

REPUBLIC OF KENYA



*Paper laid by  
Leader of Majority  
Party  
Tuesday 7/8/2018  
Aph*



OFFICE OF THE AUDITOR-GENERAL



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL COUNCIL FOR POPULATION  
AND DEVELOPMENT**

**FOR THE YEAR ENDED  
30 JUNE 2017**



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**NATIONAL COUNCIL FOR POPULATION AND DEVELOPMENT**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

<b>TABLE OF CONTENT</b>	<b>PAGE</b>
<b>I. KEY ENTITY INFORMATION AND MANAGEMENT.....</b>	<b><i>ii</i></b>
<b>II. THE BOARD OF DIRECTORS.....</b>	<b><i>vi</i></b>
<b>III. MANAGEMENT TEAM.....</b>	<b><i>vii</i></b>
<b>IV. CHAIRMAN’S STATEMENT .....</b>	<b><i>x</i></b>
<b>V. REPORT OF THE CHIEF EXECUTIVE OFFICER .....</b>	<b><i>xi</i></b>
<b>VI. CORPORATE GOVERNANCE STATEMENT .....</b>	<b><i>xiii</i></b>
<b>VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT.....</b>	<b><i>xiv</i></b>
<b>VIII. REPORT OF THE DIRECTORS .....</b>	<b><i>xv</i></b>
<b>IX. STATEMENT OF DIRECTORS’ RESPONSIBILITIES .....</b>	<b><i>xviii</i></b>
<b>X. REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY.....</b>	<b><i>xix</i></b>
<b>XI. STATEMENT OF FINANCIAL PERFORMANCE .....</b>	<b><i>1</i></b>
<b>XII. STATEMENT OF FINANCIAL POSITION .....</b>	<b><i>2</i></b>
<b>XIV. STATEMENT OF CASH FLOWS .....</b>	<b><i>4</i></b>
<b>XV: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....</b>	<b><i>5</i></b>
<b>XV1: NOTES TO THE FINANCIAL STATEMENTS.....</b>	<b><i>9</i></b>
<b>XVII: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....</b>	<b><i>21</i></b>

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

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

The National Council for Population and Development was established as a State Corporation on 29th October, 2004 through the legal Notice No. 120 contained in the Kenya Gazette Supplement No. 68. At Cabinet level, the NCPD is represented by the Cabinet Secretary for Devolution and Planning who is responsible for the general policy and strategic direction. The NCPD is governed by the Board of Directors who are responsible for the general policy and strategic direction of the Council.

### **(b) Principal Activities**

The principal activity/mission of the National Council for Population and Development is to:

- Analyze population issues and develop policies related to population
- Provide leadership and mobilize support for population programmes including coordinating population programmes implemented by different organizations
- Assess the impact of population programmes and make recommendations arising from such assessments
- Assist other organizations in dealing with population issues
- Identify and advise on population issues that may not be adequately or appropriately dealt with by the Government
- Advocate for political and other support to address population issues.

“Population issues” mean:

- a) Issues that relate to, arise from, or influence mortality, reproduction or migration; and
- b) Other issues that relate to population; “Population Programmes” means programmes addressing population issues.

The Council has a Board whose membership is drawn from key Government Ministries handling population related issues, civil society and private sector organizations. A Chairman, who is appointed by the President for a period of three (3), years, heads the Board. The Director General, who is appointed by the Board, is the Chief Executive Officer of the Council and the secretary to the Board.

### ***Vision of the Council***

A well-managed population for quality life

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

***Mission of the Council***

To provide leadership in the development, coordination and implementation of population and related policies and programmes for improved quality of life

***Objectives of the Council***

*Strategic Objective 1:*

To enhance awareness on Population issues (Fertility, Mortality, Migration)

*Strategic Objective 2:*

To Improve Knowledge and Information base on Population Issues

*Strategic Objective 3:*

To improve Policy Framework and Environment on Population Issues

*Strategic Objective 4:*

To increase resources for population related programmes

*Strategic Objective 5:*

To enhance capacity for programme planning, coordination and M&E

*Strategic Objective 6:*

To satisfy customers with services provided by the Council

Core Values

Integrity, Team work, innovation, Non- Discrimination, Quality services

**(c) Key Management**

The National Council for Population and Development's day-to-day management is under the following key organs:

- Director General (CEO)
- Senior Management

**(d) Fiduciary Management**

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

<b>NO</b>	<b>Designation</b>	<b>Name</b>
1	Director General( CEO)	Dr. Josephine Kibaru- Mbae
2	Director Technical Services	Peter Arisi Nyakwara
3	Director Corporate Services	Margaret Muthoni Mwangi
4	Deputy Director CAPE	Charles Nyasura Oisebe
5	Deputy Director Policy & Research	Catherine Wanjiru Ndei
6	Deputy Director Programmes ,Coordination& monitoring	Hosea Nzomo Mulatya
7	Deputy Director Finance & Accounting	Taslim Mueni Wason
8	Deputy Director HR & Administration	Dorothy Adhiambo Oliech
9	Chief Internal Auditor	Susan Njeri Meshack

### **Fiduciary Oversight Arrangements**

The Board of the National Council for Population & Development has the overall fiduciary responsibility of providing oversight and policy direction and ensuring that all activities are in the best interest of the Council. They have a fiduciary duty of due care skill and diligence.

The Board has appointed the Audit and Risk Committee which meet quarterly. The Audit committee is charged with oversight of financial reporting and disclosure. Committee members are drawn from members of the company's Board of Directors, with a chairperson selected from among the committee members

The committee is responsible for oversight of the financial reporting process, and receipt of audit results both internal and external. The committee assists the Board of Directors fulfil its corporate governance and overseeing responsibilities in relation to an entity's financial reporting, internal control system, risk management system and internal and external audit functions. Its role is to provide advice and recommendations to the Board within the scope of its terms of reference / charter.

The Council has Finance and General Purposes and a Technical Committees whose membership is drawn from the Board of Directors. They offer advice and guidance and leadership of financial matters, Human resources and any other matters that require direction. The Technical committee provides guidance and leadership on technical Population matters and reviews the activities and programmes.

### **(e) Entity Headquarters**

P.O. Box 48994-00100  
 Chancery Building  
 Valley Road  
 Nairobi, KENYA

**(f) Entity Contacts**

Telephone :( 254) 2711600  
E-mail: [info@ncpd-ke.org](mailto:info@ncpd-ke.org)  
Website: [www.ncpd-ke.org](http://www.ncpd-ke.org)

**(g) Entity Bankers**

1. Barclays Bank of Kenya  
Hurlingham Branch  
P.O. Box 30074  
GPO 00100  
Nairobi, Kenya
2. Commercial Bank of Africa  
Mama Ngina Branch  
P.O Box  
Nairobi- Kenya
3. Kenya Commercial Bank

