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REPORT


OF

THE AUDITOR-GENERAL

ON

**BUSINESS REGISTRATION SERVICE -
OFFICIAL RECEIVER**

**FOR THE YEAR ENDED
30 JUNE, 2024**

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 18 FEB 2025	DAY: WRB
TABLED BY:	HON. DMBOKO MHEMBA, MP
CLERK AT THE TABLE:	VIVIAN WAMBUI



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

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OFFICIAL RECEIVER

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

BUSINESS REGISTRATION SERVICE
OFFICIAL RECEIVER
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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1. Acronyms and Glossary of Terms

IPSAS	International Public Sector Accounting Standards
OAG	Office of the Auditor General
PFM	Public Finance Management
OR	Official Receiver
BRS	Business Registration Service

2. Key Entity Information and Management

(a) Background information

The Office of the Official Receiver in Insolvency is a department within in the Business Registration Service, a Semi-Autonomous Government Agency under the Office of the Attorney General & Department of Justice. The Official Receiver is established and governed under the Insolvency Act, 2015 and its Regulations. The office deals with matters relating to insolvency i.e. Bankruptcy of natural persons (individuals) and winding-up of incorporated and unincorporated bodies.

The Official Receiver derives its core function of the implementation and administration of the Insolvency regime in Kenya from Part XII (Administration of this Act) of the Insolvency Act and other provisions therein.

(i) Vision

Doing business made easier.

(ii) Mission

To provide quality business support services that are responsive to our customers throughout their business life cycle.

(iii) Core Values

Customer Centricity: We pursue excellence in all that we do and are responsive to our customers

(iv) Mandate

The Office of the Official Receiver in Insolvency is a department within in the Business Registration Service, (BRS), a State Corporation established under the Business Registration Service Act, 2015. The general overall mandate of BRS are:

a) Carry out registrations required under the various acts governed by the Service;

- b) Maintain registers, data and records on registrations carried out by the Service;
- c) Implement relevant policies and guidelines and provide Cabinet Secretary with necessary information to guide the formulation of policy and amendment of existing policy and guidelines;
- d) Carry out research and disseminate research findings in fields covered by relevant laws through seminars, workshops, publications and to recommend to the Government any improvement in the relevant laws;
- e) Collaborate with other state agencies for effective discharge of its functions;
- f) Charges fees for any service performed by the service, and
- g) Performs such other functions as may be necessary under the Business Registration Service Act

The specific functions/mandate of the Official Receiver include:

- Regulate Insolvency Practice in Kenya.
- Offer a continuity mechanism for business.
- Regulate the economy by facilitating the ease of doing business.
- Manage affairs of Bankrupts' estates (Bankruptcy Trustee).
- Ensure there is a fair settlement of claims to creditors through an equitable distribution of assets.
- Act as a bankruptcy trustee, liquidator, supervisor or administrator.
- Investigate into the conduct of any person or company subject to the Insolvency Act.
- Act as officers of the Court.
- Investigate offences under the Insolvency Act.

(v) Strategic Objective

- i To promote ease of doing business
- ii To enhance user experience, awareness, and stakeholder collaboration
- iii To strengthen institutional capacity for BRS to deliver on its mandate

(b) Key Management

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

No	Designation	Name
1.	Official Receiver	Mr. Mark Gakuru HSC
2.	Director General BRS	Mr. Kenneth Gathuma HSC
3.	Deputy Official Receiver	Miss Beatrice Osicho HSC
4.	Deputy Director Finance &Accounts	CPA Erastus K. Mbalu

The Office is divided into three sections; the Official Receiver (Legal), Official Receiver (Accounts and Investment) and Official Receiver (Financial Institutions).

The legal section deals with the implementation of the legal issues as per the functions and mandate. The Official Receiver also operates offices in Kisumu and Mombasa.

(c) Fiduciary Management

The key management personnel who held office during the financial year end 30th June 2024 and who had direct fiduciary responsibility

	Designation	Name
1	Official Receiver	Mr. Mark Gakuru HSC
2	Director General BRS	Mr. Kenneth Gathuma HSC
3	Deputy Official Receiver	Miss Beatrice Osicho HSC
4	Deputy Director Finance &Accounts	CPA Erastus K. Mbalu

(d) Fiduciary Oversight Arrangements

The official Receiver is a department under Business Registration Service Board.

The Board has established the following four standing Committees to which it has delegated key responsibilities. Each Committee meets at least four times a year under the terms of reference approved by the Board.

