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OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA NATIONAL BUREAU OF
STATISTICS**

**FOR THE YEAR ENDED
30 JUNE 2017**



**KENYA NATIONAL BUREAU
OF
STATISTICS**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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Acronyms

AfDB	-	African Development Bank
A-I-A	-	Appropriations in Aid
COMESA	-	Common Market for Eastern and Southern Africa
DfID	-	Department for International Development
DG	-	Director General
EAC	-	East African Community
FAO	-	Food and Agriculture Organization
FDR	-	Fixed Deposit Receipts
GOK	-	Government of Kenya
ICT	-	Information Communication Technology
IDA	-	International Development Agency
IFRS	-	International Financial Reporting Standards
ILO	-	International Labour Organisation
IPSAS	-	International Public Sector Accounting Standards
KCB	-	Kenya Commercial Bank
KDHS	-	Kenya Demographic Health Survey
KENINFO	-	Kenya Information
KIHBS	-	Kenya Integrated Household Budget Survey
KMIS	-	Kenya Malaria Indicator Survey
KNBS	-	Kenya National Bureau of Statistics
MICS	-	Multiple Indicator Cluster Survey
NSS	-	National Statistical System
NSSF	-	National Social Security Fund
PPRA	-	Public Procurement Regulatory Authority
SCB	-	Statistical Capacity Building
UNDP	-	United Nations Development Programme
UNFPA	-	United Nations Population Fund
UNICEF	-	United Nations Children's Fund
USAID	-	United States Agency for International Development

I. Key Information and Management

(a) Background information

Overview

KNBS is a Semi-Autonomous Government Agency established by an Act of Parliament – the Statistics Act, 2006.

Vision

A centre of excellence in production and management of quality statistics

Mission

To develop, provide and promote quality statistical information for evidence based decision making.

Core Values

- **Professionalism:** Strictly abide by professional considerations on the methods, standards and procedures for statistical production.
- **Confidentiality:** Guarantee confidentiality of data providers as stipulated in the Statistics Act
- **Collaboration:** Collaborate with stakeholders so as to enhance the quality of statistical information.
- **Teamwork:** To embrace teamwork as the hallmark of success. Pursue timely attainment of targeted results at all levels through a high level of coordination, networking and collaboration within staff.
- **Customer focus:** Commitment to meet the needs of our customers and always focus on customer satisfaction.
- **Accountability and Transparency:** Conduct business and lend services to stakeholders in a transparent and accountable manner.
- **Efficiency and effectiveness:** Promote high productivity, competence and usefulness of resources at the national and county level.
- **Innovation and Creativity:** Committed to innovation, invention, creativity and resourcefulness in service delivery.

Strategic Focus, Objectives and Strategies

To achieve its desired overall objective, KNBS has identified six key strategic areas to focus on, over the next five years, in its current strategic plan. These identified strategic areas are geared towards propelling the Bureau in its quest to be a centre of excellence in production and management of quality statistics.

Arising from the situational analysis, as well as the core functions, the Bureau will focus on the following areas:

- i. Address statistics data gaps
- ii. Data quality
- iii. Communication, dissemination and access to statistical information

- iv. Mainstream statistics in Ministries, Departments and Agencies (MDAs) and, County Governments
- v. Strengthen human and physical capital
- vi. Undertake Institutional reforms and good governance

(b) Principal Activities

The Bureau is the principal agency of the Government for collecting, analysing and disseminating statistical data in Kenya and is the custodian of official statistical information. Specifically the Bureau is mandated with:

- (a) Planning, authorizing, co-ordinating and supervising all official statistical programmes undertaken within the National Statistical System;
- (b) Establishing standards and promoting the use of best practices and methods in the production and dissemination of statistical information across the National Statistical System;
- (c) Collecting, compiling, analyzing, abstracting and disseminating statistical information on the matters specified in the First Schedule;
- (d) Conducting the Population and Housing Census every ten years, and such other censuses and surveys as the Board may determine; and
- (e) Maintaining a comprehensive and reliable national socio-economic database.

(c) Key Management

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

- Director General;
- Director – Finance and Administration;
- Director – Production Statistics;
- Director – Macro Economics Statistics;
- Director – Population and Social Statistics;
- Director – Strategy and Development; and
- Director – Information and Communication Technology

(d) Fiduciary Management

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

- | | |
|--|-----------------------|
| 1. Director General | Zachary Mwangi |
| 2. Director – Finance and Administration | Margaret N. Nyakang'o |
| 3. Director – Production Statistics | James Gatungu |
| 4. Director – Macro Economics Statistics | Collins Omondi |
| 5. Director – Population & Social Statistics | MacDonald Obudho |
| 6. Ag. Director – Strategy and Development | Mary Wanyonyi |
| 7. Director – ICT | Cleophas Kiiro |

- (e) **Fiduciary Oversight Arrangements**
The key fiduciary oversight arrangements cover:
- Finance and Administration Committee activities
 - Audit and Risk Management Committee activities
 - Technical Committee activities
- (f) **Registered Office** :Herufi House,
Lt. Tumbo Avenue,
P.O Box 30266 – 00100,
NAIROBI
- (g) **Contacts** Telephone:(254) 3317586 / 8
E-mail: directorgeneral@knbs.or.ke
Website: www.knbs.or.ke
- (h) **Bankers**
1. Kenya Commercial Bank Limited,
Moi Avenue Branch,
P.O. Box 30081 – 00100,
NAIROBI.
 2. Co-operative Bank of Kenya,
Kimathi Street Branch,
P.O. Box 7512 – 00100,
NAIROBI.
- (i) **Independent Auditors**
Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

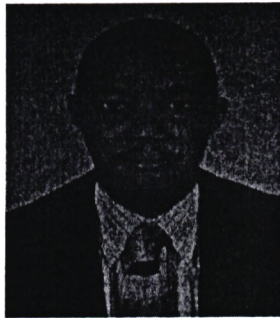
II. The Board of Directors who served during the year 2016/2017



Prof. T.C.I. Ryan - Chairman



**Eng. Ezra Odhiambo
Member**



**Mr. Anthony Muriu
Alt. to the PS - Finance**



**Dr. Mary K. Lonyangapuo
Member**



**Dr. Josephine Kibaru-Mbae
Member**



**Ms. Sabina W. Maghanga
Alt. to PS – Planning**



**Mr Billington M. Gituto
Member**



Mr. Kenneth N. Mburu



**Mr. Zachary Mwangi,
Director General and Secretary to the Board of Directors**



**Prof. T.C.I. Ryan -
Chairman**

Prof. Ryan is a Kenyan born economist who graduated from Trinity College, Dublin and the Massachusetts Institute of Technology. He lectured in the University of Nairobi until 1983 when he was appointed Director of Planning in the Ministry of Planning and National Development of the Kenya Government. In 1988 he became the first Economic Secretary in the Ministry of Finance of the Kenya Government. Following his retirement from the Kenyan Civil Service in 1995, he has been appointed to various posts requiring his experience and expertise. These include the Commission for Higher Education, the Local Committee for Income Tax Appeals and the Monetary Policy Committee of the Central Bank of Kenya.

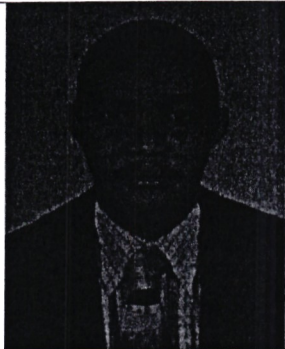

He is currently the Chairman of the Kenya National Bureau of Statistics. He was also Chairman of the Micro and Small Enterprise Task Force. He has done consultancy work for the World Bank, UNDP, the Organization for African Union and the Economic Commission for Africa of the European Union. He has been advisor on fiscal considerations to Treasuries in Southern Africa. He has been a long serving Resource Person for the African Economic Research Consortium. He was Chairman of the Governing Council of Strathmore University in Nairobi for 14 years during which the University came into being; he maintains his links with Strathmore by being a Member of the Advisory Committee of the Strathmore Business School.





**Eng. Ezra
Odhiambo**

Eng. Odhiambo has broad business management experience which ranges from strategic planning, business administration, maintenance management, engineering, information systems, project management, and business systems analysis, among others. Eng. Odhiambo has proven expertise in the strategic planning, business process re-engineering and improvement, change management, design and implementation of operational systems, telecommunications systems, computer systems, design and development of application software, human resource management systems, computer networks and hands-on experience in business analysis and management. This expertise has been acquired in the consulting environment covering a diverse range of complex business environments such as sugar company operations, maintenance management, financial services, postal services, telecommunication systems, computer systems, trading companies, water and sewerage services and project management among others.

This is backed by sound and relevant academic and technical education and training. Postgraduate education EMBA Jomo Kenyatta University of Agriculture & Technology – 2009 and Post Graduate Diploma in Telecommunications Management Studies -1988 (Bailbrook College, England). Undergraduate Bsc Electrical Eng. (Second Class Honours) University of Nairobi, Kenya 1979. Technical Training in Microwave Systems Engineering Japan) 1984, Radio

	<p>Systems (Italy) 1981, Transmission Systems (Holland) 1981, Satellite Technology (Intelsat) 1987, Oracle Database System (Afralti) 1989, Digital Equipment Corporation VMS Systems (Protec) 1989, Leadership in Management (2009), Fraud Examination (2011).</p> <p>Positions held include the following: Member of the Board of Directors Kenya National Bureau of Statistics 2014 to date, Chairman Apxex Construction Company Ltd 2013 to date, Member of the Board of Directors Netcom Information System Ltd 1992 to date, Member of the Board of Directors BOMAS of Kenya 2004/2007, Member of the Board of Governors- Kokuro Secondary School 2003/2006, Executive Committee Member. Information Standards Technology Association (Kenya) 1992/1997 and Member of Computer Society of Kenya</p>
 <p>Mr. Anthony Muriu</p>	<p>Alternate to the Principal Secretary, National Treasury, Mr. Muriu is a Chief Economist and Head of the Central Planning and Project Monitoring Unit of the National Treasury. He is a Career Civil Servant with over 20 years' experience having risen through the ranks to the current position.</p> <p>He holds a Bachelor of Arts in Economics from the University of Nairobi and Masters Degree in International Development Studies from the Graduate Institute of Policy Studies in Tokyo, Japan. He has also attended numerous short training courses both locally and abroad. Over the years, Mr. Muriu has worked in many Ministries and served in numerous Committees and Taskforces of the Government of Kenya.</p>
 <p>Dr. Mary K. Lonyangapuo</p>	<p>Dr. Mary K. Lonyangapuo is a holder of Bachelor of Arts in Education from Kenyatta University, a Masters Degree in Linguistics from Leeds University, UK and a PHD in Linguistics from Egerton University. She has over 15 years university teaching experience in the area of Theoretical and Applied Linguistics and has vast knowledge in humanities and social sciences</p> <p>Her key research areas are in: Syntax, Sociolinguistics and Applied communication and has carried out various researches in linguistics and communicative aspects of language, has written a number of research papers in refereed journals and is a Research Assistant with CASA.</p> <p>She is a member of the Editorial Board, <i>Jarida la Mwangi wa Lugha</i>, an academic journal at Moi University.</p> <p>She has served as the Head of Department, Linguistics and Foreign Languages, Moi University; Dean, School of Arts and Social Sciences, Moi University and served as a Council Member, Kenyatta University.</p>

