

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL INTELLIGENCE SERVICE**

**FOR THE YEAR ENDED
30 JUNE 2016**

Paper laid
By Hon. A. Duale, MP (Lom)
On Wed. March 22, 2017
(pm)
Mhu



NATIONAL INTELLIGENCE SERVICE

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016

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

NATIONAL INTELLIGENCE SERVICE (NIS)
Reports and Financial Statements
For the year ended June 30, 2016

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NATIONAL INTELLIGENCE SERVICE (NIS)
Reports and Financial Statements
For the year ended June 30, 2016

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The National Intelligence Service (NIS) was established under Article 242, Chapter 14 of the Constitution of Kenya, 2010. At the Cabinet level, the **National Intelligence Service** is represented by the Cabinet Secretary for Interior and Coordination of National Government. The National Intelligence Service Council is responsible for the general policy and strategic direction of the Service.

(b) Key Management

The day-to-day management of the **National Intelligence Service** is undertaken by:

- Director General,
- Directors.

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:-

No.	Designation	Name
1.	Accounting Officer	- Maj. Gen. (Rtd) Philip Kameru, MGH, CBS

(d) Fiduciary Oversight Arrangements

- ❖ **Office of the Auditor General** - *Audit activities,*
- ❖ **Parliamentary Committee on Defence and Foreign Relations** – *Legislative and oversight functions.*

(e) Entity Headquarters

NIS Headquarters,
P.O. Box 30091 – 00100,
Nairobi, KENYA

NATIONAL INTELLIGENCE SERVICE (NIS)
Reports and Financial Statements
For the year ended June 30, 2016

(f) Entity Contacts

Telephone: (254) 020-344252

(g) Entity Bankers

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

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. FORWARD BY THE DIRECTOR GENERAL

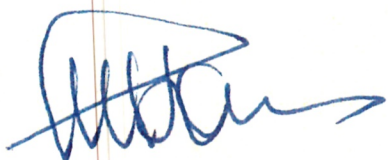
During the year under review, FY 2015/2016, total budgetary resource allocation to the Service by the National Treasury was Kshs.21,507,000,000.00. The Service recorded an absorption capacity of over 99% by utilizing the allocated resources to fund its programmes and activities.

The Service was able to deliver its constitutional mandate in the 2015/2016 financial year in line with its strategic planning and in the broader context of Kenya Vision 2030. During the period under review, the service provided timely and actionable intelligence on national security threats, advised on policy and legislations, conducted vetting and undertook research on areas of national security concerns.

The Service was also able to upgrade its human and technical capacity to deal with the contemporary security threats, as per threat analysis levels, and in line with the programmes prioritized during the Medium Term Expenditure Framework (MTEF) Period.

Despite these achievements and support received from various stakeholders, the Service, while implementing its mandate, faced a number of challenges including evolving trends of terrorism, rapid technological changes, budgetary constraints and foreign exchange fluctuations. These affected the Service in its efforts to neutralize the heightened threats to national security.

It is recommended that in order for the Service to continue playing its role effectively in the socio-economic and political development of the nation, there is need for enhanced capacity building with regard to human capital, information technology, research and development, tools and facilities necessary for intelligence operations.



MAJ. GEN. (RTD) PHILIP KAMERU, MGH, CBS,
DIRECTOR GENERAL,
NATIONAL INTELLIGENCE SERVICE,

III. STATEMENT OF ENTITY 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.

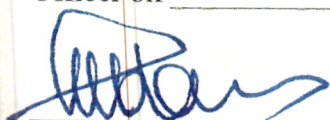
The Accounting Officer in charge of the **National Intelligence Service** is responsible for the preparation and presentation of the **Service** financial statements, which give a true and fair view of the state of affairs of the **Service** for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the **Service**; (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 **National Intelligence Service** accepts responsibility for the **Service** 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 **National Intelligence Service** financial statements give a true and fair view of the state **Service** transactions during the financial year ended June 30, 2016, and of the **Service** financial position as at that date. The Accounting Officer charge of the **National Intelligence Service** further confirms the completeness of the accounting records maintained for the **Service**, which have been relied upon in the preparation of the **Service** financial statements as well as the adequacy of the systems of internal financial control.