The main responsibilities of the Committees are as follows;

i. The Audit and Governance Committee

The principal responsibilities of the Committee are to oversee, advise and provide assurance by making appropriate recommendations to the Board on the non-financial and financial matters, including the effectiveness of the internal control system, risk management and governance processes. The Committee is also responsible for evaluating the effectiveness of the Internal Audit function.

ii. The Human Resource and Finance Committee

The principal responsibilities of the Committee are to consider, advise and make appropriate recommendations to the Board on all aspects of human resource

management and financial strategies including policy and procedures, track and review the performance of staff members, consider annual income and expenditure budgets as well as review financial performance against budget and plans.

iii. The Compliance and Risk Committee

The principal responsibilities of the Committee are to consider, advise and make appropriate recommendations to the Board on all aspects of compliance and risk management. The Committee oversees and makes appropriate recommendations to the Board on implementation of effective processes and systems of compliance and risk management in the Service.

iv. The Technical and strategy Committee

The principal responsibilities of the Committee are to oversee, advise and make appropriate recommendations to the Board on implementation of the strategic plan, strategies and policies and advise the Board on any significant changes and emerging trends in the organization's operating environment.

(e) Business Registration Service-Official Receiver Headquarters

Business Registration Service
17th Floor, 316 Upper Hill Chambers,
2nd Ngong Avenue,
P. O. Box 30404-00100
Nairobi, Kenya

(f) Official Receiver Contacts

Telephone: +254 111 127 000
E-mail: eo@brs.go.ke
Website: www.brs.go.ke

(g) Official Receiver Bankers

1. National Bank of Kenya
Harambee Avenue
P.O. Box 41862 - 00100
Nairobi, Kenya
2. Central Bank of Kenya
Headquarters
P O Box 60000 - 00200
Nairobi, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

3. Statement of Performance against Pre-Determined Objectives

Section 81 (2) (f) of the Public Finance Management Act No 18. Of 2012 and Section 14 of the State Corporations Act Cap 446, requires that, at the end of each financial year, the accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

Business Registration Service has three (3) strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021/22- FY 2025/26. These strategic pillars/ themes/ issues are as follows:

1. Ease of Doing Business
2. Service Delivery, Corporate Visibility and Strategic Collaborations
3. Institutional Capacity

BRS develops its annual work plans based on the above three (3) pillars/Themes/Issues. Assessment of the performance against its annual work plan is done on a quarterly basis. The Service achieved its performance targets set for the FY 2023/24 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme /Issues	Objective	Key Performance Indicators	Activities	Achievements
A. Ease of Doing Business	1. To promote ease of doing business	<ul style="list-style-type: none"> •No of business entities registered •No of MPSR initial notices •No of MPSR Searches done •HP licenses issued •Number of legal reforms undertaken on ease of doing business 	<ul style="list-style-type: none"> •Undertake automation of registry processes •Undertake registration of business entities •Automate at least 2 manual processes •Promoting transparency in business ownership •Development of Insolvency Investment Policy •Development compliance management program 	<ul style="list-style-type: none"> •136,209 business entities registered •133,475 MPSR notices registered •25,196 MPSR searches done •41 HP licenses issued • 4 Legal amendments were undertaken (Companies (Beneficial Ownership

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		<ul style="list-style-type: none"> •No of Insolvent files closed •Percentage of linked Business entities •Level of Bo compliance 	<ul style="list-style-type: none"> •Development of an Online Platform for Lodgment of Manual Applications •Simplification of the Link-a-Business Process •Create awareness on Beneficial ownership •Develop Master List of all registered entities •Conduct workshops to train and foster integration of the BRS system with key stakeholders such as TIMS, WHRC, SASRA, •Issue Hire-purchase licenses •Digitization of the Official Receivers Records 	<p>Information) (Amendment) Regulations, 2023, Anti-Money Laundering and Combating of Terrorism Financing Laws (Amendment) Act 2023, Companies (Beneficial Ownership Information) (Amendment) Regulations, 2023, The limited Liability Partnership (Beneficial Ownership) Regulations 2023</p> <ul style="list-style-type: none"> •138 workflows automated of which 83 have been on boarded to production. •18 dormant Insolvency files closed •48.58 % of private companies BO complaint •46.58% of the business entities linked
B. Service delivery, corporate image and collaborations	2. To enhance user experience, awareness, and stakeholder collaborations	<ul style="list-style-type: none"> •Level of customer satisfaction •Number collaborations •Awareness level of BRS mandate (%) in the population 	<ul style="list-style-type: none"> •Customization of BRS Customer Service Charter •Resolution of Customer Complaints •Communication of social media communication •Modernization of the Customer Service Centre •Branding Initiatives •Stakeholder Engagement and Collaboration 	<ul style="list-style-type: none"> •74.16% of customers satisfied •29 stakeholder engagements •52.8% level of awareness of the BRS mandate •Complaint resolution score of 94% was attained. •VR installed •3240 tree seedlings planted
C. Institutional capacity	3. To strengthen institutional capacity for BRS to deliver on	<ul style="list-style-type: none"> ▪Staff turnover (%) ▪Employee satisfaction index (%) ▪Average corporate performance appraisal rating (%) ▪Revenue collected (Ksh. 	<ul style="list-style-type: none"> ▪Recruitment ▪Capacity Building and Training ▪Facilitation of an Internship Programme ▪establishment of employee welfare schemes ▪Relocation of BRS offices 	<ul style="list-style-type: none"> ▪4.46 % staff turnover ▪36 staff members trained on various courses and competencies ▪43 youths offered internship and

