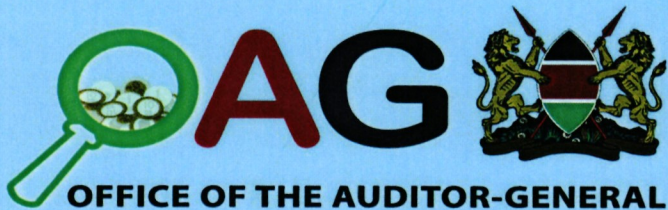



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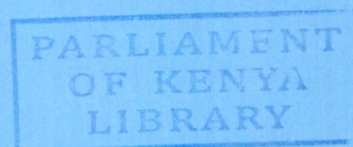
Enhancing Accountability



REPORT

 THE NATIONAL ASSEMBLY PAPERS LAYD	
DATE: 10 FEB 2022	DAY: Thurs
TABLED BY: LDM	
CLERK-AT-THE-TABLE: B. Inzoga	

OF



THE AUDITOR-GENERAL

ON

NATIONAL INTELLIGENCE SERVICE

**FOR THE YEAR ENDED
30 JUNE, 2021**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
20 DEC 2021
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NATIONAL INTELLIGENCE SERVICE

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021

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

NATIONAL INTELLIGENCE SERVICE
Annual Report and Financial Statements
For the year ended June 30, 2021

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The National Intelligence Service (NIS) was established under Article 242, Chapter 14 of the Constitution of Kenya, 2010. At the Cabinet level, the **National Intelligence Service** is represented by the Cabinet Secretary for Interior and Coordination of National Government. The National Intelligence Service Council (NISC) is responsible for the general policy and strategic direction of the Service.

Vision

To be a professional Intelligence Service comparable to none that shall ensure a prosperous and secure Kenya.

Mission

To safeguard the security of the Republic of Kenya against any threats emanating both from within and without.

Mandate

NIS is responsible for Security intelligence and Counter intelligence to enhance national security in accordance with the Constitution; and perform any other function as prescribed by national legislation.

Core Values

- Confidentiality
- Integrity
- Professionalism
- Discipline
- Meritocracy
- Respect for national diversity

Core Functions

According to the NIS Act 2012, the Service shall:-

- Gather, collect, analyze and transmit or share with the relevant State agencies, security intelligence and counter intelligence;
- Detect and identify threats or potential threats to national security;
- Advise the President and Government of any threat or potential threat to national security;
- Advise County governments on appropriate security and intelligence matters; and
- Obtain, in accordance with the Constitution, NIS Act or any other written law, intelligence about the activities of foreign interference and capabilities, intentions or activities of people or organizations outside Kenya;
- Support and aid law enforcement agencies in detecting and preventing serious crimes and other threats to national security;
- Carry out protective and preventive security functions and safeguard information systems and processes within State Departments, Agencies, Facilities and Diplomatic Missions.

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(b) Key Management

The day-to-day management of the **National Intelligence Service** is undertaken by:

- Director General,
- Directors.

(c) Fiduciary Management

The key management personnel who held office during the period ended 30th June, 2021 and who had direct fiduciary responsibility was:-

No.	Designation	Name
1.	Accounting Officer	- Maj. Gen. (Rtd) Philip Kameru, MGH, CBS

(d) Fiduciary Oversight Arrangements

- ❖ **Office of the Auditor General (OAG) - *Audit activities,***
- ❖ **Parliamentary Committee on Defence and Foreign Relations – *Legislative and oversight functions.***

(e) NIS Headquarters

NIS Headquarters, Nairobi,
P.O. Box 30091 – 00100,
Nairobi,
KENYA

(f) NIS Contacts

Telephone: (254) 020-2930000
Email: finance@kensi.org
Website: nis.go.ke

(g) Bankers

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

NATIONAL INTELLIGENCE SERVICE
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(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. FOREWARD BY THE DIRECTOR GENERAL

As you are aware, the National Intelligence Service (NIS) has the Constitutional mandate to safeguard the Nation against internal and external threats.

The Service has endeavored to ensure that Kenyans live in a secure and stable environment by continuously neutralizing threats to National Security. To be able to achieve this, the Service supported initiatives and collaborations with other Stakeholders to achieve the wider goal of a secure nation.

During the period ended 30th June 2021, the Service was able to align the available budgetary resources to its operational strategies for optimal achievement of its mandate.

Budget Performance

The total approved budget for the FY 2020-21 was **Kshs. 45,551,000,000**. During the year, the Service received exchequer releases from the National Treasury amounting to **Kshs. 45,160,410,752** leaving an exchequer under-issue of **Kshs. 390,589,248**.

