

REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
JUDICIAL SERVICE COMMISSION**

**FOR THE YEAR ENDED
30 JUNE 2016**





REPUBLIC OF KENYA

JUDICIAL SERVICE COMMISSION

REPUBLIC OF KENYA



ANNUAL REPORT
&
FINANCIAL STATEMENTS

2016

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

28 OCT 2016

RECEIVED

JUDICIAL SERVICE
COMMISSION

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



NATIONAL GOVERNMENT ENTITY
JUDICIAL SERVICE COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016

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

JUDICIAL SERVICE COMMISSION
Reports and Financial Statements
For the year ended June 30, 2016

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JUDICIAL SERVICE COMMISSION
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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The *Judicial Service Commission* was formed on under Article 171 of the constitution of Kenya 2010 and operationalized by the Judicial Service Act No 1of 2011 of the Commission is represented by the Chief Registrar of the Judiciary who is responsible for general policy and strategy direction of constitution

(b) Key Management

The *Commission* day-to-day management is under the following key organs:

- The Commission
- Chief Registrar of the Judiciary
- Registrar JSC
- Director JTI

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Anne A Amadi
2.	Registrar JSC	Winfride B Mokaya
3.	Director JTI	Hon Justice Prof James Odek

(d) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

Audit and Governance and Risk Management Committee

The purpose of this committee is to assist the Commission in fulfilling its oversight responsibilities by reviewing, identifying, assessing, monitoring and managing risks and to ensure good governance generally.

Parliamentary committee

This committee has an oversight role and reviews the Commission's performance on financial matters.

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Development partner oversight activities

They keep the Commission in check mostly for external funding and its proper utilization in accordance to their regulations as contained in the financing agreement.

Planning and Development

The purpose of this committee is to assist the Commission in fulfilling its responsibilities to monitor and oversee the Commission's financial affairs with respect to the financing plans, investments, financing requirements and policies.

(e) Entity Headquarters

P.O. Box 30041 00100
Supreme court Building
City Hall Road
Nairobi, KENYA

(f) Entity Contacts

Telephone: (254) 2212221
E-mail: jscsecretariat.go.ke
Website: www.go.ke

(g) Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

(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

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II. FORWARD BY THE ACCOUNTING OFFICER

The JSC is a constitutional body established under Article 171(1) of the Constitution of Kenya. The Constitution confers upon the JSC an expansive and liberal mandate in the discharge of its functions. The mandate of the Commission as provided for under Article 172 (1) of the Constitution is to promote and facilitate the independence and accountability of the Judiciary and the efficient, effective and transparent administration of justice.

In the 2015/16 Financial Year, The Commission's approved allocation for Recurrent Budget estimates was Kshs 472,000,000. Actual expenditure during the year was Kshs. 405,000,000 which translates to 84 % of the Approved Estimates. Under-expenditure in the recurrent vote arose from non-execution of a few activities and failure to fill vacant positions in the staff establishment.

The Commission executes its mandate under General administration, Planning and support services programme divided into two sub programmes namely: Administration and judicial services and judicial training. During the period under review, Continuing education for judges improved from 60% in 2013/14 to 99% in 2015/2016 and that of other judicial officers improved from 45% in 2013/14 to 94% in 2015/2016. Development of key policies critical in contributing to efficiency and effectiveness of justice was an important these include Bail & Bond, HR Manual, Finance Manual, Performance Measurement, Management and Understanding Guidelines, Disability, Sexual Offences, Sentencing. A total of 148 Magistrates and 775 judiciary staff were promoted during the year to ensure a staff motivation for better service delivery. To promote accountability, the Commission investigated heard and concluded 50% of public complaints against Judges and another 62% of disciplinary cases against judiciary staff this was increased performance from previous year which recorded 25% and 55% respectively.