	<p>She sits on various School Boards and is currently a Senior lecturer, Department of Linguistics and Foreign Languages, Moi University, where she is also the Patron of I Choose Peace Consortium</p>
 <p>Dr. Josephine Kibaru-Mbae</p>	<p>Dr. Josephine Kibaru-Mbae is the Director General of National Council for Population and Development. Prior to joining NCPD in February 2014, Dr. Kibaru-Mbae had been the Director General at the East, Central & Southern Africa Health Community (ECSA-HC; Former Commonwealth Regional Health Secretariat) since 2010. ECSA-HC is an Intergovernmental Organization whose aim is to foster regional cooperation and collaboration in health. It comprises of 10 active members; Kenya, Lesotho, Malawi, Mauritius, Seychelles, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.</p> <p>Dr. Kibaru-Mbae is a Medical Doctor, specialized in Obstetrics, Gynaecology and Public Health. She has about 30 years' experience in the public health sector, with about 20 of these years in Leadership and Management positions at different levels of the health sector in the Republic of Kenya. She started at the District level and rose through the ranks to the level of Senior Deputy Director of Medical Services in charge of Family Health Services, Ministry of Health; Kenya. Dr. Kibaru-Mbae has represented the government in various national and international fora such as the WHA, ICPD etc. During her tenure at the Division of Reproductive Health, in collaboration with other stakeholders, she successfully lobbied for the first ever budget-line for Family Planning in Kenya in 2005.</p> <p>Dr. Kibaru-Mbae has excellent networking experience working with policy makers and programme experts such as Ministers, Ambassadors, Principal Secretaries, Directors, population and health professionals, representatives of collaborating partners and donors and the media.</p>
 <p>Ms. Sabina Wakio Maghanga</p>	<p>Ms. Sabina Wakio Maghanga is currently the Director of Planning in charge of Macro Planning and International Cooperation in the Ministry of Devolution and Planning. She holds a Masters degree from York University and a Bachelors degree from University of Nairobi. She is a career civil servant who has worked for the government for over 30 years. Her current job involves coordination of national economic policy formulation and promotion of regional and international economic cooperation towards realization of Vision 2030. Some of her work includes coordination of the development of the Second Medium Term Plan 2013 – 2017, the sector specific plans and the East African Community and the European Union Economic Partnership Negotiations.</p>



**Mr Billington
Mwangi Gituto**

Mr Billington Mwangi Gituto holds a Bachelor's degree in Anthropology from the University of Nairobi and a Master's degree in Communication from Daystar University. Gituto has broad interests in development, social policy, strategic and cause communications. He is an experienced social development practitioner with wide research and practice in various areas of human development and capability. He also has extensive experience in various fields of strategic communications. His organizing work has seen him play key leadership and advisory roles in various development interventions, programmes and organizations.

Gituto has authored numerous publications on social policy including *Beyond CDF: Making Kenya's Sub-sovereign Finance Work for the Socially Excluded*; *Affirmative Action: The Promise of a New Dawn* and *Making Women Count: Gender and Public Budgeting*. Gituto has been an educator in communications and development at St Paul's University and Daystar University in Nairobi and is currently the Director of the Mekatillili Institute in Nairobi where he is working in the areas of assets and social policy, wellbeing and multidimensional poverty, the application of capabilities approach for measuring wellbeing, equality and advancing human rights and the use of strategic communications to solve social problems.





**Mr. Kenneth N.
Mburu**



Kenneth N. Mburu is an Advocate of the High Court of Kenya, having been admitted to the Bar 19 years ago, and a Certified Public Secretary. He holds Degrees in Commerce and Law respectively, and a Post-graduate Diploma in Law from the Kenya School of Law. He graduated from the University of Nairobi in 2005 with a Master of Laws Degree in the thematic specialisation of Finance and Financial Services Law.

Mr. Mburu has served as Dean of the Faculty of Law at the School of Professional Studies, and as Associate Dean of Law at Catholic University of Eastern Africa (CUEA). He has presented papers on Professional Ethics to his peers at the Law Society of Kenya's Continuous Legal Education seminars. He currently lectures and supervises research students at the said CUEA, his passion being in the subjects of Law and Development, Land Law, Commercial Law, Equity and Professional Ethics. Mr. Mburu brings a wealth of knowledge in Law and Corporate Governance to the Board of the Kenya National Bureau of Statistics.

III. The Senior Management Team

The KNBS structure comprises six directorates as shown below. Each Directorate is headed by a Director.

 <p>Mr Zachary Mwangi, Director General</p>	<p>Mr Zachary Mwangi Chege has over 24 years' experience in the public service. He holds a Bachelor of Arts (First Class Honors) from University of Nairobi and a Masters of Arts in Economic Policy Management, Makerere University, Uganda. He has expertise in official statistics, strategic management, surveys and censuses implementation, public policy analysis, budgeting, and project management, among others.</p> <p>Prior to his current appointment as the Director General of the Kenya National Bureau of Statistics (KNBS), he was the Director of Macroeconomic Statistics, KNBS, from 2008 to 2012. From 1991 to 2008 he worked in the mainstream civil service rising to the position of Chief Economist in the then Ministry of Planning and National Development.</p> <p>He has coordinated the preparation of various publications including, Annual Economic Survey reports, Annual Statistical Abstract reports, Quarterly GDP reports, Socio Economic Atlas, various survey reports, Public Expenditure Review reports, Quarterly Budget Review reports and District Development Plans.</p> <p>He has attended various courses and workshops, both locally and abroad, on Regional Integration, Statistical Developments, Public Expenditure Management, Financial Programming and Policies, Risk Management, Quality Management System, Project Management, Macroeconomic analysis and modelling, among others.</p>
 <p>Mr James Gatungu Dir., Production Statistics</p>	<p>Mr James Gatungu has a vast experience in Statistics, Economics and Data Management Skills drawn from over 20 years of work experience with various Public Sector Institutions. He holds Master of Arts in Economics Policy Management (University of Ghana, Legon) and Bachelor of Science (Statistics and Computer Science) – Moi University). He has attended various Management and Statistical related courses.</p> <p>Mr Gatungu serves in various school Boards, Community welfare groups and church leadership as a contribution to the betterment of the society. He heads Production Statistics Directorate responsible for coordination, collection, analyses, generation and dissemination of production statistics in the</p>

	<p>areas of Labour, Industrial, Agricultural, Environment and Nutrition Statistics.</p>
 <p>Mary M. Wanyonyi Ag. Dir., Strategy & Development</p>	<p>Ms. Mary Wanyonyi has vast experience in designing and conducting sample surveys, compilation of official statistics, socio-economic database development and environment statistics. She has a wide range of expertise in poverty and other social statistics analyses. She is the coordinator for the National Strategy for the Development of Statistics (NSDS) and the focal person for the post 2015 Development Agenda on Sustainable Development Goals (SDGs), at KNBS.</p> <p>She is the Ag. Director in charge of Strategy and Development that comprise: Policy and Planning, Statistical Standards & Methods, Research and Development, and coordination of the National Statistical System (NSS). She is also responsible for the implementation of Kenya Integrated Household Budget Surveys.</p>
 <p>Mr Macdonald G. O. Obudho Dir., Population & Social Statistics</p>	<p>Macdonald George Obudho has worked in Kenya National Bureau of Statistics since 1995 to date. He holds a Bachelor of Science degree in Mathematics and Computer Science (Second class honours - Upper Division) from Jomo Kenyatta University of Agriculture and Technology and a Master of Science degree in Statistics from the same university. He has vast experience in conducting population and housing census, designing and carrying out sample surveys and compilation of official statistics. From the statistical background, he has experience in cartographic work, designing different types of statistical household sampling frames and maintenance of the same. He has been in management for 13 years that brings about both administrative and technical experience.</p> <p>He has coordinated the writing of very many reports like census monographs, demographic and health surveys and Multiple Cluster Surveys. He has a number of certificates under his name that arise from short courses, workshops and seminars attended both locally and internationally. Some of them are on censuses, post census enumeration surveys, Statistical Designs and Development, Sampling and weighting of data, Strategic Leadership Development Programme, Risk Management, Quality Management System, among many others</p>





Dr. Margaret Nyakang'o

Dir., Finance and Administration

Dr. Margaret Nyakang'o is a holder of a Bachelor of Commerce Hons. (Accounting Option) and an MBA degree (Strategic Management), both from the University of Nairobi. She also holds a Doctorate in Business Administration degree from the University of Liverpool, UK. In addition she is a Certified Public Accountant, registered with the Institute of Certified Public Accountants of Kenya as a practising member, in good standing.

Dr. Nyakang'o has broad experience in Financial management, Administration, Strategy, Auditing, Accounting, Tax and Human resource management, all gained in a variety of organizations both in the public and private sectors. She started her career in the National Audit office, where she left at the position of Principal Auditor, having audited Government institutions, local authorities and State corporations as well as donor funded programmes. She later worked as Financial Controller for LBDA, a key state corporation in Kisumu as well as in the now defunct KACA, where she was a Corruption Preventive officer. She has held key positions in the Cooperative sector as Deputy General Manager of Harambee Sacco, in the insurance industry, where she was a Chief Accountant of Corporate Insurance Co Ltd and in the security industry, where she was the Finance Manager of BM Security. Before joining KNBS in 2008, she worked as Finance Director of Africa International University. She has also managed her own audit practice, M.N.Nyakang'o & Associates, in which she handled attestation functions including systems auditing and computerized accounting for a variety of clients.

Dr. Nyakang'o has undertaken a wide range of trainings within and outside her line of work. She is a qualified woman Board director with hands on skills in corporate governance and a member of the Women on Boards Network as well as the Association of Women Accountants of Kenya. In her spare time, Dr. Nyakang'o plays golf and loves reading factual material.

