

REPUBLIC OF KENYA



*Paper laid by
the Hon. James W. W. W. W. W.
14/6/2018*

OFFICE OF THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY

S/No:.....
14 JUN 2018
PAPER LAID

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
STATE DEPARTMENT FOR
CORRECTIONAL SERVICES**

**FOR THE YEAR ENDED
30 JUNE 2017**



**MINISTRY OF INTERIOR AND COORDINATION
STATE DEPARTMENT FOR CORRECTIONAL SERVICES**

REPORTS AND FINANCIAL STATEMENTS

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

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

**State Department For Correctional Services
 Reports and Financial Statements
 For the year ended June 30, 2017**

Page

Table of Content

- I. KEY ENTITY INFORMATION AND MANAGEMENT1
- II. FORWARD BY THE CABINET SECRETARY5
- III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES.....15
- IV. REPORT OF THE INDEPENDENT AUDITORS ON THE STATE DEPARTMENT FOR
 CORRECTIONAL SERVICES16
- V. STATEMENT OF RECEIPTS AND PAYMENTS17
- VI. STATEMENT OF ASSETS AND LIABILITIES18
- VII. STATEMENT OF CASH FLOWS19
- VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT
 COMBINED.....20
- IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT21
- X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT22
- XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES23
- XII. SIGNIFICANT ACCOUNTING POLICIES24
- XIII. NOTES TO THE FINANCIAL STATEMENTS.....28

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The State Department for Correctional Services was formed by Executive Order No. 1 of May 2016. At cabinet level, the State Department for Correctional Services is represented by the Cabinet Secretary for Interior and Coordination of National Government, who is responsible for the general policy and strategic direction of the State Department for Correctional Services.

The vision of the state Department is to be “An institution of excellence in offender management and regulation of gaming industry”.

Its mission is to contribute to the promotion of just, secure and good governance through containment, rehabilitation and re-integration of offenders and regulation of gaming.

The State Department for Correctional Services’ Core Values are based on six principles namely;

1. Quality service
2. Transparency
3. Integrity
4. Professionalism
5. Teamwork
6. Partnerships and
7. Responsiveness.

(b) Key Management

The State Department for Correctional Services’ day-to-day management is under the following key organs:

- Kenya Prison Service;
- Probation and After Care Services;
- Betting Control and Licencing; and
- General Administration.

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Accounting Officer	- Amb. Richard Titus Ekai-CBS
2	Commissioner General, Prisons	-Isiah M. Obugo,CBS
3	Secretary Administration	-Clare Omolo,EBS
4	Director Probation	-Mary W Mbau
5	Director Betting Control	-Charles Wambia
6	Director,HRM/HRD	-Wilfred F O Omolo
7	Chief Finance Officer	-Sarah Kemunto Kerandi
8	Head of Accounting Unit	-Joseph Kamau Mwangi
9	Head, Central Planning Unit	-James Nyabochoa
10	Head ,Supply Chain Management	Mirieri Mageto

(d) Fiduciary Oversight Arrangements

– Finance committee activities

The State Department has established a Budget Implementation Committee (BIC) and Project Implementation Committee (PIC) as per Treasury circular no. 08/2015 dated 10th June, 2015 and treasury circular no. 14/2016 dated 13th July, 2016 respectively.

The BIC is mandated to oversee the budget implementation process and advise the Accounting Officer on the performance of the entire budget during the implementation phase and to oversee production of performance reports. The Terms of Reference for BIC is as below;

1. To review and consider the cash flow plans which involves regular review of the ministerial cash plan and approval of any changes to the initial cash flow plan and advice the National Treasury appropriately to enable processing of the State Department's exchequer.
2. To review the utilization of cash limits and consider any changes as may be required.
3. To advise the Accounting officer on any challenges related to the budget implementation.
4. To review and recommend re-allocation of expenditure items.
5. To review and approve the submission of expenditures returns, IPPD, pending bills and AIA returns and recommend actions to be taken.
6. To participate in Sector Working Group.
7. To prepare the budget for the State Department in consultations with the implementing agents.

The membership of the BIC is constituted of;

- i. Accounting officer– Chairperson
- ii. Head of Planning - Secretary
- iii. Head of Finance - Member
- iv. Head of Administration
- v. A maximum of six representatives from technical department.

The BIC's Terms of Reference include;

1. Prioritisation of projects based on the MDAs Strategic Plan, Medium Term Plan of the Vision 2030, and the Jubilee Transformative Agenda,
2. Assessment of the viability and sustainability of new projects,
3. Approval of projects to be implemented based on established criteria,
4. Identification of the potential projects 'risks and mitigating measures,
5. Providing guidance on any changes in the project's design during implementation and
6. Monitoring and evaluating the achievement of programmes/projects outputs and outcomes.

– Parliamentary committee activities

Parliamentary Budget Committee

The State Department followed the guidelines and circulars issued by the National Treasury in the preparation of the Financial Year 2016/17 Budget under the guidance of the Accounting Officer. The State Department's Head of Planning and Finance Units prepared the 2016/2017 budget which was examined by the National Assembly on 7th March 2017.

**State Department For Correctional Services
Reports and Financial Statements
For the year ended June 30, 2017**

Parliamentary Account Committee

The committee was mandated to respond to matters raised by Parliamentary Account Committee in relation to budgetary allocations and appropriations.

The members of state department for correctional services who were mandated by the accounting officer to prepare responses to the parliamentary account committee briefs included,

1. The Commissioner General Prisons
2. Director probation and After Care Services
3. Director Betting and Licencing Board
4. Director Administration
5. Head Planning Unit
6. Head of Accounting Unit
7. Head Finance Unit
8. Head Supply Chain Management
9. Head Legal Unit.

The state department was able in consultation with the National Treasury able to receive clearance from the Auditor General on audit issues concerning the 2012/2013 and earlier balances and responded to Public Accounts Committee Recommendations for the years 2010/2011, 2011/2012 and 2012/2013 on 23 march 2016 vide letter ref no SDC/SEC/FIN/3/12/(39).

(e) Entity Headquarters

P.O. Box 30478-00100
Teleposta Plaza
Kenyatta Avenue
Nairobi, KENYA

Entity Contacts

Telephone: (254) 228411
E-mail: ps@correctional.go.ke
Website: www.go.ke

(f) Entity Bankers

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

(g) Independent Auditors

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

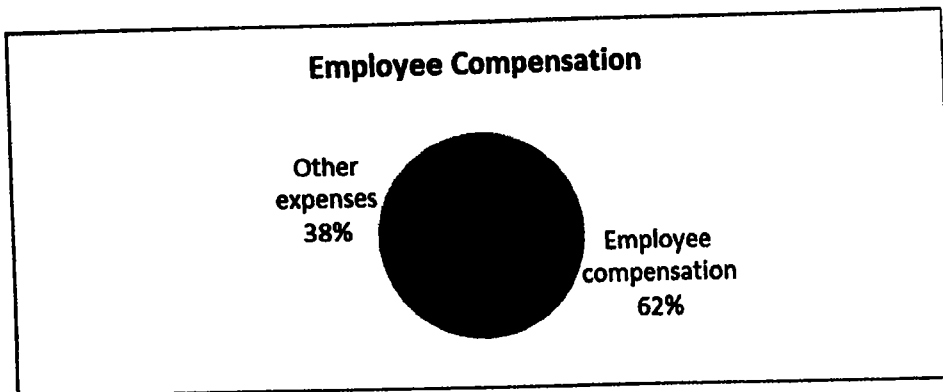
**State Department For Correctional Services
Reports and Financial Statements
For the year ended June 30, 2017**

(h) Principal Legal Adviser
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II. FORWARD BY THE CABINET SECRETARY

The State Department of Correctional Services is domiciled in the Ministry of Interior and Coordination of National Government. In the financial year 2016/17, the State Department for Correctional Services had an approved total budget allocation amounting to KES. 20,751,920,720. The Recurrent Vote had KES. 20,226,920,720 while Development Vote amounted to KES 525,000,000. During the period under review, the State Department's total Expenditure amounted to KES 20,489,350,613, attaining an absorption rate of 98% of the allocated funds. Recurrent and Development Expenditures amounted to KES 19,978,078,829 billion and KES 511,274,784 respectively.

It is important to note that the State Department has endeavoured to execute the budget in the most prudent manner despite the fact that employees compensation took up 62% of the recurrent budget while implementation of programmes and sub-programmes took up the remaining 38%.



During the financial year 2016/17, the State Department intensified efforts to fully implement projected key activities under the various programmes. These programmes include Correctional Services, General Administration & Support Services and Betting Control, Licensing and Regulation Services and their cumulative expenditure were KES.20, 185,372,957, KES 316,570,285,297 and KES 12,270,272 respectively.

Offender Services Sub-programme took the largest share of 85% of the total recurrent budget. This was occasioned by the crucial nature of the activities funded under this sub-programme that include: inmates healthcare, purchase of food and rations; provision of welfare kits which included soap, toilet paper, tissue and sanitary towels for women prisoners in order to improve the welfare of inmates. The total expenditure under capacity development, probation and aftercare services was at 8% and 5% of the total recurrent budget whereby the funds were utilized to improve training facilities, prison communication infrastructure, facilitation of administration of justice and rehabilitation of offenders. Betting Control, Licensing and Regulation Services programme was allocated a small share of 0.05% for all its technical functions given that most of these functions were devolved to the counties with only the regulation function being carried out by the national government.

State Department For Correctional Services
Reports and Financial Statements
For the year ended June 30, 2017

Table: Summary of Programmes and Sub-Programmes

S/No	ANALYSIS OF PROGRAMME EXPENDITURE	APPROVED BUDGET	ACTUAL EXPENDITURE
		2016/17	2016/17
		KES	KES
1	PROGRAMME NAME 1 CORRECTIONAL SERVICES	20,391,550,325	20,185,372,957
	Sub-Programme 1. Offenders Services	17,609,913,410	17,511,598,081
	Sub-Programme 2. Capacity Development	1,717,599,493	1,684,445,957
	Sub-Programme 3. Probation And Aftercare Services	1,064,037,422	989,328,919
2	PROGRAMME 2:GENERAL ADM.PLANNING & SUPPORT SERVICES	338,354,126	316,570,285
	Sub-Programme 1.: Planning, Policy Coordination & Support Services	338,354,126	316,570,285
3	PROGRAMME NAME 3. BETTING CONTROL, LICENSING & REGULATION SERVICES	15,839,121	12,270,272
	Programme Name 1. Betting Control, Licensing & Regulation Services	15,839,121	12,270,272
Total For VOTE		20,751,920,720	20,489,350,613

The State Department made major milestones in terms of achievements of its core mandate of offering effective correctional services as well as facilitating efficient, effective, expeditious administration of the criminal justice and regulation of gaming activities. Key among these include: provision of basic necessities such as uniforms, blankets, mattresses, soap, shoes and toiletries to 56,000 inmates; enhanced rehabilitation of inmates through provision of formal education to 8,050; vocational training to 9,101 and professional training to 3,602 contained offenders. The State Department also facilitated administration of criminal justice through preparation and submission of 81,847 social reports to courts and other statutory penal organs.