During the next MTEF period, the Commission plans to achieve outputs as outlined in the strategic plan 2015-2020 including; Improved Efficiency and Effectiveness in Administration of Justice; Attract and Retain Competent Human Capital; Enhanced Transparency, Independence & Accountability of Justice; Improved Stakeholder Engagement, visibility and Image of the Commission; Enhanced capacity of Judges, Judicial Officers and staff; Improved Curriculum for Continuing Education and Training; Enhanced Research and Policy framework. The Commission

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plans to recruit 30 additional Judges for the Supreme, Appeal and High Courts, 50 judicial officers and 200 judiciary staff to respond to the human resource needs of the judiciary. The policy framework will be enhanced by developing more policies including, ICT Policy, Training Policy, Communication Strategy, Integrity policy. Continuous education, training and research will remain a key focus for the Commission during the year 2017/2018 so as to continuously equip Judges, judicial officers and staff with skills to respond to emerging issues in administration of justice.

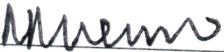
During the year under review the emerging issues which the commission plans to address include;

1. New Legal Frontiers issues such as increased socio-economic rights awareness, the discovery of natural resources, cyber-crimes, terrorism, international organized crime, global changes in the legal environment, and ethics will necessitate the need for the Commission's training organ, JTI to provide for specialized training of Judicial officers, to enable them respond to matters that may arise.
Further, the forthcoming general elections are expected to be the most competitive in the history of the nation. This anticipation has necessitated training endeavors vis a vis resolution of election disputes.
2. Operationalization of the Judicial Fund. The coming into law of the Judicial Fund Act, 2016 is expected to contribute immensely towards how the Judiciary fulfils its mandate. The Commission will undoubtedly be called upon to expand its oversight capacity towards ensuring delivery of services for the 'mwananchi'. The extent to which the Judicial Fund will affect service delivery will be a subject of discussion for years to come.
3. Expanded Jurisdiction and Mandate of the Magistrates' Courts. The Jurisdiction and mandate of the Magistrates' Courts has been expanded to include, among other things, determination of election disputes. It is therefore expected that the number of new cases being filed across the country will increase significantly. This will require that sufficient capacity building through training be focused on the Judicial Officers.

In the course of implementing its mandate the commission was faced with several challenges including:

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1. Insufficient resources. Insufficient resources have hampered the performance of the commission's mandate to provide adequate training. This has led to over-reliance on partners and donor organizations to cover the resource-gaps. Further, the JSC has a secretariat that provides administrative support to the Commission. This secretariat is not fully established. As the Judiciary continues to grow the commission needs to also increase its human capital in order to address increased demands placed upon it by a growing Judiciary.
2. Information Communication Technology. New ICT innovations continue to demand that the Commission reviews the processes used to perform its mandate.
3. Lack of a Robust Legal Framework for the Judiciary Training Institute (JTI). One part of the JSC's mandate is to provide constitutionally-mandated Continuous Judicial Education for its judicial officers and staff. This role is played by the Judiciary Training Institute (JTI). There is a need to review this legal framework in an effort to adopt best practices observed in other progressive Judiciaries.
4. Poor perception of the benefits of trainings to Judicial Officers. Whereas the constitution mandates the continuous judicial education of all judicial officers concerns have been expressed by various stakeholders on the absence of the Judicial officers when they are away to attend the trainings. This calls for aggressive engagement with stakeholders about the benefits of training.


Accounting Officer

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III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the (*Judicial Service Commission*) is responsible for the preparation and presentation of the *Commission* financial statements, which give a true and fair view of the state of affairs of the *Commission* for and as at the end of the financial year (2015) ended on June 30, 2016. 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 *Commission*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the (*Judicial Service Commission*) accepts responsibility for the *entity's* financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *Commission* financial statements give a true and fair view of the state of *Commission* transactions during the financial year ended June 30, 2015, and of the *Commission* financial position as at that date. The Accounting Officer charge of the (*Judicial Service Commission*) further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *Commission* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the (*Judicial Service Commission*) confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the

JUDICIAL SERVICE COMMISSION

Reports and Financial Statements

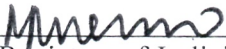
For the year ended June 30, 2016

Accounting Officer confirms that the *Commission'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 *Commission's* financial statements were approved and signed by the Accounting Officer on

28th Oct 2016



Chief Registrar of Judiciary



Deputy Director Accounts

JUDICIAL SERVICE COMMISSION

Reports and Financial Statements

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IV. REPORT OF THE INDEPENDENT AUDITORS ON THE JUDICIAL SERVICE COMMISSION

