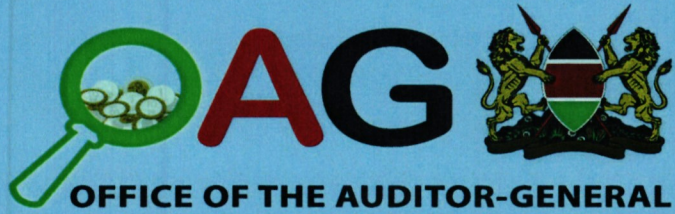


REPUBLIC OF KENYA



**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**JUDICIARY**

**FOR THE YEAR ENDED  
30 JUNE, 2020**



# THE JUDICIARY



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**THE JUDICIARY**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30 JUNE 2020**

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

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## I. KEY JUDICIARY INFORMATION AND MANAGEMENT

### (a) Background information

Article 1 of the Constitution provides that sovereign authority belongs to the people of Kenya, which they have delegated to the various State organs including the Judiciary. Therefore, being an independent custodian of justice, as established under Article 159 of the Constitution, the Judiciary draws its authority from the people of Kenya and exercises it through Courts and Tribunals. It is mandated to administer justice and promote the rule of law.

The Judiciary discharges this mandate by developing jurisprudence and providing independent, accessible, fair and responsive fora for dispute resolution. Through interpretation of the Constitution, the Judiciary promotes the rule of law by shaping public policy and ensuring access to justice.

The Judiciary is one of the three arms of Government. Its chief mission is to resolve disputes in a just manner with a view to protecting the rights and liberties of all. The principal activity/mission of the Judiciary is to deliver justice fairly, impartially and expeditiously, promotes equal access to justice, and advance local jurisprudence by upholding the rule of law.

### Judiciary Vision, Mission and Core Values

#### Vision

To be an independent institution of excellence in the delivery of justice to all.

#### Mission

To dispense justice in a fair, timely, accountable and accessible manner, uphold the rule of law, advance indigenous jurisprudence, protect and promote the Constitution.

#### Core Values

- i. Professionalism: We will exhibit the highest levels of competence, efficiency and excellence in executing our tasks.
- ii. Integrity: We will uphold the highest ideals of honesty, openness and veracity in service delivery.
- iii. Diligence: We shall be committed, dedicated and selfless to our duty
- iv. Transparency and Accountability: We shall be open to public scrutiny, exercise good governance and take responsibility for our actions.
- v. Humility: We shall be modest in exercising powers given to us by the Constitution

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**(b) Key Management**

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

- Judicial Service Commission (JSC);
- Office of Chief Justice and President of Supreme Court and
- Office of Chief Registrar of Judiciary

**(c) Fiduciary Management**

The key management personnel who held office during and up to the date of these Financial Statements and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Hon. Chief Justice and President of the Supreme Court, The Head of Judiciary & Chair of: Judicial Service Commission, National Council of Law Reporting National Council on Administration of Justice	Hon. Mr. Justice David Kenani Maraga, EGH
2.	The Chief Registrar of the Judiciary	Hon. Mrs Anne A. Amadi, CBS
3.	Ag. Director Finance	CPA. Susan Oyatsi
4.	Accounts Controller	CPA. Wycliffe Wanga
5.	Director Supply Chain Management	Mr. Jeremiah Nthusi
6.	Director Human Resources & Administration	Dr. Elizabeth Kalei
7.	Director Planning & Organisation Performance	Dr. Paul Kimalu
8.	Director Audit and Risk Management	CPA Ronald Wanyama
9.	Deputy Director Public Affairs & Communication	Ms. Catherine Wambui
10.	Ag. Director ICT	Mr. Stephen Ikileng
11.	Registrar Supreme Court	Hon. Esther Nyaiyaki
12.	Registrar Court of appeal	Hon. Moses Serem
13.	Registrar High Court	Hon Judith Omange
14.	Registrar Employment & Labour Relations Court	Hon. Kennedy Kandet
15.	Ag. Registrar Environment and Land Court	Hon. Rose Makungu
16.	Registrar Magistrate Court	Hon. Peter Mulwa
17.	Ag. Registrar Tribunals	Hon. Anne Asugah

**(d) Fiduciary Oversight Arrangements**

Section 14 of Part III of the Judicial Service Act provides for delegation of functions of the Commission to sub-committees. The purpose for establishment of committees is to create structures for articulating goals and strategic plans, define a particular function in detail, and pool specialized expertise and knowledge in a given subject.

**(i) Finance, Planning and Administration Committee**

The JSC Finance, Planning and Administration Committee assists the Commission in fulfilling its responsibilities in monitoring and overseeing the Judiciary's financial affairs with respect to the financing plans, financing requirements and policies. The Committee evaluates specific financial proposals, plans, strategies, transactions and other initiatives. During the year under review, the Commission held five meetings in which annual work plans and procurement plans for the Judiciary were interrogated and approved among other functions.

**(ii) Audit, Governance and Risk Management Committee**

Section 73(5) of the Public Finance Management Act, 2012 provides that every national Government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulation. Judicial Service Commission has established an Audit Committee that assist the Commission in fulfilling its oversight responsibilities by reviewing, identifying, assessing, monitoring and managing risks ensuring good governance.

The committee monitors the effectiveness of the internal control systems and regularly receives reports from internal and external auditors. The audit committee oversees the implementation of such recommendations from both external and internal auditors.

**(iii) Other Committees**

There are various committees within the Judiciary where members are drawn from various departments and units who have a wide range of skills and experience. On appointment each committee member is provided with comprehensive terms of reference for the tasks to be undertaken.

The following are various committees that were in place during the reporting period.

- Budget Implementation Committee
- Project Implementation Committee
- Human Resources & Administration Committee
- Information Commission & Technology (ICT) Committee
-

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REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

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**(e) Judiciary Headquarters**

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**(f) The Judiciary Contacts**

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Website: [www.judiciary.go.ke](http://www.judiciary.go.ke)

**(g) The Judiciary Bankers**

**(i) Central Bank of Kenya,**  
Haile Selassie Avenue,  
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City Square 00200,  
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KENYA.

**(ii) Kenya Commercial Bank Limited,**  
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Moi Avenue,  
P. O Box 60000,  
City Square 00200,  
Nairobi,  
KENYA.

**(h) Principal Legal Adviser**

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

## II. STATEMENT BY THE CHIEF REGISTRAR OF THE JUDICIARY.

### 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. It's against this backdrop that the Chief Registrar of the Judiciary makes the following report.

The Judiciary strategic focus has been defined in order to respond to the emerging issues and priority areas identified under the national development policy agenda, the Sustaining Judiciary Transformation (SJT) 2017-2021, Strategic Plan 2014-2018 Evaluation Report, other policy documents as well as the environmental scan. The key objectives also known as Key Strategic Areas (KRAs) are:

1. Enhanced Access to Justice
2. Expeditious Delivery of Justice
3. Growth of Jurisprudence and Knowledge Management
4. Improved Governance and Transformative Leadership
5. Improved Human Capital Management and Organizational Development
6. Modernized Registry Operations for Operational Efficiency
7. Enhanced Public Confidence, Awareness and Image of Judiciary
8. Resource Mobilization, Utilization and Stakeholder Engagement

Information Communication Technology solutions is a backbone onto which implementation of the Plan is anchored. In this regard, automation of key court and administrative functions, through the Integrated Court Management System (ICMS), has been infused into each KRA. The court functions continue to be automated through the implementation of a Case Management System (CMS) in registries and courtrooms. Plans are already underway to automate the administrative functions by an Enterprise Resource Planning (ERP) System.

The ERP system will automate all administrative operations of the Judiciary by interconnecting all technical departments. It is envisaged the ERP system will provide process automation of administrative functionalities such as planning, budgeting, finance, accounts, procurement, human resources, performance management, communications, information management and library services among others.

