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OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NEPAD KENYA SECRETARIAT

FOR THE YEAR ENDED  
30 JUNE 2016

*Paper laid by  
Leader of Majority Party  
Wednesday 8/2/2017  
Afternoon  
Writing  
Act*





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# NEPAD KENYA

# SECRETARIAT

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## **FINANCIAL REPORT**

### **For the Financial Year 2015-2016**

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The Secretariat'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) and relevant legal framework of the Government of Kenya.

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## 1 BACKGROUND



The New Partnership for Africa's Development (NEPAD) is both a vision and a policy framework for Africa in the twenty-first century. NEPAD is a unique intervention, spearheaded by African leaders, to address critical challenges facing the continent: poverty, development and Africa's marginalization internationally. The framework enunciates the vision of 'African Renewal', of indigenously driven sustainable and equitable socio economic development to guide continent wide transformation. As such the focus is on Africans harnessing their collective energies to transform the continent into a region where economic progress, development, consolidation of democracy, good governance and peace, security and stability reign. The framework provides guidelines to assist Regional Economic Communities (RECs) and Member States to prioritize, adapt and design their own programs and projects according to their own needs and local realities.

NEPAD Kenya Secretariat houses both the NEPAD / ARPM Programmes.

## 2 NEPAD KENYA'S VISION

To be the center of excellence for coordinated, harmonized and integrated implementation of NEPAD/APRM priority programmes for improved governance, sustainable development, peace and security in Kenya and the Eastern Africa region.

## 3 MISSION

To facilitate the implementation of NEPAD/APRM priority programmes through coordination, information sharing and enhancement of partnerships among stakeholders in Kenya and the Eastern Africa region.

## 4 FORESEABLE CONSTRAINTS

Some of the challenges faced in programme implementation to date include: (i) Significant resource gaps; (ii) Inadequacies in frameworks/institutional mechanisms to oversee programme implementation.

## 5 NEPAD KENYA



The New Partnership for Africa's Development (NEPAD) initiative in Kenya came into being in the year 2002 after the appointment of a task force under Gazette Notice No. 6225 of 25<sup>th</sup> September, 2002. The task force, subsequently referred to as the National Steering Committee (NSC), was to spearhead Kenya's participation in the NEPAD process. The Mandate of the NSC is:

- a. To intensify Kenya's participation in the activities of the New Partnership for Africa's Development (NEPAD) at all appropriate levels;
- b. To oversee regional projects that have a direct link with national priorities;

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- c. To co-ordinate priority projects identified in the Poverty Reduction Strategy paper (now Vision 2030) and NEPAD;
- d. To oversee the implementation of Kenya's national development goals in relation to NEPAD priorities;
- e. To market the NEPAD initiative among the business community in Kenya; and
- f. To give direction to the National Secretariat.

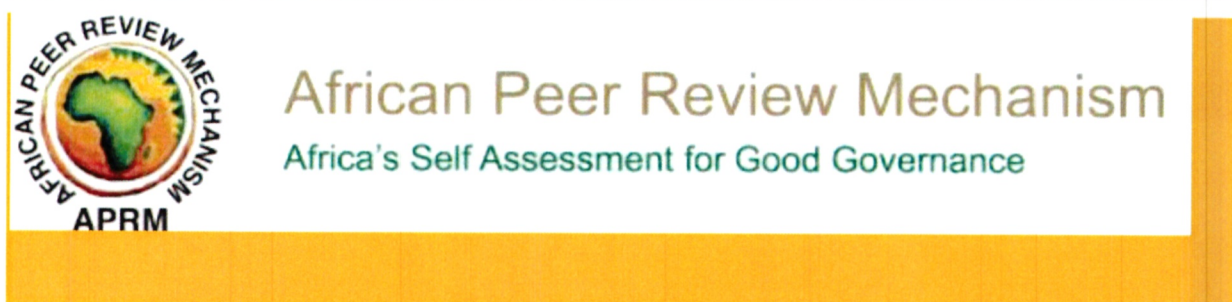
## **6 NEPAD THEMATIC PROGRAMMES**



NEPAD manages a number of programmes and projects in six thematic areas. These are:

- Agriculture and Food Security
- Regional Integration and Infrastructure
- Human Development
- Economic and Corporate Governance
- Cross-cutting Issues(Gender & Capacity Development)
- Climate and Natural Resource management.

