

REPUBLIC OF KENYA

PARLIAMENT
OF KENYA
LIBRARY



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 16 MAR 2023

DAY.

Thursday

TABLED
BY:

OF

CLERK-AT
THE-TABLE:

Deputy Majority
Party Leader

Joyce Lemorelle

THE AUDITOR-GENERAL

ON

NATIONAL EXCHEQUER ACCOUNT

**FOR THE YEAR ENDED
30 JUNE, 2022**

THE NATIONAL TREASURY



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

20 JAN 2023

RECEIVED



THE NATIONAL TREASURY

National Exchequer Account Financial Statements

For the Financial Year ended 30th June 2022

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

Table of contents.....	Page No.
1. National Treasury Information and Management	i
2. Forward by the Cabinet Secretary	x
3. Statement of Performance against predetermined objectives	xxv
4. Corporate Social responsibility statement/ sustainability Reporting	xxiii
5. Overview of National Exchequer operations.....	xx
6. Statement of the Management's Responsibilities.....	xxvii
7. Report of the Independent Auditors	xxviii
8. The Statement of Receipts and Payment for the year ended 30th June 2022	1
9. The Statement of Assets and Liabilities as at 30th June 2022	2
10. The Statement of Cash Flows for the year ended 30th June 2022.....	3
11. The Statement Comparison of Budget and Actual amounts	4
12. Significant Accounting Policies.....	5
13. Notes to the Financial statement.....	6
13.1 Tax Income and Non Tax Income Receipts.....	6
13.2 Grants received through National Exchequer Account.....	7
13.3 Net Proceeds from Domestic Borrowings.....	8
13.4 Proceeds from External Borrowings.....	8
13.5 Exchequer Transfers.....	9
13.7 Progress on Follow up of Auditor's Recommendations.....	18

1. NATIONAL TREASURY INFORMATION AND MANAGEMENT

(a) Background Information

The National Treasury was established via the Executive Order No. 2 of May 2013. The basis for establishment of the National Treasury is found in Article 225 (i) of the Constitution of Kenya which states that an Act of Parliament shall provide for the establishment, functions and responsibilities of the National Treasury. This has been actualized in Section 11 and 12 of the Public Finance Management (PFM) Act 2012.

At Cabinet level, the National Treasury is represented by the Cabinet Secretary for National Treasury and Planning, who is responsible for the general policy and strategic direction of the Ministry with the assistance of the Chief Administrative Secretary.

Vision

“Excellence in economic and public financial management, and development planning”.

Mission

“To provide leadership in economic and public financial management, for shared growth through formulation, implementation and monitoring of economic and financial policies”.

Core Values

The National Treasury is guided by the following core values: Customer Focus, Results Oriented, Stakeholder Participation, Professionalism, Accountability, Integrity and Transparency and Teamwork all geared towards excellence in service delivery.

Mandate of the National Treasury

The National Treasury derives its mandate from Article 225 of the Constitution, Public Finance Management Act 2012 and the Executive Orders No.2/2013 and No.1/2018. The National Treasury will be executing its mandate in consistency with any other legislation as may be developed or reviewed by Parliament from time to time.

The core functions of the National Treasury as derived from the above legal provisions include;

- Formulate, implement and monitor macro-economic policies involving expenditure and revenue;
- Manage the level and composition of national public debt, national guarantees and other financial obligations of national government;
- Formulate, evaluate and promote economic and financial policies that facilitate social and economic development in conjunction with other national government entities;

- Mobilize domestic and external resources for financing national and county government budgetary requirements;
- Design and prescribe an efficient financial management system for the national and county governments to ensure transparent financial management and standard financial reporting.
- In consultation with the Accounting Standards Board, ensure that uniform accounting standards are applied by the national government and its entities;
- Develop policy for the establishment, management, operation and winding up of public funds;
- Prepare the annual Division of Revenue Bill and the County Allocation of Revenue Bill;
- Strengthen financial and fiscal relations between the national government and county governments and encourage support for county governments;
- Assist county governments to develop their capacity for efficient, effective and transparent financial management;
- To prepare the National Budget, execute/implement and control approved budgetary resources to MDAs and other Government agencies/entities; and
- Coordination and integration of public ports, railway and pipeline services.

Role of the National Treasury in the Devolved System of Government

The National Treasury is mandated by law to:

- Strengthen financial and fiscal relations between the National Government and County Governments and support for county governments in performing their functions;
- Issue guidelines on the preparation of county development planning;
- Prepare the annual legislative proposals on intergovernmental fiscal transfers;
- Provide logistical support to intergovernmental institutions overseeing intergovernmental fiscal relations;
- Coordinate the development and implementation of financial recovery plans for County Governments that are in financial distress;
- Build capacity of County Governments on public finance management matters for efficient, effective and transparent financial management as well as planning, monitoring and evaluation and;
- Administer the Equalization Fund.

(b) Key Management

The National Treasury day-to-day management is under the following key offices;

Office of the Principal Secretary

The Office of the Principal Secretary is responsible for the day-to-day administration of the National Treasury operations and is the accounting officer. In addition, the Principal Secretary is charged with the responsibility of providing advice to the Cabinet Secretary in order to enhance efficiency and collective responsibility.

Organizational structure of the National Treasury

The National Treasury is organized into five technical Directorates headed by Directors General and are Administrative and Support Services Directorate headed by a Principal Administrative Secretary. Each Director General is responsible for a Directorate comprising a cluster of Departments responsible for related policy functions. In addition, the Treasury has two independent departments namely Public Procurement and Internal Auditor General both of which are headed by Directors. The Directorates and Departments are as follows:

Directorate of Budget, Fiscal and Economic Affairs

The Directorate is headed by a Director General, reporting to the Principal Secretary, National Treasury. It is organized into the following four (4) Technical Departments each headed by a director:

- Budget Department;
- Macro and Fiscal Affairs Department
- Financial and Sectoral Affairs Department
- Inter-Governmental Fiscal Relations Department

Directorate of Accounting Services and Quality Assurance

The Directorate is headed by a Director General reporting to the Principal Secretary, National Treasury. It is organized into the following four (4) Technical Departments each headed by a Director:

- Government Accounting Services
- Financial Management Information Systems (FMIS)
- National Sub-County Treasuries
- Government Digital Payments Unit

Directorate of Portfolio Management

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following four (4) Technical Departments each headed by a Director:

- Government Investment and Public Enterprises;
- National Assets and Liabilities Management
- Pensions Department
- Public Investment Management Unit

Directorate of Public Debt Management Office

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following three (3) Technical Departments each headed by a Director:

- Resource Mobilization (Front Office)
- Debt Policy, Strategy and Risk Management (Middle Office)
- Debt Recording and Settlement (Back Office)

Directorate of Public Private Partnership Unit

The Directorate is headed by a Director General, reporting to the Principal Secretary on matters relating to Public Private Partnership.

Directorate of Administrative and Support Services (Common Shared Services)

The Directorate is headed by a Principal Administrative Secretary, reporting to the Principal Secretary. It is organized into twelve (12) specialized functions offering common shared services. The common shared services of the National Treasury offer critical support services to the National Treasury. The functions include:

- Accounting
- Finance
- Human Resource Management and Development
- Central Planning and Project Monitoring
- Supply Chain Management
- Legal
- Public Communications

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

- General Administration
- Records Management
- Internal Audit
- ICT
- Government Clearing Agency

(C) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

S/No.	Designation	Name
1.	Cabinet Secretary	HON.(AMB.) Ukur Yatani, EGH
2.	Principal Secretary	Dr. Julius Muia, PhD, CBS
3.	Director General, Budget Fiscal & Economic Affairs	Mr. Albert Mwenda, HSC
4.	Director, Budget Department	Mr. Francis Anyona, OGW
5.	Director, Financial and Sectoral Affairs Department	Prof. Galgalo Barako
6.	Ag. Director, Intergovernmental Fiscal Relations Department	Mrs. Josephine Kanyi
7.	Director, Macro and Fiscal Affairs Department	Mr. Musa Gathanje
8.	Director, Public Procurement Department	Mr. Eric Korir
9.	Director General, Accounting Services & Quality Assurance	FCPA Bernard Ndung'u, MBS
10.	Ag. Director, Government Accounting Services Department	Mr. Jonah Wala
11.	Ag. Deputy Internal Auditor General	Ms. Jane Micheni
12.	Ag. Director, National Sub County Treasuries	Mr. Francis Kariuki
13.	Director, Integrated Financial Management Information System	Mr. Stanley Kamanguya
14.	Ag. Director, Government Digital Payments Unit	Mr. Nicholas Wambugu
15.	Head of Exchequer operations	Ms. Jane W N Macharia
16.	Director General, Public Investments & Portfolio Management	Eng. Stanley Kamau
17.	Director, Government Investment and Public Enterprises	Mr. Kennedy Ondieki
18.	Ag. Director, National Assets and Liability Management	Mrs. Veronica Okoth
19.	Director, Pensions Department	Mr. Michel Kagika, EBS
20.	Director General, Public Debt Management Office	Dr. Haron Sirma, OGW
21.	Director, Resource Mobilization Department	Mr. Moses Kanagi
22.	Director, Debt Policy, Strategy and Risk Management Department	Mr. Daniel Ndolo
23.	Director, Debt Recording and Settlement Department	Mr. George Kariuki
24.	Director General, Public Private Partnerships (PPP) Directorate	Mr. Christopher Kirigua, OGW
25.	Director, Public Private Partnership Unit	Mrs. Veronica Okoth
26.	Principal Administrative Secretary	Mr. Amos Gathecha, EBS
27.	Secretary Administration	Mr. Hiram Kahiro

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

S/No.	Designation	Name
28.	Head, Accounts Division	Mr. Nemwel Motanya
29.	Head, Finance	Mr. Kimathi Mugambi, HSC
30.	Head, SCM	Mr. Aggrey kituyi
31.	Director, Human Resource Management and Development	Ms. Susan Mucheru
32.	Director, Information Communication and Technology	Mrs. Lynn Nyongesa
33.	Head, Central Planning and Project Monitoring Unit	Mr. Antony Muriu, HSC
34.	Head, Public Communications	Ms. Catherine Njoroge
35.	Programme Coordinator, Public Financial Management Reform Secretariat	Mr. Julius Mutua
36.	Director, Government Clearing Agency	Mr. Felix Ateng
37.	Head, Internal Audit Unit	Ms. Esther Ngeru

(d) Fiduciary Oversight Arrangements

To manage the fiduciary risk, the National Treasury has put in place fiduciary oversight arrangements including setting up committees. The key oversight arrangements include:

Internal Audit Unit

The National Treasury has an internal Audit Unit charged with the responsibility of identifying risks in the management and day to day operations of the Ministry through the risk-based audits. The Unit reports directly to the Accounting Officer on a regular basis.

