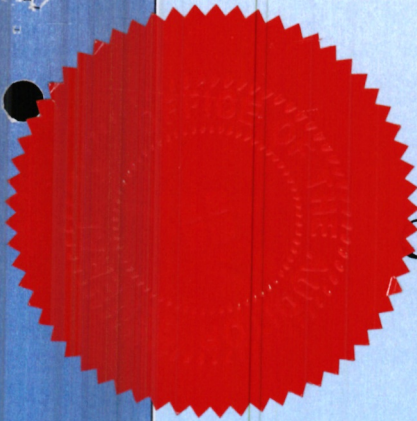


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REPORT

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OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
KENYA VISION 2030 DELIVERY SECRETARIAT

FOR THE YEAR ENDED
30 JUNE 2016



KENYA VISION 2030

KENYA VISION 2030 DELIVERY SECRETARIAT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2016

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

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I. KEY INFORMATION AND MANAGEMENT

a) Background information

Kenya Vision 2030 Delivery Secretariat (VDS) was established through Kenya Gazette Notice 1386 dated 17th February, 2009.

The mandate of VDS as outlined in the Gazette Notice is that “there shall be a Vision Delivery Secretariat which shall spearhead the implementation of the Vision as the country’s blueprint and strategy towards making Kenya a newly– industrializing middle income country capable of providing a high quality of life for all its citizens by the year 2030”.

(b) Principal Activities

The function of the Secretariat is to:-

- a) Provide strategic leadership and co-ordination in the realization of the overall goals and objectives of the Vision and its Medium Term Plans; and drive and manage the transformation process;
- b) Assist in the preparation of all relevant projects documents on the vision flagship projects together with their implementation schedules and costs;
- c) Provide liaison between Government Ministries and the private sector participants in each flagship project;
- d) Ensure that all projects and programmes contained in the Vision and the Medium Term Plans are funded, launched and completed on schedule;
- e) Co-ordinate the activities of Government Ministries and Departments and private sector institutions that will be collaborating in the implementation of the Vision flagship projects;
- f) Undertake any rapid action necessary to remove such implementation bottlenecks as may arise in the course of implementation of projects;
- g) Undertake constant monitoring and evaluation of all the projects under the Vision and undertake such remedial action as may be necessary for the realization of the goals under the Vision;
- h) Prepare quarterly and mid-term implementation Progress Reports for consideration by the Vision Delivery Board and Vision 2030 Cabinet Committee;
- i) Aggressively market the vision and its medium term plans and publicize and communicate its activities and achievements to the people of Kenya;
- j) Recommend to the Board any revisions or additions to the Vision in the light of experience, or unexpected changes in the national or global economy; and
- k) Recommend to the Government of Kenya any institutional legal or administrative changes that may be necessary to realize the Vision goals and aspirations as well as the goals of the medium term plan.

Vision

To be a premier, world-class agency in the transformation of Kenya by 2030

Mission

To provide strategic leadership, coordinate efforts of public and private sectors and devise monitoring and evaluation mechanisms for implementation of Vision 2030

Core Values

Integrity, Professionalism, Passion, Innovation, Participatory and Teamwork

Strategic Objectives

Based on the strategic focus the following are the strategic objectives of the VDS

1. Provide strategic leadership in the implementation of Vision 2030 projects;
2. Ensure effective and efficient management of flagship projects implementation;
3. Develop an integrated marketing and communication platform;
4. Develop strategic partnerships and linkages with stakeholders; and
5. Strengthen the institutional capacity of VDS.

(c) Key Management

The Vision Delivery Secretariat's day-to-day management is under the following key organs:

- Director General
- Senior Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility are listed under the Secretariats Management team.

(e) Fiduciary Oversight Arrangements

The Board of the Vision Delivery Secretariat has the overall fiduciary responsibility of providing oversight and policy direction and ensuring that all activities are of the best interest of the Secretariat. They have a fiduciary duty of due care skill and diligence.

The Board has appointed the various committees as follows:

1. Audit & Governance Committee to consider and approve Audit & Governance matters.
2. Communication and Strategy Board Committee to consider and approve Strategy & Communication matters.
3. Economic & Macro Board Committee to consider and approve Economic and Macro matters.
4. Enablers Board Committee to consider and approve Enablers matters.
5. Finance & Administration Board Committee to consider and approve operational, finance, human resources and administration matters.
6. Social & Political Board Committee to consider and approve social and political matters.

(f) Auditors

Kenya National Audit Office
P.O Box 30084-00100
Nairobi, Kenya

(g) Bankers

Cooperative Bank of Kenya
Upper Hill Branch – KUSCCO Centre
P.O. Box 30415 - 00100
NAIROBI

(h) Head Office

Head Office
KUSCCO CENTRE
2nd Floor Upper Hill
P.O Box 52301, 00200 GPO
Nairobi, Kenya
Tel: (020) 2722030

(i) Principal Legal Advisor

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

II. THE BOARD OF DIRECTORS

No.	Name	Position	Place of Work	Board Membership	Date of Appointment	Citizenship	Title and Institution	Meeting Attendance %
1	Dr. James Mwangi, CBS	Chief Executive Officer & Managing Director	Equity Bank	Chairman	20th July 2012	Kenyan	Chief Executive Officer & Managing Director, Equity Bank	100
2	Dr. Joseph Kinyua, EGH	Chief of Staff & Head of Public Service Office of the president	Office of the President	Member	June-13	Kenyan	Chief of Staff & Head of Public Service, Office of the President	33
	Mr. Stephen Kirogo, CBS	Principal Administrative Secretary/ Assistant Secretary to the Cabinet		Alternate to Mr. Joseph Kinyua, CBS	June-13	Kenyan	Principal Administrative Secretary/ Assistant Secretary to the Cabinet, Office of the President	
	Dr. Eric Aligula	Economic Advisor		Alternate to Mr. Stephen Kirogo, CBS	June-13	Kenyan	Economic Advisor, Office of the President	
3	Prof. Githu Muigai, EGH, SC	Attorney General	Office of the Attorney General & Department of Justice	Member	June-13	Kenyan	Attorney General, Office of the Attorney General & Department of Justice	100
	Mr. Njee Muturi, CBS	Solicitor General		Alternate to Mr. Githu	June-13	Kenyan		

