,900,000	-
Social Security Benefits	19	2,070,000	26,679,517
Finance Costs, including Loan Interest	21	-	-
Other Expenses	23	-	608,757,335.90
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		204,296,070.30	935,142,712.15
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	9	-	-
Acquisition of Assets	20	165,132,187	183,260,588
Net cash flows from Investing Activities		165,132,187	183,260,588
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	6	-	-
Retention and compensation deposits	7	542,260,496.95	972,159,045.95
Proceeds from Foreign Borrowings	8	-	-
Repayment of principal on Domestic and Foreign borrowing	22	-	-
Net cash flow from financing activities		542,260,496.95	972,159,045.95

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NET INCREASE IN CASH AND CASH EQUIVALENT		172,832,239.65	146,244,254.20
Cash and cash equivalent at BEGINNING of the year	24	126,852,713.60	273,096,967.80
Cash and cash equivalent at END of the year	24	299,684,953.25	126,852,713.60

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 _____ 2014 and signed by:



Principal Secretary



Principal Accounts Controller

I. 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 %
RECEIPTS						
Tax Receipts		-		-		0%
Social Security Contributions		-		-		0%
Proceeds from Domestic and Foreign Grants	358,360,430.00	48,000,000.00	310,360,430.00	87,804,497.00	222,555,933.00	28%
Exchequer releases	249,896,000.00	108,412,300.00	358,308,430.00	324,412,300.00	33,896,000.00	91%
Transfers from Other Government Entities			-		-	%
Proceeds from Domestic Borrowings			-		-	0%
Proceeds from Foreign Borrowings			-		-	0%
Proceeds from Sale of Assets			-		-	0%
Reimbursements and Refunds			-		-	0%
Returns of Equity Holdings			-		-	0%
Other Receipts			-		-	0%
TOTALS	608,256,430.00	60,412,300.00	668,668,730.00	412,216,979.00	256,451,933.00	62%
PAYMENTS					-	0%
Compensation of Employees						0%
Use of goods and services		100,000,000.00	100,000,000.00	87,484,043.00	12,515,957.00	87%
Interest payments						0%
Subsidies					-	0%
Transfers to Other Government Units	66,880,000.00	88,412,300.00	155,292,300.00	155,292,300.00	-	100%
Other grants and transfers						
Social Security Benefits						
Acquisition of Assets	541,376,430.00	128,000,000.00	413,376,430.00	164,132,187.00	249,244,243.00	40%

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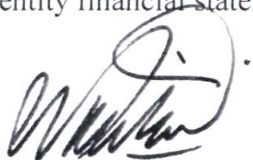
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Finance Costs, including Loan Interest					-	0%
Repayment of principal on Domestic and Foreign borrowing					-	0%
Other Payments						
TOTALS	608,256,430.00	60,412,300.00	668,668,730.00	406,908,530.00	261,760,200.00	61%

(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. The under collection of Ksh.222,555,933.00 was as a result of non remittance of the same by the donor.
- ii. Xxx
- iii. Xxx
- iv. Xxx
- v. Xxx

The entity financial statements were approved on _____ 2014 and signed by:



Principal Secretary



Principal Accounts Controller

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K. 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 %
RECEIPTS					-	0%
Tax Receipts					-	0%
Social Security Contributions					-	0%
Proceeds from Domestic and Foreign Grants						
Exchequer releases	2,019,204,299.00	573,000,000.00	2,592,204,299.00	2,475,000,000.00	117,204,299.00	95%
Transfers from Other Government Entities						0%
Proceeds from Domestic Borrowings						0%
Proceeds from Foreign Borrowings						0%
Proceeds from Sale of Assets						0%
Reimbursements and Refunds						0%
Returns of Equity Holdings						0%
Other Receipts						0%
Deposits held in Trust				542,260,496.95		
TOTALS	2,019,204,299.00	573,000,000.00	2,592,204,299.00	3,017,260,496.95	117,204,299.00	95%
PAYMENTS						
Compensation of Employees	859,419,305.00	12,040,000.00	847,379,305.00	850,868,675.00	3,489,370.00	100%
Use of goods and services	501,323,721.00	14,430,000.00	515,663,721.00	919,221,561.15	403,557,840.15	178%
Interest payments	-	-	-	-	-	0%
Subsidies	91,485,000.00	5,000,000.00	96,485,000.00	96,485,000.00	-	100%
Transfers to Other Government Units	679,788,273.00	566,000,000.00	1,245,788,273.00	1,096,191,288.00	149,596,895.00	88%
Other grants and transfers	3,900,000.00	-	3,900,000.00	3,900,000.00	-	100%