 <p>Mr Collins Omondi Dir., Macro Economic Statistics</p>	<p>Mr Collins Omondi has a vast experience in Statistics, Economics and Data Management Skills drawn from over 19 years of work experience with the statistics Institution. He holds Master of Arts in Economics (University of Nairobi) and Bachelor of Science in Statistics (University of Nairobi). He has attended and participated in various Macroeconomics statistics related forums both locally and internationally. He heads Macroeconomics statistics Directorate responsible for coordination, collection, analyses, generation and dissemination of macroeconomic statistics in the following main areas: National Accounts, External sector statistics, Monetary and Financial statistics, Public Finance, Tourism and migration, and Transport, Storage and Communications statistics.</p>
 <p>Mr Cleophas Kiio Dir., ICT</p>	<p>Mr Kiio has a rich experience in ICT Skills drawn from over 20 years of work experience both in Private and Public Sector Institutions. He holds Master of Science degree in Information Systems and Bachelor of Science degree from the University of Nairobi and is currently pursuing a PhD in Business Administration (Strategic Information Systems). He is a certified IT professional in Systems management and is a member of computer society of Kenya (CSK) and Kenya institute of Management (KIM)</p> <p>Mr Kiio has continuously served in School Boards, and in Community Based Organizations (CBOs), Social Welfare groups and church committees. He heads the Information and Communication Directorate in the KNBS.</p>

IV. The Chairman's Statement

It is with great pleasure that I present to you the Financial Statements for Kenya National Bureau of Statistics for the year ended 30th June 2017. This is the third report in my tenure as the KNBS Board Chairman. As said in the previous reports, this is yet again another opportunity to report the activities and performance of the Bureau. I wish to appreciate the Board and the management for the commitment and team work shown throughout the financial year in carrying out various activities as detailed in other parts of this report.

Last financial year, the Bureau lived to its mandate in providing users and policy-makers with timely and reliable statistics to facilitate decision-making. Various surveys as per the Director General's report were conducted and some reports on the same were released, while other reports are still under preparation. The National Surveys that continued to be carried out included the Kenya Integrated Household Budget Survey, (KIHBS) and Micro, Small and Medium Enterprises (MSME) and Census of Establishments (CoE). The preparatory activities for the 2019 Housing and Population Census such as mapping have commenced. The Bureau will continue to carry out statistical activities that will strengthen the quality of statistical information released to all stakeholders.

The Bureau continued to strengthen the National and County Statistics Offices, but still faces the challenges of office accommodation at the headquarters and Counties, staff retention and visibility. However, the process of identifying a building for leasing for the headquarter offices is at an advanced stage. In the long term, the Bureau requires to own a building to house its headquarters.

Finally, I wish to recognize with appreciation, the continued technical and financial support we have received from the Government, and the development partners over the years that has enabled to Bureau come this far. The Bureau staff is also appreciated for the efforts they are putting to ensure timely and quality work.

Prof. Terry Ryan

V. The Director General's Report

According to the Statistics Act 2006, the Kenya National Bureau of Statistics is the principal agency of the national government for the collection, compilation, analysis and dissemination of official statistics for planning, policy making and monitoring and evaluation. It is also mandated to ensure best standards and methods in the production of statistics across the National Statistical System (NSS).

This annual financial report, therefore, highlights achievements made by KNBS.

Kenya Integrated Household Budget Survey (KIHBS)

During the 2016-2017 Financial Year, field data collection for KIHBS was finalized. Data cleaning and analysis of the Datasets was undertaken as well as commencement of the Basic, Poverty and Labour force report writing.

Child Poverty Study

A child poverty study was conducted and a report on "Child Poverty in Kenya-Multi-dimensional Approach" was prepared.

National Strategy for Development of Statistics

In the Financial Year 2016-2017, milestones on the development of the National Strategy for Development of Statistics (NSDS) were made. One major milestone was development of Strategic Plan for Agriculture and Rural Statistics (SPARS). In addition, the Sector Statistics Committee members from the 17 participating sectors developed draft Sector Statistics Plans (SSPs) out of which three SSPs, two Counties and one MDA, were finalized. Once the SSPs are finalized, they will be consolidated in order to form the NSDS.

Sustainable Development Goals

During the 2016-2017 Financial Year, The Bureau identified Sustainable Development Goals (SDGs) indicator framework for national monitoring.

Performance Contracting for FY 2016-2017

The Bureau implemented the agreed targets as per the vetted 2016-2017 Performance Contract. Four quarterly progress reports were prepared and submitted to the Ministry of Devolution and Planning and Office of Performance Management Contracting and Coordination as guided by 13th Cycle Performance Guidelines. An internal evaluation of the 2015-2016 KNBS Performance Contract was also carried out.

Quality Management System

KNBS is committed to continually improve quality of service delivery as an integral part of its business strategy. To achieve this goal, KNBS applies the framework of a Quality Management System (QMS). During the Financial Year 2016-2017, the KNBS Quality Management System was audited by SGS Kenya Limited, a certifying body, and Bureau was recommended for certification based on ISO 9001:2015 Standard.

The Kenya Statistics Program-For-Results (KSP-for-R)

This is a financing agreement between the Government of Kenya and World Bank aimed at supporting statistical development in the Country from 2015/16 to 2019/20 FY. The program is to a tune SDR 35.6 Million (US\$50.00 Million equivalent) and supports selected activities of the KNBS Strategic Plan 2013-2017. The program commenced on 9th October 2015 and became effective on 10th February, 2016.

The KSP-for-R is a "results based" instrument where disbursements are largely tied to achievement of agreed "Disbursement Linked Indicators (DLIs)". This differs from other lending projects where preparation and expenditures for inputs is typically the case. Each DLI has several Disbursement Linked Results (DLRs) or milestones, which, when achieved, triggers disbursement after verification. The National Treasury is therefore required to fund the KNBS budget through the exchequer releases and is re-imbursed the agreed amount upon achievement of the results by KNBS.

So far, the National Treasury has received a total of 18.5 million USD be a re-imburement of the achieved results. Some other results have already been achieved and the verification process has been initiated.

In the 2016/17 financial year, the National Treasury received 7.5 million USD being a re-imburement of results achieved. The major survey undertaken during the year was Micro and small enterprises (MSE) survey, report produced and available on-line. The data collection for Kenya Integrated Household Budget Survey (KIHBS) 2015/16 was also finalized during this year. Other activities undertaken during 2016/17 includes; data cleaning and production of draft KIHBS 2015/16 poverty report and labor indicators reports, the Census of Establishments (CoE) fieldwork, the design and operationalization of a Financial Management Information System (FMIS) with multi-dimensional chart of accounts and capability to generate key reports. Upon completion and verification of these results, the National Treasury will receive further re-imburement.

Other activities undertaken during the financial year included:

1. The Annual Economic Survey report: This provides the key highlights of the overall performance of the sectors of the Economy in 2017, in addition to providing other important social and economic statistics for the period. The chapters produced in the report provide the government and other stakeholders with important inputs for planning, analysis, budgeting, monitoring and evaluation purposes.
2. The Annual Statistical Abstract Report; this provide a compendium of statistics with longer period data series for both Macroeconomic and socio-economic indicators, and is useful for researchers and academicians.
3. Quarterly National Accounts (QNA) reports: These were compiled and disseminated, on a timely basis, as envisaged. The quarterly reports provide the summary of the economic activities and developments that took place within the economy, in the respective quarters of the financial year of 2016/17. These reports provide useful and timely information to data users and producers.
4. Foreign Investment survey 2016: in collaboration with the Central Bank of Kenya this was implemented from August to October 2016. The survey sought to collect data on the holdings of Foreign Assets and Liabilities and transactions of Resident companies. The information collected from the survey forms the key input in the compilation of Statistics on Balance of Payments and the International Investment Position.
5. The Informal Cross Border Trade (ICBT) Survey; the 1st phase of the ICBT was implemented in December 2016, while implementation of the second phase begun in June 2017. The survey collected data on the magnitude and direction of unrecorded trade between Kenya and her neighbours, and to provide insights on the economic interdependence.
6. Inbound/Outbound Tourism Expenditure (IOTE) Survey; The 1st phase of IOTE was conducted in December 2016 and the execution of the second phase begun in June 2017. The IOTE collected data on the inbound and outbound tourism volume and expenditure patterns, and will be an important input in the Tourism Satellite Account. In addition, a Domestic Tourism KIHBS Module was developed in April 2017.

7. Inter-Agency cooperation and Capacity building; In 2016/17, the Bureau received three technical assistance missions from the IMF in the areas of National accounts, Balance of Payments and Government Finance Statistics. The missions were aimed at improving the Compilation of statistics in the above areas to meet the relevant international standards.
8. Routine Survey Exercises; Other various routine surveys were conducted, whose results are meant to provide socio-economic indicators to various data users. The surveys conducted included; Monthly Survey of Hotels/Conferences; Monthly Survey on International Visitor Arrivals/Departures; Monthly Survey on Visitors to Tourist attractions; Annual Survey of Transport and Storage; Monthly Survey of air transport at JKIA - International Arrivals and Departures.
9. Stakeholder engagements; the Bureau participated in several stakeholder engagement fora through established taskforces and working groups, with a view of improving the quality of source data. In 2016/17, the directorate conducted; four quarterly meetings on Trade statistics; customs data validation exercise; and two quarterly meetings on BOP statistics.

Challenges:

- i) The transition and appointment of new Board members has taken time and hampers decision making
- ii) The Impending relocation to new headquarters made us postpone some of the implementations so as to do them in the new offices.
- iii) Data quality at the county level is wanting and in some cases, it is not available.
- iv) Some clusters are affected by insecurity in different pockets of the country.
- v) Inadequate data quality in the Counties due to inadequate technical capacity
- vi) Poor working environment mainly due to staff congestion and inadequate sanitation
- vii) Inability to produce and avail County disaggregated data

Way Forward

- Carry out the scheduled activities with the resources available
- Undertake training to fill the skills gaps
- Comprehensive implementation of Job Evaluation reports in line with Management/Board recommendations ;
- Recruitment of staff to fill any identified vacancies and development of existing ones;

In conclusion, I laud the efforts of the Board, entire staff and other stakeholders for the support provided during the period that ensured the Bureau implemented majority of the planned activities.

Sincere appreciation to our development partners who have been a great help in the development of statistics not only at the Bureau but in the country as a whole. Particular gratitude goes to AfDB, SIDA, UNICEF, UNDP, UNFPA and World Bank for both financial and technical support that facilitated KNBS conduct key surveys to bridge some of the existing data gaps.

The Bureau greatly recognises and appreciates the invaluable support and feedback by our data producers, suppliers and users that enabled the institution achieve its mandate.


Zachary Mwangi

VI. Corporate Governance Statement

Objective

Corporate governance defines the process and structure used to direct and manage business affairs of the organization with the aim of enhancing prosperity and organizational accountability.

The Board acknowledges that it is responsible for ensuring the transparency, accountability and integrity of the financial and internal systems in the organization and hereby confirms that sufficient safeguards have been put in place and are reviewed on a regular basis.

The Board's principal responsibilities include:

- Approving the Bureau's strategy and ensuring that an effective management team and the necessary financial and human resources are in place for the Bureau to meet its objectives.
- Approving the Bureau's Budget, annual work plans, procurement plan and performance contract.
- Approving the Bureau's Annual Report and reviewing its periodic financial reports.
- Evaluation of the management's performance over the preceding year.
- Reviewing the Bureau's risk management and internal controls systems and governance framework and approving Bureau policies.