The National Intelligence Service (NIS) optimized and prioritized the resources allocated during the financial year and implemented the National Security Intelligence programme, as envisaged in the Programme Based Budget (PBB) framework. The total Service expenditure for the period amounted to **Kshs. 45,138,810,666**. In addition, a total of **Ksh. 4,719,006** was raised as A-I-A and transferred to the Exchequer account.

Strategies on Risk Management

The Service endeavors to identify the potential risks and the evaluation of the potential impact of these risks. The risks may arise from; technical or operational risks, financial risk, political risk, environment risk, people risk, schedule risk, client risk, contractual risk, weather risk and so many other emerging risks. After the risks have been identified and evaluated, management team develops a risk mitigation plan guided by the existing legal framework. The plan reduces the impact of an unexpected event through risk avoidance, risk sharing, risk reduction and risk transfer.

Key achievements

To deliver on its mandate, the Service acted in accordance with the legal framework as guided by the Constitution and other enabling legislations. Specifically, the Service provided timely and actionable intelligence to the various stakeholders on national security threats, undertook counter intelligence operations, conducted vetting and undertook a wide range of research on security intelligence matters. These initiatives are targeted at value addition in decision making and guiding the national security policy formulation by the Government.

To respond to the ever evolving and dynamic threat environment, the Service enhanced human resource capacity, requisite technology and infrastructure. These initiatives enhanced the effectiveness and efficiency in the achievement of our performance targets.

NATIONAL INTELLIGENCE SERVICE

Annual Report and Financial Statements

For the year ended June 30, 2021

Implementation Challenges and Way Forward.

During the period under review the Service continued to face and tackle various challenges, which hampered the delivery of its mandate in an effective and efficient manner.

The Service recognizes the constrained fiscal environment as a result of under performance of the key Sectors of the economy due to Covid-19 pandemic. However, the Service has adopted measures to support the government on economic recovery by ensuring safety and well being of the citizenry, in addition to supporting the Government efforts in addressing threats facing the Nation.

The Service is focused on continuing to rationalize and prioritize its budget, with the resultant savings being utilized to address some of the expenditure areas affected by inadequate funding. The Service also instituted internal strategic initiatives on performance management and improvement. These are geared towards improved intelligence gathering, analysis and dissemination in a dynamic environment. Active support and participation by all the national security stakeholders in collaborative engagements within the multi-agency framework has been sustained in dealing with threats to national security.

Additionally, in order to address new trans-national threats, the Service will continue to incorporate novel ways of improving coordination and collaboration with other regional and global partners. The Service has also made significant investment in Research and Development (R&D) in order to develop more efficient solutions in tackling various security challenges that we continue to face as a nation.



Maj. Gen. (Rtd) Philip Kameru, MGH, CBS
Director General.

III. STATEMENT OF PERFORMANCE AGAINST NATIONAL INTELLIGENCE SERVICE'S PREDETERMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of **National Intelligence Service** in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of **National Intelligence Service's** performance against predetermined objectives.

The key strategic objectives as per the MDA's **2019-2022 MTEF** plan are to:

- a) Acquisition of modern security equipment, up-to-date technology, and ICT-based facilities necessary for effective intelligence operations to boost the Service technological capability.
- b) Investment in Research and Development (R&D) initiatives to provide innovative and cost-effective solutions to challenges faced by security/intelligence operations.
- c) Enhancement of operational capabilities of Specialized Service Units through equipping, developing, retention and sustenance of local capacity and expertise.
- d) Acquisition and development of Service infrastructural facilities and assets, including medical facility, residential houses for field and foreign offices/residences, taking into account the cost-benefit-analysis.
- e) Maintenance of the existing Service facilities, systems, machinery and equipment in order to sustain Service operations and technical capabilities.
- f) Application of best practices in human resource management to ensure optimal staffing levels and sustainable wage bill, through targeted recruitment, retention and deployment, all focused on creating the necessary capacity for intelligence operations.

Progress on attainment of Strategic Objectives

The National Intelligence Service (NIS) ensured that the Strategic Objectives set were achieved as follows:

NIS Program	Strategic Objective	Outcome	Indicator	Performance
National Security Intelligence	To provide Timely and actionable Intelligence	Secured and protected Nation	The actionable intelligence reports disseminated	Actionable Intelligence disseminated on time
(Security Intelligence and Counter intelligence)	To provide Timely and effective Counter Intelligence	Secured and protected Nation	The Counter intelligence Operations undertaken	Effective Counter Intelligence Operations undertaken

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORT

The National Intelligence Service (NIS) has the Constitutional mandate to safeguard the Nation against internal and external threats. The overall objective of the Service is to achieve a secure and protected Nation where the citizens can live, work and prosper. Our core values are Confidentiality, Integrity, Professionalism, Discipline, Meritocracy and Respect for national diversity.

