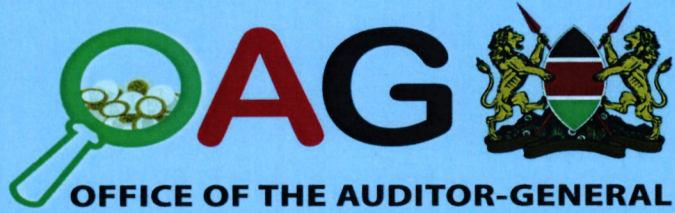


REPUBLIC OF KENYA



Enhancing Accountability

 THE NATIONAL ASSEMBLY REPORT MEMBERS LAID		
PARLIAMENT OF KENYA LIBRARY	DATE: 16 FEB 2021	DAY: Tuesday
TABLED BY:	OF leader of majority	
CLERK-AT THE-TABLE:	Moses Lemura	

THE AUDITOR-GENERAL

ON

EQUALISATION FUND

**FOR THE YEAR ENDED
30 JUNE, 2019**

THE NATIONAL TREASURY



THE NATIONAL TREASURY

Financial Statements for Equalisation Fund For the Financial Year ended 30th June 2019

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

I. NATIONAL TREASURY INFORMATION AND MANAGEMENT

(a) Background Information

The National Treasury was established via the Executive Order No. 2 of May 2013. The basis for establishment of the National Treasury is found in Article 225 (i) of the Constitution of Kenya which states that an Act of Parliament shall provide for the establishment, functions and responsibilities of the National Treasury. This has been actualized in Section 11 and 12 of the Public Finance Management (PFM) Act 2012.

At Cabinet level, the National Treasury is represented by the Cabinet Secretary for National Treasury and Planning, who is responsible for the general policy and strategic direction of the Ministry.

Vision

“Excellence in economic and public financial management, and development planning”

Mission

“To provide leadership in economic and public financial management, and development planning for shared growth through formulation, implementation and monitoring of economic, financial and development policies”

Core Values

The National Treasury is committed to providing quality services to all and is guided by the following core values: Customer Focus, Results Oriented, Stakeholder Participation, Professionalism, Accountability, Integrity and Transparency and Teamwork.

Mandate of the National Treasury

The National Treasury derives its mandate from Article 225 of the Constitution, Public Finance Management Act 2012 and the Executive Orders No.2/2013 and No.1/2018. The National Treasury will be executing its mandate in consistency with any other legislation as may be developed or reviewed by Parliament from time to time.

The core functions of the National Treasury as derived from the above legal provisions include:

- Formulate, implement and monitor macro-economic policies involving expenditure and revenue;
- Manage the level and composition of national public debt, national guarantees and other financial obligations of national government;
- Formulate, evaluate and promote economic and financial policies that facilitate social and economic development in conjunction with other national government entities;

- Mobilize domestic and external resources for financing national and county government budgetary requirements;
- Design and prescribe an efficient financial management system for the national and county governments to ensure transparent financial management and standard financial reporting.
- In consultation with the Accounting Standards Board, ensure that uniform accounting standards are applied by the national government and its entities;
- Develop policy for the establishment, management, operation and winding up of public funds;
- Prepare the annual Division of Revenue Bill and the County Allocation of Revenue Bill;
- Strengthen financial and fiscal relations between the national government and county governments and encourage support for county governments
- Assist county governments to develop their capacity for efficient, effective and transparent financial management; and
- To prepare the National Budget, execute/implement and control approved budgetary resources to MDAs and other Government agencies/entities.

Role of the National Treasury in the Devolved System of Government

The National Treasury is mandated by law to:-

- Strengthen financial and fiscal relations between the National Government and County Governments and support for county governments in performing their functions;
- Issue guidelines on the preparation of county development planning;
- Prepare the annual legislative proposals on intergovernmental fiscal transfers;
- Provide logistical support to intergovernmental institutions overseeing inter-governmental fiscal relations;
- Coordinate the development and implementation of financial recovery plans for County Governments that are in financial distress;
- Build capacity of County Governments on public finance management matters for efficient, effective and transparent financial management as well as planning, monitoring and evaluation and;
- Administer the Equalization Fund.

(b) Key Management

The National Treasury' day-to-day management is under the following key offices;

Office of the Principal Secretary

This office is responsible for the administration of the National Treasury operations. In addition, the Principal Secretary is charged with the responsibility of providing advice to the Cabinet Secretary in order to enhance efficiency and collective responsibility.