6. 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 %
RECEIPTS						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants	358,360,430.00	48,000,000.00	310,360,430.00	87,804,497.00	222,555,933.00	28%
Exchequer releases	2,269,100,299.00	681,412,300.00	2,950,512,599.00	2,799,412,299.00	151,100,299.00	95%
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						
Deposits held in Trust				542,260,496.95		
TOTAL RECEIPTS	2,627,460,729.00	633,412,300.00	3,260,873,029.00	3,429,477,293.95	373,656,232.00	105%
PAYMENTS						
Compensation of Employees	859,419,305.00	12,040,000.00	847,379,305.00	850,868,675.00	3,489,370.00	100%
Use of goods and services	501,323,721.00	114,340,000.00	615,663,721.00	1,006,705,604.15	391,041,883.15	164%
Interest payments	-	-	-	-	-	0%
Subsidies	91,485,000.00	5,000,000.00	96,485,000.00	96,485,000.00	-	100%
Transfers to Other Government Units	746,668,273.00	654,412,300.00	1,401,080,573.00	1,251,483,588.00	149,596,985.00	89%
Other grants and transfers	3,900,000.00		3,900,000.00	3,900,000.00	-	100%

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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 %
Social Security Benefits	2,070,000.00		2,070,000.00	2,070,000.00	-	100%
Acquisition of Assets	542,594,430.00	128,300,000.00	414,294,430.00	165,132,187.00	249,162,243.00	40%
Finance Costs, including Loan Interest	-	-	-	-	-	0%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	0%
Other Payments	-	-	-	-	-	0%
TOTALS	2,747,460,729.00	633,412,300.00	3,380,873,029.00	3,376,645,054.15	4,227,974.85	100%

(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. The under utilization of Ksh.249,162,243.00 on acquisition of assets was as a result of lack of exchequer releases.
- ii. The under utilization of Ksh.222,555,933.00 on foreign grant was as a result of non remittance of funds by the donors.

The entity financial statements were approved on _____ 2014 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 (Recurrent and Development combined)

	2013 - 2014	2012 - 2013
	Kshs	Kshs
GAV Provisioning account balance	-	-
Total	<u>-</u>	<u>-</u>

- Details of Exchequer Account (Recurrent and Development combined)

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Exchequer Provisioning account balance	-	-
Total	<u>-</u>	<u>-</u>

Principal Secretary



Principal Accounts Controller

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. 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 *Office of the Attorney General and Department of Justice* 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. The cash basis of accounting recognises transactions and events only when cash is received or paid by the *Office of the Attorney General and Department of Justice*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the *Office of the Attorney General and Department of Justice* 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 *Office of the Attorney General and Department of Justice* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

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

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authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

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

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *Office of the Attorney General and Department of Justice* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *Office of the Attorney General and Department of Justice* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

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XIII. NOTES TO THE FINANCIAL STATEMENTS

1 TAX RECEIPTS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Taxes on Income, Profits and Capital Gains	-	-
Taxes on Property	-	-
Taxes on Goods and Services	-	-
Taxes on International Trade and Transactions	-	-
Other Taxes (not elsewhere classified)	-	-
Total	-	-

2 SOCIAL SECURITY CONTRIBUTIONS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Receipts for Health Insurance Contribution	-	-
Receipts to NHIF for Health Insurance Contributions	-	-
Receipts from Govt Employees to Social & Welfare Schemes in Govt	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2013 - 2014	2012 - 2013
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
(GJLOS)			6,816,971.00	608,757,335.90
(GJLOS)			80,987,526.00	-
Grants Received from Multilateral Donors (International Organisations)				
(Insert name of donor)			-	-
(Insert name of donor)			-	-
			-	-
Grants Received from other levels of government				
(Insert name of donor)			-	-
(Insert name of donor)			-	-
Total			87,804,497.00	608,757,335.90