1. Sustainability strategy

The Service has endeavored to safeguard the national interest and ensure that Kenyans live in a safe environment. The Service provides timely and actionable intelligence to the various agencies for ensuring that the sovereignty and national interests are protected. The Service together with other national security organs has continued to ensure existence of a secure and conducive environment for socio-economical development. The Service is also undertaking Research and Development (R&D) on tools and systems to ensure that its operations are carried out in a sustainable manner.

2. Environmental performance

The Service has endeavored to maintain a friendly ecosystem by protecting forest at its headquarters where the natural environment has been sustained. In addition, the entity has continued to put in place measures to ensure proper waste management and disposal, ensuring that its operations don't adversely affect the environment. Additionally, the Service has adopted clean energy and installed solar systems in offices and operation units.

3. Employee welfare

The Service is an equal opportunity employer. Any employment opportunity is advertised through a portal or a medium that has a nationwide circulation. The Service recruitment is guided by the Public Service Commission guidelines and ensures that any recruitment is geared towards attaining the constitutional gender threshold.

To improve employee skills, the Service conducts training need assessment to identify skills gap. To improve skills, the Service undertakes training and capacity building designed to address employee skills gap. The Service has a clear career and promotion guidelines which has institutionalized succession management in the organization.

The appraisal and reward systems are transparent and evidence based with clear performance management system in place. An appeal mechanism has been provided for employees who feel unfairly rated.

NATIONAL INTELLIGENCE SERVICE
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The Service also provides a group and personal accident cover to employees who are injured in the course of their duty. To mitigate accidents, the service has maintained a clean and conducive environment and also ensures employees are trained on safety protocols and procedures. The Service has medical facilities that cater for employees' health needs including medical emergencies with a provision of ambulance services.

4. Market place practices

As an entity, the National Intelligence Service ensures competitive bidding in the tendering processes where the most competitive bidders are awarded the contracts with focus on value for money. The entity does not enter into contractual obligations without a budget provision. This has enabled the Service to honor and settle payments timely. The Service ensures that there are no pending bills at closure of every financial year.

The National Intelligence Service is non political entity and remains rooted in professionalism when executing its mandate. The Service has continued to operate in a multi-agency framework where different government agencies operate jointly to create synergies and avoid duplication of efforts and funding for the benefit of socio-economic development.

5. Community Engagements

The Service is covertly involved in various initiatives that support neighboring communities in its area of operations through provision of health and water services.

NATIONAL INTELLIGENCE SERVICE
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V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared 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 Accounting Officer in charge of the **National Intelligence Service** is responsible for the preparation and presentation of the **Service** financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the period ended on June 30, 2021. 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 **Service**; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the **National Intelligence Service** accepts responsibility for the **Service** financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the **Service** financial statements give a true and fair view of the state of entity's transactions during the period ended June 30, 2021, and of the entity's financial position as at that date. The Accounting Officer in charge of the **National Intelligence Service** further confirms the completeness of the accounting records maintained for the **Service**, which have been relied upon in the preparation of the **Service** financial statements as well as the adequacy of the systems of internal financial control.

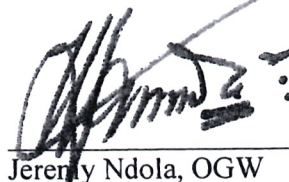
The Accounting Officer in charge of the **National Intelligence Service** confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the **Service** financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The **National Intelligence Service** financial statements were approved and signed by the Accounting Officer on 29/09/2021.



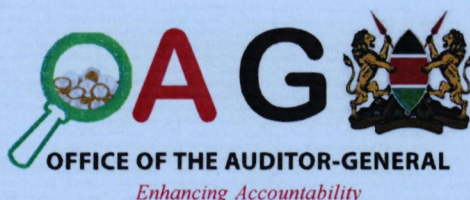
Maj. Gen. (Rtd) Philip Kameru, MGH, CBS
Director General.



Jeremy Ndola, OGW
Head of Accounting Unit.
ICPAK Member

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL INTELLIGENCE SERVICE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such Services are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the Service has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the Service.

An unmodified opinion does not necessarily mean that Service has complied with all relevant laws and regulations, and that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Intelligence Service set out on pages 11 to 32, which comprise the statement of assets and

liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and summary statements of appropriation: recurrent, development and combined 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 financial statements present fairly, in all material respects, the financial position of National Intelligence Service as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Intelligence Service Management in accordance with ISSAI 130 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 and appropriate to provide a basis 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 were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those charged with Governance

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 maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the ability of National Intelligence Service to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the Service or to cease operations.

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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Service monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk Management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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. 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 these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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 financial statements, 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.