Organizational structure of the National Treasury

The National Treasury is organized into four (4) technical Directorates headed by Directors General and (1) Administrative and Support Services Directorate headed by a Principal Administrative Secretary. Each Director General is responsible for a Directorate comprising a cluster of Departments responsible for related policy functions. The Directorates and Departments are as follows:

Directorate of Budget, Fiscal and Economic Affairs

The Directorate is headed by a Director General, reporting to the Principal Secretary, National Treasury. It is organized into the following five (5) Technical Departments each headed by a Director: -

- Budget Department;
- Macro and Fiscal Affairs Department
- Financial and Sectoral Affairs Department;
- Inter-Governmental Fiscal Relations Department
- Public Procurement Department.

Directorate of Accounting Services and Quality Assurance

The Directorate is headed by a Director General reporting to the Principal Secretary, National Treasury. It is organized into the following four (4) Technical Departments each headed by a Director: -

- Government Accounting Services;
- Internal Audit Services Department;
- Financial Management Information Systems (FMIS)
- National Sub-County Treasuries.
- Government Digital Payments Unit.

Directorate of Portfolio Management

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following four (4) Technical Departments each headed by a Director:

- Government Investment and Public Enterprises;
- National Assets and Liabilities Management;
- Pensions Department.
- Public Private Partnership Unit.
- Public Investment Management Unit

Directorate of Public Debt Management Office

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following three (3) Technical Departments each headed by a Director:

- Resource Mobilization (Front Office);
- Debt Policy, Strategy and Risk Management (Middle Office);
- Debt Recording and Settlement (Back Office).

Directorate of Administrative and Support Services (Common Shared Services)

The Directorate is headed by a Principal Administrative Secretary, reporting to the Principal Secretary. It is organized into twelve (12) specialized functions offering common shared services. The common shared services of the National Treasury consist of functions that are not core to the National Treasury but offer critical support services to the National Treasury. The functions include: -

- Accounting,
- Finance,
- Human Resource Management and Development,
- Central Planning and Project Monitoring,
- Supply Chain Management,
- Legal,
- Public Communications,
- General Administration,
- Records Management;
- Internal Audit;
- ICT
- Government Clearing Agency

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

NO.	Designation	Name
1.	Principal Secretary	Dr. Kamau Thugge, CBS
2.	Principal Administrative Secretary	Mr. Francis Musyimi, CBS
3.	Director General, BFEA	Mr. Albert Mwenda, HSC
4.	Director General, Accounting Services	Mr. Bernard Ndung'u, MBS
5.	Ag. Director General, PIPM	Eng. Stanley Kamau
6.	Director General, PDMO	Dr. Haron Sirma, OGW
7.	Ag. Director, Macro and Fiscal Affairs Department	Mr. Musa Gathanje
8.	Director, Budget Department	Mr. Francis Anyona, OGW

The National Treasury and Planning
 Equalisation Fund
 Financial Statements
 For the Financial Year ended 30th June 2019

9.	Director, Financial and Sectoral Affairs Department	Mr. Christopher Oisebe
10.	Director, Public Procurement Department	Mr. Eric Korir
11.	Ag Director, Intergovernmental Fiscal Relations Department	Mr. Albert Mwenda, HSC
12.	Internal Auditor General	Mr. Alfayo Mogaka
13.	Ag Director, Government Accounting Services Department	Mr. Jona Wala
14.	Ag Director, National Sub County Treasuries	Mr. Francis Kariuki
15.	Ag Director, Financial Management Information System	Mr. Stanley Kamanguya
16.	Ag. Director, Public Private Partnership Unit	Mrs. Judy Nyakawa
17.	Director, National Assets and Liability Management	Mrs. Beatrice Gathirwa
18.	Director, Government Investment and Public Enterprises	Mr. Kennedy Ondieki
19.	Director, Pensions Department	Mr. Shem Nyakutu
20.	Director, Resource Mobilization Department	Mr. Jackson Kinyanjui, OGW
21.	Director, Debt Policy, Strategy and Risk Management Department	Mr. Daniel Ndolo
22.	Ag Director, Debt Recording and Settlement Department	Mrs. Felister Kivisi
23.	Ag. Director of Administration	Ms. Margaret Muiuru, OGW
24.	Head, Accounts Division	Mr. George Gichuru
25.	Head, Finance	Mr. Kimathi Mugambi, HSC
26.	Head, SCM	Mr. Peter Mulavu
27.	Head, Internal Audit Unit	Ms. Esther Ngeru
28.	Director, Human Resource Management and Development	Ms. Susan Mucheru
29.	Ag Director, Information Communication and Technology	Mr. George Kariuki
30.	Head, Central Planning and Project Monitoring Unit	Mr. Antony Muriu
31.	Head, Public Communications	Mr. Maina Kigaga
32.	Head, Legal Unit	Mr. James Mwenda
33.	Programme Coordinator, Public Financial Management Reform Secretariat	Mr. Julius Mutua