Audit Committees

In line with the Public Finance Management Act, the National Treasury has established a Ministerial Audit Committee comprising five members, three of whom are independent. The Committee provides overall oversight and quality assurance including follow up on the effectiveness of implementation of audit recommendations.

Further, the National Treasury established an audit committee comprising officers from all departments of the Ministry, under the chairmanship of the Senior Chief Finance Officer. The Committee reviews and analyses all audit queries and makes recommendations on how to reduce fiduciary risks. In addition, the committee prepares responses to all audit queries for presentation to the relevant committees of parliament.

Project Implementation Committee

To monitor the implementation of the Government's Infrastructure Projects, the National Treasury has established a Project Steering Committee comprising Principal Secretaries from implementing Ministries and appointed a technical committee comprising officers from the technical departments of the Ministry. The Committees review and analyse the progress made by ministries in the implementation of domestically and externally funded projects and advises accordingly.

Parliamentary Activities

In order to effectively manage the parliamentary activities relating to the Ministry, the National Treasury has established a committee and designated a liaison officer to coordinate the activities under the Office of the Cabinet Secretary in consultation with the Office of the Chief Administrative Secretary.

Development Partner Oversight

To effectively manage Official Development Assistance to the Government, the National Treasury has under the Public Debt Management a department responsible for all matters relating to Development Partners. The Department has various Units that coordinate different development partner activities in the Country.

Other fiduciary oversight arrangements include the following committees with specific objectives;

Top Management Committee and Other Committees

To monitor the implementation of the Ministry's programmes and performance, the National Treasury has appointed Top Management Committee comprising of Directors General. The Committee receives reports from departments, build consensus on National Treasury responses to emerging issues, challenges and risks and ensures that the decisions made are implemented in a timely manner. Additionally, the Treasury constituted Ad hoc Committees to handle specific assignments in the Financial Year 2021/22.

Public Financial Management Sector Working Group.

To facilitate the implementation of financial management reforms, the National Treasury has appointed senior officers to the Public Financial Management Sector Working Group. The Committee plays an oversight role in the implementation of financial reforms in the public service in collaboration with the development partners.

Budget Implementation Steering Committee

In order to effectively monitor the implementation of the National Government budget implementation, The National Treasury has established a steering Committee chaired by the Cabinet Secretary, National Treasury and Planning. The Principal Secretaries for the National

Treasury and State Department of Planning provide general oversight in the Budget implementation.

Budget Implementation Technical Committee

The Committee is chaired by the Principal Administrative Secretary and comprises the Directors General and various Heads of Department. The Committee is responsible for monitoring the actual implementation of the identified measures and programmes and reporting detailed progress on the same regularly.

Budget Implementation Ministerial Committee

To monitor the implementation of the Ministry's budget, programmes and activities, the National Treasury has appointed a committee comprising of officers from all the Departments of the Ministry. The Committee reviews and analyses the progress made by Departments in the implementation of budget and the planned programmes and activities and advises the management accordingly.

Monitoring and Evaluation

The Ministry undertakes monitoring and evaluation exercises to establish progress made in the implementation of various programmes and projects including those that are funded by the development partners.

The National Treasury Headquarters

P.O. Box 30007- 00100,
Treasury Building,
Harambee, Avenue
Nairobi Kenya

The National Treasury Contacts

Telephone: (254)020-2252299
Email: Communication@treasury.go.ke
Website: www.treasury.go.ke

The National Treasury Bankers

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

Independent Auditors

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

Principal Legal Adviser

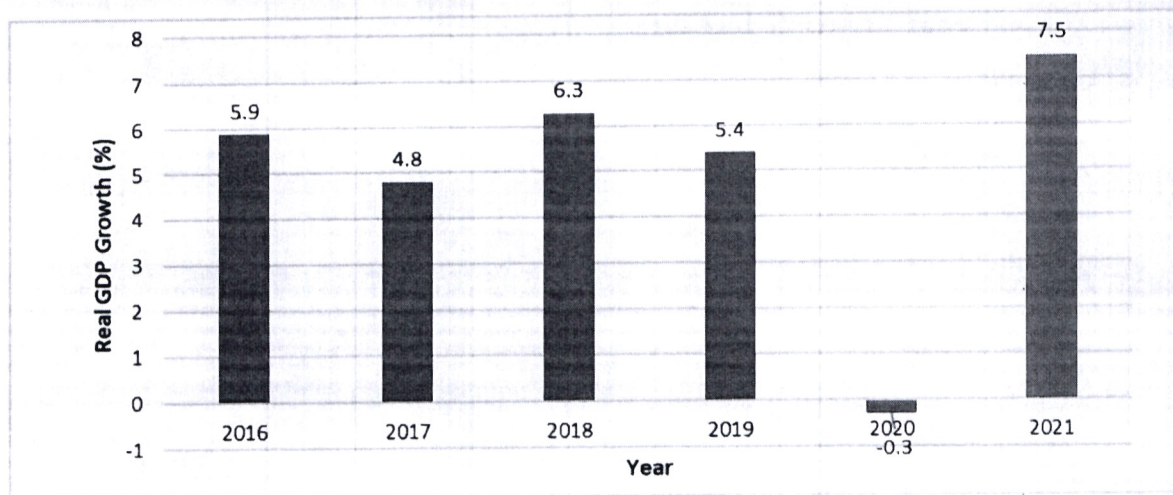
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

2.1. FOREWORD BY THE CABINET SECRETARY

In accordance with Section 12 of the Public Finance Management Act, 2012, the National Treasury is responsible for coordinating the country's economic and financial management. Overall, the National Treasury has continued to maintain a policy environment that is conducive to economic growth and development of the country.

The Kenyan economy demonstrated remarkable resilience to the COVID-19 shock and expanded by 7.5 percent in 2021, a much stronger level from a contraction of 0.3 percent in 2020 (**Chart 1**). This economic recovery was mainly supported by the recovery in the service and industry sectors despite the subdued performance in the agricultural sector.

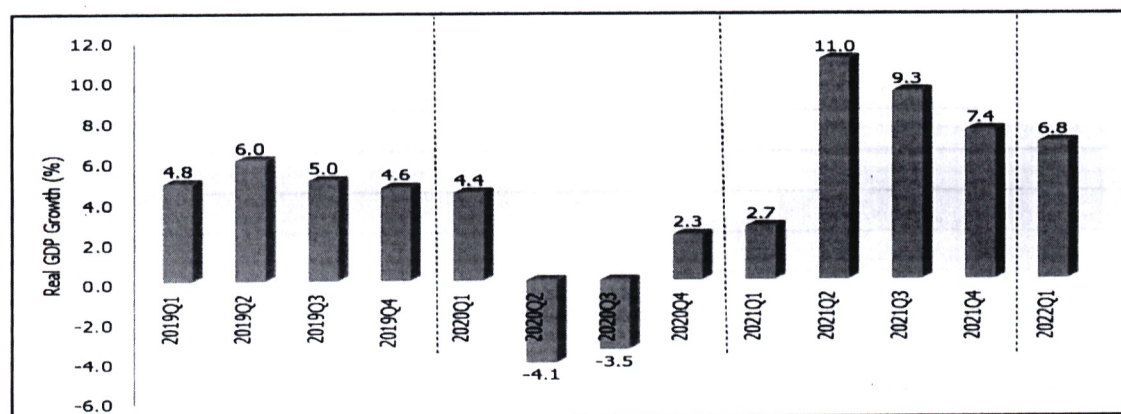
Chart 1: Annual Real GDP Growth Rates



Data Source: National Treasury: Quarterly Economic and Budgetary Review, September, 2022

In the first quarter of 2022, the economy expanded further by a remarkable 6.8 percent compared with a growth of 2.7 percent in a similar quarter in 2021 (**Chart 2**). The strong performance was supported by continued recovery in manufacturing, transport and storage, accommodation and food services, wholesale and retail trade, Professional, administration and support services and financial and insurance sectors.

Chart 2: Quarterly Real GDP Growth Rates



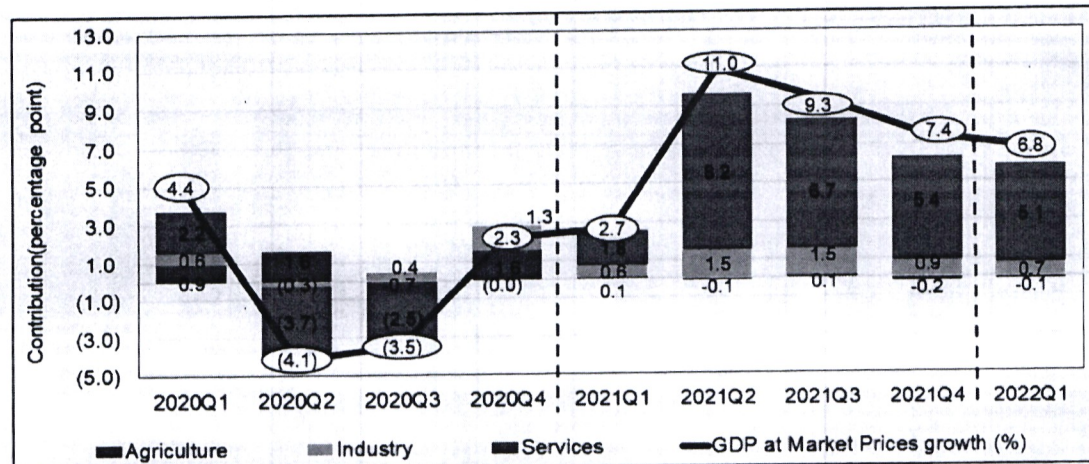
Data Source: National Treasury: Quarterly Economic and Budgetary Review, September, 2022

Sectoral Growth rates

Activities in agriculture, forestry and fishing sector remained subdued in the first quarter of 2022 mainly attributed to depressed rainfall during the fourth quarter of 2021 as well as delayed onset of rains during the first quarter of 2022, thereby leading to reduced agricultural production. The sector is estimated to have contracted by 0.7 percent in the first quarter of 2022 compared to 0.4 percent growth in the first quarter of 2021. The poor performance of the sector was mainly due to the significant decline in horticultural exports and tea production. The sector's performance was however cushioned from a steeper slump by the increase in production of cane, milk, and coffee. The sector's contribution to GDP growth was -0.1 percentage points in the first quarter of 2022 compared to 0.1 percentage points contribution in the same quarter in 2021 (**Chart 3**).

The biggest contribution to the growth was recorded in the Services Sector. The recovery of activities in the services sector continued in the first quarter of 2022. The sector grew by 9.1 percent in the first quarter of 2022 compared to a growth of 3.2 percent in the same quarter in 2021. The strong growth was largely characterized by significant recovery in transportation and Storage (8.1 percent), accommodation and food services (56.2 percent) and Professional, Administrative and Support Services (14.9 percent). The sector was also supported by strong growths in financial and insurance services (14.4 percent), and wholesale and retail trade (8.7 percent). The services sector contributed 5.1 percentage point to real GDP growth in the first quarter of 2022 compared to the 1.8 percentage point contribution in the same quarter in 2021.