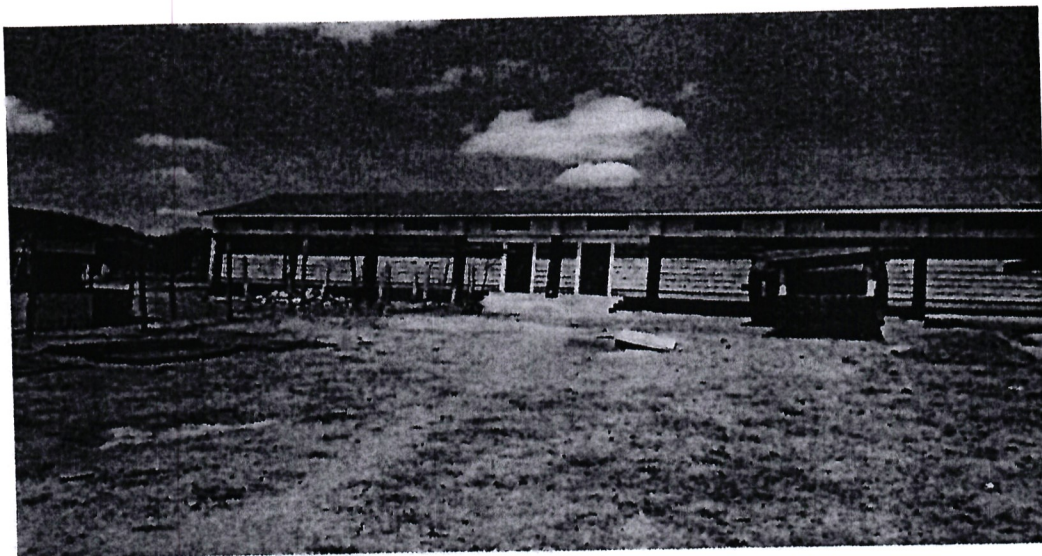
It further enhanced the enforcement of court orders through supervision of 153,691 non-custodial offenders serving probation orders; community service orders and Power of Mercy supervision respectively. During the same period, the State Department enhanced the security of penal institutions by constructing and upgrading of perimeter walls and fences, watch towers in various prisons across the country. In addition, the department deployed horses and sniffer dogs to seven (7) principal stations namely; Kamiti, Nyeri, Kisumu, Lang'ata and Shimo maximum security prisons, Nakuru and Ngeria main prison,. The institutions have also installed walk through metal detector and 300 hand held metal detectors. Further, the department has installed Closed Circuit television (CCTV) cameras in Naivasha maximum security prison and Prisons Staff Training College (PSTC), Ruiru.

**State Department For Correctional Services
Reports and Financial Statements
For the year ended June 30, 2017**

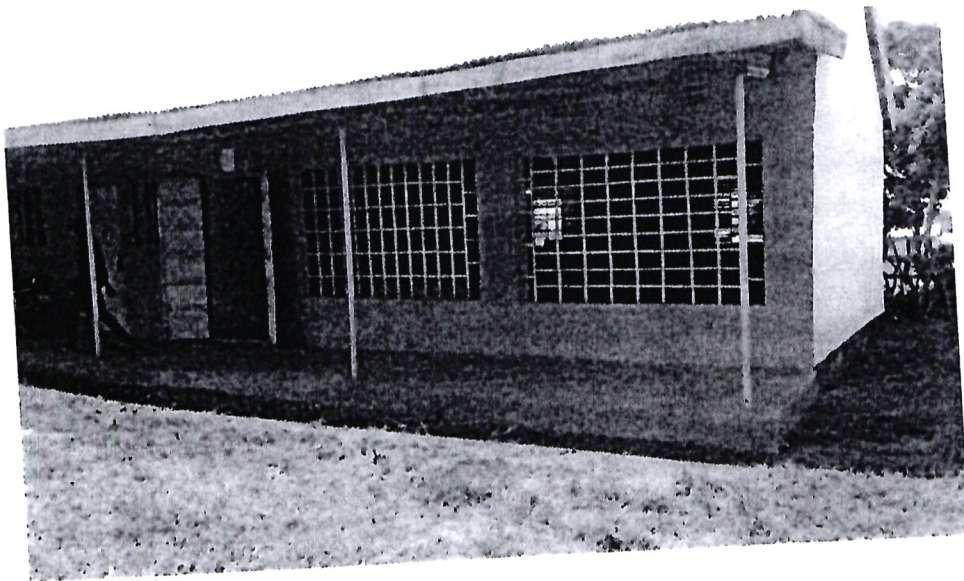
BCLB has collected and remitted revenue from permits and licences totalling to KES. 176,657,522. The State Department through the Kenya Prison Service has doubled efforts to construct prison wards and improved prisons infrastructure welfare through construction of workshops, dining halls, perimeter walls and classrooms in over 50 stations to decongest prisons. These on-going projects are located in various stations including Ngeria, Makueni, Kilgoris, Rachuonyo, Garissa, Voi, Thika and a probation hostel in Siaya for probationers. All the projects in these prisons are earmarked for completion in the FY 2017/18. The following graphical demonstrations capture some of the projects:



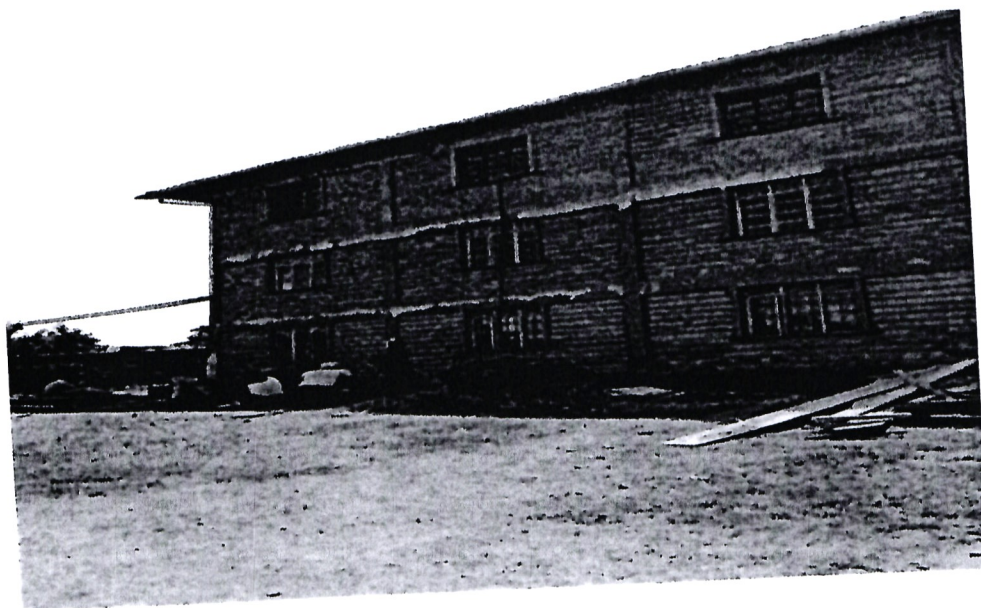
Ngeria prison: Completed Mixed block



Makueni Prison: Completed Mixed block



Shikusa Borstal Institution: Completed Welding Workshop



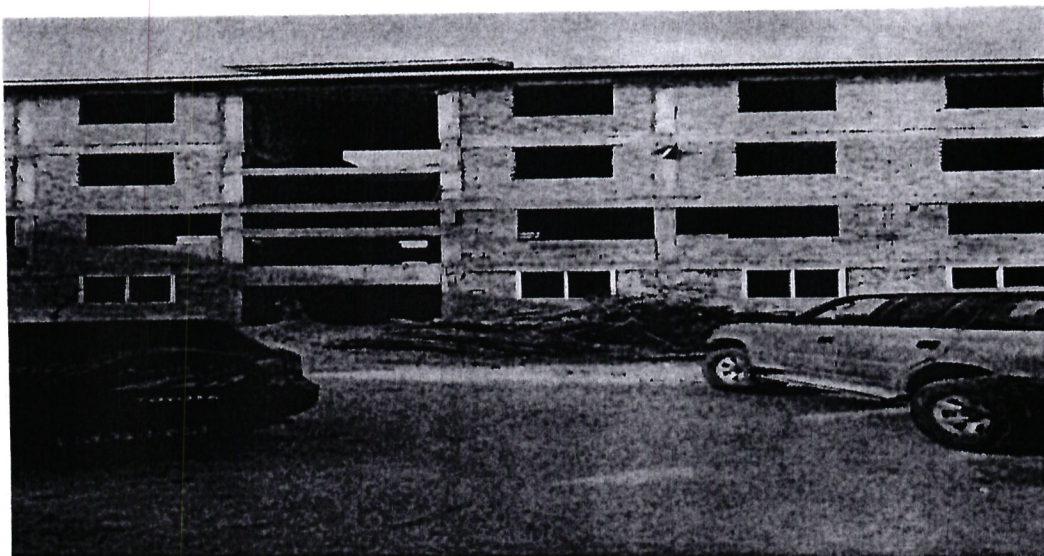
Siaya probation: Ongoing construction of a probation hostel

During the financial year 2016/17, the State Department through the Kenya Prisons Service and the Probation and Aftercare Services initiated Staff Welfare improvement programme that consisted a Public Private Partnership housing project at Shimo la Tewa Maximum Prison to provide housing for staff. More prison labour based housing projects have been initiated in various Prisons including Eldama Ravine, Mwingi and Kakamega among others. Constructions of more training facilities have been initiated to equip prison officers with in service training such facilities include the

executive wing at Ruiru Prisons Service Training College.