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

## II. THE BOARD OF DIRECTORS

Eng. Symon P Kitambaa	Board Chairman	Holds Bachelor's Degree of Technology in Chemical and Processing Engineering He is a technical Director Chuanshan International Mining Company -General Manager African Diatomite	Oversight  ( Deceased)  ( 18 <sup>th</sup> Feb.2017)
Adan Wachu	Board Member	Holds Bachelor's Degree in Management General; Diploma in Management. Secretary General SUPKEM; Executive Chairman Walu Insurance Brokers & Insurance Brokerage; Chairman of Inter Religious Council of Kenya; Executive Chairman Mowab Cleaning Services; Paralegal Officer Judicial Service Commission. Board member in a number of organizations.	Oversight
Rev. Canon Peter Karanja	Board Member	Holds BA Hons (Philosophy & Literature), Master of Divinity. He is the General Secretary, NCKK; also worked as Provost All Saints Cathedral (ACK); Secretary General Church Army Africa; Lecturer Carlile College; Company Director KEM Trust Ltd. Teacher Alliance High School	Oversight
Mrs. Margaret Masibo	Board Member	Holds a bachelor of Arts Degree and MBA Arts. She is currently working with the Kenya Conference of Catholic Bishops She is a member of the Institute of Human Resource, a certified professional mediator. Has many years' experience in human resource Management	Oversight
Christine Ochieng	Board Member	Holds Masters in Women's Law; Bachelor of Laws, Bachelor of Arts (Psychology & Sociology). Worked as Executive Director FIDA Kenya; Senior Policy Advisor Ipas Africa Alliance; National Adviser /Coordinator UNFPA/UNICEF (FGM/C); worked in FIDA Kenya in various capacities and stations	Oversight
Geoffrey M Wahungu	Board Member	Holds PhD in Ecology Master's of Science Wildlife Management Bachelor of Science. He is the Director General NEMA; and has Over 15 years as lead consultant in development of Natural Resource Management Plans; Over 10 years in research & monitoring of climate change influence on savanna ecosystem; lead	Oversight


Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

		consultant in regional and national ecological, social and Environmental Impact Assessment; Head of Department of Wildlife Management; Dean in a University	
Beatrice Mayonge	Board Member	He works in Ministry of Devolution & Planning and represents the Principal Secretary	Oversight
Rahab M. Mwikali	Board Member	Chairperson MYWO;	Oversight
Dr. Josephine Kibaru Mbae	Director General	Holds a Master of Medicine (OBGYN) and a MB. CHB degrees. She has over 25 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 culminated at the National level as the Senior Deputy Director in charge of Family Health Services in the country. During her tenure in the Ministry of Health she supported the revision and implementation of several policy documents. Dr. Mbae instituted innovations in in-service training in new technologies and supported training institutions to revise their curricula to strengthen pre-service training. She supported national supportive supervision for improvement of service delivery in the districts. She has been the Director General at the East, Central & Southern Africa Health Community (ECSA-HC) from 2010 to 2014.	Project Coordinator

**III. MANAGEMENT TEAM**

NAME	QUALIFICATIONS	AREA OF RESPONSIBILITY
Dr. Josephine Kibaru-Mbae	Master of Medicine(OBGYN)	Director General
Peter Arisi Nyakwara	Masters in Demography	Director Technical Services
Margaret M Mwangi	MBA - Finance	Director Corporate Services
Charles N Oisebe	Masters in Demography	Comm., Advocacy & Public Education
Catherine Wanjeri Ndei	Masters in Applied Research	Policy & Research
Hosea Nzomo Mulatya	Masters in Demography	Programmes & Monitoring/Coord
Taslim Mueni Wason	MBA - Finance	Finance and Accounting
Dorothy A. Oliech	BA – Human Resource & Higher Dip in HRM	Human Resources & Administration
Susan Njeri Meshack	MBA – Finance	Internal Auditor
William O. Ochola	Post. Grad. Dip in Procure, BA Economics	Supply Chain Management





**INDEPENDENT BOARD MEMBER PASSPORT SIZE PHOTO**

NAME	PASSPORT SIZE PHOTOS
Eng. Symon P Kitambaa	

**KEY MANAGER'S PASSPORT SIZE PHOTOS**

NAME	PASSPORT SIZE PHOTOS
Dr. Josephine Kibaru-Mbae	
Peter A. Nyakwara	
Margaret M. Mwangi	
Catherine Wanjiru Ndei	
Hosea Nzomo Mulatya	
Charles Nyasura Oisebe	

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

Susan Njeri Meshack	
Dorothy A. Oliech	
Taslim M. Wason	
William O. Ochola	
<p><i>Note: The CEO and the Company has featured both under the 'Board' and 'Management. The chairman was the only independent board member and passed away in February 2017.</i></p>	

#### IV. CHAIRMAN'S STATEMENT

The National Council for Population and Development was established as a state corporation in the year 2004. The Council's mandate is to provide guidance and leadership in the management of population matters in the country. Management of the Country's population is important as one means to match population growth with available resources. NCPD has continued to involve stakeholders in the conduct of its affairs to guarantee the support for population programmes. The Council received an international award for developing a Population policy that was all inclusive and comprehensive in addressing population and development issues.

During the year 2016-2017 the Council made important strides in ensuring sustainable long-term success. Advocacy programme at NCPD remained strong. New advocacy activities were initiated at the Council level to reach out to County Assembly members, National and County Government leaders for political and financial support of population and development programmes.

The NPCD Board appointed Board committees to oversee the affairs of the organisation to ensure accountability and transparency. The committees are Audit and Risk, Finance and General Purposes and the Technical Committee. Each of these committees meets quarterly and report to the main Board.

The Council signed a performance Contract with the Ministry of Devolution and Planning in 2016/2017. The evaluation process has not been done but the self-evaluation is ranked "Very Good" which signifies commitment of the Board and Management to execute its duties and responsibilities and meeting the set targets and objectives.

As a quality based organization the Council maintained ISO 9001:2008 certification status and continued improving its services to both external and internal customers. A recertification audit was carried out during the year and the council was re-certificated.



**Dr. Josephine Kibaru-Mbae**  
**For: Board Member**

**Date:..... 14/5/18**

## V. REPORT OF THE CHIEF EXECUTIVE OFFICER

### Introduction

The National Council for Population and Development, a semi-autonomous agency in the Ministry of Devolution and Planning provides leadership in implementation of population and development policy and programmes. In order to meet both policy and management obligations, the council maintained a team of officers assigned on different duties and responsibilities. During the year 2016-2017 the term of the Council ended when the chairman died. There were also appointments of technical and administrative staff and recruitment of new officers to fill existing vacant positions.

During the year NCPD carried out a major review of Kenya's national population and development programme under the auspices of International Conference on Population and Development (ICPD 2014) and participated in the United Nations and Africa Union conferences on these themes in New York and Addis Ababa respectively. Other activities included finalizing a first ever *National Survey on Male Involvement in Family Planning and Reproductive Health* which was supported by the Government. In addition the Council conducted the National Adolescent and Youth Survey to provide information on the potential of youth to participate in economic and development activities. An agreement was also reached with a new development partner to support the Council's *programmes* in the counties. This led to convening of meetings in 18 Counties with County Assembly members and county leadership to advocate for support of population and reproductive health programmes and activities.

With the available resources the Council carried out other important activities during the year. The council continued with advocacy and public education activities. Family Planning messages were disseminated on both radio and TV. Through support of a number of development partners, NCPD staff and collaborating partners were trained on data management and communication.

### Financial Statements

This Financial Statement is NCPD's record of financial transactions, obligations and value of assets. The accounts are submitted having been discussed and approved by the Management. During the 2016/2017 Financial Year, the Council received a government grant of Kshs 345,679,269 for its operations. It also received additional resources of Kshs 63,392,254 from Development partners for scheduled development activities. The Board was fully briefed and

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

updated on the financial implications of the programmed activities of the Council and appraised on any constraints. With regard to the efficiency of the operating systems, the Board did note and appreciate the adoption by management of a computerized financial management system. Overall, the Board was satisfied that the Council's financial operations were prudent and generally satisfactory.

### **Results**

In its efforts to raise additional funds, the Council undertook to provide technical services to other organizations and in the process charge an appropriate fee. Through this method, the Council was able to accrue some amount of AIA. The Council also facilitated a number of collaborating partners, including providing working space. The Government of Kenya increased its financial support for programmed activities. However the Council still requires additional funding to fully achieve its mandate and be in compliance with the new constitution, by devolving its services to all the Counties.