	its mandate	<ul style="list-style-type: none"> ▪Compliance level on AGPO ▪Compliance level on BKBK ▪System uptime (%) ▪ICT User satisfaction index (%) ▪No of policy briefs/reports disseminated 	<ul style="list-style-type: none"> ▪Undertaking of MTEF Budget Process and Resource bidding exercise ▪collection of Revenue for services offered by the Service ▪Promotion of Local Goods and Services (BKBK) ▪Asset Management & Valuation ▪Monitoring implementation of the Strategic plan ▪Development and implementation of the BRS Performance Contracting ▪Provision of Statistical Support ▪Implementation of Performance Contract ▪Enterprise Resource Planning system ▪Acquisition of ICT equipment 	attachment opportunities <ul style="list-style-type: none"> ▪Kshs 1.18 billion revenue collected ▪Asset register developed and updated ▪70% satisfaction with ICT Services ▪52.5% employee satisfaction with BRS ▪66.7% satisfaction level with work environment ▪ERP implemented ▪4 surveys done ▪Office furniture acquired ▪A total of Kshs 36.7 million awarded to AGPO group representing 43.7% of the procurement budget
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BRS Strategic Plan is implemented through Annual Work Plans (AWPs) where the strategic view and aspirations are broken down into departmental work plans. The Service incorporated the Performance Contracts commitments into work plan and linked budgeting to the annual work planning and performance contracting. The performance contract commitments were thus aligned to the organization's strategic initiatives and strategies and prioritized during budgeting process and progress tracked on quarterly basis and the submitted to the PSPMMU in line with the PC guidelines. By end of June 2024, the Service had largely achieved PC targets for the year.

4. Environmental and Sustainability Reporting

The official Receiver being a department under the Business Registration Service exists to transform lives and this is the driving force in everything we do. The Official Receiver puts the customer/ citizen first and deliver relevant services and is committed to improving operational efficiency to provide excellent services to

its clients. The World Bank Report, Doing Business 2020, ranks Kenya at position 50 globally, up from position 57 last year in resolving insolvency. The Official Receiver made resolving insolvency easier through, facilitating the continuation of the debtor's business during insolvency proceedings, providing for equal treatment of creditors in reorganization proceedings and granting creditors greater participation in the insolvency proceedings.

The Official Receivers respect the interests of our stakeholders, employees, customers, suppliers, development partners, and the wider community and we actively seek opportunities both to improve the environment and to contribute to the well-being of the community.

Our commitment to Corporate Social Responsibility is based on the principle that corporate success must not override community wellness. Corporate Success and community social well-being are interdependent and that the long-term interests of our organization are best served by improving wellbeing of our society. To this end, the Official Receiver desires to manage and operate our activities in ways that are socially responsive and environmentally sustainable.

a. Sustainability Strategy and Profile

To make Sustainability a reality Business Registration Service made it essential that all programs and activities are captured in the work plan and are proactively delivered and accurately monitored and reported. We have recognized that it is essential to embed risk management into our activities and programmes. This has become an integral part of all of our planning processes. During the Year the Official Receiver under the Umbrella of Business Registration Service developed policies that will enhance its sustainability strategy.

b. Environmental Performance

Our commitment to Corporate Social Responsibility is based on the principle that corporate success must not override community wellness. Corporate Success and community social well-being are interdependent and that the long-term interests of our organization are best served by improving wellbeing of our society. To this end, the Official Receiver desires to manage and operate our activities in ways that are socially responsive and environmentally sustainable.

The Official Receiver understands and appreciates the important role that the environment plays in promoting development and in ensuring that the goals set out in Vision 2030 are achieved. During the FY 2023/24, the Official Receiver joined the rest of the Business Registration Service staff in collaboration with the Kenya Forest Service, in five tree growing initiatives and the target to plant three thousand two hundred and forty (3240) seedlings was achieved and surpassed that translate to a minimum of 30 trees per staff member.

c. Employee Welfare

The Official Receiver has identified its human resources have the greatest importance in gaining sustainable competitive advantage and efficiency. Thus, labour force is considered as productive assets not costly assets. The recruitment of staff is done by Business Registration Service.

d. Market place practices-

Business Registration Service has put its efforts to the following in relation to the market place practices;

i) Responsible competition practice.

BRS undertakes procurement in a manner that is fair, equitable, transparent, competitive and cost effective through open tendering method. At least 30% of the annual procurement expenditure budget is reserved and awarded to Youth Women and Persons Living with Disabilities. The official Receiver being a department in Business Registration Service is bound by this policy.

In addition, BRS uses the standard bidding documents as published by the Public Procurement Regulatory Authority which requires bidders to declare that they will not engage in corrupt practices. Furthermore, we undertake proactive disclosure of tenders and contracts awarded in order to enhance transparency.

ii) Responsible Supply chain and supplier relations

The supply chain department has a proactive policy to train suppliers each financial year. The training helps suppliers, especially the Youth, Women and Persons Living with Disability owned companies, to navigate the tendering process. These trainings help build capacity of the target group and ensure good business practices.