## 7 AFRICAN PEER REVIEW MECHANISM (APRM)



The APRM is a voluntary Governance “Self-Assessment” by African countries, which was agreed by the African Union (AU) and adopted in 2003. Kenya signed the APRM memorandum of understanding in March 2003, and in 2006, it became the third African state to be peer reviewed at the AU Banjul Summit.

To date 35 countries have acceded to this mechanism. Ghana, Kenya, Rwanda and Mauritius were the first four countries to be peer reviewed.

Through the APRM structure, the Government ensures structured engagement with local and international agencies undertaking and disseminating reviews on Kenya's governance to ensure accuracy of facts and fidelity to best practices on objective reporting.

After the APRM Special Review Report was withdrawn in 2012, the Chairperson of the APR Forum of Heads of State and Government informed Kenya it could conduct a comprehensive 2nd APRM Country Review.

The NEPAD/APRM Kenya Secretariat engaged a Consultant to undertake the Country Self-Assessment, which is the first stage of the review. The Country Self-assessment exercise is a national consultative process that uses the following methods:

- 1) Desk Research
- 2) A National Survey of Households
- 3) Focus Group Discussions; and
- 4) Experts Panel Survey

This process culminated in the development of a Comprehensive Country Self-Assessment Report. The APRM Self-Assessment Report is validated by a wide cross section of stakeholders drawn from each of the 47 counties in the country.

## 8 KEY MANAGEMENT

The Secretariat day-to-day management is under the following key organs:

1. The Chief Executive Officer
2. Programme Director, NEPAD
3. Programme Director, APRM
4. Human Resource and Administration Manager
5. Programme Officers, NEPAD
6. Programme Officers, APRM
7. Governance Analyst
8. Finance Officer
9. Accountant
10. Procurement Officer
11. Internal Auditor

### (a) 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>MR. DANIEL NYAKUNDI OSIEMO (OGW)</b>		
<b>Ag. Chief Executive Officer</b>		
		
		
<b>PETER N. KIMEMIA</b> (PROGRAMME DIRECTOR – APRM)	<b>NICHOLAS A. AMBUNDO</b> (Ag. PROGRAMME DIRECTOR – NEPAD)	<b>ERICA K. MUTWIRI</b> (Ag. HR & ADMINISTRATION MANAGER)

## Ag. Chief Executive Officer



Mr. Daniel Nyakundi Osiemo, OGW Ag. Chief Executive Officer, NEPAD Kenya Secretariat.

Mr. Osiemo joined the Secretariat in June 2013. Previously, he was the Chief Economist in the Ministry of Forestry and Wildlife where he was responsible for Planning, Monitoring and evaluation of the Ministry's development policies, budgets, programmes and projects.

Mr. Osiemo played a key role in the elevation of the Lamu Port South Sudan Ethiopia Transport Project (LAPPSET) to the Presidential Infrastructure Championship Initiative (PICI) of the African Union. Besides this, he was instrumental in successfully lobbying for Kenya to host the next 2nd High level Meeting on the Global Partnership for Effective Development Cooperation (GPDEC) to be held in November 2016.

He holds an MSC in Economics and Management from the University of Manchester (UK), MA in Public Administration from Northern Illinois University (USA), and BA in Economics from the University of Nairobi. In addition, he has Postgraduate Certificates in the areas of Project Planning and Management and Monitoring and Evaluation.

Mr. Osiemo has over 30years of experience in the Public Service, where he has held senior positions.



**PETER N. KIMEMIA**  
PROGRAMME DIRECTOR – APRM

He holds a Master's Degree in Economics and is currently a PHD candidate. He also holds a Degree in Economics and social science.

He has more than 15 years working experience in both public and private sector.

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**NICHOLAS A. AMBUNDO**  
**Ag. Programme Director-NEPAD**

He holds a Masters of Arts Degree (Development Economics) from the Institute of Social Studies, Hague Netherlands. He also holds a Bachelor of Arts Degree from Bopal University, India.

