

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
THE OFFICE OF THE ATTORNEY GENERAL  
AND DEPARTMENT OF JUSTICE**

**FOR THE YEAR ENDED  
30 JUNE 2017**



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**OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF  
JUSTICE**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

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## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

The Office of the Attorney General and Department of Justice (OAG&DOJ) is established under the Executive Order No. 2 of 2013. Further, Article 156 of the Constitution and the Office of the Attorney General Act 2012 set out the Constitutional mandate and functions of the Attorney General. The Attorney General is the principal legal advisor to the Government, responsible for representing the national Government in court or any other legal proceedings to which the national Government is a party (other than criminal proceedings) and for performing any other functions conferred to the Office by an Act of Parliament or by the President. The Attorney General is also the promoter of the rule of law and defender of the public interest.

The Office of the Attorney General and Department of Justice is responsible for the promotion of human rights and implementation of the Constitution, access to justice including through promotion of legal aid, good governance, anti –corruption strategies, ethics and integrity, legal education and law reform, among others. The Attorney General also provides policy, coordination and oversight with regard to various legal sector institutions and therefore has a broader cross-cutting mandate to support the strengthening of legal sector institutions.

In Summary, therefore, derived from the Constitution of Kenya 2010, the Office of the Attorney general Act and Executive Order No. 2 of 2013, OAG&DOJ is mandated to promote the rule of law and public participation; support Government’s investment in socio-economic development; promote transparency, accountability, ethics and integrity; spearhead policy, legal and institutional reforms; promote economic governance and empowerment; promotion, fulfillment and protection of human rights; undertake administrative management; capacity building; and enhance access to justice.

### **Vision and Mission**

#### **➤ Vision**

*“To be the best institution in the region in provision of public legal services and promotion of a just, democratic and corruption-free nation.*

#### **• Mission**

*“To facilitate realization of good governance and respect for the rule of law through provision of public legal services, protection and promotion of human rights and upholding of ethics and integrity”*

### **(b) Key Management**

The key strategic objectives of OAG&DOJ are consistent with national and sectoral policy priorities and include the following:

- To facilitate effective implementation of the Constitution;
- To promote respect for the rule of law and protection of the public interest;
- To improve provision of legal services;
- To enhance access of national registration services to all Kenyans;
- To improve efficiency of operations;
- To establish a comprehensive and effective policy framework for Human Rights in Kenya;

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- To strengthen the legal, policy and institutional framework for anti-corruption, ethics and integrity;
- To facilitate the development of viable, issue-based political parties and a credible electoral framework;
- To create an enabling environment for legal aid in Kenya;
- To develop policy, legal and institutional framework for legal education;
- To promote discipline and competence in the legal profession;
- To facilitate policy dialogue in support of the operationalization of a unifying policy framework for the GJLOS sector; and
- To build adequate capacity for efficient and effective services to sector institutions, the public and respond to emerging issues.

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	Accounting Officer	Mr. Njee Muturi
2.	Secretary Administration	Mr. T. Njenga Miiiri
3.	Head of Finance	Mr. Jacob Munge
4.	Head of Accounting Unit	Mrs. Leah W. Kimemia

**(d) Fiduciary Oversight Arrangements**

- **Audit and finance committee activities**  
The Office of the Attorney General and Department of Justice is in the process of establishing an Audit Committee which will be reviewing the Financial Statements in future.
- **Parliamentary committee activities**  
The Budget Committee of the National Assembly examines Financial Statements submitted to the National Assembly under Part III of the Public Finance Management Act (Revised 2016).
- **Internal Audit**  
The Office of the Attorney General and Department of Justice has an Internal Audit Department which is fully functional. It is involved in review of the day-to-day review of operations. It also checks to establish the internal control weakness and recommend corrective action.

**(e) Entity Headquarters**

P.O. Box 40112  
Sheria House  
Harambee Avenue  
Nairobi, KENYA

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**(f) Entity Contacts**

Telephone: (254) 020 2227461  
E-mail: info.statelawoffice@kenya.go.ke  
Website: www.go.ke

**(g) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
Branch: Moi Avenue  
Account No.: 1123414246

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

## II. FORWARD BY THE CABINET SECRETARY

### Key Achievements for OAG&DOJ for the Financial Year 2016/2017

**Civil Litigation:** The civil litigation Department in the FY 2016/2017 contracted to finalize 1100 cases as filed against the Attorney General. The Department was able to finalize 1027 files. The Department was able to achieve this target and managed to save Government Kshs.53 million as a result of dismissed cases and lowering costs sought as damages against the Government. Civil litigation services were decentralized to 3 more offices – Malindi, Kakamega and Kisii

**The Advocates Complaint's Commission:** During the FY 2016/17, to promote public awareness on its mandate, the ACC successfully conducted public awareness amongst County Commissioners, Deputy County Commissioners, Chiefs, Assistant Chiefs, Village Elders, Opinion leaders and the general public in 10 Counties. Alternative Dispute Resolution (ADR) sessions were conducted in 10 counties namely: Machakos, Meru, Embu, Isiolo, Nakuru, Eldoret, Narok, Bomet, Nandi and Nairobi. It filed charges with the Disciplinary Tribunal within 5 days against the set target of 5 days and digitized 2,333 Complaint files. The Commission also held one stakeholder (advocates) workshop and legal aid clinic in each of the following counties; Machakos, Meru, Embu, Isiolo, Nakuru, Eldoret, Narok, Bomet, Nandi and Nairobi. The Commission gazetted 32 errant advocates who were suspended or struck off the Roll of Advocates

**Legislative Drafting** managed to finalise 10 Bills to harmonise legislations with the Constitution, 10 prioritised Bills and finalized draft subsidiary legislation within 50 days of receiving final instructions from client MDAs.

**International Law Division, Legal Advisory and Research Division (LARD) and Government Transactions (GT): International Law Division** reviewed 375 Bilateral, regional and international MoU's and Agreements to ensure they are legally sound within 5 days; Provided legal advice in 485 matters as requested by MDAs; Participated in the ongoing ratification processes of 12 treaties by reviewing Cabinet Memorandum; attended 102 regional and international meetings and conferences as requested by MDAs and prepared reports; represented the Country in 5 matters on international arbitration and litigation; participated in negotiating International Judicial Cooperation Agreements in Criminal matters and participated in negotiations on international boundary meetings.

For LARD, in the FYR 2016/2017, an average of two hundred and forty (240) legal opinions were prepared by the Division and forwarded to the relevant MDCA's within the stipulated period of three (3) days; the draft OAG&DOJ Circular and Guidelines on the provision of legal advisory services to MDCA's was finalized and approved.

In the year 2016/2017, Government Transactions Division reviewed and rendered 303 legal advice to Ministries, Departments and Agencies within 3 days. The department undertook legal due diligence on some of the contractors engaged in major projects in line with vision 2030. The department is continuously engaged in providing transaction legal advice to ensure that the major projects are undertaken in strict compliance with the Laws of Kenya. The department conducted two study tours/benchmarking in Ghana and Botswana where the department gained international best practices with regard to legal and procedural management of Government infrastructure projects.

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**The Department of Public Trustee:** In the FY 2016/17, Public trustee finalized 4918 estate accounts within 15 days and held Inter-agency collaboration Meetings in 33 Sub-Counties. 12 Regional Offices were inspected and the Public Trustee Act was reviewed.

**Registrar General:** During the financial year 2016/2017, the Societies section was part of the Business Registration Services Board which was created under the Business Registration Act of 2015 and inaugurated 2016. In the same year, the College of Arms was reconstituted through a gazette notice in line with the best governance practices. In compliance with the Hire Purchase Act and to enhance accountability, 25 Hire Purchase companies were inspected. Further, the draft Association Bill, 2015 was reviewed. 1285 Societies were registered in the year under review, an increase from 1070 registered in the 2015/16 FY.

**The Marriage Section:** The Office of the Registrar of Marriages finalized and gazzetted Marriage (Customary Marriage) Rules, 2017 and Marriage (Hindu Marriage) Rules, 2017 vide Legal Notice no. 46 and 47 dated 3<sup>rd</sup> April 2017. The office further sensitized members of the public by holding 1 radio talk show on KBC. So as to operationalize civil, Christian, Hindu and Customary marriages, 45,000 marriage documents were printed by the Government printer. In relation to the establishment of a national database on marriages and divorces, over 50,000 marriage certificates were scanned. In compliance with the legal requirement to establish a divorce register, the office also established a divorce register. A draft Marriage (Muslim Marriage) Rules, 2017 was developed and is awaiting finalization.

**Department of Justice:** In the review period 2016/2017 the following achievements were realized: the Bribery Act was passed by Parliament. The Task Force on the Review of the Legal, Policy and Institutional Framework for Fighting Corruption in Kenya had proposed amendments to various Anti-Corruption laws and enactment of new Anti-Corruption laws, with a view to strengthening the legal regime for preventing and combating corruption in Kenya. The draft Anti-Corruption (Amendment) Bill, 2017 was developed and finalized. The Whistle-blower Protection Bill, 2017 was also developed. The National Anti-Corruption Policy was also developed and finalized.