- 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 applicable 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 ability of National Intelligence Service 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 financial 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 Service to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial 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 National Intelligence Service to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 January, 2022

NATIONAL INTELLIGENCE SERVICE
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For the year ended June 30, 2021

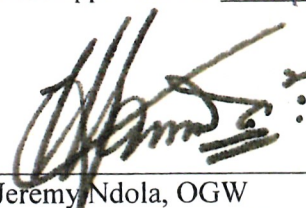
VII. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
RECEIPTS			
Exchequer releases	1	45,160,410,752	38,350,000,000
Transfers from Other Government Entities	2	5,287,745,775	-
Proceeds from Sale of Assets	3	-	11,594,841
Other Receipts	4	4,719,006	4,744,389
TOTAL RECEIPTS		50,452,875,533	38,366,339,230
PAYMENTS			
Transfers to other Government Entities	5	4,719,006	-
Other grants and transfers (Expenditure)	6	45,138,810,666	38,307,377,092
Other Payments	7	5,287,745,775	-
TOTAL PAYMENTS		50,431,275,446	38,307,377,092
SURPLUS/DEFICIT		21,600,087	58,962,138

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29/09/2021 and signed by:



Maj. Gen. (Rtd) Philip Kameru, MGH, CBS
 Director General.



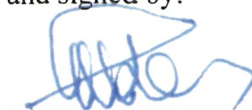
Jeremy Ndola, OGW
 Head of Accounting Unit.
 ICPAK Member

NATIONAL INTELLIGENCE SERVICE
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For the year ended June 30, 2021

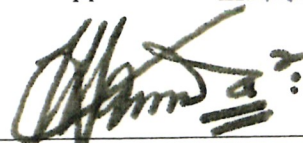
VIII. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	180,115,799	142,868,195
Cash Balances	9	6,797	4,256
Total Cash and cash equivalent		180,122,596	142,872,451
Accounts receivable – Outstanding Imprests, District Suspense & Clearance	11	21,163,982	57,349,699
TOTAL FINANCIAL ASSETS		201,286,578	200,222,149
FINANCIAL LIABILITIES			
Accounts Payable – Deposits and retentions	12	179,686,491	141,260,011
NET FINANCIAL ASSETS		21,600,087	58,962,138
REPRESENTED BY			
Fund balance b/fwd	13	58,962,138	33,713,076
Prior year adjustment	14	-58,962,138	-33,713,076
Surplus/Deficit for the year		21,600,087	58,962,138
NET FINANCIAL POSITION		<u>21,600,087</u>	<u>58,962,138</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29/09/2021 and signed by:



Maj. Gen. (Rtd) Philip Kameru, MGH, CBS
 Director General.



Jeremy Ndola, OGW
 Head of Accounting Unit.
 ICPAK Member

NATIONAL INTELLIGENCE SERVICE

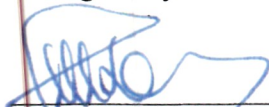
Annual Report and Financial Statements

For the year ended June 30, 2021

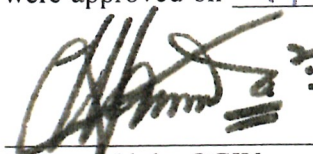
IX. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
Receipts for operating income			
Exchequer Releases	1	45,160,410,752	38,350,000,000
Transfers from other Government Entities	2	5,287,745,775	-
Other Receipts	4	4,719,006	4,744,389
		50,452,875,533	38,354,744,389
Payments for operating expenses			
Transfers to Other Government Entities	5	4,719,006	-
Other grants and transfers (Expenditure)	6	45,138,810,666	38,307,377,092
Other Payments	7	5,287,745,775	-
		50,431,275,447	38,307,377,092
Adjusted for:			
Changes in receivables	15	36,185,717	-24,456,112
Changes in payables	16	38,426,480	11,018,999
Adjustments during the year	14	-58,962,138	-33,713,076
Net cashflow from operating activities		37,250,146	217,109
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	3	-	11,594,841
Net cash flows from Investing Activities		-	11,594,841
CASHFLOW FROM BORROWING ACTIVITIES			
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT			
		37,250,146	11,811,950
Cash and cash equivalent at BEGINNING of the year	8 & 9	142,872,451	131,060,501
Cash and cash equivalent at END of the year	8 & 9	180,122,597	142,872,451

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29/09/2021 and signed by:



Maj. Gen. (Rtd) Philip Kameru, MGH, CBS
Director General.