We have audited the accompanying (consolidated) financial statements of (*Judicial Service Commission*) for the year ended June 30, 2016, which comprise: (i) a statement of receipts and payments; (ii) a statement of financial assets and liabilities; (iii) a statement of comparative budget and actual amounts; (iv) a statement of pending bills as at June 30, 2016 and (v) a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The *Commission's* Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the *entity's* preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

JUDICIAL SERVICE COMMISSION
Reports and Financial Statements
For the year ended June 30, 2016

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2015, and its receipts and payments, as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Auditor General

Date

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 JUDICIAL SERVICE COMMISSION FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Judicial Service Commission set out on pages 10 to 24, which comprise the statement of assets as at 30 June 2016, 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.

Management's Responsibility for the Financial Statements

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

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures

Report of the Auditor-General on Judicial Service Commission for the year ended 30 June 2016

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Under- Expenditure

The statement of Appropriation Account Recurrent for the year 2015/2016 reflects final budget of Kshs.473,200,002 and actual on comparison basis of Kshs.394,411,753 resulting in an under expenditure of Kshs.78,788,249 or 17% of the total budget. No explanation has been provided for the low absorption of the budgeted funds which casts doubt as to whether the Commission achieved its intended purposes during the year.

2. Unsupported Board Expenditure

During the year under review, the Commission held a total of 61 board meetings. However, only 31 meetings were supported by minutes. In absence of proper supporting documents of attendance registers and board meeting minutes, the total expenditure of Kshs.49,000,000 paid for board meetings could not be ascertained.

Consequently, the propriety of the expenditure of Kshs.49,000,000 could not be confirmed.

3. Unexplained Expenditure Increases

During the year under review, the Commission incurred under the use of goods and services the following expenditure items which had huge unexplained increases;

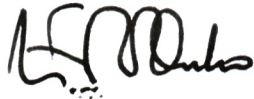
Item	2014/2015	2015/2016	Un explained Increase (Kshs.)	%
	(Kshs)	(Kshs)		
Foreign travel and subsistence	34,424,667	56,183,257	21,758,590	63%
Printing, Advertising and Information supplies and services	4,270,659	16,635,302	12,364,643	290%
Training Expenses	81,690,620	136,494,108	54,803,480	67%
Other Operating expenses	7,439,500	32,100,485	24,660,985	332%
Total	127,825,476	241,413,152	113,587,706	

The management of the Board did not provide sufficient explanations to justify the huge increases of the expenditures.

In the circumstance, the propriety and probity of the expenditure of Kshs.241,413,152 could not be confirmed.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Judicial Service Commission as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.



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

Nairobi


23 December 2016

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I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Exchequer releases	1	405,000,000	253,700,000
TOTAL RECEIPTS		405,000,000	253,700,000
PAYMENTS			
Use of goods and services	2	389,974,646	248,952,004
Social Security Benefits	3	3,105,917	-
Acquisition of Assets	4	1,331,190	3,056,835
TOTAL PAYMENTS		394,411,753	252,008,839
SURPLUS/DEFICIT		10,588,247	1,691,161

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 28-10-2016 and signed by:


 Chief Registrar of Judiciary


 Deputy Accounts Director

JUDICIAL SERVICE COMMISSION
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II. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	5	13,545,946	101,007
Total Cash and cash equivalent		<u>13,545,946</u>	<u>101,007</u>
Accounts receivables – Outstanding Imprests	6	480,000	3,336,692
TOTAL FINANCIAL ASSETS		<u>14,025,946</u>	<u>3,437,699</u>
FINANCIAL LIABILITIES			
		-	-
NET FINANCIAL ASSETS			
REPRESENTED BY			
Fund balance b/fwd	8	3,437,699	1,746,538
Surplus/Deficit for the year		10,588,247	1,691,161
Prior year Adjustment		-	-
NET FINANCIAL POSSITION		<u>14,025,946</u>	<u>3,437,699</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 _____ 2016 and signed by:


 Chief Registrar of Judiciary

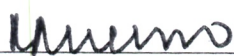

 Deputy Accounts Director

JUDICIAL SERVICE COMMISSION
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I. STATEMENT OF CASHFLOW

		2015 - 2016 Kshs	2014 - 2015 Kshs
Receipts for operating income			
Exchequer Releases	1	405,000,000	253,700,000
Payments for operating expenses			
Use of goods and services	2	(389,974,646)	(248,952,004)
Social Security Benefits	3	(3,105,917)	-
Adjusted for:			
Changes in Receivables		2,856,692	3,336,692
Prior Year Adjustment		-	-
Net cash flow from operating activities		14,776,129	1,411,304
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	4	(1,331,190)	3,056,835)
Net cash flows from Investing Activities		(1,331,190)	3,056,835)
NET INCREASE IN CASH AND CASH EQUIVALENT		13,444,939	(1,645,531)
Cash and cash equivalent at BEGINNING of the year		101,007	1,746,538
Cash and cash equivalent at END of the year		13,545,946	101,007

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 _____ 2016 and signed by:



 Chief Registrar of Judiciary




 Deputy Director Accounts

I. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	D	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	473,200,002		473,200,002	405,000,000	68,200,002	85.59%
Total Receipts	473,200,002		473,200,002	405,000,000	68,200,002	85.59%
PAYMENTS						
Use of goods and services	457,999,414	-	457,999,414	389,974,646	68,024,768	85.15%
Social Security Benefits	3,522,000	-	3,522,000	3,105,917	416,083	88.17%
Acquisition of Assets	11,678,588	-	11,678,588	1,331,190	10,347,398	11.40%
Total Payments	473,200,002	-	473,200,002	394,411,753	78,788,249	83.35%

- i. The under-utilized budget in acquisition of asset is attributed to failure of the supplier to meet required specifications for supply of various office furniture and equipments hence order was cancelled.

The entity financial statements were approved on 28th Oct 2016 and signed by:


Chief Registrar of Judiciary


Deputy Director Accounts

I. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	473,200,002		473,200,002	405,000,000	68,200,002	85.59%
Total receipts	473,200,002		473,200,002	405,000,000	68,200,002	
PAYMENTS						
Compensation of Employees						
Use of goods and services	457,999,414	-	457,999,414	389,974,646	68,024,768	85.15%
Social Security Benefits	3,522,000	-	3,522,000	3,105,917	416,083	88.17%
Acquisition of Assets	11,678,588	-	11,678,588	1,331,190	10,347,398	11.40%
Total Payments	473,200,002	-	473,200,002	394,411,753	78,788,249	83.35%

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IV. SUMMARY STATEMENT OF PROVISIONINGS

[The provisioning summary statement is required for entities that have a vote in the National Budget.]

- Details of General Accounts On Vote

	2015- 2016 Kshs	2014 - 2015 Kshs
GAV Provisioning account balance	78,788,249	85,991,161
Total	78,788,249	85,991,161

- Details of Exchequer Provisioning

	2015 - 2016 Kshs	2014 - 2015 Kshs
Exchequer Provisioning balance	68,200,002	84,300,000
Total	68,200,002	84,300,000



Chief Registrar of Judiciary



Deputy Director Accounts

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V. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

The *entity* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *entity*. In addition, the *entity* recognises all expenses when the event occurs and the related cash has actually been paid out by the *entity*.

3. In-kind contributions

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

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in

JUDICIAL SERVICE COMMISSION

Reports and Financial Statements

For the year ended June 30, 2016

value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non current assets

Non current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.