(d) Fiduciary Oversight Arrangements

To manage the fiduciary risk, the National Treasury has put in place fiduciary oversight arrangements including setting up committees. The key oversight arrangements include:

Audit Committee

The purpose of the Audit Committee is to assist the ministry's management in fulfilling their mandates. The committee undertakes the responsibilities of ensuring existence of adequate financial reporting processes, strong systems of internal controls and efficient operational activities carried out under existing laws and regulations for the ministry to achieve its intended objectives.

The National Treasury and Planning Audit Committee was launched on 22nd March 2019 and has met three times by end of June 2019. It has five members with the Internal Audit Unit as the Secretariat

Internal Audit Unit

The National Treasury has an Internal Audit Unit charged with the responsibility of identifying risks in the management and day to day operations of the Ministry through the risk based audits. The Unit reports directly to the accounting officer on a regular basis.

Audit Query Committee

The National Treasury established an audit committee comprising officers from all departments of the Ministry, under the chairmanship of the Senior Chief Finance Officer. The Committee reviews and analyses all audit queries and makes recommendations on how to reduce fiduciary risks. In addition, the committee prepares responses to all audit queries for presentation to the relevant committees of parliament.

Project Implementation Committee

To monitor the implementation of the Government's Infrastructure Projects, the National Treasury has established a Project Steering Committee comprising Principal Secretaries from implementing Ministries and appointed a technical committee comprising officers from the technical departments of the Ministry. The Committees review and analyse the progress made by ministries in the implementation of domestically and externally funded projects and advises accordingly.

Parliamentary Activities

In order to effectively manage the parliamentary activities relating to the Ministry, the National Treasury has designated a liaison officer to coordinate the activities under the Office of the Cabinet Secretary in consultation with the Office of the Chief Administrative Secretary.

Development Partner Oversight

To effectively manage Official Development Assistance to the Government, the National Treasury has under the Public Debt Management Office; a Department responsible for all matters relating to Development Partners. The Department has various Units that coordinate different development partner activities in the Country.

Other fiduciary oversight arrangements include the following committees with specific objectives:

Senior Management Committee

To monitor the implementation of the Ministry's programmes and performance, the National Treasury has appointed a Senior Management Committee comprising of Directors General and Heads of Departments. The Committee receives reports from departments, builds consensus on National Treasury responses to emerging issues, challenges and risks and ensures that the decisions of top management are implemented in a timely manner.

Public Financial Management Sector Working Group

To facilitate the implementation of financial management reforms, the National Treasury has appointed senior officers to the Public Financial Management Sector Working Group. The Committee plays an oversight role in the implementation of financial reforms in the public service in collaboration with the development partners.

Budget Implementation Committee

To monitor the implementation of the Ministry's budget, programmes and activities, the National Treasury has appointed a committee comprising of officers from all the Departments of the Ministry. The Committee reviews and analyses the progress made by Departments in the implementation of the budget and the planned programmes and activities and advises the management accordingly.

Monitoring and Evaluation

The Ministry undertakes monitoring and evaluation exercises to establish progress made in the implementation of various programmes and projects including those that are funded by the development partners.

(e) The National Treasury Headquarters

P.O. Box 30007- 00100,
Treasury Building,
Harambee, Avenue
Nairobi Kenya

The National Treasury Contacts

Telephone: (254)020-2252299
Email: info@treasury.go.ke
Website: www.treasury.go.ke

