

REPUBLIC OF KENYA



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REPORT

OF

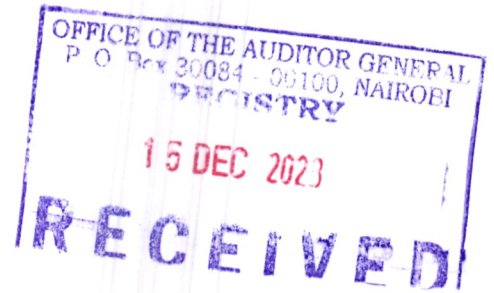
THE AUDITOR-GENERAL

ON

STATE DEPARTMENT FOR DEVOLUTION

**FOR THE YEAR ENDED
30 JUNE, 2023**





STATE DEPARTMENT FOR DEVOLUTION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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



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1. Acronyms and Glossary of Terms

AIE	Authority to Incur Expenditure
CFO	Chief Finance Officer
HAU	Head of Accounting Unit
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
FY	Financial Year
SDD	State Department for Devolution
KCPF	Kenya cooperation and partnership facility
IGRTC	Intergovernmental Relations Technical Committee
COG	Council of Governors
SAGA	Semiautonomous Government Agency
CAS	Chief Administrative Secretary
IDEAS	Instrument for Devolution Advice and Support
SC	State Cooperation

2. Key Entity Information and Management

(a) Background information

The State Department of Devolution was established under Executive Order No. 1 of 2023 to Coordinate Intergovernmental Relations between National Government and County Government. It draws its mandate from the Constitution of Kenya 2010, the County Governments Act 2012, the Intergovernmental Relations Act 2012, Urban Areas and Cities Act 2011 and the Public Finance Management Act 2012.

The functions of the State Department include; Devolution Policy, Coordination of Intergovernmental Relations; Capacity Building and Technical Assistance to County Governments; The State Department is structured into three technical departments, namely: Capacity Development and Technical Support; Devolution and Intergovernmental Relations and Devolution Sector Liaison in addition to Administration and support services. National and County Government Coordinating Summit,

Mandate

The mandate of the State Department for Devolution is drawn from the Constitution of Kenya, 2010; Intergovernmental Relations Act, 2012; County Governments Act, 2012; and Executive Order No. 1/2023.

The functions of the State Department for Devolution as per the Executive Order No. 1/2023 is to co-ordinate Inter-Governmental relations between the National Government and County Governments including Chairing the Inter-Governmental Budget and Economic Council. Specifically, the functions of the State Department entail:

- i. Management of Inter-Governmental Relations;
- ii. Management of Devolution Affairs;
- iii. Capacity Development and Technical Assistance to County Governments;
- iv. Management of Civic Education and Public Participation; and
- v. Management of Devolution Collaborations, Partnerships and Linkages A centre of excellence in management of Devolution for high quality of life for Kenyans

Mission

To Provide Leadership and Policy Direction in the Management of Devolution and Intergovernmental Affairs.

Strategic goals/ objectives

The sub-sector's strategic objectives are:

- a) To Strengthen the Provision of Capacity and Technical Support for Improved Service Delivery at County Level
- b) To strengthen the Policy and legal framework for Management of the Devolved System of Government
- c) To Strengthen Cooperation, Coordination and Consultation for Sustainable Intergovernmental Relations
- d) To Monitor and Evaluate Implementation of Devolution affairs
- e) To enhance institutional capacity for effective and efficient service delivery in a devolved system of Government

Autonomous and Semi- Autonomous Government Agencies

The following are the institutions under the State Department:

- a) Intergovernmental Relations Technical Committee (IGRTC)
- b) Council of Governors (CoG)
- c) Nairobi Rivers Commission
- d) World Scouts Parliamentary Union (Kenya Chapter)

Key Management

- The state department 's day-to-day management is under the following key organs:
- Budget implementation committee-BIC
- Ministerial Human Resources Advisory Committee

(b) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief of staff	Mr. George Macgoye, EBS
2.	Accounting Officer	Ms Teresia Mbaika
3.	Senior Chief Finance Officer	CPA Francis Lumasei
4.	Deputy Accountant General.	CPA Stanley Mwaura
5.	Ag. Secretary Devolution	Mr. Alphonso Munyali
6.	Director Administration	Mr. Fred Mwei
7.	Director Human Resource management and development	Ms. Jane Asuma
8.	Ag Director Inter Governmental Relations	Mr Patrick Karanja
9.	Director Capacity Building	Mr Kennedy Nyambati
10.	Head Supply Chain Management	Ms Beatrice Kahiu

(c) Fiduciary Oversight Arrangements

The state department of Devolution was over sighted by Human Resources Management Advisory Committee, and Budget Implementation Committee.

Audit committee

The state department has an internal audit department that is charged with oversight and review of management systems and procedures. The internal audit department reports to the national treasury on its functions and reports and also to the accounting officer. The state department is in the process of constituting the internal audit committee.

Budget Implementation Committee (BIC)

The State Department has a Budget Implementation Committee. The committee is charged with the responsibility of implementation of the budget and its prudent management. The duties of the committee include:

- (i) To review and consider the cash flow plan.
- (ii) To review the utilization of the cash limits and consider any changes as may be required.
- (iii) To review the utilization of the donor funds voted for the Departments.
- (iv) To advice the Accounting Officers on the challenges related to the budget implementation.
- (v) To review and recommend the reallocation of expenditures.

The members of the Budget Implementation Committee were:

No	Name	Designation
1.	Ms Teresia Mbaika	Accounting Officer
2.	Mr Alphonso Munyali	Ag Secretary Devolution Affairs
3.	CPA Francis Lumasei	Senior Chief Finance Officer
4.	Mr. Fred Mwei	Director Administration
5.	Ms Jane Asuma	D/HRM&D
6.	Mr. Gabriel Kaunda	Chief Economist
7.	CPA Stanley Mwaura	Deputy Acc. General
8.	Mr. Kennedy Nyambati	Director CB/TA

Ministerial Human Resources Advisory Committee

This committee is composed of the following members drawn from various departments

No	Name	Designation
1	Ms Teresia Mbaika	P.S Devolution – Chairman
2	Mr. Alphonso Munyali	Ag Secretary Devolution
3	Mr. Fred Mwei	Director Administration
4	Ms Jane Asuma	D/HRM&D – Secretary
5	Mr. Gabriel Kaunda	Chief Economist
6	Ms Beatrice Kahu	Head supply chain management
7	Mr. Maurice Ogolla	Director Policy Research
8	Mr. Kennedy Nyambati	Director Capacity Building
9	Ms. Pauline Murithia	Chief State Counsel
10	Mr. Parick Karanja	Ag Director Intergovernmental relations

This is the committee charged with the responsibilities of human resource needs. Its duties include but not limited to:

- Review of promotions of officers in Job Group A-P
- Review of confirmations in appointment
- Review of disciplinary matters
- Review of re-designation of officers from one cadre to another and
- Confirmation of surcharge of officers found to have misused Government resources.
- Training and development of officers.
- Promotion of values and principles of public service

(d) Entity Headquarters

P.O. Box 30004
Teleposta Building
Kenyatta Avenue
NAIROBI, KENYA

Entity Contacts

Telephone: (254) 020 2252299 Fax: 2218475
E-mail: info@Devolution.go.ke
Website: www.Devolution.go.ke

(e) Entity Bankers (all banks)

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
2. Kenya Commercial Bank(KCB)
Kipande House Branch
NAIROBI, KENYA

(f) Independent Auditors

Auditor - General
Office of The Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA

Principal Legal Adviser

The Attorney General
State Law Office & Department for Justice.
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, KENYA

3. Statement of Governance

Leadership structure

The state department is currently being led by the principal secretary Devolution. The state department is domiciled under the office of the deputy president.

Management committees

Under the state department, there are various management committees charged with various activities.

Budget implementation committee

This committee is responsible for budget review and monitoring implementation of the budget. It also advises the accounting officer on the implementation of activities and programs within the state department budget.

Human resource advisory committee

This committee is responsible for advising the accounting officer on all human resource issues in consultation with the public service commission. The roles include recommendation for promotions, disciplinary issues, performance management, and staffing levels within the state department.

Risk management, compliance and conflict of interest management

The state department has an elaborate conflict of interest and risk management. The ministry ensures that all procurements and disposals are done in compliance with the procurement act 2015, where conflict of interest is well elaborated.

The ministry also ensures that all financial transactions comply with PFM act and regulations. There is clear separation of roles in the state department to ensure that checks and balances are enhanced.

Compliance with laws and regulations

The state department operations are in compliance with all relevant laws and regulations.

The ministry has a functioning internal audit department that monitors compliance with laws and regulations. The state department also has a legal department with officers seconded by the office of the attorney general who advises on all transactions and activities to ensure they comply with all laws and regulations.

Public participation activities

The state department is responsible for development of policy and regulatory guidelines for devolution. During all the process of development of any policy or law the state department ensures a that there is public participation.

The state department ensures that there is involvement of all the key stakeholders in any program these include council of governors, county assembly forum, county governments, MDAs and donors and development partners.

4. Statement by the Chief of Staff

The State Department of Devolution was established under Executive Order No. 1 of 2023 to Coordinate Intergovernmental Relations between National Government and County Government. It draws its mandate from the Constitution of Kenya 2010, the County Governments Act 2012, the Intergovernmental Relations Act 2012, Urban Areas and Cities Act 2011 and the Public Finance Management Act 2012.

the National Government established a state department responsible for Devolution matters in order to manage the process of implementation of the devolved system of government. The National Government thereafter provided administrative support through secondment of critical staff to assist in setting up county structures before Counties acquired capacities to do so.

Through the State Department for Devolution, the Government has been facilitating implementation of the devolved system of governance by developing the requisite policies, laws, guidelines and regulations in collaboration with the relevant institutions. Considerable progress has been registered in the implementation of the devolved system of government since 2013.

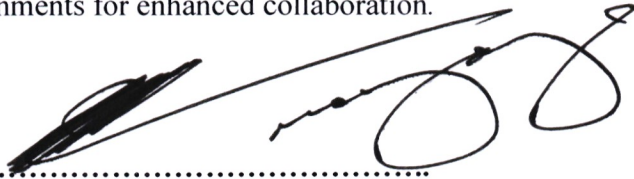
The functions of the State Department include; Devolution Policy, Coordination of Intergovernmental Relations; Capacity Building and Technical Assistance to County Governments; The State Department is structured into three technical departments, namely: Capacity Development and Technical Support; Devolution and Intergovernmental Relations and Devolution Sector Liaison in addition to Administration and support services.

In the discharge of its mandate the state department has carried out several activities of which the key achievements include the following:

- a. Valuation of Registrable Assets of Defunct Local Authorities and Fourteen Devolved Functions were done in Twenty-Five (25) counties.
- b. Alternative Dispute Resolution (ADR) regulations to handle intergovernmental disputes were developed and approved by parliament and 14 Intergovernmental disputes were resolved using ADR mechanism.
- c. Transfer of outstanding devolved functions in twelve (12) sectors were further unbundled to ensure improved service delivery by the two levels of government in the implementation of their functions through provision of functional clarity, identification of attendant resources and transfer of the functions.
- d. Convened five (5) sector forums in the Health, Energy, Tourism, Manufacturing, Water, Public Service and Agriculture sectors for close consultation between the two levels of government to promote harmonious intergovernmental relations.
- e. New County Leadership inducted: 47 Governors, 47 Deputy Governors, 810 County Executive members and 2,820 Chief Officers.
- f. Developed and published 3rd and 4th Compendium on best practices
- g. Developed and published induction manuals for 18 Sectors
- h. 4 Peer learning forums held with County governments adopting good practices in Health sector .

- i. Quarterly Ordinary Council of Governors meetings held, quarterly consultative meetings with the County Executive Committee Members held for the 18 Sectors and resolutions implemented.
- j. Intergovernmental sector forums regulations developed and submitted to the Summit for approval.

the state department is positioned to play a critical role in the deepening of devolution as we move forward in the second phase of devolution by ensuring that all the remaining devolved functions are transferred to the county government and to act a link between the national and county governments for enhanced collaboration.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a dotted line.

**CHIEF OF STAFF
OFFICE OF DEPUTY PRESIDENT**

5. Statement by the Principal Secretary / Accounting Officer

(a) Budget Allocation

In the financial year 2022/2023 the State Department for Devolution had a gross budget of **Ksh 1,807,594,123 Million** which was made up of **Ksh 1,580,216,345 Million** for Recurrent vote and **Kshs. 227,377,778 Million** for Development vote.

The Recurrent budget for the year was **87%** utilised while the Development budget was **33%** utilised bringing the total utilisation to **80%** the high absorption was mainly as a result of the achievement of 100% in transfers to SAGAS.

Key Performance Highlights

Below is an overview of the financial performance for the year ended 30th June 2022 as reported in the detailed financial statements together with the commentary and comparative analysis against the budget for the key items in the financial statements.

