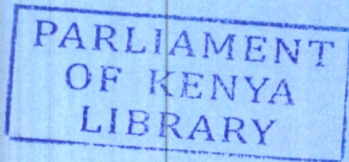


REPUBLIC OF KENYA



*Paper Laid by the  
Hon. Aida Duale  
muf  
Thursday 20.6.2018*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
THE RECEIVER OF REVENUE - STATE  
DEPARTMENT OF PUBLIC WORKS, MINISTRY  
OF TRANSPORT, INFRASTRUCTURE,  
HOUSING AND URBAN DEVELOPMENT**

**FOR THE YEAR  
ENDED 30 JUNE 2017**



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**RECEIVER OF REVENUE**  
**MINISTRY OF TRANSPORT, INFRASTRUCTURE, HOUSING AND**  
**URBAN DEVELOPMENT**  
*STATE DEPARTMENT FOR PUBLIC WORKS*

**REVENUE STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2017**

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

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**STATE DEPARTMENT FOR PUBLIC WORKS  
REVENUE STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The *Receiver of Revenue* is under the Ministry of Transport, Infrastructure, Housing and Urban Development. At cabinet level, the *Receiver of Revenue* is represented by the Cabinet Secretary for the Ministry of Transport, Infrastructure, Housing and Urban Development, who is responsible for the general policy and strategic direction of the *Receiver of Revenue*. The *Receiver of Revenue* was appointed as a receiver on 27<sup>th</sup> July, 2016.

**(b) Principal activities**

The Receiver of Revenue collects revenue from sale of Tender Documents. Revenue collected is remitted to the National Treasury in accordance with Section 81 (2) of the PFM Regulations 2015.

**(c) Key Management**

The State Department for Public Works's day-to-day management is under the following key organs:

- Cabinet Secretary – James Macharia, EGH
- Principal Secretary - Prof. Arch. Paul Mwangi Maringa, (PhD). CBS, Corp. Arch, MAAK MKIP
- Senior Management;
  - Director of Administration. George N. Macgoye, EBS, OGW
  - Works Secretary. Arch. Nathan Nduati Kureba, OGW
  - Head of Accounting Unit - Lucy Kariuki
  - Head of Finance - Zakayo Mbogori

**(d) Entity Headquarters**

P.O. Box 30743-00100  
Works Building/  
5<sup>th</sup> Avenue/Ngong Road,  
Nairobi, KENYA

**(e) Entity Contacts**

Telephone: (254) (0)202723101  
E-mail: [info@publicworks.go.ke](mailto:info@publicworks.go.ke)  
Website: [publicworks.ardhi.go.ke](http://publicworks.ardhi.go.ke)

**STATE DEPARTMENT FOR PUBLIC WORKS  
REVENUE STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**(f) Independent Auditors**

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

**(g) Principal Legal Adviser**

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

**(h) Bankers ( *Central Bank of Kenya* )**

Telephone: (254) -020-2860000  
E-mail: [comms@centralbank.go.ke](mailto:comms@centralbank.go.ke)  
Website: [centralbank.go.ke](http://centralbank.go.ke)

STATE DEPARTMENT FOR PUBLIC WORKS  
REVENUE STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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**II: STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES**

Section 82 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue shall prepare an account of the revenue received and collected by that receiver during that financial year.

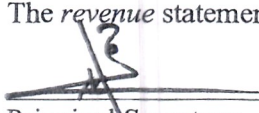
The Principal Secretary in charge of the State Department for Public Works is responsible for the preparation and presentation of the *Receiver of Revenue account*, which gives a true and fair view of the state of affairs of the *Revenue account* for and as at the end of the financial year (2016-2017) ended on June 30th, 2017. 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 State Department for Public Works ; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

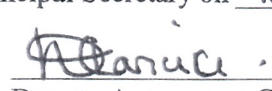
The Principal Secretary in charge of the State Department for Public Works accepts responsibility for the State Department's Revenue accounts, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that the State Department's Revenue account gives a true and fair view of the State Department Revenue transactions during the financial year ended June 30th, 2017, and of the State Department's financial position as at that date. The Principal Secretary in charge of the State Department for Public Works further confirms the completeness of the accounting records maintained by the *Receiver of Revenue*, which have been relied upon in the preparation of the *Receiver of Revenue* account as well as the adequacy of the systems of internal financial control.