### **Staff Recruitment and its Implications**

Early in 2006, the Council commissioned a study to review and recommend appropriate staff levels, job designations and remunerations and the review was later updated as recommended by Ministry of State for Public Service in a follow-up study done in the year 2010. During the 2016/2017 Financial Years, the Council continued to implement the study recommendations on a phased approach. The major implication was the resulting higher requirements for staff salaries since these were now pegged on the experience and practice of comparable state corporations. The Council is still lobbying for more funds to recruit personnel for key positions at the headquarters and the forty seven counties which are not currently fully filled. During the 2016/2017 financial year, only 11 officers were deployed to the regions to manage all of the 47 counties. Limitations of funds are a major impediment in achieving optimal level of staffing through a competitive recruitment.



**Dr. Josephine Kibaru-Mbae**  
**Director General**

Date:.....14/5/18

## **VI. CORPORATE GOVERNANCE STATEMENT**

The National Council for Population is committed to governance policies and practices that promote the thoughtful and independent representation of citizen's interests. For this reason, the management of NCPD is directed by the Board of Directors. In order to achieve sound and meaningful Corporate Governance, the Board conducts its business through independent Board Committees that report to the full Board.

The composition of board members is well balanced representing various interests in the Population Sector. This Includes representatives from various public institutions, Faith based organisations, Gender, Research institutions and Public interests. The term of the Board is three years. The chairman of the Board is appointed by the President for tenure of three years.

The Council operates under a Strategic plan that contains the vision, mission and strategic objectives. The Strategic plan is implemented over a period of five years. The Board of Directors provide the vision and the Mission statement and reviews the implementation of various activities by the Management.

The allowances to the board members are as provided in the government guidelines. The performance of Board members and the chairman is reviewed annually.

The NCPD's management structure is designed to provide a conducive environment by which the activities are directed and controlled. It specifies the distribution of responsibilities among different participants in the Council, such as the Board, Chief Executive, Managers, Regional Coordinators and other stakeholders, and spells out the rules and procedures for making decisions on the NCPD's affairs.

Top management including the Director General, Director Technical and Director Corporate Services attended a one week corporate training to be sensitized on various thematic areas of corporate governance. There was a follow up training for senior management and Board members during a Boards retreat.

The Council has a functional audit committee and an internal audit department. There are various manuals to guide the implementation of various functions of the council.

Financial statements are discussed and approved by the Board before presentation to the Auditor General.

Appointment of the Director General and senior management personnel is done by the Board of Directors through a competitive recruitment process. The remuneration of staff is approved by the Board of Directors after a detailed job evaluation and benchmarking with other institutions of the same ranking.

To ensure transparency and accountability the council has set up an Integrity Committee comprising of top management and a Corruption Prevention Committee comprising other staff cadres. There is also a Management Advisory Committee. The Council is also 2008:9001 ISO certified and various procedures have been set up to ensure maintenance of the status.

The Council also has a Service Charter which clearly details provisions of various services to customers.

## VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

As a responsible corporate citizen, The National Council for Population and Development NCPD carries out CSR. In year 2016-2017 NCPD started the implementation of a Demographic Dividend Road Map in earnest. Key among the approaches to contribute to achieving accelerated economic growth for Kenya is to ensure a healthy population with skills to enable youth to participate in the economy. While NCPD and collaborating organizations engage in various activities in the DD Roadmap NCPD went further and aligned the 2016 World Population Day as CSR event to contribute to direct beneficial impact targeting teenage girls in school in a low income setting.

National Council Population Development (NCPD) working closely with key stakeholders and customers organized the event that provided an opportunity to staff and stakeholders to educate the low income Viwandani community to address young girl's special needs. NCPD used the forum to reach everyone to help recognize more deeply the problems and barriers for young girls as members of the community.

In the light of this the Council has continued to offer services and information on population and development to the citizens free of charge in many forums, including ASK Shows and other exhibitions. NCPD County staff also participated in career days in school to mentor young boys and girls and empower them with information



*NCPD Board Members during the 2016 World Population Day at Viwandanii, Nairobi*



*MCA Viwandani addressing the Gathering*



*School Girls Lead the procession on 'Investing in Young Girls'*

## **VIII. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of the *National council for Population and development* affairs.

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

The Board presents financial statements for the year ended 30 June 2017.

		RESTATED	AUDITED
	2017	2016	2016
<b>Income</b>	Kshs	Kshs	Kshs
Income Government of Kenya	345,679,269	323,132,235	323,132,235
Donor Income	63,392,254	56,627,801	56,627,801
Other Income	17,723,860	9,178,829	9,178,829
Interest Income	3,905	1,610,363	1,610,363
Profit on Disposal	1,058,594		
<b>Total Income</b>	<b>427,857,882</b>	<b>390,549,228</b>	<b>390,549,228</b>
<b>Expenditure</b>			
Total expenditure	402,150,673	401,728,278	412,015,387
<b>Surplus/Deficit</b>	<b>25,707,209</b>	<b>(11,179,050)</b>	<b>(21,466,159)</b>

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

### **Principal activities**

The principal activities of the entity are;

#### **MANDATE**

The Council was established as a state corporation through the legal Notice No. 120 contained in the Kenya Gazette Supplement No. 68 dated 29<sup>th</sup> October, 2004 and is charged with the following functions:-

- Analyze population issues and develop policies related to population
- Provide leadership and mobilize support for population programmes including coordinating population programmes implemented by different organizations
- Assess the impact of population programmes and make recommendations arising from such assessments
- Assist other organizations in dealing with population issues
- Identify and advise on population issues that may not be adequately or appropriately dealt with by the Government
- Advocate for political and other support to address population issues.

“Population issues” mean –

- a) Issues that relate to, arise from, or influence mortality, reproduction or migration; and
- b) Other issues that relate to population;

“Population Programmes” means programmes addressing population issues.

The Council has a Board whose membership is drawn from key Government Ministries handling population related issues, civil society and private sector organizations. The role of the Board is to run the Council. A Chairman, who is appointed by the President for a period of three (3) years, heads the Board. The Director General, who is appointed by the Board, is the Chief Executive Officer of the Council and the secretary to the Board.

#### **Directors**

The members of the Board of Directors who served during the year are shown on page VI In accordance with Regulation in the legal Notice No. 120 contained in the Kenya Gazette Supplement No. 68 dated 29<sup>th</sup> October, 2004. The NCPD chairman died in March 2017 rendering the board non-functional since he was the only independent board member.

#### **Auditors**

The Auditor General is responsible for the statutory audit of the National Council for Population and Development in accordance with the Section 68K of the Public Finance Management (PFM) Act, 2012.

## **IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 68K of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of that National Council for Population and Development (NCPD), which give a true and fair view of the state of affairs of the Council at the end of the financial year/period and the operating results of the *NCPD* for that year/period. The Directors are also required to ensure that the Council keeps proper accounting records which disclose with reasonable accuracy the financial position of the Council. The Directors are also responsible for safeguarding the assets of National Council for Population and Development.