				Muigai, FGH, SC				
	Mr. Seth Nyamweya Masese	Senior State Counsel		Alternate to Mr. Njee Muturi, CBS	Jan-14	Kenyan	Senior State Counsel, Office of the Attorney General & Departme nt of Justice	
4	Dr. Kamau Thugge, CBS	Principal Secretary	The National Treasury	Member	June-13	Kenyan	Principal Secretary, The National Treasury	0
5	Mr. Saitoti Torome	Principal Secretary	State Departme nt of Planning & Statistics, Ministry of Devolutio n & Planning	Member	June-13	Kenyan	Principal Secretary, State Departme nt of Planning & Statistics, Ministry of Devolutio n & Planning	100
6	Mr. Joseph Mukui, HSC	Director, Economic Develop ment Coordinat ion	State Departme nt of Planning & Statistics, Ministry of Devolutio n & Planning	Member	June-13	Kenyan	Director, Economic Develop ment Coordinat ion	100
7	Mr. Julius Korir	Principal Secretary	State Departme nt for Investme nt, Ministry of Industry, Trade and Cooperati ve Enterprise Develop	Member	June-13	Kenyan	Principal Secretary, State Departme nt for Investme nt, Ministry of Industry, Trade and Cooperati ve	67

			ment				Enterprise Development	
	Mr. Hezekiah B. Okeyo	Director Industrial Manufacture and Vision 2030		Alternate to Mr. Julius Korir	June-13	Kenyan	Director Industrial Manufacture and Vision 2030, State Department for Investment, Ministry of Industry, Trade and Cooperative Enterprise Development	
8	Amb. (Dr.) Monica Kathina Juma, CBS	Principal Secretary	Ministry of Foreign Affairs	Member	June-13	Kenyan	Principal Secretary, Ministry of Foreign Affairs	67
	Mr. Joseph Masila	Head of Central Planning and Project Monitoring Department		Alternate to Amb. Monica Kathina Juma, DPhil, CBS	June-13	Kenyan	Head of Central Planning and Project Monitoring Department, Ministry of Foreign Affairs	
9	Prof. Fred H. K. Segor, CBS	Principal Secretary	State Department for National Water Services, Ministry of Water & Irrigation	Member	June-13	Kenyan	Principal Secretary, State Department for National Water Services, Ministry of Water & Irrigation	0

10	Mr. Patrick Nduati Mwangi	Principal Secretary	State Department of Irrigation, Ministry of Water & Irrigation	Member	June-13	Kenyan	Principal Secretary, State Department of Irrigation, Ministry of Water & Irrigation	100
11	Eng. Victor Kyalo	Principal Secretary	State Department of Information & Communication Technology & Innovation, Ministry of Information & Communication Technology	Member	June-13	Kenyan	Principal Secretary, State Department of Information & Communication Technology & Innovation, Ministry of Information & Communication Technology	33
12	Mr. Irungu Nyakera	Principal Secretary	State Department of Transport, Ministry of Transport & Infrastructure	Member	June-13	Kenyan	Principal Secretary, State Department of Transport, Ministry of Transport & Infrastructure	33
13	Dr. Eng. Joseph Njoroge, CBS	Principal Secretary	State Department of Energy, Ministry of Energy & Petroleum	Member	June-13	Kenyan	Principal Secretary, State Department of Energy, Ministry of Energy & Petroleum	0
14	Dr. Richard	Principal Secretary	State Department	Member	June-13	Kenyan	Principal Secretary,	33

	Leresian Lesiyampe, CBS		nt of Agriculture, Ministry of Agriculture, Livestock & Fisheries				State Department of Agriculture, Ministry of Agriculture, Livestock & Fisheries	
15	Dr. Khadijah Kassachon, CBS	Principal Secretary	State Department of Labour, Ministry of Labour & Social Protecting East African Community	Member	June-13	Kenyan	Principal Secretary, State Department of Labour, Ministry of Labour & Social Protecting East African Community	67
16	Mrs. Fatuma Hirsi	Principal Secretary	State Department of Commerce & Tourism, Ministry of East African Affairs, Commerce & Tourism, Ministry of Tourism	Member	June-13	Kenyan	Principal Secretary	67
	P. N. Gakure	Ag. Director Administration		Alternate to Mrs. Fatuma Hirsi	June-13	Kenyan	Ag. Director Administration, State Department of Commerce & Tourism, Ministry of East African Affairs, Commerce & Tourism	
17	Arch. Mariamu El-Maawy, CBS	Principal Secretary	State Department of Lands, Ministry of Lands, & Physical Planning	Member	June-13	Kenyan	Principal Secretary, State Department of Lands, Ministry of Lands, &	67