Has 15 years working experience in the Public Sector and in various projects.



**ERICA N. MUTWIRI**  
**Ag. Human Resource and**  
**Administration Manager.**

She is currently pursuing a Degree in Social Science at the St. Pauls University, she holds a Higher Diploma in Human Resource management and a Diploma in Human resource management.

She has 35 years working experience in the Public Service In various Ministries and Departments.

She is a member of the Institute of Human Resource Management of Kenya.

## **CHIEF EXECUTIVE OFFICER STATEMENT ON ACHIEVEMENTS OF NEPAD/APRM KENYA SECRETARIAT**

The NEPAD Kenya Secretariat was established in September 2002 through a Presidential Executive Order. It is a Semi- Autonomous Government Agency under the Ministry of Devolution and Planning. It is responsible for the overall coordination and implementation of NEPAD activities in Kenya and the Eastern African Region. Its regional mandate includes convening regular coordination meetings with the objective of harmonizing NEPAD related strategies in the region and facilitating regular sharing of information & experiences among the participating countries and RECs; among others.

### **PROGRAMMES & PROJECTS**

#### **African Peer Review Mechanism (APRM)**

Its a Voluntary Governance “Self-Assessment” by African countries , agreed upon by AU under NEPAD and adopted in 2003. So far 35 countries have acceded to the APRM. Ghana, Kenya, Rwanda and Mauritius were the First 4 to be peer-reviewed.

The thematic areas cover by the review are; Democracy and Political Governance; Economic Governance and Management; Corporate Governance and Socio-Economic Development.

Kenya’s first review report was well received at the AU 2006 Banjul Summit and the country was commended on several fronts.

#### **APRM Key Achievements**

- At the APR Summit of January, 2015 held in Addis Ababa, Ethiopia, H.E President Uhuru Kenyatta was elected Vice-Chairperson of the APR Forum.
- At the APR Summit of June 2015, held in Johannesburg, South Africa H.E President Uhuru Kenyatta was elected Chairperson of the APR Forum.
- The Forum also endorsed the call for an Extra-Ordinary Summit that was held in January, 2016 with an objective of revitalizing the Mechanism.
- Kenya is in the process of undertaking the 2<sup>nd</sup> Country Review after successfully completing its 2<sup>nd</sup> APRM Country Self-Assessment exercise.
- The NEPAD/APRM National Governing Council/Board was gazetted and officially launched.

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**NEPAD Programmes**

NEPAD Kenya Secretariat coordinates a number of development projects and activities at the national level in partnership with various line ministries and departments. The following are among the key programmes that NEPAD is coordinating:

1. Comprehensive Africa Agriculture Development Programme (CAADP);
2. Infrastructure (LAPSSET);
3. Energy (Sustainable Energy for All SE4ALL);
4. NEPAD E-schools;
5. Infrastructure Skills for Development (IS4D)

**NEPAD Key Achievements**

- Elevation of the Lamu Port-South Sudan-Ethiopia Transport Corridor (LAPSSET) to the Presidential Infrastructure Championing Initiative (PICl) category under the African Union.
- Through advocacy by NEPAD, several infrastructure projects are being supported by various developments partners. These include LAPSSET, Eldoret – Nadapal – Juba Road, and the Northern Transport Corridor improvement (Nairobi – Kampala - Kigali).
- The NEPAD E-schools have been used as a mirror to introduce e-learning to many primary and secondary schools through the digitization of the curriculum.
- The Secretariat has prepared its 5 Year Strategic Plan which has been aligned to the National Development Plan (Vision 2030 & MTP2) and other sector plans.
- The budget allocation to the agricultural sector has gradually been increased significantly to be in line with the Maputo Declaration of 10% budgetary allocation to the sector.
- Through the efforts NEPAD Kenya Secretariat, Kenya has been honored to host the 2<sup>nd</sup> High Level Meeting on Global Partnership for Effective Development Cooperation (GPEDC) (November, 2016), the first time such a meeting is held in Africa. The National Treasury and the Ministry of Devolution and Planning are leading the preparations for this important event.
- NEPAD Kenya Secretariat in collaboration with the NEPAD Agency initiated a capacity building project (IS4D) on management for the infrastructure sector in Kenya with support from the Government of Australia.
- The NEPAD Kenya Secretariat, working with NEPAD Agency to support the initiation of Suswa geothermal power project under the Ministry of Energy.