On matters UNCAC, the Department is currently filling in the Country's Self-Assessment checklist in preparation for the 2<sup>nd</sup> review of Kenya on the Implementation of Chapter 2 and 5 of the United Nations Convention against Corruption (UNCAC) by review experts. On matters Kenya Integrity Plan (KIP), which was adopted by the National Anti-Corruption Plan Co-Coordinating Committee the Department came up with an Implementation tool to track the progress made by sectors in achieving their mandates under the Kenya Integrity Plan. The Department also developed, the draft False Claims Bill, 2017. On the area of Human Rights the 5<sup>th</sup> -11<sup>th</sup> periodic country report on the International Convention on the Elimination of all forms of Racial Discrimination was defended before the UN Committee on the Elimination of All Forms of Racial Discrimination (CERD). Public awareness on the National Policy and Action Plan on Human Rights at national and County Governments was conducted. A draft National Public Participation Policy was developed. Regional hearings were conducted on the development of a national action Plan on Business and Human Rights. The draft 3<sup>rd</sup> Periodic Country Report on the UN Convention against Torture and Cruel, and Degrading Treatment or Punishment was developed. Presentation and defence of the 5<sup>th</sup> - 7<sup>th</sup> periodic report on the International Convention on the Elimination of all forms of Racial Discrimination was done. Regional consultations for the development of a national action plan on business and human rights were conducted in 8 counties. Regional consultations on the draft policy on public participation was conducted in 7 targeted counties. Dissemination of the concluding

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observations of the Committee on Economic, Social and Cultural Rights and of the African Commission on Human and People's Rights to Kenya was done

The Election laws (amendment) Act No 36 of 2016, Elections Laws (Amendment) Act of 2017, Political Parties (amendment) Act no 14 of 2016, Political parties (Amendment (No. 2) Act No 21 of 2016 were passed into law. The OAG & DOJ spearheaded the creation of a Multi-Agency Stakeholder Forum comprising of stakeholders in the electoral and political processes which brought together various actors i.e. the IEBC, Registrar of Political Parties, EACC among many others.

**National Legal Aid (NLAIS):** During the FY 2016/17, the National Legal Aid Service Board was operationalised and over 100 legal aid providers mapped in over 10 counties. A National Action Plan on Legal Aid was developed and over 11,000 vulnerable citizens offered legal aid. 6 legal open days were conducted and trainings conducted to 1197 inmates and remandees at Shimo-la-Tewa (main and female), Kilifi and Kwale Prisons. Over 1,060 litigants were trained on self-representations in civil matters and over 1,505 mediations conducted.

**Kenya Law Reform Commission (KLRC)** and OAG&DOJ undertook the following activities: Law Reform projects including: Societies Act, Advocates Act, Crime Research Centre Act and a review of the regime of tribunals in Kenya. KLRC developed and launched the Guide to the Legislative Process in Kenya. The Commission also developed legislation, regulations and administrative procedures to implement the Constitution under the 5th Schedule Laws. In addition, the Commission developed legislation, regulations and administrative procedures to implement the Constitution under the Non-5th Schedule Laws. KLRC also provided technical assistance to County Governments on the Development and Reform of County Legislation. The Commission implemented the report on the Audit, Prioritization and Harmonization of legislation with the Constitution of Kenya. KLRC participated in preparation and drafting of legislation related to the 2017 general elections. KLRC offered continuous assistance to Ministries, Departments and Agencies (MDAs) to review, develop and align legislation with the Constitution

**The National Anti-corruption Campaign Steering Committee (NACCSC):** In the financial year 2016-17, four County Anti- Corruption Civilian Oversight Committees (CACCOS) were established in Nyeri, Uasin Gishu, Trans Nzoia and Nandi, and two CACCOCs reconstituted in Bungoma and Busia. . A total of 33 social audits and open reporting fora were held on corruption in publicly funded projects and programmes reaching a total of 3,064 key beneficiaries, and 36 barazas, 25 sensitizations fora and workshops held for partners, stakeholders and vulnerable groups reaching 5,408 participants. Seventy one values and anti-corruption programmes were produced and disseminated through radio reaching 20.9 million listeners countrywide weekly, two (2) editions of quarterly magazine produced and uploaded on the NACCSC Website. Twenty four values anti-corruption Public Service Announcements (PSAs) were produced and transmitted through television reaching 1,425, 000 viewers. A total of 1,500 assorted IEC materials were produced and distributed and a newspaper supplement produced reaching an estimated 4,379,400 people.

**Council of Legal Education (CLE):** In the FY 2016/17, the Council conducted four Quality Audits and four Inspection; licensed one Legal Education provider; renewed licenses for three Legal Education providers; gazetted 1,113 candidates for admission to the roll of advocates; and provided secretariat services to the Taskforce on Legal Sector Reforms.

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**Nairobi Centre for International Arbitration (CIA):** During the 2016/2017 FY the Centre hosted the Inaugural Nairobi International Arbitration Conference with over 300 participants drawn from 16 nationalities, executed and implemented the Cooperation agreement between the Centre and the Beijing International Arbitration Centre, Shanghai International Arbitration Centre, Shenzhen International Arbitration Centre. In administration of disputes the NCIA concluded nomination of arbitrators and provision of information on administration of disputes. Listing of Arbitrators and mediators into the NCIA panels, registration of 2 disputes for administration under the NCIA rules, appointment of sole arbitrator in a dispute referred to the Centre for appointment were done. The Centre was designated as the China- Africa Joint Arbitration Centre, Nairobi branch and a concept note to guide the development of a national policy on ADR was finalised.

**National Crime Research Centre:** In the year 2016/17 the centre accomplished six crime research studies , released 14 issue and 8 policy briefs on: Corruption and its prevention programme in the Public Service; increased access to crime Research Information (Collating of all crime related data, reports and statistics into a Repository Resource Centre at NCRC); researched into efficacy and adequacy in the rehabilitation of Juvenile Criminals and Offenders in Kenya and as part of the Centre's strategies to review and re-align its functional and organizational structure to emerging crime prevention needs, capacities such as GIS in crime research were introduced, signed MOU with Technical University that facilitated incorporation of GIS methodologies into Centre's crime researches

**Kenya School of Law (KSL):** In the year FY 2016/2017, achievements included increased intake of ATP and paralegal students and three international moot court competitions were undertaken by the school. Information booklets on Pre-bar examinations were developed and Universities sensitized.

**Kenya Copyright Protection:** In 2016/17 1,550 Members of the Public, Artists, Copyright owners, students and staff of Universities and stakeholders were trained on Copyright and related rights throughout the Country. 307 Police officers drawn were also trained. KECOBO has also entered into partnership and collaboration with other state Agencies e.g Anti Counterfeit, Kenya Film Classification Board, Kenya Film Commission, Communication Authority, Universities and Office Director of Public Prosecution and has also, achieved an automation level of 90%. Further KECOBO carried out partnership and collaborative programs with World Intellectual Property Organization (WIPO), African Regional Intellectual Property Organization (ARIPO), Korea International Cooperation Agency (KOICA), Chinese Embassy and Multinational organizations such as Microsoft East Africa, Multi-choice in awareness creation.

#### **Asset Recovery Agency (ARA)**

During the financial year 2015/16 the Agency obtained freezing orders for approximately Kshs.500 Million in assets. It also completed the review of the Proceeds of Crime and Anti-Money Laundering Act resulting into the amendment of the act in March 2017, prepared and submitted 5 reports on UNODC, UN Global Counter Terrorism Strategy, Universal Periodic Review of financial action taskforce (FATF).

**Business Registration Services (BRS):** During 2016/2017, BRs finalized preparation of Regulations on the Companies Act (2015), the Insolvency Act (2015) and Draft Societies Bill.

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**Sector Wide Reforms Coordination:** During 2016/17 period, GJLOS Sector Reform Coordination Department (SRCD) continued to coordinate GIZ-Good Governance Programme by providing strategic guidance and direction for the planning, implementation and monitoring of the project as well as ensuring mutual accountability. As a member of NCAJ Technical Committee, the department provided support to NCAJ Secretariat and Mainstreaming Court User Committees (CuCs) as County GJLOS reform focal points.

Under United Nations Development Assistance Framework (UNDAF), SRCD played its role as the convenor of all implementing agencies for the two outcomes of firstly, ensuring that the constitutionally mandated policy and institutional framework is fully operationalized; National laws meet international standards particularly with regard to the protection of human rights; the judiciary & justice system are responsive, effective, accessible & independent; law enforcement system is reformed, people-oriented & anchored on integrity and secondly a Kenya that has a democracy in which human rights & gender equality are respected; elected officials are responsive & accountable; citizens & civil society are empowered, responsible & politically and socially engaged; equitably represented and achieved through affirmative action; the electoral processes are free, fair, transparent & peaceful.

