

REPUBLIC OF KENYA



*Paper laid
By Hon Kaboo Ole Mat
Majority Whip on
Wed 19/8/2015
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KENYA NATIONAL AUDIT OFFICE



REPORT



OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
UNITED REPUBLICAN PARTY (URP)**

**FOR THE YEAR ENDED
30 JUNE 2013**



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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON UNITED REPUBLICAN PARTY (URP) FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of United Republican Party (URP) set out on pages 5 to 11, which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in fund and statement of cash flows 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 31 (3) of the Political Parties Act, 2007.

Management's Responsibility for the Financial Statements

The National Executive Committee Council of United Republican Party is responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards 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.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the Provisions of Section 31(2) of the Political Parties Act, 2011.

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 31(3) of the Political Parties Act, 2011. The audit was conducted in accordance with International Standards on Auditing. 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 that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Party'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.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1. Undisclosed Income

The statement of comprehensive income for the year ended 30 June 2013 reflects total income of Kshs.76,551,000.00 which constitutes only members contributions. However, the members' contributions figure of Kshs.76,551,000.00 was not supported with detailed schedules. In addition, the Party received Kshs.679,245.00 being 15% of equal distribution from the Political Parties Fund which was not disclosed in the financial statements.

Further, Section 31 (1) of the Political Parties Act, 2007 requires a political party to disclose to the Registrar of Political Parties full particulars of all funds or other resources obtained by it from any other source. However, no evidence was provided to show that the Party complied with this requirement. Under the circumstances, the accuracy of the total income received by the Party during the year under review as disclosed in the financial statements could not be confirmed.

2. Unsupported Expenditures

The statement of comprehensive income for the year ended 30 June 2013 reflects Kshs.75,861,000.00 as total expenditure in respect of operating expenses and administration expenses of Kshs.60,843,275.00 and Kshs.15,017,725.00 respectively. However, no documentary evidence was provided to support the expenditure figures. Consequently, the accuracy of the total expenditure incurred by the Party during the year under review as disclosed in the financial statements could not be confirmed.

3. Financial Position

The statement of financial position as at 30 June 2013 reflects property and equipment figure of Kshs.1,538,775.00. However, no documentary evidence was provided to support the figure of property and equipment. Consequently, the accuracy of the property and equipment figure of Kshs.1,538,775.00 as at 30 June 2013 could not be confirmed.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit

evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



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

Nairobi

09 June 2015

UNITED REPUBLICAN PARTY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2013



UNITED REPUBLICAN PARTY

Party Coordinating Committee's Report
For the year ended 30th June 2013

The management of United Republican Party submit their and the audited financial statements for the year ended 30th June 2013, which disclose the state of affairs of the organization as at that date.

Registration

The party is registered in the republic of Kenya as a political party with the registrar of political parties.

Management

The party National Executive Council members who held office as at the date of this report are shown on page 1

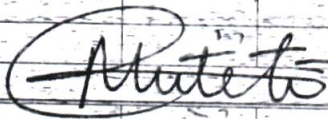
Independent Auditors

The party auditors, Charles & Co Certified Public Accountants (K) who were appointed during the year have expressed their willingness to continue in office.

By order of the Management

Date 25th SEP 2013

Secretary General



UNITED REPUBLICAN PARTY

Statement of National Executive Council Responsibilities

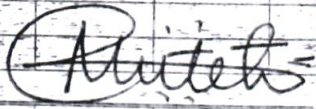
For the year ended 30th June 2013

The National Executive Council (NEC) is required to prepare financial statements for each year, which give a true and fair view of the state of affairs of the Party as at the end of the financial year its operating results for that year. The National Executive Council (NEC) is also required to ensure that the party keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the party. The National Executive Council (NEC) is also responsible for safeguarding the assets of the party.

The National Executive Council (NEC) accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by Political parties Act. The National Executive Council (NEC) is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Party and its operating results. The National Executive Council (NEC) further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the National Executive Council (NEC) to indicate that the Party will not remain a going concern for at least the next twelve months from the date of this statement.

SECRETARY GENERAL



EXECUTIVE DIRECTOR



DATE

25TH

SEP. 2013

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
UNITED REPUBLICAN PARTY**

We have audited the financial statements of United Republican Party set out on pages 4 to 11 which comprise the statement of financial position as at 30th June, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31st May 2013, together with summary of significant accounting policies and other explanatory notes, and have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit.

1. Party National Executive Council's responsibility for the Financial Statements

The Party National Executive Council is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

2. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 our judgement and include an assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered internal controls relevant to the organization'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 Party Co-ordination's Committee internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Party National Executive Council, 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.

3. Opinion

In our opinion, the financial statements on pages 4 to 11 give a true and fair view of the financial position of the Party as at 30 June, 2013, and the funds received and disbursed for the period then ended.