Board Committees and their functions

The Board has approved the delegation of certain authority to Board Committees where applicable, as well as to the management. The Board has three committees which are guided by clear terms of reference, and are instrumental in monitoring the Bureau operations, conduct of business systems and internal controls.

The three Committees are the Finance & Administration Committee, the Audit & Risk Management Committee and the Technical Committee.

a) Finance & Administration Committee

Functions

- Review the Bureaus' annual budget before submission and after approval by the Treasury;
- Review quarterly Financial Monitoring Reports (FMR);
- Review periodic operational budgets and financial statements;
- Monitor the continuing efficacy of accounting and internal control;
- Compliance with the Government financial management regulations;
- Monitoring the performance of key finance and accounts staff against approved performance contracts;

- Review the annual procurement plans including those of external funded projects;
- Monitoring and appraise the performance of senior management, review of all human resource policies, determining the remuneration of senior management and other staff.

The above responsibilities shall not prevent the committee from carrying out any other tasks that are reasonably within its mandate.

All review and recommendations by this committee will be submitted to the Board for final approval.

The Committee is made up of the following Directors:

- | | | | |
|----|---------------------|---|---------------------------------------|
| 1. | Eng. E. Odhiambo | - | Chairman |
| 2. | Mrs. S. W. Maghanga | - | Alt to PS, Min. Devolution & Planning |
| 3. | Mr B. M. Gituto | - | Member |
| 4. | Dr. K. I. Athuman | - | Member |
| 5. | Mr. A. Muriu | - | Member (Alt to PS National Treasury) |

b) Audit & Risk Management Committee

Functions

- Monitor the implementation of the risk management policy framework;
- Monitoring and ensuring timely implementation of recommendations of various fiduciary oversight responsibilities, including internal and external auditors, Government project monitoring agencies and external funded projects (IDA and DfID) periodic review and supervision missions; Overseeing continuing efficacy of accounting and internal control standards, policies and practices
- Ensuring compliance with legal covenants of Development Partners funding agreement on projects by them
- Monitoring performance of key internal audit staff against approved performance contracts.
- The above responsibilities shall not prevent the committee from carrying out any other tasks that are reasonably within its mandate.
- All review and recommendations by this committee will be submitted to the Board for adoption.

The Committee is made up of the following Directors:

- | | | | |
|----|--------------------|---|-------------|
| 1. | Dr. J. K. Mbae | - | Chairperson |
| 2. | Dr. M. Lonyangapuo | - | Member |
| 3. | Mr B. M. Gituto | - | Member |
| 4. | Mr A. Muriu | - | Member |
| 5. | Ms. S. Maghanga | - | Member |

c) Technical Committee

Functions

- To review and approve the Bureau's annual workplan to ensure that it is in line with the Strategic Plan
- To review requests from Agencies other than the Bureau who intend to undertake a census or survey at national sub-regional and local level;
- Reviewing policies on the standardization of methodology and standards for data collection, reporting and dissemination;
- Review the Quarterly report on the activities of the Bureau,
- Review collaboration activities and partnerships with other agents.

The above responsibilities shall not prevent the committee from carrying out any other tasks that are reasonably within its mandate.

All review and recommendations by this committee will be submitted to the Board for adoption.

The Committee is made up of the following Directors:

- | | | |
|-----------------------|---|-------------|
| 1. Dr. M. Lonyangapuo | - | Chairperson |
| 2. Eng. E. Odhiambo | - | Member |
| 3. Dr. J. K. Mbae | - | Member |
| 4. Ms. S. Maghanga | - | Member |
| 5. Dr. K. I. Athuman | - | Member |

Directors' Remuneration

The remuneration for the directors consists of sitting allowances in connection with attendance at Board and Committee meetings. The aggregate amount of the expense during the financial year ended 30th June 2017 are contained in Note 6 to the financial statements in this annual report

Code of Conduct

The Bureau has a code of conduct which seeks to guide employees in ethical conduct of business. All directors, management and employees are expected to observe high standards of integrity and ethical conduct when dealing with customers, staff, suppliers of data, goods and services and regulators.

Internal Control

The effectiveness of the Bureau's internal control systems is monitored on a regular basis by the Internal Audit function, which reviews the Bureau's compliance with the laid down policies and procedures as well as assessing the effectiveness of the internal control structures. The Internal Audit function reports to the Audit and Risk Management Committee of the Board.

Board/Board Committees Attendance

The following table gives the record of attendance of the KNBS Board and its Committee meetings for the year ended 30th June, 2017:

Name of Board Member	Meetings attended				
	Main Board	Finance & Administration Committee	Audit & Risk Management Committee	Technical Committee	Special board
Prof. Terry Ryan	3	n/a	n/a	n/a	2
Eng. E. Odhiambo	4	4	n/a	4	5
Dr. J. K. Mbae	3	n/a	4	3	5
Dr. M. Lonyangapuo	4	n/a	4	4	4
Ms. S. Maghanga	3	2	3	2	4
Mr B. M. Gituto	3	3	4	n/a	4
Mr A. Muriu	3	2	3	n/a	4
Mr Zachary Mwangi	4	3	4	4	4
Mr Kenneth Mburu	2	n/a	n/a	n/a	2

Key:

n/a means not applicable.

Board membership status

The members' appointment and expiry dates are as follows:

	Name of Director	Date appointed	Date term expires
1	Prof Terry Ryan	17th January 2014	16th January 2017
2	Mr. Zachary Mwangi	1st November 2014	31st October 2017
3	Eng. Ezra Odhiambo	9th May 2014	8th May 2017
4	Dr. Mary Lonyangapuo	16th June 2014	15th June 2017
5	Dr. Josephine Kibaru- Mbae	9th May 2014	8th May 2017
6	Mr. Anthony Muriu	Alternate to PS	Treasury
7	Ms. Sabina Maghanga	Alternate to PS	Planning
8	Mr. Keneth Mburu	21st October 2016	20th October 2019
9	Mr. Billington Mwangi Gituto	9th May 2014	8th May 2017

VII. Corporate Social Responsibility Statement

The Bureau is dedicated in developing HIV and AIDS policy to guide staff and address related issues. It embarks not only on saving its staff but also sympathizes with other Kenyans, both the affected or infected children living in homes.

Twenty two (22) members of staff were nominated to visit Arap Moi Children's Home in Nakuru on 1st December, 2016. The home accommodates one hundred and eighty (180) children who are either infected or affected by HIV and AIDS and were previously abandoned on the streets and rescued by the community or the County government officials.

The main aim of the above visit was also to celebrate World AIDS Day with the children in their home. The staff members also provided emotional support to the children and in the process also enhanced the corporate image of the Bureau. It was a memorable event having to mingle with the children through singing, dancing and inspecting their premises.

VIII. Report of the Directors

The Directors have pleasure in submitting their report together with the financial statements for the year ended June 30, 2017 which disclose the state of affairs of the Bureau.

Principal activities

The Bureau is the principal agency of the Government for collecting, analysing and disseminating statistical data in Kenya and is the custodian of official statistical information.

Results

The financial performance of the Bureau for the year ended June 30, 2017 are set out on page 28.

Directors

The members of the Board of Directors who served during the year and up to the date of this report are set out on page 6.

Auditors

The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2017.

IX. Statement of Directors' Responsibility

Section 81 of the Public Finance Management Act, 2012 and the Statistics Act, 2006, require the Directors to prepare financial statements in respect of the Bureau, which give a true and fair view of the state of affairs at the end of the financial year and its operating results for that year. The Directors are also required to ensure that the Bureau keeps proper accounting records which disclose with reasonable accuracy its financial position. The Directors are also responsible for safeguarding of the assets.


The Directors are responsible for the preparation and presentation of the Bureau's financial statements, which give a true and fair view of its state of affairs as at the end of the financial year 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 Bureau; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Bureau's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act (2012) and the Statistics Act (2006). The Directors are of the opinion that the Bureau's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2017, and of its financial position as at that date. The Directors further confirm the completeness of the accounting records maintained by the Bureau, which have been relied upon in the preparation of these financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Bureau will not remain a going concern for at least the next twelve months from the date of this statement.

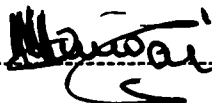
Approval of the financial statements

The Bureau's financial statements were signed on behalf of the Board on 29th September, 2017 by:



Zachary Mwangi
Director General

Date...29.9.17.....



Mr. Anthony Muriu
Board Director

Date...29.9.17.....



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL BUREAU OF STATISTICS FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya National Bureau of Statistics (KNBS) set out on pages 27 to 55, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts 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 paragraph, the financial statements present fairly, in all material respects, the financial position of Kenya National Bureau of Statistics 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 (Accrual Basis) and comply with the Statistics Act, 2006 of the Laws of Kenya.

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

Basis for Qualified Opinion

1. Non-Current Assets

(i) Fixed Assets Register

Although the Bureau's property, plant and equipment were independently valued in November 2010 and again between February and June 2016, a fixed asset register to record all non-current assets transactions, movements and accounting treatment has not been updated and reconciled. Consequently, the completeness and accuracy of property, plant and equipment balance of Kshs.303,458,972 as at 30 June 2017 cannot be confirmed.

(ii) Lack of Title Deed

The property, plant and equipment balance of Kshs.303,458,972 as at 30 June 2017 includes a parcel of land measuring 0.16ha with a building valued at Kshs.8,494,071

situated in Embu Town. The Bureau does not have the original title document for this land and as a result the ownership of the parcel of land together with the building cannot be confirmed.

(ii) Failure to Label Acquired Non-Current Assets

During the year under review, Kenya National Bureau of Statistics acquired furniture and fittings, plant and equipment, motor vehicles and computers at a total cost of Kshs.43,534,118. However, these non-current assets were not discreetly labelled and identified to facilitate physical verification and no explanation has been provided for this omission.

2. Revenue Reserve

The revenue reserve balance of Kshs.3,870,523,442 as at 30 June 2017 includes adjustments in revenue reserve of Kshs.57,335,487 for 2015/2016 which have not been supported with information and documentation thus casting doubt on the accuracy and validity of the adjustments. In addition, the revenue reserve account has an adjustment of Kshs.18,834,392 for 2016/2017 which has been explained as an amount in respect of movement in leave accrual. This is inappropriate accounting treatment as it contradicts the accounting policy on accrued leave.

3. Creditors and Accruals

The creditors and accruals figure of Kshs.87,472,516 as at 30 June 2017 reflected under payables in Note 16 to the financial statements includes amounts of Kshs.502,047 and Kshs.233,912 relating to financial years 2012/2013 and 2015/2016, respectively, which have remained uncleared from the books of account. In addition, the accruals figure of Kshs.87,472,516 includes an amount of Kshs.3,029,267 in respect of withholding tax which, however, was not supported by any documentation and tax certificates.

The accruals and creditors also include staff accruals under P.A.Y.E. The schedule provided, however, reflects an amount of Kshs.1,290,438.45 while the P.A.Y.E summary shows Kshs.1,513,933 resulting to a difference of Kshs.223,495 that has not been explained.