The Principal Secretary in charge of the State Department For Public Works confirms that the State Department has complied fully with applicable Government Regulations and that the State Department'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 Principal Secretary confirms that the revenue accounts have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the Revenue Statements**

The *revenue* statements were approved and signed by the Principal Secretary on 15/4/ 2017

  
Principal Secretary  
Name: Prof. Arch. Paul Mwangi Maringa, (PhD)  
CBS, Corp. Arch, MAAK MKIP

  
Deputy Accountant General  
Name: Lucy Njoki Kariuki  
ICPAK Member Number: 3599

# REPUBLIC OF KENYA

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



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON THE RECEIVER OF REVENUE - STATE DEPARTMENT OF PUBLIC WORKS, MINISTRY OF TRANSPORT, INFRASTRUCTURE, HOUSING AND URBAN DEVELOPMENT FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE REVENUE STATEMENT

##### Opinion

I have audited the accompanying statement of revenue of the Receiver of Revenue - State Department of Public Works set out on pages 6 to 10, which comprise the statement of arrears in revenue as at 30 June 2017, the statement of receipts and transfers, the Statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the statement of revenue present fairly, in all material respects, the revenue position of the Receiver of Revenue and the arrears in revenue for the State Department of Public Works as at 30 June 2017, and of its receipts and transfers for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and the Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

##### Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Receiver of Revenue-State Department of Public Works in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient for my Opinion.

##### Key Audit Matters

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

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*Report of the Auditor-General on the Financial Statements of the Receiver of Revenue - State Department of Public Works, Ministry of Transport, Infrastructure, Housing and Urban Development for the year ended 30 June 2017*

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these revenue 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 revenue statements that are free from material misstatement, whether due to fraud or error.

In preparing the revenue statements, management is responsible for assessing the Receiver of Revenue's ability to sustain services, disclosing, as applicable, matters related to sustainability of services.

Management is also responsible for the submission of the revenue statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Those charged with governance are responsible for overseeing the Receiver of Revenue's financial reporting process.

## **Auditor-General's Responsibilities for the Audit of the Financial Statements**

The audit objectives are to obtain reasonable assurance about whether the statement of revenue as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement of revenues.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

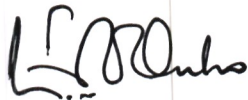
- Identify and assess the risks of material misstatement of the statement of revenues, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of

giving an assurance on the effectiveness of the Receiver of Revenue's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Receiver of Revenue's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the revenue statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Receiver of Revenue to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the revenue statements, including the disclosures, and whether the statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Receiver of Revenue to express an opinion on the financial statements.

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

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



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

**Nairobi**

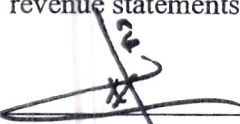
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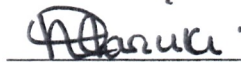
**STATE DEPARTMENT FOR PUBLIC WORKS  
REVENUE STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**III. STATEMENT OF RECEIPTS AND TRANSFERS**

	Note	2016/17 Kshs	2015/16 Kshs
<b>NON TAX RECEIPTS</b>			
Sale of Goods and Services	1	534,500	0
<b>TOTAL NON TAX RECEIPTS</b>		<b>534,500</b>	<b>0</b>
<b>TRANSFERS TO THE EXCHEQUER ACCOUNT</b>			
		(534,500)	0
<b>BALANCE BROUGHT FORWARD</b>		<b>0</b>	<b>0</b>
<b>BALANCE CARRIED FORWARD</b>		<b>0</b>	<b>0</b>