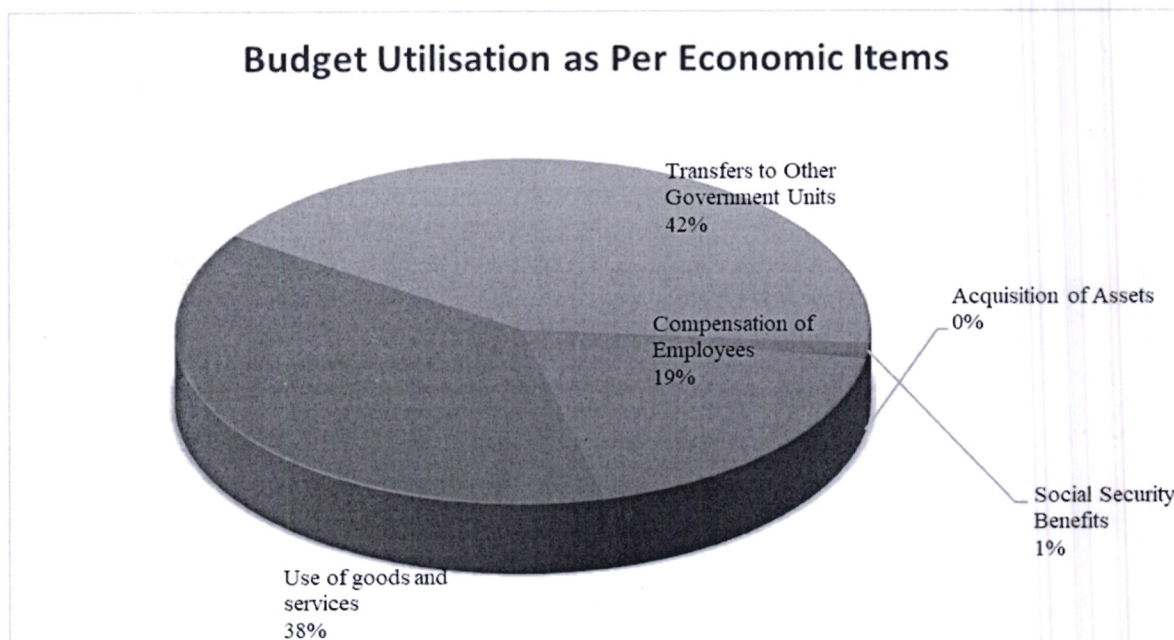
Financial Performance	Printed Estimates	Actual	Variance	%
	Kshs	Kshs	Kshs	Utilisation Variance
Total Receipts	1,807,594,123	1,635,917,697	171,676,426	91%
Total Payments	1,807,594,123	1,443,053,046	363,676,426	80%
Surplus(deficit)	0	192,864,651		

Budget Utilisation

The State Department spent KShs. **1,443,917,697** as total payments. Utilisation of the budget was carried out through various activities (economic classifications) as shown in the table below:

State Department for Devolution
Annual Report and Financial Statements for the year ended 30th June 2023

Payments	Approved Budget Allocation	Actual Payments	Variance
Compensation of Employees	265,358,394	266,774,836	(1,416,442)
Use of goods and services	825,109,169	549,811,883	275,297,286
Transfers to Other Government Units	695,170,000	604,944,414	90,225,586
Social Security Benefits	21,474,060	21,395,772	78,288
Acquisition of Assets	482,500	306,140	176,360
Total Payments	1,807,594,123	1,443,233,046	364,361,077



Receipts

The state department's total receipts summed up to kshs **1,635 917,697** to comprised of Exchequer releases and other revenues from africitics conference registration.

Total Receipts Breakdown

	Year to 30th June 2023	Year to 30th June 2022	Change
	Kshs	Kshs	Kshs
Proceeds from domestic and foreign grants	-	131,973,713	(131,973,713)
Transfers from National Treasury(exchequers)	1,561,500,317	4,158,246,509	(2,596,746,192)
Other receipts	74,417,380	46,053,509	28,363,871
TOTAL RECEIPTS	1,635,917,697	4,336,273,422	(2,700,355,725)

1. Key Achievements for The state department During the Reporting Period

- a) County Government (General) Regulations, 2022 and Intergovernmental Relations (General) Regulations, 2022 were developed and submitted to Cabinet for approval.
- b) The Intergovernmental Relations Amendment Bill, 2023 was submitted to Cabinet for approval.
- c) Model County Development Authority Bill and County Physical and Land Use Planning (Development Fees) Regulations were developed for adoption by County Governments
- d) Hosted the 9th Edition of Pan-African conference for local authorities and sub-regional Governments (Africitics Summit) in Kisumu in May 2022 to showcase the potential of intermediary cities as drivers of Economic Development.
- e) Oversaw the construction of the Kisumu Convention Centre to a completion status of 55%
- f) Identification and verification of Assets and Liabilities of the Fourteen (14) devolved functions were completed in Forty-Seven (47) counties and registers/reports were submitted to County Governments and line ministries for implementation.
- g) Valuation of Registrable Assets of Defunct Local Authorities and Fourteen Devolved Functions were done in Twenty-Five (25) counties.
- h) Alternative Dispute Resolution (ADR) regulations to handle intergovernmental disputes were developed and approved by parliament and 14 Intergovernmental disputes were resolved using ADR mechanism.
- i) Transfer of outstanding devolved functions in twelve (12) sectors were further unbundled to ensure improved service delivery by the two levels of government in the implementation

of their functions through provision of functional clarity, identification of attendant resources and transfer of the functions.

- j) Convened five (5) sector forums in the Health, Energy, Tourism, Manufacturing, Water, Public Service and Agriculture sectors for close consultation between the two levels of government to promote harmonious intergovernmental relations.
- k) Quarterly Ordinary Council of Governors meetings held, quarterly consultative meetings with the County Executive Committee Members held for the 18 Sectors and resolutions implemented.
- l) Intergovernmental sector forums regulations developed and submitted to the Summit for approval.
- m) Guidelines for the establishment and operationalization of Intergovernmental Relations Units in Ministries and County Governments developed and gazetted.
- n) Provided capacity building and technical assistance at Kshs.2.1B to all counties targeting Public Finance Management, Planning, Monitoring & Evaluation, Human Resource & Performance Management, Civic Education, Public Participation and Environment & social safeguards.
- o) Supported 15 Local Economic Development (LED) projects in 15 counties with each county receiving approximately Ksh.115 Million.

2. The Sub-Sector's Emerging Issues Include:

- a) Executive directives on complete transfer of outstanding devolved functions to county governments and valuation of registrable assets of the defunct local authorities and devolved functions to be completed in 6 months.
- b) Partnership in performance of exclusive functions between the two levels of governments even though the functions are well spelt out in schedule 4 of the constitution.
- c) Improved Intergovernmental Relations in the implementation of programs and projects.
- d) The transition from the Big Four Agenda to the BETA economic model

3. Key Risk Management Strategies


- Rationalization of the work plan in line with supplementary estimates.
- Capacity building to County governments and review of some of the conditions by the development partners to improve grants absorption by counties.
- Developed career progression guidelines and organization structure to address staff capacity
- **Challenges Faced During Programmes and Projects Implementation**

The following are the challenges faced during the implementation of programs and budget execution of the sub-sector mandate in general.

State Department for Devolution
Annual Report and Financial Statements for the year ended 30th June 2023

- Inadequate funding to the sub-sector due to budget cuts in Supplementary Estimates which led to below target execution of planned projects and activities,
- Delay in release of exchequer,
- Low absorption of grants by counties due to failure to meet the donor conditions.
- Leadership transition which slowed down the implementation of capital projects in counties
- Inadequate staff capacity to implement programs and to provide technical support to county governments.

MS. TERESIA MBAIKA ,

..... 15th Dec 2023

PRINCIPAL SECRETARY

STATE DEPARTMENT FOR DEVOLUTION

6. Statement of Performance Against Predetermined Objectives for the FY 2023

Introduction

The key strategic objectives for the State Department for Devolution as per the Strategic Plan for FY 2018- FY 2022 are to:

- a) Strengthen the Provision of Capacity and Technical Support for Improved Service Delivery at County Level
- b) Strengthen the Policy and legal framework for Management of the Devolved System of Government
- c) Strengthen Cooperation, Coordination and Consultation for Sustainable Intergovernmental Relations
- d) Monitor and Evaluate Implementation of Devolution affairs
- e) Operationalize Interventions to Enhance the Coordination and Management of Special Programmes
- f) Save Lives and Livelihoods of People Affected by Disasters

Progress on the attainment of Strategic Objectives through Performance Contracting

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Programme	Strategic Objective	Outcome	Indicator	Performance	Comments
Devolution Support Services	To strengthen the Provision of Capacity and Technical Support for Improved Service Delivery at County Level	Strengthen capacities of counties to effectively and efficiently implement the devolved functions	No. of counties supported Amount of capacity building grants support to counties	All the 47 Counties were supported on the following thematic areas; Public Finance, Human Resource Management, Planning and Monitoring and Evaluation among others	
	To strengthen the Policy and legal	Enabling policy, legal framework	No. of policies	County Government Act (2012) and	

	framework for Management of the Devolved System of Government	for efficient management of devolved system of government	,legislations and regulations developed/reviewed	Intergovernmental Relations Act (2012) were reviewed and attendant regulations developed, Devolution Knowledge management Framework developed	
	To Monitor and Evaluate Implementation of Devolution affairs	Efficient and effective implementation of Devolution programmes	No. of M&E reports on Investment and LED projects implemented under Kenya Devolution Support Programme(KSDP) and IDEAS programme	Monitoring and Evaluation was carried out quarterly on the two programmes and reports prepared. Technical support was also provided to counties implementing projects funded under the programmes.	
Management of Intergovernmental Relations	To Strengthen Cooperation, Coordination and Consultation for Sustainable Intergovernmental Relations	Harmonious inter- and intra-governmental relations	No. of Intergovernmental sector forums held	Six sector forums were held, the sectors are; Health, Manufacturing, Water, and Public Service.	

7. Management Discussion and Analysis

This section analyses budget implementation for the Financial Years 2020/21- 2022/23. The summaries are shown in Tables 2.2 -2.4

During the period under review, the Sub-sector received a total funding of Ksh.15,093.15 million and spent an amount of Kshs.14,319.75 million resulting in 95% absorption. Year by year allocations for FY.2020/21, 2021/22 and 2022/23 were Kshs. 9,185.25, Kshs. 4,402.40 and Kshs. 1,505.50 the amounts spent were Kshs. **8,678.37**, Kshs. **4,141.47** and Kshs. 1,499.91 respectively. This translates to; 94%, 94% and 99% absorption rate for the three years under review.

On absorption based on economic classification, compensation to employees recorded 99.6%, transfers 100% and other recurrent 99% during the review period.

The absorption trend for programmes for financial years 2020/21, 2021/22 and 2022/23 are as follows; 94%, 95% and 98.84% for devolution support services; 100%, 99% and 99.96 for Management of Intergovernmental relations; 98%, 97% and 99.18% for Administration support services and 97% ,91%, 0% for Special Initiative for the period under review.

Table 2.2 ANALYSIS OF RECURRENT APPROVED BUDGET VS ACTUAL EXPENDITURE IN KSHS MILLION

Vote 1032 State Department for Devolution	Economic Classification	Approved Budget Allocation			Actual Expenditure		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
	Gross	1,029.42	3,163.79	1,580.22	1,019.43	2,333.00	1,551.91
	AiA	-	-	74.72	-	-	52.00
	NET	1,029.42	3,163.79	1,505.50	1,019.43	2,333.00	1,499.91
	Compensation to employees	291.55	286.11	265.36	291.55	195.06	264.18
	Transfers	500.84	1,735.83	554.17	499.45	1,713.50	554.17
	Other Recurrent	237.03	1,141.85	760.69	228.43	424.44	733.56
	<i>of which</i>						
	<i>Insurance</i>			0			0
	<i>utilities</i>	1.31	0.76	0	0.07	-	0
	<i>Rent</i>	82.30	106.30	110.30	81.56	106.30	110.30
	<i>Insurance</i>	-	-		-	-	-
	<i>subsidies</i>	-	-		-	-	-
	<i>Gratuity</i>	-	18.28	21.47	-	18.07	21.47
	<i>Contracted Professionals(Guards and cleaners</i>	4.35	6.85	2.34	4.23	3.04	2.30
	<i>Others</i>	149.07	1,009.66	626.58	142.58	297.03	599.48

TABLE 2.3: ANALYSIS BY CATEGORY OF EXPENDITURE: DEVELOPMENT (KSHS MILLION)

Vote 1032 State Department for Devolution	Economic Classification	Approved Budget Allocation			Actual Budget Expenditure		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
	Gross	8,160.83	1,238.62	227.38	7,658.95	1,238.62	112.88
	GOK	7,747.34	1,080.00	45.00	7,414.96	1,080.00	43.42
	Loans	-	-	0		-	0
	Grants	413.49	158.62	182.38	243.99	158.62	69.46
	Local AiA	-	-	0		-	0

The ministry has been implementing the following development programs. The table below shows the status of the programs for the period 2021-2023 FY.

