

PARLIAMENT
OF KENYA
LIBRARY

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

PAPER LAID BY THE
MAJORITY PARTY WHIP
BENJAMIN WASHIALI

MP ON 27-9-2017

IBM

REPORT



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL LAND COMMISSION

FOR THE YEAR ENDED
30 JUNE 2016



NATIONAL LAND COMMISSION

NATIONAL LAND COMMISSION

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2016

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

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

Table of Content	Page
I. KEY COMMISSION INFORMATION AND MANAGEMENT	2
II. FORWARD BY THE SECRETARY /CHIEF EXECUTIVE OFFICER	9
III. STATEMENT OF MANAGEMENT RESPONSIBILITIES	14
IV. REPORT OF THE INDEPENDENT AUDITORS ON THE COMMISSION	15
V. STATEMENT OF RECEIPTS AND PAYMENTS.....	16
VI. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES	17
VII. STATEMENT OF CASHFLOW	18
VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	19
IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT	20
SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT	21
X. SUMMARY STATEMENT OF PROVISIONINGS	22
XI. SIGNIFICANT ACCOUNTING POLICIES.....	24
XII. NOTES TO THE FINANCIAL STATEMENTS	27
XIII. ANNEX 1 OUTSTANDING IMPREST	32
XIV. ANNEX 11 SALARY ADVANCE	33

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

I. KEY COMMISSION INFORMATION AND MANAGEMENT

(a) Background information

The National Land Commission (NLC) is an Independent Constitutional Commission established under Article 67 of the Constitution of Kenya, 2010. It was operationalized through Acts of Parliament that gave effect to Article 67 of the Constitution, namely; the National Land Commission Act, 2012; the Land Act, 2012 and the Land Registration Act, 2012, to carry out its mandate as outlined both in the Constitution and in the aforementioned legislations. The Commission is not subject to direction or control by any person or authority; it is subject only to the Constitution and the law as stated in Article 249 (2) of the Constitution of Kenya. The Commission commenced its operations on 27 February 2013 when the Commissioners were sworn in by the Chief Justice.

(b) Key Management

NLC's day-to-day management is under the following key organs:

- Nine (9) Commissioners comprising of the Chairman and eight (8) Commissioners. The Commissioners are engaged on a full time basis.
- The Secretariat is headed by the Secretary/Chief Executive Officer supported by eleven (11) Directors.
- Forty seven (47) County Land Management Boards (CLMBs) each comprising of eight (8) Non-Executive Board Members. The CLMB Secretary is an employee of the Commission and heads Secretariat at the County level. Following the enactment of the Land Laws (Amendment) Act 2016 into law on 30 August 2016, Section 18 of the National Land Commission Act 2012 was repealed, thus abolishing the CLMBs by operation of the law. However, the forty seven (47) County Offices remain in operation as required by the Constitution of Kenya under Article 6(3) and the National Land Commission Act 2012 under Section 16(5).

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30 June 2016 and who had direct fiduciary responsibility were:

	Designation	Name
1	Chairman	Prof. Muhammad Abdalla Swazuri
2	Vice Chairperson	Mrs. Abigail Mbagaya Mukolwe
3	Commissioner	Dr. Tomik Konyimbih Mboya
4	Commissioner	Dr. Clement Isaiah Lenachuru
5	Commissioner	Dr. Samuel Kipng'etich Tororei
6	Commissioner	Dr. Rose Mumbua Musyoka
7	Commissioner	Ms. Emma Muthoni Njogu
8	Commissioner	Mr. Silas Kinoti Muriithi
9	Commissioner	Mr. Abdulkadir Adan Khalif
10	Secretary/Chief Executive Officer (CEO)	Mr. Chavangi Aziz Tom

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

	Designation	Name
11	Director, National Land Management Information System (DNLIMS)	Prof. David Ndegwa Kuria
12	Director Land Use Planning (DLUP)	Dr. Herbert Luka Musoga
13	Director Research	Dr. Fibian Kavulani Lukalo
14	Director Finance & Administration (DFA)	Mr. Francis Karimi Mugo
15	Director Valuation & Taxation (DVT)	Ms. Salome Ludenyi Munubi
16	Director Natural Resources & Environment (DNRE)	Mr. Leonard Omullo Orondo
17	Director Land Administration (DLA)	Ms. Mercy Muthoni Njamwea
18	Director Legal Affairs & Enforcement (DLAE)	Ms. Margaret Kaptuiya Cheboiwo
19	Director Human Resource Management (DHRM)	Ms. Qabale Tache Arero
20	Director Communication, Corporate Affairs & Advocacy (DCCAA)	Mr Khalid Masoud Salim
21	Head Supply Chain Management (HSCM)	Mr. Patrick Kiprotich Malakwen
22	Head Audit & Risk Management (HARM)	Mr. Isaac Kamau Ng'ang'a
23	Head, Information & Communication Technology (HICT)	Mr. Amos Parletuan Kasaine

(d) Fiduciary Oversight Arrangements

• **Audit and Risk Management Committee**

The Committee is guided by the Audit Committee Charter that outlines its mandate and powers.

The main responsibilities include review of financial information, ensuring adherence to and/or compliance with various legislations, professional standards and Commission policies while maintaining oversight on internal control systems. The Committee also reviews, advises and makes recommendations regarding the Commission's risk management. The members of this Committee during the year were:

Commissioner Dr. Samuel Kipng'etich Tororei	-	Convenor
Commissioner Dr. Clement Isaiah Lenachuru	-	Member
Commissioner Mr. Abdulkadir Adan Khalif	-	Member
HARM, Mr. Isaac Kamau Ng'ang'a	-	Member/Secretary

• **Finance and Administration Committee**

The functions of this Committee include guiding on policy, processes and procedures on financial management in the Commission; sourcing for funds through the Government budgetary process; oversight over the management of funds of the Commission including procurement; and guidance on general administration issues of the Commission including provision of conducive working environment and working tools. The members of this Committee during the year were:

Commissioner Mrs. Abigael Mbagaya Mukolwe	-	Convenor
Commissioner Ms. Emma Muthoni Njogu	-	Member
Secretary/ CEO, Mr Chavangi Aziz Tom	-	Member

NATIONAL LAND COMMISSION

Reports and Financial Statements

For the year ended 30 June 2016

DFA, Mr. Francis Karimi Mugo	-	Member
HSCM, Mr. Patrick Kiprotich Malakwen	-	Member
Deputy DFA, Mr Bernard Kibet Cherutich	-	Member
CLMBs Coordinator, Ms Mary Kamene Ngundo	-	Member
Deputy DFA, Mr Francis Cheruiyot Bor	-	Member/Secretary