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

The Directors accept responsibility for *NCPD*'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 and the State Corporations Act. The Directorate is of the opinion that Council's financial statements give a true and fair view of the state of *NCPD*'s transactions during the financial year ended June 30, 2017, and of the *NCPD*'s financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for *NCPD*, which have been relied upon in the preparation of *NCPD*'s 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 *NCPD* 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 *NCPD*'s financial statements were approved by the management on 29<sup>th</sup> September 2017 and signed on its behalf by:

  
\_\_\_\_\_  
Dr. Josephine Kibaru-Mbae  
Director

  
\_\_\_\_\_  
Margaret Muthoni Mwangi  
Director Corporate Services

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

**X. REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY**

# REPUBLIC OF KENYA

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



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL COUNCIL FOR POPULATION AND DEVELOPMENT FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Council for Population and Development set out on pages 1 to 21, 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 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 section of my report, the financial statements present fairly, in all material respects, the financial position of the National Council for Population and Development 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 Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution. Except for the matters described in the Basis for Qualified Opinion Section of my report, based on the procedures performed, 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. Property, Plant and Equipment

**1.1.** As previously reported, property, plant and equipment balance of Kshs.57,504,780 as at 30 June 2017 still excludes undetermined values of land situated at Upper Hill Nairobi, Murang'a and Kisii counties without ownership documents. In consequence of the exclusion, the property, plant and equipment balance is not fairly stated.

**1.2.** Information available indicates that land in Upper Hill Nairobi (LR No.209/13332-Plan No.93637/11/724) measuring 0.63 hectares which had been

reserved to the Council in 1989 to construct its offices was subsequently allocated to a private developer. Although the Council attempted to take possession of the property on 12 November 2016 following the Public Investment Committee recommendation, this did not however materialize. Additional information indicates that the National Lands Commission made a ruling in 8 March 2016 granting the land to the private developer without making reference to the Council. According to the ruling, the Commission determined that allocation of the land to the private developer was irregular but ordered the title to be re-issued in the name of the developer on grounds of public interest since the land had already been charged with a collapsed bank and the depositors in the bank needed not lose out. Further, although the National Land Commission indicated in the ruling that it could assist the National Council for Population and Development to acquire alternative land, this has not been done to date.

**1.3.** Further, ownership of a motor vehicle GK T925 whose original cost is unknown cannot be verified as the vehicle was registered in the name of other parties instead of National Council for Population and Development. As a result, it has not been possible to confirm whether the Council's motor vehicles with the net book value of Kshs.38,956,017 as disclosed in Note 7 to the financial statements are fairly stated.

## **2. Receivables**

### **2.1. Provision for bad and doubtful debts**

The statement of financial position as at 30 June 2017 reflects receivables from exchange transactions balance of Kshs.3,336,181. The balance has, however, been presented net of a provision of Kshs.3,767,967 in respect of an officer who resigned from the Council on 16 May 2016 leaving outstanding imprests of Kshs.3,767,697. Information provided revealed that the amount was obtained fraudulently by the officer and there is an ongoing criminal court case against the officer.

In addition, no details have been provided showing the expense account where the provision of Kshs. 3,767,697 has been charged as the provision is not included in the statement of financial performance.

### **2.2. Internal borrowings**

The receivables balance of Kshs.3,336,181 as at 30 June 2017 includes internal borrowings totalling Kshs.649,757 that should have had corresponding liabilities in the financial statements. However, the figures detailed below in respect of the internal borrowings did not have contra corresponding entries in the financial statements:

<b>Nature of borrowing</b>	<b>Amount in Receivables</b>	<b>Amount in Payable</b>	<b>Variance</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
Support to Recurrent	0	5,000,000	5,000,000
Borrowed from UNFPA	57,757	57,000	757
PRB	592,000	0	592,000
Borrowing from Development Account	970,325	0	970,325

Under the circumstances, the accuracy and completeness of receivable balance of Kshs. 3,336,181 as at 30 June 2017 can not be confirmed.

### 3. Unsupported Adjustments

The following adjustments between the first and the final set of financial statements were not supported:

Item	First set of accounts Kshs.	Final set of financial Accounts Kshs.	Explained Variance Kshs.	Unexplained Variance Kshs.
Other income	8,973,999	17,723,860	1,215,096	9,690,921
Deferred Income	117,298	158,471	-	41,173
Employees cost	138,160,361	138,171,991	-	11,630
Stipend	389,402	376,498	-	12,904
Board Expenses	5,064,895	5,365,696	-	300,801
Receivables	7,369,692	3,336,181	3,767,697	265,814
Barclays Bank of Kenya Account	106,827	6,946	99,881	

Under the circumstances, the accuracy and completeness of the above account item balances cannot be confirmed.

### 4. Comparative Information

The financial statements for the year ended 30 June 2017 shows restated comparative figures in respect of the financial year ended 30 June 2016. However, documents in support of the restated balances as listed below were not provided for audit verification.

Name of Account	Balance Per Audited Financial Statements Kshs.	Restated Balance Per Financial Kshs.	Variance Kshs.
Cash & Cash Equivalent	30,031,686	43,368,998	13,337,312
Trade & other Payables from Exchange Transactions	21,413,102	24,463,304	3,050,202
Employee Benefits Expenses	158,319,917	153,351,320	(4,968,59)
Board Expense	860,644	810,816	(49,828)
Repairs & Maintenance	66,177,299	5,777,716	(399,583)

General Expenses	163,727,574	159,971,115	(3,756,459)
General Expense Project	66,769,232	65,656,590	(1,112,642)
Surplus	(21,466,159)	(11,179,051)	(10,287,108)
Accumulated Surplus	5,733,922	16,021,031	(10,287,109)

Consequently, the validity and accuracy of the restated figures cannot be confirmed.

## 5. Other Income

The other income figure of Kshs.17,723,860 reflected in the statement of financial performance and disclosed in note 3 to the financial statements include an amount of Kshs.9,790,921 described as support by partners for GOK activities. However, the documentation in support of the origin and nature of this income were not provided for audit verification. Consequently, the completeness and accuracy of other income figure amounting to Kshs.17,723,860 cannot be confirmed.

## 6. Trade and Other Payables from Exchange Transactions

The trade and other payables balance of Kshs.8,662,538 reflected in the statement of financial position includes an of Kshs.5,000,000 described as support to recurrent that has not been adequately supported or explained.

Consequently, the accuracy of trade and other payables from exchange transaction balance of Kshs.8,662,538 as at 30 June 2017 cannot be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Council for Population and Development in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## Key Audit Matters

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting 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 Council's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the council or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

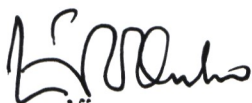
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of giving an assurance on the effectiveness of the Council'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 Council's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Council to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Council 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**

**29 June 2018**

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

**XI. STATEMENT OF FINANCIAL PERFORMANCE**

**For the year ended 30 June 2017**

<b>Revenue from Non Exchange Transactions</b>	<b>Notes</b>	<b>2016-2017</b>	<b>RESTATED 2015-2016</b>	<b>AUDITED 2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>GOK</b>				
Income Government of Kenya	1	345,679,269	323,132,235	323,132,235
Donor Income	2	63,392,254	56,627,801	56,627,801
		<b>409,071,523</b>	<b>379,760,035</b>	<b>379,760,035</b>
<b>Revenue from Exchange Transactions</b>				
Other Income	3	17,723,860	9,178,829	9,178,829
Interest Income	4	3,905	1,610,363	1,610,363
		<b>17,727,766</b>	<b>10,789,192</b>	<b>10,789,192</b>
<b>Total Revenue</b>		<b>426,799,288</b>	<b>390,549,227</b>	<b>390,549,227</b>
<b>Expenditure</b>				
Employee Benefits Expense	5	153,310,780	153,351,320	158,319,917
Board Expense	6	5,365,696	810,816	860,644
Depreciation	7	17,011,590	15,563,820	15,563,820
Amortization	7	-	-	-
Repairs & Maintenance	8	8,492,210	5,777,716	6,177,299
General Expenses	9	153,264,589	159,971,115	163,727,574
General Expenses -Project	10	64,048,323	65,656,590	66,769,232
Finance Costs	11	657,485	596,901	596,901
<b>Total expenditure</b>		<b>402,150,673</b>	<b>401,728,278</b>	<b>412,015,387</b>
<b>Other Gains or loses</b>				
Profit on disposal of Assets	12	1,058,594	-	-
<b>Surplus</b>		<b>25,707,209</b>	<b>-11,179,051</b>	<b>-21,466,159</b>