Table 2.4 project status

Project Name	Total Cost-Millions	Project Status	Remarks
Kenya devolution support program-KDSP	23,000	100%	All the disbursements to the counties done but capital project ongoing
Instruments for Devolution Advice and support (IDEAS)	1,960	75%	Two project not completed due to non-compliance to grants conditions hence did not receive funding
Integrated Programme to support Devolution in Kenya (UNDP)	330	100%	Project Completed
Kenya Symbiocity Programme	296	100%	Project Completed
Consolidating gains	3,249	13%	The project was not able to fundraise for the initial project cost funding and the components were scaled down
Construction of Kisumu convention centre	890	55%	Project ongoing.

Constraints and challenges in budget implementation

The following are the challenges faced during the implementation of programs and budget execution of the sub-sector mandate in general.

- a) Inadequate funding to the sub-sector due to budget cuts in Supplementary Estimates which led to below target execution of planned projects and activities,
- b) Delay in release of exchequer,

- c) Low absorption of grants by counties due to failure to meet the donor conditions.
- d) Leadership transition which slowed down the implementation of capital projects in counties
- e) Inadequate staff capacity to implement programs and to provide technical support to county governments.

Measures Undertaken to address the Challenges.

- a) Rationalization of the work plan in line with supplementary estimates.
Capacity building to County governments and review of some of the conditions by the development partners to improve grants absorption by counties

8. Environmental and Sustainability Reporting

The state department of Devolution exists to transform lives. This is our purpose; the driving force behind everything we do by putting the Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of the sustainability activities conducted in the year:

a) Sustainability strategy and profile

The state department of is working and training county governments on various program in order to ensure that the programs are sustained by the county governments. the state department has also developed policies and guidelines to support county government in projects and program implementation.

b) Environmental performance /climate change/ mitigation of natural disasters

The state department is working with counties in developing and implementing environmental and social safeguard programs. has trained a number of county officers in implementing projects taking into account environmental and social safeguards'

c) Employee welfare

The state department hiring process is guided by the public service commission policies and guidelines. In terms of training the state department always ensures that at least all employees are taken through training within the year.

d) Operational practices/ Market place practices

i. Responsible Supply chain and supplier relations

The state department procurement process is guided by the public procurement and disposal act 2015 and public procurement and disposal regulations 2016. The procurement laws and regulations provided for all procurements done within the procurement laws.

e) Community Engagements-

The state department does not engage directly in community engagements but works with counties in providing projects beneficial to the community. The state department is supporting counties in implementing local economic development projects.

9. Statement of Management 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 the Public Sector Accounting Standards Board of Kenya from time to time.


The Accounting Officer in charge of the *State Department for Devolution* is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2023. 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 entity; (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 *State Department for Devolution* 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 *State Department for Devolution* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2023, and of the entity's financial position as at that date. The Accounting Officer in charge of the *State Department for Devolution* further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.


The Accounting Officer in charge of the *State Department for Devolution* 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 Accounting Officer confirms that the entity'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 *State Department for Devolution* financial statements were approved and signed by the Accounting Officer on _____ 2023.


.....
Ms. Teresa Mbaika
Accounting Officer

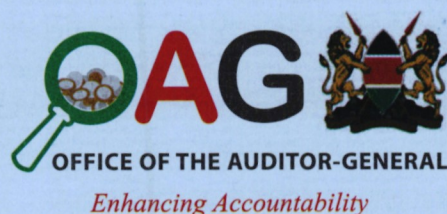
15th Dec 2023


.....
Stanley Mwaura
Head of Accounting Unit
ICPAK M/No 7121

15th Dec 2023

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR DEVOLUTION FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the 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 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.
- C. Report on the 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 does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General 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

Qualified Opinion

I have audited the accompanying financial statements of State Department for Devolution set out on pages 1 to 29, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows, and the statement of comparison of budget and actual amounts for the year

Report of the Auditor-General on State Department for Devolution for the year ended 30 June, 2023

then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the State Department for Devolution as at 30 June, 2023, 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.

Basis for Qualified Opinion

Unsupported Prior Year Adjustments

The statement of financial assets and financial liabilities and as disclosed in Note 14 to the financial statements reflects prior year adjustments balance of Kshs.140,763,816. The balance includes adjustment for a balance of Kshs.85,782,292 relating to district suspense that had been outstanding in the books of the State Department for long. However, no documents in the form of returns were provided for audit review to account for the adjustment of the balance.

In the circumstances, the accuracy, validity and completeness of the prior year adjustments balance of Kshs.85,782,292 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Devolution 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 audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.1,807,594,123 and Kshs.1,635,917,697 respectively resulting to an under-funding of Kshs.171,676,426 or 9% of the approved budget. Similarly, the State Department incurred expenditure amounting to Kshs.1,443,233,046 against approved budget of Kshs.1,807,594,123 resulting to under expenditure of Kshs.364,361,077 or 20% of the budget.

The underfunding and under expenditure affected the planned activities and programmes of the State Department, which may have impacted negatively on effective service delivery to the public.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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

1.0 Long Outstanding Pending Bills

Note 17.2 and 17.3 to the financial statements reflect pending bills totalling Kshs.2,845,999,363 comprising of pending accounts payables of Kshs.2,740,999,363 and other pending payables of Kshs.105,000,000 as detailed in Annex 1 and 2 respectively. However, the supporting pending bills committee report reflects ineligible or not verified bills amounting to Kshs.1,469,016,969 as at the 30 June, 2023 for which the criteria for determining whether the bills were eligible, or ineligible, was not provided for audit review.

In addition, out of the Kshs.2,845,999,362 pending bills, bills amounting to Kshs.2,825,026,348 relate to 2021-2022 and prior years. The State Department is at risk of incurring significant interest costs and penalties as they continue delaying the payments. This is contrary to the provisions of Section 42(1) (a) of the Public Finance Management (National Government) Regulations, 2015, which states that debt service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the Government does not default on debt obligations.

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

2.0 Stalled Proposed Africities Convention Centre Project in Kisumu County

As previously reported, the State Department awarded a contract for the construction of the proposed Africities Convention Centre in Kisumu at a contract sum of Kshs.890,829,345 for a duration of thirty-eight (38) weeks commencing on 16 July, 2021. An extension period was granted for the third time where the contract period was revised to one hundred and forty one (141) weeks with the new completion date of 8 April, 2024. Physical verification carried out in the month of November, 2022 revealed that the project was only fifty-five (55%) percent complete. The Management indicate works stalled since May, 2022. The contractor to-date has been paid Kshs.250,000,000 leaving a balance of Kshs.640,829,345. However, according to a letter from the Principal Secretary Devolution to Principal Secretary National Treasury dated 18 November, 2022, the contractor had

submitted Interim Payment certificates amounting to Kshs.212,535,291 which were outstanding.

Further, the contractor in their letter Ref: CJIC/KEN/SDD/092 dated 19 October, 2023 to the Works Secretary, State Department for Public Works tabulated a sum of Kshs.1,385,980,479 being claim for loss and expenses due to suspension of works for 502 days from 24 May, 2022 to 18 October, 2023.

In the circumstances, the State Department risks incurring additional costs inform of claims and interest on delayed payments. Further, the regularity and value for money of Kshs.250,000,000 incurred on the project could not be confirmed.

3.0 Irregular Payment of Salaries for Nairobi Rivers Commissioners

The State Department for Devolution received an Authority to Incur Expenditure (AIE) of Kshs.100,000,000 from the Office of the Deputy President on 31 May, 2023 for the operations of Nairobi Rivers Commission. The State Department paid the Nairobi River Commissioners as full-time employees a total of Kshs.17,761,164 for seven (7) months.

However, the appointment letters and gazette notice No.14891 appointing the Commissioners did not specify appointments on full-time basis. Further, the legislative mandate for full-time appointment of the Commissioners was not provided for audit review and its absence renders salary drawn for full-time engagement irregular and recoverable.

In the circumstances, the regularity and propriety of the expenditure of Kshs.17,761,164 incurred on the Commissioners amounts to breach of the laws.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The standard requires 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

1.0. Lack of Audit Committee

During the year under review, the State Department did not have an active audit committee contrary to the provisions of Section 73(5) of the Public Finance Management Act, 2012. This Section requires that every national government public entity shall

establish an audit committee whose composition and functions shall be as prescribed by the regulations. The Department, therefore, did not benefit from the oversight of an Audit Committee. In the circumstances, the existence of an effective oversight mechanism to ensure efficient system of internal controls could not be confirmed.

In the circumstances, the internal controls were not effective.

2.0. Failure to Put in Place Finance Management Standing Committee

The State Department did not have a Public Management Standing Committee during the year under review as required by Regulation 18(1) of the Public Finance Management (National Government) Regulations, 2015. The Public Finance Management Standing Committee provides strategic guidance to the entity on public finance management matters.

In these circumstances, the strength of the system of internal controls around financial management could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the State Department's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the State Department or 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 are in compliance 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 State Department'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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the State Department's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the State Department's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the State Department to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the State Department to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide the Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi


22 December, 2023

11. Statement of Receipts and Payments for the Year ended 30th June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
RECEIPTS			
Exchequer Releases	1	1,561,500,317	4,158,246,200
Proceeds from Domestic and Foreign Grants	2	-	131,973,713
Miscellaneous Receipts	3	74,417,380	46,053,509
TOTAL REVENUES		1,635,917,697	4,336,273,422
PAYMENTS			
Compensation of Employees	4	266,774,836	279,510,950
Use of goods and services	5	549,811,883	1,633,266,396
Grants and Transfers to Other Government Units	6	604,944,414	932,340,894
Other grants and transfers	7	-	1,026,392,351
Social Security Benefits	8	21,395,772	17,201,808
Acquisition of Assets	9	306,140	344,015,400
TOTAL PAYMENTS		1,443,233,046	4,232,727,799
SURPLUS/DEFICIT		192,684,652	103,545,623

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 _____ 2023 and signed by:


.....

 Ms Teresia Mbaika
 Accounting Officer

.....

 CPA Stanley Mwaura
 Head of Accounting Unit
 ICPAK M/No. 7121

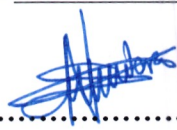
12. Statement Of Financial Assets And Financial Liabilities As At 30th June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	10A	132,002,684	147,754,171
Cash Balances	10B	31	31
Total Cash And Cash Equivalents		132,002,715	147,754,202
Imprests and Advances	11	180,000,000	85,782,293
TOTAL FINANCIAL ASSETS		312,002,715	233,536,495
LESS: FINANCIAL LIABILITIES			
Third Party Deposits and Retentions	12	97,589,749	71,044,364
NET FINANCIAL ASSETS		214,412,966	162,492,131
REPRESENTED BY			
Fund balance b/fwd	13	162,492,131	243,679,103
Prior year adjustments	14	-140,763,817	-184,732,595
Surplus/Deficit for the year		192,684,652	103,545,623
NET FINANCIAL POSITION		214,412,966	162,492,131

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 _____ 2023 and signed by:

.....  15th Dec 2023

Ms Teresia Mbaika
Accounting Officer

.....  15th Dec 2023

CPA Stanley Mwaura
Head of Accounting Unit
ICPAK M/No.7121

13. Statement of Cash Flows For The Year Ended 30th June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Exchequer Releases	1	1,561,500,317	4,158,246,200
Proceeds from Domestic and Foreign Grants	2	-	131,973,713
Miscellaneous Receipts	3	74,417,380	46,053,509
Total Receipts		1,635,917,697	4,336,273,422
Payments for operating expenses			
Compensation of Employees	4	266,774,836	279,510,950
Use of goods and services	5	549,811,883	1,633,266,396
Grants and Transfers to Other Government Units	6	604,944,414	932,340,894
Other grants and transfers	7	-	1,026,392,351
Social Security Benefits	8	21,395,772	17,201,808
Total Payments		1,442,926,906	3,888,712,399
Adjusted for:			
Prior Year Adjustments	14	(140,763,817)	(184,732,595)
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15	(94,217,707)	50,058,415
Increase/(Decrease) in Accounts Payable: (deposits and retention)	16	26,545,385	(25,962,246)
Net Cash Flow from Operating Activities		(15,445,347)	286,924,597
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	9	(306,140)	(344,015,400)
Net cash flows from Investing Activities		(306,140)	(344,015,400)
CASHFLOW FROM BORROWING ACTIVITIES			
NET INCREASE IN CASH AND CASH EQUIVALENT			
		(15,751,487)	(57,090,803)
Cash and cash equivalent at BEGINNING of the year	10A+B	147,754,202	204,845,005
Cash and cash equivalent at END of the year	10A+B	132,002,715	147,754,202

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 _____ 2023 and signed by:

.....
 Ms Teresia Mbaika
 Accounting Officer

.....
 CPA Stanley Mwaura
 Head of Accounting Unit
 ICPAK M/No.7121

14. Statement of Comparison of Budget and Actual Amounts for FY2022/23

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation Difference to Final Budget f=d/c %
RECEIPTS						
Exchequer releases	1,741,910,000	(9,031,851)	1,732,878,149	1,561,500,317	171,377,832	90%
Miscellaneous Receipts	-	74,715,974	74,715,974	74,417,380	298,594	100%
Total Receipts	1,741,910,000	65,684,123	1,807,594,123	1,635,917,697	171,676,426	91%
Payments						
Compensation of Employees	314,310,000	(48,951,606)	265,358,394	266,774,836	(1,416,442)	101%
Use of goods and services	582,794,840	242,314,329	825,109,169	549,811,883	275,297,286	67%
Transfers to Other Government Units	779,300,000	(84,130,000)	695,170,000	604,944,414	90,225,586	87%
Social Security Benefits	20,522,454	951,606	21,474,060	21,395,772	78,288	100%
Acquisition of Assets	44,982,706	(44,500,206)	482,500	306,140	176,360	63%
Grand Total	1,741,910,000	65,684,123	1,807,594,123	1,443,233,046	364,361,077	80%
Surplus/Deficit	-	-	-	192,684,652	(192,684,652)	

(a) *Variance analysis:*

-exchequer releases: the under receipts in exchequer was due to budget cuts during supplementary budget

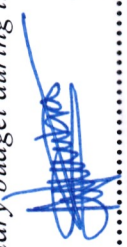
-the under payments was due to budget cuts during supplementary.