  
DANIEL OSIEMO

NEPAD/APRM SECRETARIAT

### **STATEMENT ON CORPORATE GOVERNANCE**

The secretariat has a functioning Governing Council in Place comprising of nine members from various sectors.

The council has diligently executed its mandate by offering oversight over the Secretariat operations.

### **CORPORATE SOCIAL RESPONSIBILTY**

The secretariat staff participated in the Standard Chartered Marathon and Mater Heart run during the financial year under review.

**NEPAD KENYA SECRETARIAT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016 (Kshs)**

<b>(b) Entity's Headquarters</b> P.O. Box 46270-00100, Liaison House, 4 <sup>th</sup> Floor - State House Avenue Nairobi, KENYA	
<b>(c) Entity Contacts</b> Telephone: (254) 20 2733735/38/42 E-mail: <a href="mailto:info@nepadkenya.org">info@nepadkenya.org</a> Website: <a href="http://www.nepadkenya.org">www.nepadkenya.org</a>	<b>(d) Entity Bankers</b> Co-Operative Bank (AccountNo.01136006041100) Co-op House P.O. Box 62084 – 00200 Nairobi, Kenya
<b>(e) Principal Legal Adviser</b> The Attorney General  State Law Office Harambee Avenue P.O. Box 40112 City Square 00200 Nairobi, Kenya	<b>(f) Independent Auditors</b> Auditor General  Kenya National Audit Office Anniversary Towers, University Way P.O. Box 30084 GPO 00100 Nairobi, Kenya

## 9 STATEMENT OF ENTITY'S MANAGEMENT RESPONSIBILITY

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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 by the Public Sector Accounting Standards Board of Kenya from time to time.

The Chief Executive Officer in charge of NEPAD Kenya Secretariat is responsible for the preparation and presentation of the Secretariat's financial statements, which give a true and fair view of the state of affairs of the Secretariat for and as at the end of the financial year 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 Secretariat; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer in charge of the NEPAD Kenya Secretariat accepts responsibility for the Secretariat'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) and relevant legal framework of the Government of Kenya. The Chief Executive Officer is of the opinion that the Secretariat's financial statements give a true and fair view of the state of Secretariat's transactions during the financial year ended June 30, 2016, and of the Secretariat's financial position as at that date. The Chief Executive Officer in charge of the NEPAD Kenya Secretariat further confirms the completeness of the accounting records maintained for the Secretariat, which have been relied upon in the preparation of the Secretariat's financial statements as well as the adequacy of the systems of internal financial control.

The Chief Executive Officer in charge of the NEPAD Kenya Secretariat 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 Chief Executive Officer confirms that the Secretariat'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.

# REPUBLIC OF KENYA

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NAIROBI



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NEPAD KENYA SECRETARIAT FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the NEPAD Kenya Secretariat set out on pages 1 to 12, which comprise statement of assets and liabilities as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

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

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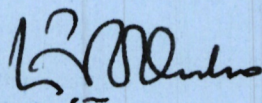
*Report of the Auditor-General on Financial Statements of NEPAD Kenya Secretariat for the year ended 30 June 2016*

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 Secretariat'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 audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of NEPAD Kenya Secretariat as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.