**Administrative Services:** In the FY 2016/17, a total of 116 youths were put under industrial attachment and pupillage and Workplace policies on HIV/AIDS and prevention of Alcohol, Drugs and Substance abuse were finalized; Baseline Surveys on HIV/AIDS and ADA were carried out and reports prepared. The capacity building for ACU/ADA Committee was undertaken. The Gender Mainstreaming Policy was implemented by sensitizing members of staff on Gender Mainstreaming. Members of staff were also sensitized on youth and disability mainstreaming; The value of tenders to Youth, Women and Persons Living with Disabilities were 157,101,832 representing 75% of procurement value for the year. Phase one of Civil Litigation Case Management System was developed and implemented; phase one Installation of Local Area Network which included structured cabling and installation of wireless connection within Sheria House were done. Modernization of the server room was also undertaken the project included installation of uninterrupted power system, purchase of a storage software and hardware as well as a firewall to act as a security measure.

**Emerging Issues, Implementation, Challenges and Recommendation for Office of the Attorney General and Department of Justice.**

Late release of funds from the Exchequer has resulted in the stalling of several programmes. During the financial year, there was inadequate funding resulting in the Office closing the financial year with pending bills 74,283,875.45 Budget cuts on some critical items hampers the OAG&DoJ operations, including local and foreign travel, general office supplies as well as implementation of the projects.

The OAG&DoJ continues to face capacity limitation in new areas of jurisprudence, such in extractive industry (mining, oil and gas). The legal challenges of dealing with terrorism and its dynamics is also facing the Office. It is also facing challenges in addressing gender and faith related issues, such as transgender, same sex marriages and surrogacy. On international law the country is facing challenges of resolving trans-boundary disputes and its sovereignty over maritime boundaries and exploitation of resources in its continental shelf. The long running problem of hosting many refugees and its security related problems is compromising its national interest and international obligations. With establishment of Counties as part of the devolution process, some negative aspects of

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competition are emerging, whereby some counties are competing over shared resources, common boundaries, conflict with the national government over sharing of budgetary resources and unbridled wastage at the county level and thus potentially nurturing bulkanization.

While the Government of Kenya has embarked on huge infrastructural development projects with huge financial implications, the OAG&DOJ has not had sufficient State Counsel to advice, negotiate and vet subsequent contracts. Its staffing levels have been far from optimal, hence the urgent need to increase, retain and strengthen State Counsel country wide.

The introduction of the e-procurement procedures which was introduced in 2014/15 financial year, has been causing delays in the procurement of major items as new officers involved have to be continuously inducted in the new system on recruitment or after transfer.

Given the unique mandate of OAG&DOJ in the provision of legal services to Government and the public, there is need to increase budgetary allocation to enable it fund the following programmes:

- a) Decentralization of services to the counties. ... ..
- b) Automation of operations. ... ..
- c) Capacity building Policy formulation and implementations
- d) Full operationalization of new institutions
- e) Capacity building of state counsels on emerging areas jurisprudence – e.g. extractive industry, huge infrastructure contracts, citizen’s rights bestowed by the new Constitution

Enhance Public awareness and participation and in line with the principles of good governance under the Constitution. There is need to create awareness on the use of alternative dispute resolution in order to enhance cohesion and integration and reduce backlog of cases in the judiciary and associated economic costs. There is need to develop a collaborative framework for MDAs/Counties to enhance information sharing, service delivery and efficiency.

Signed: \_\_\_\_\_  
Attorney General

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**III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

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

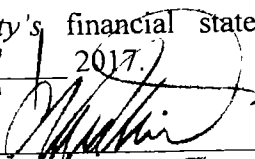
The Accounting Officer in charge of the *Office of the Attorney General and Department of Justice* is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

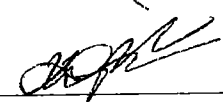
The Accounting Officer in charge of the *Office of the Attorney General and Department of Justice* accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2017, and of the entity's financial position as at that date. The Accounting Officer charge of the *Office of the Attorney General and Department of Justice* further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The *entity's* financial statements were approved and signed by the Accounting Officer on

29/09/2017  
  
\_\_\_\_\_  
Solicitor General  
Njee Muturi

  
\_\_\_\_\_  
Principal Accounts Controller  
Leah W. Kimemia

# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON THE OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of the Office of the Attorney General and Department of Justice set out on pages 12 to 32, which comprise the statement of assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, the financial statements present fairly, in all material respects, the financial position of The Office of the Attorney General and Department of Justice as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, based on the procedures performed, I confirm that nothing else has come to my attention to cause me believe that public money has not been applied lawfully and in an effective way.

#### Basis for Qualified Opinion

##### 1. Accuracy and Completeness of the Financial Statements

##### 1.1 Discrepancy between the IFMIS Financial Statements and the Presented Financial Statements

As reported in the 2015/2016 audit report, similarly the figures reported in the financial statements for 2016/2017 submitted for audit review differ with IFMIS produced schedules. The statement was prepared outside IFMIS and the discrepancies have not been explained. As a result, it has not been possible to confirm the accuracy and completeness of the financial statements.

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*Report of the Auditor-General on the Financial Statements of Office of The Attorney General and Department of Justice for the year ended 30 June 2017*

## **1.2. Suspense Account**

As reported in the 2015/2016 audit report, the matter of un-analysed suspense account balance of Kshs.82,485,174 is still pending and no proper explanation has been given for it.

## **2. Pending Bills**

The Accounting Officer disclosed pending bills amounting to Kshs.74,283,875.00 being bills that were not paid in the financial year 2016/2017 but were instead carried forward to 2017/2018. Failure to settle bills during the year which they relate distort the financial statement for that year and adversely affects the provisions of the subsequent year to which they have been charged. In addition, supporting documents for all the pending bills were not provided for audit review.

The accounting officer should explain why the expenditure was incurred without commitment in the IFMIS system. The Attorney General's office should ensure that adequate planning is done so that all activities are undertaken within the financial year to which the voted provisions relate.

## **3. Failure to Support Grants and Transfer to other Government Entities**

The grants and transfers to other government entities are exchequers issued by the Ministry on behalf of Treasury. During the year under review Kshs.2,043,917,746 are indicated to have been transferred to other government entities. However, each aggregate totals received by each entity should be adequately supported with requisitions, date issued and amounts. Further, the accounting officer did not analyze the transfers per entity but instead provided one schedule form which we could not identify what relates to which entity.

Consequently, it has not been possible to confirm the amounts actually transferred to the intended beneficiaries.

## **4. Cash and Cash Equivalents**

As reported in the year 2015/2016, the cash and cash equivalents balance of Kshs.390,684,826 as at 30 June 2017 are not supported or analyzed as detailed below:

### **4.1 Non-submission of the Recurrent Account Bank Reconciliation Statements for the Financial Year 2016/2017**

The financial statements as at 30 June 2017 reflects a balance of Kshs.390,667,616 for cash and bank balances for the recurrent, development and deposits accounts; recurrent having a balance of Kshs.140,089,488. However, the bank reconciliation statements for the recurrent account were not made available for audit scrutiny despite numerous requests. This is contrary to the Public Audit Act, 2015 section 9(1) (e) that empowers the Auditor- General access to all information and documents.

#### **4.2. Un-Supported Payments in Bank Statement not in Cash Book**

The deposits bank reconciliation statement shows an amount of Kshs.71,565,424.50 being payments in bank statement but not in the cash book. There is no analysis to clarify what kind of payments were paid directly from the bank. Further, the authority for the payments was not available for audit verification. As a result, the accuracy and completeness of the deposit cashbook balances as fairly stated could not be confirmed.

#### **4.3. Receipts in Bank Statement not yet Recorded in the Cash Book**

An amount of Kshs.78,339,170 is indicated as receipts in bank and not yet recorded in the cash book. No details of the receipts were provided for audit review

#### **4.4 Unsupported Payments**

The deposit account is used for the purpose of paying out compensation after the completion of court cases to plaintiffs. The government entities who are the paying agents normally deposit money to be paid out to Third Parties, the Solicitor General processes payments to such parties based on court proceedings outcomes presented to them. The analysis of all recipients should be prepared by Solicitor General.

The Accounting Officer only produced a schedule of receipts from the various Government Institutions but did not present to us the payment schedule for the recipients / plaintiffs. Further, the Ministry did not analyze how funds brought forward from previous year were paid out and why there was an unpaid bank balance of Kshs.234,006,128 by the closure of the financial year under review.

#### **4.5 Unsupported Receipts**

It was observed that by the closure of the financial year 2016/2017, the accounting officer had received Kshs.165,765,256 from unknown sources and the amount thus remained unpaid by the end of that period. Further, no efforts were seen geared towards identifying the paying agents and the plaintiffs for onward transmission.

In view of the foregoing, the accuracy and completeness of the cash and cash equivalents could not be confirmed.

### **5. Human Resource Management**

#### **5.1 Failure to Bond Trainees**

The Human Resource Policies and Procedures Manual for the Public Service May 2016 section H.13 provides that "(1) The Government shall bond serving officers proceeding on approved courses of training locally or abroad lasting six (6) months and above to enable the government to benefit adequately from its investment in training. (2) Where a State Department considers the value/cost of a course lasting less than six (6) months to be high

and constraining the organization's training budget, the officers will be bonded for a minimum period of one year but not exceeding five (5) years (3) The bond period will be determined by the duration of the course as follows: -

Training Bond Period (i) Six months up to one year – (One year) (ii) More than one year up to two years- (Two years) (iii) Between two and three years-( Three years)(iv) More than three years as per the duration of the course but not exceeding five (5) years.  
Section

129 (3) states that the bond amount will be the total cost of the training. (4) In case of default, the bondee and/or surety will be required to redeem the bond amount on prorata basis. (5) Details on the administration and implementation of the training bond are contained in the Public Service Training Bond Guidelines”.