**The notes set on pages 9 to 25 form an integral part of this statement**

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

**X11. STATEMENT OF FINANCIAL POSITION**  
As at 30 June 2017

	Notes	2016-2017 Kshs	RESTATED 2015-2016 Kshs	AUDITED 2015-2016
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	13	67,540,674	43,368,998	30,031,686
Receivables from exchange transactions	14	3,336,181	5,802,573	5,802,573
		<b>70,876,855</b>	<b>49,171,571</b>	<b>35,834,259</b>
<b>Non - Current Assets</b>				
Property Plants & Equipment	7	57,504,780	52,758,781	52,758,781
Intangible Assets-WIP	7	6,329,131	-	-
		<b>Sub-total</b>	52,758,781	52,758,781
<b>Total Assets</b>		<b>134,710,766</b>	<b>101,930,352</b>	<b>88,593,040</b>
<b>Current Liabilities</b>				
Trade & Other Payables from Exchange transactions	15	8,662,538	24,463,304	21,413,102
Deferred incomes	16	36,881,899	14,007,929	14,007,929
<b>Sub-total</b>		<b>45,544,438</b>	<b>38,471,233</b>	<b>35,421,031</b>
<b>Non-Current Liabilities</b>				
Non - Current Liabilities		-	-	-
<b>Net Assets</b>				
Reserves		47,438,087	47,438,087	47,438,087
Accumulated Surplus		41,728,240	16,021,031	5,733,922
<b>Sub-Total</b>		<b>89,166,327</b>	<b>63,459,118</b>	<b>53,172,009</b>
		<b>134,710,765</b>	<b>101,930,352</b>	<b>88,593,040</b>

**Total Net Assets & Liabilities**

The financial Statements set out on pages 1 - 4 were signed on behalf of the board of directors by:

Director General

Director Corporate Services

Date

14/5/18

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

**XIII. STATEMENT OF CHANGES IN ASSETS**

**For the year ended 30 June 2017**

	<b>RESTATED</b>			<b>AUDITED</b>		
	<b>Capital Reserve</b>	<b>Accumulated Surplus</b>	<b>Totals</b>	<b>Capital Reserve</b>	<b>Accumulated Surplus</b>	<b>Totals</b>
As at 1st July 2015	47,438,087	27,187,021	74,625,108	47,438,087	27,187,021	74,625,108
Asset Schedule		13,061	13,061		13,061	13,061
Surplus for the Year Adjusted	-	-11,179,051	-11,179,051	-	-21,466,160	-21,466,160
As at 30th June 2016	<b>47,438,087</b>	<b>16,021,031</b>	<b>63,459,118</b>	<b>47,438,087</b>	<b>5,733,922</b>	<b>53,172,009</b>
As at 1st July 2016 Reinstated*	47,438,087	16,021,031	63,459,118			
Surplus for the Year	-	25,707,209	25,707,209			
As at 30th June 2017	<b>47,438,087</b>	<b>41,728,240</b>	<b>89,166,327</b>			

The amounts listed below have been reinstated to payments that were outstanding in the reconciliation but had been cancelled and gratuity for previous years adjusted from current year. This includes Reinstatement of 1,112,643 and 12,224,668 and gratuity 3,050,202.

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

**XIV. STATEMENT OF CASH FLOWS**

		<b>RESTATED</b>	<b>AUDITED</b>
	<b>Notes</b>	<b>2016/2017</b>	<b>2015-2016</b>
		<b>2015-2016</b>	<b>2015-2016</b>
<b>Cash flows from operating activities</b>		Kshs	Kshs
Surplus		25,707,209	(11,179,051)
Add: Items not involving cash movement			
Depreciation		17,011,590	15,563,820
Amortization of Assets		-	
Profit on disposal		(1,058,594)	-
<b>Sub-total</b>		<b>41,660,205</b>	<b>4,384,769</b>
			<b>(5,902,340)</b>
Increase/Decrease in debtors		2,466,392	8,928,854
Increase/decrease in creditors*		(15,800,765)	(3,597,046)
Increase/decrease in deferred incomes		22,873,970	(13,361,343)
<b>Net cash flows from operations</b>		<b>51,199,802</b>	<b>(3,644,766)</b>
<b>Cash flows from investing activities</b>			
<b>Purchase of Assets (Reinstated)</b>		-	52,242
Purchase of Assets		(24,098,995)	(6,170,450)
Purchase of Intangible Assets		(6,329,131)	-
Cash received		3,400,000	-
<b>Cash flows from financing activities</b>			
<b>Net increase/Decrease in cash &amp; cash equivalents</b>		<b>24,171,676</b>	<b>(9,762,974)</b>
Bank & cash equivalent at beginning		43,368,996	53,131,970
Bank & cash equivalent at end	13	67,540,672	30,031,685

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

**XV: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

Revenues	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference
Details	2016/2017	2016/2017	2016/2017	2016/2017	2016/2017
<b>RECURRENT OPERATIONS</b>	<b>KSH</b>		<b>KSH</b>		
Government Grant- Recurrent	235,979,270	-	235,979,270	235,979,269	2
Other income	9,248,035	(1,315,096)	7,932,939	7,932,939	-
Interest income	3,000	-	3,000	3,905	(905)
Government Grant- Development	112,860,000	(3,160,000)	109,700,000	109,700,000	-
Overhead Fees	2,166,078	(2,166,078)	-		
Donor Income	63,433,427	-	63,433,427	63,433,427	-
<b>Total</b>	<b>423,689,811</b>	<b>(6,641,174)</b>	<b>417,048,637</b>	<b>417,049,541</b>	<b>(904)</b>
<b>EXPENDITURE</b>					
GOK-Basic Salaries -Permanent Employees	94,223,049	-	94,223,049	94,223,049	-
GOK-Personal allow paid as part of Salary					
House Allowances	29,030,871	-	29,030,872	29,030,872	-
Telephone allowance	2,198,924	-	2,198,924	2,198,924	-
Non Practicing Allowance	30,017	-	30,017	30,017	-
Hardship Allowance	498,690	-	498,690	498,690	-
Other Allowances	9,438,282	-	9,438,282	9,438,286	(4)
Stipend for Interns	389,402	(12,904)	376,498	376,498.40	(0)
Transfer Allowance	34,879	-	34,879	34,879	-
Gratuity & Pensions	17,709,988	3,050,202	14,659,787	14,727,412	(67,626)
Gratuity & Pensions Prior Period	-	3,050,202	3,050,202	3,050,202	-
Leave Expenses	2,621,000	11,627	2,632,627	2,633,554	(927)
Medical Expense	118,600	-	118,600	118,600	-
GOK -Utilities Supplies and Services					-
Electricity	1,450,000	-	1,450,000	1,451,298	(1,298)
Water	73,000	-	73,000	73,750	(750)
GOK-Communication Supplies and Services					