							Physical Planning	
	Mr. Julius Maina Muriithi	Economist		Alternate to Arch. Mariamu El-Maawy, CBS	June-13	Kenyan	Economist, Ministry of Lands, Housing & Urban Development	
18	Dr. Belio Kipsang, CBS	Principal Secretary	State Department of Basic Education	Member	June-13	Kenyan	Principal Secretary, State Department of Basic Education, Ministry of Education	0
19	Prof. Collette A. Suda, CBS	Principal Secretary	State Department for University Education, Ministry of Education	Member	June-13	Kenyan	Principal Secretary, State Department for University Education, Ministry of Education	0
20	Dr. Mohamed Ibrahim Mohamud, CBS	Principal Secretary	Ministry of Mining	Member	June-13	Kenyan	Principal Secretary, Ministry of Mining	100
21	Amb. Richard T. Ekai, CBS	Principal Secretary	State Department of Sports Development, Ministry of Sports, Culture & the Arts	Member	June-13	Kenyan	Principal Secretary, State Department of Sports Development, Ministry of Sports, Culture & the Arts	33
22	Dr. Chris Kiptoo	Principal Secretary	State Department of Trade, Ministry of Industriali	Member	June-13	Kenyan	Principal Secretary, State Department of Trade, Ministry	33

			zation, Trade & Cooperati ves				of Industriali zation, Trade & Cooperati ves	
	Mr. Jared O. Nyaundi	Deputy Director of Internal Trade	State Departme nt of Internal Trade	Alternate to Dr. Chris Kiptoo	June-13	Kenyan	Deputy Director of Internal Trade, State Departme nt of Trade, Ministry of Industriali zation, Trade & Cooperati ves	
23	Dr. Dinah Jerotich Mwinzi, MBS	Principal Secretary	State Departme nt of Vocational & Technical Training, Ministry of Education	Member	June-13	Kenyan	Principal Secretary, State Departme nt of Internatio nal Trade, Ministry of Industriali zation, Trade & Cooperati ves	67
24	Mr. Joe Robert Okudo, MBS	Principal Secretary	State Departme nt of Culture & the Arts, Ministry of Sports, Culture & the Arts	Member	June-13	Kenyan	Principal Secretary, State Departme nt of Culture & the Arts, Ministry of Sports, Culture & the Arts	67
25	Dr. Nicholas Muraguri	Principal Secretary	Ministry of Health	Member	June-13	Kenyan	Principal Secretary, Ministry of Health	67
	Mr. Elkana Ong'uti	Chief Economis t		Alternate to Dr. Nicholas Muraguri	June-13	Kenyan	Chief Economis t, Ministry	

							of Health	
26	Dr. Moses Ikiara, MBS	Managing Director	Kenya Investment Authority	Member	17 th February, 2009	Kenyan	Managing Director, Kenya Investment Authority	100
27	Dr. Patrick Njoroge	Governor	Central Bank of Kenya	Member	19th June 2015	Kenyan	Governor, Central Bank of Kenya	0
28	Dr. Julius M. Muia, EBS	Secretary	National Economic & Social Council	Member	17 th February, 2009	Kenyan	Secretary, National Economic & Social Council	100
29	Mr. Paul Muthaura	Chief Executive Officer	Capital Markets Authority	Member	17 th February, 2009	Kenyan	Chief Executive Officer, Capital Markets Authority	67
30	Mr. Bob Collymore	Chief Executive Officer	Safaricom Ltd	Member	31 st August 2012	British	Chief Executive Officer, Safaricom Ltd	67
31	Amb. Dennis Awori	Chairman	Toyota Kenya	Member	2nd October 2015	Kenyan	Chairman, Toyota Kenya	67
32	Mr. Joshua N. Oigara	Chief Executive Officer	Kenya Commercial Bank	Member	2nd October 2015	Kenyan	Chief Executive Officer, Kenya Commercial Bank	67
33	Ms. Juliana Rotich	Technologist, Strategic Advisor	Africa Tech Ventures	Member	2nd October 2015	Kenyan	Technologist, Strategic Advisor, Africa Tech Ventures	67
34	Mr. Mucai Kunyiha	Group Managing Director	Coopers K-Brands Ltd	Member	2nd October 2015	Kenyan	Group Managing Director, Coopers K-Brands Ltd	100
35	Ms. Rita Kavasho	Managing Director	General Motors East Africa	Member	2nd October 2015	Kenyan	Managing Director, General Motors	67

			Limited				East Africa Limited	
36	Prof. Gituro Wainaina	Ag. Director General	Kenya Vision 2030 Delivery Secretariat	Secretary	9 th October 2013	Kenyan	Ag. Director General, Kenya Vision 2030 Delivery Secretariat	100

BOARD COMMITTEES

The board committees as at the date of this report comprise:

Membership	No.	Vision 2030 Delivery Board Committees	Main Function
Audit & Governance Committee			
Chairman -	1	Mr. Joshua N. Oigara	To consider and approve operational audit & governance matters of Vision 2030 Delivery Secretariat.
Member -	2	Mr. Julius Korir	
"	3	Dr. Patrick Njoroge	
"	4	Ms. Rita Kavashe	
"	5	Mr. Stephen Kirogo, CBS	
Communication & Strategy Board Committee			
Chairman -	1	Mr. Bob Collymore	To consider and approve operational communication matters of Vision 2030 Delivery Secretariat.
Member -	2	Ms. Juliana Rotich	
"	3	Eng. Victor Kyalo	
"	4	Dr. Moses Ikiara, MBS	
"	5	Mrs. Fatuma Hirsi	
Economic & Macro Board Committee			
Chairman -	1	Amb. Dennis Awori	To consider and approve operational economic and macro matters of Vision 2030 Delivery Secretariat.
Member -	2	Dr. Kamau Thugge, CBS	
"	3	Mr. Saitoti Torome	
"	4	Dr. Chris Kiptoo	
"	5	Dr. Richard Leresian Lesiyampe, CBS	
"	6	Dr. Mohamed Ibrahim Mohamud, CBS	
"	7	Mr. Joe Robert Okudo, MBS	
"	8	Eng. Victor Kyalo	
"	9	Mrs. Fatuma Hirsi	
"	10	Mr. Julius Korir	
"	11	Mr. Patrick Nduati Mwangi	
"	12	Mr. Paul Muthaura	