**Budget Estimates Review**

The overall budget for the Judiciary marginally increased by 0.869 billion to KSh16.964 billion in FY 2019/2020 compared to KShs 16.095 in the FY 2018/2019. The FY2019/2020 budget comprised of KSh13.78 billion under recurrent expenditure and KSh3.17 billion under development expenditure. This is compared to FY 2018/2019 budget comprised of KSh13.086 billion under recurrent expenditure and KSh3.009 billion under development expenditure. A large proportion of the development allocation was funded by the World Bank under the Judicial Performance Improvement Project (JPIP) to the tune of KSh2.195 in FY 2019/2020 as compared to KShs 2.799 billion in FY 2018/2019 indicating a KShs 0.604 billion reduction. The external funding made up (69.3 per cent) of the budget compared to the Government of Kenya's funding which was KSh0.971 billion being (30.7 per cent).

**Expenditure Analysis and Budget Absorption Levels**

The overall budget absorption for the Judiciary for the FY 2019/20 improved by 3 per cent from 91 per cent in the FY 2018/19 to 94 per cent at the end of the reporting period. During the MTEF period FY 2017/18 - FY 2019/20 budget absorption remained the same in comparison with previous MTEF period FY 2016/17 - 2018/19 as it remained at 93 per cent. Figure 8.4 illustrates the absorption rates.

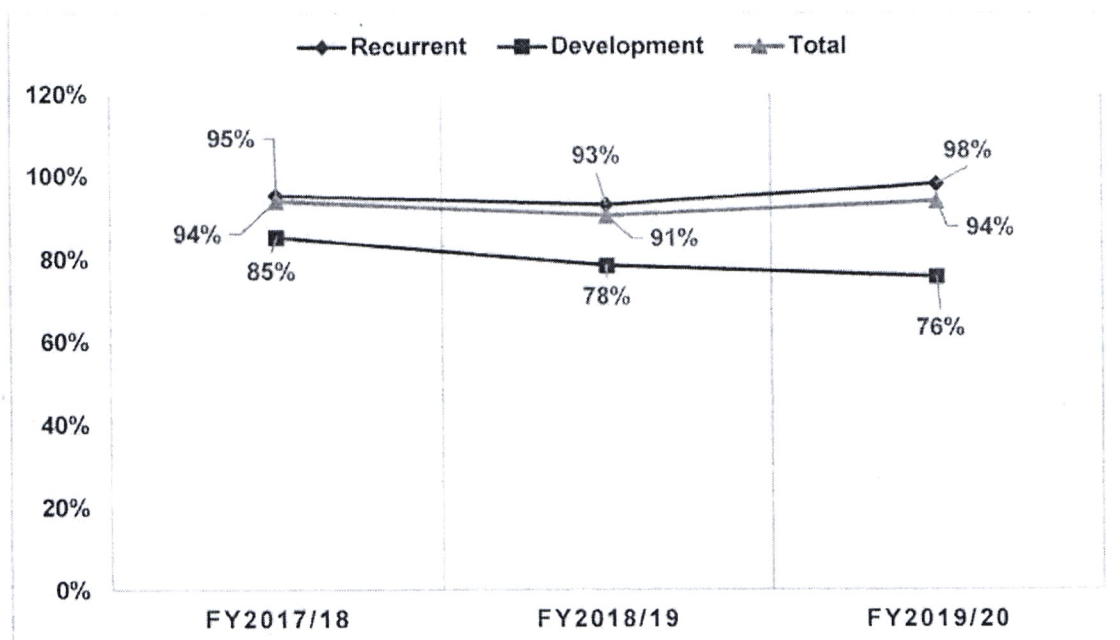


Figure 8.4: Trends in Budget Absorption

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**Analysis of Recurrent Expenditure**

Recurrent expenditure is usually presented under economic classifications based on the different areas of spending, namely: Compensation for Employees; Transfers; Appropriation in Aid (AIA); and Operations and Maintenance (O&M). A breakdown of the approved budgetary allocation versus expenditure for the past three Financial Years is presented in Table 8.3.

**Table 8.3: Approved versus Recurrent Expenditure for the Judiciary**

Vote & Vote Details	Economic Classification	Approved Allocation (KShs Million)			Actual Expenditure (KShs Million)		
		2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
1261	Compensation to Employees	7,683	7,600	8,190	7,397	7,600	8,162
	Transfers	934	593	0	887	580	0
	Other Recurrent	4,095	4,893	5,608	3,847	4,663	5,170
	AIA	-	-	-	-	-	-
<b>Totals</b>		<b>12,712</b>	<b>13,086</b>	<b>13,797</b>	<b>12,131</b>	<b>12,843</b>	<b>13,332</b>

The table shows that the overall recurrent budget increased by **KSh711 million** to **KSh13.8 billion** in FY 2019/20 from **KSh13.1 billion** in FY 2018/19 which is a 5.4 per cent increment.

Recurrent budget under compensation for employees increased by a 7.8 per cent from KShs 7.6 billion in FY 2018/19 to KSh8.18 billion in FY 2019/20, an increase of KShs 590 million. Compensation for employees over the total recurrent budget remained constant at 60.5 per cent during the period under review. The remaining 39.5 per cent was the allocation for other recurrent costs mainly O&M and transfers. The overall absorption for the recurrent budget improved from 93 per cent to 98 per cent from FY 2018/19 to FY 2019/20 respectively. Absorption for the compensation of employees was at 100 per cent. Absorption for the O&M was 94.5 per cent.

Classification of the allocations for the Tribunals and the National Council on Administration of Justice (NCAJ) was under Transfers for the past financial years until FY 2019/20.

**Analysis of Development Expenditure**

Development expenditure is normally classified according to the source namely; Government of Kenya (GOK); Loans, Grants, and Appropriations in Aid (AIA). An analysis of approved and actual development expenditure is presented in Table 8.4.

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**Table 8.4: Analysis of Development Approved Budget VS Actual Expenditure**

Vote & Vote Details	Economic Classification	Approved Allocation (KShs Million)			Actual Expenditure (KShs Million)		
		2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
1261	GOK	340	147	971	289	130	573,667
	Loans	1,600	2,998	2,195	1,368	2,331	1,717
	Grants	-	58	-	-	52	-
	Local AIA	-	-	-	-	-	-
<b>Totals</b>		<b>1,940</b>	<b>3,203</b>	<b>3,166</b>	<b>1,657</b>	<b>2,513</b>	<b>2,399</b>

Table 8.4 shows that funding for development for the Judiciary's development vote from the Government of Kenya (GOK) was KShs 971 million compared to the World Bank under Judicial Performance Improvement Programme (JPIP) funding which was KShs 2.19 billion. This means that it was an improvement for the GOK funding from 5 per cent (KSh147 billion) in FY 2018/19 to 31 per cent in FY 2019/20 as presented in Table 8.6. However, development partner's funding declined from KShs 2.99 billion from the previous financial year to KShs 2.19 billion. This was a decline of 27 per cent which amounted to KShs 803 million.

Absorption rate for GOK was lower at 67 per cent compared to JPIP at 80 per cent respectively, whereas the overall absorption rate for development vote was 76 per cent. This was a decline from 78 per cent that was recorded in the FY 2018/19.

**Analysis of Programme Expenditure**

The mandate of the Judiciary is captured under the programme "Dispensation of Justice". This programme comprises of two sub-programmes namely; *Access to Justice*; and *General Administration Planning and Support Services*. The Access to Justice Sub-programme took the larger share of resources as it is the core mandate of the Judiciary. Expenditure analysis for the two sub-programmes is provided in Table 8.5.