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X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

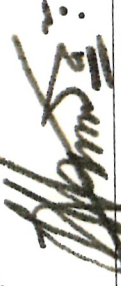
Receipt/Expense Item	Note	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
		a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS							
Exchequer releases	1	39,051,000,000	6,500,000,000	45,551,000,000	45,160,410,752	390,589,248	99%
Transfers from other Government Entities	2	-	-	-	5,287,745,775	-	-
Other Receipts - AIA	4	-	-	-	4,719,006	-	-
Total receipts		39,051,000,000	6,500,000,000	45,551,000,000	50,452,875,533	390,589,248	111%
PAYMENTS							
Transfers to other Government Entities	5	-	-	-	4,719,006	-	-
Other grants and transfers (Expenditure)	6	39,051,000,000	6,500,000,000	45,551,000,000	45,138,810,666	412,189,334	99%
Other payments	7	-	-	-	5,287,745,775	-	-
Total Payments		39,051,000,000	6,500,000,000	45,551,000,000	50,431,275,447	412,189,334	111%
Surplus/ Deficit		-	-	-	21,600,087	21,600,087	-

The adjustments in column **b** are as a result of additional funding through Supplementary Budget. Overutilization by 111% was as a result of transfers from other Government Entities. Other receipts were raised inform of AIA and were transferred to the Exchequer Account.

The entity financial statements were approved on 29/09/2021 and signed by:-



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NATIONAL INTELLIGENCE SERVICE

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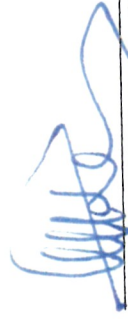
For the year ended June 30, 2021

XI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

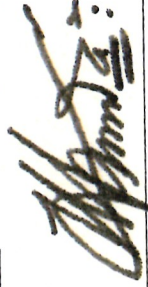
Receipt/Expense Item	Note	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
		a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS							
Exchequer releases	1	39,051,000,000	6,500,000,000	45,551,000,000	45,160,410,752	390,589,248	99%
Transfers from other Government Entities	2	-	-	-	5,287,745,775	-	-
Other Receipts - AIA	4	-	-	-	4,719,006	-	-
Total receipts		39,051,000,000	6,500,000,000	45,551,000,000	50,452,875,533	390,589,248	111%
PAYMENTS							
Transfers to other Government Entities	5	-	-	-	4,719,006	-	-
Other grants and transfers (Expenditure)	6	39,051,000,000	6,500,000,000	45,551,000,000	45,138,810,666	412,189,334	99%
Other payments	7	-	-	-	5,287,745,775	-	-
Total Payments		39,051,000,000	6,500,000,000	45,551,000,000	50,431,275,447	412,189,334	111%
Surplus/ Deficit		-	-	-	21,600,087	21,600,087	-

The adjustments in column b are as a result of additional funding through Supplementary Budget. Overutilization by 111% was as a result of transfers from other Government Entities. Other receipts were raised inform of AIA and were transferred to the Exchequer Account.

The entity financial statements were approved on 29/09/2021 and signed by:-



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NATIONAL INTELLIGENCE SERVICE

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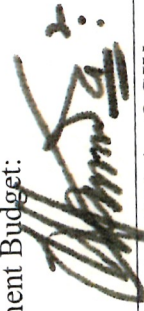
SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	e=a+b	d	e=c-d	f=d/c %
RECEIPTS	-	-	-	-	-	-
Exchequer releases	-	-	-	-	-	-
Other Receipts - AIA	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
PAYMENTS	-	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-	-
Other current transfer, grants (Expenditure)	-	-	-	-	-	-
Total Payments	-	-	-	-	-	-
Surplus/ Deficit	-	-	-	-	-	-

The National Intelligence Service does not have a Development Budget:



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Reasons for material differences between Approved Estimates and Actual Expenditure:-

The Budget utilization difference for the year ended 30th June 2021 was Four hundred and twelve million, one hundred and eighty nine thousand, three hundred and thirty four shillings only (Kshs. 412,189,334.) This arose as a result of various accounts having outstanding balances as shown below: -

- (a) The Agency Account, relating to funds remitted to foreign stations through the Ministry of Foreign Affairs and International Trade, had a balance of **Kshs. 12,867,521**
- (b) The District Advances Account, relating to funds remitted to Counties, had an outstanding balance of **Kshs. 1,036,393**
- (c) The Imprest Account had an outstanding balance of **Kshs. 7,260,068**
- (d) The total balance for Cash at Hand and Bank (Recurrent) was **Kshs. 436,104**
- (e) The Exchequer-Under-Issue amounts to **Kshs. 390,589,248**

The National Intelligence Service financial statements were approved on 29/09/ 2021 and signed by:



Maj. Gen. (Rtd) Philip Kameru, MGH, CBS
Director General.