(b) *Reallocations within the year: the reallocation within the year were as a result of supplementary budget during the year.*

The entity financial statements were approved on _____ 2023 and signed by:


..... 15th Dec 2023

Ms Teresia Mbaika
Accounting Officer


..... 15th Dec 2023

CPA Stanley Mwaura
Head of Accounting Unit
ICPAK M/No.7121

*State Department for Devolution
Annual Report and Financial Statements for the year ended 30th June 2023*

13 (a) Statement Of Comparison of Budget and Actual Amounts: Recurrent for FY2022/23

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=d-c	% of Utilisation Difference to Final Budget f=d/c %
RECEIPTS						
Exchequer releases	1,444,910,000	60,590,371	1,505,500,371	1,505,500,317	54	100%
Miscellaneous Receipts		74,715,974	74,715,974	74,417,380	298,594	100%
Total Receipts	1,444,910,000	135,306,345	1,580,216,345	1,579,917,697	298,648	100%
PAYMENTS						
Compensation of Employees	314,310,000	(48,951,606)	265,358,394	266,774,836	(1,416,442)	101%
Use of goods and services	526,794,840	211,936,551	738,731,391	525,870,132	212,861,260	71%
Transfers to Other Government Units	538,300,000	15,870,000	554,170,000	554,170,000	-	100%
Social Security Benefits	20,522,454	951,606	21,474,060	21,395,772	78,288	100%
Acquisition of Assets	44,982,706	(44,500,206)	482,500	306,140	176,360	63%
Grand Total	1,444,910,000	135,306,345	1,580,216,345	1,368,516,879	211,699,466	87%
Surplus/Deficit	-	-	-	211,400,818	(211,400,818)	

Notes

(a) Variance analysis


*-the overutilization in compensation of employees was due to increased expenditure budget cuts in the middle of the year
-the underutilization was due to budget cuts in the middle of the year.*

(b) Reallocations within the year: the reallocation within the year was due to supplementary budget in the reporting year.

The entity financial statements were approved on _____ 2023 and signed by:

.....

 Ms. Teresia Mbaika

.....

 CPA Stanley Mwaure

Head of Accounting Unit

ICPAK M/No.7121

13 (b) Statement of Comparison of Budget and Actual Amounts: Development for FY2022/23

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Exchequer releases	297,000,000	(69,622,222)	227,377,778	56,000,000	171,377,778	25%
Total Receipts	297,000,000	(69,622,222)	227,377,778	56,000,000	171,377,778	25%
Payments						
Use of goods and services	56,000,000	30,377,778	86,377,778	23,941,752	62,436,026	28%
Transfers to Other Government Units	241,000,000	(100,000,000)	141,000,000	50,774,414	90,225,586	36%
Grand Total	297,000,000	(69,622,222)	227,377,778	74,716,166	152,661,612	33%
Surplus/Deficit	-	-	-	(18,716,166)	18,716,166	

- (a) *Variance analysis: the under receipts in exchequer is due to unrealised grants from undp in the year*
- (b) *The under expenditure is due to unrealised revenue from undp grants in the year*
- (c) *Reallocations within the year: the reallocation within the year was due to supplementary within the year.*

The entity financial statements were approved on _____ 2023 and signed by:

 15th Dec 2023

Ms Teresia Mbaika

Accounting Officer

 15th Dec 2023

CPA Stanley Mwaura

Head of Accounting Unit

ICPAK M/No.7121

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13 (c) Budget Execution by Programmes and Sub-Programmes for FY 2023

Sub Program	Description	Approved Budget	Actual Payments	Variance
	Devolution Services	1,807,594,123	1,443,263,046	364,331,077
712010000	Management of devolution affairs	290,422,562	162,011,092	128,411,470
712020000	Intergovernmental Relations	951,087,198	764,391,837	186,695,361
712030000	Capacity building	220,370,268	173,726,278	46,643,990
712040000		317,744,067	319,225,679	-1,481,612
712050000		26,547,924	22,640,995	3,906,929
712060000		1,422,104	1,267,165	154,939
	Special Initiatives	-	-	-
	General Administration, Planning and Support Services	-	(30,000)	30,000
732010000	Human Resource and Support Services	-	(30,000)	30,000
	Grand Total	1,807,594,123	1,443,233,046	364,361,077

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based. It should tie with the combined Statement of Budgeted Vs Actual Amounts. Ensure that this document is completed to enable consolidation by the National Treasury)

15. 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 note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests 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 State Department for Devolution. The financial statements encompass the reporting entity as specified under Section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity:

i. Consolidating Gains and Deepening Devolution in Kenya

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. The accounting policies set out in this section have been consistently applied State Department for Devolution for all the years presented.

a) Recognition of Receipts

The State Department for Devolution recognises all receipts from the various sources when the event occurs, and the related cash has been received.

(i) Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the State Department for Devolution.

(ii) External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners. Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment. During the year ended 30th June 2023, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

(iii) miscellaneous receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

The *State Department for Devolution* recognises all payments when the event occurs, and the related cash has been paid out by the *State Department for Devolution*

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) Interest on Borrowing

Borrowing costs that include interest are recognized as payment in the period in which they are paid for. For the reporting period the state department had no borrowings.

iv) Principal on borrowing

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. For the reporting period the state department had no borrowings.

v) 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 and a summary provided for purposes of consolidation. *This summary is disclosed as an annexure 2 to the financial statements.*

vi) 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 state department for devolution includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded. In the reporting period the state department had no donations or in kind contributions received.

vii) Third Party Payments

Included in the receipts and payments, are payments made on the entity's behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings or grants.

c) 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 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. A bank account register is maintained, and a summary provided for purposes of consolidation. *This summary is disclosed as note 10 to the financial statements.*

Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits and retentions. As of 30th June 2023, this amounted to Kshs 97,589,749 compared to Kshs 42,105,464 in prior period as indicated on note 12. There were no other restrictions on cash during the year.

d) Imprests and advances

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 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.

e) Third party deposits and retention

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (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 for National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

f) 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. 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.

g) Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits and retentions, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament in *June 2023 for the period 1st July 2022 to 30th June 2023* as required by Law and there were one number of supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements. Government Development Projects are budgeted for under the state department for devolution but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

h) Comparative Figures

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

i) Subsequent Events

There have been no events after the financial year end with a significant impact on the financial statements for the year ended *30th June 2023*.

j) Prior Period Adjustment

During the year, errors that have been corrected are disclosed *under note 14* explaining the nature and amounts.

k) Related Party Transactions

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

l) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The *state department for Devolution* does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. The state department has no contingent liability in the reporting period.

Notes to the Financial Statements

1 Exchequer Releases

Description	2022-2023	2021-2022
	Kshs	Kshs
Total Exchequer Releases for quarter 1	288,141,585	314,431,750
Total Exchequer Releases for quarter 2	332,593,292	1,592,677,217
Total Exchequer Releases for quarter 3	277,636,656	952,329,731
Total Exchequer Releases for quarter 4	663,128,784	1,298,807,502
TOTAL	1,561,500,317	4,158,246,200

(in the previous period the state department was implementing IDEAS project which was not there in fy 2022/2023 also the department responsible for relief was moved out of the state department hence reduced exchequer receipts)

2 Proceeds from Domestic and Foreign Grants

Name of Donor	Date received	Indicate whether it was a direct payment	Amount in foreign currency	FY 2022-2023	FY 2021-2022
				Kshs	Kshs
Grants received from Bilateral Donors (Foreign Governments)					
European union-EI-IDEAS	-	DIRECT PAYMENT	-	-	100,438,813
European union-KCPF	-		-	-	31,534,900
Total	-		-	-	131,973,713

Notes to the Financial Statements (continued)

3 Miscellaneous Receipts

	2022-2023	2021-2022
	Kshs	Kshs
Delegates Registration Fee - AFRICITIES	74,417,380	46,053,509
TOTAL	74,417,380	46,053,509

(the miscellaneous receipts relates to registration for africities delegates held in May 2022 in Kisumu. part of the funds was received in May 2023)

4 Compensation to Employees

	2022-2023	2021-2022
	Kshs	Kshs
Basic salaries of permanent employees	159,589,769	174,366,935
Personal allowances paid as part of salary	107,185,066	105,144,015
TOTAL	266,774,836	279,510,950

5 Use of Goods and Services

	2022-2023	2021-2022
	Kshs	Kshs
Communication, supplies and services	3,661,376	8,609,218
Domestic travel and subsistence	53,246,830	155,812,007
Foreign travel and subsistence	1,260,700	13,431,739
Printing, advertising and information supplies & services	24,060	35,934,312
Rentals of produced assets	147,300,000	305,739,400
Training expenses	7,620,537	3,345,372
Hospitality supplies and services	35,061,453	185,166,500
Specialised materials and services	-	2,052,083
Office and general supplies and services	3,422,455	4,047,148
Fuel Oil and Lubricants	2,354,627	18,080,837
Other operating expenses	294,365,228	895,004,319
Routine maintenance – vehicles and other transport equipment	1,177,618	4,253,669
Routine maintenance – other assets	317,000	1,789,792
TOTAL	549,811,883	1,633,266,396

Notes to the Financial Statements (continued)

There was a reduction in expenditure due to budget cuts done during the supplementary estimates in FY 2022/2023, also the department of relief was moved to the ministry of labour and social services

6 Grants and Transfers to Other Government Units

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Grants to Government Agencies and other levels of Government	554,170,000	687,112,032
Capital Grants to Government Agencies and other levels of Government	4,500,000	10,623,016
Other Capital Grants and Transfers	46,274,414	234,605,846
See attached list		
TOTAL	604,944,414	932,340,894

6 b: Transfers to self – reporting entities in the year

The above transfers were made to the following self-reporting entities in the year:

Description	Recurrent	Development	Total for the year 2022-2023	FY 2021-2022
	Kshs	Kshs	Kshs	Kshs
Transfers to SAGAs and SCs				
Council of governors	210,640,000	4,500,000	215,140,000	215,693,015
IGRTC	343,530,000	-	343,530,000	496,772,032
National youth council	-	-	-	5,000,000
Kenya school of government	-	-	-	10,000,000
County assemblies forum	-	-	-	15,000,000
Transfers to County Governments				
IDEAS	-	-	-	100,438,813
KCDF –SDD OPERATIONS	-	-	-	31,534,900
Consolidating Gains and Deepening Devolution in Kenya	-	46,274,414	46,274,414	57,902,134
Total	554,170,000.	50,774,414	604,944,414	932,340,894

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to this financial statement.

Notes to the Financial Statements (Continued)

7 Other Grants and Transfers

	2022-2023	2021-2022
	Kshs	Kshs
Membership dues and subscriptions to international organizations		1,026,392,351
Total	-	1,026,392,351

The grants were providing for relief food beneficiaries in the previous year. In the current year the function of relief distribution was transferred from the state department.

8 Social Security Benefits

	2022-2023	2021-2022
	Kshs	Kshs
Government pension and retirement benefits	21,395,772	17,201,808
TOTAL	21,395,772	17,201,808

(the social security benefits relates to senior official who exited the state department –cabinet secretary and his staff, CAS and his staff in the previous year.)