PSTC Ruiru: Executive Training wing



Shimo Maximum Security Prison: Storey houses being constructed under PPP police/prisons housing program

**State Department For Correctional Services
Reports and Financial Statements
For the year ended June 30, 2017**

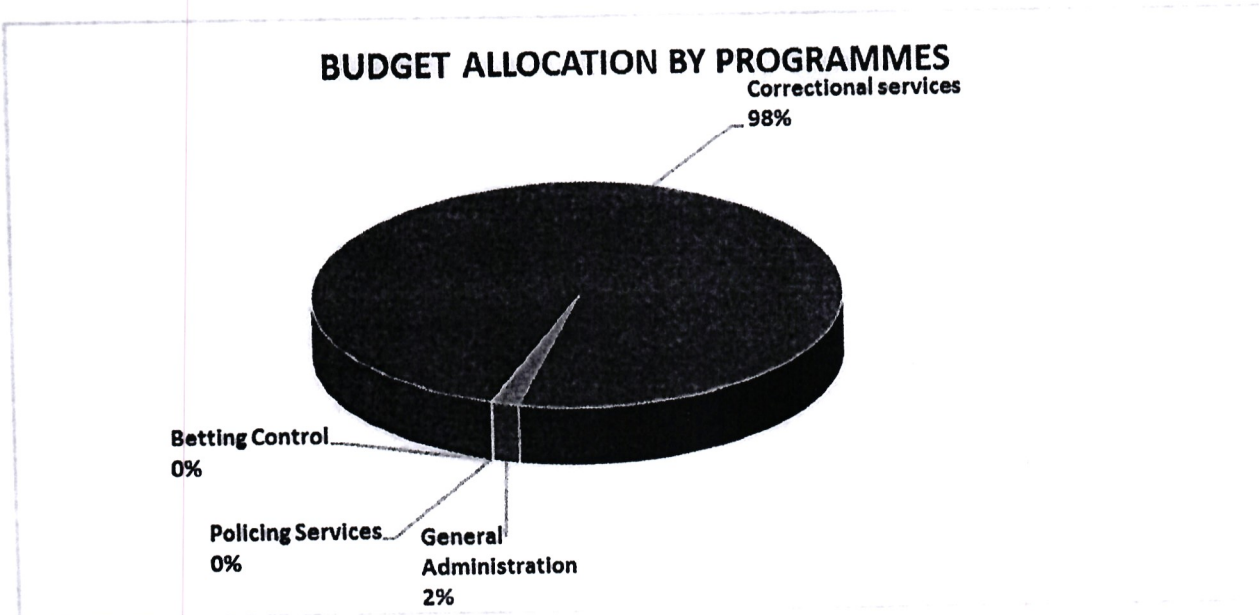
During the period under review the State Department faced a myriad of challenges coupled with emerging issues in the management of offenders. These included:

- i. Emerging sophistication in crime including terrorism, extremism/radicalization, cybercrimes, mushrooming of illegal gambling machines and computer network hackings leading to negative implications in offender management. The State Department has strengthened coordination and partnerships with other state agencies to eradicate these crimes with a view to addressing these challenges of emerging crimes.
- ii. Use of Information Communication Technology including Mobile phones and internet in criminal activities has increased the complexity of crimes resulting to offenders propagating criminal activities while serving their sentences in penal institutions. Kenya Prison Service has enhanced efforts to minimise these challenges through modernisation and acquiring new security equipment to increase security and improve the level of supervision and detection of these modern crimes.
- iii. The phenomenon of Drug and Substance Abuse in society has affected members of staff and offenders' alike leading to more resources being re-allocated to address the problem at the expense of the other planned programs.
- iv. Austerity measures imposed by the Government from time to time during the financial years affect the effective implementation of the planned activities. To address this, the State Department will lobby treasury and parliament to classify correctional services as key priority area because of the security nature of the State Departments operations so as to ring fence the affected critical operational areas.
- v. Pending bills have posed a major challenge to the State Department in an attempt to balance current expenditure and payment of accrued pending bills amounting KES. 4,523,165,107 as at 2015/2016 financial year. The State Department has continued to engage treasury through various foras with a view to seeking additional fund allocation in order to settle the pending bills.

BUDGET ALLOCATION

In the financial year 2016/17 the State Department for Correctional Services had a gross budget of **KES 20,751,920,720** which was made up of **KES 20,226,920,720,000** and **KES 525,000,000** for recurrent and development vote respectively.

The State Department was to expend the gross budget of **KES 20,751,920,720** under the following four programmes:



I. Programme 1: Correctional Services

Objective: To facilitate increased access to justice, provide quality services for custody, containment, supervision, rehabilitation and reintegration of all categories of offenders.

II. Programme 2: General Administration

Objective: To provide better planning, policy direction and support services for improved service delivery

III. Programme 3: Betting Control

**State Department For Correctional Services
Reports and Financial Statements
For the year ended June 30, 2017**

Key Performance Highlights

Below is an overview of the financial performance for the year ended 30th June 2017 as reported in the detailed financial statements together with the commentary and comparative analysis against budget and prior year for the key items in the financial statements.

Financial Performance Summary

Actual Performance against Budget for Year to 30th June 2017

Financial Performance	Printed Estimates	Actual	Variance	%
	KES	KES	KES	Utilisation Variance
Total Receipts	20,751,920,720	20,744,800,000	7,120,720	100%
Total Payments	20,751,920,720	20,489,350,613	262,570,107	98%
Surplus for the Year	-	255,449,387	269,690,827	-

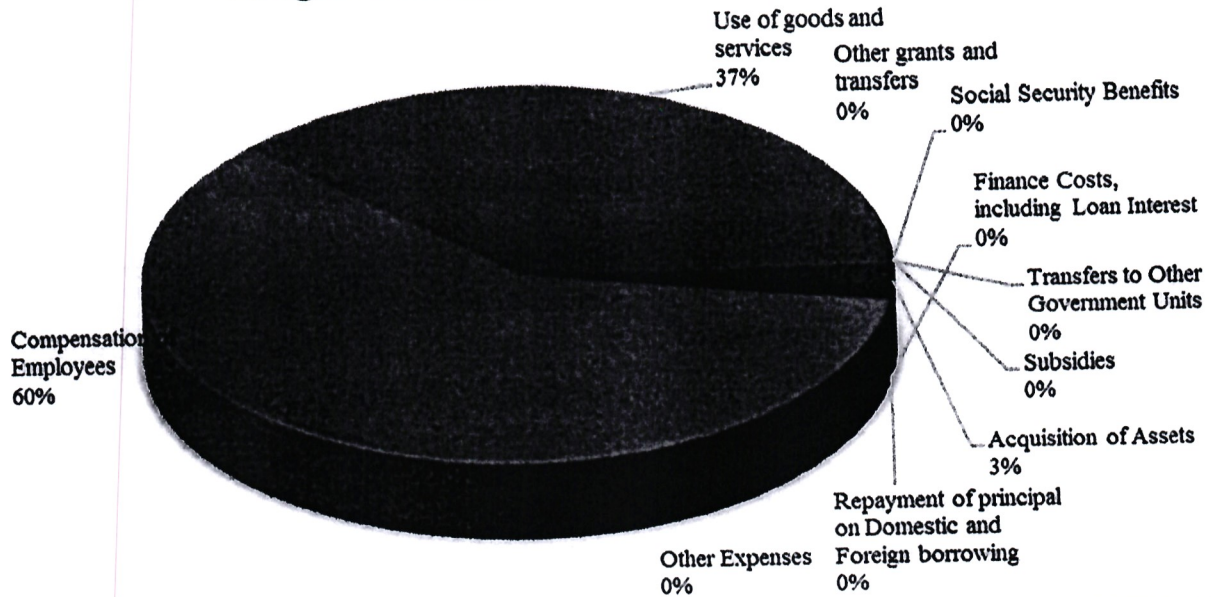
Actual receipts by the MDAs stood at 100% of the budget while actual payments were at 98% of the budget.

Budget Utilisation

The State Department spent **KES 20,489,350,613** against an approved budget of **KES 20,751,920,720** representing an absorption rate of **98%**. The economic activities supported by the budget are as illustrated in the chart below:

	Approved Budget Allocation	Actual Payments	Variance
Compensation of Employees	12,207,504,810	12,168,615,797	38,889,013
Use of goods and services	7,851,212,856	7,643,747,942	207,464,914
Other grants and transfers	3,120,000	3,120,000	-
Social Security Benefits	4,759,500	4,269,256	490,244
Acquisition of Assets	685,323,554	669,597,618	15,725,936
Total Payments	20,751,920,720	20,489,350,613	262,570,107

Budget Utilisation as Per Economic Items



It is noted that 60% of the State Department's budget was used in compensation of employees. 37% of the budget was utilised on purchase of goods and services while 3% was utilised in acquisition of assets.

Current Year Performance against Prior Year

Financial Performance	Year to 30 th June 2017	Year to 30 th June 2016	Change	%
	KES	KES	KES	Change
Total Receipts	20,744,800,000	18,190,700,000	2,554,100,000	14%
Total Payments	20,489,350,613	15,287,064,035	5,202,286,578	34%
Surplus/(Deficit) for the Year	255,449,387	2,903,635,965	-2,648,186,578	-91%

Total receipts increased by 14% due to increase funding to the MDA mainly through exchequer releases while there was a substantial amount of pending bills paid during the year.

Receipts

The State Department's receipts comprise of exchequer releases from the National Treasury. The total receipts for FY 2016/2017 stood at KES 20.74 Million, representing a 12% increase from KES 18.19 Million for FY 2015/2016.

Receipts	Year to 30 th June 2017	Year to 30 th June 2016	Change	%
	KES	KES	KES	Change
Tax Receipts	20,744,800,000	18,190,700,000	2,554,100,000	14%
Total Receipts	20,744,800,000	18,190,700,000	2,554,100,000	14%

Total receipts increased by 14% due to increase funding to the MDA through exchequer releases.

**State Department For Correctional Services
Reports and Financial Statements
For the year ended June 30, 2017**

Payments

The State Department's payments mainly comprise of Transfers to Other Government entities i.e. Constituency Development Fund, Projects, State Corporations, Semi-Autonomous Government Agencies (SAGAs) and County Governments, employee compensation and acquisition of assets.

The total payments for FY 2015/2016 stood at KES 22,346 Million, representing a 38% increase from KES 16,147 Million for FY 2014/2015.

Total Payment Breakdown

	Year to 30 th June 2017	Year to 30 th June 2016	Change	%
	KES	KES	KES	Change
Compensation of Employees	12,168,615,797	10,288,035,518	1,880,580,279	18%
Use of goods and services	7,643,747,942	4,587,044,037	3,056,703,905	67%
Other grants and transfers	3,120,000	1,250,000	1,870,000	150%
Social Security Benefits	4,269,256	5,246,314	-977,058	-19%
Acquisition of Assets	669,597,618	405,488,166	264,109,452	65%
Total Payments	20,489,350,613	15,287,064,035	5,202,286,578	34%

The increase in payments is attributable to a significant increase in exchequer releases. Further, there was also an increase in compensation of employees attributed to recruitment of staff during the year.

Financial Assets Summary

Financial Assets	As at 30 th June 2017	As at 30 th June 2016	Change	%
	KES	KES	KES	Change
Bank Balances	32,182,335	56,791,363	-24,609,028	-43%
Cash Balances	3,929,249	3,335,602	593,647	18%
Accounts Receivables – District suspense	673,392,624	2,916,533,470	-2,243,140,846	-77%
Total Financial Assets	709,504,208	2,976,660,435	-2,267,156,227	-76%

Bank balances decreased by 43% as a result of increased spending during the year.

Cash balances increased by 18% due to increased cash related transactions at the year end.

There is also a decrease in accounts receivables by 77 % as a result of prior year adjustments.



**Fred Matiang'i, PhD, EGH
Ag. Cabinet Secretary**

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the *State Department for Correctional Services* is responsible for the preparation and presentation of the entity's 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 financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (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 *State Department for Correctional Services* accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2017, and of the entity's financial position as at that date. The Accounting Officer in charge of the *State Department for Correctional Services* further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.