Furthermore, Payment to suppliers is done 30 days from the date of submission of necessarily documentation upon satisfactory delivery of goods, works or services.

iii) Responsible marketing and advertisement

Procurement opportunities are shared on the BRS website (www.brs.go.ke), government tenders' portal (www.tenders.go.ke) and the social media handles for access by potential bidders.

iv) Product stewardship

The Official Receiver insists on product warranty and manufacturers authorization for all goods supplied in order to ensure supply of goods of reasonable quality that protects from harmful goods

v) Corporate Social Responsibility (CSR) /Community Engagements

During the year under review and in line with our commitment in the Performance Contract to be a responsive and accountable organization that contributes to the well-being of communities and society, through various environmental and social measures, BRS participated in five tree growing initiatives and the target to plant three thousand two hundred and forty (3240) seedlings was achieved and surpassed that translate to a minimum of 30 trees per staff member.

The Service in fulfillment of the Presidential Directive and the Government's commitment to plant 5 billion trees in the next 5 years, and an additional 10 billion trees by 2032, partnered with the Kenya Forest Service at a cost of Kshs. 1,054,650.00 to oversee the protection, conservation, and care of the trees for a period of three years.

During the year, BRS also participated in a joint tree growing initiatives during the 2nd Monday of the month organized by the State Law Office following a directive by the President on the accelerated 6-month tree-growing program spearheaded by The Cabinet, the Ministry of Environment, Climate Change and Forestry.

The Country aims to increase tree cover from 12% to 30% by 2032, restore ecological integrity and ecosystem functioning, strengthen community resilience to climate change, support sustainable supply of environmental products and services (water and biodiversity), establish nature-based enterprises in rural areas, catalyze tree growing culture among Kenyans for livelihood support, and increase access to climate finance through carbon trading.



2.

Group Photo: Members of Staff and the Kenya Forest Service Team pose for a photo after a tree growing exercise at Bomas Beat, Langata Road.



5. Statement of Official Receiver Responsibilities

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

The Official Receiver in charge of the Office is responsible for the preparation and presentation of the Official Receiver's financial statements, which give a true and fair view of the state of affairs of the Official Receiver for and as at the end of the financial year (period) ended on June 30, 2024. 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 Official Receiver; (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 Official Receiver; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Official Receiver in charge of the Office accepts responsibility for the Official Receiver's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Official Receiver is of the opinion that the Official Receiver's financial statements give a true and fair view of the state of Official Receiver's transactions during the financial year ended June 30, 2024, and of the Official Receiver's financial position as at that date. The Official Receiver further confirms the completeness of the accounting records

maintained for the Official Receiver, which have been relied upon in the preparation of the Official Receiver's financial statements as well as the adequacy of the systems of internal financial control.

The Official Receiver confirms that the office has complied fully with applicable Government Regulations and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Official Receiver confirms that the Official Receiver's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya

Approval of the financial statements

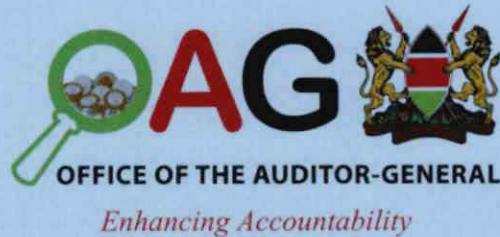
The Official Receiver's financial statements were approved and signed on **04th December, 2024.**



Mark Gakuru HSC
Official Receiver

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BUSINESS REGISTRATION SERVICE - OFFICIAL RECEIVER FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Business Registration Service-Official Receiver set out on pages 1 to 24 which comprise the statement of financial assets

and financial liabilities as at 30 June, 2024, and the statement of receipts and payments, 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, the financial statements present fairly, in all material respects, the financial position of Business Registration Service-Official Receiver as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

As disclosed under the progress on follow-up of auditor's recommendations section of the financial statements, the prior year issues remained unresolved as at 30 June, 2024. Management has not provided satisfactory reasons for the delay in resolving the issues.

Other Information

The Management is responsible for the other information set out on page iii to xviii which comprise of Key Information and Management, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Official Receiver Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Official Receiver's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Irregular Operation of Bank Accounts

As previously reported, the Official Receiver maintained bank accounts at a commercial bank. This was contrary to Section 708 of the Insolvency Act, 2015 which requires the official receiver to establish in the Central Bank of Kenya an account named "The insolvency account", which the official receiver shall pay in the insolvency services account all money recovered under the performance and exercise of the Official receiver's functions and powers under the Act. Review of minutes provided for audit confirmed that the Official Receiver had prepared an Insolvency Amendment Bill which deletes Section 708 (1), (2) and (3). As at the time of audit, the amended bill had not been adopted.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effects of the matter described in the Basis for

Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Capacity in Internal Audit Unit

Review of the staffing levels in the Internal Audit Unit revealed that the Official Receiver has only one staff after the resignation of the systems auditor in May, 2022. The Head of the Internal Audit function is placed at the BRS salary scale grade 4. This is contrary to the Head of Public Service Circular dated 11 March, 2020 which required the Head of Internal Audit to be on levels 2 or 3 of the grading structures. Further, the staff establishment provides for only two (2) auditors in the Internal Audit function, which is inadequate to ensure comprehensive audits.