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

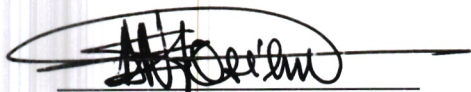
**Nairobi**

**17 January 2017**

**NEPAD KENYA SECRETARIAT  
Reports and Financial Statements  
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**Approval of the financial statements**

The Secretariat's financial statements were approved and signed by the Chief Executive Officer on 30<sup>th</sup> September, 2016



Chief Executive Officer



Assistant Manager, Accounts

NEPAD KENYA SECRETARIAT  
 Reports and Financial Statements  
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**10 STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2015 - 2016	2014 - 2015
		Kshs.	Kshs.
<b>RECEIPTS</b>			
Transfer from Other Government Entities	1	199,687,199.60	220,155,401.00
Proceeds from Disposal of Non-Financial Assets	2	-	34,800.00
Reimbursement and Refunds	3	5,530,355.00	1,331,539.00
Proceeds from Sale of Tender Documents	4	-	40,000.00
<b>TOTAL RECEIPTS</b>		<b>205,217,554.60</b>	<b>221,561,740.00</b>
<b>PAYMENTS</b>			
Compensation of Employees	5	54,243,304.90	48,794,827.66
Use of Goods and Services	6	162,887,054.42	148,214,308.54
Acquisition of Assets	7	8,397,003.50	4,168,124.55
<b>TOTAL PAYMENTS</b>		<b>225,527,362.82</b>	<b>201,177,260.75</b>
<b>SURPLUS/DEFICIT</b>		<b>- 20,309,808.22</b>	<b>20,384,479.25</b>

  
 Chief Executive Officer

  
 Assistant Manager, Accounts

## 11 STATEMENT OF ASSETS AND LIABILITIES

	Note	2015 - 2016 Kshs.	2014 - 2015 Kshs.
<b>FINANCIAL ASSETS</b>			
Bank Balances	8	21,045,660.81	41,857,058.05
Imprests and Advances	9	501,589.02	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>21,547,249.83</b>	<b>41,857,058.05</b>
<b>REPRESENTED BY:</b>			
Funds Balance B/Fwd.	10	41,857,058.05	21,472,578.80
Surplus/Deficit from the Year	-	20,309,808.22	20,384,479.25
<b>NET FINANCIAL POSITION</b>		<b>21,547,249.83</b>	<b>41,857,058.05</b>

  
 Chief Executive Officer

  
 Assistant Manager, Accounts

## 12 STATEMENT OF CASH FLOW

	Note	2015 - 2016 Kshs.	2014 - 2015 Kshs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Transfer from Other Government Entities	1	199,687,199.60	220,155,401.00
Proceeds from Disposal of Non-Financial Assets	2	-	34,800.00
Reimbursement and Refunds	3	5,530,355.00	1,331,539.00
Proceeds from Sale of Tender Documents	4	-	40,000.00
<b>Total Receipts</b>		<b>205,217,554.60</b>	<b>221,561,740.00</b>
<b>PAYMENTS</b>			
Compensation of Employees	5	- 54,243,304.90	- 48,794,827.66
Use of Goods and Services	6	- 162,887,054.42	- 148,214,308.54
<b>Total Payments</b>		<b>- 217,130,259.32</b>	<b>- 197,009,136.20</b>
<b>Net Cash flow from Operating Activities</b>		<b>- 11,912,804.72</b>	<b>24,552,603.80</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	7	- 8,397,003.50	- 4,168,124.55
<b>Net Cash flow from Investing Activities</b>		<b>- 8,397,003.50</b>	<b>- 4,168,124.55</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>- 20,309,808.22</b>	<b>20,384,479.25</b>
Cash and Cash equivalent at Beginning of the Year		41,857,058.05	39,395,891.80
<b>Cash and Cash equivalent at End of the Year</b>		<b>21,547,249.83</b>	<b>41,857,058.05</b>

  
 Chief Executive Officer

  
 Assistant Manager, Accounts

**13 STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Variance	% of Variance
	a	b	c=a+b	d	e=d-c	f=e/c %
<b>Receipts</b>						
Transfer from Government Entities	255,165,000.00	- 33,943,688.00	221,221,312.00	199,687,199.60	- 21,534,112.40	- 9.73
<b>Total Receipts</b>	<b>255,165,000.00</b>	<b>- 33,943,688.00</b>	<b>221,221,312.00</b>	<b>199,687,199.60</b>	<b>- 21,534,112.40</b>	<b>- 9.73</b>
<b>Payments</b>						
Compensation of Employees	61,525,987.06	-	61,525,987.06	54,243,304.90	- 7,282,682.16	- 11.84
Use of Goods and Services	193,639,012.94	- 33,043,688.00	160,595,324.94	162,887,054.42	2,291,729.48	1.43
Acquisition of Non-Financial Assets	10,000,000.00	- 900,000.00	9,100,000.00	8,397,003.50	- 702,996.50	- 7.73
<b>Total Payments</b>	<b>265,165,000.00</b>	<b>- 33,943,688.00</b>	<b>231,221,312.00</b>	<b>225,527,362.82</b>	<b>5,694,049.18</b>	<b>- 2.46</b>