The Accounting Officer in charge of the *State Department for Correctional Services* 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 entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The entity's financial statements were approved and signed by the Accounting Officer on 29/9/2017.


Principal Secretary

Name: Amb Richard T Ekai, CBS


Principal Accounts Controller

Name: Joseph K. Mwangi

ICPAK Member Number: 5841

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE STATE DEPARTMENT FOR CORRECTIONAL SERVICES FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of State Department for Correctional Services set out on pages 17 to 40, which comprise the statement of assets and liabilities as at 30 June 2017, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the State Department for Correctional Services as at June 30, 2017, 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 do not comply with the Public Finance Management Act, 2012.

Further, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that public money has not been applied lawfully and in an effective way.

Basis for Adverse Opinion

1. Pending Bills

Disclosed at Note 13.1 and detailed in Annex 1 to the financial statements are bills totalling Kshs. 6,519,486,805 that were pending as at 30 June 2017. Failure to settle the bills in the year to which they relate adversely affects the following year's provision to which they have to be charged. Had the pending bills been paid and the expenditure charged to the accounts for financial year 2016/2017, the statement of receipts and payments would have reflected a deficit of Kshs.6,264,037,418 instead of the net surplus of Kshs. 255,449,387 now shown.

Further, audit verification of the bills undertaken during the months of March and April 2018 at the Prisons Headquarters and in a sample of thirty-two prisons across the country revealed the following irregularities:

Report of the Auditor-General on the Financial Statements of State Department For Correctional Services for the year ended 30 June 2017

1.1. Invalid Pending Bills at the Headquarters

Bills totalling Kshs. 288,612,468 reflected in the Headquarters records could not be traced to the records of the prisons where food ration was claimed to have been delivered. In addition, bills totalling Kshs. 18,613,290 were related to the suppliers of food ration who had already been paid for the same at the Headquarters but were still listed as pending.

1.2. Irregular Payments of Pending Bills

According to signal Ref. NO. PRIS 8/12 VOL. II (149) dated 30 September 2016 sent to Regional Commanders, the Headquarters paid pending totalling Kshs. 1,564,276,638 on behalf of various prisons. The following anomalies were noted:

(i). Receipt of food ration for bills totalling Kshs. 304,406,454 paid at the Headquarters could not be traced to the records maintained at various prisons across the country.

(ii). Although bills totalling Kshs. 2,367,000 were paid at the Headquarters on behalf of Kibos Medium Prison, a verification at the prison revealed that the two of the suppliers paid did not deliver the purported food ration.

(iii). Although, an amount of Kshs. 12,391,302 was paid at the Headquarters in relation to pending bills for Kisumu Main Prison, records show that the suppliers did not receive the purported amount paid. Indications are that the payments were irregularly made to recipients who did not supply food to the prison.

(iv). Cases of double payments totalling Kshs. 22,579,752 in respect of Naivasha, Eldoret, Kakamega Prisons and Shikusa Borstal.

1.3. Other Invalid Pending Bills

Further, records maintained at the Headquarters show that bills amounting to Kshs. 7,454,000, Kshs. 10,777,500 and Kshs. 10,022,500 were pending at Meru Women, Nyeri Medium and Naivasha Medium, Prisons respectively. However, a verification at the prisons revealed massive irregularities as the purported suppliers had never been contracted to supply food and there were no deliveries or receipts at the three prisons.

2. Procurement of Firewood

Audit tests undertaken in ten prisons revealed that firewood valued at Kshs. 128,615,530 was claimed to have been received in the stores and issued out of the stores. However, documentary evidence of inspection of deliveries was not provided for audit review. In addition, the prisons did not have weighing scales for the firewood and consequently, it is clear how the actual tonnage of firewood delivered was determined.

3. Funding of Food Ration and Firewood

Although Section 74 (1) (g) of the Prisons Act, 2016, gives provision of suitable diet and the Prisons Service through Internal Memo dated 26 April, 2018 states that a

prisoner should consume an equivalent of Kshs. 217.5 per day for meals and firewood. However, the audit revealed that some prisons were overfunded while others were underfunded as follows:

Over Funded Prisons

	Avg. Lock Up	Rate/Prisoner	Days per Year	Expected Aie Allocation- Kshs.	Actual Aie Allocation- Kshs.	Over-Funding- Kshs.
2014/2015						
KERICHO MEDIUM	258	217.5	365	20,481,975	25,500,000	(5,018,025)
KERICHO WOMEN	90	217.5	365	7,144,875	8,000,000	(855,125)
KAMITI YCTC	54	217.5	365	4,286,925	7,336,500	(3,049,575)
						(8,922,725)

Under Funded Prisons (29 Prisons)

Year	Expected Aie Allocation – Kshs.	Actual Aie Allocation- Kshs.	Under Funding- Kshs.
2014/2015	2,519,918,025	1,346,466,500	1,173,451,525
2015/2016	2,554,689,750	695,347,000	1,859,342,750
2016/2017	2,421,318,750	969,000,216	1,452,318,534
TOTAL	7,495,926,525	3,010,813,716	4,485,112,809

No satisfactory explanation has been provided for the over- funding and under-funding, respectively.

4. Proposed Erection and Completion of Staff Houses at Nakuru and Eldoret GK Prisons

4.1. Award of Contract

Audit inspections undertaken at Kenya Prison Services Eldoret and Nakuru stations on 11 and 14 December 2017, respectively revealed that the then Office of the Vice President and Ministry of Home Affairs awarded the above contract No. WP. ITEM NO.RV/NKR 501 JOB NO. 0138F & 0304F, to M/s Burrel International at a tender sum of Kshs. 102,285,587 and works commenced on 18 August 2006. Records also show that the contract sum was later revised to Kshs. 198,159,360.39, while the completion date of the contract initially recorded as 52 weeks and estimated to end on 12 September 2007 was later revised to 31 August 2012.

4.2. Payment Records

Records made available for audit to indicates that the contractor has so far been paid Kshs.182,665,539.79 or 92% of contract sum and works completed stands at 98% while more than ten (10) years have elapsed.

4.3. Domestic Sub Contractor

The contract records also indicate that the contractor entered into another contract with M/s Spion Construction Company on unclear date to execute awarded works on their behalf. However, the contractor abandoned works due to outstanding payments of executed works.

4.4. Project Manager

Records show that the Chief Architect, State Department of Public Works, is the Project Manager

4.5. Electrical Sub Contractor

It is not clear under what circumstances the electrical sub-contract for M/s Liteline Ltd was terminated on 12 October 2011 and another arrangement made with M/s Advance Refrigeration and Electrical Sales Ltd to undertake electrical sub-contract since December 2011.

4.6. Mechanical Sub Contractor

M/s Aqua Plumbers is the Sub Contractor.

4.7. Physical Status Report

A physical status report submitted by a Senior Superintending Architect (SSA) on 8 August 2013 disclosed progress as follows:

(i). Eldoret Prison

- Six (6) Bungalow complete with incomplete electrical works. Due to poor condition in which prison officer lives, these incomplete houses are occupied in their state.
- First block of the flats with eight (8) houses is 90% complete.
- Second and third block of flats with sixteen (16) houses are incomplete
- Plumbing and drainage works is 40% complete

(ii). Nakuru Prison

- Builder's Works in all twenty (20) units is complete
- Electrical Works is at 65% complete
- Plumbing and drainage works is at 40% complete

4.8. Challenges Observed

(i). The contract has taken more than ten years or 520 weeks to be completed as opposed to initially planned 52 weeks.

(ii). Main Builder's poor performance on site resulted in use of domestic sub-contractors to undertake his works.

(iii). There is a claim on escalation in costs which has not been approved. It was explained that the contractor's delay to deliver the project on schedule is the main reasons for escalation in costs.

(iv). There are no site meetings or consultative meetings going on as the prison staff continue to live in horrible shelters.

4.9. Recommended Way Forward

The Architect has recommended a handing over of site "as it is" to the client (State Department of Correctional Services) so that outstanding works can be completed in Phases under County Works Officers.

In an effort to complete the project in phases, the State Department for Correctional Services allocated Kshs. 12,000,000 and Kshs. 32,000,000 for Nakuru and Eldoret Main Prisons respectively, during 2016/2017 financial years.

AIEs were subsequently issued to Officers-in-Charge of the two Prisons. However, the Commissioner General has proposed that the existing contract should be terminated first before undertaking the remaining works.

4.10. Audit Inspection of Construction Site

4.10.1. Proposed Way Forward

(i) Evaluation of outstanding works

Although the proposed way forward is reasonable, a thorough evaluation and documentation of outstanding works is yet to be done by a team composed of an Architect, a Quantity Surveyor; Electrical, Structural and Mechanical (BS) Engineers.

(ii) Legal Consequences

The proposed way forward is silent on legal consequences/implications of handing over this site to the client "as it is".

(iii) Role for the Directorate of Public Works

Although the State Department is reported to have written to Attorney General seeking legal opinion on this matter, the Chief Architect (Project Manager) and technical team serving at State Department of Public Works should have provided the necessary advice on this matter.

Through their incomplete letter Ref: B.D05/0138F & 0304E/103 dated 31 July 2015, the Directorate of Public Works claims that it does not have institutional memory and, therefore, can't sort out what was paid for specific items on two sites since the project was run as one contract and can't advise on the issue of omitting part of works.

It is not clear how the Project Manager would certify payments totalling Kshs.182,665,539.79 or 92% of contract sum without institutional memory, therefore, can't sort out payments in terms of the items.

4.10.2. Outstanding Works

Major outstanding works relate to two specialist sub-contractors (Electrical and Plumbing) both of whom have abandoned the site. They are documented as follows:

- Electricity connection and meters
- Water supply connection and meters
- Incomplete Electrical works (electrical fittings and connections to mains)
- Incomplete Plumbing (water storage tanks) and drainage works
- Stolen Manhole covers posing risk to residents
- Fixing ridge tiles at flats in Eldoret
- Visible deterioration in terms of shrub growth on concrete surface, leakages, peeling off of putty and paints
- The contract site is busy, dark at night posing threat of attack from wild animals like leopards to residents as has been experienced before when the Prison lost 41 flock of sheep.

5. Stalled and Incomplete Projects

Examination of accounting records revealed that amounts of Kshs.200,407,159 and Kshs. 675,842,255 were incurred on stalled and ongoing projects respectively, in 2016/2017. An audit inspection undertaken during the month of May, 2017 in a selected sample of prisons revealed that these projects continue to stall and on-going projects were incomplete at a time when there was evidence of critical accommodation needs for prison staff.

6. Undelivered Ballistic Plates for Bullet Proof Jackets

Procurement records also show that the State Department procured three hundred bullet proof jackets through LPO No. 2129871 and three hundred Bullet Proof Vests through LPO No. 2129872 at a cost of Kshs.22,275,000 and Kshs.20,998,500 respectively.

Records further show that goods were received into the store through Counter Receipt Voucher numbers 7003900 and 7003899 and later distributed to various Prison Stations across the country.