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

Telephone Telex Facsimile and Mobile Phone	6,400,000	418,432	6,818,432	6,809,553.15	8,879
Courier and Postal	325,000	(7,540)	317,460	315,555.00	1,905
GOK-Domestic Travel & Subsistence & Other			-		
Travel Costs (Airline Bus Railway)	4,220,000		4,220,000	4,221,842.92	(1,843)
Accommodation	27,985,500	204,318	28,189,818	28,187,457	2,361
Daily Subsistence					-
Sundry Items	37,400	-	37,400	38,360	(960)
GOK-Foreign Travel & Subsistence & Trans			-		
Travel Costs (Airline Bus Railway)	464,000		464,000	465,695.00	(1,695)
Daily Subsistence	-	472,716	472,716	472,716.10	-
Sundry Items	746,000		746,000	745,600	400
GOK-Printing Advert Info Supplies & Serv			-		
Advertising Awareness and Publicity	12,300,000	258,000	12,558,000	12,554,547	3,453
Trade shows and Exhibitions	530,000		530,000	530,620	(620)
Media Campaign	189,500		189,500	191,990	(2,490)
Media Campaign on pop issues			-		-
GOK -Rentals of Produced Assets	31,600,700		31,600,700	31,595,745	4,955
Rent & Rates	1,270,600		1,270,600	1,271,540	(940)
Hire of Transport			-		-
GOK -Training Expenses					
Travel Accommodation Tuition Fees & Trai	2,140,440		2,140,440	2,138,447	1,993
GOK -Hospitality supplies and Services			-		
Catering Services Acc Gifts Food & Drink	15,022,000	(448,435)	14,573,565	12,990,567	1,582,998
Boards Committees Conferences & Seminars	2,080,300	17,794	2,098,094	2,189,209	(91,115)
NCPD Council Board Expense	5,065,000	638,551	5,703,551	5,365,696	337,855
Insurance			-		
Group Personal	15,141,000		15,141,000	15,143,129	(2,129)
Motor Vehicle Insurance	2,455,200		2,455,200	2,453,187	2,013
GOK-Specialized Materials and Supplies	2,245,700		2,245,700	2,244,713	987
Purchase of Uniforms & Clothing			-		-

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

GOK-Office and General supplies & service					
General offices Supplies Pencils .Biros	7,006,100		7,006,100	7,008,182	(2,082)
Supplies Accessories For computers & Pri	4,358,000	(908,000)	3,450,000	3,564,503.40	(114,503)
Sanitary & Cleaning Materials	19,000		19,000	18,560	440
Supply of Newspaper	23,650		23,650	24,340	(690)
GOK -Fuel and Lubricants					
Refined fuels & Lubricants for transport	3,600,000		3,600,000	3,600,500	(500)
Other Operating expenses			-		
Membership Dues to Professional Bodies	465,000		465,000	463,079	1,921
Contracted Professional Services	5,822,000		5,822,000	5,818,006	3,994
Contracted Guards & Cleaning Services	1,748,500		1,748,500	1,746,640	1,860
Legal Fees			-		-
GOK-Routine Maintenance -VH& Transport Eq					
Maintenance Expenses -Motor Vehicles	7,265,000		7,265,000	7,267,390	(2,390)
GOK-Routine Maintenance -Other Assets			-		
Maintenance of Plant Machinery & Equipment	340,500		340,500	338,410	2,090
Maintenance of Building & Stations	883,500		883,500	886,410	(2,910)
GOK-M Fees & Dues & Subscriptions To IO			-		
Contributions to UNFPA and Partners	3,087,167		3,087,167	3,087,167	-
Purchase of Office Furniture & Gen Equip					
Purchase of Office Furniture & Gen Equip	29,538,000	908,000	30,446,000	30,428,126	17,874
Other Operating expenses ( 2995/4800/FC)	6,755,000.00	4,906,361.27	1,848,638.73	1,848,091	547.65
Finance Cost	695,029	(37,544)	657,485	657,485	-
<b>Membership fees and dues and subscriptions to international organizations</b>			-		
Research Feasibility Study & Design					-
Project Expenditure	64,048,323		64,048,323	64,048,323	-
	<b>423,689,811</b>	<b>12,521,780</b>	<b>420,298,466</b>	<b>418,617,411</b>	<b>1,681,055</b>
	(0)				

The Variance in catering and council expenses was as a result of Donors financing activities that were budgeted under GOK

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

**Reconciliation**

As reported in P&L	402,150,673
Add: Purchase of Assets	24,098,995
Intangible Assets WIP	6,329,131
Gratuity Liability	<u>3,050,202</u>
Total	435,629,001
Budget	<u>418,617,411</u>
Difference	17,011,590
Depreciation	17,011,590

**XVI: NOTES TO THE FINANCIAL STATEMENTS**

**1. Statement of compliance and basis of preparation – IPSAS 1**

The National Council for Population and Development'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. The accounting policies have been consistently applied to all the years presented. This is the second time adoption of IPSAS. Accounts were previously prepared using the International Financial Reporting Standards.

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

**2. Summary of significant accounting policies**

**i) Revenue from exchange transactions – IPSAS 9**

***Rendering of services***

The council recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to completion of activities.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

The council is a service organisation and does not render any services for a fee. It is therefore not therefore pay taxes.

**a) Revenue recognition**

**ii) Revenue from non-exchange transactions – IPSAS 23**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on approval by parliament through the appropriation and the supplementary bill upon printing of the printed estimates and supplementary estimates.

**Grants from Donor**

Grants received for specific purposes are treated as deferred income and are only credited to statement of financial performance when activities for which they were provided have been undertaken.

**b) Budget information – IPSAS 24**

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 council. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. The movements in the budgets was as a result of deductions in the revised estimates by the Government. Some Activities under the UNFPA were financed through Government Funding.

**c) Property, plant and equipment – IPSAS 17 and IPSAS 31 Intangible Assets**

All property, plant and equipment are stated at net book value and modified to include revaluations, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Full year's depreciation is recognized in the year of purchase.

The rate of depreciation are as follows:

Furniture and Fittings	12.5%
Computers	30%
Office equipment	12.5%
Motor Vehicles	25%

## Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

The council entered into a consultancy to install an ERP system of Kshs 8,417,331.00. As at June 2017, the process of installation was not complete. The cost of work in progress was Kshs 6,329,131. When the ERP is commissioned, it will be recognised as an intangible asset and amortized for three years.

### **d) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. The capital reserves were created when the council become a SAGA and assets transferred to it.

### **e) Changes in accounting policies and estimates – IPSAS 3**

1. The Council recognizes the effects of changes in accounting policy or estimates retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical. The financial statements have been amended and amounts restated in the year 2015-2016 to comply with IPSAS 3 which states, for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected Kshs. 13,337,311. An adjustment was also done for accrued gratuity of Kshs. 3,050,201.80 of the previous year.

The effect of a change in an accounting estimate was included in the determination of net surplus / deficit in the period of the change, and the current period.

### **f) Employee benefits – IPSAS 25**

#### **Retirement benefit plans**

The Council provides retirement benefits for its employees. Defined contribution plans are postemployment benefit plans under which an council pays 15% and employee 7.5% contributions into to a custodian & Fund manager (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets today all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The council also provides for 31% Gratuity for employees on contract a term which is paid upon expiry of the contract.

### **g) Foreign currency transactions – IPSAS 4**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. While preparing the financial statements the closing rate was used and the difference accounted for in the statement of financial performance. Exchange differences arising from reporting at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise. The transactions in foreign exchange are for grants and funds are wired in foreign currency and converted at the time of transactions. These are short term projects negotiated every year and there is therefore the risk of fluctuations in the rate is minimal.

### **h) Related parties – IPSAS 20**

The Entity 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 the Entity, or vice versa. Members of key management are regarded as related parties and comprise the senior managers.

The details of management are as disclosed in key management information. Other related parties' are the Government of Kenya that provides finances for operations through the Ministry of Devolution and Planning and the Development partners as disclosed in sources of funds Donors. The emoluments of senior management were Kshs 36,472,032. There was an increase as the vacant position was filled. The board expenses were Kshs 5,365,696. The difference was as a result of the board being operational for longer period than the previous year.