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 EXCHQUER RELEASES

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Total Exchequer Releases for quarter 1	578,000,000 .00	1,047,200,000.00
Total Exchequer Releases for quarter 2	648,412,300.00	785,000,000.00
Total Exchequer Releases for quarter 3	720,000,000.00	1,249,000,000.00
Total Exchequer Releases for quarter 4	853,000,000.00	1,112,700,000.00
Total	2,799,412,300.00	4,193,900,000.00

5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2013 - 2014	2012 - 2013
	Kshs	Kshs
Transfers from Central government entities	-	-
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
Transfers from Counties	-	-
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
TOTAL		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PROCEEDS FROM DOMESTIC BORROWINGS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
Total	<u>-</u>	<u>-</u>

7 DOMESTIC CURRENCY AND DOMESTIC DEPOSITS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
10% Retention amount in relation to various project (annex)	-	-
y% Retention amount in relation to project B	-	-
z% Retention amount in relation to project C	-	-
Deposits held in trust (compensation / Agency)	542,260,496.95	972,159,045.95
Total	<u>542,260,496.95</u>	<u>972,159,045.95</u>

[Provide a detailed analysis of this Note under Annex 3. The amount held as retention and deposits should also be disclosed under Note 24A]

8 PROCEEDS FROM FOREIGN BORROWINGS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Foreign Borrowing – Draw-downs Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
Total	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 PROCEEDS FROM SALE OF ASSETS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
	-	-
Total	-	-

10 REIMBURSEMENTS AND REFUNDS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Refund from World Food Programme (WFP)	-	-
Reimbursement of Audit Fees	-	-
Reimbursement on Messing Charges (UNICEF)	-	-
Reimbursement from World Bank – ECD	-	-
Reimbursement from Individuals and Private Organisations	-	-
Reimbursement from Local Government Authorities	-	-
Reimbursement from Statutory Organisations	-	-
Reimbursement within Central Government	-	-
Reimbursement Using Bonds	-	-
Total		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 RETURNS OF EQUITY HOLDINGS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Returns of Equity Holdings in Domestic Organisations	-	-
Returns of Equity Holdings in International Organisations	-	-
	-	-
Total	-	-

12 OTHER RECEIPTS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Interest Received	-	-
Profits and Dividends	-	-
Rents	-	-
Other Property Income	-	-
Sales of Market Establishments	-	-
Receipts from Administrative Fees and Charges	-	-
Receipts from Administrative Fees and Charges - Collected as AIA	-	-
Receipts from Incidental Sales by Non-Market Establishments	-	-
Receipts from Sales by Non-Market Establishments	-	-
Receipts from Sale of Incidental Goods	-	-
Fines Penalties and Forfeitures	-	-
Receipts from Voluntary transfers other than grants	-	-
Other Receipts Not Classified Elsewhere	120,000,000.00	120,000,000.00
Total	120,000,000.00	120,000,000.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 COMPENSATION OF EMPLOYEES

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Basic salaries of permanent employees	416,859,000.00	466,310,905.00
Basic wages of temporary employees	21,998,129.00	21,652,782.00
Personal allowances paid as part of salary	412,011,546.00	391,173,294.00
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	850,868,675.00	879,136,981.00

14 USE OF GOODS AND SERVICES

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Utilities, supplies and services	24,107,450.00	21,912,144.00
Communication, supplies and services	23,577,776.00	43,838,295.00
Domestic travel and subsistence	47,870,884.00	71,618,914.00
Foreign travel and subsistence	57,242,575.00	46,465,850.00
Printing, advertising and information supplies & services	99,128,667.00	236,916,296.00
Rentals of produced assets	78,492,998.00	104,260,128.00
Training expenses	29,427,876.00	76,674,653.00
Hospitality supplies and services	43,939,948.00	242,681,165.95
Insurance costs	-	-
Specialized materials and services	15,283,554.00	37,165,542.00
Office and general supplies and services	29,906,830.00	83,413,176.00
Refined fuel and lubricants for transport	47,829,507.00	354,981,861.00
Routine maintenance – vehicles and other transport equipment	10,963,506.00	20,936.00
Routine maintenance – other assets	6,610,261.00	41,696,428.00
Fuel, oil and lubricants	7,409,638.00	-
Deposit payments	484,914,134.30	999,340,491.20
Pending bills for TJRC	23,662,649.00	-
Total	1,030,368,253.30	2,360,985,880.15