Consequently, the accuracy of creditors and accruals balance of Kshs.87,472,516 as disclosed in Note 16 cannot be ascertained.

4. Cash and Cash Equivalentents

The cash and cash equivalentents balance of Kshs.4,087,610,580 as at 30 June 2017 includes 47 county bank account balances totalling Kshs.2,395,608. However, the county bank account balances were extracted from bank statement balances instead of cash book bank balances as at 30 June 2017. Further, bank reconciliations statements and cash books in respect of these county bank accounts were not provided for audit examination. In addition, bank reconciliation statement for KCB Bank main account reflect payments totalling Kshs.4,804,639 in bank statement not in cash book out of which an amount of Kshs.946,114 was not satisfactorily explained.

Consequently, the completeness and accuracy of cash and cash equivalents balance of Kshs.4,087,610,580 as at 30 June 2017 cannot be ascertained.

5. Receivables

The receivables balance of Kshs.158,179,353 as at 30 June 2017 and as disclosed in Note 13 to the financial statements includes debtors totalling Kshs.24,114,473 out of which Kshs.23,433,873 is in respect of an ERP development debtor that is subject to a court case and has remained outstanding for over four years.

In addition, the receivables balance of Kshs.158,179,353 include an amount of Kshs.4,438,906 in respect of Year 2009 census exercise that has remained outstanding to date. The receivable balance also includes outstanding imprests advanced to staff of Kshs.69,534,430 out of which an amount of Kshs.26,266,169 has been outstanding for over 180 days.

Further, out of the imprests balance of Kshs.69,534,430, an amount to Kshs.49,965,296 was owed by 62 staff members all of whom held more than one imprest as at 30 June 2017.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya National Bureau of Statistics 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 audit opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance to the audit of the financial statements for the current year. Except for matters described in the Basis for Qualified Opinion section, I have determined that there are no key audit matters to communicate in my report.

Other Matter

Expiration of Board of Directors Terms

The Statistics Act, 2006 requires the Kenya National Bureau of Statistics to have 8 members of the board of directors. However, except for one member whose term will expire on 20 October 2019, the terms of all other members of Board of Directors have expired. No new appointments have been made to fill the vacancies hence the vacuum in the strategic management of the Bureau.

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 (Accrual 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 Bureau's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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

Those charged with governance are responsible for overseeing the Bureau'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 of Kenya. 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 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 Bureau'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 Bureau's ability to continue as a going concern. 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 Bureau to cease to continue as a going concern.
- 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 of the entities or business activities of the Bureau 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

19 February 2018

XI. Statement of Financial Performance For the Year Ended 30th June 2017


		2016/2017	2015/2016
	Notes	KShs.	KShs.
Revenue			
Revenue from non-exchange transactions			
GOK Grants	2-a	3,181,333,296	3,171,958,297
Donor Funds	2-b	41,207,601	20,566,621
Revenue from other donors	2-c	8,343,467	11,045,907
		3,230,884,364	3,203,570,825
Revenue from exchange transactions	3-a		
Interest Income		259,589,773	217,789,310
Other Income - AIA		6,800,519	6,065,106
		266,390,292	223,854,416
Total Revenue		3,497,274,656	3,427,425,241
Expenses			
Project Expenses	4	1,093,450,112	1,352,434,422
Staff costs	5	705,251,256	570,574,125
Directors' expenses	6	10,639,529	10,127,770
Depreciation and Amortisation	7	74,453,667	31,208,856
Repairs and Maintenance	8	37,683,442	54,218,588
Insurance Costs	9	81,682,748	74,728,875
Other Operating Expenses	10	167,529,294	102,718,303
Bank charges	11	430,246	493,079
Total Expenses		2,171,120,294	2,196,504,018
Surplus before tax		1,326,154,362	1,230,921,223
Provision for tax	3-b	(81,514,278)	(65,727,808)
Surplus for the period		1,244,640,084	1,165,193,415

The notes set out on pages 33 to 52 form an integral part of the Financial Statements.

XII. Statement of Financial Position As at 30th June 2017

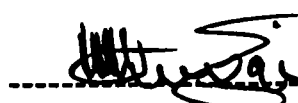
		2016/2017	2015/2016
	Notes	Kshs.	KShs
ASSETS			
Current Assets			
Cash & Cash Equivalents	12	4,087,610,580	2,556,194,019
Receivables	13	158,179,353	216,043,618
		4,245,789,933	2,772,237,637
Non-current assets			
Property, Plant & Equipme	14	303,458,972	272,333,337
Intangible Assets	15	44,985,296	10,456,921
		348,444,268	282,790,258
TOTAL ASSETS		4,594,234,201	3,055,027,895
LIABILITIES			
Current Liabilities			
Payables	16	224,166,692	27,281,743
Refundable Deposits	18	1,142,912	1,716,482
Provisions	19	72,987,011	53,438,295
Unutilised Grants	20	3,150,460	9,846,672
		301,447,075	92,283,192
Non-current Liabilities			
Staff Gratuity	17	21,063,574	14,221,685
TOTAL LIABILITIES		322,510,649	106,504,877
NET ASSETS		4,271,723,552	2,948,523,018
RESERVES			
Revenue Reserve		3,870,523,442	2,607,048,966
Revaluation Reserve		-	(56,827,694)
Capital Reserve		401,200,110	398,301,746
TOTAL RESERVES		4,271,723,552	2,948,523,018

The Financial Statements set out on pages 28 to 52 were signed on behalf of the Board of Directors by:



Zachary Mwangi
Director General

Date 29-9-2017



Mr. Anthony Muriu
Board Director

Date 29.9.17

XIII. Statement of Changes in Net Assets For the Year Ended 30th June 2017

	REVENUE RESERVE	REVALUATION RESERVE	CAPITAL RESERVE	TOTAL
	KShs.	KShs.	KShs.	KShs.
At 01.07.2015	1,384,500,064	(56,827,694)	398,301,746	1,725,974,116
Surplus for the Year	1,165,193,415			1,165,193,415
Adjustments in Revenue Reserve	57,355,487			57,355,487
Balance 30.06.2016	2,607,048,966	(56,827,694)	398,301,746	2,948,523,018
At 01.07.2016	2,607,048,966	(56,827,694)	398,301,746	2,948,523,018
Surplus for the Year	1,244,640,084			1,244,640,084
Write-off of negative Revaluation Reserve b/f		56,827,694	(56,827,694)	-
Revaluations Reserve during the Year	-	59,726,058	-	59,726,058
Reversal of Prior Year Leave Accruals	18,834,392	-	-	18,834,392
Balance 30.06.2017	3,870,523,442	59,726,058	341,474,052	4,271,723,552

The net changes and restatements in revenue reserves are adjustments in reserves involving reversal of staff leave accruals for the previous period that was not paid out. The Bureau carried out an asset valuation exercise and new asset values were incorporated in the accounts. The revaluation reserve was adjusted accordingly.

The Statement of Changes in Net Assets is to be read in conjunction with the Notes to, and forming part of the Financial Statements set out on Pages 33 to 52.

XIV. Statement of Cash Flows For the Year Ended 30th June 2017

		2016/2017	2015/2016
	Notes	KShs	KShs.
Surplus for the Year		1,244,640,084	1,165,193,415
Adjusted for:			
Depreciation & Amortisation	7	74,453,667	31,208,856
Contribution to Provisions	19	19,548,716	33,644,034
Net Changes in Reserves		18,834,392	57,355,487
Working Capital Adjustments			
Decrease (Increase) in Receivables	13	57,864,265	(129,745,811)
(Decrease) Increase in payments received in Advance	18	(573,570)	1,657,610
Increase (Decrease) in Payables	16/17/20	197,030,626	16,072,067
Net Cash Flows from Operating Activities		1,611,798,180	1,175,385,658
Cash Flow From Investing Activities			
Purchase of Fixed Assets	14/15	(80,381,619)	(204,264,688)
Net cash flows from investing activities		(80,381,619)	(204,264,688)
Net Changes in Cash & Cash Equivalents		1,531,416,561	971,120,970
At Start of Year		2,556,194,019	1,585,073,049
At End of Year		4,087,610,580	2,556,194,019

The Cash Flow Statement is to be read in conjunction with the notes to, and forming part of the Financial Statements set out on Pages 28 to 52.

XV. Statement of Comparison of Budget and Actual Amounts

A reconciliation of the period's surplus is on Note 21.

	Original Budget		Adjustments		Final Budget		Actual Amount		Variance		%Variance	
	KShs.		KShs.		KShs.		KShs.		KShs.		KShs.	
Revenues												
GOK Grants	3,201,333,300		(20,000,004)		3,181,333,296		3,181,333,296					0.00%
Donor Funds	-		41,207,601		41,207,601		41,207,601					0.00%
Other Donor Funds	-		8,343,467		8,343,467		8,343,467					0.00%
A-I-A	71,000,000		-		71,000,000		266,390,292		195,390,292			275.20%
Total Income	3,272,333,300		29,551,064		3,301,884,364		3,497,274,656		195,390,292			5.92%
Expenses												
Project Expenses	1,519,000,000		29,551,064		1,548,551,064		1,093,450,112		(455,100,952)			-29.39%
Staff Costs	998,239,815				998,239,815		705,251,256		(292,988,559)			-29.35%
Directors' Expenses	31,000,000				31,000,000		10,639,529		(20,360,471)			-65.68%
Repairs and Maintenance	122,500,000				122,500,000		37,683,442		(84,816,558)			-69.24%
Insurance Costs	95,000,000				95,000,000		81,682,748		(13,317,252)			-14.02%
Other Operating Expenses	506,480,000				506,480,000		167,529,294		(338,950,706)			-66.92%
Bank Charges	-				-		430,246		430,246			
Total Expenses	3,272,219,815		29,551,064		3,301,770,879		2,096,666,627		(1,205,104,252)			-36.50%
Surplus Before Tax	113,485		-		113,485		1,400,608,029		-			-

The budget adjustments on GOK grants related to a budget cut on the development vote, while donor funds are amounts received during the period to facilitate some Bureau activities.

The Bureau received increased AIA due to investment of funds awaiting the undertaking of surveys.

The variance on project expenses relates to timing differences of the implementation of the various surveys such as

Continuous Household Survey, which were still being planned by year end.

Some operational expenses were taken up by the projects and surveys while some of the planned activities for the Board of Directors such as training were not undertaken within the period. The term of the Board Members expired within the period.

XVI. Notes to the Financial Statements For the Year Ended 30th June 2017

1. A. GENERAL INFORMATION

Kenya National Bureau of Statistics is a Semi-Autonomous Government Agency established by an Act of Parliament – the Statistics Act, 2006.