In the circumstances, the effectiveness of the arrangements put in place by the Service for conducting internal audit could not be confirmed.

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

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Official Receiver's ability to continue to as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 December, 2024

7. Statement of Receipts and Payments for the year ended 30th June 2024

	Note	2023-2024	2022-2023
			Kshs.
RECEIPTS			
Other Receipts	1	<u>122,639,984</u>	<u>202,120,049</u>
TOTAL REVENUES			
PAYMENTS			
Compensation of Employees	2	12,564,875	6,607,832
Use of goods and services	3	56,267,377	162,474,156
Discharged files Expenses	4	58,196,333	0
Transfer to revenue	5	2,136,657	1,563,680
Other payments	6	1,923,156	4,148,169
Acquisition of assets-non-financial assets	7	0	5,750,000
TOTAL PAYMENT		131,088,398	180,543,837
SURPLUS/DEFICIT		<u>(8,448,414)</u>	<u>21,576,212</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **04TH December, 2024** and signed by;



.....
Mark Gakuru HSC
Official Receiver



.....
CPA Erastus Mbalu
Deputy Director Finance &Accounts
ICPAK NO. 6469

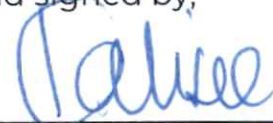
8. Statement of Financial Assets and Financial Liabilities as at 30th June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and cash Equivalents			
Bank Balances	8	48,407,302	33,118,359
Short term deposits	9	29,900,000	95,400,000
Treasury Bills	10	401,964,816	360,202,173
Total cash and cash equivalents		<u>480,272,118</u>	<u>488,720,532</u>
Current Assets			
Receivables	11	<u>127,726,843</u>	<u>127,726,843</u>
TOTAL FINANCIAL ASSETS		607,998,961	616,447,375
NET FINANCIAL ASSETS		607,998,961	616,447,375
REPRESENTED BY			
Fund balance b/fwd	12	616,447,375	594,871,163
Surplus/Deficit for the year		(8,448,414)	21,576,212
NET FINANCIAL POSITION		<u>607,998,961</u>	<u>616,447,375</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **04th December, 2024** and signed by;



Mark Gakuru HSC
Official Receiver



CPA Erastus Mbalu
Deputy Director Finance &Accounts
ICPAK NO.6469

9. Statement of Cashflows for The year ended 30th June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Other Receipts	1	122,639,984	202,120,049
Total Receipts		<u>122,639,984</u>	<u>202,120,049</u>
Payments for operating expenses			
Compensation of Employees	2	12,564,875	6,607,832
Use of goods and services	3	56,267,377	162,474,156
Discharged files Expenses	4	58,196,333	
Transfer to other Government Units	5	2,136,657	1,563,680
Other payments	6	1,923,156	4,148,169
Total Payments		<u>131,088,398</u>	<u>174,793,837</u>
Net Cash flow from operating activities		(8,448,414)	27,326,212
Cash flow From Investing Activities			
Acquisition of assets	7	0	5,750,000
Net Cash Flows from Investing Activities		0	(5,750,000)
Net decrease in cash and cash equivalent		(8,448,414)	21,576,212
Cash and cash equivalent at the start of the year		488,720,532	467,144,320
Cash and cash equivalent at the end of the year		480,272,118	488,720,532

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **04th December 2024** and signed by:



Mark Gakuru HSC
Official Receiver



CPA Erastus Mbalu
Deputy Director Finance &Accounts
ICPAK NO.6469

10. Statement of Comparison of Budget and Actual Amounts for FY 2023/24

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Other receipts	174,793,837	(42,061,849)	132,731,988	122,639,984	10,092,004	92.39%
Total Receipts	174,793,837	(42,061,849)	132,731,988	122,639,984	10,092,004	92.39%
Payments						
Compensation of employees	6,607,832	6,000,000	12,607,832	12,564,875	42,957	99.66%
Use of goods and services	40,925,633	16,500,000	57,425,633	56,267,377	1,158,256	97.98%
Discharged files Expenses	121,548,523	(63,000,000)	58,548,523	58,196,333	352,000	99.39%
Transfers to other government entities	1,563,680	636,320	2,200,000	2,136,657	63,440	97.12%
Other Expenses	4,148,169	(2,198,169)	1,950,000	1,923,156	26,845	98.6%
Acquisition of assets	0					
Total Payments	174,793,837	(42,061,849)	132,731,988	<u>131,088,398</u>	284,183	98.76%
Surplus/ Deficit				(8,448,414)		

The financial statements were approved on **04th December 2024** and signed by:



.....
MARK GAKURU HSC
Official Receiver



.....
CPA Erastus Mbalu
Deputy Director
Finance &Accounts
ICPAK NO. 6469

11. (a) Summary Statement of Appropriation: Recurrent for FY 2023/2024

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Other receipts	174,793,837	(42,061,849)	132,731,988	122,639,984	10,092,004	92.39%
Total Receipts	174,793,837	(42,061,849)	132,731,988	122,639,984	10,092,004	92.39%
Payments						
Compensation of employees	6,607,832	6,000,000	12,607,832	12,564,875	42,957	99.66%
Use of goods and services	40,925,633	16,500,000	57,425,633	56,267,377	1,158,256	97.98%
Discharged files Expenses	121,548,523	(63,000,000)	58,548,523	58,196,333	352,000	99.39%
Transfers to other government entities	1,563,680	636,320	2,200,000	2,136,657	63,440	97.12%
Other Expenses	4,148,169	(2,198,169)	1,950,000	1,923,156	26,845	98.6%
Acquisition of assets	0					
Total Payments	174,793,837	(42,061,849)	132,731,988	131,088,398	284,183	98.76%
Surplus/ Deficit				(8,448,414)		

The financial statements were approved on **04th December 2024** and signed by:



MARK GAKURU HSC
Official Receiver



CPA Erastus Mbalu
Deputy Director
Finance &Accounts
ICPAK NO. 6469

(b) Summary Statement of Appropriation: Development for FY 2023/2024

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Other receipts	0	0	0	0	0	0
Total Receipts	0	0	0	0	0	0
Payments						
Compensation of employees	0	0	0	0	0	0
Use of goods and services	0	0	0	0	0	0
Discharged files Expenses	0	0	0	0	0	0
Transfers to other Government entity	0	0	0	0	0	0
Acquisition of assets	0	0	0	0	0	0
Other payments	0	0	0	0	0	0
Total Payments	0	0	0	0	0	0
Surplus/Deficit	0	0	0	0	0	0

There was no development budget for the official receiver in the FY 2023/2024.

The financial statements were approved on **04th December 2024** and signed by:



MARK GAKURU HSC
Official Receiver



CPA ERASTUS MBALU
Deputy Director
Finance &Accounts
ICPAK NO. 6469

12. Notes to the Financial Statements

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with cash basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprest and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the Official Receiver. The financial statements encompass the Official Receiver as specified under section 81 of the PFM Act 2012.

3. Reporting Currency

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

Notes to the Financial Statements (Continued)

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

b) Recognition of payments

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

i) Compensation of Employees

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

ii) Use of Goods and Services

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

iii) Acquisition of Fixed Assets

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

Notes to the Financial Statements (Continued)

Significant accounting policies (Continued)

5. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the National Bank of Kenya at the end of the financial year. A bank account register is maintained, and a summary provided for purposes of consolidation.

6. Imprests and advances

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

7. Pending Bills

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

Notes to the Financial Statements (Continued)

Significant accounting policies (Continued)

8. Comparative Figures

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

9. Subsequent events

There have been no other events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

Notes to the Financial Statements

1. Other Receipts

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Received	43,288,529	36,800,077
Deposits	79,351,455	165,319,972
Total	122,639,984	202,120,049

- Other revenues/receipts for the period ended June 2024 decreased compared to the same period last year, primarily due to a reduction in the number of liquidation and bankruptcy petitions, which can be attributed to gradual stability in the economy.
- The interest received during the period under review increased compared to the previous period, as more funds were invested in Treasury bills which gave high return rate.

Notes to the Financial Statements (Continued)

2. Compensation to employees

Description	2023-2024	2022-2023
	Kshs	Kshs
Basic salaries of permanent employees	12,380,875	5,717,832
Interns/Casuals	184,000	890,000
Total	12,564,875	6,607,832

- The Official Receiver has retained more key staff from liquidated firms to assist in the Liquidation of Discount Securities and Vehicles & Equipment Leasing Limited.
- The Official Receiver engaged interns for a period of one month during the period under review, in contrast to the comparative period, where they were engaged for six months.

Notes to the Financial Statements (Continued)

3. Use of goods and services

Description	<i>2023-2024</i>	<i>2022-2023</i>
	Kshs	Kshs
Communication, supplies and services	157,800	24,000
Domestic travel and subsistence	20,587,700	16,800,940
Foreign travel and subsistence	830,934	0
Printing, advertising and information supplies & services	12,167,702	2,487,694
Training expenses	12,555,900	849,000
Hospitality supplies and services	22,000	17,078
Conference and Delegation	3,906,000	1,602,000
Insurance costs	456,631	490,213
Security Services	1,071,000	0
Office and general supplies and services	2,053,500	6,027,000
Fuel Oil and Lubricants	724,557	623,000
Other operating expenses	1,229,138	4,001,630
Routine maintenance – vehicles and other transport equipment	59,800	88,701
Postage Services	196,350	430,000
Discharged Files		121,548,523
Membership to professional bodies	248,365	212,714
Legal fees	0	7,271,663
Total	56,267,377	162,474,156