		Enablers Board Committee	
Chairman -	1	Mr. Irungu Nyakera	To consider and approve operational enablers matters of Vision 2030 Delivery Secretariat.
Member -	2	Amb. (Dr.) Monica Kathina Juma, CBS	
"	3	Arch. Mariamu El-Maawy, CBS	
"	4	Prof. Collette A. Suda, CBS	
"	5	Dr. Eng. Joseph Njoroge, CBS	
"	6	Dr. Nicholas Muraguri	
"	7	Dr. Dinah Jerotich Mwinzi, MBS	
"	8	Dr. Moses Ikiara, MBS	
"	9	Dr. Patrick Njoroge	
"	10	Amb. Dennis Awori	
"	11	Mr. Stephen Kirogo, CBS	
		Finance and Administration Board Committee	
Chairman -	1	Dr. Julius M. Muia, EBS.	To consider and approve operational finance and administration matters of Vision 2030 Delivery Secretariat.
Member -	2	Dr. Kamau Thugge, CBS	
"	3	Mr. Saitoti Torome	
"	4	Dr. Richard Leresian Lesiyampe, CBS	
"	5	Mr. Njee Muturi, CBS	
"	6	Mr. Mucai Kunyiha	
		Social & Political Board Committee	
Chairman -	1	Dr. Nicholas Muraguri	To consider and approve operational social and political matters of Vision 2030 Delivery Secretariat.
Member -	2	Amb. Richard T. Ekai, CBS	
"	3	Arch. Mariamu El-Maawy, CBS	
"	4	Prof. Fred H. K. Segor, CBS	
"	5	Dr. Belio Kipsang, CBS	
"	6	Ms. Juliana Rotich	
"	7	Ms. Rita Kavashe	
"	8	Mr. Joshua N. Oigara	
"	9	Mr. Mucai Kunyiha	
"	10	Mr. Bob Collymore	
"	11	Mr. Njee Muturi, CBS	

III. SECRETARIAT MANAGEMENT

The Secretariat team comprises of the Director General, Directors, and assistant Directors as follows:

NAME	POSITION	QUALIFICATION
Prof. Gituro Wainaina	Ag. Director General (Retired on 30 th June 2016)	PhD
Dr. Mohammed Omar	Director Economic Pillar (resigned in September 2015)	PhD
Mr. Jonathan Lodompui	Director Enablers and Macro	Masters Degree
Ms. Ada Mwangola	Ag. Director Political and Social Pillar	Masters Degree
Mr. Nicholas K Mwilu	Assistant Director Finance Administration & HR	Masters Degree
Mr. John Kariuki	Ag. Director Economic Pillar	Masters Degree

IV. CHAIRMAN'S STATEMENT

The overarching goal of our national vision is to transform Kenya into “a globally competitive and prosperous nation with a high quality of life for its citizens” by 2030. As the Chairman of Vision 2030 Delivery Board, I am proud to be at the vanguard of Kenya’s social-economic-political renaissance, a journey that started in 2006 when I was in the multi-sectoral technical team that worked with many Kenyans across the country to roll out this aspiration, and put it into blueprint.

The past eight years have equally been testing as they have been satisfying in our quest to transform Kenya into an upper middle-income country with high standards of living by 2030. As a board we have created a solid framework and appropriate platform upon which this national transformation process is anchored.

A key principle of the Vision 2030 is fortified by the element that it exceeds any regime of the day and hence must be owned by Kenyans of all cultures, races, religions and geographical locations. The greatest win has been seeing the government’s zeal in implementing Vision 2030 projects. A good precedent and traction has been made on our development and growth agenda as a country, in all sectors.

It is noteworthy that the government has sustained and consolidated the positive gains and realized on many fronts projects such as rolling key infrastructural game-changing projects such as the Standard Gauge Railway (SGR). Suffice to say that developing a railway network will open up our economy to intra-regional trade and enhance cost efficiency.

Agriculture continues to be the Country’s mainstay: the vision for agriculture sector is to be innovative, commercially oriented and modern, contributing significantly to food security. The Galana-Kulalu irrigation scheme will bridge the annual crop production and reduce reliance on rain fed agriculture.

On power connectivity, the launch of the Last Mile connectivity initiative has connected more than 40 percent of the country against a target of 70 percent of the universal access to electricity goal by 2020.

The education sector has not been left behind. The sector is set to benefit greatly from the curriculum reforms further while the transition rate of primary school to secondary school is on an upward trend.

As we celebrate the past year of milestones, we must appreciate actors at the center of implementing the various Vision 2030 flagship projects. Some of these respected actors include all government ministries, State agencies and regulators, the Judiciary, Parliament, Independent Commissions, the Private Sector, Bilateral and Multilateral Development Partners, Civil Society and Faith-based Organizations.

We also commend the government for appointing a Vision 2030 Delivery Board that is led by private sector industry captains. Their immense contribution on policy and strategic direction has been critical in ensuring that the Vision remains on course. Our greatest desire as a Board is to see each and every Kenyan taking personal ownership of this Vision by making their own contribution, however modest.

Vision 2030 is truly about the national aspiration of the Kenyan people, their desires touching on their lives and on their country; it's the aspiration on everything about being a Kenyan, it is not a Government project.

As a Board we are proud of shepherding a precedent setting Vision 2030 foundation, gains and the numerous challenges we have managed to overcome in our arduous efforts to solidly establish Vision 2030 as the national development strategy.

God Bless you, God Bless Kenya.

Dr. James Mwangi, CBS
Chairman, Vision 2030 Delivery Board

V. REPORT OF THE DIRECTOR GENERAL

The Kenyan Government established Vision 2030 Delivery Secretariat (VDS), to ensure the timely implementation of the flagship projects. The Secretariat operates under the overall guidance of the Vision 2030 Delivery Board (VDB), which plays a policy-making and advisory role. The VDS collaborates with the relevant ministries, counties, departments and agencies in developing the five-year Medium Term Plans (MTPs).

The VDS is organized into five directorates namely, Economic Pillar, Social and Political Pillars, Enablers and Macro, Strategy and Communication, and Finance, Administration and Human Resource all reporting to the office of the Director General. These directorates provide strategic leadership and direction and the day-to-day management of activities in the realization of the Vision 2030 goals.