The training department spent Kshs.58,848,271.50 being Kshs.51,793,466 under Office of the Attorney General and Department of Justice and Kshs.7,054,805.50 under account 2630101 during the financial year 2016/2017 to train and develop the Office of the Attorney General and Department of Justice staff.

Contained in the expenditure are courses whose durations were beyond 6 months and thus the beneficiaries ought to have been given a training bond. A scrutiny of the documents availed did not reveal any evidence of bonding.

## **5.2 Failure to Carry out a Training Needs Analysis**

The training department spent Kshs.58,848,271.50 being Kshs.51,793,466 under Office of the Attorney General and Department of Justice and Kshs.7,054,805.50 under account 2630101 during the financial year 2016/2017 to train and develop the Office of the Attorney General and Department of Justice staff. However, no evidence was availed to show that the Office of the Attorney General and Department of Justice had any training needs analysis to guide the office on planning the expenditure on the item.

This is contrary to Human Resource Policies and Procedures Manual for the Public Service, section H1 (5).

## **5.3 Unsupported Stipend Payment**

During the year under review, the Accounting officer paid stipend allowances amounting to Kshs.9,333,272. However, there was no supporting documentation to show how the payees were recruited and the circular determining the amount of the stipend to be paid. In addition, there is no description of work being done by the payees despite the payments made on a monthly basis.

## **6. Irregular Payments**

### **6.1 Leases**

During the financial year, Attorney General and department of Justice spent Kshs.96,541,610.60 on rental payments for various leases across the country. However, the payments were not well supported since some leases were expired or paid using

scanned invoices. In addition, there were cases of rent and service charge over payment. Further, some of the leases are not registered. In the circumstance, we could not confirm the accuracy of the payment of Kshs.96,541,610.

## **6.2 Payment of Un-taxed Airtime Allowances Instead of Issuing Scratch Cards and Payment of Un-analyzed Telephone Bills**

Contrary to the Office of the president circular OP/Cab /15 of 5 March 2010 on Economic Utilization and efficient delivery of telephone services in the public sector and the letter 1005/2 from Commissioner of Domestic taxes Kenya Revenue Authority of 22 August 2012, the accounting officer paid untaxed allowances to the staff amounting to Kshs.40,498,026 during the financial year 2016/2017 instead of procuring the cards and issuing out. In addition, there is no list prepared showing how the allowances were paid per officer in accordance with the ceilings set by the circular. We could also not confirm whether all intended recipients received the cash since much of it was paid in bulk to one office to pay the others. No list of recipients was attached. In the circumstances, we cannot confirm the accuracy of the telephones bills payment of Kshs.40,498,026 as at 30 June 2017.

Further, the accounting officer spent Kshs.6,165,315 to pay office telephone bills for the senior officers and the switchboard during the financial year. There is no list availed to show how many office lines were allocated to the due officers and whether the expenditure ceilings were observed.

## **6.3 Payment of Cleaning Services Using Expired Contract**

Under operating expenses is payment of cleaning services. It was observed during the year under review between July 2016 to March 2017 Kauniko General Agencies provided cleaning services to Office of the Attorney General without a valid contract. The earlier contract expired on June 2016 but they were allowed to continue giving services without a contract and were paid Kshs.639,117. The payment was therefore paid irregularly.

## **6.4 Use of Expired Contract and Irregular Renewal of Jextreem Limited Cleaning and Hatari Security Guards Security Contracts**

The contract for cleaning services and security services were awarded by the Ministerial Tender Committee at its meeting OAG & DOJ/003/001/2016/2017 held on 23 September 2014 for a period of two years. The contracts commenced on 1 November 2014 and was to expire on 30 October 2016. However, by the time of the expiry, the Ministry had not procured fresh services. The contracts through approval by Solicitor General was extended for a period of 3 months (November-December 2016 and January 2017) irregularly since the evaluation committee was not involved as required by the Act.

The new contract for cleaning eventually commenced on 1 April 2017. Thus, for two months i.e February and March 2017 there was no bidding contracts yet the two companies continued providing services. The procurement documents for the new contract were not availed for review and it's not clear how the same security firm won the tender.

In the circumstances, it was not possible to confirm whether the office got value for the money paid.

#### **6.5 Non-Procedural Procurement of Fuel from R.H Devani**

The government gave a directive that all fuel should be procured from National Oil Corporation which is a government corporation. During the 2016/2017 financial year, the Ministry procured all fuel consumed from R.H Devani (Shell petrol Station) contrary to the Government directive. It is not clear why government regulations were not followed.

Under the circumstances, the propriety and value for money for the expenditure of over Kshs.143,844,069 could not be ascertained.

#### **7. Failure to Maintain a Fixed Asset Register**

As reported in the previous year of 2015/2016, the Ministry had not yet updated its summary fixed assets register.

The Ministry has acquired fixed assets of Kshs.51,316,035 as at 30 June 2017. However, there are no proper records in terms of an asset register listing all those assets, location and the core details regarding them. Only a listing containing a few block class items was made available for audit review. Further, the summary of fixed assets indicate Kshs.59,921,641 accumulated despite the Ministry acquiring and owning fixed assets worth Kshs.59,921,641 as at 30 June 2016 in different offices. The accounting officer has not implemented a physical identification system by tagging/coding the assets except for some project assets. This would result to loss of the assets through theft and misplacement.

In consequence, the existence, custody, security and valuation of the fixed assets of the ministry could not be confirmed as at 30 June 2017.

#### **8. Outstanding Imprest**

The financial statements reflect an outstanding imprests of Kshs.1,489,476 as at 30 June 2017. The office has not explained why the imprests were not surrendered as required by regulations. Further, there was no evidence of efforts made towards recovering the imprest from the officers' salaries.

As a result, accuracy and recovery of the outstanding imprest of Kshs.1,489,476 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Office of the Attorney General and Department of Justice in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, I have determined that there are no other Key Audit Matters to communicate in my report.

## **Other Matter**

### **1.0 Operating With Old and Unserviceable Motor Vehicles**

For effective operations and service delivery, the transport department should have an efficient, effective and serviceable fleet of vehicles to serve other departments. Out of the total fleet of 80 motor vehicles as per the list availed to us, 23 vehicles were found to be un-serviceable (29%) which affected the department from discharging its mandate effectively. Further there was no evidence availed to show any disposal and replacement plans.

### **2.0 Lack of a Written Anti-virus Policy**

It was observed that the IT department has not developed a written anti-virus policy that details the responsibility of management and staff, how anti-virus is to be maintained and specific instructions of what to do in an emergency. Lack of the policy exposed the office to various IT risks.

### **3.0 Non-Operationalization of the Audit Committee**

The Ministry did not have a functional audit committee, thereby affecting the functioning of internal audit and the entire functions that ought to have been carried out by the Audit Committee, which would affect the independence of the internal auditors.

### **4.0 Previous Year Matters**

As indicated in Note 29 to the financial statements in relation to progress on auditor recommendations, the following issues highlighted in previous year's reports were still outstanding as at 30 June 2017.

### **5.0 Excess Service Charge-Rentals of Produced Assets**

As reported in the previous year of 2015/2016, the payment of Kshs.2,651,745 as service charge to Co-operative Bank House is yet to be explained, as the basis for payments were not clear. However, management has not acted on the audit recommendations.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Cash Basis and for such internal control as management determines is necessary to enable

the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Office of the Attorney General and Department of Justice's ability to sustain services, disclosing, as applicable, matters related to sustainability of services unless the management either intends to liquidate the Office of the Attorney General and Department of Justice or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

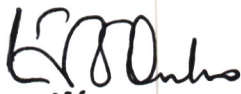
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Office of the Attorney General & Department of Justice's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office of the Attorney General and Department of Justice's ability to continue as a going concern or 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 Office of the Attorney General and Department of Justice 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 Office of the Attorney General and Department of Justice to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

**Nairobi**


**22 August 2018**

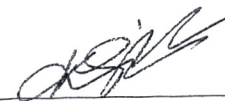
**OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**V. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2016-2017 Kshs	2015-2016 Kshs
<b>RECEIPTS</b>			
Exchequer releases	1	3,950,302,000	3,325,900,000
<b>TOTAL RECEIPTS</b>		<b>3,950,302,000</b>	<b>3,325,900,000</b>
<b>PAYMENTS</b>			
Compensation of Employees	2	890,167,858	944,000,275
Use of goods and services	3	921,371,820	749,116,173
Transfers to Other Government Units	4	2,043,917,746	1,444,482,439
Other grants and transfers	5	-	355,052
Social Security Benefits	6	7,119,717	11,264,356
Acquisition of Assets	7	51,316,035	59,921,641
<b>TOTAL PAYMENTS</b>		<b>3,913,893,177</b>	<b>3,209,139,936</b>
<b>SURPLUS/DEFICIT</b>		<b>36,408,823</b>	<b>116,760,064</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29/09/ 2017 and signed by:

  
 Solicitor General  
 Njee Muturi

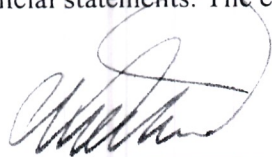
  
 Principal Accounts Controller  
 Leah W. Kimemia

OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE  
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 For the year ended June 30, 2017

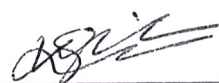
VI. STATEMENT OF ASSETS AND LIABILITIES

	Note	2016-2017 Kshs	2015-2016 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8A	390,667,616	188,400,246
Cash Balances	8B	17,210	33,320
<b>Total Cash and cash equivalent</b>		<b><u>390,684,826</u></b>	<b><u>188,433,566</u></b>
Advances		-	658,707
Accounts receivables – Outstanding		1,489,476	6,662,912
Imprests	9		
Suspense		-	82,485,174
<b>TOTAL FINANCIAL ASSETS</b>		<b><u>392,174,301</u></b>	<b><u>278,240,359</u></b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables – Deposits and retentions	11	236,990,805	159,465,686
<b>NET FINANCIAL ASSETS</b>		<b>155,183,496</b>	<b>118,774,673</b>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd</b>	12	118,774,673	2,014,609
<b>Surplus/Deficit for the year</b>		36,408,823	116,760,064
<b>NET FINANCIAL POSITION</b>		<b><u>155,183,496</u></b>	<b><u>118,774,673</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29/09/2017 and signed by:



Solicitor General  
Njee Muturi



Principal Accounts Controller  
Leah W. Kimemia

**OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

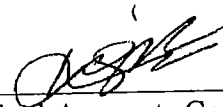
**VII. STATEMENT OF CASH FLOWS**

		<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Receipts for operating income</b>			
Exchequer Releases	1	3,950,302,000	3,325,900,000
<b>Payments for operating expenses</b>			
Compensation of Employees	2	890,167,858	944,000,275
Use of goods and services	3	921,371,820	749,116,173
Transfers to Other Government Units	4	2,043,917,746	1,444,482,439
Other grants and transfers	5	-	355,052
Social Security Benefits	6	7,119,717	11,264,356
		<u>3,862,577,142</u>	<u>3,149,218,295</u>
<b>Adjusted for:</b>			
Changes in receivables		88,317,317	(87,978,364)
Changes in payables		<u>77,525,119</u>	<u>65,780,274</u>
<b>Net cash flow from operating activities</b>		<u>253,567,295</u>	<u>154,483,615</u>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	7	51,316,035	(59,921,641)
<b>Net cash flows from Investing Activities</b>		<u>51,316,035</u>	<u>(59,921,641)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<u>202,251,260</u>	<u>94,561,974</u>
<b>Cash and cash equivalent at BEGINNING of the year</b>	8	<u>188,433,566</u>	<u>93,871,592</u>
<b>Cash and cash equivalent at END of the year</b>		<u>390,684,826</u>	<u>188,433,566</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29/09/ 2017 and signed by:



Solicitor General  
Njee Muturi



Principal Accounts Controller  
Leah W. Kimemia

VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	4,414,232,362	609,860,000	5,024,092,362	3,950,302,000	1,073,790,362	79
<b>PAYMENTS</b>						
Compensation of Employees	888,984,398	53,737,444	942,721,842	890,167,858	52,553,984	94
Use of goods and services	682,521,564	448,000,000	1,130,521,564	921,371,820	268,874,775	81
Transfers to Other Government Units	2,453,040,000	100,000,000	2,553,040,000	2,043,917,746	509,122,254	80
Other grants and transfers	3,888,000	-	3,888,000	-	3,888,000	0
Social Security Benefits	6,090,000	3,262,556	9,352,556	7,119,717	2,232,839	76
Acquisition of Assets	379,708,400	4,860,000	384,568,400	51,316,035	333,252,365	13
<b>Total Payments</b>	<b>4,414,232,362</b>	<b>609,860,000</b>	<b>5,024,092,362</b>	<b>3,771,024,265</b>	<b>1,253,068,097</b>	
<b>Surplus/ Deficit</b>				<b>179,277,734.80</b>	<b>(179,277,734.80)</b>	

- The changes between the original and final budget is as a result of reallocation within the budget.

The entity financial statements were approved on 29/09/2017 and signed by:



Solicitor General  
 Njee Muturi



Principal Accounts Controller  
 Leah W. Kimemia

**OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT**

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	4,035,232,362	610,000,000	4,645,232,362	3,880,802,000	764,430,362	84
Other Receipts						
<b>PAYMENTS</b>						
Compensation of Employees	888,984,398	53,737,444	942,721,842	890,167,858	52,553,984	94
Use of goods and services	677,521,564	448,000,000	1,125,521,564	857,996,789	267,524,775	76
Transfers to Other Government Units	2,453,040,000	100,000,000	2,553,040,000	1,960,773,865	592,266,135	77
Other grants and transfers	3,888,000	-	3,888,000	-	3,888,000	0
Social Security Benefits	6,090,000	3,262,556	9,352,556	7,119,717	2,232,839	76
Acquisition of Assets	5,708,400	5,000,000	10,708,400	5,574,347	5,134,053	52
<b>Totals</b>	<b>4,035,232,362</b>	<b>610,000,000</b>	<b>4,645,232,362</b>	<b>3,721,632,577</b>	<b>923,599,785</b>	
<b>Surplus/Deficit</b>				<b>159,169,423</b>	<b>(159,169,423)</b>	

The entity financial statements were approved on \_\_\_\_\_ 2017 and signed by:



Solicitor General  
Njee Muturi

Principal Accounts Controller  
Leah W. Kimemia

**X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT**

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	379,000,000	(140,000)	378,860,000	69,500,000	309,360,000	18
<b>PAYMENTS</b>						
Use of goods and services	5,000,000	-	5,000,000	3,650,000	1,350,000	73
Acquisition of Assets	374,000,000	(140,000)	373,860,000	45,741,688	328,118,312	12
<b>Totals</b>	<b>379,000,000</b>	<b>(140,000)</b>	<b>378,860,000</b>	<b>49,391,688</b>	<b>329,468,312</b>	<b>85</b>
<b>Surplus/Deficit</b>	-	-	-	<b>20,108,312</b>	<b>(20,108,312)</b>	<b>67</b>

*Notes*

- The exchequer utilization was 18% because of non-requisition of the same owing to complex procurement process.
- The changes between the original and final budget is as a result of reallocation within the budget.

The entity financial statements were approved on 29/09/ 2017 and signed by:



Solicitor General  
 Njee Muturi



Principal Accounts Controller  
 Leah W. Kimemia

**XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

Programme/Sub-programme	Approved Budget 2017 Kshs	Actual on comparable basis Date, 2017 Kshs	Budget utilization difference Kshs
<b>Programme 1 (060600000)</b>			
Sub-programme 1 (0606010000)	2,174,776,661.00	1,931,951,775.05	2,174,776,661.00
Sub-programme 2 (0606020000)	1,091,000,279.00	1,008,877,717.40	1,091,000,279.00
Sub-programme 3 (0606030000)	238,936,571.00	192,774,022.15	238,936,571.00
Sub-programme 4 (0606040000)	206,218,717.00	174,672,042.80	206,218,717.00
Sub-programme 5 (0606050000)	504,620,994.00	424,627,992.70	504,620,994.00
<b>Programme 2 (060700000)</b>	134,000,000.00	131,000,000.00	134,000,000.00
Sub-programme 1 (0607010000)	1,958,906,113.00	1,276,955,436.85	1,958,906,113.00
Sub-programme 2 (0607020000)	527,906,113.00	237,455,436.85	527,906,113.00
Sub-programme 3 (0607030000)	330,000,000.00	330,000,000.00	330,000,000.00
Sub-programme 4 (0607040000)	941,000,000.00	549,500,000.00	941,000,000.00
<b>Programme 3 (060900000)</b>	160,000,000.00	160,000,000.00	160,000,000.00
Sub-programme 1 (0609010000)	750,548,688.00	693,180,639.10	750,548,688.00
Sub-programme 2 (0609020000)	120,000,000.00	120,000,000.00	120,000,000.00
Sub-programme 4 (T000000)	630,549,688.00	573,180,639.10	630,549,688.00
<b>Programme 4 (T000000)</b>	4,320,732,362.00	3,766,077,565.25	4,320,732,362.00
Sub-programme 1 (T0000)	4,320,732,362.00	3,766,077,565.25	4,320,732,362.00
<b>Grand Total</b>	<b>9,204,964,724.00</b>	<b>7,668,165,416.25</b>	<b>9,204,964,724.00</b>

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

## **XII. SIGNIFICANT ACCOUNTING POLICIES**

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

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

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The receivables and payables are disclosed in the Statement of Assets and Liabilities. The Statement of Assets and Liabilities is not mandatory statement under the IPSAS Cash basis but is encouraged in order to disclose information on assets and liabilities.