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 INTEREST PAYMENTS

	2013 - 2014 Kshs	2012 - 2013 Kshs
Interest Payments on Foreign Borrowing	-	-
Interest on Domestic Borrowing	-	-
Interest on Borrowing From Other Government Units	-	-
Total	<u><u> </u></u>	<u><u> </u></u>

16 SUBSIDIES

Description	2013 - 2014 Kshs	2012 - 2013 Kshs
Subsidies to Public Corporations <i>See list attached</i>	-	-
(National Crime Research	-	72,560,000.00
Kenya Copyright Board	96,485,000.00	93,744,000.00
Subsidies to Private Enterprises <i>See list attached</i>	-	-
(insert name)	-	-
TOTAL	<u><u>96,485,000.00</u></u>	<u><u>166,304,000.00</u></u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2013 - 2014	2012 - 2013
	Kshs	Kshs
Transfers to National Government entities		
See attached list	-	-
Transfer to Counties (insert name of budget agency)	-	-
Legal Affairs		444,000,000.00
Kenya Law Reform Commission	119,653,424.00	-
Anti-Corruption Commission	89,756,600.00	134,447,695.00
National Crime Research	96,010,000.00	14,400,000.00
State Law Field Services	18,400,767.00	-
Truth Justice and Reconciliation Commission	-	272,056,948.00
National Cohesion & integration Commission	-	446,113,600.00
Legal Education Commission	73,000,000.00	-
Judges & Magistrate Vetting Board	654,489,318.00	-
Kenya School of Law	176,510,830.00	384,918,091.00
	1,227,820,939.00	1,695,936,334.00

18 OTHER GRANTS AND OTHER PAYMENTS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Scholarships and other educational benefits	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Other current transfers, grants	3,900,000.00	-
Other capital grants and transfers	-	-
Total	3,900,000.00	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 SOCIAL SECURITY BENEFITS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Government pension and retirement benefits	2,070,000.00	26,679,517.00
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	2,070,000.00	26,679,517.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2013 - 2014 Kshs	2012 - 2013 Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	36,758,757	70,700,000
Construction of Roads	-	-
Construction and Civil Works	-	-
Overhaul and Refurbishment of Construction and Civil Works	24,250,000	23,590,391
Purchase of Vehicles and Other Transport Equipment	-	13,755,709
Overhaul of Vehicles and Other Transport Equipment	1,000,000	501,776
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	48,716,975
Purchase of ICT Equipment, Software and Other ICT Assets	15,318,933	25,995,737
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	87,804,497	-
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	-	-
Total	165,132,187	183,260,588

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 FINANCE COSTS, INCLUDING LOAN INTEREST

	2013 - 2014 Kshs	2012 - 2013 Kshs
Exchange Rate Losses	-	-
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
Total	-	-

22 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

	2013 - 2014 Kshs	2012 - 2013 Kshs
Repayments on Borrowings from Domestic	-	-
Principal Repayments on Guaranteed Debt Taken over by Government	-	-
Repayments on Borrowings from Other Domestic Creditors	-	-
Repayment of Principal from Foreign Lending & On – Lending	-	-
Total	-	-

23 OTHER EXPENSES

	2013 - 2014 Kshs	2012 - 2013 Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Capital Transfers to Non-Financial Public Enterprises	-	-
Capital Transfer to Public Financial Institutions and Enterprises	-	-
Capital Transfer to Private Non-Financial Enterprises	-	-
Other expenses	-	-
Domestic Accounts	-	-
	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

24A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Exc rate	2013 - 2014	2012 - 2013
			Kshs	Kshs
<i>Recurrent</i>	-	-	1,424,611.00	105,629,227.90
<i>Development</i>	-	-	18,141,003.00	21,190,312.70
<i>CBK, DEV JUSTICE</i>			-	-
<i>CBK, REC JUSTICE</i>			-	-
Total			19,565,614.00	126,819,540.60