However, an audit inspection carried out revealed that the body armours received do not have ballistic panels and cannot be used to protect staff against rifle fire, ammunition, knife stab and sharp or pointed instrument. In the circumstances, the State Department has not obtained the value for money in respect of the expenditure totalling Kshs.43,273,500 as required under Section 68(1)(b) of Public Finance Management Act,2012.

7. Construction of Perimeter Wall at Eldoret Prison, Contract No. CQS/D102/23/2016-2017

7.1. Award of Contract

The above contract was awarded to M/s Highpoint Agencies at a tender sum Kshs.24,882,843 on 20 April, 2017 for construction of a perimeter wall (650 meters long) following a restricted tendering procurement method. The contract period was indicated as twelve weeks from the date of site possession.

However, in unexplained circumstances, the Prisons Department issued additional funds amounting to Kshs. 7,500,000 which was utilized in constructing the perimeter wall measuring 234 meters through use of prisoners and staff.

7.2. Payments

Payments of Kshs.11,805,699.32 and Kshs.13,077,143.70 through Payment Vouchers Number 33 and 36 both dated 30 June 2017, respectively were made to the contractor in 2016/2017 financial year.

7.3 Audit Inspection

Audit inspection undertaken during the months of May 2017 and November 2017 revealed the following:

(i) The State Department for Correctional Services has explained through a letter Ref: SDC/SEC/FIN/3/12 VOL. V (23) dated 4 January 2018 that the original works awarded at Kshs. 24,882,843.32 did not include razor wire, paint, decoration, plaster of walls, beams and columns. However, audit has revealed that the Bills of Quantities were prepared by Chief Quantity Surveyor, an expert in contracting who has not disowned the purported contracted works.

(ii) In addition, the State Department purports that the savings on already constructed wall by Prisons Department will be used to complete omitted works without providing a technical evaluation on the savings, the basis upon which the savings could have been accounted before award of the contract.

(iii) Although it has been explained that a transformer on construction site has not been re-located hampering progress, works remain incomplete.

(iv) Indications are that the contract was awarded and the contractor paid Kshs.24,882,843.32 after which prisoners were used to construct the same wall at additional cost of Kshs.7,500,000.

8. Proposed Supply, Delivery, Installation, Testing and Commissioning of IP Based CCTV Surveillance System at Naivasha, G.K. Prison

8.1. Award of Contract

The above contract No. CWO/NRB/D102/18/2016-2017 was awarded to M/s Jamax Logistics Enterprises at Kshs.43,184,480 on 10 January, 2017 for supply, delivery,

installation, testing and Commissioning of IP Based CCTV Surveillance System at Naivasha G.K. Prison. The contract period was indicated as twelve weeks from the date of site possession.

8.2. Payments

Payment Vouchers Numbers 6329, 4957, and 4948 all totalling Kshs.43,184,480 were processed in respect of the contractor in 2016/2017.

8.3. Audit Inspections

Audit inspection undertaken on 13 December, 2017 revealed a loss of Kshs.8,645,000 detailed as follows:

(i). Although the contractor was paid Kshs.12,028,000 for the purported supply of one hundred and ninety cameras, verification confirmed existence of one hundred and fifty-eight cameras resulting in a loss of thirty-two 5 Megapixel Cameras costing Kshs.1,728,000.

(ii). Audit further established that fifty-two cameras costing Kshs.4,576,000 installed at Reception and Hospital Block are defective and, therefore, not functioning.

(iii). Further, audit revealed that the contractor supplied eight Power Distribution Boards instead of thirty resulting in a loss of twenty-two contracted costing Kshs.550,000.

(iv). In addition, the contractor was required to supply and install 64 Channel 400 Mbps Network Video Recorder (NVR) with minimum 48TB 12 Hot swap HDDs Internal Video Storage (RAID 6). However, five 3.63 TB totalling 18.15 TB and 5 Hot swap HDDs were installed instead of 48 TB and 12 Hot swap HDDs required, resulting in a loss of Kshs.1,791,000. Consequently, the storage capacity is low resulting in fluctuations in the required CCTV services.

(v). It was also observed that the required training on use of the CCTV services has not been undertaken by the contractor.

(vi). The State Department did not provide for audit review certificate of completion together with minutes of handing over of the project.

9. Construction of Staff Houses at Naivasha Maximum Security Prison

During the year under review, Development AIEs No A853002 and A836813 of Kshs.2,000,000 each were issued to the officer-in-charge of Naivasha Maximum Prison for construction of staff houses. The funds were to be used for purchase of building materials while prisoners were to provide free labour and technical staff serving in the Prison were to assist with the required technical and supervision skills.

9.1. Audit Inspection

Audit inspection undertaken at the Prison on 13 December 2017 revealed gross anomalies as follows:

(i). There was evidence of double payments of suppliers for construction materials which were all purportedly issued to Buildings/Construction site with nil balances of materials in the store at the time of audit.

(ii). Quality of workmanship was poor with the houses lacking proper ventilation for occupants. There was also no evidence that technical standards relating to plumb line; maintenance of levels; and requirement of square (90 degrees) at corners had been achieved.

(iii). There were no material test results to confirm that quality of construction materials used met technical specifications.

(iv). There was evidence of apparent excess payments or loss of Kshs.888,900 as shown in the table below:

Item	Qty Procured	Approx. Qty used	Excess Qty	Excess Payments (Kshs)
Iron sheets 2.5m	200pcs	60 Pcs	140 pcs	218,400
Iron sheets 3.0m	200pcs	60Pcs	140 pcs	252,000
Building stones 9"	3900 ft	3000 ft	900 ft	58,500
Building stones 6"	9000 ft	3000 ft	6000 ft	360,000
Total				Kshs.888,900

10. Unsupported District Suspense

The statement of assets and liabilities reflects a balance of Kshs. 673,392,624 against District Suspense Account which differs with the amount of Kshs.3,320,903,323.50 reflected in the State Department's records by unexplained and unreconciled figure of Kshs. 2,647,510,699.50.

In addition, the District Suspense Accounts balance has not been supported by authentic and verifiable source documents. Consequently, it has not been possible to confirm the validity, completeness and accuracy of the balance.

11. Prior Year Adjustments

The statement of assets and liabilities further reflects a prior year adjustment of Kshs.(2,520,670,050.) and as disclosed in Note 11 to the financial statements. However, analyses and supporting documents in respect of this negative balance has not been provided. Consequently, it has not been possible to confirm the validity, completeness and accuracy of the balance.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Correctional Services in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical

responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse 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. Except for the matter described in the Basis for Adverse Opinion section, I have determined that there are no Key Audit Matters to communicate in my report.

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

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

In preparing the financial statements, management is responsible for assessing the State Department's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the State Department's financial reporting process.

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

The audit objectives are to obtain reasonable assurance about whether the 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.

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

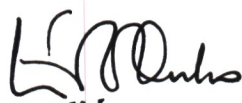
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the State Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the State Department's ability 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 Department's to cease sustaining 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 State Department's 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

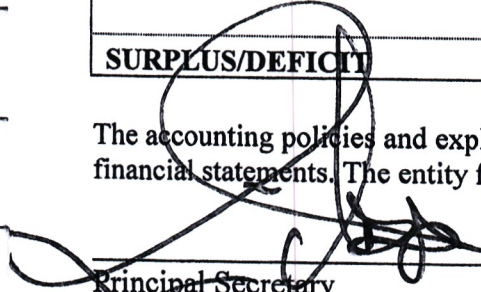
15 May 2018


Reports and Financial Statements
For the year ended June 30, 2017

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
		KES	KES
RECEIPTS			
Transfers from National Treasury	1	20,744,800,000	18,190,700,000
TOTAL REVENUES		20,744,800,000	18,190,700,000
PAYMENTS			
Compensation of Employees	2	12,168,615,797	10,288,035,518
Use of goods and services	3	7,643,747,942	4,587,044,037
Other grants and transfers	4	3,120,000	1,250,000
Social Security Benefits	5	4,269,256	5,246,314
Acquisition of Assets	6	669,597,618	405,488,166
TOTAL PAYMENTS		20,489,350,613	15,287,064,035
SURPLUS/DEFICIT		255,449,387	2,903,635,965

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 29th September 2017 and signed by:

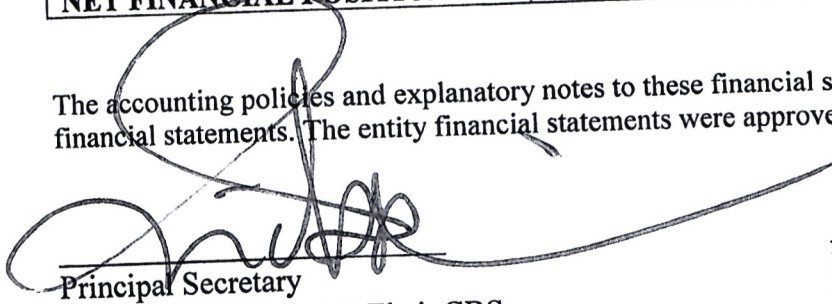

Principal Secretary
Name: Amb Richard T Ekai, CBS



Principal Accounts Controller
Name: Joseph K. Mwangi
ICPAK Member Number: 5841

VI. STATEMENT OF ASSETS AND LIABILITIES

	Note	2016-2017 KES	2015-2016 KES
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	7A	32,182,335	56,791,363
Cash Balances	7B	3,929,249	3,335,602
Total Cash And Cash Equivalents		36,111,584	60,126,965
Accounts Receivables - Outstanding Imprest and Clearence Accounts	8	673,392,624	2,916,533,470
TOTAL FINANCIAL ASSETS		709,504,208	2,976,660,435
LESS: FINANCIAL LIABILITIES			
Accounts Payables - Deposits	9	6,678,253	8,613,817
NET FINANCIAL ASSETS		702,825,955	2,968,046,618
REPRESENTED BY			
Fund balance b/fwd	10	2,968,046,618	66,124,368
Prior year adjustments	11	-2,520,670,050	1,713,715
Surplus/Defict for the year		255,449,387	2,903,635,965
NET FINANCIAL POSITION		702,825,955	2,968,046,618

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 29th September 2017 and signed by:

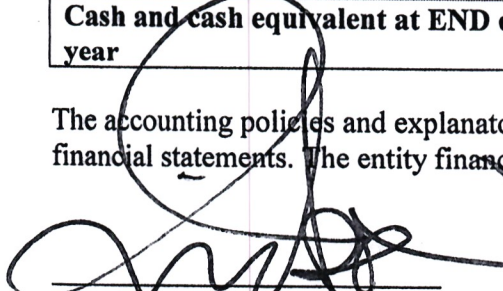

 Principal Secretary
 Name: Amb Richard T Ekai, CBS



 Principal Accounts Controller
 Name: Joseph K. Mwangi
 ICPAK Member Number: 5841

VII. STATEMENT OF CASH FLOWS

	Note	2016-2017	2015-2016
		KES	KES
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Transfers from National Treasury	1	20,744,800,000	18,190,700,000
		20,744,800,000	18,190,700,000
Payments for operating expenses			
Compensation of Employees	2	12,168,615,797	10,288,035,518
Use of goods and services	3	7,643,747,942	4,587,044,037
Other grants and transfers	4	3,120,000	1,250,000
Social Security Benefits	5	4,269,256	5,246,314
		19,819,752,995	14,881,575,869
Adjusted for:			
Changes in receivables		2,243,140,846	(2,856,213,267)
Changes in payables		(1,935,564)	(2,649,496)
Adjustments during the year	11	(2,520,670,050)	(1,713,715)
Net cashflow from operating activities		645,582,237	448,547,653
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	(669,597,618)	(405,488,166)
Net cash flows from Investing Activities		(669,597,618)	(405,488,166)
NET INCREASE IN CASH AND CASH EQUIVALENT			
		(24,015,381)	43,059,487
Cash and cash equivalent at BEGINNING of the year		60,126,965	17,067,478
Cash and cash equivalent at END of the year		36,111,584	60,126,965

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 29th September 2017 and signed by:


 Principal Secretary
 Name: Amb Richard T Ekai, CBS


 Principal Accounts Controller
 Name: Joseph K. Mwangi
 ICPAK Member Number: 5841

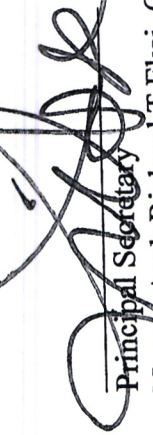
Reports and Financial Statements
For the year ended June 30, 2017


VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation Difference to Final Budget f=d/c %
RECEIPTS						
Exchequer releases	20,259,032,569	492,888,151	20,751,920,720	20,744,800,000	7,120,720	100%
Total Receipts	20,259,032,569	492,888,151	20,751,920,720	20,744,800,000	7,120,720	100%
Payments						
Compensation of Employees	12,592,504,810	(385,000,000)	12,207,504,810	12,168,615,797	38,889,013	100%
Use of goods and services	6,453,266,152	1,397,946,704	7,851,212,856	7,643,747,942	207,464,914	97%
Other grants and transfers	3,120,000	-	3,120,000	3,120,000	0	100%
Social Security Benefits	4,759,500	-	4,759,500	4,269,256	490,244	90%
Acquisition of Assets	1,205,382,107	520,058,553	685,323,554	669,597,618	15,725,936	98%
Grand Total	20,259,032,569	492,888,151	20,751,920,720	20,489,350,613	262,570,107	99%
Surplus/Deficit				255,449,387	-255,449,387	

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.

The entity financial statements were approved on 29th September 2017 and signed by:


 Principal Secretary
 Name: Amb Richard T Ekai, CBS


 Principal Accounts Controller
 Name: Joseph K. Mwangi
 ICPAK Member Number: 5841

Reports and Financial Statements
For the year ended June 30, 2017

IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=d-c	% of Utilisation Difference to Final Budget f=d/c %
RECEIPTS						
Exchequer releases	19,209,032,569	1,017,888,151	20,226,920,720	20,220,600,000	6,320,720	100%
Total Receipts	19,209,032,569	1,017,888,151	20,226,920,720	20,220,600,000	6,320,720	100%
PAYMENTS						
Compensation of Employees	12,592,504,810	(385,000,000)	12,207,504,810	12,168,615,797	38,889,013	100%
Use of goods and services	6,453,266,152	1,397,946,704	7,851,212,856	7,643,747,942	207,464,914	97%
Other grants and transfers	3,120,000	-	3,120,000	3,120,000	0	100%
Social Security Benefits	4,759,500	-	4,759,500	4,269,256	490,244	90%
Acquisition of Assets	155,382,107	4,941,447	160,323,554	158,322,834	2,000,720	99%
Grand Total	19,209,032,569	1,017,888,151	20,226,920,720	19,978,075,829	248,844,891	99%
Surplus/Deficit	-	-	-	242,524,171	-242,524,171	

Notes

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS/1.9.23. The totals of actual on comparable basis under the recurrent and development statement should equal to the total on actual on comparable basis under the Combined Summary Statement of Appropriation.)

The entity financial statements were approved on 29th September 2017 and signed by:



Principal Secretary

Name: Amb Richard T Ekai, CBS



Principal Accounts Controller

Name: Joseph K. Mwangi

ICPAK Member Number: 5841

State Department For Correctional Services
 Reports and Financial Statements
 For the year ended June 30, 2017

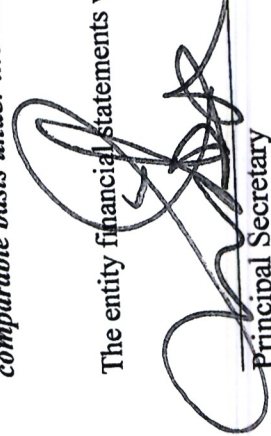
X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT


Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=d-c	Utilisation Difference to Final Budget f=d/c %
RECEIPTS						
Exchequer releases	1,050,000,000	525,000,000	525,000,000	524,200,000	800,000	100%
Total Receipts	1,050,000,000	(525,000,000)	525,000,000	524,200,000	800,000	100%
PAYMENTS						
Acquisition of Assets	1,050,000,000	(525,000,000)	525,000,000	511,274,784	13,725,216	97%
Grand Total	1,050,000,000	(525,000,000)	525,000,000	511,274,784	13,725,216	97%
Surplus/Deficit				12,925,216	(12,925,216)	

The change from KES 1,050,000,000.00 to KES 525,000,000.00 was as a result of development budget (2016 2017) cut during the supplementary budget stage.

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23. The totals of actual on comparable basis under the recurrent and development statement should equal to the total on actual on comparable basis under the Combined Summary Statement of Appropriation.)

The entity financial statements were approved on 29th September 2017 and signed by:


 Principal Secretary
 Name: Amb Richard T Ekai, CBS


 Principal Accounts Controller
 Name: Joseph K. Mwangi
 ICPAK Member Number: 5841

Reports and Financial Statements
For the year ended June 30, 2017

XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on	Budget
	2016/2017	2016/2017	2016/2017	comparable basis	utilization
	KES	KES	KES	2016/2017	difference
				KES	2016/2017
Policing Services	6,177,148	-	6,177,148	-	6,177,148
Kenya Police Services	6,177,148	-	6,177,148	-	6,177,148
Correctional services	20,391,550,325	-	20,391,550,325	20,185,372,957	206,177,368
Offender Services	17,609,913,410	-	17,609,913,410	17,511,598,081	98,315,329
Capacity Development	1,717,599,493	-	1,717,599,493	1,684,445,957	33,153,536
Probation and After Care Service	1,064,037,422	-	1,064,037,422	989,328,919	74,708,503
General Administration	338,354,126	-	338,354,126	316,570,285	21,783,841
	338,354,126	-	338,354,126	316,570,285	21,783,841
Betting Control	15,839,121	-	15,839,121	12,270,272	3,568,849
	15,839,121	-	15,839,121	12,270,272	3,568,849
TOTAL	20,751,920,720	-	20,751,920,720	20,489,350,613	262,570,107

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

XII. 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 IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes 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 receivables and payables are disclosed in the Statement of Assets and Liabilities. The Statement of Assets and Liabilities is not mandatory statement under the IPSAS Cash basis but is encouraged in order to disclose information on assets and liabilities.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

2. Reporting entity

The financial statements are for the **State Department for Correctional Services**. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the entity.

Tax receipts

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

SIGNIFICANT ACCOUNTING POLICIES

Transfers from the Exchequer

Transfer from Exchequer is 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 receiving entity.

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the Entity may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2017, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

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 entity recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

SIGNIFICANT ACCOUNTING POLICIES

Use of goods and services

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

Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

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 each public entity and a summary provided for purposes of disclosure. This summary is disclosed as an annexure to the entity's financial statements.

4. In-kind contributions

In-kind contributions are donations that are made to the *entity* 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 *entity* includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

5. 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.

SIGNIFICANT ACCOUNTING POLICIES

Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2017, this amounted to KES 6,678,253 compared to KES 8,613,817 in prior period as indicated on note 9.

There were no other restrictions on cash during the year

6. 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.

XIII. NOTES TO THE FINANCIAL STATEMENTS

1 EXCHQUER RELEASES

Description	2016-2017	2015-2016
	KES	KES
Total Exchequer Releases for quarter 1	3,442,200,000	4,225,000,000
Total Exchequer Releases for quarter 2	6,055,000,000	4,768,700,000
Total Exchequer Releases for quarter 3	3,900,500,000	5,030,700,000
Total Exchequer Releases for quarter 4	7,347,100,000	4,166,300,000
TOTAL	20,744,800,000	18,190,700,000

2 COMPENSATION OF EMPLOYEES

	2016-2017	2015-2016
	KES	KESs
Basic salaries of permanent employees	8,110,104,360	7,065,847,922
Basic wages of temporary employees	5,936,887	5,154,907
Personal allowances paid as part of salary	4,052,574,550	3,217,032,689
TOTAL	12,168,615,797	10,288,035,518

3 USE OF GOODS AND SERVICES

	2016-2017	2015-2016
	KES	KES
Utilities, supplies and services	592,342,451	576,785,226
Communication, supplies and services	25,993,645	17,615,225
Domestic travel and subsistence	193,207,637	91,721,567
Foreign travel and subsistence	16,343,472	12,181,129
Printing, advertising and information supplies & services	9,774,227	4,548,992
Rentals of produced assets	78,022,388	67,527,078
Training expenses	343,329,047	276,556,218
Hospitality supplies and services	91,724,120	46,105,629
Insurance costs	1,500,047,000	52,350
Specialised materials and services	3,876,325,341	3,145,781,632
Office and general supplies and services	45,491,035	21,957,076
Other operating expenses	175,809,257	236,536,528
Routine maintenance – vehicles and other transport equipment	76,788,694	67,297,464
Routine maintenance – other assets	6,671,375	18,021,852
Fuel Oil and Lubricants	611,878,255	4,356,071
TOTAL	7,643,747,942	4,587,044,037

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER GRANTS AND TRANSFERS

Explanation	2016-2017	2015-2016
	KES	KES
Membership dues and subscriptions to international organizations	3,120,000	1,250,000
Total	3,120,000	1,250,000

5 SOCIAL SECURITY BENEFITS

Explanation	2016-2017	2015-2016
	KES	KES
Government pension and retirement benefits	4,269,256	5,246,314
Total	4,269,256	5,246,314

6 ACQUISITION OF ASSETS

	2016-2017	2015-2016
	KES	KES
Non Financial Assets		
Construction of Buildings	305,740,034	282,896,490
Refurbishment of Buildings	23,383,123	15,303,750
Purchase of Vehicles and Other Transport Equipment	43,905,412	-
Purchase of Household Furniture and Institutional Equipment	14,023,842	4,173,172
Purchase of Office Furniture and General Equipment	10,000,000	-
Purchase of Specialized Plant, Equipment and Machinery	211,725,169	347
Purchase of Certified Seeds, Breeding Stock and Live Animals	112,875	-
Rehabilitation of Civil Works	60,707,163	-
Total	669,597,618	650,310,226