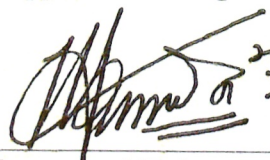
The Accounting Officer in charge of the **National Intelligence Service** confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the **Service** 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 **National Intelligence Service** financial statements were approved and signed by the Accounting Officer on _____ 2016.



Maj. Gen. (Rtd) Philip Kameru, MGH, CBS
Director General.



Nyamasyo Ndola,
Head of Accounting Unit.

IV. REPORT OF THE INDEPENDENT AUDITORS ON THE NATIONAL INTELLIGENCE SERVICE

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

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2016, and its receipts and payments, as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Auditor General

Date

REPUBLIC OF KENYA

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Website: www.kenao.go.ke



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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL INTELLIGENCE SERVICE FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Intelligence Service set out on pages 6 to 20, which comprise the statement of financial position as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation: recurrent and summary statement of provisioning for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

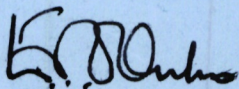
Report of the Auditor-General on the Financial Statements of National Intelligence Service (NIS) for the year ended 30 June, 2016

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

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

Opinion

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



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

Nairobi

16 March, 2017

NATIONAL INTELLIGENCE SERVICE (NIS)
Reports and Financial Statements
For the year ended June 30, 2016

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 – 2016	2014-2015
		Kshs	Kshs
RECEIPTS			
Exchequer releases	1	21,484,100,000	19,137,400,000
Transfers from Other Government Entities	2	666,354,900	127,498,890
Proceeds from Sale of Assets	3	539,000	599,500
Other Receipts	4	1,659,850	1,364,716
TOTAL RECEIPTS		22,152,653,750	19,266,863,106
PAYMENTS			
Transfers to Other Government Units	5	-	464,216
Other Grants and transfers	6	21,464,189,572	19,113,274,111
Other Expenses	7	666,155,600	127,498,890
TOTAL PAYMENTS		22,130,345,172	19,241,237,217
SURPLUS/(DEFICIT)		22,308,578	25,625,889

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2016 and signed by:



Maj. Gen. (Rtd) Philip Kameru, MGH, CBS
 Director General.



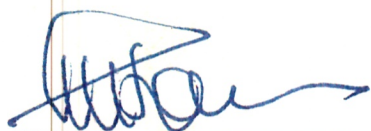
Nyamasyo Ndola,
 Head of Accounting Unit.

NATIONAL INTELLIGENCE SERVICE (NIS)
Reports and Financial Statements
For the year ended June 30, 2016

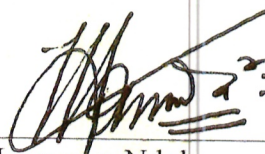
VI. STATEMENT OF ASSETS

	Note	2015-2016	2014-2015
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	184,473,334	203,745,496
Cash Balances	9	14,910,761	1,912
Total Cash and cash equivalent		199,384,095	203,747,408
Accounts Receivables:-			
Outstanding Imprests and Advances	10	22,107,603	53,509,566
TOTAL FINANCIAL ASSETS		221,491,698	257,256,973
FINANCIAL LIABILITIES			
Accounts Payables:-			
Deposits and retentions	12	183,062,386	187,626,674
NET FINANCIAL ASSETS		38,429,312	69,630,299
REPRESENTED BY			
Fund balance b/fwd.	13	16,120,734	44,004,410
Surplus/Deficit for the year		22,308,578	25,625,889
NET FINANCIAL POSSITION		38,429,312	69,630,299

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2016 and signed by:



Maj. Gen. (Rtd) Philip Kameru, MGH, CBS
 Director General.



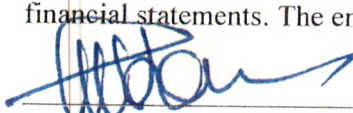
Nyamasyo Ndola,
 Head of Accounting Unit.