In line with its core mandate of providing strategic leadership in the implementation of projects outlined in Vision 2030, the country's development blueprint in the implementation of Vision 2030 projects, the Secretariat through the economic and macro committee successfully unlocked implementation bottlenecks affecting various projects and sectors such as Galana Kulalu Food Security Project, Konza Techno City, Natural Products Initiative, Disease Free Zones, and Nairobi International Financial Centre Authority and created a fresh momentum towards the process of establishment of the Sector Delivery Secretariats.

The Secretariat further undertook to fastrack Vision 2030 by establishing strategic linkages and partnerships with key stakeholders and partners such as county governments (Laikipia, Baringo, Elgeyo Marakwet, Samburu, Turkana, Taita Taveta, and Kilifi); the Taj Group of Hotels and the Aberdare Hills Golf Resort for the establishment of the Meetings Incentives Conference and Exhibitions (MICE) flagship projects; the FertiPlant East Africa Limited and Play Guru Ltd for the agriculture and manufacturing sectors, respectively.

On the Social Pillar, the Secretariat undertook various activities to achieve objectives of the social sectors, and national values and national cohesion under the Political Pillar. Among these, was stakeholder workshop bringing together government implementing agencies and non-state actors to develop a framework for implementation of the national values and principals of governance policy, additionally the Secretariat held a knowledge sharing workshop bringing together lead implementing agencies of flagship projects under the Social and Political Pillars. The Secretariat worked with non-state actors to compliment efforts in achieving education sector reforms and targets through collaboration in holding stakeholder forums.

A key mandate of VDS is to aggressively market the Vision and the country's Medium Term Plans (MTPs) as well as to publicize and communicate its activities and achievements to the people of Kenya. Pursuant to this mandate, the Secretariat in collaboration with the Kenya Railways Corporation undertook a media familiarization tour of the Standard Gauge Railway (SGR). This gave an opportunity to the press to appreciate the progress of SGR as well as increase positive reportage of the project.

Further, to popularize and build critical mass knowledge of Vision 2030, the Secretariat organized an editors' guild round table and a two-day forum for Chief Executives Officers of key implementing agencies. The events were aimed at enhancing collaboration and partnership among the implementers and editors. The Secretariat also undertook the *Inatendeka*

campaign, which was aired on regional radio stations. The campaign showcased on-going and up-coming Vision 2030 flagship projects.

On matters administration, the Secretariat firmly believes in performance based management. Within the reporting period, VDS achieved the targets in the institutions performance contract. On compliance with the Constitution 2010, VDS complied with Chapter Six of the Constitution and signed the annual integrity pact for all staff. The VDS continues to uphold integrity and principles of governance by adhering to the Ethics and Anti Corruption Commission (EACC) guidelines. On other key performance contract indicators, the commitment by the Secretariat has been demonstrated by achieving 100 percent score on environmental sustainability and gender mainstreaming.

At the Vision 2030 Secretariat, we remain committed and confident that proper implementation of Vision 2030 with support from Government and all implementers will steadfastly progress.

Thank you.

Gituro Wainaina
Ag. Director General, Vision 2030 Delivery Secretariat

VI. CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process by which organizations are directed and controlled with the objective of increasing stake/shareholders value and satisfying them. This is achieved by establishing a system of clearly defined authorities and responsibilities, which result in a system of internal controls that is regularly tested to ensure effectiveness.

At Kenya Vision 2030 Delivery Secretariat (VDS), the Management places a high degree of importance on maintaining a sound control environment and applying the highest standards of operational integrity and professionalism in all areas of its activities.

The Management is responsible for the governance of VDS and conducts the business and operations of VDS with integrity and in accordance with generally accepted corporate practices, in a manner based on transparency, accountability and responsibility.

VII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2016 which show the state of the Kenya Vision 2030 Delivery Secretariats affairs.

Principal activities

Kenya Vision 2030 Delivery Secretariat was established through Kenya Gazette Notice 1386 dated 17th February, 2009.

The mandate of VDS as outlined in the Gazette Notice is that “there shall be a Vision Delivery Secretariat which shall spearhead the implementation of the Vision as the country’s blueprint and strategy towards making Kenya a newly – industrializing middle income country capable of providing a high quality of life for all its citizens by the year 2030”.

Results

The results of the entity for the year ended June 30, 2016 are set out on page 1.

Auditors

The Auditor General is responsible for the statutory audit of the Kenya Vision 2030 Delivery Secretariats in accordance with the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board

Chairman

Date: 23 September 2016

VIII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Public Finance Management Act, 2012 and Cap 446 of the State Corporations Act, require the Directors to prepare financial statements in respect of that Secretariat, which give a true and fair view of the state of affairs of the Secretariat at the end of the financial year/period and the operating results of the Secretariat for that year/period. The Directors are also required to ensure that the Secretariat keeps proper accounting records which disclose with reasonable accuracy the financial position of the Secretariat. The Directors are also responsible for safeguarding the assets of the Secretariat.

The Directors are 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 (period) 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 Directors accept responsibility for the Secretariat's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are 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 Directors further confirm 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.

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

Approval of the financial statements

The Secretariat's financial statements were approved by the Board on and signed on its behalf by:

.....

Chairman

.....

Ag. Director General

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA VISION 2030 DELIVERY SECRETARIAT FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Vision 2030 Delivery Secretariat set out on pages 1 to 14, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows, and the 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 (Accrual 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 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

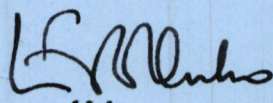
Report of the Auditor-General on the Financial Statements of Kenya Vision 2030 Delivery Secretariat for the year ended 30 June 2016

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 Kenya Vision 2030 Delivery Secretariat as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Gazette Notice No.1386 dated 17 February, 2009.