B. STATEMENT OF COMPLIANCE AND BASIS OF ACCOUNTING

The principal accounting policies adopted in the preparation of these financial statements are as stated below:

The Bureau's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest Shilling (Ksh). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

B. ADOPTION OF NEW AND REVISED STANDARDS

The following are the new standards and amendments to published standards effective for the year ended 30 June 2017

Standard	Impact
IPSAS 33: First time adoption of Accrual Basis IPSAS	(Effective for annual periods beginning on or January 1, 2017) The Bureau adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the entity.
IPSAS 34: Separate Financial Statements	(Effective for annual periods beginning on or January 1, 2017) The Bureau does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.
IPSAS 35: Consolidated Financial Statements	Effective for annual periods beginning on or January 1, 2017) The Bureau does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.

Standard	Impact
IPSAS 36: Investments in Associates and Joint Ventures	(Effective for annual periods beginning on or January 1, 2017) The Bureau does not have investments in associates or joint ventures.
IPSAS 37: Joint Arrangements	(Effective for annual periods beginning on or January 1, 2017) The Bureau does not have an interest in a joint arrangement and therefore the standard does not apply.
IPSAS 38: Disclosure of Interests in Other Entities	(Effective for annual periods beginning on or January 1, 2017) The Bureau does not have an interests in other entities and therefore the standard does not apply.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. REVENUE RECOGNITION

i. Revenue from non-exchange transactions

- **Transfers from other government entities**

Revenues from non-exchange transactions with government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

- **Donor funds**

Grants received and not utilised within the period are treated as liabilities and credited to the statement of financial performance when the activities for which they were provided for have been undertaken.

ii. Revenue from exchange transactions

Sale of goods/services

Bureau's revenue include sale of maps, publications, tenders, library user fees and AIA from surveys. It is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods.

Interest income

Interest income is generated from investments in fixed deposits of any surplus funds held in commercial banks. It is accrued using the straight

line method, by estimating future cash receipts through the expected life of the fixed deposit. The method applies to the principal outstanding to determine interest income for each period.

II. CORPORATE TAX

Current income tax liability is measured at the amount expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Management has evaluated the appropriate income and established provisions as appropriate.

The net amount of income tax payable to the taxation authority is included as part of provisions in the statement of financial position.

III. PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Under the Bureau's depreciation policy all items of Property, Plant and Equipment are recorded at cost less accumulated depreciation. Subsequent costs are also included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bureau and the cost of the item can be measured reliably.

No depreciation is made in the year of purchase but a full year's depreciation is charged in the year of disposal. No depreciation is provided on freehold land.

Repairs and maintenance costs are charged to the income and expenditure statement during the period in which they are incurred.

The assets are categorized and depreciated on a straight line basis as follows:

Item	Rate
• Computer System	33.3%
• Furniture & Fittings, Equipment & Library Books	12.5%
• Motor Vehicles	20.0%
• Buildings	2.5%
• Plant and machinery	12.5%

All the Bureau assets were revalued during year 2015/2016 by M/s Njihia Muoka Rashid Co. Ltd, a registered firm of valuers and the new values were incorporated in the statements at the beginning of the current period.

IV. INTANGIBLE ASSETS

Intangible assets consist of various computer software purchased for use in the Bureau. The Bureau recognizes Intangible Assets and are stated separately at cost less accumulated amortization.

Amortization is charged on a straight-line basis over their useful lives as estimated by management from time to time. The rate of amortization has been set at 33.3% pa.

V. ACCOUNTING FOR ASSETS DONATED TO THE BUREAU

If an asset is transferred to the Bureau, it is recorded at the transfer value. It is subsequently revalued by a professional valuer and recorded at that value. If the transfer value is not known it is recorded at Director's valuation pending valuation by a professional valuer.

VI. EMPLOYEE BENEFITS

i. Pension Scheme

The KNBS Retirement Benefits Scheme became operational from November 2011. The members of the scheme, who stood at 476 at the end of the period, contribute 10% of their basic pay, while the employer contributes 20%, to the scheme.

The Bureau also contributes to the National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Bureau's obligation under the scheme is limited to specific monthly contributions legislated from time to time and are currently fixed at Sh.200 per employee, per month.

The Bureau's contributions to the retirements benefit scheme and to the NSSF in respect of current service have been charged to the income and expenditure account in the year.

ii. Staff Gratuity

The Bureau has six Management Staff, employed on a 5-year, renewable contract basis, who are eligible to gratuity upon expiry of their respective contracts.

The Bureau therefore operates a separate Gratuity Account for them, where amounts equivalent to 31% of the employee's monthly basic salary are remitted. Movements in this account are clearly tabulated and accounted for in the statements.

iii. Staff Annual Leave Accrual

Employee entitlements to annual leave are recognized when they accrue. A provision is made for the estimated liability for annual leave as a result of services rendered by the employee up to the balance sheet date.

VII. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and cash at bank, 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.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

VIII. INVENTORIES

All consumable stocks held for use in operations are expensed on purchase.

IX. FINANCIAL INSTRUMENTS

Financial Assets

Initial recognition and measurement

Financial assets are classified at fair value through surplus or deficit, and held-to-maturity investments, as appropriate. The Bureau determines the classification of its financial assets at initial recognition.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Bureau has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. The losses that may arise from impairment are recognized in surplus or deficit.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at fair value through surplus or deficit, and the Bureau determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

X. PROVISIONS

Provisions are recognized when the Bureau has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities

The Bureau did not recognize a contingent liability, but has disclosed details in the notes to the financial statements, as the possibility of an outflow of resources embodying economic benefits or service potential is remote.

XI. LEASES – OPERATING

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Bureau. Leased premises are contracted for the periods of between one and five years, with renewal options available in certain instances.

Operating lease payments are the rental expenses, and are recognized as an operating expense in the statement of financial performance.

XII. NATURE AND PURPOSE OF RESERVES

Revaluation Reserve

An asset valuation and tagging exercise by M/s Njihia Muoka Rashid Co. Ltd was undertaken during the year 2015/2016 and the appropriate entries made in the financial statements. The revaluation reserve arose from an asset valuation exercise undertaken during the year 2009/2010, by M/s. Metrocosmo Limited, Registered Valuers. The reserve has been adjusted accordingly, with the new valuations.

Capital Reserve

This represents the values of Assets previously owned by the former Central Bureau of Statistics (CBS) but transferred to the Bureau by the Ministry of Planning and Devolution, and assets bought through donor funded projects and donated to KNBS.

XIII. CHANGES IN ACCOUNTING POLICIES

The Bureau recognizes the effects of changes in accounting policy. The effects of changes in accounting policy have been applied prospectively since retrospective application is impractical.

XIV. RELATED PARTIES

The Bureau regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over it, or vice versa. Members of key management are regarded as related parties and comprise the Chairman to the Board, Board Members, Director General and Heads of Directorates.

XV. SEGMENT REPORTING

The Bureau does not have any branches or reporting segments. All the operations of the Bureau are managed from the headquarters. The core business of the Bureau is as stipulated in the Statistics Act, 2006.

XVI. SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION AND UNCERTAINTIES

The preparation of the Bureau's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that

require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Bureau's accounting policies, management has made judgments, which have the most significant effect on the amounts recognized in the financial statements.

Allowances for Bad Debts

The Bureau maintains provisions for bad and doubtful debts at a level considered adequate to provide for potential liabilities. The adequacy of the allowance is constantly reviewed by management taking into account past experiences, current economic conditions and evaluations of specific debts.

Going concern

The Bureau's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Bureau's ability to continue as a going concern. Therefore the financial statement continues to be prepared on the going concern basis.

XVII. BUDGET INFORMATION

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Bureau. A reconciliation between the actual comparable amounts and the amounts presented has been included, as well as a separate additional financial statement in the statement of comparison of budget and actual amounts.

XVIII. COMPARATIVES

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

XIX. SUBSEQUENT EVENTS

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

C. FINANCIAL RISK MANAGEMENT

The Bureau's activities expose it to a variety of financial risks including credit risk, liquidity risks, interest rate risk and operational risk. The Board of Directors has the overall responsibility for the establishment and oversight of the Bureau's risk management framework. Risk Management is carried out by the management under policies approved by the Board of Directors. Management identifies, evaluates and manages financial risk in close co-operation with various divisional and unit heads.

Credit risk

The Bureau's credit risk is primarily attributable to its receivables. However it is limited because the customers are staff members with whom the Bureau has legal enforceable right for the recovery of the outstanding amounts.

The credit risk on liquid funds with financial institutions is low. This is because the bank balances are held with regulated financial institutions and are fully performing.

The amount that best represents the company's maximum exposure to credit risk as at 30 June 2017 and 30 June 2016 is made up as follows:

	Fully Performing	Past Dues	Impaired	Total
	KShs.	KShs.	KShs.	KShs.
At 30.06.2017				
Cash & Cash Equivalents	4,087,610,580			4,087,610,580
Receivables	158,179,353			158,179,353
Total	4,245,789,933	-	-	4,245,789,933
At 30.06.2016				
Cash & Cash Equivalents	2,556,194,019			2,556,194,019
Receivables	216,043,618			216,043,618
Total	2,772,237,637	-	-	2,772,237,637

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash to meet our obligations. The Bureau manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flows.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	2016/2017	2015/2016
	KShs	Kshs
Financial Assets		
Receivables	158,179,353	216,043,618
Cash & Cash Equivalents	4,087,610,580	2,556,194,019
	4,245,789,933	2,772,237,637
Financial Liabilities		
Payables	224,166,692	(27,281,744)
Net Liquidity Gap	4,469,956,625	2,744,955,893

Interest rate risk

The interest rate risk exposure arises mainly from interest rate movements on the Bureau's cash balances.

At 30th June 2017, if the interest rates on the bank balances had decreased/increased by 5 percentage points with all other variables held constant, the impact on surplus for the year would have been higher/lower as hereunder:

	2016/2017	2015/2016
	KShs	KShs
Interest Income	259,589,773	217,789,310
Change In Interest Rates		
5%	12,979,489	10,889,466
-5%	(12,979,489)	(10,889,466)

Operational risk

This is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bureau's processes, personnel, technology and infrastructure and from external factors other than credit, interest and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The Bureau has put in place various measures to manage operational risk.

2. Revenue from non-exchange transactions

These are made up of the following:

(a) GOK grants are the exchequer releases.

	2016/2017	2015/2016
	KShs	KShs
Recurrent	1,762,333,296	1,732,958,298
Development	1,419,000,000	1,438,999,999
	3,181,333,296	3,171,958,297
Total	3,181,333,296	3,171,958,297

The World Bank, through The National Treasury, is supporting some of the Bureau's activities under the Kenya Statistics Programme For Results (KSP4R). During the period, the support was KShs.1,050,000,000 for Recurrent Budget and KShs.1,389,000,000 for the Development Budget.

(b) Donor Funds are from development partners that came directly to the Bureau.