Notes to the Financial Statements (Continued)

9 Acquisition of Assets

	2022-2023	2021-2022
	Kshs	Kshs
Non-Financial Assets		
Purchase of Buildings		
Construction of Buildings	-	280,000,000
Purchase of Vehicles and Other Transport Equipment	-	63,044,400
Purchase of Office Furniture and General Equipment	306,140	-
Research, Studies, Project Preparation, Design & Supervision	-	971,000
TOTAL	306,140	344,015,400

(the state department had a construction project in FY 2021-2022- Kisumu convention centre. Which was allocated Kshs 280 million. However, in FY 2022-2023, the project had no budgetary allocation

Notes to the Financial Statements (Continued)

10 Cash and Bank Accounts

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Bank Accounts (Note 10 A)	132,002,684	147,754,171
Cash on hand (Note 10 B)	31	31
Total	132,002,715	147,754,202

10A: Bank Accounts

Name of Bank, Account No. & currency	Indicate whether recurrent, Development, deposit e.t.c	2022-2023	2021-2022
		Kshs	Kshs
REC-CBK A/C 1000209828	Recurrent	10,036,733	1,702,573
DEV-CBK A/C 1000209763	Development	4,562	28,972,724
DEP-CBK A/C 1000212616	Deposit	120,007,125.75	42,105,464
KCDF CBK A/C 1000495316	Project	1,740,477	21,514,499
IDEAS CBK A/C 1000318287	Project	-	7,424,401
KCB kipande house-acc no 1286547547	Africities Summit	209,196.34	39,098,379
KCB kipande house-acc no 1295646528	Africities Summit	4,588	6,936,130
Total		132,002,684	147,754,171

10B: Cash on hand

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Cash in hand – Held in domestic currency	31	31
Total	31	31

Notes to the Financial Statements (Continued)

Detailed Cash is as follows:

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Locations-MINISTRY HEADQUARTERS NAIROBI	31	31
Total	31	31

[board of survey attached to the financial statements.]

11 : Imprests and Advances

Description	2022-2023	2021-2022
	Kshs	Kshs
District suspense	-	85,782,293
AIE to IGRTC	180,000,000	-
TOTAL	180,000,000	85,782,293

Imprests and advances Aging analysis.

	Insert Current FY 22/23	% of the total	Insert Comparative FY 21/22	% of the total
Under one year	180,000,000	100%	-	100%
1-2 years	-	-	-	%
2-3 years	-	-	85,782,293	100%
Over 3 years	-	-	-	%
Total	180,000,000	100%	85,782,292	100%

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12 Third party deposits and retention

	2022-2023	2021-2022
	Kshs	Kshs
Deposit	97,589,749	42,105,464
IDEAS	-	7,424,401
KCPF	-	21,541,499
TOTAL	97,589,749	71,044,364

	Insert Current FY 22/23	% of the total	Insert Comparative FY 21/22	% of the total
Under one year	77,901,661.75	%	28,938,900	41%
1-2 years	42,105,464	%	-	%
2-3 years	-	%	-	%
Over 3 years		100%	42,105,464	59%
Total	120,007,125.75	100%	71,044,364	100%

13 Fund balance brought forward

	2022-2023	2021-2022
	kshs	kshs
Bank accounts	147,754,171	202,959,524
Cah in hand	31	1,885,482
receivables	85,782,292	59,820,046
Payables -deposits	(71,044,364)	(20,985,949)
total	162,492,130	243,679,103

14 Prior Year Adjustments

	Balance b/f Fy 2021/2022	Adjustments during the year relating to prior periods	Adjusted balance b/f FY 2022/2023
Description of error		kshs	kshs
Recurrent bank account	1,702,573.20	-1,702,573.20	0.00
Development bank account	28,972,724.45	-28,972,724.45	0.00
KCB bank account	39,098,379.00	-38,889,183.00	209,196.00
KCB bank account	6,936,130.00	-6,931,542.00	4,588.00
Payables-deposit	-71,044,364	28,938,900	-42,105,464.00
Other bank accounts	71,044,364	-7,424,401	63,619,963.00
receivables	85,782,292	-85,782,292	0.00
Cash in hand	31	0	31.00
Total	162,492,129.65	-140,763,815.65	21,728,314

Explanatory notes

1. The prior year adjustment is in relation to swept bank balance for the previous year (FY 2021-2022) for both recurrent (Kshs 1,702,573.20) and development (Kshs 28,972,724.45) refunded back to exchequer amounting to Ksh 30,675,298.

2. The Ksh 38,889,183 and Ksh 6,931,542 relates to Africities bank balances that were re-budgeted in the current financial year and had also been included in the fund balance brought forward.

3. The 28,938,900 represents the IDEAS project bank balances of Kshs. 7,424,401 and KCPF Project Bank balances of Kshs. 21,514,499 of which the Kshs 7,424,401 was returned to The National Treasury after completion of the project.

4. The 85,782,292, relates to aies issued to deputy county commissioners for transport of relief food. Through interventions from ministry of interior, national treasury and state department for asal , the state department managed to receive the returns from the DCC

15 Increase/ decrease in advances and imprest

Description of error	2022-2023	2021-2022
	Kshs	kshs
Receivables as at 1 st July (A)	85,782,293	59,820,046
Receivables as at 30 th June(B)	180,000,000	85,782,293
Increase/decrease in receivables-(C=B-A)	94,217,707	(25,962,247)

16 Increase/ (Decrease) in Retention and Third-Party Deposits

Description	2022-2023	2021-2022
	KShs	KShs
Payables as at 1st July (A)	71,044,364	20,985,949
Payables as at 30th June (B)	97,589,749	71,044,364
Increase/ (Decrease) in payables (C=(B-A))	26,545,385	50,058,415

17 Related Party Disclosures

The following comprise of related parties to the state department of devolution

- i) Key management personnel that include the Cabinet Secretaries and Accounting Officers
- ii) Other Ministries Departments and Agencies and Development Projects;
- iii) County Governments; and
- iv) State Corporations and Semi-Autonomous Government Agencies.

17.1 Related party transactions:

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfer to related parties		
Transfers to SCS and SAGAS	558,670,000	687,112,032
Transfers from exchequer	1,561,500,317	4,158,246,200
Total	2,120,170,317.00	4,845,358,232

17.2 Pending Accounts Payable (See Annex 1) – PENDING BILLS

	Balance b/f 2021-2022	Additions for the period	Paid during the year- cumulative	Balance c/f 2022-2023
Description	Kshs	Kshs	Kshs	Kshs
Construction of Buildings	424,700,008.02	14,198,154.56	125,306,200.00	313,591,962.58
Supply of Goods	25,915,358.00		-	25,915,358.00
Supply of Services	817,644,930.00		337,714,937.56	479,929,992.44
Total eligible bills				819,437,313.02
Bills under verification				1,469,016,969
Court award under arbitration				452,545,080.50
Total	1,268,260,296.02	14,198,154.56	463,021,137.56	2,740,999,362.52

The bills under verification are still undergoing verification of documents and validation by the pending bills verification committee within the state department.

17.3: Other Pending Payables (See Annex 2)

	Balance b/f 2021-2022	Additions for the period	Paid during the year	Balance c/f 2022-2023
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government Entities- Kenya railways pension scheme	105,000,000	-	-	105,000,000
Total	105,000,000	-	-	105,000,000

17.4 External Assistance

	<i>FY 2022-2023</i>	<i>FY 2021-2022</i>
Description	Kshs	Kshs
External Assistance received as Grants	-	131,973,713
Total	-	131,973,713

(the grants were received in the previous year from the EU as grants from the IDEAS project for transfer to the counties)

a) External assistance relating loans and grants

	<i>FY 2022-2023</i>	<i>FY 2021-2022</i>
Description	Kshs	Kshs
External Assistance received as Loans	-	-
External Assistance received as Grants	-	131,973,713
Total	-	131,973,713

Other important disclosures (continued)

b) Classes of providers of external assistance

	<i>FY 2022-2023</i>	<i>FY 2021-2022</i>
Description	Kshs	Kshs
Bilateral Donors	-	131,973,713
Total	-	131,973,713

(the external assistance was for local economic development at the counties.)

c) Purpose and use of external assistance

	<i>FY 2022-2023</i>	<i>FY 2021-2022</i>
Description	Kshs	Kshs
Transfers to other Government Units	-	131,973,713
Total	-	131,973,713

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17.5 Progress on follow up of Prior Years Auditor-General's recommendations.

The following is the summary of issues raised by the Auditor-General during the prior year and management comments that were provided.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unaccounted for district suspense	The state department reported unaccounted for district suspense of kshs 85,782,292. This relates to AIEs issued to district commissioners for transport of relief food in the FY 2028-20219-2020/2021. Through the intervention of the national treasury , ministry of interior , and state department of asals, the state department for devolution managed to receive the returns of the AIES hence the item has been cleared.	resolved	June 2023
2.	Non-payment of pending bills.	The state department was unable to pay the pending bills due to inadequate budgetary allocation. the pending bills have been factor in FY 2023/2024. the process of the payment of the pending bills is ongoing. The state department has requested for supplementary budget to clear the bills	Not resolved	June 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.	Delay in completing of the proposed africities convention centre	The convention centre was not completed in the year under review as it is a multiyear rolling project. In the fy 2023/2024 the convention centre has been allocated kshs 100 million for construction to continue	Not resolved	June 2024
5.	Lack of functional audit committee	The state department was unable to constitute the audit committee due to reorganisation in the structure of government after the elections. The state department is under the deputy president and therefore will use the committee under the office f the deputy president before getting its committee.	Not resolved	December 2023
6.	Lack of public finance management standing comate	The committee has been appointed for the FY 2023-2024	resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7.	Lack of approved information technology security policy	The ministry has adopted the national ICT policy developed by the ministry of ICT to guide all ICT programs within the ministry.	resolved	

Guidance Notes:

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

 _____ 15th Dec 2023
Ms Teresia Mbaika
 Accounting Officer

 _____ 15th Dec 2023
CPA Stanley Mwaure
 Head of Accounting Unit

18 Annexes

Annex 1 - Analysis of Pending Bills

VERIFIED BILLS -SERVICES									
S/No.	Supplier/Contract or	Invoice No.	Nature of Goods/Services	Amount (Kshs.)	Amount Paid	Outstanding Amount (Kshs.)	observations		
1	M/s Wanderjoy World Ltd	9916,29/11/21	Conference Facility	5,621,840.00	-	5,621,840.00	lack of exchequer		
2	M/s CFAO Motor Kenya	91667002, 31/3/22	Repair and Service of Motor Vehicle (GK B 158 F)	467,555.00	-	467,555.00	lack of exchequer		
4	M/s Primate Tours	5008	Air ticket	196,780.00	-	196,780.00	lack of exchequer		
5	M/s Jepco Services & Renovators Ltd	715070 756946	Cleaning services	1,058,163.00	-	1,058,163.00	lack of exchequer		
7	M/s Kisumu Hotel	SINV0537	Conference facility	684,000.00	-	684,000.00	lack of exchequer		
9	M/s Sunset Hotel	173029	Conference facility	1,800,000.00	-	1,800,000.00	lack of exchequer		
11	M/s Pro Flight Ltd	PFMD0011221	Air ticket	1,204,022.40	-	1,204,022.40	lack of exchequer		
12	M/s Pro Flight Ltd	PFMD0021221	Air ticket	1,046,976.00	-	1,046,976.00	lack of exchequer		
14	M/s Mavuno auto masters Ltd	691	Repair & Service of vehicles	545,200.00	-	545,200.00	lack of exchequer		
15	M/s Attic Tours & Travel Ltd	67792	Air ticket	403,480.00	-	403,480.00	lack of exchequer		
16	M/s Pago Airways	TIN22060315	Air ticket	644,900.00	-	644,900.00	lack of exchequer		
19	M/s Pago Airways	TIN22060260	Air ticket	69,000.00	-	69,000.00	lack of exchequer		

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21	M/s Langata Hotel	19281, April 4,2022	Conference Facility	424,000.00	-	424,000.00	lack of exchequer
22	M/s Mavuno(K) Automaster	731	Repair and Service of Motor Vehicle (GK A 692 V)	419,920.00	-	419,920.00	lack of exchequer
23	M/s Mavuno(K) Automaster	730	Repair and Service of Motor Vehicle (GK B 555 V)	145,000.00	-	145,000.00	lack of exchequer
24	M/s Diverse Eco- safety Consultants	3477	Payment of consultancy	2,875,000.00	-	2,875,000.00	lack of exchequer
25	M/s Balmoral Beach Hotel	10/12/22/hon01	Conference facility	354,000.00	-	354,000.00	lack of exchequer
26	The Baobab Lodge	087/BSL/21	Conference facility	150,000.00	-	150,000.00	lack of exchequer
27	M/s Geotide Safaris	99,27/10/20	Air Ticket	48,570.00	-	48,570.00	lack of exchequer
28	M/s Ragwa Travels Ltd	42,8/3/21	Air Ticket	27,300.00	-	27,300.00	lack of exchequer
29	M/s Ragwa Travels Ltd	0040,23/11/	Air Ticket	46,900.00	-	46,900.00	lack of exchequer
30	M/s Ragwa Travels Ltd	46	Air Ticket	43,970.00	-	43,970.00	lack of exchequer
31	M/s Njekin Agencies	110,21/1/21	Air Ticket	72,820.00	-	72,820.00	lack of exchequer
32	M/s Great Rift Valley Lodge	5462587,20/11/ 21	Conference Facility	2,911,000.00	-	2,911,000.00	lack of exchequer
34	M/s Safari Park Hotel	14634,4/4/22	Conference Facility	322,980.00	-	322,980.00	lack of exchequer
35	M/s Welima Agencies Limited	111, 30/06/22	Repair and Service of Motor Vehicle GK B 773 D	348,000.00	-	348,000.00	lack of exchequer