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

Nairobi

18 January 2017

**IX. REPORT OF THE INDEPENDENT AUDITORS ON KENYA VISION
2030 DELIVERY SECRETARIAT**

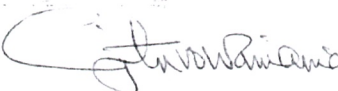
**X. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2016**

INCOME	Notes	30-Jun-16 Kshs	30-Jun-15 Kshs
Government Grant	2a	290,360,364	195,943,417
Amortization of Granted Assets	3	389,255	389,255
Other Income	4	2,882,747	2,443,482
TOTAL		293,632,366	198,776,154
EXPENDITURE			
Personnel Emoluments	5	77,840,019	87,763,813
Operating & Maintenance Expenses	6	205,591,555	106,241,530
Board Members Expenses	7	3,120,780	4,151,501
Depreciation & Amortization	8a/b	9,214,776	8,718,887
Audit Fee		464,000	464,000
TOTAL		296,231,130	207,339,731
SURPLUS / (DEFICIT)		(2,598,764)	(8,563,577)
Accumulated Reserves B/F		(30,937,918)	(22,374,341)
Accumulated Reserves C/F		(33,536,682)	(30,937,918)

XII. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

ASSETS	Notes	30-Jun-16	30-Jun-15
		Kshs	Kshs
Non-Current Assets			
Property, Plant & Equipment	8a	10,336,546	14,503,332
Intangible Assets	8b	3,034,716	3,973,321
		13,371,262	18,476,653
Current Assets			
Trade and Other Receivables	9	2,254,580	2,329,183
Prepayments	10	2,949,898	2,877,688
Cash and Bank Balances	12	39,558,633	33,233,320
		44,763,111	38,440,191
TOTAL ASSETS		58,134,373	56,916,844
CAPITAL AND RESERVES			
General Reserve		(32,017,637)	(29,418,872)
Capital Reserve		64,486,996	60,377,610
		32,469,359	30,958,738
LIABILITIES			
Non-Current Liabilities			
Deferred Income – Government Grant	3	126,441	515,696
Current Liabilities			
Trade and Other Payables	11	25,538,573	25,442,410
		25,665,014	25,958,106
TOTAL EQUITY & LIABILITIES		58,134,373	56,916,844


 Dr. James Mwangi, CBS
CHAIRMAN


 Gituro Wainaina
Ag. DIRECTOR GENERAL

**XIII. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2016**

	Capital Reserve Kshs	General Reserve Kshs	Total Kshs
At the end of the year 30 June 2014	54,541,027	(22,374,341)	32,166,686
Capital Grant	5,836,583		
Adjustment		1,519,046	1,519,046
Surplus/ (Deficit) for the period		(8,563,577)	(8,563,578)
At the end of the year 30 June 2015	60,377,610	(29,418,872)	30,958,737
Capital Grant	4,109,386		4,109,386
Prior Year adjustment	-	-	-
Surplus (Deficit) for the Year		(2,598,764)	(2,598,764)
At the end of the year 30 June 2016	64,486,996	(32,017,637)	32,469,359

The adjustment relates to accumulated amortization of intangible assets and depreciation on Computers and peripherals.

XIV. STATEMENT OF CASH FLOWS

	30-Jun-16 Kshs	30-Jun-15 Kshs
Net Cash Flow from Operating Activities		
Operating Surplus / (Deficit)	(2,598,764)	(8,563,577)
Adjustment		
Depreciation & Amortization	9,214,776	8,718,887
Gain on Disposal	281,703	-
Changes in Working Capital		
(Increase) / Decrease in Receivables	74,603	(24,600)
(Increase) / Decrease in Prepayments	(72,209)	261,633
(Increase) / Decrease in Differed Income	(389,255)	(389,255)
Increase / (Decrease) in Payables	96,163	11,436,511
Net Cash Flow from Operating Activities	6,607,016	11,439,599
Investing Activities		
Purchase of Fixed Assets	(1,326,150)	(2,298,909)
Disposal	-	83,100
Income on Disposal	(281,703)	(41,550)
Intangible Assets	(2,783,236)	(3,537,674)
Net Cash Flow from Investing Activities	(4,391,089)	(5,795,033)
Financing Activities		
Capital Reserves	4,109,386	5,836,583
Net Cash Flow from Financing Activities	4,109,386	5,836,583
Increase/Decrease in Cash & Cash Equivalent	6,325,313	11,481,149
Cash & Cash Equivalent at Start of year	33,233,320	21,752,171
Cash & Cash Equivalent at End of year	39,558,633	33,233,320
Analysis of Balances of Cash & Cash Equivalent		
Bank Balance	39,558,633	33,233,320
Cash & Cash Equivalent	39,558,633	33,233,320

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2015-2016	2015-2016	2015-2016	2015-2016	2015-2016
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Revenue					
Government grants	194,470	100,000	294,470	294,470	-
Other Income	2,883	-	2,883	2,883	-
Gains on disposal,	-	-	-	-	-
Total income	197,353	100,000	297,353	297,353	-
Expenses					
Personnel Emoluments	79,709	-	79,709	77,840	1,869
Medical Expenses In & Out patient (Insurance)	8,108	-	8,108	8,108	-
Group Life Insurance	496	-	496	436	60
Staff Welfare	5,500	-	5,500	5,484	16
Fuel & Maintenance Expenses	2,800	-	2,800	2,480	320
Telephone Expenses	4,376	-	4,376	4,276	100
Expenses of Board & Committees	3,500	-	3,500	3,121	379
Rents and Rates	13,900	-	13,900	13,843	57
Audit Fees	464	-	464	464	0
Insurance - Vehicles/Equipments	220	-	220	0	220
Training Expenses	2,550	-	2,550	2,547	3
Internal Travelling & Accommodation	9,890	-	9,890	9,674	216
External Travelling & Accommodation	9,800	-	9,800	9,762	38
Publishing and Printing Expenses	660	-	660	660	0
Purchase of Stationery	1,500	-	1,500	1,376	124
Communication and Publicity - Contracted Professional Services	29,922	100,000	129,922	127,490	2,432
	1,850	-	1,850	933	917