Notes to the Financial Statements(Continued)

- The increase in the number of OR staff assisting with the liquidation process during the financial year under review led to higher telecommunication costs.
- The rise in domestic travel expenses was due to the nationwide audit of assets entrusted to the Official Receiver spearheaded by the internal audit department, court attendance, file review activities in both Mombasa and Kisumu and Creditors out of station meetings
- The Official Receiver and a staff attended the Insolvency International Colloquium hence the increase in the foreign travel cost.
- Brand index surveys conducted over the past three years revealed low brand equity/ visibility for the Official Receiver, prompting the need for a brand awareness campaign across all major towns in the country. This resulted in a significant increase in advertising expenses.
- The training expenses include the Investment Committee training, training sessions for judges and other stakeholders on insolvency and bankruptcy matters as well as building internal capacity trainings.
- The cost of conference facilities has increased due to the number of stakeholder engagements, including training sessions for judges on insolvency and also capacity Building for Official Receiver staff.
- The cost for general office supplies was incurred for purchasing computer accessories and stationery, to facilitate printing of court documents and final accounts for the completed Official Receiver matters and also branded accessories used during the Road shows.

Notes to the Financial Statements (Continued)

court documents and final accounts for the completed Official Receiver matters and also branded accessories used during the Road shows.

- The increase in security service costs was attributed to the Official Receiver hiring police officers for a two-month period and contracting Securicor services to guard Cytonn Properties and protect creditors' interests.
- The increase in the amount spent on Fuel and motor vehicle maintenance costs in the period under review was higher compared to the same period last FY. This was majorly attributed to high out of office engagements necessitating regular usage of motor vehicles.
- The decrease in other operating expenses during the period under review is due to minimal asset valuation by the Official Receiver compared to the previous period, as most matters requiring valuation have been completed.
- The amount of Kshs. 7,271,663 spent in the previous FY paid as legal fees was in settlement of an advocate's bill of costs for services rendered to the Official Receiver, it was a one-off cost and not the norm.

Notes to the Financial Statements (Continued)

4. Discharged Files Expenses

Explanation	2023-2024	2022-2023
	Kshs	Kshs
Discharged Files	58,196,333	0
Total	58,196,333	0

- During the comparative period, expenses related to discharged files were recognized under the category of use of goods and services.
- The expense has declined due to fewer finalized cases by the Official Receiver, in contrast to the comparative period when most of the Official Receiver's cases were concluded.

5. Transfer to other government units

Explanation	2023-2024	2022-2023
	Kshs	Kshs
KCB revenue account	2,136,657	1,563,680
Total	2,136,657	1,563,680

- In the Financial Year under the review, Official Receiver transferred higher revenue compared to the comparative Financial Year due to closure of many bankruptcy estates files.

Notes to the Financial Statements(Continued)

6. Other payments

Explanation	2023-2024	2022-2023
	Kshs	Kshs
Creditors/Refunds	1,236,400	3,138,955
Tax paid/WHT	559,233	798,064
Bank Charges	127,523	211,150
Total	1,923,156	4,148,169

- The amounts paid out as refund in the period ended June 2024, relate to money refunded back to unsuccessful bidders during Asset Disposal by the Official Receiver which was lower compared to the comparative year.
- Withholding tax and bank charges have decreased due to a lower volume of transactions in the account.

Notes to the Financial Statements (Continued)

7. Acquisition of assets (non-financial assets)

Non -Financial Assets	2023-2024	2022-2023
	Kshs	Kshs
Purchase of Vehicles and other Transport Equipment	0	5,750,000
Total	0	5,750,000

The Official Receiver has procured a Motor Vehicle (van KDG 799C) in the last Financial Year which was not the case in the current Financial Year.

Notes to the Financial Statements(Continued)

8. Bank Accounts

NO.	ACCOUNT NAME	2023/2024	2022/2023
		Kshs	Kshs
I.	Bankruptcy Estate Fund	6,362,115	7,966,647
II.	Bankruptcy Contingency Fund	5,907,345	2,263,803
III.	Companies Liquidation	28,396,036	12,962,574
IV.	Companies Contingency Fund	1,898,198	886,082
V.	Companies Investment Income Fund	37,179	41,499
VI.	Rural Urban Credit Finance	24,495	455,324
VII.	Continental Credit Finance Ltd	690,641	1,466,822
VIII.	Capital Finance Ltd	73,626	77,946
IX.	Pioneer Building Society	65,807	1,038,998
X.	Matatu Vehicles Owners Association	30,739	202,411
XI.	Kenya National Assurance Co. Ltd	1,834,149	2,612,981
XII.	E.A Bag & Cordage	66,012	67,874
XIII.	Kenya Project & Investment Ltd	816,002	816,002
XIV.	Tropical Building society	472	106,784
XV.	Ken-Ren Chemicals Fertilizers	1,880,573	3,731
XVI.	Nyakio Investments Ltd	8,596	8,596
XVII.	Bankruptcy Estate Fund(M)	181,285	181,285
XVIII.	Bankruptcy Estate Fund (K)	103,605	103,725
XIX.	Company Liquidation (M)	30,427	1,855,275
XX.	Bankruptcy Investment Income	0	0
	TOTAL	48,407,302	33,118,359