Chart 3: Sectoral contributions to Real GDP Growth



Data Source: National Treasury: *Quarterly Economic and Budgetary Review, September, 2022*

Additionally, activities in the manufacturing sub-sector were more vibrant in the first quarter of 2022 compared to the same quarter in 2021. The sub-sector grew by 3.7 percent in the first quarter of 2022 compared to a 2.1 percent growth in 2021. The improved performance was supported by both the food and non-food components. The food component that registered substantial growth was processing of coffee while the non-food component growth was supported by substantial growth in cement production.

Inflation

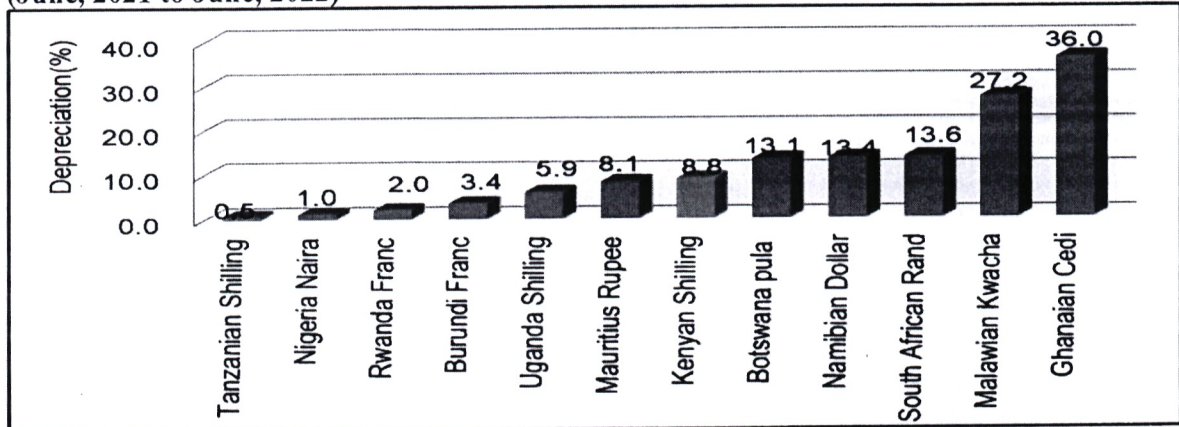
The year-on-year inflation rate increased to 7.9 percent in June 2022 (slightly above the 7.5 percent upper bound) from 6.3 percent in June 2021 mainly due to higher food and fuel prices. Notwithstanding this, the increase was moderated by Government measures to stabilize fuel prices, lower electricity tariffs and subsidies on fertilizer prices. Additionally, the recent waiver of import duties and levies on white maize, the subsidy on retail prices of sifted maize flour, and the reduction in VAT on LPG will further moderate domestic prices. Overall annual average inflation remained within Government target range at 6.3 percent in June 2022 compared to the 5.3 percent recorded in June 2021.

Exchange Rates

The foreign exchange market has largely remained stable despite the tight global financial conditions attributed to strengthening of the US Dollar. The Kenya Shilling to the US Dollar exchanged at KSh. 117.3 in June 2022 compared to KSh. 107.8 in June 2021. Over the same period, the Euro exchanged at KSh. 124.1 compared to KSh. 130.1 while the Sterling Pound exchanged at KSh. 144.8 compared to KSh. 151.5.

In comparison to most Sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable weakening by 8.8 percent against the US Dollar (**Chart 4**). The depreciation rate of the Kenya Shilling was lower than that of Botswana pula, Namibian Dollar, South African Rand, Malawi Kwacha and Ghanaian Cedi. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and improved exports.

Chart 4. Performance of Selected Sub-Saharan Countries Currencies against the US Dollar (June, 2021 to June, 2022)




Data Source: National Treasury: *Quarterly Economic and Budgetary Review, September, 2022*

Overall, leading economic indicators including interest rates, Foreign Exchange Reserves balance of payments and, money and credit for the fourth quarter of 2021 and the first quarter of 2022 recorded stable performance and point to strong recovery from the adverse impact of the COVID-19 pandemic.

Going forward, the National Treasury is committed to promoting Growth enabling investments through the implementation of the Economic Recovery Strategy. Specifically, the National Treasury will:

1. Scale-up the COVID-19 response;
2. Reduce debt vulnerabilities through revenue-driven fiscal consolidation plan that target to stabilize the debt to GDP ratio and subsequently put it on a downward path;
3. Support structural and governance reforms while addressing weaknesses in state-owned enterprises; and,
4. Strengthen monetary policy framework and support financial stability.

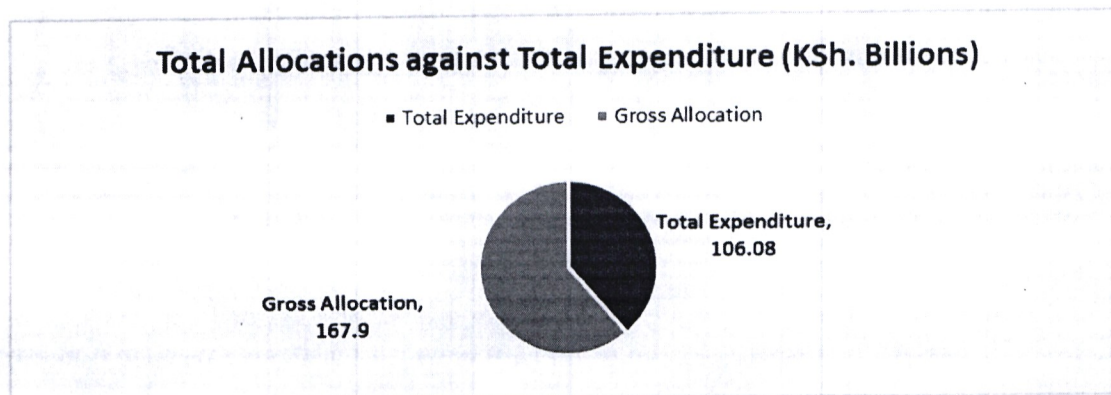

HON. (AMB.) UKUR YATANI, EGH
CABINET SECRETARY
THE NATIONAL TREASURY AND PLANNING

2.2. STATEMENT BY THE PRINCIPAL SECRETARY

Budget performance

The National Treasury expenditure for the FY 2021/22 stood at KSh. 106.08 billion against an approved budget of KSh. 167.9 billion translating to an overall absorption rate of 63 percent as demonstrated in that pie chart below.

Chart 5: Total Allocation against Total Expenditure (KSh. Billion)



The National Treasury implemented the 2021/22 budget within five economic classifications/programmes. These were General Administration, Planning and Support Services, Public Financial Management, Economic and Financial Policy Formulation and Management, Market Competition and Creation of an Enabling Business Environment, Government Clearing Services, Rail Transport and Marine Transport. The latter two programmes were transferred to the National Treasury by an executive directive that merged the ports, rail and pipeline services.

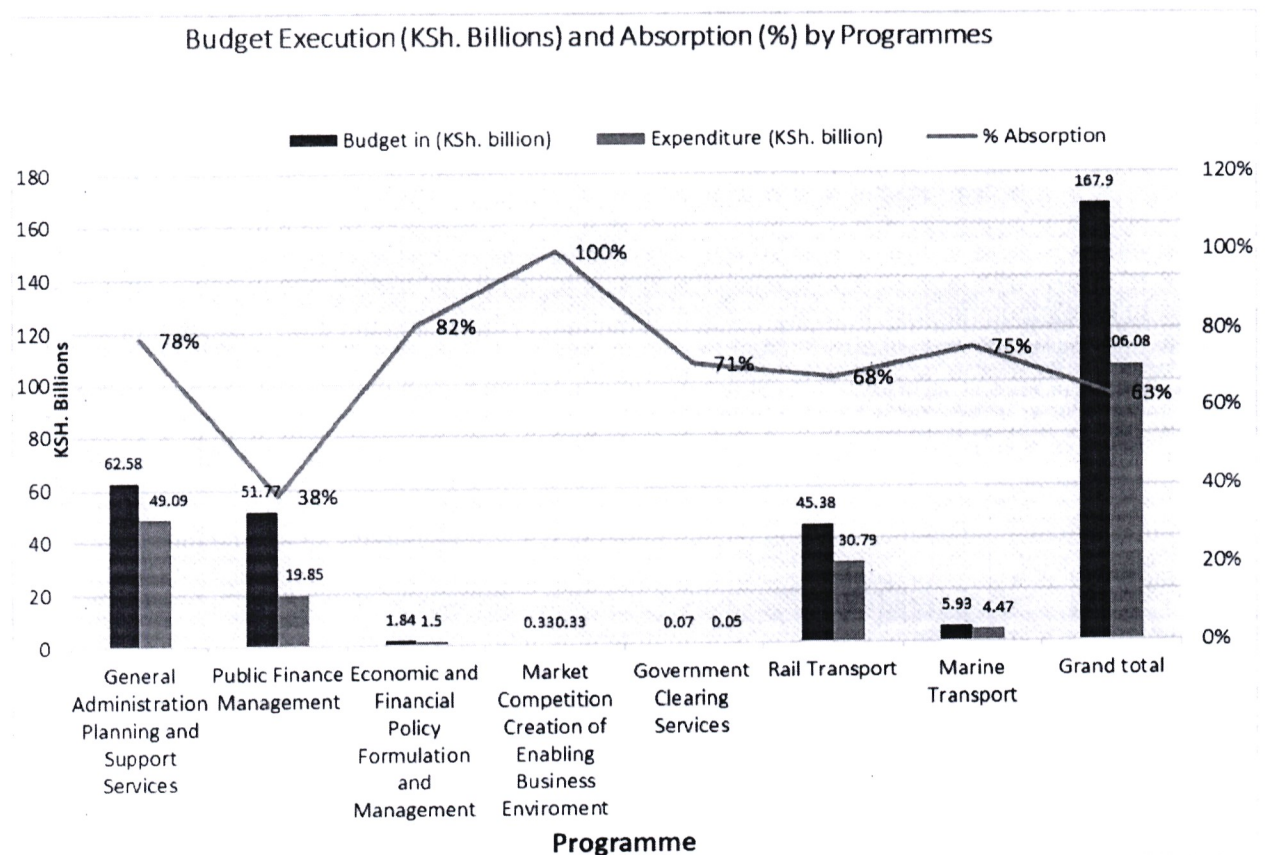
As demonstrated in the bar chart below, Market Competition and Creation of Enabling Business Environment Programme had the highest absorption at 100 percent followed by Economic and Financial Policy Formulation and Management at 82 percent, General Administration at 78 percent, Marine Transport 75 percent, Government Clearing Service at 71 percent, Rail Transport at 68 percent, and Public Financial Management at 38 percent. The 100 percent absorption rate in Market Competition and Creation of an Enabling Business Environment programme is attributed to transfers to Semi Autonomous Government Agencies (SAGAs) under the National Treasury which implemented this programme.