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 18/4/18 2018 and signed by:

  
Principal Secretary  
Name: Prof. Arch. Paul Mwangi Maringa(PhD)  
CBS, Corp. Arch, MAAK MKIP

  
Deputy Accountant General  
Name: Lucy Njoki Kariuki  
ICPAK Member Number:3599

*(Ref: PFM ACT section 82, 2(a))*

**STATE DEPARTMENT FOR PUBLIC WORKS  
REVENUE STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**IV. STATEMENT OF ARREARS IN REVENUE AS AT 30 JUNE 2017**

Classification of Revenue	Accumulated amount in arrears from prior periods to June 2015 (a)	Amount in arrears for the immediate previous year to 30 June 2016 (b)	Amount in arrears for the current year to June 30 2017 (c)	Total arrears as at 30 June 2017 (a+b+c)	Measures taken to recover the arrears	Assessment of the recoverability of arrears
<b>Non Tax Revenues</b>						
Fees on Use of Goods and services	0	0	0	0		
Total arrears		0	0	0		

  
Principal Secretary

Name: Prof. Arch. Paul Mwangi Maringa, (PhD).  
CBS, Corp. Arch, MAAK MKIP



Deputy Accountant General  
Name: Lucy Njoki Kariuki  
ICPAK Member Number: 3599

**V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2017**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
<b>Revenue</b>	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017
<b>Non tax receipts</b>	Kshs	Kshs	Kshs	Kshs	Kshs
Sale of Goods and Services	2,282,607	0	2,282,607	534,500	1,748,107
<b>Total receipts</b>	<b>2,282,607.00</b>	<b>0</b>	<b>2,282,607</b>	<b>534,500</b>	<b>1,748,107</b>

i. Tender Documents acquired electronically were not charged as per Legal notice 106 of 18<sup>th</sup> June, 2013 sec.ii.

**STATE DEPARTMENT FOR PUBLIC WORKS  
REVENUE STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**VI. SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Statement of Compliance and Basis of Preparation**

The revenue 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 State Department for Public Works. The accounting policies adopted have been consistently applied to all the years presented.

The revenue 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 State Department for Public Works .

**2. Recognition of Revenue**

The State Department for Public Works y recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the State Department for Public Works.

**3. Budget**

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

**4. Cash and cash equivalents**

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

**STATE DEPARTMENT FOR PUBLIC WORKS  
REVENUE STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**5. Revenue in Arrears**

This relates to revenue due and is yet to be received or collected by the receiver of revenue. The revenue in arrears is as disclosed in the Statement of Revenue in Arrears under section IV of these financial statements.

**6. Comparative Figures**

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

**7. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2017.

**8. Statement of Arrears of Revenue**

The statement of arrears of revenue is not a requirement as per the IPSAS Cash Standard. The IPSAS Cash Standard encourages disclosure of accrual based balances since it's a transitional standard to accrual basis of accounting. The PFM Act, 2012 section 82,2b and section 69(c) of the PFM Regulations 2015 requires a Receiver of Revenue to prepare a statement on revenue of arrears due but not yet collected at the end of the period. This statement has been disclosed under section IV of these financial statements.

**STATE DEPARTMENT FOR PUBLIC WORKS  
REVENUE STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**VII. NOTES TO THE FINANCIAL STATEMENTS**

**SALE OF GOODS AND SERVICES**

Description	2016-2017	2016-2017
	Estimate	Actual
	Kshs	Kshs
Administrative Fees and Charges	0	2,500
Sale of Tender Documents	2,282,607	532,000
<b>Total Revenue</b>	2,282,607	534,500
<b>Balance brought forward</b>		0
Transfers to the Exchequer account		534,500
<b>Balance carried forward</b>		0