Explanations to the statement of comparative budget and actual amount is provided in annex 1

  
 Chief Executive Officer

  
 Assistant Manager, Accounts

## 14 SIGNIFICANT ACCOUNTING POLICIES

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

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

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. 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*. 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 *entity*.

### 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. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Bank account balances include amounts held at the Co-operative Bank of Kenya at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include advances to authorized public officers which were not accounted for at the end of the financial year.

### 4. 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.

**5. Comparative figures**

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

**6. 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, 2016.

## 15 NOTES TO FINANCIAL STATEMENTS

### 1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Total transfer from State Department of Planning for Quarter 1 & 2	127,582,500.00	102,582,500.00
Total transfer from State Department of Planning for Quarter 3	34,069,243.60	76,291,250.00
Total transfer from State Department of Planning for Quarter 4	38,035,456.00	41,281,651.00
<b>Total</b>	<b>199,687,199.60</b>	<b>220,155,401.00</b>

### 2. PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Disposal of assorted non-financial assets	-	34,800.00
<b>Total</b>	<b>-</b>	<b>34,800.00</b>

### 3. REIMBURSEMENTS AND REFUNDS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Reimbursements from individuals	-	1,331,539.00
Reimbursement from UNECA	5,530,355.00	-
<b>Total</b>	<b>5,530,355.00</b>	<b>1,331,539.00</b>

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<b>4. OTHER REVENUES</b>		
	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Receipts from Administrative Fees and Charges - Collected as AIA	-	40,000.00
<b>Total</b>	<b>-</b>	<b>40,000.00</b>

<b>5. COMPENSATION OF EMPLOYEES</b>		
	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic Salaries of Permanent Employees	27,137,596.20	23,518,485.95
Basic Wages of Temporary Employees	240,235.20	4,279,772.65
Personal Allowances Paid as Part of Salary (House & Commuter allowances)	13,713,250.00	12,329,200.00
Personal Allowances Paid as Reimbursements (leave commutation, extraneous and entertainment)	4,100,843.50	1,249,848.70
Personal Allowances Provided in Kind (Leave Allowance)	620,568.90	490,714.20
Compulsory National Social Security Schemes (NSSF)	336,960.00	141,480.00
Social Benefit Schemes Outside Government (Gratuity)	8,093,851.10	6,785,326.16
<b>Total</b>	<b>54,243,304.90</b>	<b>48,794,827.66</b>

<b>6. USE OF GOODS AND SERVICES</b>		
	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs.</b>	<b>Kshs</b>
Utilities, Supplies and Services	3,448,669.70	4,492,579.20
Communication, Supplies and Services	9,556,629.74	4,328,587.75
Domestic Travels and Subsistence	52,712,826.36	43,545,662.59
Foreign travels and Subsistence	41,679,721.45	41,467,770.10

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Printing, Advertising and information supplies and services	626,780.00	2,525,862.00
Office Rent	6,380,587.25	5,066,532.00
Training Expenses	5,154,953.12	1,869,341.00
Hospitality, Supplies and Services	15,541,618.90	14,992,787.85
Insurance Costs	5,853,372.90	6,190,944.90
Contracted Professional Services	4,483,210.00	8,571,499.70
Office and General Supplies and Services	12,555,549.60	6,908,244.70
Other Operating Expenses (including bank charges)	129,028.30	1,152,238.15
Fuel, Lubricants and Oils	2,813,279.50	-
Routine Maintenance - Vehicles and Other Transport Equipment	1,428,230.60	5,989,861.60
Routine Maintenance - Other Assets	88,940.00	1,112,397.00
Security Guards Services	433,657.00	-
<b>Total</b>	<b>162,887,054.42</b>	<b>148,214,308.54</b>