- **Human Resource Committee**

The functions of this Committee include guiding on policy, processes and procedures on staff management in the Commission; oversight over the management of human capital of the Commission including guidance on human resource management policy, staff recruitment, staff development and remuneration. The members of this Committee during the year were:

Commissioner Mr. Silas Kinoti Muriithi	-	Convenor
Commissioner Dr Samuel Kipngetich Tororei	-	Member
Commissioner Dr Rose Mumbua Musyoka	-	Member
Secretary/ CEO, Mr Chavangi Aziz Tom	-	Member
HHRM, Ms Kabale Tache Arero	-	Member/Secretary

- **Land Administration Committee**

The Committee discharges some of the most vital functions of the Commission including approval of applications for change of user; approval of applications for allocation of public land; approval of extension of leases; approval of applications for setting apart of trust land; approval of applications for renewal of leases; approval of applications by County Governments for land exchange with individuals for public good; and discharge of approvals relating to or incidental to the functions of the Commission. The members of this Committee during the year were:

Commissioner Dr. Tomik Konyimbih Mboya	-	Convenor
Commissioner Dr. Clement Isaiah Lenachuru	-	Member
Commissioner Dr Rose Mumbua Musyoka	-	Member
Commissioner Ms. Emma Muthoni Njogu	-	Member
Commissioner Mr. Abdulkadir Adan Khalif	-	Member
Secretary/ CEO, Mr Chavangi Aziz Tom	-	Member
DLA, Ms. Mercy Muthoni Njamwea	-	Member/Secretary
DNRE, Mr. Leonard Omullo Orondo	-	Member
Deputy DLA, Ms. Edith Sandra Olando	-	Member
Deputy DLA, Mr Daniel Rukunga Kithunka	-	Member

- **Communication, Research and Natural Resources Committee**

The functions of this Committee are to advise the Commission on the natural resources and research aspects for sustainable land management; resolve natural resource and land use conflicts among stakeholders; ensure that sustainable land management is achieved by all state agencies responsible for its management; determine the capacity needs of the Commission in achieving its sustainable land management; review policies, guidelines, procedures and processes necessary for the Commission to achieve its mandate in natural resources; determine necessary interventions, at policy and operational levels required for the Commission to realize its oversight roles in natural resources management; determine the types of research necessary to achieve sustainable land management as provided for in

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

the COK Article 67 (2) (d); and ensure that there is adequate communications to the citizens of Kenya on the Commission's mandate in the management of land and land resources. The members of this Committee during the year were:

Commissioner Dr Clement Isiah Lenachuru	-	Convener
Commissioner Dr. Rose Mumbua Musyoka	-	Member
Commissioner Mr. Abdulkadir Adan Khalif	-	Member
Secretary/ CEO, Mr Chavangi Aziz Tom	-	Member
DCCAA, Mr Khalid Masound Salim	-	Member/Secretary
Director Research, Dr Fibian Kavulani Lukalo	-	Member
Deputy DCCAA, Ms. Jennifer Itumbi Wambua	-	Member
Deputy DCCAA, Ms. Elijah Leiro Letangule	-	Member

- **National Land Information Management System (NLIMS)/Information and Communication Technology (ICT) Committee**

The Committee supports the Commission in implementation of the NLIMS and other Commission specific systems through channelling efforts of the Commission in its engagement with various stakeholders; it monitors the progress of these systems projects along their implementation pathways; harnesses the information needs and streamlines the message that the Commission needs to pass to stakeholders and the general public; identifies challenges, obstacles and limitations that the projects may encounter and guides on policy direction; and resource mobilisation for the projects. The members of this Committee during the year were:

Commissioner Mr. Abdulkadir Adan Khalif	-	Convener
Commissioner Dr. Clement Isaiiah Lenachuru	-	Member
Commissioner Mr. Silas Kinoti Muriithi	-	Member
Commissioner Ms. Emma Muthoni Njogu	-	Member
Secretary/ CEO, Mr Chavangi Aziz Tom	-	Member
DNLIMS, Prof. David Ndegwa Kuria	-	Member
DLUP, Dr. Herbert Luka Musoga	-	Member
DLA, Ms. Mercy Muthoni Njamwea	-	Member
DFA, Mr. Francis Karimi Mugo	-	Member
DVT, Ms Salome Munubi	-	Member
DNRE, Mr. Leonard Omullo	-	Member
Deputy Director Settlement, Ms Sussy Kidemi	-	Member
Deputy Director Adjudication, Mr. Samuel Okenyi Odari	-	Member
Deputy Director Survey, Mr. Sospeter Oduor Ohanya	-	Member
Deputy DCCAA, Ms. Jennifer Itumbi Wambua	-	Member
HICT, Mr. Amos Parletuan Kasaine	-	Member/Secretary

- **Land Acquisition and Compensation Committee**

The Constitutional mandate of this Committee is assessment of tax on land and premiums on immovable property in any area designated by law (Article 67(2) (g). The Committee sets policy direction and formulates rules, regulations and guidelines in respect to assesment of ground rents and stand premiums of new allocations; acquisition and compensation for public rights of way and wayleave as provided in the Land Act 2012 Sections 142-150; change of user and extension of user; lease renewals and extensions; sub-division of land; assesment and collection of rents, royalties and payments in respect to

NATIONAL LAND COMMISSION

Reports and Financial Statements

For the year ended 30 June 2016

leases or licences; compulsory acquisition of land both at National and County Government levels. The members of this Committee during the year were:

Commissioner Dr. Tomik Konyimbih Mboya	-	Convenor
Commissioner Dr. Rose Mumbua Musyoka	-	Member
Commissioner Ms. Emma Muthoni Njogu	-	Member
Commissioner Mr. Silas Kinoti Muriithi	-	Member
DVT Ms. Salome Ludenyi Munubi	-	Member/Secretary
DDVT, Mr Bernard Mutinda Nzau	-	Member
DDVT, Mr Joash Mogambi Oindo	-	Member

Legal Affairs Committee

The Committee provides oversight and guidance on key legal matters affecting the Commission including legal interpretations on the position of the Commission in regard to various cases at hand. The Committee is involved in the prioritisation of the inherited court cases and also any new cases arising out of land transactions. The Committee also guides on alternative dispute resolution methods with the aim of reducing the number of court cases to a bare minimum. Where and when necessary, the Committee seeks clarity from the courts and the Attorney General's office on any grey areas in the written law. The Committee also guides and reviews on investigations related to land matters touching on the Commission. The members of this Committee during the year were:

Commissioner Ms. Emma Muthoni Njogu	-	Convenor
Commissioner Mrs. Abigael Mbagaya Mukolwe	-	Member
DLAE, Ms. Margaret Kaptuiya Cheboiwo	-	Member/Secretary
Deputy DLAE, Mr. Brian Adungo Ikol	-	Member
Deputy DLAE, Mr. Edmond Kiplagat Gichuru	-	Member
Deputy DLAE, Mr. Antipas O A Nyanjwa	-	Member

- **Land Use Planning Committee**

The Committee provides policy direction and coordination in effecting the Commission's Constitutional mandate of monitoring and overseeing land use planning throughout the Country (Article(67(2) (h); liaises with state agencies responsible for planning and the County Governments to ensure adherence to the law in preparing and implementing land use plans for the urban areas and the Counties; sets performance standards for preparing statutory land use plans; advises on the planning and development of strategic National projects occurring on public land; gives guidance on the suitability of land to be acquired for public purposes including creating land banks and land for other uses such as public housing and industry; and is responsible to develop a framework to inform the National Government on comprehensive programme for registration of title in land throughout the country (Article 67(2). The members of this Committee during the year were:

Commissioner Dr. Rose Mumbua Musyoka	-	Convenor
Commissioner Dr. Samuel Kipngetich Tororei	-	Member
Commissioner Mr Silas Kinoti Muriithi	-	Member
Commissioner Mr. Abdulkadir Adan Khalif	-	Member
DLUP, Dr. Herbert Luka Musoga	-	Member
DLA, Ms Mercy Muthoni Njamwea	-	Member
Deputy DLUP, Mr. Charles Otieno K'Oyango	-	Member

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

Deputy DLUP, Rose Chelagat Kitur	-	Member
Deputy Director Adjudication, Samuel Okenyi Odari	-	Member
Deputy Director Survey, Sospeter Oduor Ohanya	-	Member
Deputy Director Settlement, Sussy Kidemi	-	Member/Secretary

• **Other Oversight Activities**

NLC has regular liaison with the Parliamentary Committee on land to ensure that issues of land are properly addressed and legislated. Similarly, Parliamentary Committee on Budgetary Appropriations and the National Treasury have oversight on the Commission's budgetary requirements, allocations and utilisation.

(e) National Land Commission Headquarters

Ardhi House
1st Ngong Avenue
Nairobi, Kenya.

(f) National Land Commission Contacts

P.O. Box 44417 - 00100, Nairobi
Telephone: 020 2187505
E-mail: info@landcommission.go.ke
Website: www.landcommission.go.ke

(g) National Land Commission Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. National Bank Ltd
Upper Hill Branch
NHIF Building
P O Box 45219
GPO 00100
Nairobi, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

II. FORWARD BY THE SECRETARY /CHIEF EXECUTIVE OFFICER

I am pleased to present the financial statements of the Commission for the Financial Year (FY) 2015/2016 that ended on 30 June 2016. National Land Commission (NLC) is one of the ten Independent Constitutional Commissions listed under Article 248(2) of the Constitution of Kenya (COK) and is established under Article 67 of the same Constitution. On top of COK, the Commission draws its mandate from various Acts of Parliament but mainly the National Land Commission Act 2012, the Land Act 2012 and the Land Registration Act 2012. The Commission's budget is fully funded through exchequer funds by the National Treasury.

During the Financial Year (FY) 2015-16 the National Treasury allocated the Commission Kshs.1,529 million (Kshs 1,698 million in FY 2014-15) out of which Kshs.1,240 million (Kshs 1,156 million in FY 2014-15) was for recurrent expenditure whilst Kshs 289.2 million (Kshs 542 million) was for development expenditure.

In regard to the utilisation of funds, NLC utilised Kshs.1,475 million out of a budget of Kshs.1,529 million allocated for the FY 2015/16 which is 96% (81% in FY 2014/15) utilisation level. Out of the funds utilised during the year, Kshs.667 million (445 million in FY 2014/15) was used on compensation to employees. On the acquisition of goods and services, NLC used Kshs.468 million (Kshs 368 million in FY 2014/15). On the acquisition of assets, NLC utilised Kshs 326 million (427 million in FY 2014/15). Due to inadequate budgetary provisions from the National Treasury, NLC carried forward to the next FY pending bills of Kshs 188 million (Kshs.202 million in FY 2014/15) at the close of the year.

Under the Land Act 2012, NLC is mandated to undertake compensation on compulsory acquisition of land for development by either the National Government or the County Governments. This is done in collaboration with the acquiring Government bodies that provide the compensation monies. During the FY 2015/16, the Compensation Fund received Kshs 3,943 million (Kshs 6,588 million in FY 2014/15) of such monies. During the FY 2015-16 Kshs 2,868 million (Kshs 4,845 million in FY 2014/15) was paid out to the project affected persons (PAPs) in relation to various Government projects being implemented in different parts of the Country. In relation to the Standard Gauge Railway (SGR), the payments to the PAPs is delegated to Kenya Railways Corporation (KRC). However, the identification of the PAPs and the valuation of their properties is done by NLC jointly with KRC.

These payments relate to flagship projects geared towards the achievement of the Government goals under Vision 2030 blue print. These projects, among others, are in the areas of national roads network, sea ports, water dams and reservoirs, national electricity transmission lines; and the standard gauge railway. Up to 30 June 2016, NLC had paid about Kshs 10 billion, directly, to PAPs from different parts of the Country and through KRC, the Commission paid out Kshs 12 billion to PAPs located along SGR project route between the cities of Mombasa and Nairobi.

During the FY 2015-16 NLC continued to engage various stakeholders on various matters that are critical to successful delivery of development services for the people of Kenya, including civil society organizations (CSOs), the community and other Government institutions. The Commission has worked with key Organizations namely FAO, ACT, Action Aid Kenya, Kenya Land Alliance, Reconcile, Haki Jamii, Pamoja Trust, Kituo Cha Sheria, Muhuri, Haki Yetu, Ujamaa, World Vision

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

Kenya, WWF, Association of Professional Societies of East Africa (APSEA), Kenya Forest Service (KFS), Kenya Wildlife Service (KWS), Geothermal Development Corporation (GDC), National Environment Management Authority (NEMA), among other stakeholders.

Key area of focus has been community sensitization on various land laws and land transaction processes and resolution of various conflicts. Lot of focus has also been capacity building to the devolved units of the Commission to enhance service delivery at the County level.

During the FY 2015-16 NLC received a direct grant of Kshs 19 million from Food and Agriculture Organization of the United Nations (FAO) under the title “Support for Responsible Land Governance and Natural Resources in Communal Lands of Kenya”. On top of the above grant, FAO donated one vehicle (Toyota Land Cruiser) to the Commission for use in its operations. The objectives of the project were to:

- i. Build capacity of the County Land Management Boards (CLMBs) to enable them execute their mandate at the County level, and
- ii. Raise awareness at the National level on the large scale land acquisition dynamics.