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NATIONAL INTELLIGENCE SERVICE

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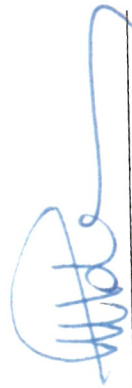
For the year ended June 30, 2021

XII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

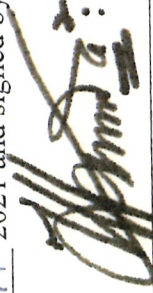
Programme:	Original Budget		Adjustments		Approved A-I-A		Final Budget		Actual on comparable basis		Budget utilization difference	
	2020/21	Kshs	2020/21	Kshs	2020/21	Kshs	2020/21	Kshs	30/06/2021	Kshs	2020/21	Kshs
National Security Intelligence												
Sub-Programme: Security Intelligence and Counter Intelligence	39,051,000,000		6,500,000,000		-		45,551,000,000		45,143,529,672		412,189,334	

NB: This statement is a disclosure statement indicating the utilization in the same format at the Entity's budgets which are programme based.

The entity financial statements were approved on 29/09/2021 and signed by:



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Director General.



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ICPAK Member

NATIONAL INTELLIGENCE SERVICE
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XIII. 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 Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

3. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the **National Intelligence Service** for all the years presented.

a) Recognition of receipts

The **National Intelligence Service** recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the **Service**.

i) Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the **Service**.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii) Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised in the financial statements the time associated cash is received.

b) Recognition of payments

The **National Intelligence Service** recognizes all payments when the event occurs and the related cash has been paid out by the **Service**.

i) Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

ii) Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

iii) Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by the Service and the information is limited due to the disclosure requirement threshold, in line with the nature of security operations and guidelines by the NIS Act, 2012.

NATIONAL INTELLIGENCE SERVICE
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SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Cash and cash equivalents

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

Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

a) Restriction on cash

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2021, this amounted to **Kshs. 179,686,491** compared to **Kshs. 141,260,011** in prior period as indicated on note 12. There were no other restrictions on cash during the year.

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by the Service.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Pending Bills

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

8. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2020 for the period 1st July 2020 to 30th June 2021 as required by Law and there was one supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

9. Comparative Figures

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

10. 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 30th June 2021.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Contingent Liabilities

Section 148 (9) of the PFM Act regulations 2015 requires the Accounting officer of a National Government entity to report on the payments made, or losses incurred, by the National Government entity to meet contingent liabilities as a result of loans during the financial year.

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, and Public Private Partnerships. The information is limited due to the disclosure requirement threshold, in line with the nature of security operations and guidelines by the NIS Act, 2012.

NATIONAL INTELLIGENCE SERVICE
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XV. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHEQUER RELEASES

Description	2020-2021	2019-2020
	Kshs	Kshs
Total Exchequer Releases for quarter 1	9,402,061,700	9,400,000,000
Total Exchequer Releases for quarter 2	8,781,574,863	10,500,000,000
Total Exchequer Releases for quarter 3	8,338,761,663	8,400,000,000
Total Exchequer Releases for quarter 4	18,638,012,526	10,050,000,000
Total	45,160,410,752	38,350,000,000

The budgeted exchequer for the FY 2020-21 was **Kshs. 45,551,000,000** against exchequer releases of **Kshs. 45,160,410,752**, leaving an exchequer under-issue of **Kshs. 390,589,248**.

2. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers from Other Government Entities	5,287,745,775	-
TOTAL	5,287,745,775	-

The above transfers were received from the following self reporting entities in the year.

2. b) TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers from Central government entities		
Transfers from State Department for Interior & Citizen Services	3,641,500,000	4,077,938,809
Transfer from Ministry Of Lands And Physical Planning	710,000,000	1,085,370,000
Transfers from Executive Office of The President	450,000,000	935,000,000

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Transfer from Ministry of Health	196,027,500	300,000,000
Transfer from Ministry of Transport, Infrastructure, Housing, Urban Development and public works	116,921,177	100,000,000
Transfer from Ministry of Foreign Affairs and International trade	100,000,000	3,417,243
Transfer from The National Treasury	67,825,098	-
Transfer from Kenya Airports Authority	5,472,000	120,654,092
Transfer from State Department for Gender	-	486,970
Transfer from Directorate of Immigration Services	-	172,406,000
Transfer from State Department for Information Communication and Technology	-	220,000,000
TOTAL	5,287,745,775	7,015,273,114

During the FY 2020/21, NIS received Inter-Agency transfers amounting to **Kshs. 5,287,745,775**. The breakdown listings are confidential due to the nature of operations by the Service. The schedules are available for scrutiny by relevant authorities as guided by the NIS Act, 2012.