**Table 8.5: Analysis of Programme Expenditure**

	Approved Budget (KShs Million)			Actual Expenditure (KShs Million)		
	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
Sub-Programme. 1: Access to Justice	10,256	12,363	12,825	9,652	11,503	9,474
Sub-Programme. 2: General Administration and Support Services	4,396	3,926	4,139	4,136	3,853	4,060
<b>Total Programme</b>	<b>14,652</b>	<b>16,289</b>	<b>16,964</b>	<b>13,788</b>	<b>15,356</b>	<b>13,534</b>

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Table 8.5 shows that budget allocation for the 'Access to Justice' sub-programme increased from KSh12.36 billion in the FY 2018/19 to **KShs 12.82 billion** in FY 2019/20. The approved budget for the *General Administration Planning and Support Services* sub-programme also increased from KSh3.92 billion in FY 2018/19 to **KShs 4.12 billion** in the FY 2019/20. This means that more funds were allocated to the core mandate of the institution. Overall, the Judiciary's actual expenditure reduced by 1.8 billion from KSh15.36 billion achieved in 2018/19 to **KShs 13.53 billion** that was realised in FY 2019/20.

#### Summary of Key Achievements

To ensure access to justice, the Judiciary completed construction of six court buildings at Chuka, Isiolo, Molo, Nyamira, Kiambu and Tamu (Muhoroni). Renovations and refurbishments were carried out and completed in 31 court stations in Milimani, Kericho, Busia, Kisumu, Ukwala, Kimilili, Kehancha, Kikuyu, Kaloleni, Mwingi, Kerugoya, Maralal, Kisii, Winam, Isiolo, Nanyuki, Kapsabet, Maua, Kwale, Ngong, Kithimani, Kang'undo, Webuye, Baricho, Mariakani (toilets), Mariakani (asbestos), Taita Taveta, Eldoret, Meru, Thika and Ruiru. On-going projects during the year under review included renovation of Forodha house which has partially been handed over and construction and rehabilitation of 57 court stations. Borehole drilling and equipping is also on-going in 12 court stations and in addition to shelving of 8 court registries.

The JSC nominated 41 Judges for appointment by the President to reduce backlog of cases. The nominees consisted of 11 persons for the position of Judge of the Court of Appeal, 20 persons for the position of Judge of the Environment and Land Court (ELC) and 10 persons to the position of Judge of the Employment and Labour Relations Court (ELRC). 286 applications for senior judiciary staff and Chairpersons of Tribunals were received by the JSC whereby 65 candidates were shortlisted and 19 subsequently appointed to the positions.

In regard to training and capacity building, a total of 135 Judges and 550 Magistrates were facilitated and sensitized on diverse broad areas touching on substantive law, judge craft, and judicial wellness. Further, a total of 328 staff were trained on diverse areas notably strategic leadership, management, supervision, records management, public relations, and financial management.

A total of 32 courts were installed with CRTS. Out of the 32 courts, six (6) courtrooms were operationalized in Commercial and Tax Division. On operationalization of Case Tracking System (CTS) in court registries, 26 new courts were installed with CTS which led to an accumulation of 61 courts by June 30, 2020. Further, 1300 ICT equipment comprising computers and servers were procured and distributed across courts and directorates. The hardware was supplemented by realization of internet and WiFi connectivity in 147 Courts by the end of June 2020.

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During the period under review Court Annexed Mediation (CAM) achieved the following: A total of 3,589 matters were referred to mediation by courts where 1,084 of them were settled successfully. The settled matters led to the release of approximately KSh4.5 Billion that had been held in litigation back to the economy. CAM was introduced at Tononoka Children Court and Malindi Law Courts in the financial year under review. Further, mediators were increased from 548 in June 2019 to 703 by the end of June 2020.

During the period under review, a total of 337,510 cases were filed in all courts comprising 249,199 criminal cases and 88,311 civil cases. In the same period, courts resolved a total of 289,728 cases where 203,976 were criminal in nature and 85,752 were civil in nature.

**Implementing Challenges**

The institution was affected in the execution of its mandate by inadequate budgetary allocation and funding. This led to ceasing of some mobile courts, stalling of the full roll out of the ICT infrastructure, slowing down of the recruitment of judges and judicial officers and staff. This was to address case back log and improve service delivery. Further, insufficient allocation for Pro-Bono and mediators' payments occasioned accumulation of pending bills and complaints from court users, who in turn decline to take up matters in court. Establishment of court of appeal courts in Eldoret and Kisii could not commence during the financial year 2019/2020 due to budgetary constraints.

The COVID 19 pandemic brought the activities of the Judiciary almost to a halt in the last quarter of financial year. Funds had to be reallocated from critical areas and also there were operations scale down in line with Ministry of Health guidelines to fight the pandemic.



Hon. Anne A. Amadi, CBS

Chief Registrar of the Judiciary

### III. STATEMENT OF JUDICIARY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared 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 Judiciary is responsible for the preparation and presentation of the Judiciary's financial statements, which give a true and fair view of the state of affairs of the Judiciary for and as at the end of the year ended on 30<sup>th</sup> June 2020. This responsibility includes:


- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the Judiciary;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.


The Accounting Officer in charge of the Judiciary accepts responsibility for the Judiciary's financial statements, which have been prepared on the cash basis method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Judiciary's financial statements give a true and fair view of the state of Judiciary's transactions during the year ended 30<sup>th</sup> June 2020, and of the Judiciary's financial position as at that date. The Accounting Officer in charge of Judiciary further confirms the completeness of the accounting records maintained for the Judiciary, which have been relied upon in the preparation of the Judiciary's financial statements as well as the adequacy of the systems of internal financial control.

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

#### Approval of the financial statements

The Judiciary's financial statements were approved and signed by the Accounting Officer on 28<sup>th</sup> September 2020.

  
\_\_\_\_\_  
Hon Anne A. Amadi, CBS  
Chief Registrar of the Judiciary

  
\_\_\_\_\_  
CPA Wycliffe Wanga - ICPAK No: 3209  
Accounts Controller

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**IV. REPORT OF THE INDEPENDENT AUDITORS ON THE JUDICIARY**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON JUDICIARY FOR THE YEAR ENDED 30 JUNE, 2020**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of the Judiciary set out on pages 13 to 40, which comprise the statement of assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Judiciary as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

#### **Basis for Qualified Opinion**

##### **1.0 Cash and Cash Equivalents**

##### **1.1 Unsupported Adjustments**

Included in the cash and cash equivalents balance of Kshs.6,910,868,419 is Kshs.585,984,121 and Kshs.6,129,527,516 in respect of the deposits bank account and balances held in various commercial banks respectively. However, the balances were net of cash book adjustments amounting to Kshs.81,478,205 that were not adequately supported.

##### **1.2 Unexplained Loss of Cash Deposits**

Examination of the deposit records maintained by the Molo Court station revealed a loss of Kshs.34,219,651 dating back to 2017/2018 financial year through theft by staff members who have since been dismissed. The matter was referred to the Director of Criminal Investigation and the Asset Recovery Agency.

In addition, bank reconciliation statements for the month of June, 2020 for the bank accounts for Embu, Nakuru and Malindi Court Stations reflected losses amounting to

Kshs.2,682,152, Kshs.84,588,258 and Kshs.1,455,800 respectively. However, the nature of the loss, recovery strategies and court proceedings on the matter were not disclosed.

In view of the foregoing, it has not been possible to confirm that the bank balance of Kshs.6,129,527,516 held in various commercial banks as at 30 June, 2020 is fairly stated.

## **2.0 Unreconciled Variances in Accounts Payables**

The statement of assets and liabilities reflects Kshs.6,715,511,637 with respect to accounts payables which as disclosed at Note 11 to the financial statements, reflects general deposits – stations at various court stations amounting to Kshs.6,129,527,516. However, the analysis availed for audit review reflected an amount of Kshs.6,452,559,010 resulting to an unexplained difference of Kshs.323,031,494.