The low absorption rate in Public Financial Management programme relates to lower than anticipated execution on the following sub-programmes; Resource Mobilization, Budget Formulation, Coordination and Management, and Government Investment and Assets. The underperformance in Resource Mobilization sub-programme is attributed to a number of factors relating to implementation of externally funded projects. These include delay in granting of letter of 'no objection' from Development Partner funding Aid Effectiveness project, delay in restructuring and signing of contracts under the Infrastructure Finance for Public Private Partnerships project, lengthy procurement processes relating to Global Fund commodities, and

delay in approval of County Allocation of Revenue Act 2021 to enable execution of budget under the Kenya Financing Locally-led Climate Action Programme.

Under Budget formulation sub-programme, the Equalization Fund budgetary allocation for FY 2021/22 of KSh. 6,825,317,433 was not transferred to the Equalization Fund bank account due to lack of an appropriate legal framework that enable disbursement of funds to beneficiaries counties. Under the Government Investments and Assets sub-Programme, Kenya Airways did not place a request for the transfer of KSh. 13.9 billion initially earmarked for the entity by the closure of the Financial Year.

Chart 6: Budget Execution (KSh. Billions) and proportion (%) by Programme



Key Achievements

Enhanced Revenue Collection

The economic recovery underway coupled with improved business environment resulted to a strong rebound in revenue collection. As at end June 2022, ordinary revenues amounted to Ksh.1.919 trillion recording an above target collection of Ksh 67.5 billion. This performance is a growth of 22.9 percent over the previous year

Other key achievements during the period under review are as follows;

- i. Developed the Draft National Tax Policy to guide tax administration and revenue collection. The policy sets out broad parameters on tax policy and related tax matters in Kenya, with the objectives of providing policy guidance on the collection, enforcement and administration of tax laws; the basis for review and development of tax laws; guidelines to stakeholders including investors on tax policy matters; guiding principles for the Kenyan tax system; and a legal framework for granting tax incentives to various sectors of the economy;
- ii. Developed the draft information security (PFM Systems) policy to provide guidelines for the holistic management of information security risks within PFM systems operational environment including but not limited to Information Security governance, cyber security management, systems and applications security, communication security and human resource security;
- iii. Facilitated the National Police Service by leasing 3,400 vehicles towards enhancing security;
- iv. Developed the processes and procedures manual for Credit Guarantee Scheme;
- v. Mobilized over KSh. 10 billion for HIV, TB and Malaria interventions;
- vi. Developed the debt risk management framework;
- vii. Mobilized external resources amounting to Kshs.14 billion for the purposes of financing COVID 19 vaccine acquisition, procurement, deployment and other related health interventions aimed at mitigating the effects of COVID 19 Pandemic;
- viii. Developed the e- Government Procurement System.

Emerging Issues

The emerging issues that have impacted the operations of the National Treasury include;

- Transition to new Government will require re-alignment of the existing plans and strategies to accommodate Emerging Priorities under the new administration.
- Leveraging on ICT innovations in the delivery of services to the citizenry.
- Change in Government Policies that led to adjustment in the implementation of planned programmes and projects.
- Eastern Europe Conflict: - the ongoing conflict in Eastern Europe, has presented global shocks and challenges in the form of rising global energy, fertilizer and food prices.

Challenges

Some of the challenges the National Treasury faced while implementing the 2021/22 budget include:-

- **Resource Constraint**

The rationalization of the budget, occasioned by underperformance of revenue collection and emerging government priorities affected the implementation of programmes on training, hospitality, transfer of conditional grants to County Governments and to semi-autonomous Agencies (SAGAs). The underperformance in revenue also caused delays in disbursement of funds by the National Treasury to MCDAs. The underperformance of county governments own source revenue led to overreliance on transfers from the National Government occasioning more pressure on the exchequer.

- **Inflationary pressures**

The country experienced inflationary shocks that pushed the year-on-year inflation rate above the upper bound target due to higher food and fuel prices occasioned by global increases in prices of imported commodities.

- **Shortage of Key Technical Staff**

Despite recruitment of staff across certain cadres such as Economists and Accountants, the National Treasury continues to experience staff shortage across all cadres. This is mainly attributed to natural attrition. The planned recruitment and promotion of staff by the appointing authorities has been slow hence affecting service delivery and succession management initiatives.

- Shortage of office space especially for key technical staff; and,
- Inadequate resourcing of the Monitoring and Evaluation function;

To surmount the above emerging issues and challenges and ensure successful implementation of the National Treasury goals and objectives, the Ministry undertook the following: -

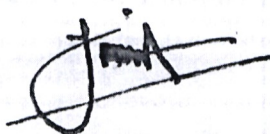
- Continued to implement borrowing policy that provides for domestic borrowing to plug the financing gap created by non-performing revenue,
- The effects of the Eastern Europe Conflict on inflation and cost of living were moderated by the Government's interventions including:
 - i) Subsidizing fuel pump prices;
 - ii) Waiving of taxes, fees and charges on maize and animal feeds imported into the country;
 - iii) Setting aside KSh. 3.0 billion in April-June, 2022 for a fertiliser subsidy to support farmers during the last planting season, with a further KSh. 2.7 billion set aside for the next planting season in October, 2022.
 - iv) Reducing electricity tariffs by 15 percent to lower the cost of power.

- Continued to implement succession planning towards progressively filling in staff shortage, continued training and timely promotions.
- Engaged other development partners for concessional loans and grants as well as pursued strategies to finance government projects.

Recommendations

- Increasing allocation to the National Treasury to facilitate effective mobilization of resources to finance public expenditure particularly towards facilitation and implementation of post COVID-19 Economic Recovery Strategy and emerging Government priorities;
- Reforms in Public Financial Management and taxation shall be sustained to enable the National Treasury to mobilize adequate financial resources and enhance absorption capacity;
- Sustained implementation of succession planning, especially with respect to recruitment of key technical staff;
- Strengthening Monitoring and Evaluation Framework and capacity;
- Continued leveraging on ICT to ensure timely delivery of targets;
- Enhancing working environment and sustained refurbishment of offices to provide accommodation of staff.
- Prioritization of ongoing projects and fast tracking to ensure timely completion.

Going forward, the National Treasury will implement a risk management strategy that will identify, monitor and control risks associated to its activities. This will include government investments and cash flows, banking, money markets and capital market transactions as well as borrowing.



JULIUS M. MUIA, PhD, CBS
PRINCIPAL SECRETARY/ NATIONAL TREASURY

3.0 STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives. The key development objectives of the National Treasury's 2018-2022 Plan are to:

- a) Strengthen organization capacity for quality service delivery;
- b) Enhance mobilization, allocation and utilization of public resources;
- c) Ensure stable and sustainable macro-economic environment;
- d) Ensure market structures that encourage competition and orderly conduct of business;

Progress on Attainment of Strategic Development Objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

MDA Program	Strategic Objective	Outcome	Indicator	Performance
General Administration, Planning and Support Services.	To enhance institutional and human resource capacity for quality delivery of services	Efficient and effective service delivery	No. of vehicles leased	3,528 security vehicles were leased for the National Police Service towards enhancing security
			Government Investments Management Information System (GIMIS)	Developed one Government Investments Management Information System (GIMIS)
			% level of compliance to PSSS	On Boarded and maintained all Permanent and Pensionable (P&P) Public servants of age 45 years and below in the Public Service Super Annuation Scheme (PSSS)
			No. of Pension claims processed	27,117 pensions claims have been processed within 60 days of submission.

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

MDA Program	Strategic Objective	Outcome	Indicator	Performance
Public Financial Management	To increase the reliability, stability and soundness of the financial sector	Increased reliability and soundness of the financial sector	Annual National Budget presented to Parliament by 30th April 2022	Budget presented to parliament.
			Amount mobilized in KSh. (Billion)	A total of KSh. 112.1 billion worth of private capital was mobilized following private sector investments of four PPP projects. namely: Road Annuity Lot 15,18; Nairobi Expressway and KDF Housing Project.
			No. of PPP projects approved	Four (4) PPP projects were approved namely: Road Annuity Lot 15,18; Nairobi Expressway and KDF Housing Project.
			No. of Registered AGPO Enterprises	Registered 20,488 AGPO Enterprises
			No. of Strategies	Developed one Medium Term debt strategy.
			No. of VFM Audits reports	Conducted 205 Value for Money Audits due to increased requests for special audit by MDAs.
Economic and Financial Policy Formulation and Management	To ensure a stable macroeconomic environment	Stable macroeconomic environment	Real GDP growth rate (%)	6.8 %
			Inflation rate (%)	7.9%
			Months of import cover	4.9 months of import cover
			% of fiscal deficit	(6.4) % of GDP
			No. of Policies	Developed the Kenya Digital Finance Policy 2022, Draft National Insurance Policy 2021, Kenya credit and Draft Guarantee Policy 2022.
			County Allocation of Revenue Bill (CARB) &	Prepared the County Allocation of Revenue Bill (CARB) 2022 & Division of Revenue Bill (DORB) 2022.

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

MDA Program	Strategic Objective	Outcome	Indicator	Performance
			Division of Revenue Bill (DORB)	
			No. of Clients accessing Agricultural Finance Corporation loans	A total of 193,516 client outreach was achieved in both wholesale and retail lending
			Value Capital injected into the Credit Guarantee Scheme (CGS) in KSh. (Billions)	The Government allocated an initial seed capital of KSh.3 billion toward the inaugural CGS for MSME. As at 31st July, 2022, the Scheme had facilitated private sector lending to the 11 sectors of the economy, as designated by CBK. MSMEs across 46 counties had benefited from credit facilities guaranteed under the Scheme. All categories of MSMEs have been able to access credit under the Scheme. During the same period, approximately KSh. 4.03 billion was lent out to target beneficiaries.
			No. of legal frameworks on financial services sector developed	38 Counties have established their County Climate Change Funds (CCCFs) and opened special purpose accounts to receive the Program Grants.
			No. of Counties with CCF operationalized for the FY 2021/22	40 counties have developed county climate change laws i.e., County Climate Change Acts and County Climate Change Fund Acts. In addition, twelve (12) counties have developed County Climate Finance Polices.
Market Competition and Creation of an	To promote and sustain	Sustained high productivity and competitive	% of consumer complaints on competition	100% of the consumer complaints investigated and 64% Consumer

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

MDA Program	Strategic Objective	Outcome	Indicator	Performance
Enabling Business Environment	competition	markets	investigated	cases concluded
			% of Merger and acquisitions applications determined	97%
			Merger, Restrictive Trade Practices (RTPs) and Consumer protection guidelines	Developed one (1) Restrictive Trade Practices and one (1) Consumer Protection Guideline
			RTP Cases concluded as a % of total Investigation	60%
			% of cases on bid rigging concluded	100%
			% Implementation of framework on consumer protection in Digital Financial Sector	100%

4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The National Treasury's core values include customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Guided by the above principles, we undertaken the following:

4.1. Sustainability Strategy and Profile

To ensure economic sustainability, the National Treasury has put in place several measures geared towards protecting the economy. Some of them include; National Tax Policy to guide tax administration and revenue collection. The policy sets out broad parameters on tax policy and related tax matters in Kenya, with the objectives of providing policy guidance on the collection, enforcement and administration of tax laws; the basis for review and development of tax laws; guidelines to stakeholders including investors on tax policy matters; guiding principles for the Kenyan tax system; and a legal framework for granting tax incentives to various sectors of the economy; Going forward into the medium term, the Government will continue in its fiscal consolidation path with the overall fiscal deficit being maintained broadly at the levels outlined in the Budget Policy Statement (BPS). A Debt risk Management Framework was also developed to ensure debt is maintained within sustainable levels. Towards, holistic management of information security of the PFM Systems, a draft information security (PFM Systems) policy has been developed. The Policy provides guidelines for operational environment including but not limited to Information Security governance, cyber security management, systems and applications security, communication security and human resource security. Additionally, the National Treasury developed the processes and procedures manual for Credit Guarantee Scheme to guide in the implementation of the Scheme.