	2016/2017	2015/2016
	KShs	KShs
Financial Service Centre	-	1,293,926
Clinton Health Access	17,475,150	-
ICF Consulting Group	3,844,043	8,374,495
UNFPA / UNICEF	1,480,708	-
National Treasury - Regional Integration Implementation Project	9,000,000	-
State Dept of Agriculture	4,000,000	8,785,800
PPOA - Market Price Surveys	5,407,700	2,112,400
Total	41,207,601	20,566,621

(c) Revenue from other donors are funds from development partners and donors for specific on-going projects. The projects have independent bank accounts. Their actual amounts have been adjusted by the unutilized grants as at the year end.

	2016/2017	2015/2016
	KShs	KShs
COMESA - SCB Project	2,310	7,768
UNFPA	5,721,527	3,249,411
UNICEF - MICS & KenInfo	2,619,630	7,788,728
Total	8,343,467	11,045,907

3. Revenue from exchange transactions

a. These are made up of the following:

	2016/2017	2015/2016
	KShs	KShs
Interest on Deposits	259,589,773	217,789,310
Other Income - A-I-A		
Library Usage	121,240	132,079
Sale of Publications	2,538,484	1,064,660
AIA From Surveys	366,770	211,400
Sale of Maps	781,360	4,421,650
Sale of Tenders	16,000	21,000
Commissions	194,565	214,317
Sale of Assorted Items	56,760	-
Disposal of m/vehicles	2,725,340	-
	6,800,519	6,065,106
Total	266,390,292	223,854,416

b. Interest Income is received from earnings made on bank deposits.

The income tax provision, based on the gross interest earned during the year, has been arrived at as follows:

	2016/2017	2015/2016
	KShs	KShs
Gross Interest Earned	271,714,121	219,092,694
30% Corporate Tax Dues	81,514,236	65,727,808
Less: 15% Withheld Amount	(34,257,972)	(32,863,904)
Income Tax Provision	47,256,264	32,863,904

The 15% withholding tax was held at source.

4. Project Expenses

These are the expenses incurred under the various funding schemes:

	2016/2017	2015/2016
	KShs	KShs
UNFPA Expenses	5,721,527	3,249,411
SCB Expenses	2,310	7,768
GOK Prefeasibility Expenses	783,552,712	488,186,510
Population Census preparatio	103,830,191	2,013,525
KDHS Expenses	3,984,469	7,131,593
KMIS Survey	49,450	44,806,417
KIBHS SURVEY	193,689,823	799,250,470
UNICEF Expenses	2,619,630	7,788,728
	1,093,450,112	1,352,434,422

5. Staff Costs

These include payments to members of staff and comprise of basic pay, house allowances and other benefits. The staff complement of the Bureau as at 30.06.2017 was 478 as compared to 468 as at 30.06.2016.

The staff leave provision is the equivalent of the unutilized leave days as at the end of the year.

	2016/2017	2015/2016
	KShs	KShs
Basic Salaries	426,582,414	345,032,316
Casual Labour	617,965	121,680
House Allowance	78,253,938	77,773,110
Acting Allowance	3,367,137	3,403,743
Transfer/Baggage Allowance	2,215,324	254,508
Interns' payments	510,275	
Commuting Allowance	57,325,047	43,275,670
Hardship Allowance	3,041,590	1,866,795
Special Duty Allowance	65,773	60,035
Leave Allowance	27,548,070	22,878,890
Extraneous Duty Allowance	18,411,796	3,663,226
NSSF - Employer's Contribution	1,109,800	1,230,977
Pension-Employer's Contribution	79,354,627	64,499,005
Gratuity Contribution	6,847,500	6,514,170
	705,251,256	570,574,125

A salary review and recommendation to pay arrears following a reclassification of the Bureau from PC3A to PC4A was effected after the year end, and the amount was accrued as appropriate.

6. Directors' Expenses

These are the expenses incurred by the Board of Directors:

	2016/2017	2015/2016
	KSh.	Ksh
Board and Committees expenses	5,081,726	6,264,336
Sitting allowances for board members	4,457,113	2,503,000
Conferences and Training	579,400	400,434
Honoraria	521,290	960,000
Total	10,639,529	10,127,770

The Board was in session during the period and their term also expired in May 2017.

7. Depreciation and Amortisation

These are made up of:

	2016/2017	2015/2016
	KSh.	Ksh.
Depreciation		
Motor Vehicles	46,732,027	8,692,510
Furniture & Fittings	2,843,696	6,246,388
Computers	20,626,745	6,602,892
Buildings	50,000	50,000
Plant, Machinery and Equipment	1,882,073	5,417,172
Amortisation		
Software	2,319,126	4,199,896
Total	74,453,667	31,208,858

8. Repairs and Maintenance

These comprise of:

	2016/2017	2015/2016
	KSh.	Ksh.
Routine Maintenance		
Motor Vehicles	2,137,946	5,624,801
Plant Machinery and Equipment	2,690,077	4,735,898
Office Furniture and Fittings	30,000	12,000
Buildings & Stations	11,285,551	14,793,592
Computers and Servers	21,539,868	29,052,299
Total	37,683,442	54,218,590

9. Insurance Expenses

These are made up of:

	2016/2017	2015/2016
	KSh.	Ksh
Staff Insurance	72,856,778	67,477,415
Motor Vehicle Insurance	8,406,406	6,403,323
Assets Insurance Expense	419,564	848,137
Total	81,682,748	74,728,875

Staff insurance relates to group personal accident, inpatient and outpatient medical cover and group life cover.

10. Other Operating Expenses

The other operating expenses comprised of the following items:

	2016/2017	2015/2016
	KShs	KShs
Auditor's Fees	1,740,000	1,740,000
Utilities Supplies and Services	533,878	1,645,790
Telephone Expenses	5,195,307	4,936,168
Travelling Expenses	12,970,783	16,063,536
Publishing and Printing	10,430,930	1,657,264
Library Expenses	1,480,980	1,872,154
Advertising and Awareness	13,214,862	1,560,171
Training and Safety Expenses	51,224,152	29,052,680
External Travel and Accomodatio	20,826,250	17,274,475
Stationery	9,793,344	4,673,663
Purchase of Uniforms	2,165,002	-
Contracted Professional Services	21,721,537	-
Rent and Rates	2,901,681	2,902,695
Staff Welfare / Entertainment	13,330,588	19,339,707
TOTAL	167,529,294	102,718,303

11. Bank Charges

These are made up of:

	2016/2017	2015/2016
	KShs.	Ksh
KCB GOK - RECURRENT	428,926	493,057
KCB DEVELOPMENT	1,320	22
Total	430,246	493,079

12. Cash and Cash Equivalents

For purposes of the cash flow statement, cash and cash equivalents represent cash in bank and short-term deposits.

	2016/2017	2015/2016
	KSh.	Ksh
Bank	81,397,580	696,194,019
Short Term Deposits	4,006,213,000	1,860,000,000
Total	4,087,610,580	2,556,194,019

The detailed analysis of the cash and cash equivalents is as follows:

a. Banks

Name of Bank	Account Number	2016/2017	2015/2016
		KSh.	Ksh
KCB -Main Accoun	1107086183	74,756,727	657,112,887
KCB- Development	1116027593	1,094,785	27,258,694
KCB- County Accounts	47 County Accounts	2,395,608	1,868,658
NBK- Gratuity Account	1023116785500	-	107,108
Project Accounts - Coop Bank			
SCB COMESA	01120081528603	-	761,725
UNICEF- KENINFO	01120081528601	-	63,898
UNICEF - MICS	01120081528600	975,582	1,138,708
UNFPA	01120081857000	2,174,878	7,882,341
Total		81,397,580	696,194,019

The details of the 47 County Accounts are as per Appendix 1
 The COMESA and UNICEF-KENINFO project accounts were closed during the period following the end of the funding phases.

b. Short Term Deposits

Name of Bank	2016/2017	2015/2016
	KSh.	Ksh
KCB - Main Account	3,970,000,000	1,860,000,000
KCB - Development Account	36,213,000	-
Total	4,006,213,000	1,860,000,000

13. Receivables

These are made up of:

	2016/2017	2015/2016
	KSh.	Ksh
Staff Debtors	69,534,430	162,401,937
Census Imprests	4,438,906	4,438,906
Debtors	24,114,473	23,433,873
Prepayments	16,419,662	13,369,357
Deposits	344,241	275,201
	114,851,712	203,919,274
Interest Income	43,327,641	12,124,344
TOTAL RECEIVABLES	158,179,353	216,043,618

- Staff debtors represent outstanding imprests, medical expenses recoverable and salary advances as at end of June 2017.
- Census imprests were amounts advanced to the various District Census Committees, to facilitate various activities in the 2009 Population and Housing Census exercise, but still remains un-surrendered. The Bureau sought authority for write-off of these amounts, and this has been taken into account.
- An ERP development debtor's amount relates to payments made to Mareba Computers, the subject of a court case per Note 23 (IV).

The Bureau engaged Young Statisticians with effect from April 2017, under the internship programme sponsored by Statistics Sweden. An amount of

KShs.680,600 was due from Statistics Sweden for payment of salaries for interns for the period April to June 2017.

- Prepayments represent the proportion of various insurance and service contracts paid in 2016/2017, a proportion of which was for the period beginning 01.07.2017.
- Interest income represents the accrued interest earnings on the amounts held in FDRs with KCB. For purposes of the Cash Flow, Interest Income has been dealt with under Note 3.
- Deposits are refundable amounts paid against staff parking fees with Kenya Railways, and rent deposit with Kenya Re for the KNBS Kisumu office.

14. Non- Current Assets Movement Schedule

FIXED ASSETS	LAND & BUILDINGS	FURNITURE & FITTINGS	PLANT & EQUIPMENT	MOTOR VEHICLES	COMPUTERS	TOTAL AMOUNT
COST/Valuation						
AT 1ST JULY 2015	8,494,071	49,971,094	43,337,390	132,739,349	136,615,040	371,156,944
Additions	-	187,360	-	152,077,985	46,808,780	199,074,125
AT 30th JUNE 2016	8,494,071	50,158,454	43,337,390	284,817,334	183,423,820	570,231,069
AT 1ST JULY 2016	8,494,071	50,158,454	43,337,390	284,817,334	183,423,820	570,231,069
Adjustments on Valuation	-	(27,408,894)	(28,280,790)	(49,600,349)	(121,481,640)	(226,771,673)
Adjustments on Disposal	-	-	-	(11,100,000)	-	(11,100,000)
Additions	-	1,401,970	50,000	9,543,148	32,539,000	43,534,118
AT 30th JUNE 2017	8,494,071	24,151,530	15,106,600	233,660,133	94,481,180	375,893,514
DEPRECIATION						
At 1st July 2015	250,000	26,003,861	20,024,433	107,823,938	116,786,540	270,888,772
Charge for the Year	50,000	6,246,388	5,417,172	8,692,509	6,602,891	27,008,960
Adjustments on Valuation	-	-	-	-	-	-
AT 30th JUNE 2016	300,000	32,250,249	25,441,605	116,516,447	123,389,431	297,897,732
At 1st July 2016	300,000	32,250,249	25,441,605	116,516,447	123,389,431	297,897,732
On Valuation	-	(32,250,249)	(25,441,605)	(105,416,447)	(123,389,431)	(286,497,732)
On Disposal	-	-	-	(11,100,000)	-	(11,100,000)
Charge for the Year	50,000	2,843,696	1,882,073	46,732,027	20,626,746	72,134,542
AT 30th JUNE 2017	350,000	2,843,696	1,882,073	46,732,027	20,626,746	72,434,542
NET BOOK VALUE						
At 30th June 2016	8,194,071	17,908,205	17,895,785	168,300,887	60,034,389	272,333,337
AT 30th June 2017	8,144,071	21,307,834	13,224,527	186,928,106	73,854,434	303,458,972

Included in Land and Buildings is the value of a Building valued at Sh2 million, for our Embu County office.