Further, the Management did not explain why the deposits payable from the stations of Kshs.6,452,559,010 differed with the cash deposits of Kshs.6,129,527,516 as shown under Note 9 and how the resultant difference would be serviced. In the circumstances, the accuracy of the general deposits-stations balance of Kshs.6,129,527,516 could not be confirmed

## **3.0 Delayed Completion of Construction of Thirty-Nine (39) Courts**

As disclosed under Annex 2 to the financial statements and as previously reported, the historical cost of assets of the Judiciary balance of Kshs.27,825,307,366 includes costs incurred on construction works of thirty-nine (39) Law Courts spread across the Country. Construction works for some of the law courts were awarded in the financial year 2013 but had taken long to complete therefore, attracting interests on the contract sum.

A review of the position as at 30 June, 2020, indicated that a total of Kshs.822,204,890 was awarded to the contractors out of which an amount of Kshs.18,809,796 was paid in the 2019/2020 financial year as disclosed under Note 15 to the financial statements. Further, included in the award was a total of Kshs.773,740,811 to various contractors as claims on projects awarded but were yet to commence due to unavailability of land for construction, unpaid certificates, and interest on delayed payments.

Consequently, the value for money on the payments and the outstanding obligations could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Judiciary 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 qualified opinion.

### **Key Audit Matters**

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

## Other Matter

### 1.0 Pending Bills

Note 14 to the financial statements reflects pending bills totaling 788,664,790 that were not settled during the financial year 2019/2020 but were instead carried forward to 2020/2021. Failure to settle bills in the year to which they relate distorts the financial statements for the year and also affects the budgetary provisions for the subsequent year.

### 2.0 Failure to Prioritize Budgeting for Older and Stalled Projects

An analysis of total work certified in relation to the contracted amount, revealed that the Judiciary was budgeting for projects in subsequent periods before completion of projects already contracted for. In addition, payments were prioritized for projects contracted for much later in disregard to the earlier contracted projects as shown below;

Year	No. of Court Stations	Total Amount Contracted (Kshs.)	Amount Certified to Date (Kshs.)	% Certified
2013	9	2,130,222,115	662,978,894	31%
2014	2	70,273,922	63,177,209	90%
2015	11	748,927,843	657,190,769	88%
2016	0	0.00	0.00	0%
2017	12	1,864,327,275	577,654,001	31%
2018	0	0.00	0.00	
2019	1	157,200,000	128,987,852	82%
<b>Total</b>	<b>35</b>	<b>4,970,951,155</b>	<b>2,089,988,725</b>	<b>42%</b>

No reason or explanation was provided for the preference for payments of later projects instead of the earlier ones or why the Judiciary was undertaking additional projects before completing previous projects in violation of Regulation 56(2)(b) of the Public Finance Management Regulations, 2015 that requires continuing projects be budgeted for first before new projects are budgeted for by the entity.

### 3.0 Unresolved Prior Year Audit Matters

Various prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year audit issues.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

As required by Article 229(6) of the Constitution, except for the matters 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**

### **1.0 Failure to have a Valid Lease Agreement for HIV and AIDS Tribunal**

The HIV and AIDS Tribunal was allocated Kshs.42,988,420 in respect of operational costs. Included in this amount was Kshs.7,233,778 for rentals of produced assets. A review of the rental documents for the HIV Tribunal revealed that a lease agreement was signed and executed on 25 May, 2018 for a cost of Kshs.5,575,322 per annum by the Tribunal's Chief Executive Officer instead of the Chief Registrar of the Judiciary and backdated to 1 July, 2015. No adequate explanation or reason was provided by the Accounting Officer on why the Tribunal was occupying a building without a valid legal contract.

Further, an amount of Kshs.20,200,395 in rental arrears was demanded from the Tribunal as per correspondences availed for audit review - Ref: M/NHIF/FTH A/08-20/RWN 24 dated August, 2020 from the property managers (on behalf of NHIF) to the Chief Executive Officer of the Tribunal.

In the absence of duly executed lease agreements it was not possible to determine the accuracy and validity of the outstanding rent and the rent paid by the Tribunal.

### **2.0 Failure to Withhold Performance Bonds**

Audit review of the construction project files revealed that a total of four construction projects for Wajir, Olkalou, Mukurweini and Kibera Courts had been stopped due to poor performance and workmanship. The total contracted cost for the projects was Kshs.695,857,795 out of which Kshs.322,200,617 was works certified as at the time of stoppage. However, the performance bonds totaling Kshs.69,585,794.96 were not seized in violation of Section 142(2) of the Public Procurement and Asset Disposal Act, 2015 which provides that the performance security shall unconditionally be fully seized by the procuring entity as compensation without prejudice to other penalties provided for by the Act.

### **3.0 Stalled Construction of Turkana High Court**

During the year 2013, the Judiciary awarded a contractor, the tender for the construction of the High Court at Turkana at a cost of Kshs.814,886,141. Construction of the project commenced on 30 September, 2013 and was to end on 25 April, 2015. On 2 July, 2014, the project stalled with total works certified being at Kshs.140,079,212 out of which, a total of Kshs.101,294,765 had been paid. However, the certificates of works and inspection and acceptance reports were not availed for audit review.

Based on advice by the Attorney General vide letter Ref.AG/ARB/JD/23/16 dated 21 August, 2017, the Judiciary was advised to negotiate with the contractor for purposes of resuming construction, by undertaking joint re-measurements of the work done, preparation of a valuation report, to enter into an arrangement to have the outstanding certificates settled and the pending works completed, and to have a capping on the increase of interest rates due for the period of delay in the project implementation that had by then exceeded three years.

In March, 2019, an arbitration award of Kshs.290,645,723 was made against the Judiciary mainly for unpaid and uncertified certificates and retention money after failure by the Judiciary to reach an agreement with the contractor resulting in the total payable cost on the project escalating to Kshs.391,940,488. An audit inspection of the site in March, 2021 revealed that the only works done were construction of the pillars with the slab for the first floor, which is equivalent to approximately 15% of the works and is less than the total project cost to date of Kshs.391,940,488.

In addition, a letter dated 16 March, 2020 Ref.AG/CONF/12/C/144 VOL.I(82) by the Attorney General to Judiciary rendered invalid projects whose contract period had expired and not yet renewed, implying that the contract between The Judiciary and the contractor was now non-existent and required to be re-tendered.

Consequently, no benefit was achieved on the Kshs.391,940,488 claimed for the project and the public may not get value for money on this project.

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 overall 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 control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Judiciary's ability to sustain services, disclosing, as applicable, matters related to

sustainability of services and using the going concern basis of accounting unless the Management is aware of the intention to terminate the Judiciary or to cease operations.

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

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

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

#### **Auditor-General's Responsibilities for the Audit**

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

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

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

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Judiciary's 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 Judiciary's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Judiciary to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Judiciary 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.