Computer Expenses	2,750	-	2,750	2,568	182
Hire of Transport, Plant and Machinery	170	-	170	160	10
Subscription to Professional Bodies	186	-	186	91	95
Workshops, seminars & Conferences	5,000	-	5,000	4,636	364
Legal Expenses & Contingent Liabilities	400	-	400	350	50
Enabling Funds for Projects	8,820	-	8,820	8,816	4
Maintenance of Buildings & Equipments	1,920	-	1,920	1,701	219
Bank Charges - Fees and Commission	250	-	250	200	50
Purchase of Plant & Equipments	1,700	-	1,700	14	1,686
Purchase of Computer	1,400	-	1,400	1,312	88
Purchase of Computer Systems/ website	3,500	-	3,500	2,783	717
Purchase of furniture & fittings	240	-	240	0	240
Total Expenditure	201,581	100,000	301,581	291,125	10,456
Surplus/Deficit for the Period					-10,456

XVI. NOTES TO THE FINANCIAL STATEMENTS KENYA VISION 2030
DELIVERY SECRETARIAT

1. Statement of compliance and basis of preparation – IPSAS 1

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shilling, which is the functional and reporting currency). The accounting policies have been consistently applied to all the years presented. This is the first time adoption of IPSAS. Accounts were previously prepared using the International Financial Reporting Standards.

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

Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Transfers from other government entities

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

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Secretariat. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Investment property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

d) Property, plant and equipment – IPSAS 17

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

(a) Motor vehicles	25%
(b) Office equipment	12.5%
(c) Furniture	12.5%
(d) Computers	33.3% (3 Years useful life)

e) Intangible assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

f) Changes in accounting policies and estimates – IPSAS 3

The Secretariat recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

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

h) Comparative figures

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

i) Subsequent events – IPSAS 14

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.

2. Government Grant

This represents funds voted for in the Government budget for the financial period. The expected receipts from the Government are thus well known before the start of the period and the same are released on a quarterly basis.

The balances as at 30th June 2016 were as follows:

	30 June 16 Kshs	30 June 15 Kshs
a) Recurrent Grant	190,360,364	195,943,417
b) Capital Grant	4,109,386	5,836,583
c) Global Entrepreneurship Summit Campaign	100,000,000	-
Total	294,469,750	201,780,000

Note: For note 2b, refer to the statement of changes in assets, capital reserve.

3. Deferred Income – Government Granted Assets

As per the IPSAS 23 there are basically two methods of accounting for the grant, Income method and Capital method. The Secretariat has elected to use the Income method because it gives full disclosure on the granted assets from the then Ministry of Planning, National Development and Vision 2030.

The granted assets are non-current assets granted to VDS by Ministry of Planning, National Development and Vision 2030, representing assets bought during 2009/2010 financial year by the Ministry for VDS. The granted assets are supposed to be recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

	30 June 16 Kshs	30 June 15 Kshs
Deferred Income B/F	515,696	904,951
Amortization of Granted Assets	(389,255)	(389,255)
Deferred Income C/Forward	126,441	515,696

4. Other Income

	30 June 16 Kshs	30 June 15 Kshs
Income from sale of tenders	-	-
Income from short term investments	2,601,044	2,261,767
Disposal of Assets and obsolete items	281,703	181,715
Total	2,882,747	2,443,482

5. Personnel Emoluments

	30 June 16	30 June 15
	Kshs	Kshs
Salaries and Allowances	64,866,326	70,536,697
Leave Allowances	790,000	920,000
Gratuity Paid	12,183,693	16,307,116
Total	77,840,019	87,763,813

6. Operating & Maintenance Expenses

	30 June 16	30 June 15
	Kshs	Kshs
Telephone	4,276,047	4,930,629
Rent and Rates	13,843,440	13,697,280
Staff Welfare	5,483,990	5,403,861
Group Life Insurance	435,788	559,571
Insurance VDS Assets	-	199,934
Medical cover in & out Patient	8,108,407	8,699,590
Motor vehicle Fuel & Maintenance Expense	2,480,140	2,590,433
Computers Expenses	2,567,852	2,560,905
Internal Travelling	9,674,250	6,600,974
External Travelling	9,761,780	8,464,971
Printing & Publishing Services	659,610	1,219,348
Communication, Advertising and Publicity	127,490,041	34,767,279
Hire of Transport	160,400	40,000
Training Expenses	2,546,556	2,423,237
Enabling Fund for Project	8,815,897	5,091,977
Workshop, Conference & Seminar	4,636,090	3,190,097
Purchase of Stationery	1,376,150	731,585
Bank Charges	200,235	175,230
Subscription to Professional Bodies	91,344	142,619
Legal Expenses	350,000	1,169,863
Contracted Professional Service	933,000	2,454,273
Maintenance of Building Expenses	1,700,538	1,127,874
Total	205,591,555	106,241,530

During the year the Secretariat received Ksh.100 million from Cabinet Office. This amount was utilized for the Global Entrepreneurship Summit campaign in July to September 2015; under Item Communication, Advertising and Publicity.

7. Boards' Expenses

The Boards' expenses relate to sitting allowances paid to Board members and other costs that relate to Board activities.