A separate and detailed report for this project is annexed to this set of Financial Statements.

In regard to the implementation of its mandate during the FY 2015-16, NLC recorded a number of *achievements* towards this end which, among others include:

- NLC received three fire awards on financial reporting from the Institute of Certified Public accountants of Kenya (ICPAK) on the financial statements of FY 2013-14. The awards recognize entities that have excelled in the area of financial reporting, compliance with International Public Sector Accounting Standards (IPSAS) and Corporate Governance structures put in place by the institutions such as managing through Board Committees, the independence of the Audit & Risk Department and the Committee respectively, among others.
- Under the Integrity Champion Awards, NLC was awarded at the occasion which was hosted by the National Integrity Alliance (NIA) to celebrate the United Nations ‘International Anti-Corruption Day (IAC). NLC was recognized among the institutions that have put themselves in the line of fire in the fight for integrity in Kenya. The special day provides government, leaders, anti-graft agencies, civil society organizations, private sector and citizens an opportunity to engage on corruption issues and advocate for transparency, accountability, integrity and better service delivery from public institutions.
- As part of devolving its services to the Counties, the Commission inaugurated and established two additional County Land Management Boards (CLMBs) namely, Kisumu and Turkana. This raised the number of operational CLMBs to forty one (41) out of the 47 Counties.
- The Commission is empowered by sections 20 and 22 of the National Land Commission Act 2012 to appoint its own staff in accordance with Article 252(1) (c) of the Constitution of Kenya. In the FY 2015/2016, two hundred and ninety four (294) staff were recruited bringing the total figure to five hundred and nineteen (519) staff. 244 of this were female and 275 being male. These were from all regions in the Country. Special preference was given to

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

members from the marginalized regions, Persons Living with Disabilities and Gender balance was also taken into account during recruitment.

- The Commission conducted verification and establishment of two major Settlement Schemes in the year under review namely, verification exercise of squatters in Oljorai/Ruyobei in Nakuru County and is in the process of negotiating with other stakeholders to settle more than 2,000 squatters occupying the farm; and establishment of Manda Island Settlement Scheme in Lamu County whose demarcation and survey has realised 200 plots before a Court injunction was issued to stop the process.
- The Commission has continued to conduct reviews of grants and disposition of Public Land in accordance with its mandate and the reforms projected in the land sector. The Commission has so far resolved over three thousand cases through this exercise which are spread throughout the Country. Ongoing review of grants are ordinarily advertised in the dailies, to ensure that the public is sufficiently notified to ensure attendance and participation of all interested parties. Among the significant cases resolved during the year under review include ownership disputes over properties located along the Standard Gauge Railway. The Commission successfully addressed the concerns of the County Government of Mombasa and the landowners that paved the way for construction of the Mombasa section of the railway. The Commission also undertook public hearings to review grants and dispositions of public land in Kilifi, Chembe/Kibabamshe (440) and in Makueni Kiboko 'B' (1296) parcels in the Settlement Schemes.
- One of the major functions of the Commission is to provide technical advice regarding the management and utilization of the Country's land-based natural resources. During the period under review, the Commission gave over 10 advisories to different institutions and structures on a number of issues relating to natural resources management and development. These included advisory on the establishment of conservancies within Turkana County, the Lavington-based Chalbi Wetland in Nairobi City County, The Wayu forest in Tana River County, Mau forest and illegal settlers, as well as the Kishushe mining in Taita Taveta County among others.
- Through a partnership with the Association of Professional Societies in East Africa (APSEA), the Commission has reviewed a draft Policy and Bill on Natural Resources which the Commission developed in FY 2014/2015. Some key issues were to be aligned for the draft policy and bill to be presented to the ministry for forwarding it to the parliament. The bill is aimed at providing an overarching framework to govern natural resources. The development of the policy and Bill was informed by lack of a coherent piece of legislation that can reconcile the existing competing laws in the natural resources sector.
- The ICT has established an up to date datacentre which will house its computing devices such as routers, servers, power backup, storage systems among others, this is a facility which was created to control the ICT resources of the Commission and make them secure from disasters such as theft, floods, fire outbreaks, data loss due to power outages and cooling.
- The Commission is implementing Phase I of the integrated systems and National Land Information Management system (NLIMS) project. This phase covers four components, namely Enterprise Resource Planning (ERP); Citizen Relationship Management (CRM); Electronic Document Management System (e-DMS); and National Land Management System

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

(NLIMS). Phase I is largely completed and is in the last stages of User Acceptance and Testing after which training is scheduled as part of broader change management in both the Commission and Ministry of Land and Physical Planning (MOLPP). A pilot of this system is already accessible online having been launched in May 2016 by the Cabinet Secretary, Ministry of Land and Physical Planning, Hon. Prof. Jacob Kaimenyi.

- During the year under review, the Commission initiated research programmes on Land Governance and Devolution which focused on Land Tenure and Settlement Schemes (Kilifi County); Public Land Management; Women and Land Rights (Bungoma County); Large Scale Land Acquisitions (Siaya County); and Land Conflicts (Narok County).
- In the area of formulation and review of legislations and policies the Commission prepared, gazetted, published and disseminated County Spatial Planning, Monitoring and Oversight Guidelines; developed a concept paper on State of Land Use Planning Baseline Study in Kenya; and prepared a concept paper to guide the formulation of a Concept Plan for the Standard gauge Railway corridor.
- During the FY 2015-16, the Commission was involved intensively in compulsory land acquisition, valuation of the same for various projects and payments to PAPs, both for National and County Governments. Direct payments to PAPs during the year amounted to Kshs 2,884 million.
- During the reporting period the Commission processed and approved development applications e.g. processing and approval of application for extension of lease, renewal of lease, change of user, subdivision of leased land, regularization of urban settlements, issuance of consents to charge, lease or transfer, alienation of land for development to public institutions and individuals, routine advisory to the public. Some of these activities include transfer of 834 pieces of land for schools from the former Local authorities to the Cabinet Secretary, National Treasury who is the custodian of all public land; allocation of 401 pieces of land to Public Institutions; and subdivision 57 parcels of leased land/amalgamations.