<b>EMOLUMENTS FOR SENIOR MANAGEMENT</b>	<b>Kshs</b>
Basic Salary	28,252,032
Rental House Allowance	5,160,000
Responsibility Allowance	360,000
Transport Allowance	960,000
Entertainment Allowance	1,056,000
Telephone Allowance	684,000
	<b>36,472,032</b>

**j) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imp rests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**i) Comparative figures**

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

**j) Significant judgments and sources of estimation uncertainty – IPSAS 1**

The preparation of the Entity'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.

***Estimates and assumptions***

The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

***Useful lives and residual values***

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by council
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

**k) Subsequent events – IPSAS 14**

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, 2015.

**REVENUE FROM NON-EXCHANGE TRANSACTION**

**NOTE 1: INCOME FROM GOVERNMENT OF KENYA**

	<b>2016/17</b>	<b>2015/16</b>
Recurrent	235,979,269	220,272,235
Development	109,700,000	102,860,000
	<u><b>345,679,269</b></u>	<u><b>323,132,235</b></u>

**NOTE 2: DONOR INCOME**

<b>Project/Source</b>	<b>2016/17</b>	<b>2015/16</b>
	<b>Income</b>	<b>Income</b>
PRB	7,026,071	5,650,956
PRB Kshs	5,780,479	1,010,859
MACRO	1,139,823	1,000,765
UNFPA Revenue Through Treasury	80,605,934	48,298,004
Unicef	1,568,057	9,834,880
Kuhri Kshs	2,107,867	118,731
Kuhrii US\$	1,651,096	1,305,373
Demographic Dividend LQAS	394,826	
Demographic Dividend LQAS Kshs	-	3,416,162
<b>Total Income &amp; Expenditure</b>	<b>A</b>	
	<u><b>100,274,154</b></u>	<u><b>70,635,730</b></u>

**Adjustment of Income for activities running beyond the accounting period.**

Macro		1,139,823	1,121,798
PRB		7,026,436.51	83,420.79
PRB kshs		1,935,990	5,780,479
UNFPA		24,052,415	3,153,338
Unicef		158,471	1,568,057
Demographic Dividend LQAS		394,826	388,583
Demographic Dividend LQAS Kshs		-	-
Kuhri US\$		1,651,096	1,624,987
Kuhri Kshs		522,842	287,267
Total deferred Income	B	36,881,899	14,007,929
<b>Actual Income for Year</b>	<b>A-B</b>	<b>63,392,254</b>	<b>56,627,801</b>
		<b>100,274,154</b>	<b>70,635,730</b>

**NOTE 3: OTHER INCOME**

	2016/17	2015/16
Sale of tender Documents & Assets	91,560	67,000
Gain /loss on conversion	182,476	(67,220)
Miscellaneous Receipts	7,658,903	7,911,794
Support by Partners for GOK Activities	9,790,921	1,267,255
<b>Total</b>	<b>17,723,860</b>	<b>9,178,829</b>

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

**NOTE 4: INTEREST INCOME**

	2016/17	2015/16
PRB	3,766	3,537
Interest GOK	140	1,606,827
	<u>3,905</u>	<u>1,610,363</u>

The difference of the interest income was as a result of the council receiving two allocations in the first quarter and therefore the amounts for second quarter earned interest.

**NOTE 5: EMPLOYEE BENEFIT**

		RESTATED	AUDITED
	2016/2017	2015/2016	2015-2016
Employees	138,171,991	137,595,412.50	144,598,211
Transfer Allowance	34,879	-	-
Gratuity & Pensions	14,727,412	15,755,907.90	13,721,706
Stipend for interns	376,498	-	-
<b>Total Employee Benefit</b>	<b>153,310,780</b>	<b>153,351,320</b>	<b>158,319,917</b>

**NOTE 6 BOARD EXPENSE**

		RESTATED	AUDITED
	2016/2017	2015/2016	2015-2016
Board Expense	<u>5,365,696</u>	<u>810,816</u>	<u>860,844</u>

**NOTE 7: ASSETS SCHEDULE**

	12.5	30	12.5	25		
	Land & Buildings[1]	Furniture fittings	Computers	Office Equipment[2]	Motor Vehicles[3]	Total
COST 30TH JUNE 2017	15,462,750	19,629,862	13,859,877	118,544,444	167,496,933	
At 1st July 2016	-	7,317,822	5,974,139	6,287,058	33,179,762	52,758,781
	-	-	-	-	-	-

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

Prior Period Adjustments					
<b>Adjusted Cost</b>	<b>7,317,822</b>	<b>5,974,139</b>	<b>6,287,058</b>	<b>33,179,762</b>	<b>52,758,781</b>
Additions	2,065,000	908,000	22,995	21,103,000	<b>24,098,995</b>
Revaluations	-				-
Disposal	-		-	(2,341,406.3)	(2,341,406)
As at 30th June 2017	-	<b>9,382,822</b>	<b>6,882,139</b>	<b>6,310,053</b>	<b>51,941,356</b>

DEPRECIATION

As at 30 June 2016	-	6,079,928	12,747,723	7,549,824	71,661,682	98,039,157
Disposal of Motor Vehicle				-	(5,058,594)	(5,058,594)
Prior Period Adjustment						
Charge for the year	-	1,172,853	2,064,642	788,757	12,985,339	17,011,590
As at 30th June 2017	-	7,252,781	14,812,365	8,338,581	79,588,427	109,992,153

NET BOOK VALUE

At 30th June 2017	-	8,209,970	4,817,497	5,521,296	38,956,017	57,504,780
At 30th June 2016	-	7,317,822	5,974,139	6,287,058	33,179,762	52,758,781

INTAGIBLE ASSETS

TOTAL COST OF ERP 8,417,331

WIP

**COST AS AT 30TH JUNE 2017** **6,329,131**

As at 1st July 2016 -

Additions 6,329,131

**As at 30th June 2017** **6,329,131**

**Amortization**

As at 1st July 2017 -

Amortization for the year -

**Total Amortization** -

**NET BOOK VALUE**

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

As at 30th June 2017 6,329,131

As at 30th June 2016 -

**NOTE 8: REPAIRS AND MAINTENANCE**

		<b>RESTATED</b>	<b>AUDITED</b>
	<b>2016/2017</b>	<b>2015/2016</b>	<b>2015-2016</b>
Repair of Motor Vehicle	7,267,390	4,534,205.45	4,933,788
Repair of other Assets	1,224,820	1,243,511	1,243,511
	<u>8,492,210</u>	<u>5,777,716</u>	<u>6,177,299</u>

**NOTE 9: GENERAL EXPENSES**

		<b>RESTATED</b>	<b>AUDITED</b>
	<b>2016/2017</b>	<b>2015/2016</b>	<b>2015-2016</b>
GOK -Utilities Supplies and Services	1,525,048	1,156,415	1,176,415
GOK-Communication Supplies and Services	7,125,108	5,087,892	5,096,426
GOK-Domestic Travel & Subsistence & Other	32,447,660	18,783,323	19,995,729
GOK-Foreign Travel & Subsistence & Trans	1,211,295	78,946	78,946
GOK-Printing Advert &Info Supplies & Services	13,277,157	47,351,784.90	48,479,386
GOK -Rentals of Produced Assets	32,867,285	25,456,729	25,456,729
GOK -Training Expenses	2,138,447	3,394,603	3,530,913
GOK -Hospitality supplies and Services	15,179,776	7,976,035	8,070,867
Insurance	19,841,029	15,908,293	16,858,639
Specialized materials & supplies	-	699,227	699,227
GOK-Office and General supplies & service	10,615,585	2,630,384	2,677,471
GOK -Fuel and Lubricants	3,600,500	413,675	413,675