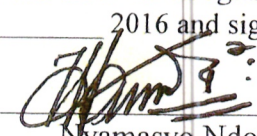
NATIONAL INTELLIGENCE SERVICE (NIS)
Reports and Financial Statements
For the year ended June 30, 2016

VII. STATEMENT OF CASHFLOW

		2015 - 2016	2014 - 2015
		Kshs	Kshs
Receipts for operating income			
Exchequer Releases	1	21,484,100,000	19,137,400,000
Transfers from Other Government Entities	2	666,354,900	127,498,890
Other Revenues	4	1,659,850	1,364,716
Payments for operating expenses			
Transfers to Other Government Units	5	-	(464,216)
Other grants and transfers	6	(21,464,189,572)	(19,113,274,111)
Other Expenses	7	(666,155,600)	(127,498,890)
Adjusted for:			
Changes in receivables	11	(22,107,603)	(9,505,155)
Changes in payables	12	(4,564,288)	39,993,249
Adjustments during the year		-	-
Net cash flow from operating activities		(4,902,313)	55,514,483
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	3	539,000	599,500
Net cash flows from Investing Activities		539,000	599,500
CASHFLOW FROM BORROWING ACTIVITIES			
		-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(4,363,313)	56,113,983
Cash and cash equivalent at BEGINNING of the year	13	203,747,408	147,633,425
Cash and cash equivalent at END of the year		199,384,095	203,747,408

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2016 and signed by:


Maj. Gen. (Rtd) Philip Kameru, MGH, CBS
Director General.


Nyamasyo Ndola,
Head of Accounting Unit.

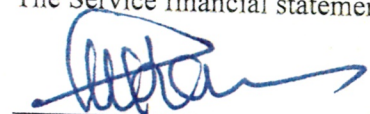
Reports and Financial Statements
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VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

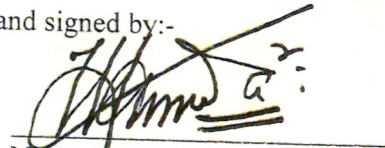
RECEIPT/EXPENSE ITEM	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	20,142,000,000	1,350,000,000	21,492,000,000	21,484,100,000	7,900,000	99.97%
Proceeds from Sale of Assets – A-I-A	-	13,340,150	13,340,150	539,000	12,801,150	4.04%
Other Receipts –A-I-A	-	1,659,850	1,659,850	1,659,850	-	100%
Sub-Total	20,142,000,000	1,365,000,000	21,507,000,000	21,486,298,850	20,701,150	99.91%
PAYMENTS						
Grants and other transfers	20,142,000,000	1,350,000,000	21,492,000,000	21,461,990,722	30,009,278	99.86%
Appropriation In Aid	-	2,198,850	2,198,850	2,198,850	-	100%
Sub-Total	20,142,000,000	1,352,198,850	21,494,198,850	21,464,189,572	30,009,278	99.86%
TOTAL DIFFERENCE	-	12,801,150	12,801,150	22,109,278		

Note: - The National Intelligence Service does not have a Development Budget.

The Service financial statements were approved on _____ 2016 and signed by:-



Maj. Gen. (Rtd) Philip Kameru, MGH, CBS
 Director General.



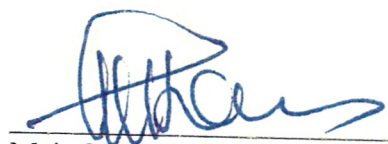
Nyamasyo Ndola,
 Head of Accounting Unit.