In spite of the above achievements NLC is facing various *challenges* that slow the implementation of its mandate. These include:

- Grey areas in the relevant land laws that create confusion in regard to the mandate of NLC vs that of MOLPP.
- Given its wide mandate, NLC is grossly underfunded and unless the funding is improved in future, the implementation of this mandate may be jeopardised.
- NLC inherited over 7,000 ongoing court cases from the then Ministry of Land that are likely to lead to a huge financial burden for NLC. These cases are spread throughout the Country. On top of these there are other many new cases being filed in the courts all over the Country against the Commission based on the decisions that the Commission has made.
- Inadequate infrastructural facilities and equipment to facilitate institutional development especially in the devolved units of the Commission.
- Inadequate qualified staff due to “no new employment” policy from the National Treasury which is exacerbated by inadequate funding.
- Management of manual land records dating back more than one century.

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

Looking Forward;

- NLC requires more funding from the National Treasury to hasten the implementation of its wide mandate as provided for in the Constitution of Kenya and in three enabling statutes, namely, National Land Commission Act 2012, Land Act 2012 and the Land Registration Act 2012.
- The Land Laws (Amendments) Act 2016 (assented to on 30 August 2016) has redefined the functions of the Commission. Some of NLC's functions have been taken back to the Ministry while the Commission has been added a few. Section 18 of the NLC Act 2012 that created the CLMBs has been repealed, thus abolishing the CLMBs. NLC has to redesign its devolved structures including the work flows to the headquarters.
- NLC will continue building its institutional capacity to enable it to effectively and efficiently address its mandate both at the National and County levels.
- Embrace of technology in all NLC operations and the implementation of the flagship project, National Land Management Information Systems (NLIMS), will make land transactions much easier for all citizens. This will go a long way in making the lives of Kenyans better and contribute greatly towards the achievement of Vision 2030. Following the enactment of the Land Laws (Amendment) Act 2016 from 30 August 2016, this project will now focus on public land only.
- Vetted staff from MOLHUD are yet to join NLC as the Ministry is yet to release them. This continues to create a skills gap in NLC and slowing the implementation of its mandate.
- The legislation on the long outstanding Rules and Regulations will also go a long way in enabling the operationalization of various functions of NLC.
- The development and implementation of Traditional) Dispute Resolution (TDR) mechanisms will significantly reduce the heavy burden eminent from the huge number of inherited cases and also from the rising number of new cases.

Finally, I want to record the Commission's appreciation to the National Treasury for the funding provided since inception and look forward to our continued cordial relations in future. The support of Parliamentary Committee on Land in advancing the Commission's agenda in Parliament cannot go unrecognised. Similarly the Parliamentary Committee on Budgetary Appropriations has supported the Commission in advancing its request for higher funding, thank you. Last but not least, I thank our partners (especially FAO) who supported the Commission financially and in kind in executing its mandate during the year.



Chavangi Aziz Tom
Secretary/CEO

III. STATEMENT OF 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 Commission shall prepare financial statements in respect of that Commission. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

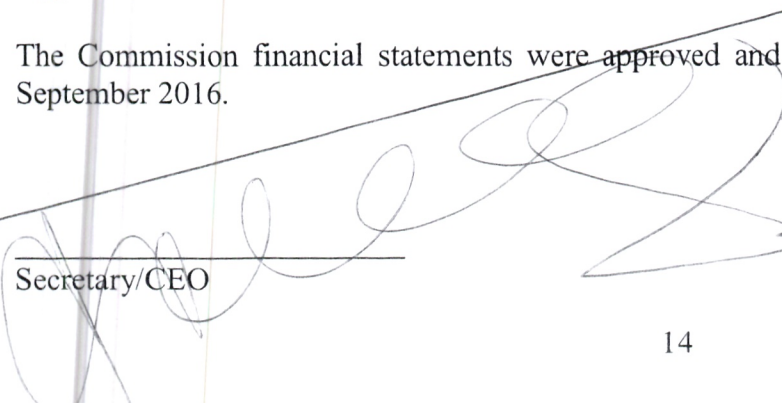
The Accounting Officer in charge of the National Land Commission is responsible for the preparation and presentation of the Commission financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year (period) ended on 30 June 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Commission; (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 Commission; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

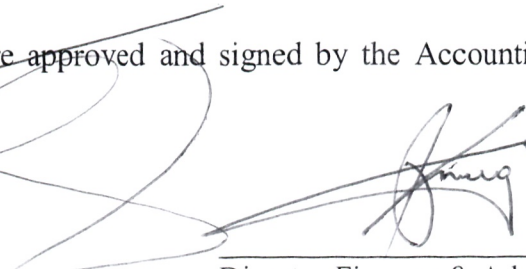
The Accounting Officer in charge of the National Land Commission accepts responsibility for the Commission financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Commission financial statements give a true and fair view of the state of Commission transactions during the financial year ended 30 June 2016, and of the Commission financial position as at that date. The Accounting Officer in charge of the National Land Commission further confirms the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the National Land Commission confirms that the Commission has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Commission 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 Commission 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 Commission financial statements were approved and signed by the Accounting Officer on 30 September 2016.


Secretary/CEO


Director Finance & Administration



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL LAND COMMISSION FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Land Commission set out at pages 16 to 33, which comprise the statement of financial assets and liabilities as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

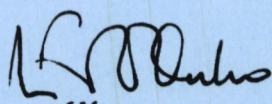
Basis for Qualified Opinion

Payments on Behalf of Other Government Entities

Note 7 to the financial statements reflects payments on behalf of other Government entities totalling Kshs.2,868,539,469.45. The amount includes Kshs.2,079,764,002.65 being compensation payments whose details of acreage and plot numbers have not been availed for audit verification. In addition, the Commission has not availed for audit verification valuation reports for compensation paid out during the financial year. In the circumstance, it has not been possible to confirm the accuracy and validity of the payments made by the Commission on behalf of other Government entities amounting to Kshs.2,868,539,469.45 included in the statement of receipts and payments for the year ended 30 June 2016.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Land Commission as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with National Land Commission Act, 2012 of the Laws of Kenya.



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

Nairobi

19 June 2017

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Exchequer Releases	1	1,470,600,000.00	1,234,100,000.00
Other Receipts	2	-	3,372,786.00
TOTAL RECEIPTS		1,470,600,000.00	1,237,472,786.00
PAYMENTS			
Compensation of Employees	3	660,794,688.70	465,702,954.00
Use of Goods and Services	4	441,854,910.58	535,275,993.00
Board Expenses	13	34,174,780.00	
Acquisition of Assets	5	326,491,585.90	236,821,346.00
TOTAL PAYMENTS		1,463,315,965.18	1,237,800,293.00
SURPLUS		7,284,034.82	(327,507)

NOTE: Expenditure of funds received from other Government entities

Balance brought forward	12	2,036,900,940.70	293,395,600.00
Transfers from Other Government Entities	6	3,943,268,757.85	5,614,589,062.00
Payments on behalf of other Govt. entities	7	(2,868,539,469.45)	(3,871,083,721.0)
Balances due to other Govt. entities		<u>3,111,630,229.10</u>	<u>2,036,900,940.70</u>

The Commission received the above funds from other Government entities to be used in compensating persons affected by compulsory acquisition of their land by government for public uses like road expansion, standard gauge railway etc.