**7. ACQUISITION OF ASSETS**

	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>Non-Financial Assets</b>		
Purchase of Office Furniture and General Equipment	2,773,323.50	3,958,251.55
Purchase of Motor Vehicle	5,623,680.00	-
Acquisition of Intangible Assets	-	209,873.00
<b>Total</b>	<b>8,397,003.50</b>	<b>4,168,124.55</b>

**8. BANK BALANCE**

	2015 - 2016 Kshs	2014 - 2015 Kshs
Co-Operative Bank Account No. 01136006041100	21,045,660.81	41,857,058.05
<b>Total</b>	<b>21,045,660.81</b>	<b>41,857,058.05</b>

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<b>9. Imprests and Advances</b>		
	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Salary Advance	170,989.02	-
Imprests	330,600.00	-
<b>Total</b>	<b>501,589.02</b>	<b>-</b>

## **16 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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No Auditor's recommendations.

**NEPAD KENYA SECRETARIAT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016 (Kshs)**

**ANNEX 1 – BUDGET AS AT 30<sup>TH</sup> JUNE 2016**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Variance	% of Variance	Comment on Variance
	a	b	c=a+b	d	e=d-c	f=e/c %	
<b>Receipts</b>							
Transfer from State Department of Planning	255,165,000.00	-33,943,688.00	221,221,312.00	199,687,199.60	- 21,534,112.40	- 9.73	APRM Consultant Bill paid by the Ministry on behalf of NEPAD(K) Secretariat
<b>Total Receipts</b>	<b>255,165,000.00</b>	<b>- 33,943,688.00</b>	<b>221,221,312.00</b>	<b>199,687,199.60</b>	<b>-21,534,112.40</b>	<b>- 9.73</b>	
<b>Payments</b>							
Compensation of Employees	61,525,987.06	-	61,525,987.06	54,243,304.90	-7,282,682.16	- 11.84	The planned recruitment of new staff had not been effected.
Use of Goods and Services	193,639,012.94	- 33,043,688.00	160,595,324.94	162,887,054.42	2,291,729.48	1.43	Procurement of goods and services for APRM activities and extra ordinary summit
Acquisition of Non-Financial Assets	10,000,000.00	- 900,000.00	9,100,000.00	8,397,003.50	- 702,996.50	- 7.73	Some assets not bought due to non-recruitment of new staff.
<b>Total Payments</b>	<b>265,165,000.00</b>	<b>33,943,688.00</b>	<b>231,221,312.00</b>	<b>225,527,362.82</b>	<b>5,694,049.18</b>	<b>- 2.46</b>	

ANNEX 2 – ASSET REGISTER AS AT 30<sup>TH</sup> JUNE 2016

NEPAD KENYA SECRETARIAT ASSET REGISTER

Date of Purchase	Supplier	Quantity	Description of Asset	Make/Model	Serial Number	Total cost (Ksh.)
16/09/2015	MFI DOCUMENT SOLUTIONS LTD	1	KYOCERA	TASKalfa 555ci	L8B5305434	1,434,603.50
14/10/2015	CMC MOTORS GROUP LTD	1	VOLKSWAGEN	TIGUAN SPORT 4x4 1801-2000cc	WVGZZZ5NZEW123313	5,623,680.00
25/04/2016	Remifam Systems Ltd.	1	HP Pavilion Laptop	HP	SCD5250XK9	124,700.00
25/04/2016	Intermass Technologies	1	IPAD	Air 264 gb	SN DLXQ257X95YL	122,900.00
31/05/2016	Accresion Agencies	10	External Hard disk	Transcend		90,000.00
31/05/2016	Accresion Agencies	5	Desktop Computers	Dell		466,320.00
25/05/2016	Remifam Systems Ltd.	4	HP Pavilion Laptop	HP	5CD5250XLB,5CD5250XKR,5C D520XKZ,5CD5250XKY	534,800.00

**8,397,003.50**