3. PROCEEDS FROM SALE OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Receipts from the Sale of Vehicles and Transport Equipment	-	10,800,529
Receipts from sale of inventories, stocks & Commodities	-	794,312
Total	-	11,594,841

NATIONAL INTELLIGENCE SERVICE
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4. OTHER RECEIPTS

	2020-2021	2019-2020
	Kshs	Kshs
Receipts from Administrative Fees and Charges - Collected as AIA	1,430,819	2,441,293
Fines Penalties and Forfeitures	1,211,578	2,303,096
Receipts from Sale of Incidental Goods (Lunches)	2,076,609	-
Total	4,719,006	4,744,389

5. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers to National Treasury - The Exchequer Account No. 1000003987 (A-I-A)	4,719,006	-
TOTAL	4,719,006	-

The above transfers relate to unspent balances and excess AIA realized during the financial year, which was surrendered to the National Treasury.

6. OTHER GRANTS AND TRANSFERS (EXPENDITURE)

Explanation	2020-2021	2019-2020
	Kshs	Kshs
Other grants and transfers (Expenditure)	45,138,810,666	38,307,377,092
Total	45,138,810,666	38,307,377,092

Other grants and transfers (Expenditure) relate to the total spending for NIS during the financial year. The breakdown listings are confidential due to the nature of operations by the Service. The schedules are available for scrutiny by relevant authorities as guided by the NIS Act, 2012.

NATIONAL INTELLIGENCE SERVICE
Annual Report and Financial Statements
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7. OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Other Payments	5,287,745,775	-
Total	5,287,745,775	-

The breakdown listings are confidential due to the nature of operations by the Service. The schedules are available for scrutiny by relevant authorities as guided by the NIS Act, 2012.

8. BANK ACCOUNTS

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit e.t.c	Exchange rate (if in foreign currency)	2020-2021	2019-2020
				Kshs	Kshs
<i>Central Bank of Kenya, 1000181095, Kshs - NIS</i>	Kshs	Recurrent	1	429,308	1,608,184
<i>Central Bank of Kenya, 1000181168, Kshs - NIS</i>	Kshs	Deposit	1	179,686,491	141,260,011
Total				180,115,799	142,868,195

9. CASH IN HAND

	2020-2021	2019-2020
	Kshs	Kshs
Cash in Hand – Held in domestic currency	6,797	4,256
Total	6,797	4,256

10. Cash in hand above is analysed as follows:

	2020-2021	2019-2020
	Kshs	Kshs
Headquarters, Cash office - Recurrent	6,797	4,256
Total	6,797	4,256

NATIONAL INTELLIGENCE SERVICE
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11. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS , DISTRICT SUSPENSE & CLEARANCE

Description	2020-2021	2019-2020
	Kshs	Kshs
Government Imprests	7,260,068	680,500
District suspense	1,036,393	457,329
Clearance accounts - Agency Account	12,867,521	56,211,869
Total	21,163,982	57,349,699

Listings of the specific accounts receivables above are available. The Agency account relates to unspent balances arising from AIEs remitted to Foreign Stations abroad. The breakdown listings are confidential due to the nature of operations by the Service. The schedules are available for scrutiny by relevant authorities as guided by the NIS Act, 2012.

12. ACCOUNTS PAYABLE- DEPOSITS AND RETENTIONS

Description	2020-2021	2019-2020
	Kshs	Kshs
Deposits	179,686,491	141,260,011
Total	179,686,491	141,260,011

The deposits include amounts held as insurance benefits, retention money from contractors and tender deposits. The breakdown listings are confidential due to the nature of operations by the Service. The schedules are available for scrutiny by relevant authorities.

13. FUND BALANCE BROUGHT FORWARD

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank accounts	142,868,195	131,057,342
Cash in hand	4,256	3,160
Accounts Receivables	57,349,699	32,893,587
Accounts Payable	-141,260,011	-130,241,012
Total	58,962,138	33,713,076

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14. PRIOR YEAR ADJUSTMENTS

Description of the Adjustment	2020-2021	2019-2020
	Kshs	Kshs
Adjustments on bank account balances	-1,608,184	-816,330
Adjustments on cash in hand	-4,256	-3,160
Adjustments on receivables	-57,349,699	-32,893,587
Total	-58,962,138	-33,713,076

The total of **Kshs. 58,962,138** relate to FY 2019/20 closing balances, which were recovered and remitted to the National Treasury or surrendered and accounted for during the FY 2020/21.

15. DECREASE/(INCREASE) IN ACCOUNTS RECEIVABLE

	2020-2021	2019-2020
	KShs	KShs
Receivables as at 1 st July (a)	57,349,699	32,893,587
Receivables as at 30 th June (b)	21,163,982	57,349,699
Increase)/ Decrease in Receivables c=(a-b)	36,185,717	-24,456,112

16. INCREASE/ (DECREASE) IN ACCOUNTS PAYABLE

	2020-2021	2019-2020
	Kshs	Kshs
Payables as at 1 st July (a)	141,260,011	130,241,012
Payables as at 30 th June (b)	179,686,491	141,260,011
Increase/ (Decrease) in payables c=(b-a)	38,426,480	11,018,999

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OTHER IMPORTANT DISCLOSURES

17. ACCOUNTS PAYABLE (See Annex 1)

Description	2020-2021	2019-2020
Deposits:-	Kshs	Kshs
Insurance	137,611,603	59,002,494
Retention	37,414,413	77,572,043
Other Deposits – Disposal of M/vehicle, Equip, Stores etc	4,660,474	4,685,474
Total	179,686,491	141,260,011

NB:-The Service did not have pending bills/payables from the recurrent account as at the end of the 2020/2021 financial year.