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

Other Operating expenses	8,027,725	2,843,480	2,978,822
Membership to Partners, UNFPA	3,087,167	-	-
Local travel	-	600,000	600,000
Purchase of Office Stationery	69,250	-	-
Contract Staff Gratuity	1,319,743	-	-
Other Expenses	-	-	-
Other Operating expenses	188,168	187,388	187,388
Telephone	-	-	-
Inter NCAPD -Development	-	3,684,325	3,684,325
Research Feasibility Study & Design	12,900	12,367,231	12,391,231
UNDP-Dissemination of Population Policy	-	-	-
Monitoring and Evaluation	-	1,023,200	1,023,200
Editing and Design	-	56,896	56,896
Advocacy workshops	-	135,000	135,000
Conference	-	448,700	448,700
Foreign Travel-UNFPA	472,716	380,336	380,336
Foreign Travel-Partners	-	7,341,283	7,341,283
PHE others	-	1,305,067.02	1,305,067.02
Training	258,030	319,479	319,479
PHE Network	-	341,424	341,424
<b>Total Operating Expense</b>	<b><u>153,264,589</u></b>	<b><u>159,971,115</u></b>	<b><u>163,727,574</u></b>

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

**NOTE 10: GENERAL EXPENSES PROJECT**

		<b>RESTATED</b>	<b>AUDITED</b>
	<b>2016/2017</b>	<b>2015/2016</b>	<b>2015-2016</b>
PRB KSHS	3,998,617	4,976,611.25	6,089,254
Unicef	1,446,469	8,273,579	8,273,579
UNFPA Revenue Through Treasury	57,100,638	49,283,639	49,283,639
Kuhri Kshs	1,487,200	-	-
Demographic Dividend LQAS	-	3,122,761	3,122,761
Demographic Dividend LQAS Kshs	15,400	-	-
<b>Total Project Expense</b>	<b><u>64,048,323</u></b>	<b><u>65,656,590</u></b>	<b><u>66,769,232</u></b>

**NOTE 11: FINANCE COST**

	<b>2016/2017</b>	<b>2015/2016</b>
PRB (US\$)	3,401	15,014
PRB khs	26,181	8,553
UNFPA	106,708	52,158
UNICEF	4,290	1,029
Demographic Divided LQAS	-	36,719
Recurrent	348,033	115,261
Development	159,875	253,000
miscellaneous	8,152	26,243
KUHRI Kshs	825	1,300
KUHRI USS	-	989
Miscellaneous dollar	-	48,706
UNIAIDS	-	37,928
2034520928 Dev ii	21	-
<b>Total Finance Cost</b>	<b><u>657,485</u></b>	<b><u>596,901</u></b>

**NOTE 12: PROFIT ON DISPOSAL**

	25% KBL 651G	25% KBL 688G	
NBV 13	3,700,000	3,700,000	
Dep	925,000	925,000	
NBV 14	2,775,000	2,775,000	
Dep	693,750	693,750	
NBV 15	2,081,250	2,081,250	
Dep	520,313	520,313	
NBV 16	1,560,938	1,560,938	
Dep	390,234	390,234	
	1,170,703	1,170,703	
			Totals
sold at	1,650,000	1,750,000	3,400,000
NBV	1,170,703	1,170,703	2,341,406
<b>Gain</b>	<b>479,297</b>	<b>579,297</b>	<b>1,058,594</b>
<b>Summary</b>			
Cost/ Valuation	3,700,000	3,700,000	7,400,000
Accumulated Depreciation	2,529,297	2,529,297	5,058,594
NBV	<b>1,170,703</b>	<b>1,170,703</b>	<b>2,341,406</b>

**NOTE 13: CASH AND CASH EQUIVALENTS**

Bank	AC/NO	Donor/ Project	F currency	2016/2017	RESTATED	AUDITED
				Amount KSHS	2015/2016 Amount KSHS	2015-2016
BBK	045-1547933	Recurrent		449,295	1,907,724	(6,831,769)
BBK	045-1548190	Development		2,100,021	1,546,369	(1,854,806)
CBA	6427120041	UNFPA		24,052,415	3,153,338	3,153,338
CBA	6427120036	MACRO ( US\$)	10,990	1,139,823	1,131,478	1,121,798
CBA	6427120015	PRB (US\$)	67,750.81	7,026,437	83,421	83,421
	6427120172	prb kshs		1,935,990	6,506,249	5,780,479
CBA	6427120028	UNICEF		158,471	1,568,057	1,568,057
BBK	045-1548204	NCAPD		18,906,617	15,849,877	15,765,877
BBK	221012119	Miscellaneous Dollar	83,139.63	8,622,411	8,138,167	8,138,167
CBA	6427120104	LQAS Dollar	3,807	394,826	388,583	388,583
BBK	045-1099655	MISCELLANEOUS		220,647	303,412	271,412
CBA	6427120151	Kuhri Kshs		522,842	457,103	287,267

Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017

CBA	6427120167	Kuhri US\$	15,920	1,651,096	1,800,343	1,624,987
BBK	2034520928			6,946	106,827	106,827
		RPC VARIOUS		352,838	428,049	428,049
				<b>67,540,674</b>	<b>43,368,998</b>	<b>30,031,687</b>

Foreign currencies were converted at an exchange rate of 103.71  
Amounts for previous year have been restated

**NOTE 14 RECEIVABLES FROM EXCHANGE**

	2016/2017	2015-2016
Receivables	3,336,181	5,802,573

**NOTE 15: PAYABLES FROM EXCHANGE**

	2016-2017	RESTATED 2015-2016	AUDITED 2015-2016
	8,662,538	24,463,304	21,413,102

**NOTE 16 DEFERRED INCOMES**

	2016/17	2015/16
Macro	1,139,823	1,121,798
PRB	7,026,437	83,421
PRB kshd	1,935,990	5,780,479
UNFPA	24,052,415	3,153,338
Unicef	158,471	1,568,057
Kuhri Kshs	522,842	287,267
Demographic Dividend LQAS Kshs	-	-
Demographic Dividend LQAS	394,826	388,583
Kuhri US\$	1,651,096	1,624,987
Total deferred Income	<b>36,881,899</b>	<b>14,007,930</b>


Financial Statements for National Council for Population and Development for year ended 30<sup>th</sup> June 2017  
**XVII: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference . on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Property Plant and equipment excluded value of un determined land	<ul style="list-style-type: none"> <li>The council has been following up with the Commissioner of Lands and NLC for allocation of alternative land</li> <li>The process of obtaining title of Murang,a land is at an advanced stage</li> <li>The process for Kisii land is at negotiation stage with the Ministry of Lands at both Headquarters and county</li> </ul>	Dr. Josephine Kibaru Mbae-Director General	Unresolved	This is a Policy Matter involving other Public Institutions and it's very difficult to have a time frame.
	Ownership documents for two motor Vehicles could not be verified as these are registered in the names of other parties	The council is following up with the Kenya Revenue Authority and NTSA for provision of log Book	Mr. Robert Okumu senior Administration Officer	unresolved	By June 2018
	Receivables	Other imprests were surrendered and a provision has been made for 3,737,697. The matter is in court	Director General	Unresolved	The court to determine
	Cash and Cash Equivalents	The Overdraft will be solved by enhancement of budget. The stale cheques were reversed and have since been cleared	Director Corporate Services	Resolved	

**Guidance Notes:**

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

  
 Director General

Director Corporate Services

Date.....

Date.....