  
Nancy Gathungu  
**AUDITOR-GENERAL**

**Nairobi**

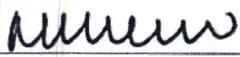
**26 May, 2021**


THE JUDICIARY  
 REPORTS AND FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2020

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019-2020	2018-2019
		KShs	KShs
<b>RECEIPTS</b>			
Exchequer releases	1	14,436,767,825	13,044,322,865
Other receipts – Direct Payments	2	1,888,098,130	2,158,285,551
		<b>16,324,865,955</b>	<b>15,202,608,416</b>
<b>PAYMENTS</b>			
Compensation of Employees	3	8,442,433,334	7,599,671,082
Use of goods and services	4	3,793,176,500	3,557,016,786
Transfers to Other Government Units	5	-	533,663,056
Social Security Benefits	6	712,924,948	790,400,544
Acquisition of Assets	7	2,456,368,155	1,875,806,861
Other Expenses	8	707,388,807	772,352,455
		<b>16,112,291,744</b>	<b>15,128,910,784</b>
<b>SURPLUS/DEFICIT</b>			
		<b>212,574,212</b>	<b>73,697,632</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Judiciary financial statements were approved on 28<sup>th</sup> September, 2020 and signed by:

  
 Hon. Anne A. Amadi, CBS  
 Chief Registrar of the Judiciary

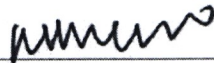
  
 CPA Wycliffe Wanga - ICPAK No: 3209  
 Accounts Controller

THE JUDICIARY  
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VI. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019-2020 KShs	2018-2019 KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	9	6,910,868,419	7,437,549,982
Accounts Receivables - Outstanding Imprest and Clearance Accounts	10	309,756,847	265,127,574
<b>TOTAL FINANCIAL ASSETS</b>		<b>7,220,625,265</b>	<b>7,702,677,555</b>
<b>LESS: FINANCIAL LIABILITIES</b>			
Accounts Payables - Deposits	11	6,715,511,637	7,410,138,140
<b>NET FINANCIAL ASSETS</b>		<b>505,113,627</b>	<b>292,539,416</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd.	12	292,539,416	931,162,078
Prior Year Adjustment	13	-	(712,320,295)
Surplus/Deficit for the year		212,574,212	73,697,632
<b>NET FINANCIAL POSITION</b>		<b>505,113,627</b>	<b>292,539,416</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Judiciary financial statements were approved on 28<sup>th</sup> September 2020 and signed by:



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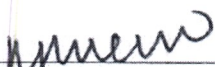
CPA Wycliffe Wanga - ICPAK No: 3209  
 Accounts Controller


THE JUDICIARY  
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VII. STATEMENT OF CASH FLOWS

	Note	2019-2020	2018-2019
Receipts for operating income		KShs	KShs
Transfers from National Treasury	1	14,436,767,825	13,044,322,865
Other Receipts	2	<u>1,888,098,131</u>	<u>2,158,285,551</u>
		<b>16,324,865,955</b>	<b>15,202,608,416</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	3	8,442,433,334	7,599,671,082
Use of goods and services	4	3,793,176,500	3,557,016,786
Transfers to Other Government Units	5	-	533,663,056
Social Security Benefits	6	712,924,948	790,400,544
Other payments	8	<u>707,388,807</u>	<u>772,352,455</u>
		<b>(13,655,923,588)</b>	<b>(13,253,103,923)</b>
<b>Adjusted for:</b>			
Changes in receivables		(44,629,273)	(82,027,226)
Changes in payables		<u>(694,626,502)</u>	<u>2,283,242,005</u>
		<b>(739,255,775)</b>	<b>2,201,214,779</b>
<b>Net cash flow from operating activities</b>		<b>1,929,686,593</b>	<b>4,150,719,272</b>
Acquisition of Assets	7	<u>(2,456,368,155)</u>	<u>(1,875,806,861)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(526,681,563)</b>	<b>2,274,912,411</b>
Prior year adjustment	13	-	....(712,320,295)
Cash and cash equivalent at beginning of the year		<u>7,437,549,982</u>	<u>5,874,957,865</u>
<b>Cash and cash equivalent at end of the year</b>		<b><u>6,910,868,419</u></b>	<b><u>7,437,549,982</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Judiciary financial statements were approved on 28<sup>th</sup> September 2020 and signed by:

  
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Chief Registrar of the Judiciary


  
CPA Wycliffe Wanga - ICPAK No: 3209  
Accounts Controller


THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
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VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipty/Expense Item	Original Budget	Adjustment	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a KShs	B KShs	c=b+a KShs	d KShs	e=c-d KShs	f=d/c % KShs
<b>RECEIPTS</b>						
Exchequer releases	10,946,411,298	4,922,378,703	15,868,790,001	14,436,767,825	1,432,022,176	91%
Other receipts	<u>1,095,000,000</u>	-	<u>1,095,000,000</u>	<u>1,888,098,130</u>	<u>(793,098,130)</u>	<u>172%<sup>1</sup></u>
	<u>12,041,411,298</u>	<u>4,922,378,703</u>	<u>16,963,790,001</u>	<u>16,324,865,955</u>	<u>638,924,046</u>	<u>96%</u>
<b>PAYMENTS</b>						
Compensation of Employees	4,383,115,000	4,096,157,915	8,479,272,915	8,442,433,334	36,839,581	100%
Use of goods and services	2,597,669,700	1,271,215,799	3,868,885,499	3,793,176,500	75,708,999	98%
Transfers to Government Units	-	-	-	-	-	-
Social Security Benefits	309,578,085	309,578,085	619,156,170	712,924,948	(93,768,778)	115% <sup>2</sup>
Acquisition of Assets	4,475,850,014	(1,019,772,797)	3,456,077,217	2,456,368,155	999,709,062	71% <sup>3</sup>
Other Expenses	275,198,500	265,199,700	540,398,200	707,388,807	(166,990,607)	131% <sup>4</sup>
<b>Grand Total</b>	<u>12,041,411,298</u>	<u>4,922,378,703</u>	<u>16,963,790,001</u>	<u>16,112,291,744</u>	<u>851,498,257</u>	<u>95%</u>

The Judiciary financial statements were approved on 28<sup>th</sup> September 2020 and signed by:

  
Hon. Anne A. Amadi, CBS  
Chief Registrar of the Judiciary

  
CPA Wycliffe Wanga - ICPAK No: 3209  
Accounts Controller

<sup>1</sup> Other receipt were higher as a result of JPIP payment vouchers paid directly from the National Treasury. However overall receipts were at 96% of the budget mainly due to development budget that was not fully funded.

<sup>2</sup> The excess expenditure was as a result of a budget allocation reversal after expenditure has been incurred. This was compensated by under expenditure in the other lines.

<sup>3</sup> The low utilization was as a result of underfunded development Gok budget and scaled project operations funded by JPIP mainly 4<sup>th</sup> quarter as a result of Covid-19. The Gok allocation was KShs 971 million and exchequer received was KShs 639 million. As a result of scaled down operations, contractors payments reduced.


<sup>4</sup> No 3 & 4 relate to same budget split for classification purposes, with average utilisation of 79%. The low utilization was as a result of underfunded development Gok budget and scaled project operations funded by JPIP mainly 4<sup>th</sup> quarter as a result of Covid-19. The Gok allocation was KShs 971 million and exchequer received was KShs 639 million. As a result of scaled down operations, contractors payments reduced.


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IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustment	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a KShs	b KShs	c=b+a KShs	D KShs	E=c-d KShs	f=d/c % KShs
<b>RECEIPTS</b>						
Exchequer releases	8,000,571,298	5,796,818,703	13,797,390,001	13,797,400,000	9,999	100%
<b>PAYMENTS</b>						
Compensation of Employees	4,383,115,000	4,096,157,915	8,479,272,915	8,442,433,334	36,839,581	99.6%
Use of goods and services	2,597,669,700	1,271,215,799	3,868,885,499	3,793,176,500	75,708,999	98%
Transfers to Other Government Units	-	-	-	-	-	-
Social Security Benefits	309,578,085	309,578,085	619,156,170	712,924,948	(93,768,778)	115% <sup>5</sup>
Acquisition of Assets	435,010,014	(145,332,797)	289,677,217	282,297,866	7,379,351	97%
Other expenses	275,198,500	265,199,700	540,398,200	500,548,950	39,849,250	93%
<b>Grand Total</b>	<b>8,000,571,298</b>	<b>5,796,818,703</b>	<b>13,797,390,001</b>	<b>13,731,381,598</b>	<b>66,008,403</b>	<b>99%</b>

The Judiciary financial statements were approved on 28<sup>th</sup> September 2020 and signed by:

  
Hon. Anne A. Amadi, CBS  
Chief Registrar of the Judiciary

  
CPA Wycliffe Wanga - ICPAK No: 3209  
Accounts Controller

<sup>5</sup> The excess expenditure was as a result of a budget allocation reversal after expenditure has been incurred. This was compensated by under expenditure in the other lines

THE JUDICIARY  
REPORTS AND FINANCIAL STATEMENTS  
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X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipty/Expense Item	Original Budget	Adjustment	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a KShs	b KShs	c=b+a KShs	d KShs	e=c-d KShs	f=d/c % KShs
<b>RECEIPTS</b>						
Exchequer releases	2,945,840,000	(874,440,000)	2,071,400,000	639,367,825	1,432,032,175	30%
Other Receipts -Direct Payments (JPIP)	1,095,000,000	-	1,095,000,000	1,888,098,130	(793,098,130)	172% <sup>6</sup>
	<b>4,040,840,000</b>	<b>(874,440,000)</b>	<b>3,166,400,000</b>	<b>2,527,465,955</b>	<b>638,934,045</b>	<b>80%</b>
<b>PAYMENTS</b>						
Acquisition of Assets -GoK	1,445,840,000	(474,440,000)	971,400,000	654,530,648	316,869,353	67% <sup>7</sup>
Acquisition of Assets - JPIP	2,595,000,000	(400,000,000)	2,195,000,000	1,726,379,499	468,620,501	79% <sup>8</sup>
<b>Grand Total</b>	<b>4,040,840,000</b>	<b>(874,440,000)</b>	<b>3,166,400,000</b>	<b>2,380,910,146</b>	<b>785,489,855</b>	<b>75%</b>

The Judiciary financial statements were approved on 28<sup>th</sup> September 2020 and signed by:



Hon. Anne A. Amadi, CBS  
Chief Registrar of the Judiciary



CPA Wycliffe Wanga - ICPAK No: 3209  
Accounts Controller

<sup>6</sup> The actual other receipts were higher as a result of payment vouchers being paid directly from the National Treasury for JPIP Vouchers though budget for as exchequer. No exchequer was received for vouchers paid at the National Treasury but was accounted for as other receipts/direct payments. Overall development exchequer receipts were 80% of the budget.

<sup>7</sup> The low utilization was as a result of underfunded development budget. The GoK allocation was KShs 971 million and exchequer received was KShs 639 million.

<sup>8</sup> The low utilization was as a result of scaled down operations of JPIP funded projects due to Covid-19 Pandemic in 4<sup>th</sup> quarter hence fewer certificates came up for payment.

THE JUDICIARY  
 REPORTS AND FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2020

XII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2019-2020 KShs	Adjustment 2019-2020 KShs	Final Budget 2019-2020 KShs	Actual on Comparable Basis 2019-2020 KShs	Budget Utilisation Difference 2019-2020 KShs
Programme 1: Dispensation of Justice	16,963,790,001		16,963,790,001	16,112,291,744	851,498,257
Sub-programme 1: Access to					
Justice	13,591,060,935		13,591,060,935	12,733,698,553	857,362,382
Sub-programme 2: Administration and Support Services	3,372,729,066		3,372,729,066	3,378,593,191	(5,864,125)
<b>Grand Total</b>	<b>16,963,790,001</b>		<b>16,963,790,001</b>	<b>16,112,291,744</b>	<b>851,498,257</b>

### XIII. SIGNIFICANT ACCOUNTING POLICIES

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

#### 1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

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

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

#### 2. Reporting Entity

The financial statements are for the Judiciary. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012 and also comprise of the following development project implemented by the entity:

##### *i) Judicial Performance Improvement Project*

#### 3. Reporting Currency

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

#### 4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

##### a) Recognition of Receipts

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

##### • Transfers from the Exchequer

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

**a) Recognition of Receipts (Continued)**

• **External Assistance**

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

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the Judiciary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30<sup>th</sup> June 2020, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

**b) Recognition of payments**

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Judiciary.

• **Compensation of Employees**

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

• **Use of Goods and Services**

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

• **Interest on Borrowing**

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

• **Repayment of Borrowing (Principal Amount)**

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

**b) Recognition of payments (Continued)**

• **Acquisition of Fixed Assets**

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

A fixed asset register is maintained by the Judiciary and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

**5. In-kind contributions**

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

**6. Third Party Payments**

Included in the receipts and payments, are payments made on its behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings.

**7. Cash and cash equivalents**

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

• **Restriction on Cash**

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits.

There were no other restrictions on cash during the year

**8. Accounts Receivable**

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

**9. Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties has been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

**10. Pending Bills**

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

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on a cash basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2019 for the period 1st July 2019 to 30th June 2020 as required by Law and there were two supplementary adjustments to the original budget during the year.

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

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

**12. Comparative figures**

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

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**13. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2020

**14. Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: (i). restating the comparative amounts for prior period(s) presented in which the error occurred; or (ii). If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

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XIV. NOTES TO THE FINANCIAL STATEMENTS

1) EXCHEQUER RELEASES

Description and reference of the transfer	2019-2020	2018-2019
	KShs	KShs
Total Exchequer Releases for quarter 1	2,959,055,394	3,856,659,345
Total Exchequer Releases for quarter 2	4,455,167,849	2,675,303,200
Total Exchequer Releases for quarter 3	4,355,767,042	3,643,175,100
Total Exchequer Releases for quarter 4	<u>2,666,777,540</u>	<u>2,869,185,220</u>
<b>Total</b>	<b><u>14,436,767,825</u></b>	<b><u>13,044,322,865</u></b>

2) PROCEEDS FROM FOREIGN BORROWINGS (JPIP)

Total Exchequer Releases for quarter 1	270,833,980	-
Total Exchequer Releases for quarter 2	-	436,003,250
Total Exchequer Releases for quarter 3	372,727,448	121,082,500
Total Exchequer Releases for quarter 4	106,490,000	673,833,018
Miscellaneous Receipts	16,343,336	-
Direct Payments	<u>1,121,703,366</u>	<u>927,366,783</u>
	<b><u>1,888,098,131</u></b>	<b><u>2,158,285,551</u></b>

3) COMPENSATION OF EMPLOYEES

Basic salaries of permanent employees	3,350,172,968	3,393,678,632
Basic wages of temporary employees	147,289,726	147,289,623
Personal allowances paid as part of salary	4,626,347,813	4,058,702,827
Personal allowances paid as reimbursements	38,462,831	-
Employer contribution to Compulsory national Social Security Schemes	<u>280,159,996</u>	-
<b>Total</b>	<b><u>8,442,433,334</u></b>	<b><u>7,599,671,082</u></b>

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4) USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	KShs	KShs
Utilities, supplies and services	121,686,490	122,496,419
Communication, supplies and services	167,466,402	248,992,949
Domestic travel and subsistence	693,555,154	679,203,145
Foreign travel and subsistence	50,524,994	65,656,254
Printing, advertising and information supplies & services	43,138,934	83,208,604
Rentals of produced assets	65,319,411	21,144,660
Training expenses	60,064,757	46,289,559
Hospitality supplies and services	277,831,082	226,785,154
Insurance costs	1,238,325,268	1,055,000,000
Specialised materials and services	24,730,998	38,186,708
Office and general supplies and services	225,422,919	195,180,622
Fuel Oil and Lubricants	122,972,101	153,208,309
Other operating expenses	462,562,817	414,074,528
Routine maintenance - vehicles and other transport equipment	161,764,363	135,520,379
Routine maintenance - other assets	77,810,810	72,069,496
<b>Total</b>	<b>3,793,176,500</b>	<b>3,557,016,786</b>

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5) TRANSFERS TO OTHER GOVERNMENT ENTITIES