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7A: Bank Accounts

Name of Bank, Account No. & currency	Indicate whether recurrent, Development, deposit e.t.c	2016-2017	2015-2016
		KES	KES
Central Bank of Kenya, 1000302054, KShs	Recurrent	1,532,079	1,517,866
Central Bank of Kenya, 1000302062, KShs	Development	20,593,508	-
Central Bank of Kenya, 1000302078, KShs	Deposit	6,678,253	8,613,817
Central Bank of Kenya, 1000216317, KShs	Prison Fund	3,378,495	46,659,680
Total		32,182,335	56,791,363

7B: CASH IN HAND

	2016-2017	2015-2016
	KES	KES
Cash in Hand – Recurrent	328,647	-
Cash in Hand – General Deposit	3,600,602	3,335,602
Total	3,929,249	3,335,606

Cash in hand should also be analysed as follows:

	2016-2017	2015-2016
	KES	KES
Location 1 State Department for Corr Services HQ Cash Office	3,929,249.35	3,335,602
Total	3,929,249.35	3,335,602

[Provide cash count certificates for each as attachments to the financial statements]

Department of Correctional Services
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2016-2017	2015-2016
	KES	KES
Government Imprests	-	199,700
District suspense	673,392,624	5,415,762
Clearance accounts	-	2,910,918,008
Total	673,392,624	2,916,533,470

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		KES	KES	KES
N/A		-	-	-
Total				-

9. ACCOUNTS PAYABLE

Description	2016-2017	2015-2016
	KES	KES
Deposits	6,678,253	8,613,817
Total	6,678,253	8,613,817

10. FUND BALANCE BROUGHT FORWARD

Description	2016-2017	2015-2016
	KES	KES
Bank accounts	56,791,363	12,977,028
Cash in hand	3,335,602	4,090,450
Accounts Receivables	2,916,533,470	60,320,203
Accounts Payables	(8,613,817)	(11,263,313)
Total	2,968,046,618	66,124,368

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. PRIOR YEAR ADJUSTMENTS

Description of the error	2016 – 2017	2015 – 2016
	KES	KES
Adjustments on bank account balances	-	(1,713,715)
Adjustments on cash in hand	--	-
Adjustments on payables	-	-
Adjustments on receivables	-	-
Others (2015/ 2016 district Data)	-2,520,670,050	-
	-2,520,670,050	(1,713,715)

The District data was processed after the 2015 2016 account had been done, thereby necessitating the prior year adjustment.

(Provide explanations for the prior year adjustments made, their nature and effect on the fund balance of the entity).

12. RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the *(name of the entity)*

- Key management personnel that include the Cabinet Secretaries and Accounting Officers
- Other Ministries Departments and Agencies and Development Projects;
- County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

Related party transactions:

	2016/2017	2015/2016
	KES	KES
Key Management compensation	NIL	NIL
	=====	=====
Transfers to the Other Ministries Departments and Agencies	NIL	NIL
Transfers to other State Corporations and Semi-Autonomous Government Agencies	NIL	NIL
Transfers to Government Development Projects	NIL	NIL
Transfers from other Ministries Departments and Agencies	NIL	NIL
	=====	=====

State Department For Correctional Services
Reports and Financial Statements
For the year ended June 30, 2017

13. OTHER IMPORTANT DISCLOSURES

13.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	2016 – 2017	2015 – 2016
	KES	KES
Construction of buildings	101,759,408	72,085,367
Construction of civil works	-	-
Supply of goods	18,900,000	4,390,554,158
Supply of services	6,398,827,397	60,467,802
	6,519,486,805	4,523,107,327

13.2: PENDING STAFF PAYABLES

	2016 – 2017	2015 – 2016
	KES	KES
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (<i>specify</i>)	-	-
	-	-

13.3: OTHER PENDING PAYABLES

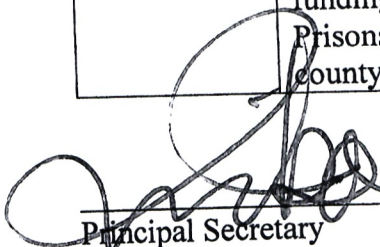
	2016 – 2017	2015 – 2016
	KES	KES
Amounts due to National Government entities	-	-
Amounts due to Entity entities	-	-
Amounts due to third parties	-	-
Others (<i>specify</i>)	-	-
	-	-


State Department For Correctional Services
Reports and Financial Statements
For the year ended June 30, 2017

14. 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)
114/117/119	Accounting Officer responds to audit issues on time	Accounting Officer ensures that management letters are responded on time	Sarah Kerandi Chief Finance Officer	Resolved	
115	Accounting Officer to ensure bills are cleared within financial year	Pending bills referred to were cleared as they formed the first charge	Sarah Kerandi Chief Finance Officer	Resolved	
121 to 128,130 & 132 to 135	Accounting Officer and or Treasury develop a Cabinet Paper aimed at comprehensively addressing funding of Prisons county-wide	Accounting Officer has continuously engaged the National Treasury on Budgetary provisions to fund Kenya Prisons.	Sarah Kerandi Chief Finance Officer		On Going


Principal Secretary
Name: Amb Richard T Ekai, CBS


Principal Accounts Controller
Name: Joseph K. Mwangi
ICPAK Member Number: 5841

State Department For Correctional Services
 Reports and Financial Statements
 For the year ended June 30, 2017

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount A	Date Contracted B	Amount Paid To- Date C	Outstanding Balance 2017 d=a-c	Outstanding Balance 2016	Comments
Construction of buildings						
Northline Ltd	126,400,780	02 06 2006	126,400,780	-	13,125,297	Allocation
Centurion Engineers And Builders Ltd	56,073,534	08 08 2012	-	56,073,534	56,073,534	
Mweha Enterprises Ltd	19,993,969	06 08 2013	19,993,969	-	2,886,536	Liquidity
Roberick Enterprises And Technologies Ltd	3,115,000	10 06 2006	3,115,000	-	3,115,000	Liquidity
Chosen Star agencies	4,955,992		-	4,955,992		
Patience services	10,844,254		-	10,844,254		
Taino Investments limited	10,891,770		-	10,891,770		
interprid contractors	18,333,858		-	18,333,858		
Ishukha Mechandise	660,000	17 06 2006	-	660,000	660,000	
Sub-Total	251,269,157		149,509,749	101,759,408	75,860,367	
Construction of civil works						
1.						
2.						
3.						
Sub-Total						
Supply of goods						
Peigasons Agencies	23,672,000	16 06 2016	23,672,000	-	23,672,000	

**State Department For Correctional Services
Reports and Financial Statements
For the year ended June 30, 2017**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
Sedna Company Ltd	18,900,000	23 06 2016	-	18,900,000	18,900,000	
Rolina Suppliers	8,860,000	16 06 2016	8,860,000	-	8,860,000	
Lotus Medica Company Ltd	2,156,100	17 06 2016	2,156,100	-	2,156,100	Liquidity
Sub-Total	53,588,100	-	34,688,100	18,900,000	53,588,100	53,588,100
Supply of services						
4. Various Suppliers	7,315,775,365		916,821,666	6,398,827,397	4,393,716,641	Allocation
Sub-Total	7,315,775,365		916,821,666	6,398,827,397	4,393,716,641	
Grand Total	7,620,632,622		1,101,019,515	6,519,486,805	4,523,165,108	7,620,632,622

State Department For Correctional Services
 Reports and Financial Statements
 For the year ended June 30, 2017

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Land	-	-	-	-
Buildings and structures	282,896,490	305,740,034	588,636,524	-
Transport equipment	-	43,905,412	43,905,412	-
Office equipment, furniture and fittings	15,303,750	23,383,123	38,686,873	-
ICT Equipment, Software and Other ICT Assets	4,173,672	14,023,842	18,197,514	-
Other Machinery and Equipment	347,936,314	211,725,169	553,861,483	-
Purchase of Office Furniture and General Equipment	-	10,000,000	10,000,000	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	112,875	112,875	-
Intangible assets Rehabilitation of Civil Works	-	60,707,163	60,707,163	-
Total	650,310,226	669,597,618	1,314,107,843	-

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year.

State Department For Correctional Services
Reports and Financial Statements
For the year ended June 30, 2017

ANNEX 5 – LIST OF PROJECTS IMPLEMENTED BY THE STATE DEPARTMENT FOR CORRECTIONAL SERVICES

Ref	Project Name	Principal Activity of the Project	Accounting Officer	Project Consolidated in these financial statements (yes/no)
1.	Security in Penal Institutions	Acquisition of police security equipment (CCTVs in Shimo and Naivasha main, Mobile jammers in Naivasha main and Kamiti main 300 bullet proof jackets, Telecommunication equipment, metal detectors and other key security apparatus)	PS	YES
2.	Borstal Institution	Completion of classroom and library	PS	YES
3.	Modernization of training facilities	Modernization of PSTC	PS	YES
4.	Construction of Non-Residential Buildings	Construction of perimeter walls (5 stations)	PS	YES
5.	Construction of Non-Residential Buildings	Construction of new prison in Loitoktok	PS	YES
6.	Construction of Non-Residential Buildings	Completion of Borehole in Kajiado	PS	YES
7.	Construction of Non-Residential Buildings	Construction of water works at Kitale Annex	PS	YES
8.	Construction of Non-Residential Buildings	Construction of workshops in one (1) prisons	PS	YES
9.	Construction of Non-Residential Buildings	Completion of Prisoners Ward in 7 Prisons	PS	YES
10.	Construction of Non-Residential Buildings	Construction of farm stores in 7 prisons	PS	YES
11.	Siaya probation Girls hostel	Construction of Siaya probation Girls hostel	PS	YES
12.	Msambweni Probation office	Construction of Msambweni Probation office	PS	YES
13.	Muranga East Probation office	Construction of Muranga East Probation office	PS	YES
14.	Makueni Probation office	Construction of Makueni Probation office	PS	YES
15.	Turkana West (Kakuma) Probation office	Construction of Turkana West (Kakuma) Probation office	PS	YES
16.	Construction of Probation office	Construction of Nyeri central Probation office	PS	YES

**State Department For Correctional Services
 Reports and Financial Statements
 For the year ended June 30, 2017**

17.	Kisauni probation office	Construction of Kisauni probation office	PS	YES
18.	Kapsabet (Nandi) probation office	Kapsabet (Nandi) probation office	PS	YES
19.	Nyandarua South (Engineer) Probation office	Construction of Nyandarua South (Engineer) Probation office	PS	YES
20.	Voi Probation office	Construction of Voi Probation office	PS	YES
21.	Webuye Probation office	Construction of Webuye Probation office	PS	YES
22.	Meru South (Chuka) Probation office	Construction of Meru South (Chuka) Probation office	PS	YES