Reasons for material differences between Approved Estimates and Actual Expenditure:-

The **Surplus** in the **Statement of Receipts and Payments** for the year ended 30th June 2016 was twenty two million, three hundred and eight thousand, five hundred and seventy eight shillings and twenty five cents (**Kshs.22,308,578.25**). This arose as a result of various accounts having outstanding/unspent balances as shown below:-

- I. The Agency Account, relating to funds remitted to foreign stations through the Ministry of Foreign Affairs and International Trade, had a balance of **Kshs.17,417,299.40**
- II. The District Advances Account, relating to funds remitted to Counties, had an outstanding balance of **Kshs.801,005.30**
- III. The Imprest Account had an outstanding balance of **Kshs.3,889,298.65**.
- IV. The total balance for Cash at Hand was **Kshs.1,674.90**.
- V. Unspent AIE from the State Department of East Africa Affairs was part of the Bank balance amounting to **Kshs.199,300.00**

The National Intelligence Service financial statements were approved on _____ 2016 and signed by:



Maj. Gen. (Rtd) Philip Kameru, MGH, CBS
Director General.



Nyamasyo Ndola,
Head of Accounting Unit.

NATIONAL INTELLIGENCE SERVICE (NIS)
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IX. SUMMARY STATEMENT OF PROVISIONINGS

- Details of General Accounts On Vote

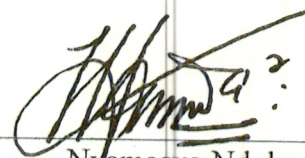
	2015 - 2016	2014 - 2015
	Kshs	Kshs
GAV Provisioning account balance	46,130,012.75	72,280,300.16
Total	46,130,012.75	72,280,300.16

- Details of Exchequer Provisioning

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Exchequer Provisioning balance	7,900,000.00	2,600,000
Total	7,900,000.00	2,600,000



Maj. Gen. (Rtd) Philip Kameru, MGH, CBS
 Director General.



Nyamasyo Ndola,
 Head of Accounting Unit.

X. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

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

3. 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.

4. Accounts Receivable

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

5. Accounts Payable

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

NATIONAL INTELLIGENCE SERVICE (NIS)

Reports and Financial Statements

For the year ended June 30, 2016

6. Non-current assets

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

7. Budget

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

8. Comparative figures

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

9. Subsequent events

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

XI. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHEQUER RELEASES

Description and reference of the transfer			2015 - 2016	2014 - 2015
			Kshs	Kshs
Total Exchequer Releases for quarter 1			3,405,000,000	4,262,400,000
Total Exchequer Releases for quarter 2			6,176,000,000	3,965,000,000
Total Exchequer Releases for quarter 3			5,108,900,000	3,616,000,000
Total Exchequer Releases for quarter 4			6,794,200,000	7,294,000,000
Total			21,484,100,000	19,137,400,000

2. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description			2015 - 2016	2014 - 2015
			Kshs	Kshs
Ministry of Interior			655,000,000	126,000,000
Ministry of Commerce & Tourism			-	502,500
State Department of East African Affairs			1,098,900	996,390
Ministry of Foreign Affairs			10,256,000	
TOTAL			666,354,900	127,498,890

3. PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS

			2015 - 2016	2014 - 2015
			Kshs	Kshs
Receipts from the Sale of Vehicles and Transport Equipment			539,000	-
Receipts from the Sale Plant Machinery and Equipment			-	117,500
Receipts from the Sale of Inventories, Stocks and Commodities			-	482,000
Total			539,000	599,500

4. OTHER RECEIPTS

			2015 - 2016	2014 - 2015
			Kshs	Kshs
Receipts from Administrative Fees and Charges - Collected as AIA			853,717	785,711
Fines Penalties and Forfeitures			806,133	579,005
Total			1,659,850	1,364,716

5. GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description			2015 - 2016	2014 - 2015
			Kshs	Kshs
National Treasury - excess AIA			-	464,216
TOTAL			-	464,216

6. OTHER GRANTS AND OTHER PAYMENTS

			2015 - 2016	2014 - 2015
			Kshs	Kshs
Other current transfers, grants			21,464,189,572	19,113,274,111
Total			21,464,189,572	19,113,274,111

7. OTHER EXPENSES

			2015 - 2016	2014 - 2015
			Kshs	Kshs
Other expenses			666,155,600	127,498,890
Total			666,155,600	127,498,890