NB; During the Financial Year 2014/15, there was a balance brought forward of Kshs 382,672,081.00 shown under Note 12 of the Financial Statements. This amount included Kshs 293,395,600.00 being Compensation Funds (Funds held by the Commission on behalf of other Government Entities - hence a Liability). This presentation could mislead the readers of the Financial Statements since it showed the balance of Kshs 293,395,600.00 as belonging to the Commission while it was a liability. To rectify the same and report correctly we made a restatement of the financials as reported above in Note 12 thus giving the correct position. After the restatement, the new balance brought forward for the Commission and Compensation Funds is now Kshs 88,948,974.00 and Kshs 293,395,600.00 respectively as shown in Note 12 (FY 2015/16).

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Commission financial statements were approved on 30th September 2016 and signed by;

Secretary/CEO

Director Finance and Administration

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

VI. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2015 – 2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	3,194,003,919.92	2,109,100,005.00
Accounts Receivables – Outstanding Imprests	9	6,718,813.00	16,749,910.00
Accounts Receivables – Salary Advance	10	7,140,503.00	
TOTAL FINANCIAL ASSETS		3,207,863,235.92	2,125,849,915.00
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	11 / 12	3,111,630,229.10	2,036,900,940.70
NET FINANCIAL POSITION		96,233,006.82	88,948,974.30
REPRESENTED BY			
Fund Balance b/ fwd	12	88,948,974.00	382,672,081.00
Surplus/Deficit for the Year		7,284,032.82	327,507.00
NET FINANCIAL POSITION		96,233,006.82	382,344,574.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Commission financial statements were approved on 30th September 2016 and signed by:

 Secretary/CEO

 Director Finance and Administration

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

VII. STATEMENT OF CASHFLOW

		2015 - 2016 Kshs	2014 - 2015 Kshs
Receipts for Operating Income			
Exchequer Releases	1	1,470,600,000.00	1,234,100,000.00
Transfers from Other Government Entities	6	3,943,268,757.85	5,614,589,062.00
Other Revenues	2	-	<u>3,372,786.00</u>
		5,413,868,757.85	6,852,061,848.00
Payments for Operating Expenses			
Compensation of Employees	3	(660,794,688.70)	(465,702,954.00)
Use of Goods and Services	4	(441,854,910.58)	(535,275,992.85)
Board Expenses	13	(34,174,780.00)	
Expenses-On transfers from other Govt. entities	7	<u>(2,868,539,469.45)</u>	<u>(3,871,083,721.00)</u>
		(4,005,363,850.73)	(4,872,062,667.85)
Net Cash flow from Operating Activities		1,408,504,907.12	1,979,999,180.15
 CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of non- financial Assets	5	<u>(326,491,585.90)</u>	<u>(236,821,346.35)</u>
Net Cash flow from Investing Activities		<u>(326,491,585.90)</u>	<u>(236,821,346.35)</u>
NET INCREASE IN CASH AND CASH EQUIVALENT		1,082,013,321.22	1,743,177,834.00
Cash and Cash Equivalent at BEGINNING of the Year		2,125,849,914.56	382,672,081.00
Cash and Cash Equivalent at END of the Year		3,207,863,235.37	2,125,849,915.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Commission financial statements were approved on 30 September 2016 and signed by:

Secretary/CEO

Director Finance and Administration

VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	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	1,540,565,410	(11,240,000.00)	1,529,325,410.00	1,470,600,000.00	58,725,410.00	96%
PAYMENTS						
Compensation of Employees	447,000,000.00	191,060,000.00	638,060,000.00	667,999,294.70	(29,939,294.70)	105%
Use of goods and services	596,709,544.00	(52,300,000.00)	544,409,544.00	468,825,086.58	75,584,457.42	86%
Acquisition of Assets	496,855,866.00	(150,000,000.00)	346,855,866.00	326,491,585.90	20,364,280.10	94%
TOTALS	1,540,565,410.00	11,240,000.00	1,529,325,410.00	1,463,315,967.18	66,009,442.82	96%

- (a) Overutilization of Kshs 29 million on Compensation of Employees category. This was as a result of employment of staff without prior approval from the national treasury, however this was regularized, also the CLMB allowance were paid through this item which budget was insufficient during the financial year under review.
- (b) The underutilization of Kshs 29 million on the category of use of goods and services arose from non-issue of exchequer in time resulting in pending bills of Kshs 85 million.

The Commission financial statements were approved on 30 September 2016 and signed by:

Secretary/CEO

Director Finance and Administration

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	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	1,101,365,410.00	138,760,000.00	1,240,125,410.00	1,182,100,000.00	58,025,410.00	95%
PAYMENTS						
Compensation of Employees	447,000,000.00	191,060,000.00	638,060,000.00	667,999,294.70	29,939,294.70	105%
Use of goods and services	596,709,544.00	52,300,000.00	544,409,544.00	468,825,086.58	75,584,457.42	86%
Acquisition of Assets	57,655,866.00		57,655,866.00	37,514,604.90	20,141,261.10	65%
TOTALS	1,101,365,410.00	138,760,000.00	1,240,125,410.00	1,174,338,986.18	65,786,423.82	

Notes

- (a) Overutilization of Kshs 29 million on Compensation of Employees category. This was as a result of employment of staff without prior approval from the national treasury, however this was regularized, also the CLMB allowance were paid through this item which budget was insufficient during the financial year under review.
- (c) The underutilization of Kshs 29 million on the category of use of goods and services arose from non-issue of exchequer in time resulting in pending bills of Kshs 85 million.

The Commission financial statements were approved on 30 September 2016 and signed by:

Secretary/CEO

Director Finance and Administration

SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	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	439,200,000.00	150,000,000.00	289,200,000.00	288,500,000.00	700,000,000.00	100%
PAYMENTS						
Acquisition of Assets	439,200,000.00	150,000,000.00	289,200,000.00	288,976,981.00	223,019.00	100%
TOTALS	439,200,000.00	150,000,000.00	289,200,000.00	288,976,981.00	223,019.00	0%

(a) The development vote was spent 100%, this was due to supplementary reduction of Kshs 150 million. It is worth noting that at year end Kshs 103 million was left as pending bills.