Overall, leading economic indicators including interest rates, Foreign Exchange Reserves balance of payments and, money and credit for the fourth quarter of 2021 and the first quarter of 2022 recorded stable performance and point to strong recovery from the adverse impact of the COVID-19 pandemic. stable performance and point to strong recovery from the adverse impact of the COVID-19 pandemic.

Going forward, the National Treasury is committed to promoting Growth enabling investments through the implementation of the Economic Recovery Strategy. Specifically, the National Treasury will: Scale-up the COVID-19 response; Reduce debt vulnerabilities through revenue-driven fiscal consolidation plan that target to stabilize the debt to GDP ratio and subsequently put it on a downward path; Support structural and governance reforms while addressing weaknesses in state-owned enterprises; and, strengthen monetary policy framework and support financial stability.

4.2. Environmental performance

The National Treasury has constituted a committee comprising officers from the key Departments of the Ministry to oversee all matters relating to environmental sustainability. The Committee has

since developed a ministerial policy on the same in line with the National Policy on environmental management and participated in planting trees in Machakos county thus contributing towards the 10 percent tree cover initiative.

4.3. Employee welfare

Employee welfare is critical for effective implementation of the programmes and projects of an organization. Noting the importance of human resources, the National Treasury has a Department established to handle Human Resources Management and Development. The Ministry has also established a Human Resource Management Advisory Committee and Departmental Training Committees that processes all the promotions, discipline, training, appraisal and general employee matters in line with the Public Service guidelines and procedures. In addition, a committee on occupational safety and health has been established to follow up of the safety conditions in the work place. In order to attract and retain competent officers, the National Treasury conducted capacity building for the staff in various technical subjects and recruited officers at the entry grade to fill skills gaps and enhance human resource capacity. In addition, the National Treasury continued to implement succession management plan by declaring vacant posts to be filled by the Public Service Commission. Further, the National Treasury has continued to build the capacity on the online staff appraisal management system in collaboration with the Public Service Commission to ensure seamless implementation of the system.

4.4. Market place practices

The National Treasury is responsible for promoting fair trade practices in the economy. To ensure effective implementation of this function assigned by the Constitution, one of the programmes implemented by the Treasury is ensuring that existing market structures encourage competition and orderly conduct of business in order to support high productivity and competitive markets. This is undertaken mainly by the Competition Authority of Kenya, a State Corporation under the National Treasury.

4.5. Community Engagements

To mitigate technological hazards, terrorism, fire and natural disasters, the National Treasury engaged a professional security services firm contracted for purposes of enhancing security in the Ministry. The National Treasury continued to improve security within the building and its environs by use of CCTV cameras installed at the Treasury Building and at the entrances and maintained firefighting facilities at the premises in collaboration with the State Department for Public Works.

1. Overview of National Exchequer Operations

5.1 Background

Article 206 of the Constitution of Kenya provides for the establishment of a Consolidated Fund into which shall be paid all money raised or received by or on behalf of the National Government. As outlined under Section 17 of the Public Finance Management (PFM) Act, 2012 the National Treasury is responsible for administration of the Consolidated Fund. The Consolidated Fund is maintained in the National Exchequer Account at the Central Bank of Kenya.

5.2 Receipts into the National Exchequer Account

Government revenue is received through appointed Receivers of Revenue by the Cabinet Secretary to the National Treasury pursuant to Article 209 (1), (2) and (4) of the Constitution. Receivers of Revenue are responsible for receiving, remitting to the Exchequer, and accounting for the National government revenue pursuant to section 82 of the PFM Act, 2012. During the FY 2021/2022, there were a total of 11 Receivers of revenue.

Section 78 of the PFM Act, 2012 has mandated the Kenya Revenue Authority (KRA), as the collector of National Government revenue. Revenue collected by KRA is received by the Principal Secretary, National Treasury who is the designated Receiver.

5.3 Issues from the National Exchequer Account

An appropriation Act, County Allocation Revenue Act (CARA) and County Government Additional allocation Act is required to authorize the withdrawal of funds from the Consolidated Fund. The National Treasury is required to seek Controller of Budget's approval before withdrawing funds from the National Exchequer Account to the respective National and County Government entities bank accounts.

Entities that receive funds from the Exchequer Account include National Government Ministries, Departments, and Agencies (MDAs) in accordance with the Appropriation Act and County Governments in accordance with the County Allocation Revenue Act and County Government Additional allocation Act. These entities are responsible for administration of their respective approved budgets.

5.4 Financial reporting requirements

Pursuant to Section 80(2) (a) of the PFM Act, 2012 the National Treasury is responsible for accounting for the all monies paid into and out of the Exchequer Account. Section 81 (1) of the PFM Act, 2012 further requires the Accounting Officer for a National Government entity to prepare and submit the financial statements to the Auditor-General and a copy of the statement to the Controller of Budget, the National Treasury and the Commission on Revenue Allocation.

This statement therefore covers the operations of the National Exchequer Account for the financial year ended 30th June 2022.

5.5 Commentary on the Statement of Receipts into and Issues from the National Exchequer Account

The total receipts into the National Exchequer amounted to KShs 3.057 trillion against a budget of Kshs 3.334 trillion. The actual revenue collected compares well with the budget as it represents 91.7% of the budget.

The budgets and actuals exclude revenue in form of Appropriations in Aid (AIA), which is received and spent directly by the respective entities.

The bulk of the revenue is collected by the Kenya Revenue Authority (KRA), being the principal tax revenue collection agent for the Government.

The funds received through the Exchequer were disbursed to the National Government voted Ministries, Departments and Agencies and County Governments. In total, Kshs 3.334 trillion was appropriated during financial year 2021/2022 against which Kshs 3.078 trillion was disbursed.

6. Statement of the Management's Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.


The Accounting Officer in charge of The National Treasury is responsible for the preparation and presentation of the National Exchequer Account Financial Statements, which give a true and fair view of the state of affairs of The Exchequer account for and as at the end of the financial year (period) ended on June 30th, 2022. 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 status of the Fund by the National Treasury; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the revenue report, and ensuring that they are free from material misstatements, whether due to error or fraud.

The Accounting Officer in charge of The National Treasury accepts responsibility for the National Exchequer Account Financial Statements, which has been prepared on the Cash Basis Method using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that the financial statements of the National Exchequer Account give a true and fair view of the performance of the Fund during the financial year ended June 30th, 2022. The Principal Secretary in charge of The National Treasury further confirms the completeness of the accounting records maintained for the Exchequer, which have been relied upon in the preparation of this report as well as the adequacy of the systems of internal financial control.


The Accounting Officer confirms that the Exchequer has complied fully with applicable Government Regulations. Further the Accounting Officer confirms that this report has 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 financial statements of the National Exchequer Account were approved and signed by the Accounting Officer on 22 December 2022.



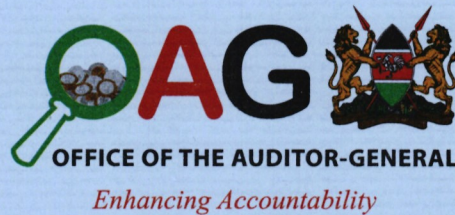
Dr. Chris Kiptoo, CBS
Principal Secretary,
The National Treasury



FCPA Bernard Ndungu, MBS
Director General, Accounting
Services & Quality Assurance
The National Treasury

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL EXCHEQUER ACCOUNT FOR THE YEAR ENDED 30 JUNE, 2022 – THE NATIONAL TREASURY

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Exchequer Account set out on pages 1 to 18, which comprise of the statement of assets and liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended, and a

Report of the Auditor-General on National Exchequer Account for the year ended 30 June, 2022 – The National Treasury

summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Exchequer Account as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of The National Treasury Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-Compliance with Article 260 of the Constitution - Late Exchequer Releases

As disclosed in Note 13.6 to the financial statements, an amount of Kshs.39,964,834,094 is indicated as payments in the cash book not yet recorded in the bank statement (uncleared items). However, examination of records indicated that the amount relates to Exchequer releases to Ministries, Departments and Agencies, Public Debt and County Governments that were disbursed after the end of the financial year. This was contrary to Regulation 97(4) of the Public Finance Management (National Government) Regulations, 2015 which states, inter alia, "that an actual cash transaction taking place after the 30 June, shall not be treated as pertaining to the previous financial year." This is also in breach of Article 260 of the Constitution which states that "financial year means the period

of twelve months ending on the thirtieth day of June or other day prescribed by national legislation.”

Further, the practice of backdating transactions to 30 June, is against the concept of IPSAS cash accounting. Management has explained that the late Exchequer releases were occasioned by late receipt of revenues and that approval was given by the Controller of Budget.