36	M/s Dawin Tours and Travel	108,30/6/22	Air Ticket	24,155.00	-	24,155.00	lack of exchequer
37	M/s Samo Agencies	3908	Repair & service of vehicles	440,000.00		440,000.00	lack of exchequer
38	M/s Ragwa Travels Ltd	0039, 22/11/2020	Air Ticket	170,950.00	-	170,950.00	Verified
39	M/s Sarova Panafric	7054843,11/1/22	Conference Facility	220,400.00	-	220,400.00	Verified
40	M/s Ultimate Events Management Services		Event Management	263,716,445.00	52,743,291.00	210,973,164.00	Verified
41	M/s Bonito Hotels Ltd	57703	Conference facility	78,500.00		78,500.00	Verified
42	M/s Sarova Stanely Group Hotels		Catering Services	244,937,500.00	132,281,000.00	112,656,500.00	Verified
43	M/s Homeland Events		Tents and Accessories	428,505,740.00	210,881,400.00	217,624,340.00	Verified
1	M/s Lukenya Gateway	736	Conference	1,189,000.00		1,189,000.00	P.O attached
2	M/s Primate Tours Ltd	2816	Air ticket services	67,200.00	-	67,200.00	P.O attached
3	M/s Kayleaf Tours	105	Air ticketing services	119,040.00	-	119,040.00	P.O attached
4	M/s Pride Inn Paradise Beach Resort	42710/21/874	Conference Facilities	636,000.00	-	636,000.00	P.O attached
5	Mr. Joseph Ochieng		Consultancy(technical advisor KDSP)	1,684,214.50	-	1,684,214.50	P.O attached

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6	M/s Prestige Management			Consultancy for Development of MIS application and training manual	2,496,897.00	-	2,496,897.00	P.O attached
7	M/s Attic Tours and Travel Ltd	56051		Air ticketing services	32,665.00	-	32,665.00	P.O attached
8	M/s KSG	SINVC-NRB00176		Training	906,300.00	-	906,300.00	P.O attached
9	M/ s Nyali Beach Holiday Resort	95291		Conference Facilities	619,137.00	-	619,137.00	P.O attached
10	M/s Ragwa Travels	39		Air ticket	74,084.00	-	74,084.00	P.O attached
11	M/s Primate Tours	3092		Air ticket services	67,600.00	-	67,600.00	P.O attached
12	M/s Whitespan			Supply of motor vehicle accessories	1,428,000.00	-	1,428,000.00	P.O attached
13	M/s Javan Tours and Travel	408		Air ticket services	53,200.00	-	53,200.00	P.O attached
14	M/s Golf Hotel Kakamega	4311		Conference	1,450,000.00	-	1,450,000.00	P.O attached
15	M/s Lake Nakuru Lodge	0225-2021,17/09/2021		Conference Facility	2,436,000.00	-	2,436,000.00	Lack of exchequer
17	M/s Pago Airways Travel Services Ltd	TIN 2206018		Air Tickets	70,380.00	-	70,380.00	Lack of exchequer
18	M/s Attic Tours and Travel Ltd	000-65631		Air Tickets	34,700.00	-	34,700.00	Lack of exchequer
19	M/s Pago Airways Travel Services Ltd	TIN22060074		Air Tickets	270,400.00	-	270,400.00	Lack of exchequer
21	M/s Pago Airways Travel Services Ltd	TIN22060319		Air Tickets	1,099,900.00	-	1,099,900.00	Lack of exchequer

24	M/s Hale Pest Control Services Ltd	43930	Fumigation	600,000.00	-	600,000.00	Lack of exchequer
25	M/s Stewaki Agencies	157,19/11/20	Air Ticket	43,340.00	-	43,340.00	Lack of exchequer
26	M/s Stewaki Agencies	000159, 21/01/2021	Air Ticket	195,130.00	-	195,130.00	Lack of exchequer
27	M/s Pago Airways Travel Services Ltd	TIN22060258	Air tickets	203,400.00	-	203,400.00	Lack of exchequer
28	M/s Waterbuck Limited	6710,6/3/22	Conference Facility	372,900.00	-	372,900.00	Lack of exchequer
29	M/s PridelInn Flamingo Beach Resort		Conference Facility	112,000.00	-	112,000.00	Lack of exchequer
31	M/s Lightways ventures	30/2022,06/06/22	editing and typesetting	490,000.00	-	490,000.00	Lack of exchequer
32	M/s English Point Marina	6102021	Conference Facility	2,997,000.00	-	2,997,000.00	supported
33	M/s Primate Tours Ltd	2973	Air ticket services	157,900.00	-	157,900.00	Lack of exchequer
34	M/s Lukenya Getaway	Inv109902, 16/10/19	Conference	169,600.00	-	169,600.00	Lack of exchequer
35	M/s Lake Naivasha Resort	1872,13/2/21	Conference Facility	2025000		2025000	Lack of exchequer
36	M/s Burchs Resort Naivasha Ltd	7867	Conference facility	1,243,200.00	-	1,243,200.00	Lack of exchequer
37	M/s GAA	2408,09/03/21	Advertisement	292,106.25	-	292,106.25	Verified
39	M/s worldbay Agencies		Air ticket	52,750.00		52,750.00	Verified
43	M/s Attic Tours		Air ticket	26,335.00		26,335.00	Verified

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1	M/s Jepco Services & Renovations	7640772 877317790	Cleaning services	1,258,038.60	1,258,038.60	Inadequate budget
2	M/s Jumeirah Safaris		Hire of transport	210,000.00	210,000.00	Inadequate budget
3	M/s Telkom Kenya	various	Post-paid Telephone Bills	324,819.00	324,819.00	inadequate fund
1	M/s Mutakha Kangu		Consultancy Services	1,760,000.00	1,760,000.00	supported
2	M/s Pago Airways Travel Services	TIN23030206	Air tickets	99,450.00	99,450.00	Lack of exchequer
4	M/s Pago Airways travel services		Air tickets	260,720.00	260,720.00	Lack of exchequer
6	M/s Dawin Tours & Travel		Air tickets	268,505.00	268,505.00	Lack of exchequer
8	M/s Angani Tours & Travel		Air tickets	39,145.00	39,145.00	Lack of exchequer
10	M/s Pago Airways travel Services		Air tickets	109,705.00	109,705.00	Lack of exchequer
12	M/s Trawel Company Ltd		Air tickets	55,200.00	55,200.00	Lack of exchequer
14	M/s Trawel Company Ltd		Air tickets	2,192,420.00	2,192,420.00	Lack of exchequer
16	M/s Pago airways travel services		Air tickets	108,505.00	108,505.00	Lack of exchequer
18	M/s Pago airways Travel Services		Air tickets	168,530.00	168,530.00	Lack of exchequer
20	M/s Pago airways Travel services		Air tickets	155,200.00	155,200.00	Lack of exchequer
22	M/s Angani Tours and Travel		Air tickets	239,795.00	239,795.00	Lack of exchequer

24	M/s Oline Retreads Ltd		conference facility	262,500.00		262,500.00	supported
25	M/s Lake Nakuru Lodge		conference facility	128,000.00	-	128,000.00	supported
26	M/s Lake Nakuru		conference facility	480,000.00	-	480,000.00	supported
27	M/s Pago Airways Services	TIN23030205	Air tickets	49,450.00	-	49,450.00	supported
28	M/s Lake Nakuru Lodge		conference facility	511,034.00		511,034.00	Lack of exchequer
	TOTAL					596,515,780.75	

VERIFIED BILLS -GOODS							
3	M/s Quickmode Traders	113,30/6/22	Supply and Delivery of Tables and Chairs	1,168,000.00	-	1,168,000.00	lack of exchequer
6	M/s Snavem Enterprises	203	Provision of timber, sand ballast	930,758.00	-	930,758.00	lack of exchequer
8	M/s Rex Kiosk	various	Subscription of daily newspaper	454,624.00	-	454,624.00	lack of exchequer
10	M/s Unes University Bookstore	490760	Delivery of reference books	350,100.00	-	350,100.00	lack of exchequer
13	M/s Ngistel General Supplies	4	Stationery	298,000.00	-	298,000.00	lack of exchequer
17	M/s AI Point Venture	198	Supply of cisco 48 port access switch 3850 ubiquity unifi wap-long range	1,028,000.00	-	1,028,000.00	lack of exchequer
18	M/s RH Devani	68424	Fuel	1,300,000.00	-	1,300,000.00	lack of exchequer
20	M/s First Option Ventures	76,30/6/22	Printing Books A4 Size	1,490,000.00	-	1,490,000.00	lack of exchequer

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33	M/s Lexxy Technologies	26	Supply and Installation of PABX	226,200.00	-	226,200.00	lack of exchequer
16	M/s Glaadian Investment	015	Executive Chairs	138,000.00	-	138,000.00	Lack of exchequer
20	M/s Waterfall Agencies Ltd	62	PC Desktops	2,974,500.00	-	2,974,500.00	Lack of exchequer
22	M/s Specicom Technologies Ltd	1680,12/4/20	Supply and Delivery of Laptop	3,048,000.00	-	3,048,000.00	Lack of exchequer
23	M/s Jubryant Limited	23	Toners	902,300.00	-	902,300.00	Verified
30	M/s Skydrop Merchants	82	Supply and Delivery of Laptop	2,983,500.00	-	2,983,500.00	Lack of exchequer
38	kenya railways		purchase of land	105,000,000.00		105,000,000.00	Verified
	TOTAL					122,291,982.00	
VERIFIED BILLS - CONSTRUCTION OF BUILDINGS							
S/No	Supplier/Contract or	Invoice No.	Nature of Goods/Services	Amount (Kshs.)	Amount Paid	Outstanding Amount (Kshs.)	observations
40	M/s China Jiangxi International Kenya Limited	Job No.10936A/4	Construction of Conference, I Facility in Kisumu	61,969,850.04	-	61,969,850.04	Verified
41	M/s China Jiangxi International Kenya Limited	Job No.10936A/3	Construction of Conference, Facility in Kisumu	129,461,444.98	-	129,461,444.98	Verified
42	M/s China Jiangxi International Kenya Limited	Job No.10936A/4	Construction of Conference, Facility in Kisumu	14,198,154.56	-	14,198,154.56	Verified
	TOTAL					205,629,449.58	

BILLS UNDER VERIFICATION											
S/No	Supplier/Contractor	Invoice No.	Nature of Goods/Services	Amount (Kshs.)	Amount Paid	Outstanding Amount (Kshs.)	observations				
1.	M/s Geotide Safaris	118,10/2/21	Air Ticket	72,800.00	-	72,800.00	no PO attached				
2	M/s Geotide Safaris	117,10/2/21	Air Ticket	79,980.00	-	79,980.00	no PO attached				
3	M/s FD Global Limited	005, 23/10/20	Air Ticket	60,925.00	-	60,925.00	no PO attached				
4	M/s Attic Tours & Travel	00056051,12/6/20	Air Ticket	45,100.00	-	45,100.00	no PO attached				
5	M/s Worldbay Agencies	0045,21/2/20	Air Ticket	36,650.00	-	36,650.00	no PO attached				
6	M/s Attic Tours & Travel	00056051,12/6/	Air Ticket	45,100.00	-	45,100.00	no PO attached				
7	M/s Waterbuck Limited	6787	Conference Facility	105,600.00	-	105,600.00	no PO attached				
8	M/s Kite Logistics		Chopper Services	2,300,000.00	-	2,300,000.00	no PO attached				
9	M/s Kite Logistics		Chopper Services	2,400,000.00	-	2,400,000.00	no PO attached				
10	M/s Kite Logistics		Chopper Services	2,100,000.00	-	2,100,000.00	no PO attached				
11	M/s Mweru Hotel Holdings Ltd T/A Best Western Hotel		Conference Facility	589,750.00	-	589,750.00	no PO attached				
12	M/s Mweru Hotel Holdings Ltd T/A Best Western Hotel	13271	Conference Facility	311,500.00	11,442,000.00	311,500.00	no PO attached				