8a. Fixed Assets Schedule for the year ended June 2016

	Equipment	Furniture & Fittings	Computers & Peripherals	Motor Vehicles	Total
Cost	Shs	Shs	Shs	Shs	Shs
At 1 July 2014	6,988,322	22,458,605	7,519,756	18,331,425	55,298,108
Additions	-	130,680	2,168,229	-	2,298,909
Disposals	-	-	(83,100)	-	(83,100)
Adjustments	-	-	88,400	-	88,400
At 30 June 2015	6,988,322	22,589,285	9,693,285	18,331,425	57,602,317
Additions	13,950	-	1,312,200	-	1,326,150
Disposals	-	-	(281,703)	-	(281,703)
Transfer/adjustments	-	-	-	-	-
At 30 June 2016	7,002,272	22,589,285	10,723,782	18,331,425	58,646,764
Depreciation and impairment					
At 1 July 2014	(2,558,660)	(10,734,731)	(6,618,690)	(18,331,425)	(38,243,506)
Depreciation	(882,705)	(2,896,004)	(2,146,083)	-	(5,924,792)
Adjustment	-	-	1,027,763	-	1,027,763
Disposals	-	-	41,550	-	41,550
At 30 June 2015	(3,441,365)	(13,630,735)	(8,723,223)	(18,331,425)	(43,098,985)
Depreciation	(884,449)	(2,896,004)	(1,712,482)	-	(5,492,935)
Disposals	-	-	281,703	-	281,703
Impairment	-	-	-	-	-
Adjustment	-	-	-	-	-
At 30 June 2016	4,325,814	16,526,739	9,126,239	18,331,425	48,310,217
Net book values					
At 30 June 2016	2,676,458	6,062,545	1,597,543	-	10,336,546
At 30 June 2015	3,546,957	8,958,550	1,997,826	-	14,503,332

Note: Opening balances consist of the net book value of the assets granted from the parent Ministry and whose depreciation charge is based on their original costs. Adjustment relates to overstated depreciation on Computers and Peripherals.

8b. Intangible Assets

These are Payroll, Enterprise Resource Planning (ERP) and Computer software licenses and they were capitalized on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life of three years. Adjustment relates to overstated amortization.

Cost	Shs 000
At 30 June 2014	7,475,400
Additions	3,537,674
Disposal	-
At 30 June 2015	11,013,074
Additions	2,783,236
At 30 June 2016	13,796,310

Amortization and impairment	
At 1 July 2015	(1,648,540)
Amortization	(2,794,095)
Adjustment	402,883
At 30 June 2015	(7,039,753)
Amortization	(3,721,841)
Impairment loss	-
At 30 June 2016	(10,761,593)
Net book values	
At 30 June 2016	3,034,716
At 30 June 2015	3,973,321

9. Trade and Other Receivables

	30-Jun-16	30-Jun-15
	Kshs	Kshs
Rent Deposit	2,047,500	2,047,500
Cooperative Bank of Kenya	207,080	207,083
Kenya Institute of Supplies Management	-	69,600
Staff Imprest Advance	-	5,000
Total	2,254,580	2,329,183

Rent deposit relates to rent deposit paid by the Ministry before the VDS was setup and Cooperative bank relates to erroneous double payment during the Co-operative banks system upgrade.

10. Prepayments and Deposits

	30-Jun-16	30-Jun-15
	Kshs	Kshs
Prepaid Rent/Deposit – KUSCCO LTD	1,314,820	1,314,820
Liaison Group Ins. Brokers– Prepaid Group life	98,781	139,444
Staff Airtime - July 2016	158,000	206,500
Sedgwick Kenya Ins. Brokers Ltd Prepaid Medical Cover	1,378,297	1,216,924
Total	2,949,898	2,877,688

11. Trade and other payables

	30-Jun-16	30-Jun-15
	Kshs	Kshs
Auditor General	464,000	464,000
Associate Consulting Africa Ltd	-	863,760
Bureau Veritas Kenya Ltd	-	804,260
Kenya School Of Government	-	429,920
Colour Print Ltd	-	4,976,000
Attic Tour And Travel Ltd	67,635	-
Borasoft Ltd	239,783	-
Commodures Enterprises	205,000	691,350
Jos Suppliers	-	10,422
Bushtrek Safaris Ltd	147,874	-

Easynet Africa Ltd	380,000	-
Kenya Revenue Authority	556,983	158,649
Kabola Workshops Ltd	-	57,884
Gravity Solutions Ltd	354,960	-
Mtn Business Kenya Ltd	-	116,000
Jacob Akinala	8,000	-
National Industrial Training Authority	-	5,800
Nairobi Serena Hotel	128,000	294,900
Attain Enterprise Solution Ltd	2,236,545	2,236,545
Ashut Engineers Ltd	-	55,680
Hamilton Harrison	-	434,932
Florence Kiragu Nyamu	-	280,000
Longrock Tours And Travel Ltd	30,920	-
Maasai Security Services	44,000	-
Media Edge Interactive	2,682,008	11,136,424
Maxiridge Suppliers	290,000	-
Office Technologies Ltd	12,430	-
Jamii Telecommunication Ltd	-	52,200
Accrued Staff Benefits	2,384,232	27,250
Kila Siku Newspapers Suppliers	53,886	65,819
Sawela Lodge	-	768,000
Toyota Kenya Ltd	86,135	-
Oak Place	-	133,800
Prima Vera Tours Safaris & Travel Ltd	125,280	-
Professional Marketing Services	15,000,000	-
Quicklink Tours And Travel	10,400	-
Pato Engineering Services	-	65,000
Pinnacle (K) Travel & Safaris Ltd	4000	814,815
Print Rite Media	-	290,000
Telkom Kenya	27,402	-
Sound and Pix Enterprise	-	35,000
Tiffom Agencies	-	174,000
Total	25,538,573	25,442,410

12. Cash and bank balance

This is as per the bank reconciliation statement of June 2016 of Ksh. 39,558,633

13. Contingent Liabilities

There were no contingent liabilities at 30th June 2016

14. Capital Commitments

There were no capital commitments for the period

15. Employees

The average number of employees during the year was twenty seven (27) compared to twenty nine (29) in 2014/2015 financial year.

XVII. PROGRESS ON FOLLOW UP OF AUDIT RECOMMENDATIONS

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

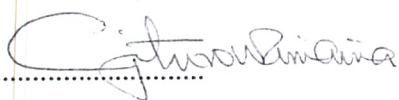
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
None	None	None	None	None	None

Guidance Notes:

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

Ag Director General

Signature.....



Chairman of the Board

Signature.....