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

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

### **2. Reporting entity**

The financial statements are for the *Office of the Attorney General and Department Justice*. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity:

### **3. Recognition of receipts and payments**

#### **a) Recognition of receipts**

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

#### **Tax receipts**

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

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**SIGNIFICANT ACCOUNTING POLICIES**

**Transfers from the Exchequer**

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

**External Assistance**

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

**Donations and grants**

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

**Proceeds from borrowing**

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

**Undrawn external assistance**

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

**Other receipts**

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

**b) Recognition of payments**

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

**Compensation of employees**

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

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**SIGNIFICANT ACCOUNTING POLICIES**

**Use of goods and services**

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

**Interest on borrowing**

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

**Repayment of borrowing (principal amount)**

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

**Acquisition of fixed assets**

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

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

**4. In-kind contributions**

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

**5. Cash and cash equivalents**

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

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**SIGNIFICANT ACCOUNTING POLICIES**

**Restriction on cash**

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2017, this amounted to Kshs.234,006,128 compared to Kshs.259,465,685 in prior period as indicated on note 8A.

There were no other restrictions on cash during the year

**6. Accounts Receivable**

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

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**XIII. NOTES TO THE FINANCIAL STATEMENTS**

**1 EXCHEQUER RELEASES**

<b>Description</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Total Exchequer Releases for quarter 1	620,500,000	748,000,000
Total Exchequer Releases for quarter 2	692,000,000	832,500,000
Total Exchequer Releases for quarter 3	874,700,000	618,900,000
Total Exchequer Releases for quarter 4	1,763,102,000	1,126,500,000
<b>Total</b>	<b>3,950,302,000</b>	<b>3,325,900,000</b>

*(Provide explanations relating to budgeted exchequer versus received exchequer)*

**2 COMPENSATION OF EMPLOYEES**

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic salaries of permanent employees	481,815,489.25	576,698,579
Basic wages of temporary employees	11,766,552.60	13,748,013
Personal allowances paid as part of salary	396,585,816.20	353,553,683
<b>Total</b>	<b>890,167,858</b>	<b>944,000,275</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3 USE OF GOODS AND SERVICES**

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	15,091,832	29,643,121
Communication, supplies and services	26,351,236	30,529,827
Domestic travel and subsistence	118,247,181	88,482,874
Foreign travel and subsistence	57,579,216	81,421,787
Printing, advertising and information supplies & services	9,579,221	33,117,179
Rentals of produced assets	96,541,611	94,315,594
Training expenses	51,793,466	41,067,161
Hospitality supplies and services	38,752,224	108,958,525
Specialized materials and services	5,658,890	10,570,834
Office and general supplies and services	32,683,910	90,989,218
Other operating expenses	451,387,179	92,816,791
Routine maintenance – vehicles and other transport equipment	3,766,727	8,684,933
Routine maintenance – other assets	4,116,039	24,947,534
Refined fuel and lubricants for transport	9,823,090	13,570,796
<b>Total</b>	<b>921,371,820</b>	<b>749,116,173</b>

**4 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to National Government entities (SCOA Codes 2630100, 2630200, 2640400, 2640500, 2649900, 2820100, 2820200, 2820300)		
Kenya Law Reform Commission	330,000,000	249,025,000
Anti-Corruption Steering Committee	137,811,090	107,953,227
National Crime Research Centre	160,000,000	77,005,862
State Law Field Services	-	-
Council of Legal Education	259,500,000	168,849,738
Judges and Magistrate Vetting Board	-	428,100,000
Kenya School of Law	290,000,000	180,825,000
Kenya Copyright Board	131,000,000	102,520,000
National Centre for International Arbitration	120,000,000	48,774,287
Asset Recovery Agency	256,550,656	81,429,325
Registrar Companies	359,056,000	-
Transfers to other levels of Government - Counties		
<b>TOTAL</b>	<b>2,043,917,746</b>	<b>1,444,482,439</b>

The above transfers were made to the following self-reporting entities in the year:

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5 OTHER GRANTS AND TRANSFERS**

<b>Explanation</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Membership dues and subscriptions to international organizations	0	355,052
<b>Total</b>	<b>0</b>	<b>355,052</b>

*(Provide details of what other grants and transfers relate to and who the beneficiaries are)*

**6 SOCIAL SECURITY BENEFITS**

<b>Explanation</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Government pension and retirement benefits	7,119,717	11,264,356
<b>Total</b>	<b>7,119,717</b>	<b>11,264,356</b>

*(Provide details of what social security benefits relate to and to which organisations the benefits are contributed to)*

**7 ACQUISITION OF ASSETS**

<b>Non-Financial Assets</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Refurbishment of Buildings	14,248,502	3,533,531
Purchase of Vehicles and Other Transport Equipment	5,000,000	6,973,689
Purchase of Office Furniture and General Equipment	406,347	2,453,348
Purchase of Specialized Plant, Equipment and Machinery	30,364,487	46,961,073
Research, Studies, Project Preparation, Design & Supervision	1,296,700	xxx
<b>Sub-total</b>	<b>51,316,035</b>	<b>59,921,641</b>
<b>Financial Assets</b>		
<b>Sub-total</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>51,316,035</b>	<b>59,921,641</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8A: Bank Accounts**

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit e.t.c	Exc rate (if in foreign currency)	2016-2017	2015-2016
				Kshs	Kshs
<i>Central Bank of Kenya 1000303409 – Kshs.</i>	-	Recurrent	-	140,089,488	19,703,915
<i>Central Bank of Kenya 1000303417 – Kshs</i>	-	Development	-	16,572,001	9,230,646
<i>Central Bank of Kenya 1000303425 – Kshs</i>	-	Deposit	-	234,006,128	159,465,685
<b>Total</b>				<b>390,667,616</b>	<b>188,400,246</b>

**8B: CASH IN HAND**

	2016-2017	2015-2016
	Kshs	Kshs
Cash in Hand – Held in domestic currency	17,210	33,320
<b>Total</b>	<b>17,210</b>	<b>33,320</b>

Cash in hand should also be analysed as follows:

	2016-2017	2015-2016
	Kshs	Kshs
Headquarters	17,209.60	33,320
<b>Total</b>	<b>17,210</b>	<b>33,320</b>

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9: ACCOUNTS RECEIVABLE – OUTSTANDING IMPRESTS**

<i>Description</i>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Imprests	1,489,476	6,662,912.00
<b>Total</b>	<b>1,489,476</b>	<b>6,662,912.00</b>

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Ann W. Mwangi	24.06.2017	28,966	-	28,966
Catherine Bunyasi	21.05.2017	40,000	-	40,000
Rodgers Sekwe	05.04.2017	14,000	-	14,000
Ericson Obura	29.08.2016	130,290	-	130,290
Peter Thande	29.08.2016	130,290	-	130,290
Lucy Kagwanja	02.02.2017	384,190	-	384,190
Abdillahi Hussein	18.03.2016	94,000	-	94,000
	16.06.2016	677,740	-	677,740
<b>Total</b>				<b>1,489,476</b>

**11. ACCOUNTS PAYABLE**

<b>Description</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Deposits	236,990,805	159,465,686
<b>Total</b>	<b>236,990,805</b>	<b>159,465,686</b>

**12. FUND BALANCE BROUGHT FORWARD**

<b>Description</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	188,400,246	93,871,212
Cash in hand	33,320	380
Suspense	82,485,174	-
Advances	658,707	-
Accounts Receivables	6,662,912	1,828,429
Accounts Payables	(159,465,686)	(93,685,412)
<b>Total</b>	<b>118,774,673</b>	<b>2,014,609</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**13. RELATED PARTY DISCLOSURES**

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

The following comprise of related parties to the Office of the Attorney General and Department of Justice.

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

**Related party transactions:**

	<b>2016/2017</b>	<b>2015/2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to other State Corporations and Semi-Autonomous Government Agencies	1,960,773,865	1,444,482,439
	1,960,773,865	1,444,482,439
	=====	=====

**14. OTHER IMPORTANT DISCLOSURES**

**14.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

<b>Description</b>	<b>2016 – 2017</b>	<b>2015 – 2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Construction of buildings	-	-
Construction of civil works	-	279,741.40
Supply of goods	74,283,875	17,997,985.00
Supply of services	-	33,800,529.28
	<b>74,283,875</b>	<b>52,078,255.68</b>

**29. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.1	Fixed Assets Register	It is true that the Ministry's Asset Register was not complete as to include a category of motor vehicle and asset belonging to department of defunct Commission for Implementation of the Constitution. This situation is regretted. The State department has now compiled a comprehensive register incorporating the vehicles and Assets of the CIC and is available for audit.  Assets belonging to the implementation to the CIC are also being incorporated in the register.	Head of Procurement Unit	Not Resolved	2017/2018 FY
1.2	Suspense Account	It is true that the statement of assets as at 30 <sup>th</sup> June, 2016 reflects a balance of Kshs.117,600,698.00 as suspense account. This has been adjusted on the financial statements to Kshs.82,485,174.35	Head of Accounting Unit	Not Resolved	2017/2018 FY
1.3	Integrated Financial Management System Balances	It is true that the figure reported in the financial statements do not tie to the figures in IFMIS. The variance was as a result of auto-reconciliation in the IFMIS not being	Treasury	Not Resolved	2017/2018 FY