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13	M/s Homeboyz Entertainment		Audio-Visual	188,245,192.00	68,973,952.00	119,051,934.00	no PO attached
14	M/s Attic Tours & Travel	-	Air ticket	44,800.00	-	44,800.00	no PO attached
15	M/s Geotide Safari Ltd	-	Air ticketing services	70,000.00	-	70,000.00	no PO attached
16	M/s Kayleaf Tours and Travel	113	Air ticket services	39,850.00	-	39,850.00	no PO attached
17	M/s Kayleaf Tours and Travel	67	Air ticket services	74,083.00	-	74,083.00	no PO attached
18	M/s Madara Motor Service	-	Repair and service of motor vehicle	593,370.00	-	593,370.00	no PO attached
19	M/s Raptors Automotive Motors Works	-	Repair and service	410,000.00	-	410,000.00	no PO attached
20	M/s Vivienne Super Florists	2783	Flowers	338,000.00	-	338,000.00	no PO attached
21	M/s Worldbay Agencies	25	Air tickets	109,430.00	-	109,430.00	no PO attached
22	M/s Zipjoe Agencies	607	Air tickets	81,770.00	-	81,770.00	no PO attached
23	M/s Joto Enterprise	-	Repair and Service	784,230.00	-	784,230.00	no PO attached
24	M/s Joto Enterprise	-	Repair and Service	576,840.00	-	576,840.00	no PO attached
25	M/s Sovereign Hotel	14972	Conference facility	283,050.00	-	283,050.00	no PO attached
26	M/s Attic Tours And Travel	invoice 00057619	Air ticket	32,200.00	-	32,200.00	no PO attached
27	M/s Worldbay Agencies	invoice 000050	Air ticket	54,950.00	-	54,950.00	no PO attached

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28	M/s Geotide Safaris	invoice 119	Air ticket	52,850.00	-	52,850.00	-	52,850.00	no PO attached
29	M/s Geotide Safaris	invoice 125	Air ticket	91,650.00	-	91,650.00	-	91,650.00	no PO attached
30	M/s Fd Global Limited	-	Air ticket	38,750.00	-	38,750.00	-	38,750.00	no PO attached
31	M/s Geotide Safaris	invoice 128	Air ticket	51,400.00	-	51,400.00	-	51,400.00	no PO attached
32	M/s Attic Tours & Travel	invoice 00057677	Air ticket	45,205.00	-	45,205.00	-	45,205.00	no PO attached
33	M/s Ragwa Travels	invoice 0035	Air ticket	27,565.00	-	27,565.00	-	27,565.00	no PO attached
34	M/s Attic Tours And Travel	invoice 00060232	Air ticket	15,650.00	-	15,650.00	-	15,650.00	no PO attached
35	M/s Geotide safari	INV 116	Air ticket	73,800.00	-	73,800.00	-	73,600.00	no PO attached
36	M/s Geotide Safaris Limited	957	Air ticket services	17,500.00	-	17,500.00	-	17,500.00	no PO attached
37	M/s Inter-Flight Ventures	150	Air ticket	39,790.00	-	39,790.00	-	39,790.00	no PO attached
38	M/s Laico Agency Hotel	156606	Conference facility	125,690.00	-	125,690.00	-	125,690.00	no PO attached
39	M/s Attic Tours And Travel	46250	Air tickets	848,085.00	-	848,085.00	-	848,085.00	no PO attached
40	M/s Attic Tours And Travel	41134	Air ticket	40,490.00	-	40,490.00	-	40,490.00	no PO attached
41	M/s Primate Tours Ltd	2584	Air ticket services	105,300.00	-	105,300.00	-	105,300.00	no PO attached
42	M/s Attic Tours & Travel	42983	Air ticket services	31,835.00	-	31,835.00	-	31,835.00	no PO attached
43	M/s Attic Tours & Travel	41188	Air ticket services	27,000.00	-	27,000.00	-	27,000.00	no PO attached

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44	The White Rhino Hotel	INV1876	Conference facility	202,850.00	-	172,025.00	no PO attached
45	M/s Geotide Safaris	81	Air ticket services	75,180.00	-	75,180.00	no PO attached
46	M/s Attic Tours & Travel	59547,29/5/21	Air Ticket	281,500.00	-	281,500.00	no PO attached
47	M/s Maanzoni Lodge	5136, 8/9/2020	Conference Facility	240,000.00		240,000.00	no PO attached
48	M/s Pago Airways	TIN22060312	Air ticket	61,000.00	-	61,000.00	P.O not attached
49	M/S north wood agencies		chopper services	1527760		1,527,760.00	P.O not attached
50	m/s tanad transporter		loading expenses	93858.95		93858.95	P.O not attached
51	m/s dubai mattresses		loading expenses	145779.01		145,779.00	P.O not attached
52	m/s rural distributor enterprises		transport services	2000000		2,000,000.00	P.O not attached
53	m/s sawela lodges		conference facilities	296000		296,000.00	P.O not attached
54	m/s national cereal board		commission and disposal of maize	42339.6		42,339.60	P.O not attached
55	m/s lumber solution		services of motor vehicles	97150		97,150.00	P.O not attached
56	m/s madara motor solution		repair and service of motor vehicle	78800		78,800.00	P.O not attached
57	m/s primate tours ltd		air ticket services	113400		113,400.00	P.O not attached
58	m/s seasonal hotel narok		conferences facilities	93000		93,000.00	P.O not attached

59	Samo Agencies LTD		Service and repair of motor vehicle GKB 081R	96,570.00	-	96,570.00	P.O not attached
60	Samo Agencies LTD		Service and repair of motor vehicle GKA 733L	78,184.00	-	78,184.00	P.O not attached
61	Samo Agencies LTD		Service and repair of motor vehicle GKB 496J	89,668.00	-	89,668.00	P.O not attached
62	Samo Agencies LTD		Service and repair of motor vehicle GKB 199V	63,278.00	-	63,278.00	P.O not attached
1	M/s China Jiangxi International Kenya Limited	Job No.10936A/4	Construction of Conference, Exhibition and Recreational Facility in Kisumu	6,905,841.65	-	6,905,841.65	inadequate supporting document .
2	China Jiangxi		Claim for losses and expenses due to suspension of works	1,134,100,586.68	-	1,134,100,586.68	inadequate supporting document
3	M/s Druwan Enterprises	-	Supply and Delivery of Tonners	1,919,000.00	-	1,919,000.00	invoice and P O not attached
4	M/s Naivasha Country Hotel		Conference Facility	1,035,000.00	-	1,035,000.00	invoice and P O not attached
5	M/s Rangers Restaurant Narok	-	Conference facility	2,812,500.00	-	2,812,500.00	invoice and P O not attached

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6	M/s Kayleaf Tours	107	Air ticketing services	145,500.00	-	145,500.00	invoice and P O not attached
7	M/s Geotide Safaris		Air ticket	279,650.00	-	279,650.00	invoice and P O not attached
8	M/s Lake Naivasha Resort Limited	992	Conference facility	832,500.00		832,500.00	P O not attached
9	M/s Kyaka Hotel		Conference Facilities	306,240.00		306,240.00	P O not attached
10	M/s Sarova Whitesands		Conference Facilities	3,240,000.00		3,240,000.00	P O not attached
11	M/s Prideinn Paradise		Conference Facilities	864,000.00		864,000.00	P O not attached
12	M/s Prideinn Paradise		Conference Facilities	468,000.00		468,000.00	P O not attached
13	M/s Lukenya Getaway		Conference facility	360,200		360,200	P O not attached
14	M/s Kayleaf Tours	125,18/021	Air Ticket	155,520.00	-	155,520.00	P.O not attached
15	M/s Geotide Safaris	97,12/10/21	Air Ticket	35,000.00	-	35,000.00	P.O not attached
16	M/s Geotide Safaris	102,27/10/20	Air Ticket	39,750.00	-	39,750.00	P.O not attached
17	M/s Kayleaf Tours	124,18/1/21	Air Ticket	118,150.00	-	118,150.00	P.O not attached
18	M/s Waterbuck Limited	6784, 22/6/2022	Conference Facility	389,400.00	-	389,400.00	P.O not attached
19	M/s Prideinn Flamingo	524280, 16/06/22	Conference Facility	136,000.00	-	136,000.00	P.O not attached

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20	M/s Hotel Waterbuck Ltd	6595,06/03/22	Conference Facility	792,000.00	-	792,000.00	P.O not attached
21	M/s Lake Nakuru Lodge	2022-440, 11/04/22	Conference Facility	2,548,800.00	-	2,548,800.00	P.O not attached
22	M/s Naivasha Country Hotel T/A Sawela	36164,15/6/22	Conference Facility	621,000.00	-	621,000.00	P.O not attached
23	M/s Kyaka Hotel Ltd	103572	Conference Facility	756,000.00	-	756,000.00	P.O not attached
24	M/s Ciala Resort	Da0412309, 7/01/2021	Conference Facility	1,500,000.00	-	1,500,000.00	P.O not attached
25	M/s Kayleaf Tours & Travel	114,19/11/20	Air Ticket	459,470.00	-	459,470.00	P.O not attached
26	M/s Ragwa Travels Ltd	0034, 22/11/20	Air Ticket	295,920.00	-	295,920.00	P.O not attached
27	M/s Attic Tours & Travel	57102,2/2/21	Air Ticket	99,250.00	-	99,250.00	P.O not attached
28	M/s Ragwa Travels Ltd	0041,013/12/20	Air Ticket	820,800.00	-	820,800.00	P.O not attached
29	M/s FD Global Limited	009, 17/11/20	Air Ticket	658,820.00	-	658,820.00	P.O not attached
30	M/s FD Global Limited	010, 7/12/20	Air Ticket	526,500.00	-	526,500.00	P.O not attached
31	M/s FD Global Limited	011, 7/12/20	Air Ticket	258,650.00	-	258,650.00	P.O not attached
32	M/s FD Global Limited	012, 7/12/20	Air Ticket	96,695.00	-	96,695.00	P.O not attached
33	M/s Interflights Ventures	00183, 22/10/20	Air Ticket	39,990.00	-	39,990.00	P.O not attached
34	M/s Standard Group	80087367,21.10.20	Advertisement	107,316.00	-	107,316.00	P.O not attached
35	M/s Geotide Safaris	121,17/02/21	Air Ticket	39,200.00	-	39,200.00	P.O not attached

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36	M/s Lake Naivasha Crescent Camp	1043,23/12/2020	Conference	300,000.00	-	300,000.00	P.O not attached
37	M/s Pride Paradise	56077,18/11/20	Conference	575,000.00	-	575,000.00	P.O not attached
38	M/s Lake Naivasha Crescent Camp	1037,12/12/2020	Conference	800,000.00	-	800,000.00	P.O not attached
39	M/s Kenya School of Government	MSA 00027 06/10/20	Training	910,680.15	-	910,680.15	P.O not attached
40	M/s Worldbay Agencies	0043,18/12/20	Air Ticket	586,050.00	-	586,050.00	P.O not attached
41	M/s Maanzoni Lodge	5340, 18/12/2020	Conference Facility	443,000.00	-	443,000.00	P.O not attached
42	M/s Naivasha Country Hotel T/A Sawela	27803,1/02/2021	Conference	1,100,250.00	-	1,100,250.00	P.O not attached
43	M/s Beckan Construction Firm		Construction of fresh produce market sheds at Kadongo –Kasipul Kabondo Homabay	988,427.30	-	988,427.30	P.O not attached
44	M/s Lexxy Technologies		Maintenance of EPABX machine	735,000.00	-	735,000.00	P.O not attached
45	M/s Primate Tours	3274, 11/10/20	Air Ticket	35,400.00	-	35,400.00	P.O not attached
46	M/s Primate Tours	3273, 11/09/20	Air Ticket	35,750.00	-	35,750.00	P.O not attached
47	M/s Geotide Safaris	invoice 126	Air ticket	52,850.00	-	52,850.00	P.O not attached
48	M/s Crowne Plaza	224199	Conference facilities	200,000.00	-	200,000.00	P.O not attached

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49	M/s Crowne Plaza	224025	Conference facilities	184,000.00	-	184,000.00	P.O not attached
50	M/s Gelian Investment Ltd	29064	Conference facilities	237,000.00	-	237,000.00	P.O not attached
51	M/s Lake Naivasha Crescent Camp	1024	Conference facilities	422,400.00	-	422,400.00	P.O not attached
52	M/s Sun Africa Hotels	61756	Accommodation /Conference facilities	2,824,490.00	-	2,824,490.00	P.O not attached
53	M/s Lukenya Getaway	324	Conference facilities	162,260.00	-	162,260.00	P.O not attached
54	M/s Lukenya Getaway	325	Conference facilities	108,200.00	-	108,200.00	P.O not attached
55	M/s Kayleaf Tours	103	Air ticketing services	119,850.00	-	119,850.00	P.O not attached
56	M/s Geotide Safari Ltd	108	Air ticketing services	18,200.00	-	18,200.00	P.O not attached
57	M/s Joto Enterprises	-	Service and repair of motor vehicle	345,192.00	-	345,192.00	P.O not attached
58	M/s Lake Naivasha Resort Ltd	1556	Conference facilities	148,500.00	-	148,500.00	P.O not attached
59	M/s Maanzoni Lodge	5374	Conference facilities	70,000.00	-	70,000.00	P.O not attached
60	M/s Kenya Safari Lodges and Hotels	PM 9000	Conference facilities	484,500.00	-	484,500.00	P.O not attached
61	M/s Kenya Safari Lodges and Hotels	PM 9005	Conference facilities	245,000.00	-	245,000.00	P.O not attached
62	M/s Stewaki Agencies	155	Air ticketing services	127,880.00	-	127,880.00	P.O not attached
63	M/s Voyager Beach Resort	272275	Accommodation/Conference facilities	525,000.00	-	525,000.00	P.O not attached