ANNEX 7- REPORTS GENERATED FROM IFMIS

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. GOK IFMIS Receipts and Payments Statement
- iv. GOK IFMIS Statement of Financial Position
- v. GOK IFMIS Statement of Cash Flows
- vi. GOK IFMIS Notes to the Financial Statements
- vii. GOK IFMIS Statement of Budget Execution
- viii. GOK IFMIS Statement of Deposits
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification
- x. GOK IFMIS Budget Execution by Heads and Programmes

DAVID
NUSYA
K...
BANK OF
KENYA

State Dept for Correctional Service
P.O. Box 24444, Nairobi, Kenya
Tel: 254 20 24444, Fax: 24444

18th July, 2017

CERTIFICATE OF BALANCES

Customer : 131145

STATE DEPT FOR CORRECTIONAL
SERVICE

Balance Date: 30-Jun-17

Account No	Account Name	Currency	Balance
1000302054	REC-STATE DEPT.FOR CORRECTIONAL SER	KES	1,102,135,876.95
1000302062	DEV-STATE DEPT.FOR CORRECTIONAL SER	KES	66,026,473.30
1000302078	DEP-STATE DEPT.FOR CORRECTIONAL SER	KES	8,541,627.15
1000302089	CBK 165 -STATE DEPT.- CORRECT. SERV.	KES	0.00
1000307498	PRISON INDUSTRY FUND	KES	4,446,838.75
1000325267	STATE DEPT FOR CORR SERV REV COLL	KES	0.00



L. K. RWERIA
AUTHORISED SIGNATORY
BANKING SERVICES

P. S. LENKUME
AUTHORISED SIGNATORY
BANKING SERVICES

RECURRENT

F.O 51

REPUBLIC OF KENYA

Date 3/7/2017

Report of the Board of Survey on the cash and Bank Balances of STATE DEPARTMENT OF CORRECTIONAL SERVICES as at the close of Business on 30/6/2017

The Board, consisting of (Names and official duties)

CHAIR: S.M. MANG'ALE

1. FRANCIS APOPA

MEMBER: 2. MOSES J. SIRENGO

Assembled at the office of CASH OFFICE - TELEPOSTA

At 2.50 PM (time) on the 3/7/2017

And the following cash was produced:-

Notes	Sh. 328,600
Silver	Sh. 47.35
Copper	Sh.
Cheques (as per details on reverse)	Sh.
	<u>328,647.35</u>

It was observed that cheques amounting to Sh. N/A Cts.

had been on hand for more than 14 days prior to the date of survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the

Cash at hand Sh. 328,647.35

Bank Balance Sh. 1,532,079.15

The Bank Certificate of Balance showed a sum of Sh. 1,102,135,876.95

According to the credit of the account on

The difference between his figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

[Signature] 3/7/2017
 Chairman
[Signature] 3/7/2017
[Signature] 3/7/2017

Date 3/7/2017

Members of the Board

GPK (L)

REPUBLIC OF KENYA

F.O. 30

Account name : STATE DEPT. FOR CORRECTIONAL SERVICES

RECURRENT ACCOUNT -BANK RECONCILIATION REPORT AS AT 30TH JUNE, 2017

		KSH.	CTS	KSH.	CTS
BANK BALANCE AS PER BANK STATEMENT					
Less 1&2				1,102,135,876.95	
-	1 Payment in cashbook not in bank.	1,181,960,766.35			
-	2 Receipts in bank not in Cashbook	5,409,130.60			
	Sub-total	<u>1,187,369,896.95</u>		<u>(1,187,369,896.95)</u>	
Add: 3 & 4					
-	3 Payment in Bank not in Cashbook	66,411,236.35			
-	4 Receipts in Cashbook not in bank	20,354,862.80			
	Sub-total	<u>86,766,099.15</u>		<u>86,766,099.15</u>	
BANK BALANCE AS PER CASHBOOK					1,532,079.15

I hereby certify that I have verified the Bank Balance in the cash book with the bank statement and that the above reconciliation is correct".

Signature 

Designation SAAQ

Date _____

DEVELOPMENT

REPUBLIC OF KENYA

Date **3/7/2017**

Report of the Board of Survey on the cash and Bank Balances of **STATE DEPARTMENT OF CORRECTIONS SERVICES** as at the close of Business on **30/6/2017**

The Board, consisting of _____ (Names and official duties)

CHAIR: **S.M. MANG'ALE**

MEMBER: **1. FRANCIS APOPA**

2. MOSES J. SIRENGO

Assembled at the office of **CASHIER - TELEPOSTA TOWERS 3RD FLOOR**

At **2.50PM** (time) on the **3/7/2017**

And the following cash was produced:-

Notes Sh. **NIL**

Silver Sh. **NIL**

Copper Sh. **NIL**

Cheques (as per details on reverse)..... Sh. **NIL**

NIL

It was observed that cheques amounting to Sh. **N/A** Cts.....

had been on hand for more than 14 days prior to the date of survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the

Cash at hand Sh. **NIL**

Bank Balance Sh. **20,953,508.15**

The Bank Certificate of Balance showed a sum of Sh. **66,026,473.30** Cts.....

According to the credit of the account on

The difference between his figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

[Signature] **3/7/2017**
Chairman
[Signature] **3/7/2017**
[Signature] **3/7/2017**
Members of the Board

Date **3/7/2017**



**MINISTRY OF INTERIOR AND COORDINATION
OF NATIONAL GOVERNMENT
CORRECTIONAL SERVICES**

**BANK RECONCILIATION STATEMENT
DEVELOPMENT 2016/2017 FINANCIAL YEAR**

AS AT 30TH JUNE 2017 STATION DEPARTMENT OF CORRECTIONAL

Balance as per Bank Certificate		66,026,473.30
LESS: -		
Payments in cash Book not yet recorded in Bank Statement	(108,972,965.15)	
Receipts in Bank statement not yet recorded in Cashbook	(100,000.00)	(109,072,965.15)
ADD: -		
Payments in Bank statement not yet recorded in Cashbook	-	
Receipts in cash Book not yet recorded in Bank Statement	64,000,000.00	64,000,000.00
Cashbook Balance		20,953,508.15

I certify that I have verified the Bank Balance in the Cashbook with the Bank statement and that the above Reconciliation is correct.

**JOSEPH MWANGI
FOR: PERMANENT SECRETARY.**

DATE.....

PRISON FUND

F.O 51

REPUBLIC OF KENYA

Date 3/7/2017

Report of the Board of Survey on the cash and Bank Balances of STATE DEPARTMENT OF CORRECTIONS

SERVICES as at the close of Business on 30/6/2017

The Board, consisting of (Names and official duties)

CHAIR: S.M. MANG'ALE

MEMBER: 1. FRANCIS APOPA 2. MOSES J. SIRENGO

Assembled at the office of CASHIER - TELEPOSTA TOWERS 3RD FLOOR

At 2.50 PM (time) on the 3/7/2017

And the following cash was produced:-

Notes Sh. NIL

Silver Sh. NIL

Copper Sh. NIL

Cheques (as per details on reverse) Sh. NIL

NIL

It was observed that cheques amounting to Sh. N/A Cts.

had been on hand for more than 14 days prior to the date of survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the

Cash at hand Sh. N/A

Bank Balance Sh. 3,378,495.45

The Bank Certificate of Balance showed a sum of Sh. 4,446,838.75

According to the credit of the account on

The difference between his figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

Date 3/7/2017

Handwritten signatures and dates for Chairman and Members of the Board.

GPK (L)



**MINISTRY OF INTERIOR AND COORDINATION
OF NATIONAL GOVERNMENT
CORRECTIONAL SERVICES**

**BANK RECONCILIATION STATEMENT
PRISON INDUSTRIES FUND 2016/2017 FINANCIAL YEAR**

AS AT 30TH JUNE 2017 STATION DEPARTMENT OF CORRECTIONAL

Balance as per Bank Certificate

LESS: -

Payments in cash Book not yet
recorded in Bank Statement

Receipts in Bank statement not yet
recorded in Cashbook

ADD: -

Payments in Bank statement not yet
recorded in Cashbook

Receipts in cash Book not yet
recorded in Bank Statement

Cashbook Balance

	4,446,838.75
(21,840,293.40)	
(453,750.00)	(22,294,043.40)
1,810,275.20	
19,415,424.90	21,225,700.10
	3,378,495.45

I certify that I have verified the Bank Balance in the Cashbook with the
Bank statement and that the above Reconciliation is correct.

**JOSEPH MWANGI
FOR: PERMANENT SECRETARY.**

DATE.....

REPUBLIC OF KENYA

F.O. 30

Account name : STATE DEPT.FOR CORRECTIONAL SERVISSES

DEPOSIT ACCOUNT -BANK RECONCILIATION REPORT AS AT 30TH JUNE, 2017

		KSH.	CTS	KSH.	CTS
BANK BALANCE AS PER BANK STATEMENT				8,541,627.15	
Item 1&2					
1	Payment in cashbook not in bank.		2,263,274.20		
2	Receipts in bank not in Cashbook		<u>120,000.00</u>		
	Sub-total		2,383,274.20	(2,383,274.20)	
Item 3 &4					
3	Payment in Bank not in Cashbook		120,000.00		
4	Receipts in Cashbook not in bank		<u>399,900.00</u>		
	Sub-total		519,900.00	519,900.00	
BANK BALANCE AS PER CASHBOOK				6,678,252.95	

I certify that I have verified the Bank Balance in the cash book with the bank statement and that the above reconciliation is correct".

Signature 

Designation SATTG

Date _____

GENERAL DEPOSIT

REPUBLIC OF KENYA

Date... **3/7/2017**

Report of the Board of Survey on the cash and Bank Balances of... **STATE DEPARTMENT OF CORRECTIONAL SERVICES** as at the close of Business on... **30/6/2017**

The Board, consisting of (Names and official duties)

CHAIR: **S.M. MANG'ALE**

MEMBER: **1. FRANCIS APOPA**
2. MOSES J. SIRENGO

Assembled at the office of... **CASHIER - TELEPOSTA TOWERS - 3RD FLOOR**

At... **2.50 PM** (time) on the... **3/7/2017**

And the following cash was produced:-

Notes	Sh. 3,600,600
Silver	Sh. 2
Copper	Sh.
Cheques (as per details on reverse).....	Sh.
	<u>3,600,602</u>

It was observed that cheques amounting to Sh... **N/A** Cts.....

had been on hand for more than 14 days prior to the date of survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the

Cash at hand Sh. **3,600,602**

Bank Balance Sh. **6,678,252.95**

The Bank Certificate of Balance showed a sum of Sh. **8,541,627.15** Cts.....

According to the credit of the account on

The difference between his figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

Date... **3/7/2017**

[Signature] **3/7/2017**
Chairman

[Signature] **3/7/2017**
[Signature] **3/7/2017**
Members of the Board

GPK (L)