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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)
2.0	Cash-and-Cash Equivalents	fully functional and Central Bank of Kenya not having been able to post all the bank statements ;for uploading by the IFMIS department. However, the figures in the financial statements are the actual figures and are supported by the relevant notes in the financial statements.			
(i)	Payments in the Cash book not in the Bank Statement	It is true the financial statements reflects a balance of Kshs.188,433,746.00 for cash and bank balances for the Recurrent, Development and Deposits account. Bank reconciliation for recurrent and development has now been provided	Head of Accounting Unit	Not Resolved	2017/2018 FY
(ii)	Receipts in Bank Statement not in the Cash book amount	The Office has formed a task force to help with the cleaning of the unreconciled items with view of cleaning of the same	Head of Accounting Unit	Not Resolved	2017/2018 FY
(iii)	Payments in the Bank statement not recorded in the cash book	The Office has formed a task force to help with the cleaning of the unreconciled items with view of cleaning of the same	Head of Accounting Unit	Not Resolved	2017/2018 FY
(iv)	Receipts in the cash book not recorded in the bank statement	The Office has formed a task force to help with the cleaning of the unreconciled items with view of cleaning of the same	Head of Accounting Unit	Not Resolved	2017/2018 FY

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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)
3.0	Pending Bills	It is true that the financial statements reported pending bills amounting to Kshs.54,649,820.00 which has now been adjusted to Kshs.52,078,255.68 in the adjusted Financial Statements.	Head of Accounting Unit	Resolved	
4.0	Excess Service Charge – Rentals of Produced Assets	It is true the Office of the Attorney General and State Law Office incurred service charge amounting to Kshs.3,883,645.00 of which a part payment of Kshs.2,651,745.00 was made for occupation of office space at Cooperative Bank House for the year ending 2015. The Office has seized up this matter and has written to the Director, Cooperative Bank for an explanation of this situation.	Head of Procurement Unit	Not Resolved	2017/2018 FY
5.0	Outstanding Imprests	It is true that the Financial Statements reflected a total of Kshs.6,662,912.00 as at 30 <sup>th</sup> June, 2016. The actual outstanding was Kshs.6,662,912.00 which has since been surrendered	Head of Accounting Unit	Resolved	

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*Guidance Notes:*

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Solicitor General  
Njee Muturi



Principal Accounts Controller  
Leah W. Kimemia

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	A	B	C	d=a-c		
<b>Construction of buildings</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
7. Kevikat Company	250,000	FY2016/2017	0	250,000		
8. Malezi Africa Enterprises	332,020	FY2016/2017	0	332,020		
9. Kernj Enterprises	87,600	FY2016/2017	0	87,600		
10. Exsolda General Merchant	142,500	FY2016/2017	0	142,500		
11. Mobetto (K) Ltd	138,500	FY2016/2017	0	138,500		
12. Sazed General Supplies	714,030	FY2016/2017	0	714,030		
13. Nextus Enterprises	720,000	FY2016/2017	0	720,000		
14. Datasys Technologies and Enterprises Limited	821,000	FY2016/2017	0	821,000		
15. Demlink Enterprises	251,000	FY2016/2017	0	251,000		
16. Ferieta Agencies	263,800	FY2016/2017	0	263,800		
17. Eurocom Systems Ltd	639,200	FY2016/2017	0	639,200		
18. Nartcom Agencies	262,225	FY2016/2017	0	262,225		
19. Niekmart Trading Agencies	261,000	FY2016/2017	0	261,000		

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
20. MFI Document Solutions Limited	922,800	FY2016/2017	0	922,800		
21. Nyambaric Office Agencies	203,750	FY2016/2017	0	203,750		
22. Robendu Enterprise	80,225	FY2016/2017	0	80,225		
23. G G Enterprise	379,000	FY2016/2017	0	379,000		
24. Fifty Two Fifty Five Limited	230,000	FY2016/2017	0	230,000		
25. Conglomerate Trading	370,100	FY2016/2017	0	370,100		
26. MFI Document solutions Limited	4,358,200	FY2016/2017	0	4,358,200		
27. Epitome Technology	31,550	FY2016/2017	0	31,550		
28. Ilka General Supplies	154,520	FY2016/2017	0	154,520		
29. Raymer Enterprise	99,000	FY2016/2017	0	99,000		
30. Zimsmart Enterprises	249,096	FY2016/2017	0	249,096		
31. Jumulah Enterprises	126,335	FY2016/2017	0	126,335		
32. Deboma Agencies	21,385	FY2016/2017	0	21,385		
33. Codays Enterprises	100,500	FY2016/2017	0	100,500		
34. Dombi Printing Solutions	837,015	FY2016/2017	0	837,015		
35. Ropsy General Supplies	292,000	FY2016/2017	0	292,000		
36. Deckmart General Supplies	350,940	FY2016/2017	0	350,940		
37. Pocket Friendly 21 <sup>st</sup> Wholesalers	987,000	FY2016/2017	0	987,000		
38. Kodix Developers	249,990	FY2016/2017	0	249,990		
39. Vision Link Agencies	94,000	FY2016/2017	0	94,000		
40. Stockpile Suppliers	430,000	FY2016/2017	0	430,000		
41. J W Squared Agencies	292,650	FY2016/2017	0	292,650		
42. Hopkins Kenya Ltd	295,000	FY2016/2017	0	295,000		
43. Wisepro Office Solutions	337,191	FY2016/2017	0	337,191		
44. Galexa Services	485,000	FY2016/2017	0	485,000		
45. Wisepro Office Solutions	175,000	FY2016/2017	0	175,000		
46. Wisepro Office Solutions	370,458	FY2016/2017	0	370,458		
47. Bulla Technologies	526,000	FY2016/2017	0	526,000		
48. Hopkins Kenya Ltd	930,036	FY2016/2017	0	930,036		

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
49. Online Agencies	1,072,000	FY2016/2017	0	1,072,000		
50. Ibrn Suppliers Ltd	980,000	FY2016/2017	0	980,000		
51. Damkag General Supplies	37,380	FY2016/2017	0	37,380		
52. Kamjoe Printers and Sstationers	125,500	FY2016/2017	0	125,500		
53. Winnifer Enterprises	59,590	FY2016/2017	0	59,590		
54. Fifty Two Fifty Five Limited	40,000	FY2016/2017	0	40,000		
55. Kernj Enterprise	307,000	FY2016/2017	0	307,000		
56. Narse Enterprises	390,000	FY2016/2017	0	390,000		
57. Comea General Merchants	2,400,000	FY2016/2017	0	2,400,000		
58. Ponela (K) Ltd	780,000	FY2016/2017	0	780,000		
59. Waminnerh Investments	210,000	FY2016/2017	0	210,000		
60. Firmstar Limited	434,000	FY2016/2017	0	434,000		
61. Brown Wood Agencies	1,491,000	FY2016/2017	0	1,491,000		
62. Everbest Suppliers Agencies	221,000	FY2016/2017	0	221,000		
63. Wajoda Traders	590,000	FY2016/2017	0	590,000		
64. Betterlinej Kenya	258,000	FY2016/2017	0	258,000		
65. Batmo Agencies	598,000	FY2016/2017	0	598,000		
66. Reattach Systems	931,250	FY2016/2017	0	931,250		
67. Magkem Enterprises	60,000	FY2016/2017	0	60,000		
68. Primara Ventures	1,786,200	FY2016/2017	0	1,786,200		
69. Alexa Stationers and Printers	960,000	FY2016/2017	0	960,000		
70. Gyto Success Company Ltd	630,000	FY2016/2017	0	630,000		
71. Jowasha Enterprises	717,000	FY2016/2017	0	717,000		
72. Seefar Enterprises	1,050,000	FY2016/2017	0	1,050,000		
73. Goldplus Enterprises	479,000	FY2016/2017	0	479,000		
74. Bresdec Agencies	390,000	FY2016/2017	0	390,000		
75. Rachnon Enterprises	336,250	FY2016/2017	0	336,250		
76. Benark General Merchants	864,000	FY2016/2017	0	864,000		
77. Brehes Suppliers Enterprises	1,041,600	FY2016/2017	0	1,041,600		