15. Intangible Assets

These include the values of Networks and Software.

	Intangible Assets
	Kshs.
COST/Valuation	
At 1st July 2015	114,664,484
Additions - Work in progress	5,190,563
AT 30th JUNE 2016	119,855,047
At 1st July 2016	119,855,047
Additions	36,847,501
AT 30th JUNE 2017	156,702,548
AMORTISATION	
At 1st July 2015	105,198,230
Charge for Year	4,199,896
AT 30th JUNE 2016	109,398,126
AMORTISATION	
At 1st July 2016	109,398,126
Charge for Year	2,319,126
AT 30th JUNE 2017	111,717,252
Net Book Value 30.06.2016	10,456,921
Net Book Value 30.06.2017	44,985,296

16. Payables

These comprise of amounts outstanding arising from dealings with both internal and external customers, and are due to them, but had not been settled by year end.

	2016/2017	2015/2016
	KSh.	Ksh.
Creditors and Accruals	87,472,516	23,783,652
Staff Salary Accruals	135,037,644	-
Staff dues	1,656,532	3,498,091
TOTAL	224,166,692	27,281,743

Staff salary accruals for the period relate to the effects of the re-categorization of the Bureau and implementation of a new salary scales. Staff dues were amounts received as insurance compensation on behalf of deceased staff members and awaiting payment to the next of kin.

17. Staff Gratuity

Staff Gratuity amount is calculated on a monthly basis at the rate of 31% of the basic salaries of the staff on contract. It is made up of:

	2016/2017	2015/2016
	KSh.	Ksh.
Staff Gratuity	21,063,574	14,221,685
TOTAL	21,063,574	14,221,685

These are long-term liabilities that will fall due from November, 2018 when some of the current contract terms will be completed.

18. Refundable Deposits

These are amounts that are awaiting to be refunded to the respective payees after unsuccessful bidding for boarded items as well as monies retained on tender biddings:

	2016/2017	2015/2016
	KSh.	Ksh.
Bid Bonds/ Retention Monies	736,152	736,152
Deposit for boarded items	406,760	980,330
TOTAL	1,142,912	1,716,482

19. Provisions

These are made up of:

	2016/2017	2015/2016
	Ksh.	Ksh.
Audit Fees	1,740,000	1,740,000
Corporation Tax	47,256,264	32,863,904
Staff Leave Provision	23,990,747	18,834,391
TOTAL	72,987,011	53,438,295

The audit fees are the provisions for the audit expense for the financial statements for the year.

The staff leave accrual is the equivalent of the unutilized leave days as at the end of the year.

20. Unutilised Grants

These are grants received during the financial year for on-going activities. However, some of the activities were not undertaken due to timing differences of the financial years of the donors and the Bureau.

	COMESA (SCB) Kshs.	UNFPA Kshs.	KENINFO Kshs.	MICS Kshs.	Total Kshs.
As at 01.07.2016	761,725	7,882,341	63,898	1,138,708	9,846,672
Receipts	-	14,064	-	14,918,420	
Refunds	(761,725)		(60,708)	(12,465,106)	(13,287,539)
Less: Project Expenses	-	(5,721,527)	(3,190)	(2,616,440)	(8,341,157)
As at 30.06.2017	-	2,174,878	-	975,582	3,150,460

The COMESA and KENINFO projects were closed during the year.

21. Reconciliation of Comparison of Budget and Actual Amounts

The Bureau's budget is prepared on an accrual basis. As such, the budget and the financial statements are already on the same basis and further adjustments are not required to align the financial statements to the budget. The following is a reconciliation of the period's deficit.

	Amount Ksh.
Surplus for the Year	<u>1,244,640,084</u>
Surplus per budget/actual comparison	1,400,608,029
Provision for Income Tax	(81,514,278)
Depreciation/Amortisation charges	<u>(74,453,667)</u>
	<u><u>1,244,640,084</u></u>

The actual amounts received exceeded the final budget due to some activities being funded by donors on an ad hoc basis, through collaboration. The amounts received are as per Note 2(b) and (c).

22. Related Party

- a. The expenses incurred and remuneration of the Chairman to the Board and the Board members are as per Note 6.
- b. The aggregate remuneration for the Director General and Heads of Directorates was Sh.37,839,977.

There were no other transactions that involved these parties and the Bureau.

23. Contingent Liabilities

The Bureau has contingent liabilities arising from the following legal cases:

I. Court of Appeal Civil Appeal No. 64 of 2012 Minister Of State For Planning National Development & V2030 & 2 Others Vs Noor Mohammed & 4 Others

This case involved the 2009 Population and Housing Census and the matter was heard and a ruling was given in favour of the Bureau. All the monographs have since been disseminated.

II. HCCC No 79 OF 2010 BM Logistics VS KNBS (Godown case).

This case involved the godown where the 2009 Population and Census materials were being stored. The claimant is claiming KShs.43 million for loss of business and rent. The Legal Unit is handling the case and is still pending in court.

III. Nakuru HCCC NO 115 OF 2008 Attorney General (KNBS) VS The Standard Newspapers Limited

This case concerned an accident that occurred near Gilgil involving the Bureau's vehicle and another one owned by Standard Newspapers Limited. The Bureau is claiming KShs.1.5 million, being the value of the vehicle that had an accident. The hearing date is yet to be taken.

IV. NAIROBI CHIEF MAGISTRATES CIVIL CASE NO 244 OF 2015 AT MILIMANI COMMERCIAL COURTS. MAREBA COMPUTERS VS KNBS

The plaintiff claims a sum of KShs.5,948,468 from the Bureau. A counterclaim for a sum of KShs.23,433,873 was put forward by the Bureau as plaintiff did not and has not installed the ERP that the plaintiff procured. The matter is still pending in court.

**V. MIGORI PETITION NO 11 OF 2015
SAMUEL GETUBA MAROA & ANOTHER VS KENYA NATIONAL
BUREAU OF STATISTICS & 2 OTHERS**

This case concerns a boundary dispute that has placed a school in a different location and the inhabitants have challenged the decision. The Bureau does not determine boundaries and has put in place an appropriate defence. The matter is ongoing.

**VI. MILIMANI CMCC NO. 1421 OF 2005
BEATRICE KOSKEY VS THE HONOURABLE ATTORNEY GENERAL**

Motor vehicle **GK A839** was involved in an accident in the year 2004. It belonged to the then Central Bureau of Statistics. The driver died and another person died. Wife of the other person has sued, seeking compensation. The matter is pending in court, and a hearing date has not been taken.

The Management, having taken appropriate legal advice, does not anticipate that material liabilities will arise from the pending litigation against the Bureau.

VII. INCOME TAX PROVISION

The Bureau's tax burden for the period to June 2015 was assessed by KRA and demand notices issued. The Bureau paid the principal amount. The appropriate provisions for income tax for the period have been made.

Appendix 1: County Bank Account Balances as at 30.06.2017

S/NO.	REFERENCE	BRANCH NAME	ACCOUNT NUMBER	Bal 30.06.2017
1	Baringo	KCB Kabarnet	1108009875	32,276.70
2	Bomet	K.C.B Litein	1105682595	5,212.50
3	Bungoma	KCB Bungoma	1102068675	1,311.85
4	Busia	KCB Busia	1105253384	327.50
5	Elgeyo Marakwet	K.C.B Iten	1103240242	39.10
6	Embu	KCB Embu	1102969087	22,461.00
7	Garissa	KCB Garissa	1107852897	757.40
8	Homabay	K.C.B Homabay	1106831063	2,013.50
9	Isiolo	KCB Meru	1103336606	-
10	Kajiado	K.C.B Kajiado	1107696070	(598.90)
11	Kakamega	KCB Kakamega	1101951575	(601.75)
12	Kericho	KCB Kericho	1103619896	2,568.50
13	Kiambu	KCB Thika	1102292338	114,261.95
14	Kilifi	K.C.B Kilifi	1102302929	590.00
15	Kirinyaga	KCB Kerugoya	1104080575	265.50
16	Kisii Central	K.C.B Kisii	1102028681	(614.95)
17	Kisumu	K.C.B Kisumu	1103870858	56,065.55
18	Kitui	KCB Kitui	1106060881	1,999.50
19	Kwale	KCB Kwale	1142411796	7,808.00
20	Laikipia	K.C.B Nanyuki	1103191586	26,294.10
21	Lamu	KCB Lamu	1104814412	4,094.00
22	Machakos	KCB Machakos	1106383516	9,888.10
23	Makueni	KCB Wote	1105353532	3,329.55
24	Mandera	KCB Mandera	1103998161	83,669.17
25	Marsabit	KCB Marsabit	1102671533	46,113.45
26	Meru County	KCB Meru	1103335766	453.00
27	Migori	K.C.B Migori	1106362446	221.15
28	Mombasa	KCB Treasury Sq.	1107642051	2,992.00
29	Muranga	KCB Muranga	1108577466	603.19
30	Nairobi	KCB Moi Avenue	1174202351	1,613.00
31	NAKURU	NAKURU	1101858354	424.00
32	NANDI County	KAPSABET	1102099309	22,771.80

33	Narok	KCB Narok	1102026964	914.10
34	NYAMIRA	NYAMIRA	1103337181	3,909.00
35	Nyandarua	KCB Nyahururu	1102175196	5.35
36	Nyeri	KCB Nyeri	1102000361	0.55
37	Samburu	K.C.B Maralal	1108193749	408.00
38	Siaya	K.C.B Siaya	1115339982	1,611,510.55
39	TAITA TAVETA	WUNDANYI	1103865854	52,654.00
40	Tana River	KCB Hola	1104619156	160,277.20
41	Tharaka	KCB Chuka	1103757067	13,585.55
42	Trans Nzoia	KCB Kitale	1105205592	649.95
43	Turkana	K.C.B Lodwar	1107328861	34.45
44	Uasin Gishu	KCB Eldoret	1102545864	844.45
45	Vihiga	KCB Mbale	1104078856	5,328.00
46	Wajir	KCB Wajir	1105259927	95,388.50
47	West Pokot	KCB Kitale	1105205770	1,489.30
		BALANCE IN COUNTY ACCOUNTS		2,395,608.41