In the circumstances, Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing The National Treasury's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to abolish the National Exchequer Account or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The National Treasury's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the 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 National Treasury to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of The National Treasury 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

04 January, 2023


8. The Statement of Receipts and Payments for the year ended 30th June 2022

	Notes	2021/2022 Kshs	2020/2021 Kshs
Exchequer Receipts			
Tax income	13.1 (a)	1,839,473,162,334	1,487,520,219,390
Non tax income	13.1 (b)	101,497,970,074	113,496,167,478
Grants received through National Exchequer Account	13.2	11,023,919,928	20,084,297,549
Net domestic borrowing proceeds	13.3	877,038,741,180	790,577,923,686
Proceeds from external borrowings	13.4	228,688,059,740	357,065,670,217
Total Exchequer Receipts		3,057,721,853,257	2,768,744,278,321
Transfers from the Exchequer			
National Government Recurrent	13.5 (a)	1,205,909,373,883	1,067,686,519,134
National Government Development	13.5 (b)	341,005,827,118	372,485,625,698
Consolidated Fund Services	13.5 (c)	1,191,070,404,012	975,808,568,769
Total National Government		2,737,985,605,013	2,415,980,713,601
County Governments	13.5 (d)	340,400,000,000	379,512,183,438
Total Exchequer Transfers		3,078,385,605,013	2,795,492,897,039
(Deficit) / Surplus for the Year		(20,663,751,757)	(26,748,618,718)

The notes on pages 6 to 17 form an integral part of these financial statements. This statement has been prepared, reviewed and approved on 22 December 2022 by the following:



Dr. Chris Kiptoo, CBS
Principal Secretary,
The National Treasury





FCPA Bernard Ndungu, MBS
Director General, Accounting
Services & Quality Assurance
The National Treasury

9. The Statement of Assets and Liabilities as at 30th June 2022

	Note	2021/2022 Kshs	2020/2021 Kshs
Financial Assets			
Cash and Cash Equivalents			
Bank Balances	13.6	616,548,952	21,280,300,708
Total Cash and Cash Equivalents		616,548,952	21,280,300,708
Accounts Receivables			
Outstanding Imprests		-	-
Total Financial Assets		616,548,952	21,280,300,708
Financial Liabilities			
Accounts Payables – Deposits And Retentions		-	-
Net Financial Assets		616,548,952	21,280,300,708
Represented By			
Fund Balance B/Fwd		21,280,300,708	48,028,919,426
Surplus /(Deficit) for the year		(20,663,751,757)	(26,748,618,718)
Net Financial Position		616,548,952	21,280,300,708

The notes on pages 6 to 17 form an integral part of these financial statements. This statement has been prepared, reviewed and approved on 22 December 2022 by the following:


Dr. Chris Kiptoo, CBS
Principal Secretary,
The National Treasury


FCPA Bernard Ndungu, MBS
Director General, Accounting
Services & Quality Assurance
The National Treasury

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

10. The Statement of Cash Flows for the year ended 30th June 2022

	Notes	2021/2022 Kshs	2020/2021 Kshs
Cash Flow from Operating Activities			
Total Exchequer Receipts		3,057,721,853,257	2,768,744,278,321
Transfers to MDAs and County Governments		(3,078,385,605,013)	(2,795,492,897,039)
Net Cash Flow from Operating Activities		(20,663,751,757)	(26,748,618,718)
Cash flow from Investing Activities		-	-
Cash flow from Borrowing Activities		-	-
Net increase/(decrease) in Cash and Cash Equivalents		(20,663,751,757)	(26,748,618,718)
Cash and Cash equivalents at the beginning of the year		21,280,300,708	48,028,919,426
Cash and Cash Equivalent at the end of the Year		616,548,952	21,280,300,708

The notes on pages 6 to 17 form an integral part of these financial statements. This statement has been prepared, reviewed and approved on 22 December 2022 by the following:



Dr. Chris Kiptoo, CBS
Principal Secretary,
The National Treasury



FCPA Bernard Ndungu, MBS
Director General, Accounting
Services & Quality Assurance
The National Treasury

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

11. The Statement of Comparison of Budget and Actual amounts

The following statement summarizes the outturn against budget. Further details are provided under annexes to this report:

	Original Estimates	Supplementary Budget Adjustments	Revised Estimates	Total Actual FY 2021/2022	Budget Utilization Difference	Variations 2020/21
	Kshs	Kshs	Kshs	Kshs		Kshs
Revenue Collections:						
Opening Balance				21,280,300,708		-
Tax Revenue	1,707,432,569,866	76,959,017,550	1,784,391,587,416	1,839,473,162,334	55,081,574,918	103.10%
Non tax Revenue	97,484,186,357	9,726,556,288	107,210,742,644	101,497,970,074	5,712,772,570	94.70%
Grants received through National Exchequer Account	16,731,105,649	1,764,961,964	18,496,067,613	11,023,919,928	7,472,147,685	59.60%
Proceeds from external borrowings	362,928,412,242	39,765,433,676	402,693,845,918	228,688,059,740	174,005,786,178	56.80%
Domestic Borrowing	1,008,428,584,929	13,593,624,051	1,022,022,208,980	877,038,741,180	144,983,467,800	85.80%
Sub-Total Exchequer Receipts for the Year	3,193,004,859,042	141,809,593,529	3,334,814,452,571	3,057,721,853,257	277,092,599,314	92.30%
Total Resources Available(Including opening Balance)	3,193,004,859,042	141,809,593,529	3,334,814,452,571	3,079,002,153,965	277,092,599,314	92.30%
Exchequer Transfers:						
National Government Recurrent	1,106,555,313,426	124,602,952,664	1,231,158,266,090	1,205,909,373,883	25,248,892,207	97.90%
National Government Development	389,229,477,396	34,958,254,895	424,187,732,291	341,005,827,118	83,181,905,173	80.40%
County Governments	370,000,000,000	-	370,000,000,000	340,400,000,000	29,600,000,000	92.00%
Consolidated Fund Services	1,327,220,068,220	17,751,614,030	1,309,468,454,190	1,191,070,404,012	118,398,050,178	91.00%
Total Exchequer Transfers	3,193,004,859,042	141,809,593,529	3,334,814,452,571	3,078,385,605,013	256,428,847,558	92.30%

12. Significant Accounting Policies

a) Basis of preparation

The Statement of Receipts and Payments has been prepared in accordance with the cash basis of International Public Sector Accounting Standard (IPSAS) as prescribed by the Public Sector Accounting Standard Board (PSASB) in Kenya.

b) Reporting entity

This report relates to financial operations of the Consolidated Fund held in the National Exchequer Account maintained at CBK. The reporting entity is the National Treasury.

c) Revenues

Revenues include receipts collected by the receivers of revenue and deposited in the Consolidated Fund pursuant to Article 206 of the Constitution of Kenya. This Article requires that all revenue collected by the National Government shall be deposited in the Consolidated Fund held at the National Exchequer Account maintained at the Central Bank of Kenya.

The receipts collected include tax collections by Kenya Revenue Authority (KRA), loans and grants from development partners, proceeds from domestic loans, and other miscellaneous deposits in the National Exchequer bank account.

d) Grants and loans from Development Partners

Grants and loans received from development partners are recognized as receipts when the funds are received in the National Exchequer Account.

e) Exchequer Transfers

Exchequer Transfers are based on the National Government Appropriation Acts and County Allocation of Revenue Acts. The exchequer requests are received by National Treasury, which rationalizes the requests based on available balance, consolidates the requests and forwards them to Controller of Budget (COB) for approval. Once the approval of COB is obtained, the funds are released to either the recurrent or development accounts of National Government entities as well as CFS accounts and County Revenue Fund accounts of the Counties. These accounts are maintained at CBK.

The appropriations from the National Treasury are regarded as transfers rather than expenditures. At consolidation level, these transfers are netted off against the corresponding transfers reported as having been received by the respective votes and County Governments.

f) Cash and cash equivalents

Cash and cash equivalents comprise bank balances.

g) Presentation Currency

The financial statements are reported in Kenya Shillings, being the currency of legal tender in Kenya.

13. NOTES TO THE FINANCIAL STATEMENT

13.1 Tax Income and Non Tax Income Receipts

The following is an analysis by revenue type of the receipts collected in the National Exchequer Account:

Description	2021/2022	2020/2021
	Kshs	Kshs
13.1 (a) Tax Income		
Taxes on Income, Profits and Capital Gains	879,963,120,730	696,591,128,639
Taxes on Goods and Services	909,172,638,612	751,185,681,678
Taxes in International Trade and Transactions	50,337,402,993	39,743,409,073
Total Tax Income	1,839,473,162,334	1,487,520,219,390
13.1 (b) Non Tax Income		
Licences under Traffic Act	4,425,163,441	4,599,742,384
Rents on Land	315,343,006	520,265,797
Interest Received	1,613,363,273	2,095,215,295
Other Profits & Dividends	39,115,043,448	45,106,961,951
loan to Non-Financial Institutions	5,129,847,351	6,258,788,627
Miscellaneous Revenue	3,224,138,929	1,364,569,357
Surplus Funds from Regulatory Authorities	4,429,830,150	2,777,185,000
Other land Revenue	1,354,996,766	1,017,080,733
Immigration-Work Permit Fees, visas and other fees	14,423,267,174	10,547,501,530
Registration Services	1,189,970,659	1,295,507,603
Fishing Rights	125,484,664	135,402,722
Receipts from Royalties	4,838,187,374	1,843,684,919
Defence-sundry Revenue	318,455,736	920,373,146
Fines, Penalties and Forfeitures	2,885,672,858	2,271,132,973
Unspent balances surrendered	18,109,205,244	32,742,755,442
Total Non-Tax Income	101,497,970,074	113,496,167,478
Total Ordinary Revenue	1,940,971,132,408	1,601,016,386,868

13.2 Grants received through National Exchequer Account

The budget support received from development partners channelled through the National Exchequer Account is summarized below:

Description	2021/2022 Kshs	2020/2021 Kshs
Grants from other governments		
Government of Italy	13,415,000	48,000,000
Government of Denmark	-	1,687,030,719
Government of Sweden	896,299,477	774,546,835
Sub-total	909,714,477	2,509,577,553
Grants from International Organizations		
African Union Mission in Somalia (AMISOM)	3,602,704,177	3,206,845,620
International Development Association (IDA)	1,319,562,401	3,955,470,317
The Global Fund	1,642,694,024	2,706,450,320
The United Nations Children's Fund (UNICEF)	113,989,000	100,291,931
International Fund for Agricultural Development (IFAD)	558,019,716	998,440,601
African Development Bank (ADB)	408,502,727	492,958,321
United Nations Development Programme (UNDP)	203,123,367	144,316,463
United Nations Environmental Programme (UNEP)	115,855,759	45,333,526
Alliance for a Green Revolution in Africa (AGRA)	287,616,086	-
European Economic Community Funds	1,396,916,126	5,924,612,898
DANIDA	465,222,069	-
Sub-total	10,114,205,452	17,574,719,996
Total grants	11,023,919,928	20,084,297,549

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

13.3 Net Proceeds from Domestic Borrowings

The Net proceeds from sale of Treasury Bills and Treasury Bonds during the year were as summarised below:

	2021/2022 Kshs	2020/2021 Kshs
Treasury Bonds	877,038,741,180	790,577,923,686
Treasury Bills (net)	-	-
Net proceeds	877,038,741,180	790,577,923,686

In the last two Financial years there was net repayment of Treasury Bills.