24B: CASH IN HAND

	2013 - 2014 Kshs	2012 - 2013 Kshs
Cash office headquarters-Recurrent	140	33,173
Cash office headquarters Location 3		
Other Locations (<i>specify</i>)		
Total	140	33,173

[Provide cash count certificates for each]

24C: Cash equivalents (short-term deposits)

Name of Bank, Account No. & currency	Amount in foreign currency	Exchange rate	2013 - 2014	2012 - 2013
			Kshs	Kshs
10% Retention amount to various projects	-	-	-	3,913,090.70
Compensation (Agency)	-	-	176,802,697.20	115,149,718.30
<i>Describe the nature of deposit</i>	-	-	-	-
<i>Describe the nature of deposit</i>	-	-	-	-
Total			176,802,697.20	119,062,809.00

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24D: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance 2013/2014</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
BRENDA WASILWA	22/04/2014	26,000	26,000	26,000
LYDIA MWINZIA	10/03/2014	4,000	4,000	4,000
JOYCE OMIDO	30/04/2014	7,000	7,000	7,000
EVANS MUSA	16/05/2014	29,000	24,937	4,063
JOHN KISENGA	10/04/2014	3,000	3,000	3,000
PURITY ZAWADI	20/04/2014	4,000	4,000	4,000
MONICAH KAGWIRIA	15/11/2013	10,000	9,995	5
PAUL NDIRANGU	03/03/2014	69,000	68,000	1,000
ERIC KITHINJI	04/03/2014	3,200	3,200	3,200
TOTAL				52,268

Total

See attached Appendix for the 2012/2013 outstanding imprests of Ksh.1,815,200.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. BALANCES BROUGHT FORWARD

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Bank accounts	126,819,540.60	214,991,232.15
Cash in hand	33,173.00	906,074.15
Cash equivalents (short-term deposits)	-	-
Imprest	1,815,199.95	1,923,654.95
Receivables	-	-
Payables(Retention & Compensation)	-	-
Total	<u>128,667,913.55</u>	<u>217,820,961.25</u>

[Provide short appropriate explanations as necessary]

26. PRIOR YEAR ADJUSTMENTS

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Bank accounts	-	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Imprest	-	-
	-	-
Total	<u>-</u>	<u>-</u>

27. OTHER IMPORTANT DISCLOSURES

27.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	<u>-</u>	<u>-</u>

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27.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs		Kshs
Senior management	-		-
Middle management	-		-
Unionisable employees	-		-
Others (<i>specify</i>)	-		-
			<hr/>
			<hr/> <hr/>

27.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs		Kshs
Amounts due to National Government entities	-		-
Amounts due to County Government entities	-		-
Amounts due to third parties	-		-
Others (<i>specify</i>)	-		-
			<hr/>
			<hr/> <hr/>

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MAIN LEDGER ACCOUNTS

GENERAL ACCOUNT OF VOTE

		Budget	2,950,512,599.00
Cashbook (Expenditure)	2,803,926,422.80	Exchequer Account	
Balance carried forward	146,586,176.20		
	2,950,512,599.00		2,950,512,599.00

EXCHEQUER ACCOUNT

Balance B/D			
Exchequer Releases	2,799,412,300.00	Approved estimates	2,950,512,599.00
		Balance carried forward	151,100,299.00
AIA	2,799,412,300.00		2,799,412,300.00

CASH BOOK

Balance B/D			
Exchequer Issue		GAV (Expenditure)	
AIA		Cash	
		Bank	
		Prepayments	
		Imprests	

DEPOSIT ACCOUNT

Balance B/D		Payments	
Retention			
Commissions-payroll			
Insurance			
		Balance carried forward	
AIA			

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28 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.