The bankruptcy Investment income account since opened there were no funds channeled to that account, hence it has Zero (0) balance

Notes to the Financial Statements (Continued)

9. Cash Equivalents (Short-Term Deposits)

NO	ACCOUNT NAME	2023/2024	2022/2023
		Kshs.	Kshs.
i.	Bankruptcy Estate Fund	0	30,000,000
ii.	Bankruptcy Contingency Fund	8,000,000	8,000,000
iii.	Companies Liquidation	7,500,000	35,000,000
iv.	Rural Urban Credit Finance	5,400,000	4,500,000
v.	Matatu Vehicles Owners Association	1,700,000	1,500,000
vi.	Kenya National Assurance Co. Ltd	1,500,000	4,000,000
vii.	E.A Bag & Cordage	1,400,000	1,400,000
viii.	Tropical Building society	1,100,000	1,000,000
ix.	Ken-Ren Chemicals & Fertilizers	0	10,000,000
x.	Bankruptcy Estates Mombasa	200,000	0
xi.	Company Contingency Fund	1,000,000	0
xii.	Pioneer Building Society	900,000	0
xiii.	Company Liquidation Mombasa	1,200,000	0
	TOTAL	29,900,000	95,400,000

- At the end of FY 2023/2024, the investment in fixed deposits was Kshs. 29,900,000 as at 30th June 2024.

10. Treasury Bills

NO	ACCOUNT NAME	2023/2024	2022/2023
		Kshs.	Kshs.
	Bankruptcy Estate Fund	257,083,738	271,109,614
	Ken-Ren Chemicals & Fertilizers	144,881,078	89,092,559
	Total	401,964,816	360,202,173

Notes to the Financial Statements(Continued)

- Official Receiver investments on treasury bills stood at Kshs. 401,964,816 in FY 2023/2024 as at 30th June 2024.

11. Receivables

		2023/2024	2022/2023
		Kshs.	Kshs.
	Consolidated bank (Shares)	86,644,260	86,644,260
	Deposit Protection Board	41,082,583	41,082,583
	Total	<u>127,726,843</u>	<u>127,726,843</u>

12. Fund Balance

		2023/2024	2022/2023
		Kshs.	Kshs.
	Bank accounts	48,407,302	33,118,359
	Cash equivalent	431,864,816	455,602,173
	Receivables	127,726,843	127,726,843
		<u>607,998,961</u>	<u>616,447,375</u>

Notes to the Financial Statements(Continued)

13. Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Focal 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)
Key Audit Matters					
Irregular Operation of Bank Accounts	As previously reported, official receiver maintained bank accounts at the National Bank of Kenya Limited contrary to the section 708 of the Insolvency Act which require that the official receiver shall establish in the Central Bank of Kenya an account- called the insolvency account, which the official receiver shall pay in the to the insolvency services account all money recovered un the performance and exercise of the Official receiver's functions and powers under the Act.	The Official Receiver has prepared the Insolvency Amendment bill which deletes section 708, sub section (1, 2 and 3) since the section as it is, is not practical in the official receiver's day to day management of its operations.	Mark Gakuru - Official Receiver	unresolved	Awaiting to appear before parliament

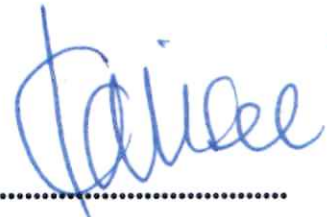
Report on Effectiveness of Internal Controls, Risk Management and Governance

	<p>Incomplete Human Resource Records Analysis of personal files provided by Business Registration Services- Official Receiver revealed that some files had missing documents such as identification card, KRA Pins, next of kin details, Colour Passport size photograph and appointment letters with incomplete contract missing specific on leave days, maternity leave days, paternity leave days, job description and details on termination were not clearly stated.</p>	<p>The human resource unit has since updated all the personal files with the necessary documents and has since amended all the contracts for official receiver employees.</p>	<p>Mark Gakuru - Official Receiver</p>	<p>Resolved</p>	<p>Awaiting appear in parliament</p>
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The accounting policies and explanatory notes to these financial statements form an integral part of the financial Statements. The entity financial statements were approved on **04th December 2024** and signed by;



.....
MARK GAKURU HSC
Official Receiver



.....
CPA Erastus Mbalu
Deputy Director
Finance &Accounts
ICPAK NO. 6469

11. Annexes

Annex 1 – Summary of Fixed asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Motor Vehicles	10,567,000	0	0	0	10,567,000
Office equipment, furniture and fittings	4,690,060	0	0	0	4,690,060
ICT Equipment	670,000	0	0	0	670,000
Total	15,927,060	0	0	0	15,927,060