13.4 Proceeds from External Borrowings

Borrowings from Development partners and other external lenders through the National Exchequer Account is summarised below:

Description	2021/2022 Kshs	2020/2021 Kshs
Commercial Financing		
Sovereign Bond Proceeds	-	107,621,472,750
Total Commercial Financing	-	107,621,472,750
Borrowings from International Organisations		
International Development Association (IDA)	134,379,295,406	151,302,474,728
International Fund for Agricultural Development (IFAD)	1,385,076,727	1,453,658,058
Agence Francaise de Developement (AFD)	1,523,479,145	4,434,217,921
African Development Bank (ADB)	15,242,972,678	2,919,370,938
European Development Fund (EDB)	1,044,425,875	7,201,461,578
Government of Spain	-	4,004,512,346
Govt of Germany	1,661,569,527	-
Financing under the Rapid Credit Facility (IMF)	69,892,720,383	76,851,367,575
Germany Development funds	-	900,645,540
United Nations Development Programme (UNDP)	-	19,165,260
United Nations Population Fund (UNFPA)	-	357,323,525
JICA	3,558,520,000	-
Total Borrowings from International Organisations	228,688,059,740	249,444,197,468
Total proceeds from External Borrowings	228,688,059,740	357,065,670,218

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

13.5 Exchequer Transfers

13.5 (a) Transfer to National Government Ministries, Departments and Agencies - Recurrent FY 2021/2022

Ministries Departments and Agencies	Original Estimates Recurrent Kshs	Revised Estimates Recurrent Kshs	Actual Transfer Recurrent as at 30 th June 2022 Kshs	% Issued 2021/22 Kshs
The Executive Office of the President	21,961,213,596	18,565,560,957	15,682,718,518	84.47%
State Department for Interior and Citizen Services	129,256,379,106	132,254,334,101	129,642,069,945	98.02%
State Department for Correctional Services	28,745,656,901	28,517,808,803	28,036,980,749	98.31%
State Department for Devolution	1,753,862,706	3,163,773,549	3,078,246,199	97.30%
State Department for Development of the ASAL	1,061,151,347	1,074,375,405	1,074,360,331	100.00%
Ministry of Defence	114,671,705,987	130,608,604,247	128,597,327,293	98.46%
Ministry of Foreign Affairs	16,453,396,651	18,361,108,291	17,984,325,232	97.95%
State Department for Vocational and Technical Training	13,954,469,071	14,066,724,728	13,609,771,500	96.75%
State Department for University Education	60,297,215,302	60,934,171,175	60,930,308,775	99.99%
State Department for Early Learning & Basic Education	90,130,708,240	91,826,275,123	91,055,018,587	99.16%
State Department for Post Training and Skills Development	268,000,000	232,120,000	222,838,268	96.00%
State Department of Implementation of Curriculum Reforms	0	87,600,000	87,600,000	100.00%
The National Treasury	50,022,673,777	51,657,153,603	50,185,088,174	97.15%
State Department for Planning	3,527,045,950	3,910,885,262	3,910,885,262	100.00%
Ministry of Health	47,450,742,503	48,212,539,738	48,212,539,738	100.00%
State Department for Infrastructure	1,652,000,000	1,458,559,365	1,346,342,420	92.31%
State Department for Transport	751,200,336	1,691,515,862	323,697,789	19.14%
State Department for shipping and Maritime.	499,305,572	481,328,614	481,328,614	100.00%
State Department for Housing and Urban Development	1,233,607,313	1,392,328,853	1,391,009,160	99.91%
State Department for Public Works	2,309,710,821	2,270,695,638	2,270,695,638	100.00%
State Department for Environment and Forestry	9,212,731,505	9,256,197,741	9,230,468,012	99.72%
Ministry of Water, Sanitation and Irrigation	4,009,728,930	3,905,673,671	3,850,089,191	98.58%
Ministry of Lands and Physical Planning	3,035,973,103	3,141,123,103	3,141,123,103	100.00%
State Department for Information Communications and Technology & Innovation	1,519,387,615	1,729,700,037	1,695,517,708	98.02%
State Department for Broadcasting & Telecommunications	3,830,916,225	4,981,189,992	4,981,189,992	100.00%
State Department for Sports	1,197,450,782	1,165,764,773	1,140,912,247	97.87%
State Department for Culture and Heritage	2,522,688,547	2,771,992,683	2,762,825,684	99.67%
Ministry of Energy	1,580,000,000	10,750,000,000	10,749,565,681	100.00%
State Department for Livestock.	2,305,878,143	2,492,498,143	2,150,171,800	86.27%
State Department for Fisheries, Aquaculture and the	2,257,372,675	2,228,902,675	2,204,172,180	98.89%

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

Ministries Departments and Agencies	Original Estimates Recurrent	Revised Estimates Recurrent	Actual Transfer Recurrent as at 30 th June 2022	% Issued 2021/22
	Kshs	Kshs	Kshs	Kshs
Blue Economy				
State Department for Crop Development and Agricultural Research	8,097,419,328	8,015,429,328	7,960,881,754	99.32%
State Department for Cooperatives	390,290,884	446,086,117	446,085,911	100.00%
State Department for Trade	2,244,129,067	2,488,831,027	2,486,366,372	99.90%
State Department for Industrialization	2,292,433,120	2,344,433,120	2,344,432,914	100.00%
State Department for Labour	1,869,349,908	1,830,919,920	1,818,155,833	99.30%
State Department for Social Protection, Pensions & senior citizens Affairs	30,425,432,498	33,824,285,006	33,671,913,573	99.55%
Ministry of Petroleum and Mining	738,601,695	56,738,451,079	56,642,035,093	99.83%
State Department for Tourism	1,373,036,877	1,341,794,589	1,336,497,451	99.61%
State Department for Wildlife	4,393,036,887	6,290,804,764	5,312,566,125	84.45%
State Department for Gender	900,807,321	1,004,588,533	996,979,588	99.24%
State Department for Public Service	15,759,920,000	16,890,003,855	16,672,884,222	98.71%
State Department for Youth	1,439,989,789	1,418,552,418	1,415,855,476	99.81%
State Department for East African Community	609,846,603	609,275,881	608,257,880	99.83%
State Department for Regional and Northern Corridor Development	2,306,500,000	2,477,562,275	2,468,851,566	99.65%
State Law Office and Department of Justice	4,427,769,801	4,502,069,801	4,456,620,887	98.99%
The Judiciary	15,003,000,000	15,968,320,385	15,711,859,855	98.39%
Ethics and Anti-Corruption Commission	3,258,530,000	3,518,530,000	3,516,291,267	99.94%
National Intelligence Service	42,451,000,000	47,201,000,000	47,201,000,000	100.00%
Office of the Director of Public Prosecutions	3,125,952,706	3,325,952,706	3,319,890,373	99.82%
Office of the Registrar of Political Parties	1,961,696,750	3,314,720,850	3,174,482,192	95.77%
Witness Protection Agency	489,042,929	490,170,286	490,170,271	100.00%
Kenya National Commission on Human Rights	408,711,517	399,711,517	397,507,276	99.45%
National Land Commission	1,444,003,829	1,687,003,829	1,687,003,829	100.00%
Independent Electoral and Boundaries Commission	14,226,688,218	22,940,591,775	19,530,010,242	85.13%
Parliamentary Service Commission	6,612,314,228	6,961,619,367	6,221,172,874	89.36%
National Assembly	23,502,082,199	23,372,082,199	19,982,358,015	85.50%
Parliamentary Joint Services	5,688,753,573	5,638,753,573	4,994,262,742	88.57%
Judicial Service Commission	581,800,000	618,600,000	583,591,923	94.34%
The Commission on Revenue Allocation	485,616,016	446,026,462	432,844,908	97.04%
Public Service Commission	2,371,171,009	2,371,171,009	2,287,434,452	96.47%
Salaries and Remuneration Commission	621,380,000	621,380,000	620,702,034	99.89%
Teachers Service Commission	280,542,000,000	289,574,296,774	288,404,467,790	99.60%
National Police Service Commission	794,089,102	863,737,319	814,887,453	94.34%
Auditor General	5,556,450,390	5,787,450,390	5,304,484,973	91.65%
Officer of the Controller of Budget	689,122,143	649,622,143	644,434,737	99.20%
The Commission on Administrative Justice	614,821,608	624,821,608	610,634,094	97.73%

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

Ministries Departments and Agencies	Original Estimates Recurrent	Revised Estimates Recurrent	Actual Transfer Recurrent as at 30 th June 2022	% Issued 2021/22
	Kshs	Kshs	Kshs	Kshs
National Gender and Equality Commission	436,592,581	439,762,581	432,378,070	98.32%
Independent Policing Oversight Authority	949,758,146	929,347,472	879,932,079	94.68%
Total National Government Recurrent	1,106,555,313,426	1,231,158,266,090	1,205,909,373,883	97.95%

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

**13.6 (b) Transfer to National Government Ministries, Departments and Agencies-
Development FY 2021/2022**

Ministries Departments and Agencies	Original Estimates	Revised Estimates	Actual Development	% Issued 2021/2022
	Development Kshs	Development Kshs	Transfers as at 30 th June 2022 kshs	
Executive Office of President	2,815,099,383	3,636,669,360	2,831,509,270	77.86%
State Department for Interior and Citizen Services	7,171,244,676	7,274,772,901	6,340,661,977	87.16%
State Department for Correctional Services	839,068,467	360,073,688	323,065,829	89.72%
State Department for Devolution	1,258,957,480	1,238,623,061	1,080,000,000	87.19%
State Department for Development for the ASAL	8,958,065,116	9,870,432,837	9,094,560,689	92.14%
Ministry of Defence	5,080,000,000	6,080,000,000	6,080,000,000	100.00%
Ministry of Foreign Affairs	1,796,122,798	1,296,122,798	1,251,443,827	96.55%
State Department for Vocational and Technical Training	2,248,436,000	1,908,457,335	1,198,436,000	62.80%
State Department for University Education	3,605,600,000	3,557,600,000	3,519,489,844	98.93%
State Department for Early Learning & Basic Education	11,426,600,000	13,866,322,991	7,334,163,293	52.89%
The National Treasury	46,547,971,738	63,106,920,457	35,614,404,679	56.44%
State Department of Planning	42,345,060,816	47,550,872,385	44,573,749,181	93.74%
Ministry of Health	44,686,974,511	48,369,737,685	36,425,466,253	75.31%
State Department of Infrastructure	59,905,890,000	79,474,890,000	75,138,003,833	94.54%
State Department of Transport	1,196,300,000	984,800,000	408,496,204	41.48%
State Department for shipping and Maritime.	90,200,000	10,200,000	10,200,000	100.00%
State Department for Housing & Urban Development	12,999,600,000	13,069,940,000	8,805,185,917	67.37%
State Department for Public Works	959,800,000	859,800,000	822,514,810	95.66%
Ministry of Environment and Forestry	3,368,900,000	3,501,029,424	2,557,532,055	73.05%
State Department for Water ,Sanitation and Irrigation	33,705,500,000	33,267,500,000	28,654,052,273	86.13%
Ministry of Lands and Physical Planning	2,431,148,393	2,290,980,587	2,040,068,172	89.05%
State Department for Information Communications and Technology & Innovation	4,707,662,268	3,577,660,000	2,122,034,482	59.31%
State Department for Broadcasting & Telecommunications	496,900,000	396,900,000	377,086,919	95.01%
State Department for Sports	147,791,399	167,791,399	164,550,000	98.07%
State Department for Heritage	55,896,560	65,896,560	65,896,560	100.00%
State Department for Energy	22,390,000,000	15,650,000,000	12,258,276,562	78.33%
State Department for Livestock.	5,418,467,816	2,731,051,526	1,986,234,288	72.73%
State Department for Fisheries, Aquaculture and the Blue Economy	10,646,200,000	4,903,200,000	3,660,531,926	74.66%
State Department for Crop Development & Agricultural Research	27,720,244,532	29,462,952,305	26,005,253,945	88.26%
State Department for Cooperatives	524,600,000	432,710,151	428,957,855	99.13%
State Department for Trade	1,239,017,429	2,386,917,429	2,385,950,314	99.96%