Referen ce 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)
668	Unsupported expenditure	Ksh.270,000 remain unaccounted		Resolved	1 week
669	Unsupported PMG	Reconciliation being done		Unresolved	1 week
670	Long outstanding balances	Pending Treasury authority to clear the long outstanding balances		Unresolved	1 month
671	In accurate PMG	The adjustments will be put in the 2013/2014 accounts		Unresolved	1 week
672	Long outstanding balances in development statement of assets and liabilities	Pending Treasury authority to clear the long outstanding balances		Unresolved	1 month
673	Long outstanding balances in deposits assets and liabilities statements	Ksh.121,948.85 remains un-cleared awaiting bank details from the supplier		Unresolved	2 weeks

Guidance Notes:

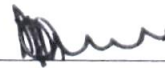
- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

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- (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

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2013	Outstanding Balance 2012	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
4.						
5.						
Sub-Total						
Construction of civil works						
6.						
7.						
8.						
Sub-Total						
Supply of goods						
9. Era TwoThousand					485,000.00	
10. Stuart Limited					426,065.00	
11. Kariobarg Agencies					208,880.00	
12. Geon Africa Distributors					35,800.00	
13. Dot Com Enterprises					428,000.00	
14. PamTech Enterprises					129,000.00	
15. Home Park Caterers Ltd					35,550.00	
16. Pien Florist					139,600.00	
17. Pong Agencies					75,000.00	
18. Sian Media Services					1,780,000.00	
19. Warren Enterprises					1,184,430.00	

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2013	Outstanding Balance 2012	Comments
20. Overt Enterprises					420,000.00	
Sub-Total					5,347,325.00	
Supply of services						
21. African Touch Safaris					109,005.00	
22. African Touch Safaris					87,420.00	
23. African Touch Safaris					538,420.00	
24. African Touch Safaris					185,650.00	
25. African Touch Safaris					43,630.00	
26. African Touch Safaris					209,000.00	
27. African Touch Safaris					1,297,000.00	
28. Toyota Kenya					26,302.00	
29. Toyota Kenya					1,500,000.00	
30. Toyota Kenya					54,103.00	
31. Nation Media(G) Ltd					313,200.00	
32. Nation Media(G) Ltd					204,508.00	
33. Basel Tours and Travel ltd					495,000.00	
34. Basel Tours and Travel ltd					93,935.00	
35. African Touch Safaris					289,020.00	
36. Apex motors Mart Ltd					88,788.00	
37. Kauniko General Agencies					38,020.00	
38. Apex motors Mart Ltd					57,304.00	
39. Kabola Workshop ltd					138,388.00	
40. Vinstar Express Supplies Ltd					361,429.00	
41. Swani Merchants					140,128.00	
42. Sparkling Clean Services Ltd					448,514.00	
43. Amonnet Auto Agencies					185,450.00	

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2013	Outstanding Balance 2012	Comments
44. Silver Bird Travel Plus					185,250.00	
45. Silver Bird Travel Plus					39,500.00	
46. Silver Bird Travel Plus					56,000.00	
47. The People Media (G) Ltd					53,410.00	
48. The Standard ((G) Ltd					62,974.10	
49. Kenya School Of Government					2,678,000.00	
50. G.Kihara					118,900.00	
51. Safaricom Ltd					16,182.00	
52. Standard Newspapers Ltd					145,324.80	
53. R.H.Devani					510,600.00	
54. R.H.Devani					224,920.00	
55. Pong Agencies					69,600.00	
56. S.V.Isamurai Enterprises					156,800.00	
57. CMC Motor Group Ltd					259,231.00	
58. Kabola Worshop ltd					141,683.55	
59. Kabola Worshop ltd					90,388.00	
	Sub-Total				11,713,577.45	
	Grand Total				17,060,902.45	

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2013	Outstanding Balance 2012	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2013	Outstanding Balance 2012	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
	Sub-Total						
Amounts due to County Govt Entities							
4.							
5.							
6.							
	Sub-Total						
Amounts due to Third Parties							
7.							
8.							
9.							
	Sub-Total						
Others (specify)							
10.							
11.							
12.							
	Sub-Total						
	Grand Total						

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2013/14	Historical Cost (Kshs) 2012/13
Land		
Buildings and structures (refurbishment, civil works)	61,008,757	94,290,391
Transport equipment (overhaul and purchase)	1,000,000	14,257,485
Office equipment, furniture and fittings	-	48,716,975
ICT Equipment, Software and Other ICT Assets	15,318,933	25,995,737
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets (Research, design and project preparation)	87,804,497	-
Total	165,132,187	183,260,588