- (i) The State Department for Public Works collected Ksh.2,500 from administrative and charges against Nil estimate
- (ii) The State Department for Public Works collected Ksh.532,000 from sale of Tender Documents against an estimate of Ksh.2,282,607

**APPENDIX 1: A REPORT OF WAIVERS AND VARIATIONS OF TAXES, FEES OR CHARGES GRANTED BY THE RECEIVER OF REVENUE DURING THE YEAR.**

Name of person / organisation benefitting from waiver/ variation	Year in which waiver/ variation relates	Amount of variation/ waiver	Reasons for waiver/ variation	The law in terms of which the variation was granted
N/A	N/A	N/A	N/A	N/A

*No waiver was granted during the year*

*(PFM ACT section 82 sub section 4, 5)*

**VIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The State Department for Public Works started operations in 2016/2017 financial year and the Principal Secretary appointed receiver of Revenue on 27<sup>th</sup> July, 2016, hence there were no previous audit issues.



**REPUBLIC OF KENYA**  
**THE NATIONAL TREASURY**

Telegraphic Address: 22921  
Finance - Nairobi  
P.O. BOX 10000  
Telephone: 2252299

THE NATIONAL TREASURY  
P O BOX 10007 - 00100  
NAIROBI  
KENYA

When Replying Please Quote  
**REF: AG. 1/021 Vol. 11/147**

27<sup>th</sup> July, 2016

02 AUG 2016

**Prof. Paul Maringa Mwangi**  
Principal Secretary  
State Department for Public Works  
P. O. 52692 - 00200  
**NAIROBI.**

Dear

**LETTER OF DESIGNATION AND RESPONSIBILITIES AS  
RECEIVER OF REVENUE**

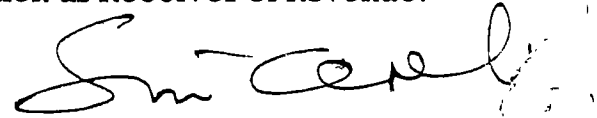
- Pursuant to Article 209 (1), (2) and (4) of the Constitution of Kenya and in accordance with the powers conferred on the Cabinet Secretary, National Treasury by Section 75 of the Public Finance Management (PFM) Act, 2012, you are hereby designated the Receiver of National Government Revenue for revenue items listed below and relating to financial year 2016/2017 with effect from 1<sup>st</sup> July, 2016.

Item	Details of Revenue	Amount Kshs
1420601	Sale of Tender Documents	2,282,607
	<b>Total</b>	<b>2,282,607</b>

- As Receiver of Revenue, you are responsible to the Cabinet Secretary, The National Treasury for the collection of revenue for which you are responsible and which shall be separately accounted for in accordance with Section 75 of the Public Finance Management (PFM) Act, 2012.

3. As Receiver of Revenue, you must comply and familiarize yourself with the Constitution, the Public Finance Management (PFM) Act, 2012 and various laws and regulations, financial instructions and circulars issued by the National Treasury from time to time. To facilitate your understanding of your responsibilities under these legislations, ~~The National Treasury has prepared a guide on the responsibilities of Accounting Officers/Receivers of Revenue with regard to management of public finances, which is hereby attached for your reference.~~ The responsibilities of Receivers of Revenue are elaborated under Section 4 of the guideline.
4. Please acknowledge receipt of this letter, by sending to me a formal acceptance in writing of your designation as Receiver of Revenue.

Yours

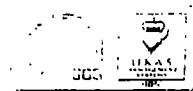


**HENRY K. ROTICH, EGH**  
**CABINET SECRETARY/NATIONAL TREASURY**

CC: Mrs. Agnes Nangira Odhiambo  
Controller of Budget  
Bima House  
NAIROBI

Mr. Edward R. O. Ouko  
Auditor General  
Kenya National Audit Office  
P. O. Box 30084  
NAIROBI

Mr. Micah Cheserem  
Chairman  
Commission on Revenue Allocation  
NAIROBI



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Certified.