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

Ministries Departments and Agencies	Original Estimates Development Kshs	Revised Estimates Development Kshs	Actual Development Transfers as at 30 th June 2022 Kshs	% Issued 2021/2022
State Department for Industrialization	3,272,900,000	2,787,900,000	1,913,136,491	68.62%
State Department for Labour	2,560,718,482	866,620,213	434,778,669	50.17%
State Department for Social Protection	2,651,038,823	2,874,738,823	1,277,112,152	44.43%
Ministry of Petroleum and Mining	769,540,965	345,030,774	251,094,511	72.77%
State Department for Tourism	475,000,000	475,000,000	471,740,300	99.31%
State Department for Wildlife	574,000,000	799,610,000	759,648,236	95.00%
State Department for Gender	2,312,000,000	2,361,390,757	2,358,034,637	99.86%
State Department for Public Service	568,012,066	568,012,066	482,420,543	84.93%
State Department for Youth	2,908,520,000	3,781,122,378	3,686,364,847	97.49%
State Department for Regional and Northern Corridor Development	966,500,000	2,369,500,000	2,116,326,132	89.32%
State Law Office and Department of Justice	181,301,535	137,801,535	88,439,340	64.18%
The Judiciary	1,895,000,000	2,153,923,723	1,313,989,297	61.00%
Ethics and Anti-Corruption Commission	67,493,119	67,493,119	36,715,135	54.40%
Office of the Director of Public Prosecutions	150,286,238	150,286,238	115,294,472	76.72%
National Land Commission	38,896,786	38,896,786	25,472,092	65.49%
Independent Electoral and Boundaries Commission	125,000,000	125,000,000	111,635,119	89.31%
Parliamentary Joint Services	2,065,550,000	2,404,050,000	1,718,638,712	71.49%
Public Service Commission	19,300,000	19,300,000	6,488,759	33.62%
Teachers Service Commission	645,100,000	495,100,000	274,720,718	55.49%
Auditor General	200,000,000	6,000,000	6,000,000	100.00%
National Gender and Equality Commission	0	10,131,000	0	0.00%
Sub-total National Government Development	389,229,477,396	424,187,732,291	341,005,827,118	80.39%

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

13.5 (c) Transfer to Consolidated Fund Services (CFS)

Consolidated Fund Services	Original Estimates Kshs	Revised Estimates Kshs	Total Actual Transfers as at 30 th June 2022 kshs	% Issued FY 2021/2022
Public Debt	1,169,165,030,917	1,151,292,498,633	1,042,241,888,139	90.53%
Pension & Gratuities	153,639,593,168	153,639,593,168	145,633,271,443	94.79%
Salaries, Allowances and Miscellaneous Services	4,414,944,135	4,535,862,389	3,195,244,430	70.44%
Subscription to international organisations	500,000	500,000	-	0.00%
Total CFS	1,327,220,068,220	1,309,468,454,190	1,191,070,404,012	90.96%

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

13.5(d) Transfers to County Governments

County Governments	CARA Estimates	CARA Estimates	Total Actual Transfers as at 30 th June 2022	% Issued FY 2021/22
	Kshs	Kshs	kshs	%
Baringo County	6,369,394,592	6,369,394,592	5,859,843,020	92.0%
Bomet County	6,691,099,118	6,691,099,118	6,155,811,191	92.0%
Bungoma County	10,659,435,192	10,659,435,192	9,806,680,373	92.0%
Busia County	7,172,162,009	7,172,162,009	6,598,389,051	92.0%
Elgeyo/Marakwet County	4,606,532,480	4,606,532,480	4,238,009,884	92.0%
Embu County	5,125,243,762	5,125,243,762	4,715,224,263	92.0%
Garissa County	7,927,212,254	7,927,212,254	7,293,035,276	92.0%
Homa Bay County	7,805,353,300	7,805,353,300	7,180,925,039	92.0%
Isiolo County	4,710,388,265	4,710,388,265	4,333,557,206	92.0%
Kajiado County	7,954,768,229	7,954,768,229	7,318,386,768	92.0%
Kakamega County	12,389,412,168	12,389,412,168	11,398,259,193	92.0%
Kericho County	6,430,664,924	6,430,664,924	5,916,211,733	92.0%
Kiambu County	11,717,525,720	11,717,525,720	10,780,123,663	92.0%
Kilifi County	11,641,592,941	11,641,592,941	10,710,265,505	92.0%
Kirinyaga County	5,196,177,952	5,196,177,952	4,780,483,716	92.0%
Kisii County	8,894,274,509	8,894,274,509	8,182,732,547	92.0%
Kisumu County	8,026,139,240	8,026,139,240	7,384,048,098	92.0%
Kitui County	10,393,970,413	10,393,970,413	9,562,452,779	92.0%
Kwale County	8,265,585,516	8,265,585,516	7,604,338,674	92.0%
Laikipia County	5,136,265,679	5,136,265,679	4,725,364,426	92.0%
Lamu County	3,105,649,643	3,105,649,643	2,857,197,673	92.0%
Machakos County	9,162,304,232	9,162,304,232	8,429,319,897	92.0%
Makueni County	8,132,783,562	8,132,783,562	7,482,160,879	92.0%
Mandera County	11,190,382,598	11,190,382,598	10,295,151,992	92.0%
Marsabit County	7,277,004,032	7,277,004,032	6,694,843,713	92.0%
Meru County	9,493,857,338	9,493,857,338	8,734,348,752	92.0%
Migori County	8,005,020,448	8,005,020,448	7,364,618,812	92.0%
Mombasa County	7,567,354,061	7,567,354,061	6,961,965,735	92.0%
Murang'a County	7,180,155,855	7,180,155,855	6,605,743,388	92.0%
Nairobi City County	19,249,677,414	19,249,677,414	17,709,703,219	92.0%
Nakuru County	13,026,116,323	13,026,116,323	11,984,027,016	92.0%
Nandi County	6,990,869,041	6,990,869,041	6,431,599,515	92.0%
Narok County	8,844,789,456	8,844,789,456	8,137,206,302	92.0%
Nyamira County	5,135,340,036	5,135,340,036	4,724,512,833	92.0%
Nyandarua County	5,670,444,228	5,670,444,228	5,216,808,686	92.0%
Nyeri County	6,228,728,555	6,228,728,555	5,730,430,268	92.0%
Samburu County	5,371,346,037	5,371,346,037	4,941,638,353	92.0%
Siaya County	6,966,507,531	6,966,507,531	6,409,186,926	92.0%
Taita/Taveta County	4,842,174,698	4,842,174,698	4,454,800,721	92.0%

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

County Governments	CARA Estimates	CARA Estimates	Total Actual Transfers as at 30 th June 2022	% Issued FY 2021/22
	Kshs	Kshs	kshs	%
Tana River County	6,528,408,765	6,528,408,765	6,006,136,062	92.0%
Tharaka - Nithi County	4,214,198,593	4,214,198,593	3,877,062,704	92.0%
Trans Nzoia County	7,186,157,670	7,186,157,670	6,611,265,058	92.0%
Turkana County	12,609,305,994	12,609,305,994	11,600,561,515	92.0%
Uasin Gishu County	8,068,858,318	8,068,858,318	7,423,349,651	92.0%
Vihiga County	5,067,356,827	5,067,356,827	4,661,968,278	92.0%
Wajir County	9,474,726,153	9,474,726,153	8,716,748,065	92.0%
West Pokot County	6,297,284,329	6,297,284,329	5,793,501,582	92.0%
Total County Governments	370,000,000,000	370,000,000,000	340,400,000,000	92.0%

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2022

13.6 Bank Balances


Exchequer Bank Reconciliation as at 30th June 2022		
	<u>Kshs</u>	<u>Kshs</u>
Exchequer CBK Statement as at 30th June 2022		21,138,818,679
Add:		
Excise Taxes-Excise duty 30-06-2022	138,618,673	
KRA Revenue 30-06-2022(1)	14,026,223,111	
KRA Revenue 30-06-2022(2)	1,500,202,816	
KRA Revenue 30-06-2022(3)	1,536,519,897	
Covid- 19 Emergency Response Funds	6,983,400	
Miscellaneous revenue	1,540,502,440	
Voluntary Revenue Funds	221,593,033	
Reversal from State Department of Planning	2,197,940	
Reversal from State Department for Crop Development & Agricultural Research	302,028,025	
Reversal from State Department for Water ,Sanitation and Irrigation	167,695,032	
Total		19,442,564,366
Less: Payments in cashbook not yet recorded in Bank statement(uncleared items)		
Recurrent Exchequer issues RE: 214/FY 2021/2022	8,055,252,500	
Recurrent Exchequer issues RE: 215/FY 2021/2022	5,591,854,841	
Recurrent Exchequer issues RE: 216/FY 2021/2022	4,574,423,929	
Recurrent Exchequer issues RE: 217/FY 2021/2022	6,755,885,808	
Recurrent Exchequer issues RE: 218/FY 2021/2022	294,123,668	
Development Exchequer issues DE: 177/FY2021-2022	2,515,916,553	
Development Exchequer issues DE: 178/FY2021-2022	6,617,848,254	
Development Exchequer issues DE: 179/FY2021-2022	5,014,060,225	
Development Exchequer issues DE: 180/FY2021-2022	193,167,124	
Public Debt PD:092/2021/2022	352,301,190	
		(39,964,834,093.50)
Exchequer Cash Book Balance as at 30th June 2022		616,548,952

13.7 Progress on Follow up of Auditor's Recommendations


The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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)

There were no audit issues raised in the previous Financial statements for the National Exchequer Account.



 Dr. Chris Kiptoo, CBS
 Principal Secretary,
 The National Treasury



 FCPA Bernard Ndungu, MBS
 Director General, Accounting
 Services & Quality Assurance
 The National Treasury