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64	M/s Worldbay Agencies	-	Air ticketing services	77,900.00	-	77,900.00	P.O not attached
65	M/s Stewaki Agencies	156	Air ticketing services	43,340.00	-	43,340.00	P.O not attached
66	M/s Pago Airways Travel Services Ltd	-	Air ticketing services	464,660.00	-	464,660.00	P.O not attached
67	M/s Pride Inn Paradise	55201	Conference facility	365,250.00	-	365,250.00	P.O not attached
68	M/s Pride Inn Paradise	56324	Conference facility	1,890,000	-	1,890,000.00	P.O not attached
69	M/s Pride Inn Paradise	52914	Conference facility	160,000.00	-	160,000.00	P.O not attached
70	M/s Primate Tours Ltd	3337	Air ticket	182,000.00	-	182,000.00	P.O not attached
71	M/s Primate Tours Ltd	-	Air ticket	201,500.00	-	201,500.00	P.O not attached
72	M/s Joto Enterprises	-	Repair and service	374,376.00	-	374,376.00	P.O not attached
73	M/s Kayleaf Tours and Travel Ltd	-	Air ticket	264,950.00	-	264,950.00	P.O not attached
74	M/s attic tour travel ltd	-	Air ticket	33,800.00	-	33,800.00	P.O not attached
75	M/s Engo Airport Resort Kitale	454	Conference facility	2,900,000.00	-	2,900,000.00	P.O not attached
76	M/s Crowne Plaza	223239	Conference facility	76,000.00	-	76,000.00	P.O not attached
77	M/s Njekin Agencies	98	Air ticket services	35,780.00	-	35,780.00	P.O not attached
78	M/s Travellers Beach Hotel	TBH2083-11-2020	Conference facility	406,000.00	-	406,000.00	P.O not attached
79	M/s Legend Hotels Limited	INV3391	Conference	212,500.00	-	212,500.00	P.O not attached

80	M/s Late Hour House	983	Fumigation of motor vehicles	300,000.00	-	300,000.00	P.O not attached
81	M/s Hale pest		Fumigation of Offices	600,000.00	-	600,000.00	P.O not attached
82	M/s Whitespan	Certificate 1	Painting of Building	9,685,080.00	-	9,685,080.00	P.O not attached
83	M/s Laico Agency	153426	Conference facility	816,000.00	-	816,000.00	P.O not attached
84	M/s Kayleaf Tours And Travel	30	Air ticket services	38,970.00	-	38,970.00	P.O not attached
85	M/s Hotel Waterbuck	4767	Conference facility	569,500.00	-	569,500.00	P.O not attached
86	M/s Pride Inn Paradise	35759	Conference facility	2,150,000.00	-	2,150,000.00	P.O not attached
87	M/s Masada Hotel	1790	Conference facility	1,119,000.00	-	1,119,000.00	P.O not attached
88	The Grand Royal Swiss Hotel	INVN0906	Conference facility	50,000.00	-	50,000.00	P.O not attached
89	M/s Jays Protechnique Limited	272	Launch gear services	580,000.00	-	580,000.00	P.O not attached
90	M/s Jays Protechnique	630	Launch gear services	570,720.00	-	570,720.00	P.O not attached
91	M/s KICC	SINV1372	Conference facility	776,440.37	-	776,440.37	P.O not attached
92	M/s Kayleaf Tours And Travel	17	Air ticket services	772,670.00	-	772,670.00	P.O not attached
93	M/s Primate Tours Ltd	2809	Air ticket services	32,800.00	-	32,800.00	P.O not attached
94	M/s Primate Tours Ltd	2808	Air ticket services	99,000.00	-	99,000.00	P.O not attached
95	M/s Primate Tours Ltd	2585	Air ticket services	140,700.00	-	140,700.00	P.O not attached

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96	M/s Primate Tours	3262	Air ticket services	35,750.00	-	35,750.00	P.O not attached
97	The Lukenya Gateway	IN110132	Conference facility	210,000.00	-	210,000.00	P.O not attached
98	M/s Chambai Safari Hotel	2119	Conference Facilities	234,000.00	-	234,000.00	P.O not attached
99	M/s Sun Africa Hotel	60693	Conference facility	413,305.00	-	413,305.00	P.O not attached
100	M/s Kajiado Cultural Resort Ltd	6003	Conference facilities	2,683,500.00	-	2,683,500.00	P.O not attached
101	M/s Suncity Hotel	428	Accommodation/Conference facilities	2,800,000.00	-	2,800,000.00	P.O not attached
102	M/s Kitui Premier Resort Limited	210	Conference facilities	2,800,000.00	-	2,800,000.00	P.O not attached
103	M/s Samburu House Limited	7579	Accommodation/Conference facilities	2,750,000.00	-	2,750,000.00	P.O not attached
104	M/s Kelvian Hotel	-	Conference facility	2,932,500.00	-	2,932,500.00	P.O not attached
105	M/s Kwale Golden Limited	604	Conference & accommodation facility	2,875,000.00	-	2,875,000.00	P.O not attached
106	M/s Isiolo Grande Hotel	-	Conference & accommodation facility	2,790,000.00	-	2,790,000.00	P.O invoice not attached
107	M/s Panalis Resort	344	Conference & accommodation facility	2,875,000.00	-	2,875,000.00	P.O not attached
108	M/s Libken Agencies	Various Invoices	Air tickets	6,439,517.00	-	6,439,517.00	P.O not attached
109	M/s Kisumu Hotel	OR-32244	conference facility	2,178,525.00	-	2,178,525.00	P.O not attached

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110	M/s Alpex Consulting Africa Limited (ACAL)		Consultancy Services for Annual County Performance Assessment (ACPA) financial year 2019/2020	28,682,400.00	-	28,682,400.00	P.O not attached
111	M/s Institute for Research and Policy Alternatives		Consultancy for Development of a Framework on Performance of Concurrent functions	6,842,653.51	-	6,842,653.51	P.O not attached
112	M/s Horrizon Business Solutions Limited		Consultancy for Development of Performance Assessment framework for devolution	20,949,931.00	-	20,949,931.00	P.O not attached
113	M/s Prefix Research Limited		Consultancy for Development of Civic Education Information and Communication and Education (IEC)	11,543,000.00	-	11,543,000.00	P.O not attached
114	M/s Esada Insights		Consultancy to Develop and integrated knowledge management system	11,403,960.00	-	11,403,960.00	P.O not attached
115	Kiragu wachira		consultancy had outstanding issue with KRA	2,000,000.00	-	2,000,000.00	P.O not attached

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1	M/s Hotel Waterbuck	6811	Conference Facility	379,500.00	-	379,500.00	PO, requisition not attached,
2	M/s Trawell Company Ltd	308	Air Tickets	67,770.00		67,770.00	P.O not attached
3	M/s Trawell Company	652	Air Tickets	59,300.00		59,300.00	P.O not attached
4	M/s Empolos Hotel	8107	Conference Facility	126,000.00		126,000.00	P.O not attached
5	M/s Sarova Stanley	355348	Conference Facility	240,000.00		240,000.00	P.O not attached
6	M/s Trawell Company Ltd		Air Tickets	32,580.00		32,580.00	P.O not attached
7	M/s Pago Travel Services	TIN22110053	Air Tickets	751,135.00		751,135.00	P.O not attached
8	M/s Pago Travel Services	TIN22070251	Air Tickets	158,000.00		158,000.00	P.O not attached
9	M/s Pago Travel Services	TIN22070367	Air Tickets	149,500.00		149,500.00	P.O not attached
10	M/s Pago Travel Services	TIN2210006	Air Tickets	577,200.00		577,200.00	P.O not attached
11	M/s Pago Travel Services	TIN2310248	Air Tickets	82,450.00		82,450.00	P.O not attached
12	M/s Pago Travel Services	TIN23010160	Air Tickets	67,520.00		67,520.00	P.O not attached
13	M/s Pago Travel Services	TIN22060162	Air Tickets	75,090.00		75,090.00	P.O not attached
14	M/s Trawell Company Ltd		Air Tickets	100,440.00		100,440.00	P.O not attached

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15	M/s Pago Travel Services	TIN22070254	Air Tickets	324,000.00		324,000.00	P.O not attached
16	M/s Pago Travel Services	TIN22100008	Air Tickets	86,245.00		86,245.00	P.O not attached
17	M/s Trawell Company Ltd	547	Air Tickets	155,520.00		155,520.00	P.O not attached
1	M/s Trawell Company Ltd		Air Tickets	460,460.00	-	460,460.00	1. P.O no attached.
2	M/s Trawell Company Ltd		Air Tickets	211,610.00	-	211,610.00	1. P.O no attached.
3	M/s Mutakha Kangu		Consultancy Services	7,040,000		7,040,000	1. P.O no attached.
4	M/s Trawell Company Ltd		Air Tickets	594,210	-	594,210.00	1. P.O no attached.
5	M/s Dawin Tours and Travel		Air Tickets	65,200	-	65,200.00	1. P.O no attached.
6	M/s Chamwa Motors	-	Repair and service of motor vehicle	294,120.00	-	294,120.00	1. P.O no attached.
7	M/s Travellers Beach Hotel	TBH2084-11-2020	Conference facility	255,500.00	-	255,500.00	1. P.O no attached.
5	M/s Ragwa Travels Ltd	0043.DEV	Air ticketing services	102,870.00	-	102,870.00	1. P.O no attached.
7	M/s Ragwa Travels Ltd	0036.DEV	Air ticketing services	127,230.00	-	127,230.00	1. P.O, requisition not attached.
1	M/s Hotel Waterbuck Ltd	6709,06/03/22	Conference Facility	308,000.00	-	308,000.00	voucher missing
2	M/s Majibu Supplies Investment	340,30/6/22	Supply and Delivery of Orthopedic Chair	256,000.00	-	256,000.00	voucher missing

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3	M/s Zip Joe Agencies	607	Air ticket	81,770.00	-	81,770.00	voucher missing
4	M/s Njekin Agencies	90	Air ticket	37,850.00	-	37,850.00	voucher missing
5	M/s Pago Airways	TIN22040038	Air ticket	91,800.00	-	91,800.00	voucher missing
6	M/s Pago Airways	TIN22050320	Air ticket	116,060.00	-	116,060.00	voucher missing
7	M/s Mweru Hotel Holdings Ltd	13327	Conference facility	70,000.00	-	70,000.00	voucher missing
8	M/s Attic Tours & Travel	56361,20/12/20	Air Ticket	32,665.00	-	32,665.00	voucher missing
9	kenya school of government			227,940.00		227,940.00	voucher missing
10	esami		tuition fee	1,127,891.00		1,127,891.00	voucher missing
	M/s Trawell Company	681	Air Tickets	34,235.00		34,235.00	missing
	M/s Trawell Company	652	Air Tickets	36,320.00		36,320.00	missing
	M/s Kamtix Cleaning Co. Ltd	KCLI/INV/2604 / &2754	Cleaning services	269,154.18		269,154.18	missing
	TOTAL BILLS UNDER VERIFICATION					1,469,016,947.44	
COURT AWARDS							
11	specon kenya ltd		Mombasa sewerage	452,545,180.52		452,545,180.52	voucher missing

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Annex 2 - Analysis of Other Pending Payables

Name	Brief Transaction Description	Date Payable Contracted	Original amount	Amount Paid To-Date	Outstanding Balance Current Year	Outstanding Balance Previous Year	Comments
			a	b	c=a-b		
Amounts due to National Govt Entities							
1. Kenya railways	Purchase of land for muthurwa market		105,000,000	-	105,000,000		
2.							
Sub-Total							
Sub-Total			105,000,000	-	105,000,000		
Grand Total			105,000,000		105,000,000		

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Annex 3 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year- 2022/2023	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Construction of buildings	280,000,000				280,000,000
Buildings and structures	90,380				90,380
Transport equipment	4,915,000				4,915,000
Office equipment, furniture and fittings	33,041,499	306,140			33,347,639
ICT Equipment	16,050,000				16,050,000
Machinery and Equipment	63,044,400				63,044,400
Research studies project preparation design &	10,990,441				10,990,441
Total	408,131,720	306,140			408,437,860

(NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the State Department of Devolution. Additions during the year should tie to note 18 on acquisition of assets during the year.

Annex 4 – List of Projects implemented by the state department for devolution.

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements(yes/no)
1	Kenya Cooperation and Dialogue Facility	Local Economic Development	Ms. Teresia Mbaika	No
2	Consolidating gains and deepening devolution in Kenya	Deepening of devolution	Ms. Teresia Mbaika	yes

Annex 5 – List of SCs, Sagas and Public Funds Under state department for devolution

Ref	SC, SAGA or Public Fund's name	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	Intergovernmental Relations Technical Committee- IGRTC	343,530,000	Yes
2	Council of Governors -COG	215,140,000	Yes
3	Nairobi Rivers Commission	-	N/A
		558,670,000	

Annex 6- Reports Generated from IFMIS

IFMIS financial reports to be presented on request.