8. Bank Accounts

Name of Bank, Account No. & currency	Amount in foreign currency	Exchange rate	2015 - 2016	2014 - 2015
			Kshs	Kshs
Central Bank of Kenya, Recurrent, KES	0	1.00	1,410,948	16,118,823
Central Bank of Kenya, Deposit, KES	0	1.00	183,062,386	187,626,673
Total			184,473,334	203,745,496

9. Cash in hand

			2015 - 2016	2014 - 2015
			Kshs	Kshs
Cash in Hand - Held in domestic currency at Headquarters			14,910,761	1,912
			-	-
Total			14,910,761	1,912

10. Accounts Receivable

			2015 - 2016	2014 - 2015
			Kshs	Kshs
Advances to Counties/Districts, KES	xx		801,005	2,680,031
MFA Advances, KES	xx		17,417,299	45,628,400
Outstanding Imprest to Various officers			3,889,299	5,201,135
Total			22,107,603	53,509,566

11. Cashflow Change in Accounts Receivable				
			2015 - 2016	2014 - 2015
			Kshs	Kshs
<i>Opening balance</i>			53,509,566	170,259,420
<i>Less Closing balance</i>			22,107,603	53,509,566
			(31,401,963)	116,749,854
<i>Less Prior Year Adjustments(From note13)</i>			(53,509,566)	- 126,255,009
Net Cashflow Change in Accounts Receivable			(22,107,603)	- 9,505,155
12. ACCOUNTS PAYABLE				
			2015 - 2016	2014 - 2015
			Kshs	Kshs
General Deposits			6,325,214	4,128,214
Retention			117,081,170	89,882,502
Insurance			59,656,002	93,615,957
Total			183,062,386	187,626,674
Therefore:- Cashflow Changes in Payables			(4,564,288)	39,993,249

13. FUND BALANCES BROUGHT FORWARD			
	OPENING BALANCE	ADJUSTMENT	BROUGHT FORWARD
	2014 - 2015	(Recovery)	2015 - 2016
	Kshs.	Kshs.	Kshs.
Cash and Bank Accounts			
Bank accounts	203,745,496	-	203,745,496
Cash in hand	1,912	-	1,912
sub-total	203,747,408	-	203,747,408
Accounts Receivables			
Advances and other Cash equivalents	48,308,430	(48,308,430)	-
Imprest	5,201,136	(5,201,136)	-
sub-total	53,509,566	(53,509,566)	-
Accounts Payables			
Deposits	(187,626,674)		(187,626,674)
TOTAL	69,630,299	(53,509,566)	16,120,734

- The adjustment of **Kshs.48,308,430.00** includes an amount of **Kshs.43,666,961.36** relating to Advances to the Ministry of Foreign Affairs for the FYs 1999 – 2007 period.
- The adjustment of **Kshs.5,201,136.00** relates to outstanding imprests recovered and/or surrendered.

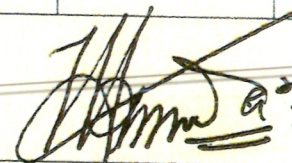
XII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	The Service has not explained why the Agency account balance (MFA) amounting to KSh.43,666,962.00 brought forward from prior period has remained outstanding as at 30 th June 2015, as shown at note 13 to the financial statements.	The balance of KSh.43,666,961.36 relates to accumulated balances which were not accounted for during the FY 2006/2007 and earlier years. In order to resolve this issue, a team was set up to carry out an account reconciliation exercise for every affected foreign station so as to have these balances appropriately cleared from the accounts. To date, the total amount of Kshs.43,666,961.36 has been reconciled and cleared from the financial statements.	Head of Accounting Unit	Resolved	Already done



Maj. Gen. (Rtd) Philip Kameru, MGH, CBS
Director General.



Nyamasyo Ndola,
Head of Accounting Unit.

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	-	-
Buildings and structures	-	-
Transport equipment	-	-
Office equipment, furniture and fittings	-	-
ICT Equipment, Software and Other ICT Assets	-	-
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	-	-

NOTE: Information required for this section is limited due to disclosure requirement thresholds, in line with the nature of security operations.