REHEMA HOUSE,
1st FLOOR
STANDARD STREET
P.O. BOX 1802-00100,
NAIROBI.

31/7

2013



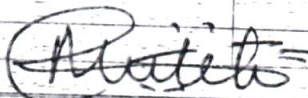

CHARLES & CO
CERTIFIED PUBLIC ACCOUNTANTS (K)

CHARLES & CO.
CERTIFIED PUBLIC
ACCOUNTANTS

P. O. Box 1802-00100, NAIROBI

UNITED REPUBLICAN PARTY*Statement of Comprehensive Income**For the year ended 30th June 2013*

				2013 KSHS
Income			Notes	
Political parties funding				-
Members contribution			2	76,551,000
Operating expenses			5	(60,843,275)
Administration expenses				(15,017,725)
Net surplus for the year				690,000
Surplus B/f				1,665
Surplus C/f				691,665

ASSETS	Notes	2013 KSHS
Non current assets		
Property and equipment	3	1,538,775
Current assets		
Cash and cash equivalents	4	691,665
Total assets		2,230,440
REPRESENTED BY:-		
Capital fund		690,000
Party fund	6	1,540,440
Total Fund		2,230,440
<p>The financial statements on pages 4 to 11 were approved by the National Executive Council on <u>25TH SEP.</u> 2013 and signed on its behalf by:-</p>		
		Secretary General
		Executive Director

UNITED REPUBLICAN PARTY			
<i>Statement of Changes in Fund</i>			
<i>For the year ended 30th June 2013</i>			
			7
	CAPITAL	PARTY	
	FUND	FUND	TOTAL
	<u>KSHS</u>	<u>KSHS</u>	<u>KSHS</u>
Year ended 30th June 2013			
As at 1st July 2012	-	1,665	1,665
Additions during the year	-	1,873,000	1,873,000
Depreciation charge	-	(334,225)	(334,225)
Surplus for the year	690,000	-	690,000
As at 30th June 2013	690,000	1,540,440	2,230,440



UNITED REPUBLICAN PARTY

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*Statement of Financial Position**For the year ended 30th June 2013*

			2013
		<u>Notes</u>	<u>KSHS</u>
Cash flow from operating activities			
Surplus for the year			690,000
Purchase of property and equipments		3	1,873,000
Net cash (generated) from operating activities			2,563,000
Cash flow from investing activities			
Purchase of property and equipments		3	(1,873,000)
Movement in cash and cash Equivalent			- 690,000
Cash and Cash Equivalent- 1st July 2012		4	1,665
Cash and cash equivalents as at 30th June 2013		4	691,665

1 Accounting policies**a Basis of preparation**

The accounts are prepared on cash basis where by receipts are recognized when cash is received and cash is received and expenses recognized when paid.

b Income

Income is recognized when received.

c Expenditure

Expenditure is recognized when payments are made.

d Property and Equipment

Property and Equipments purchased by or donated to and which qualify for capitalization threshold are capitalized. Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated life.

	Rate %
Furniture and fittings	12.5
Equipments	12.5
Computers	30

2 Income

2013

Kshs

Members contribution	76,551,000
Receipt from registrar of political parties	
	<u>76,551,000</u>

3 Property and equipment refer to page 10**4 Cash and Bank balances**

Kenya Commercial Bank Limited

5 Operating expenses

Election officers	11,114,500
County election committees	550,000
Transport	3,780,440
Alternative voting system	2,483,200
Ballot papers & boxes	19,382,332
Personnel	3,281,919
Meetings	8,632,000
Training	3,375,984
Campaign materials	8,242,900
	<u>60,843,275</u>

Notes to the Financial Statements
For the year ended 30th June 2013

	2013
	<u>Kshs</u>
6 Administration expenses	
Secretariate Allowances	9,972,215
Stationery	360,000
Rent	3,720,000
Staff welfare	240,000
Electricity	168,000
Water	39,600
Internet	120,150
Office Repair & Maintaince	176,890
Cleaning services	30,000
Relocation of office	68,870
Security	72,000
Membership fees (CMD)	50,000
	<u>15,017,725</u>
7 Currency	
The financial statements are presented in Kenya shillings (Kshs) at the base currency.	

UNITED REPUBLICAN PARTY*Notes to the Financial Statements**For the year ended 30th June 2013*

4 Property and equipments				
Cost		Furniture & Fittings	Office Equipments	TOTAL
	Computers	Kshs	Kshs	Kshs
As at 1st July 2012.	-	-	-	-
Additions	572,000	1,295,000	6,000	1,873,000
As at 30th June 2013	572,000	1,295,000	6,000	1,873,000
Depreciation				
As at 1st July 2012.	-	-	-	-
Depreciation for the year	171,600	161,875	750	334,225
	171,600	161,875	750	334,225
As at 30th June 2013	400,400	1,133,125	5,250	1,538,775