The Commission financial statements were approved on 30 September 2016 and signed by:

Secretary/CEO

Director Finance and Administration

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended June 30, 2016

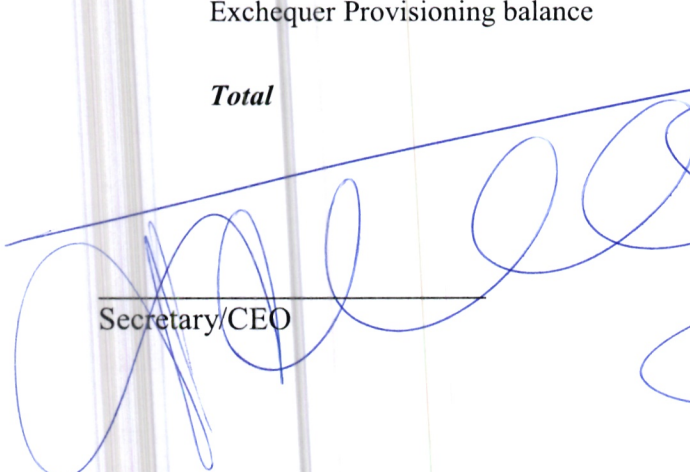
X. SUMMARY STATEMENT OF PROVISIONINGS

- Details of General Accounts On Vote


	2015 - 2016 Kshs	2014 - 2015 Kshs
GAV Provisioning account balance	66,009,442.82	298,037,856.00
	<u>66,009,442.82</u>	<u>298,037,856.00</u>

- Details of Exchequer Provisioning

	2015 - 2016 Kshs	2014 - 2015 Kshs
Exchequer Provisioning balance	58,725,410.00	301,738,149.00
Total	<u>58,725,410.00</u>	<u>301,738,149.00</u>



 Secretary/CEO



 Director Finance & Administration

XI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. 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 Commission. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

2. Recognition of revenue and expenses

The Commission recognises all revenues from the various sources when the event occurs and the related cash has actually been received. In addition, the Commission recognises all expenses when the event occurs and the related cash has actually been paid.

3. In-kind contributions

In-kind contributions are donations that are made to the Commission in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Commission includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

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

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

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 is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure 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 has been recognized 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 National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

7. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the Commission fixed asset register a summary of which is provided as a memorandum to these financial statements.

8. 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 are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Commission at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

9. Budget

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

10. Comparative figures

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

11. Subsequent events

Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

XII. NOTES TO THE FINANCIAL STATEMENTS

1 EXCHEQUER RELEASES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Total Exchequer Releases for quarter 1	335,400,000.00	215,000,000.00
Total Exchequer Releases for quarter 2	346,800,000.00	211,000,000.00
Total Exchequer Releases for quarter 3	356,400,000.00	461,500,000.00
Total Exchequer Releases for quarter 4	432,000,000.00	346,600,000.00
Total	1,470,600,000.00	1,234,100,000.00

2 OTHER REVENUES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Receipts from Administrative Fees and Charges		
Other Receipts Not Classified Elsewhere		3,372,786.00
Total		3,372,786.00

3 COMPENSATION OF EMPLOYEES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic salaries of permanent employees	427,763,377.85	355,256,725.00
Personal allowances paid as part of salary	233,031,310.85	110,446,229.00
Total	660,794,688.70	465,702,954.00

Note. Our Commissioners are paid from the consolidated fund at the National Treasury.

4 USE OF GOODS AND SERVICES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Communication, supplies and services	23,108,044.00	12,238,820.00
Domestic travel and subsistence	87,871,139.50	76,058,110.60
Foreign travel and subsistence	1,325,298.00	17,878,495.55
Printing, advertising and information supplies & services	60,950,009.78	206,752,898.30
Rentals of produced assets	24,814,322.00	18,698,535.00
Training expenses	21,412,429.00	9,928,659.60
Hospitality supplies and services	136,995,980.40	66,266,602.95
Insurance costs	38,382,639.00	30,412,581.00
Specialized materials and services		-
Office and general supplies and services	24,687,267.90	31,358,096.05

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

Fuel, oil and Lubricants	9,985,876.00	11,265,178.60
Other operating expenses	8,406,480.00	44,116,503.10
Routine maintenance – vehicles and other transport equipment	3,525,065.00	9,686,254.10
Routine maintenance – other assets	390,360.00	615,258.00
Total	441,854,910.58	535,275,992.85

5 ACQUISITION OF NON-FINANCIAL ASSETS

<u>Non-Financial Assets</u>	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Office Furniture and General Equipment	24,892,600.00	53,435,800.00
Purchase of ICT Equipment, Software and Other ICT Assets	270,342,817.90	-
Purchase of Specialized Plant, Equipment and Machinery	24,524,952.00	183,385,546.35
Research, Studies, Project Preparation, Design & Supervision	6,731,216.00	-
Acquisition of Intangible Assets		-
Total	326,491,585.90	236,821,346.35

6 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015-2016	2014-2015
	Kshs	Kshs
KURA	922,576,174.70	2,160,463,958.00
KENHA	1,575,211,128.50	1,301,098,034.00
LAPSSET		462,800,269.00
KENYA PORTS AUTHORITY	520,714,791.00	1,565,944,274.00
NON APPLIED	132,184,309.55	124,282,526.00
TANATHI	550,000,000.00	
MINISTRY OF WATER & IRRIGATION	150,000,000.00	
INTEREST EARNED	92,162,353.10	
KERRA	420,000.00	
TOTAL	3,943,268,757.85	5,614,589,062.00

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

7. OTHER EXPENSES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Payments on behalf of other Govt. entities	2,868,539,469.45	3,871,083,721.00
	<u>2,868,539,469.45</u>	<u>3,871,083,721.00</u>

8: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit etc.	Exc rate (if in foreign currency)	2015 - 2016	2014 - 2015
				Kshs	Kshs
Central Bank of Kenya (1000222011)	KES			82,373,690.02	71,461,810.71
Central Bank of Kenya (1000222011)	KES				
National Bank of Kenya (01001032980000)	KES			3,111,630,229.10	2,036,900,940.70
National Bank of Kenya (01001032980001)	KES			NIL	NIL
Equity (0410264436388)	KES			NIL	NIL
Equity (0310264325336)	KES			NIL	NIL
Equity (110026430045)	KES			NIL	NIL
Total				<u>3,194,003,919.12</u>	<u>2,109,100,005.00</u>

9. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS (ANNEX 1)

<i>Description</i>	2015 - 2016	2014 - 2015
	Kshs	Kshs
Various -Amount Taken(See Annex 1)	6,718,813.00	16,749,910.00
Amount Surrendered		
<u>Total</u>	<u>6,718,813.00</u>	<u>16,749,910.00</u>