Entity	2019-2020 KShs	2018-2019 KShs
National Council for Administration of Justice	-	48,855,013
Education Tribunal	-	8,135,604
Standards Tribunal	-	13,161,444
Business Premises Tribunal	-	33,971,461
Co-operative Tribunal	-	49,645,486
Industrial Property Tribunal	-	13,088,074
HIV and AIDs Tribunal	-	44,909,164
National Environment Tribunal	-	22,750,779
Rent Restriction Tribunal	-	27,880,828
Sports Dispute Tribunal	-	17,097,287
Energy Tribunal	-	9,674,682
Private Public Partnership Dispute Tribunal	-	29,464,400
Competition Tribunal	-	29,195,551
Transport Licensing Appeals Board	-	73,078,742
Political Parties Dispute Tribunal	-	25,329,428
Competent Authority	-	10,397,550
Education Appeals Tribunal	-	10,600,250
Tribunal Secretariat	-	26,731,478
State Corporations Appeals Tribunal	-	39,695,835
Transfers to Central government entities	-	<u>533,663,056</u>

6) SOCIAL SECURITY BENEFITS

Government pension and retirement benefits	<u>712,924,948</u>	<u>790,400,544</u>
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Social security benefits relate to Judiciary contribution towards staff retirement under the defined contribution scheme and defined benefit schemes. The contributions are made to Sanlam Kenya Limited and Zamara Actuaries, Administrators & Consultants Limited who are the fund managers and administrators respectively.

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7) ACQUISITION OF ASSETS

Non-Financial Assets	2019-2020	2018-2019
	KShs	KShs
Construction of Buildings	377,536,065	19,582,077
Refurbishment of Buildings	171,088,902	102,828,671
Purchase of Vehicles and Other Transport Equipment	217,633,800	125,052,100
Purchase of Office Furniture and General Equipment	64,664,066	79,392,291
Purchase of Specialized Plant, Equipment and Machinery	97,367,540	-
Research, Feasibility studies, project preparation and design	8,538,140	-
Domestic Lending and On-lending - JPIP	1,519,539,642	1,548,951,723
<b>Total</b>	<b>2,456,368,155</b>	<b>1,875,806,861</b>

8) OTHER EXPENSES

Purchase of goods and services - JPIP	206,839,857	452,413,790
Purchase of goods and services - Direct Payments	-	119,826,566
Housing Loans to public servants	485,547,750	151,000,000
Car loans to public servants	15,001,200	-
Ford Foundation Expenses	-	49,112,099
	<b>707,388,807</b>	<b>772,352,455</b>

9) BANK ACCOUNTS

Name of Bank, Account No. & currency	Type		
Central Bank of Kenya: 1000181915 - KES	Recurrent	31,211,627	20,661,941
Central Bank of Kenya: 1000182048 - KES	Development	11,336,659	639,216
Central Bank of Kenya: 1000182342 - KES	Deposits	585,984,121	624,361,565
Central Bank of Kenya: 1000187441 - KES	JPIP	152,808,496	6,110,685
Various Commercial Banks		6,129,527,516	6,785,776,575
<b>Total</b>		<b>6,910,868,419</b>	<b>7,437,549,982</b>

10) ACCOUNTS RECEIVABLE

Government Imprests	54,182,936	33,608,175
Government Imprests - JPIP	6,348,058	15,423,241
Salary advances	979,769	925,570
District suspense & Clearance accounts	248,246,084	215,170,588
<b>Total</b>	<b>309,756,847</b>	<b>265,127,574</b>

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11) ACCOUNTS PAYABLE

	2019-2020	2018-2019
	KShs	KShs
General Deposits - HQs	585,984,121	624,361,565
General Deposits - Stations	6,129,527,516	6,785,776,575
<b>Total</b>	<b>6,715,511,637</b>	<b>7,410,138,140</b>

12) BALANCES BROUGHT FORWARD

Bank Accounts	9	7,437,549,982	5,874,957,865
Accounts Receivable	10	265,127,574	183,100,347
Accounts Payable	11	(7,410,138,140)	(5,126,896,135)
<b>Total</b>		<b>292,539,416</b>	<b>931,162,078</b>

13) PRIOR YEAR ADJUSTEMENTS

Adjustment on Bank Deposit Account		-	(567,620,122)
Adjustments on Receivables - JPIP		-	(144,700,173)
<b>Total</b>		<b>-</b>	<b>(712,320,295)</b>

14) OTHER IMPORTANT DISCLOSURES

14.1 (a) PENDING ACCOUNTS PAYABLE (See Annex 1a for detailed listing)

Description	Balance b/f FY 2018/2019 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2019/2020 Kshs
Construction of buildings	424,640,466	29,174,518	424,640,466	29,174,518
Construction of Civil Works		-	-	-
Supply of goods	77,035,697	504,049,129	77,035,697	504,049,129
Supply of services	256,714,213	235,355,185	256,714,213	235,355,185
<b>Total</b>	<b>758,390,376</b>	<b>768,578,333</b>	<b>758,390,376</b>	<b>768,578,333</b>

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**14.2 (b) PENDING STAFF PAYABLES (See Annex 1b for detailed listing)**

Staff Payables	<u>100,047,319</u>	<u>20,085,958</u>	<u>100,047,319</u>	<u>20,085,958</u>
TOTAL	<u>858,437,695</u>	<u>788,664,790</u>	<u>858,437,695</u>	<u>788,664,790</u>

Included in the bills paid of Kshs 858,437,696 were ineligible bills that were not paid.

**15) CONTINGENT LIABILITIES - LITIGATION AWARDS**

The Judiciary entered into contractor with various contractors for construction of court buildings which were initially supervised by the Ministry of works. Due to budget constraints, the projects were not completed per contract period and also there were delays in payment of contractor. The contractors sued the Judiciary and were awarded a total of KShs 822, 204,899.60. Due to budgetary constraints, only Kshs 18,809,796.80 has been settled. The Judiciary has requested the National Treasury for budget allocation to pay the awards granted by the Court.

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**XV. PROGRESS ON THE FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal person to resolve issue and designation	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Inaccurate cash and bank balances				
1.1	Unsupported Third-Party Deposits	The Judiciary maintains banks accounts for each court for the third party deposits. Cash books and bank reconciliations are now prepared at the court stations. The court books of Accounts used to be maintained by the sub County Treasuries, however, the courts are now delinked and the primary Books are maintained at the courts. The differences noted in the cashbooks arising from audit findings are timing differences which are reconciling items in the cashbooks, some of which are historic in nature since de-linking from	Accounts Controller	Awaiting Resolution PAC	
1.2	Unreconciled Receipts and Payments		Accounts Controller	Awaiting Resolution PAC	

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Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal person to resolve issue and designation	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.3	Long Outstanding Items in Bank Reconciliation Statements	<p>the district treasuries. However, books of accounts have been reviewed to ascertain and correct these accounting errors.</p> <p>Payments in Bank statement not yet recorded in the cashbook</p> <p>a) Recurrent account no. 1000182915 – Kshs 62, 025,258.90.</p> <p>Included in this amount of KShs 62,025,258.90 was KShs 44,161,404 being May 2019 net salaries payable through cooperative bank which had not been posted in the cash book but has since been posted in the cashbook. The balance of the payments has been updated in the cashbook and cleared from the reconciliation.</p> <p>b) Development account no.1000182048 - KShs. 2,141,680.85 This related to payment to a contractor in the month of July 2017. The cashbook has since been updated</p>	Accounts Controller	Awaiting Resolution PAC	