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
78. Fine Touch Solutions	494,550	FY2016/2017	0	494,550		
79. Kyeka enterprises	342,000	FY2016/2017	0	342,000		
80. Joyrowl Enterprises	1,480,000	FY2016/2017	0	1,480,000		
81. Ilian Enterprises	477,000	FY2016/2017	0	477,000		
82. Amniche Ventures	641,470	FY2016/2017	0	641,470		
83. Niesta Investment	501,210	FY2016/2017	0	501,210		
84. Gradet Enterprises	398,500	FY2016/2017	0	398,500		
85. Nasireku Enterprises	299,400	FY2016/2017	0	299,400		
86. Sashai Enterprises	100,000	FY2016/2017	0	100,000		
87. Datalys Technologies	977,600	FY2016/2017	0	977,600		
88. MFI Document Solutions	200,000	FY2016/2017	0	200,000		
89. Rakemu Business Systems	440,000	FY2016/2017	0	440,000		
90. Zafy Enterprises	894,400	FY2016/2017	0	894,400		
91. Bright Concept Ventures	616,240	FY2016/2017	0	616,240		
92. Firmstar Limited	181,115	FY2016/2017	0	181,115		
93. Branly Enterprises	550,000	FY2016/2017	0	550,000		
94. Rickliz Enterprises	282,300	FY2016/2017	0	282,300		
95. Dormanic Office Supplies	295,000	FY2016/2017	0	295,000		
96. Antela Investment	512,400	FY2016/2017	0	512,400		
97. Chantlin general Supplies	287,500	FY2016/2017	0	287,500		
98. Seladel Supplies	372,925	FY2016/2017	0	372,925		
99. Kenodist Weaver Enterprises	92,000	FY2016/2017	0	92,000		
100. Josken Agencies	168,000	FY2016/2017	0	168,000		
101. Goldex Logistics	120,000	FY2016/2017	0	120,000		
102. Roxy Services	750,000	FY2016/2017	0	750,000		
103. Bejam Enterprises	332,250	FY2016/2017	0	332,250		
104. Bejam Enterprises	1,836,000	FY2016/2017	0	1,836,000		
105. Sevechi Enterprises	111,795	FY2016/2017	0	111,795		
106. Fossil Group	385,200	FY2016/2017	0	385,200		

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
107. Ednas Enterprises	46,250	FY2016/2017	0	46,250		
108. Bethum General Merchants	110,000	FY2016/2017	0	110,000		
109. Dapalin Agencies	313,350	FY2016/2017	0	313,350		
110. Mid-Week General Supplies	522,200	FY2016/2017	0	522,200		
111. Texacom General Agencies	590,000	FY2016/2017	0	590,000		
112. Desmonte Suppliers	474,600	FY2016/2017	0	474,600		
113. Gyto Success Company Limited	450,000	FY2016/2017	0	450,000		
114. Kodix Developers	249,990	FY2016/2017	0	249,990		
115. Flynet Components	264,850	FY2016/2017	0	264,850		
116. Hardrock Disabled Enterprises	264,950	FY2016/2017	0	264,950		
117. Terryland General Supply	247,000	FY2016/2017	0	247,000		
118. Fridely Solutions	9,000	FY2016/2017	0	9,000		
119. Reattach Systems	960,700	FY2016/2017	0	960,700		
120. Muts and Company Limited	461,900	FY2016/2017	0	461,900		
121. Zeta Office Products	937,500	FY2016/2017	0	937,500		
122. Sashati Enterprises	185,480	FY2016/2017	0	185,480		
123. Gale Investments	199,300	FY2016/2017	0	199,300		
124. Cosdeb Enterprises	144,000	FY2016/2017	0	144,000		
125.		FY2016/2017	0			
<b>Sub-Total</b>	<b>58,670,311</b>	<b>FY2016/2017</b>		<b>58,670,311</b>		
<b>Supply of services</b>						
126. D. T. Dobie	197,300	FY2016/2017	0	197,300		
127. Chamwa Motors Ltd Nairobi	197,954	FY2016/2017	0	197,954		
128. Toyota Kenay Limited	55,011	FY2016/2017	0	55,011		
129. Aje Elevator Engineering Co. Ltd. - Nairobi	34,800	FY2016/2017	0	34,800		
130. Classic 105	361,920	FY2016/2017	0	361,920		
131. Resolution Insurance Company	107,549	FY2016/2017	0	107,549		
132. Ren Tours	248,000	FY2016/2017	0	248,000		
133. Bush & Beach Travel & Safaris Limited	27,400	FY2016/2017	0	27,400		

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
134. Travel Plaza Limited	381,790	FY2016/2017	0	381,790		
135. Tusmo Travel Tours and Cargo Limited	24,400	FY2016/2017	0	24,400		
136. Tusmo Travel Tours and Cargo Limited	79,700	FY2016/2017	0	79,700		
137. Tusmo Travel Tours and Cargo Limited	80,000	FY2016/2017	0	80,000		
138. Tusmo Travel Tours and Cargo Limited	178,160	FY2016/2017	0	178,160		
139. Tusmo Travel Tours and Cargo Limited	11,070	FY2016/2017	0	11,070		
140. African Touch Safaris Limited	32,910	FY2016/2017	0	32,910		
141. African Touch Safaris Limited	64,285	FY2016/2017	0	64,285		
142. African Touch Safaris Limited	1,640,515	FY2016/2017	0	1,640,515		
143. African Touch Safaris Limited	231,970	FY2016/2017	0	231,970		
144. Pago Airways Travel Services	44,835	FY2016/2017	0	44,835		
145. Pago Airways Travel Services	108,140	FY2016/2017	0	108,140		
146. Attic Tours and Travel Ltd	245,350	FY2016/2017	0	245,350		
147. Attic Tours and Travel Ltd	17,350	FY2016/2017	0	17,350		
148. Attic Tours and Travel Ltd	381,200	FY2016/2017	0	381,200		
149. Attic Tours and Travel Ltd	36,930	FY2016/2017	0	36,930		
150. Attic Tours and Travel Ltd	40,775	FY2016/2017	0	40,775		
151. Bush & Beach Travel & Safaris Limited	65,000	FY2016/2017	0	65,000		
152. Bush & Beach Travel & Safaris Limited	21,220	FY2016/2017	0	21,220		
153. Angani Tours and Travel Limited	240,800	FY2016/2017	0	240,800		
154. Angani Tours and Travel Limited	215,575	FY2016/2017	0	215,575		
155. Wote Technical Training Institute	107,200	FY2016/2017	0	107,200		
156. Izaak Walton Inn	1,949,166.45	FY2016/2017	0	1,949,166.45		
157. Afrique Hotel Busia Limited	296,800	FY2016/2017	0	296,800		
158. Pago Airways Travel Services	480,000	FY2016/2017	0	480,000		
159. Sawela Lodge	1,311,500	FY2016/2017	0	1,311,500		
160. Travel Plaza	182,920	FY2016/2017	0	182,920		
161. Bonito Hotels	272,881	FY2016/2017	0	272,881		
162. Travel Plaza Limited	241,570	FY2016/2017	0	241,570		

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
163. Travel Plaza Limited	323,850	FY2016/2017		323,850		
164. African Touch Safaris Ltd	478,705	FY2016/2017	0	478,705		
165. Toyota Kenya Limited	72,514	FY2016/2017	0	72,514		
166. KWS Training Institute	299,999	FY2016/2017	0	299,999		
167. Travel Plaza	663,000	FY2016/2017	0	663,000		
168. Travel Plaza	679,450	FY2016/2017	0	679,450		
169. Classic 105	361,920	FY2016/2017	0	361,920		
170. Kone Kenya	2,143,680	FY2016/2017	0	2,143,680		
171. Kenya Pipeline	376,500	FY2016/2017	0	376,500		
172.			0			
<b>Sub-Total</b>	<b>15,613,564.45</b>			<b>15,613,564.45</b>		
<b>Grand Total</b>	<b>74,283,875.45</b>			<b>74,283,875.45</b>		

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
<b>Senior Management</b>		a	b	c	d=a-c		
1.							
2.							
3.							
<b>Sub-Total</b>							
<b>Middle Management</b>							
4.							
5.							
6.							

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Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
Unionisable Employees							
Sub-Total							
7.							
8.							
9.							
Sub-Total							
<b>Others (specify)</b>							
10.							
11.							
12.							
Sub-Total							
Grand Total							

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ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2015/2016	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Buildings and structures	3,533,531	14,248,502	-	17,782,033
Transport equipment	6,973,689	5,000,000	-	11,973,689
Office equipment, furniture and fittings	2,453,348	406,347	-	2,859,695
Other Machinery and Equipment	46,961,073	30,364,487	-	77,325,560
Research	-	12,976,700	-	12,976,700
<b>Total</b>	<b>59,921,641</b>			<b>59,921,641</b>

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

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**ANNEX 4 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE ENTITY OF THE OFFICE OF THE ATTORNEY  
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Ref	SC, SAGA or Public Fund's name	Principal activity of entity	CEO's	Amount transferred during the year	Inter- entity reconciliations done? (yes/no)
1	Kenya Law Reform Commission	Law Reform	Mr. Joash Dache, MBS	330,000,000	
2	Anti-Corruption Steering Committee	Corruption	Mr. David Gathii	137,811,090	
3	National Crime Research Centre		Mr. Gerald Wandera	160,000,000	
4	Council of Legal Education	Training	Prof. Kulundu Bitonye	259,500,000	
6	Kenya School of Law	Training	Prof. P.L.O. Lumumba	290,000,000	
7	Kenya Copyright Board	Copyright/piracy	Mr. Edward Sigel	131,000,000	
8	Nairobi Centre for International Arbitration	Arbitration	Mr. Lawrence Muiruri	120,000,000	
9	Asset Recovery Agency	Recovery of Assets	Ms. Muthoni Kimani	256,550,656	
10	Registrar of Companies	Registration of Companies	Mr. Kenneth Gathuma	359,056,000	

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**ANNEX 7- REPORTS GENERATED FROM IFMIS**

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

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