18. Pending Staff Payables (See Annex 2)

	Balance b/f	Additions for the period	Paid during the year	Balance c/f
	FY 2019/2020			FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Senior management	N/A	N/A	N/A	N/A
Middle management	N/A	N/A	N/A	N/A
Unionisable employees	N/A	N/A	N/A	N/A
Others	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A

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19. CONTINGENT LIABILITIES

Contingent liabilities	2020-2021	2019-2020
	Kshs	Kshs
Court case xxx against the entity	N/A	N/A
Bank guarantees in favour of subsidiary	N/A	N/A
Contingent liabilities arising from PPPs	N/A	N/A
Total	N/A	N/A

NB:- The breakdown listings are confidential due to the nature of operations by the Service. The schedules are available for scrutiny by relevant authorities as guided by the NIS Act, 2012.

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20. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

The Service received an **Unqualified Audit Opinion** for the financial statements for the year ended 30th June, 2020.

Maj. Gen. (Rtd) Philip Kameru, MGH, CBS
 Director General.

Jeremy Ndola, OGW
 Head of Accounting Unit.
 ICPAK Member

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ANNEX 1 - ANALYSIS ACCOUNTS PAYABLE

Supplier of Goods or Services	Outstanding Balance 2021	Outstanding Balance 2020	Comments
	Kshs	Kshs	
Insurance	137,611,603	59,002,494	Being Life insurance compensation to nominated family members following the death of a Service officer.
Sub-Total	137,611,603	59,002,494	
Retention	37,414,413	77,572,043	Being retention money withheld from payments to various contractors pending successful completion of the projects being implemented.
Sub-Total	37,414,413	77,572,043	
Other Deposit - Disposal of MV, Equip. etc	4,660,474	4,685,474	Being general deposits paid to secure the purchase of old motor vehicles, equipment and obsolete stores, etc.
Sub-Total	4,660,474	4,685,474	
GRAND TOTAL	179,686,491	141,260,011	

NB:- The breakdown listings are confidential due to the nature of operations by the Service. The schedules are available for scrutiny by relevant authorities as guided by the NIS Act, 2012

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2020	Comments
		a	b	c	d=a-c		
Senior Management	N/A						The Service does not have Pending bills from previous years
Sub-Total							
Middle Management	N/A						
Sub-Total							
Unionisable Employees	N/A						N/A
Sub-Total							N/A
Others (specify)	N/A						N/A

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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2020	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities	N/A						The Service does not have Pending bills from previous years
Sub-Total							
Amounts due to County Govt Entities	N/A						N/A
Sub-Total							
Amounts due to Third Parties	N/A						N/A
Sub-Total							
Others (<i>specify</i>)	N/A						N/A
Sub-Total							
Grand Total							

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2020/2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2020/2021
Land	N/A			
Buildings and structures	N/A			
Transport equipment	N/A			
Office equipment, furniture and fittings	N/A			
ICT Equipment, Software and Other ICT Assets	N/A			
Other Machinery and Equipment	N/A			
Heritage and cultural assets	N/A			
Intangible assets	N/A			
Total				

NB: The information required in this section is limited due to the disclosure requirement thresholds, in line with the nature of security operations and as guided by the NIS Act, 2012.

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ANNEX 5 – LIST OF PROJECTS IMPLEMENTED BY NATIONAL INTELLIGENCE SERVICE

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements(yes/no)
1	N/A	N/A	N/A	N/A

NB:- The breakdown listings are confidential due to the nature of operations by the Service. The schedules are available for scrutiny by relevant authorities as guided by the NIS Act, 2012.

ANNEX 6 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE ENTITY

None

ANNEX 7 – CONTINGENT LIABILITIES REGISTER

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1	N/A	N/A	N/A	N/A	N/A	N/A

NB:- The breakdown listings are confidential due to the nature of operations by the Service. The schedules are available for scrutiny by relevant authorities as guided by the NIS Act, 2012.

ANNEX 8- OTHER REPORTS

The following financial Reports are attached as appendices to these financial statements.

- i. Board of Survey
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. Register of bank accounts
- iv. Cash book extract
- v. Confirmation of Inter-Agency transfers