8. 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 are 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. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

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9. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *entity's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

10. Comparative figures

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

11. Subsequent events

Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

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VI. NOTES TO THE FINANCIAL STATEMENTS

1 EXCHEQUER RELEASES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Total Exchequer Releases for quarter 1	73,000,000	35,200,000
Total Exchequer Releases for quarter 2	75,000,000	42,000,000
Total Exchequer Releases for quarter 3	102,000,000	43,000,000
Total Exchequer Releases for quarter 4	155,000,000	133,500,000
Total	405,000,000	253,700,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 USE OF GOODS AND SERVICES

	2015- 2016	2014- 2015
	Kshs	Kshs
Utilities, supplies and services	368,064	346,917
Communication, supplies and services	2,955,293	1,840,167
Domestic travel and subsistence	31,517,026	26,410,915
Foreign travel and subsistence	56,183,257	34,424,667
Printing, advertising and information supplies & services	16,635,302	4,270,659
Rentals of produced assets	6,499,959	5,884,905
Training expenses	136,494,108	81,690,620
Hospitality supplies and services	99,518,036	80,384,400
Specialised materials and services	612,200	2,618,720
Office and general supplies and services	5,237,044	3,200,681
Other operating expenses	32,100,485	7,439,500
Fuel Oil and Lubricants	1,610,024	239,230
Routine maintenance – other assets	206,394	200,623
Routine maintenance vehicles	37,455	-
Total	389,974,646	248,952,004

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 SOCIAL SECURITY BENEFITS

	2015 - 2016 Kshs	2014- 2015 Kshs
Gratuity – Civil Servants	3,105,917	-
Total	3,105,917	-

4 ACQUISITION OF ASSETS

Non Financial Assets

	2015 - 2016 Kshs	2014- 2015 Kshs
Purchase of Office Furniture and General Equipment	1,281,440	3,056,835
Purchase of Specialized Plant, Equipment and Machinery	49,750	
Total	1,331,190	3,056,835

5. Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit e.t.c	Exc rate (if in foreign currency)	2015 – 2016 Kshs	2014 - 2015 Kshs
<i>Judicial service commission 1000181273</i>	Kes	Recurrent		13,545,946	101,007
Total				13,545,946	101,007

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

<i>Description</i>	2015 - 2016	2014 - 2015
	Kshs	Kshs
Government Imprests	480,000	3,336,692.35
Clearance accounts		
Total	<u>480,000</u>	<u>3,336,692.35</u>

Breakdown of the Outstanding Imprest

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
Joseph Aturi Nyabeta		120,000	-	120,000
James Mutuku Musyoki		120,000	-	120,000
Cosmas Mukhwana Wanyama		120,000	-	120,000
Mohamednur Mohamud Ibrahim		120,000	-	120,000
				<u>480,000</u>

7. FUND BALANCE BROUGHT FORWARD

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	3,437,699	1,746,538
Accounts Receivables	10,588,247	1,691,161
Total	<u>14,025,946</u>	<u>3,437,699</u>

[Provide short appropriate explanations as necessary]

8. OTHER IMPORTANT DISCLOSURES

8.1. ANALYSIS OF PENDING ACCOUNTS PAYABLE - See attached schedule

	2015 -2016 (Ksh.)	2014 -2015 (Ksh.)
Supply of Goods	1,110,000	128,965.50
Supply of Services	5,787,095	25,816,696.80
TOTALS	<u>6,897,094</u>	<u>25,945,662.30</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. 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.

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: (<i>Resolved / Not Resolved</i>)	Timeframe: (<i>Put a date when you expect the issue to be resolved</i>)
538	Un accounted imprest	The outstanding audit issue in regards to the previous audit unaccounted imprest has since been resolved	Accounts department JTI and JSC	RESOLVE D	NIL
Others	Disaster Recovery Program and backups	JSC has a draft Record Management Policy. All data on computers is backed up on external hard disks and all manual files have been scanned and stored in external hard disks. The IFMIS has Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP) which will be implemented in case of a disaster	Accounts department JTI and JSC	RESOLVE D	NIL



Chief Registrar of Judiciary



Deputy Director Accounts

ANNEX 1 – ANALYSIS OF PENDING BILLS – (See attached schedule)

	2015 -2016 (Ksh.)	2014 -2015 (Ksh.)
Supply of Goods		
Supply of Services	1,110.000	128,965.50
TOTALS	5,787,095	25,816,696.80
	6,897,094	25,945,662.30

ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Purchase of furniture	1,779,835	1,779,835
Office equipment, furniture and fittings	1,259,540	436,000
Purchase of computers ,printer and other IT equipment	685,250	296,000
Purchase of exchange and communication equipment	663,400	545,000
Total	4,388,025	3,056,835