10. OUTSTANDING SALARY ADVANCE

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Outstanding salary advance (Annex II)	7,140,503.00	
Cash equivalents		
Total	<u>7,140,503.00</u>	

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

11. FINANCIAL LIABILITIES

Accounts payables deposits and retention

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Balance Brought Forward	2,036,900,940.70	293,395,600.00
Receipts During the year	3,943,268,757.85	5,614,589,062.00
Total During the Year	5,980,169,698.55	5,907,984,662.00
Payments During the year	(2,868,539,469.45)	(3,871,083,721.0)
Balance Carried Forward	<u>3,111,630,229.10</u>	<u>2,036,900,941.00</u>

12. RESTATEMENT OF COMPARATIVE BALANCES

In the current year, the previous year comparative amounts as audited have been restated for change in presentation in the year as shown below;

Details	Reported (Audited)	Adjustment for Reclassifications	As Restated and presented
	Kshs	Kshs	Kshs
Cash and Bank			
Bank Balances	2,109,100,005		2,109,100,005
Imprest	16,749,910		16,749,910
Total	2,125,849,915		2,125,849,915
Payables	(1,743,505,341)	(293,395,600)	2,036,900,940
Net Assets	382,344,574	(293,395,600)	88,948,975
Fund Account:			
Fund balance brought forward	382,672,081		382,672,081
Deficit for the year	(327,507)		(327,507)
Fund balance Carried forward	382,344,574	(293,395,600)	88,948,975

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

13. BOARD EXPENSES

	2015 - 2016
	Kshs
Emoluments for Executives	7,204,604
Domestic Travel Commissioners	13,606,660
Foreign Travel Commissioners	10,483,516.00
Airtime Commissioners	2,880,000.00
Grand Total	34,174,780.00

Commissioners are full time state officers and are not entitled to any other allowance except for official travelling and airtime as approved by the Salaries and Remuneration Commission.

14. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

During the last Financial Year 2014/15, the commission received a qualified audit opinion with one paragraph on over expenditure in the category of Use of Goods and Services. This has since been addressed.

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

XIII. ANNEX 1 OUTSTANDING IMPREST

SUPPLIER NUM	TRADING PARTNER	INVOICE NUM	INVOICE AMOUNT
150003	ABDULKADIR ADAN KHALIF	IW 238772	338,655.00
245271	ANTIPAS OTIENO AKETCH NYANJWA	IW 2391892	173,400.00
179695	CYRUS KARIUKI NDEGWA	IW 2507326	101,500.00
761762	CYRUS NJUE NYAGA	IW2440958	200,000.00
460231	DAUD ABDULLAH OMAR	IW 2507260	100,000.00
423668	DAVID KIPCHOGE	IW 2351335	100,000.00
179163	ELIZABETH WAIRIMU MUNDIA	IW 2159263	10,000.00
367319	FATUMA HOROW ABUBAKAR	IW 2507328	1,100,000.00
423664	FRANK KOSIOM OLE KIBELEKENYA	IW 2383921	157,500.00
423664	FRANK KOSIOM OLE KIBELEKENYA	IW 2351342	100,000.00
423713	HENRY OMUKAMANI WANYUNDI	IW2351329	100,000.00
388850	ISAAC KAMAU NG'ANG'A	IW 2391864	50,400.00
388850	ISAAC KAMAU NG'ANG'A	IW 2440947 & 2440948	136,500.00
444035	JABIR SHEIKH ABDINOOR	IW2383933	100,000.00
42423	CLEMENT ISALIAH LENACHURU	IW 2507270	533,716.00
42423	DAVID NDEGWA KURIA	IW 2507271	430,032.00
42433	AMOS PARLETUAN KASAINI	IW 2441939	430,032.00
42433	MUHAMMAD ABDALLA SWAZURI	IW 2441930	550,953.00
42235	SAMUEL KIPNGETICH TOROREI	IW 2159388	1,092,914.00
405450	KHALID MASUD SALIM	IW2507303	498,011.00
389624	LAMECK OMONDI ODHIAMBO	IW 2383866	4,200.00
367238	LINDA KIUNA LEKORERE	IW 2441962	30,000.00
150008	MUHAMMAD ABDALLA SWAZURI	IW 2507325	269,500.00
42261	GRACE ANYANGO ATINDA	IW 2159268	10,000.00
329149	SHADRACK MILEWA CHARO	IW 2507327	101,500.00
		TOTAL UNSURRENDERD	6,718,813.00

NATIONAL LAND COMMISSION
Reports and Financial Statements
For the year ended 30 June 2016

XIV. ANNEX 11 SALARY ADVANCE

Loans Deduction Summary Report: as at 30.06.2016

Staff Number	Surname	Other Names	Balance C/F
NLC20130001	Chavangi	Aziz Tom	672,192
NLC20130004	Omullo	Leonard Orondo	133,333
NLC20130005	Mugo	Francis Karimi	534,917
NLC20130010	Kuria	David Ndegwa	318,394
NLC20130011	Kabale	Tache Arero	455,556
NLC20130007	Nganga	Isaac Kamau	106,657
NLC20150265	Kyai	Christine Mwinza	61,667
NLC20140015	Cherutich	Benard Kibet	450,000
NLC20140035	Rading	Charles Otieno	544,847
NLC20140060	Ting'aa	Simeon Lotulya	500,000
NLC20140030	Kibelekenya	Frank Kosiom Ole	163,448
NLC20140028	Nang'unin	George Saruni	544,847
NLC20140052	Kipchoge	David	163,468
NLC20140053	Wanyundi	Henry Omukamani	500,000
NLC20140029	Rotich	Andrew Cheruiyot	199,994
NLC20140061	Ngundo	Mary Kamene	393,054
NLC20140069	Akello	Bellinda Akoth	165,000
NLC20150110	Awiti	Nowa Aomo	18,657
NLC20140091	Chepkoros	Selina	54,919
NLC20140096	Alio	Ibrahim H.	90,000
NLC20140070	Letangule	Elijah Leiro	225,000
NLC20140083	Kiguta	Zipporah Wambui	-
NLC20140077	Mwachia	Simon	321,902
NLC20140097	Khalid	Salim M	250,000
NLC20150116	Ochang	Dennis Onyango	100,000
NLC20150120	Nganga	Consolata Nyambura	64,994
NLC20150143	Righa	Daniel Mwakio	34,325
NLC20150172	Karanja	Kennedy Barry	-
NLC20150210	Shapara	Joseph Kimakon	73,333
Totals			<u>7,140,503</u>