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Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal person to resolve issue and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		upon retrieval of the supporting document. c) Deposit account no.1000182342 KShs. 62,833,086.00. This related to fraudulent activities in September 2013 in the deposit bank account. The case No. 1457 of 2013 is now and prosecution proved the case of fraud and suspects found guilty. The amount shall be recovered from the recipient Banks.			
2.	Unsupported Expenditure on use of goods and services	The support documents have since been retrieved and are available for confirmation.	Accounts Controller	Awaiting Resolution	PAC
3.	Unsupported Pending Bills	The Judiciary received a total exchequer of KShs 15,202,608,422 against a budget of Kshs 16,095,496,725 leading to unfunded budget of KShs 892,888,309. Had the Judiciary been fully funded the deficit of Kshs 808,335,731 would be minimal.	Accounts Controller	Awaiting Resolution	PAC

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve issue and designation	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>In compliance with the financial reporting template, the pending bills were disclosed. A detailed schedules of pending bills were also annexed to the financial statements.</p> <p>They pending bills in question arose from contract entered into in prior financial years and they had not been paid at the close of the year. These bills have subsequently been paid.</p>			
4.	Accounts Payable - Deposits	<p>The financial statement reflects a figure of KShs 7,410,138,140 that comprises the current year deposits of KShs 2,283,242,005.40 and balance brought forward of KShs 5,126,896,134.36. and the amount is supported by outstanding listing.</p> <p>Hence the figure of Kshs 12,537,034,274.36 is an error.</p> <p>ii) The amount held in respect of third parties was KShs 7,410,138,139.75 listed as outstanding</p>	Accounts Controller	Awaiting Resolution PAC	

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Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal person to resolve issue and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>the resultant differences between the bank balance and the listing are reconciliation differences. These differences have been reconciled and being verified by National Treasury since the Sub County Treasuries used to maintain books of accounts before delinking.</p> <p>The differences noted in the cashbooks arising from audit findings are timing differences which are reconciling items in the cashbooks, some of which are historic in nature since de-linking from the district treasuries. However, books of accounts have been reviewed to ascertain and correct these accounting errors.</p>			
5.	Delayed Completion of Thirty-Nine (39) Courts	The project status report reflects a gross amount of Kshs 1,564,268,273.75 certified as work done much of which has been settled. As at the 30th June 2019 it is only Kshs	Accounts Controller	Awaiting Resolution PAC	

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Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal person to resolve issue and designation	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>424,640,460 that had not been paid as disclosed in the Financial Statements as pending bills.</p> <p>The inadequate budget allocation for the development vote and periodic revision of the budget during the year has exposed the Judiciary to financial risk in the project management. The interest and penalties that arise on the delayed payments is a risk the government has to bear given the contractual obligation provided for in the contracts. Judiciary however, from time to time engages the contractors not to invoke the interest and penalty clause in the contract.</p>			
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>					
1.	Management of Tribunals	Issue No (i). Although the Constitution provides for the transition of Tribunals to the Judiciary, the trigger for the transfer is not clear. There is no existing policy or legislative framework to guide the transition. Each tribunal	Accounts Controller	Awaiting Resolution	PAC

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Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal person to resolve issue and designation	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>exists on its own as established by an Act of Parliament. Each tribunal has its own rules of procedure, different appointment criteria and different terms and conditions of service. The Judiciary in partnership with the Law Reform Commission has drafted a Tribunals Bill (attached as annex Judic009) to provide for a governance framework of tribunals in order to harmonize the operations of tribunals. The Draft Tribunals Bill 2019 has been submitted to the Attorney General for tabling before cabinet. The 20 tribunals under the Judiciary are those that the National Treasury has transferred operational budgets to the Judiciary. The Judiciary has no role in the transfer of the tribunals to the Judiciary.</p> <p>Issue No (ii). Once a tribunal is transitioned, the staff who were in the tribunal remain in the Tribunal to ensure transfer of knowledge and smooth transition process. The</p>			

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Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal person to resolve issue and designation	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Judiciary is in the process of implementing the organizational review and the issue of staffing for tribunals is one of the issues to be addressed by the organizational review. The Judiciary has also consistently deployed judiciary staff to tribunals to ensure succession management and knowledge transfer.</p> <p>Issue No (iii) the transition process is a long one and requires a lot of consultation. Some tribunals were operationalized for the first time while under the Judiciary and so they had no space. These tribunals are run from the Tribunal's Secretariat. Some tribunals are still housed by their parent ministries, which are spread across country and occupy space, which they share with other government units. The Judiciary has made a proposal for the acquisition of office space to allow the provision of centralized judicial services and</p>			


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Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal person to resolve issue and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		enhance access to justice for all through easier physical access. The Judicial Service Commission (JSC) advertised for positions of Directors, Heads of units and registrars in the month of February 2019. The Interviews for various positions were held and appointments for the Director Audit and Risk Management and Director for planning and organizational performance made.			
2.	Irregular Acting Appointments		Accounts Controller	Awaiting Resolution PAC	
3.	Unapproved Reallocations	During transition of Tribunals to Judiciary from various Ministries, their budgets was classified as Transfers to Semi-Autonomous Government Agencies. Therefore, all items for the activities of the tribunals were to be charged under one-line item. The staff who undertook those activities although they were drawn from Judiciary, the activities were tribunal related. In the FY 2019/2020 the	Accounts Controller	Awaiting Resolution PAC	

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Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal person to resolve issue and designation	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	/	budget has been itemized and the expenditure is being charged to each tribunal's budget.  Section 43(3) of the PFM act, and Section 48(1) provide for the accounting officer to reallocate funds within a program. Judiciary's budget is classified under one program which is Dispensation of Justice.			

  
 Hon. Anne A. Amadi, CBS  
 Chief Registrar of the Judiciary

  
 CPA Wycliffe Wanga - ICPAK No: 3209  
 Accounts Controller

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ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/fwd. (Kshs) 2018/2019	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/fwd. (Kshs) 2019/2020
	KShs	KShs	KShs	KShs	KShs
Land	7,297,599,999	-	-	-	7,297,599,999
Buildings and structures	12,729,969,211	2,068,164,609	-	-	14,798,133,819
Transport equipment	3,115,800,007	217,633,800	-	-	3,333,433,987
Office equipment, furniture and fittings	425,823,297	64,664,066	-	-	490,487,363
ICT Equipment	382,388,892	8,538,140	-	-	390,927,032
Machinery and Equipment	1,417,357,625	97,367,540	-	-	1,514,725,165
Biological assets	-	-	-	-	-
Infrastructure Assets- Roads, Rails	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Work in Progress	-	-	-	-	-
<b>Total</b>	<b>25,368,939,031</b>	<b>2,456,368,155</b>	<b>-</b>	<b>-</b>	<b>27,825,307,366</b>

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 FOR THE YEAR ENDED 30 JUNE 2020

**ANNEX 3 – LIST OF PROJECTS IMPLEMENTED BY THE JUDICIARY**

<b>Project Name</b>	<b>Judicial Performance Improvement Project (JPIP)</b>
<b>Principal activity of the project</b>	<p>The strategic goals of the project as follows:</p> <ul style="list-style-type: none"> <li>(i) To improve the performance of the judiciary to enable it provide services in a more effective, efficient and accountable</li> <li>(ii) To support and achieve the priority areas of the Judiciary Transformation</li> <li>(iii) To contribute to Kenya’s vision 2030 development strategy for transforming Kenya into a middle income country</li> </ul>
<b>Accounting Officer</b>	Anne. A Amadi, CBS
<b>Project consolidated in these financial statements(yes/no)</b>	Yes

**ANNEX 4 - LIST OF STATE CORPORATIONS AND SEMI-AUTONOMOUS GOVERNMENT AGENCIES UNDER THE JUDICIARY.**

Ref	SC/SAGA
1.	State Corporation Appeals Tribunal
2.	HIV & AIDS Tribunal
3.	Political Parties Dispute Tribunal
4.	National Council for Administration of Justice

**ANNEX 5- REPORTS GENERATED FROM IFMIS**

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

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