(f) The National Treasury Bankers

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

(g) Independent Auditors

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

(h) Principal Legal Adviser

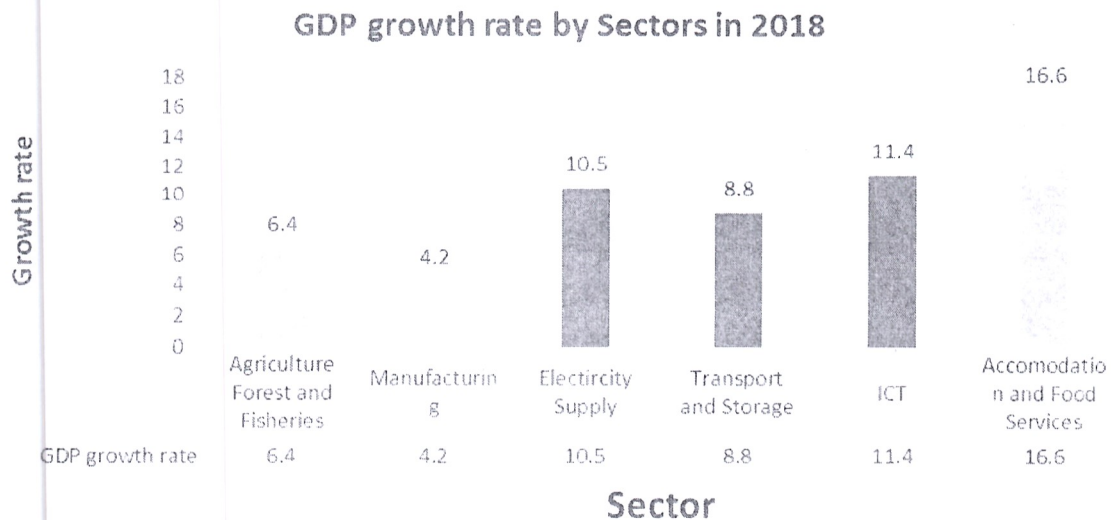
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II. FORWARD BY THE CABINET SECRETARY

The National Treasury is mandated to coordinate economic and financial management of the country in accordance with section 12 of the Public Finance Management Act, 2012. Overall, the National Treasury has strived to maintain a policy environment that is conducive to economic growth and development of the country.

As a result of consistent implementation of bold economic policies, structural reforms and sound macroeconomic management, Economic growth remained resilient and broad based averaging 5.7% in the past 6 years and generating a total of around 5 million new jobs since 2013. Growth accelerated to 6.3% in 2018 from 4.9% in 2017. This growth is the highest to have been recorded for the past 8 years and well above the sub Saharan Africa region average growth of 3.0 percent and the global average of 3.6 percent. The growth was attributable to increased agricultural production, accelerated manufacturing activities, sustained growth in transport and vibrant service sector activities. As a result of this economic growth, 860,000 new jobs were generated in the economy in 2018. Inflation remained within target, interest rates were stable, and exchange rates were competitive with adequate foreign exchange reserves equivalent to 6.2 months of import cover at the end of fiscal year 2018/19. The figure below shows the contribution of the GDP Growth rate by Sectors.

Figure 1: GDP Growth Rate by Sectors in 2018



In FY 2018/19, County Governments received **Ksh.314 billion** as their equitable share of revenue raised nationally. This represents 100 percent of the appropriation as per the CARA, 2018. In

addition to the equitable share, the Counties received Ksh.46.1 billion in FY 2018/19, which comprised of: -

- a) Conditional allocation worth more than **Ksh.15 billion** derived from the National Government's equitable revenue share;
- b) **Ksh.7.4 billion** from the Roads Maintenance Levy Fund (RMLF) collected by the Kenya Roads Board (KRB), of which 15 percent is set aside for County roads; and,
- c) Proceeds from external loans and grants totalling **Ksh.23.6 billion** earmarked to supplement financing of devolved functions.

Based on the above aggregate, payments to County government in FY 2018/19 amounted to **Kshs.360.1 billion**, representing 96 percent of the CARA, 2018 allocations. Including the FY 2018/19 payments, county governments have now received an estimated **Kshs.1.7 trillion** cumulatively since their establishment.

In all years, County Governments' equitable revenue share has been well above the minimum threshold defined in Article 203 (2) of the Constitution. Moreover, counties' equitable revenue share allocation has been fully disbursed in accordance with Article 219 of the Constitution, even when the shareable revenue outturn was less than projected revenue used in the Division of Revenue Act.

The National Treasury and Planning successfully priced a new US dollar 2.1 billion, dual tranche Eurobond of 7-year and 12-year tenors on 15th May 2019 in London, United Kingdom. This is the third time Kenya has been in the International Debt Capital Markets. The first was in June 2014, when we launched the debut bond of US dollar 2.0 billion and tapped for a further US dollar 750 million, while the second was in February 2018 when a dual-tranche of US\$ 2.0 billion was issued (10-year tenor of US\$1.0 billion and 30-year tenor of US\$ 1.0 billion).

The announcement of Kenya issuance triggered an overwhelming response from investors that amounted to an order book of US\$ 9.5 billion, an oversubscription of 4.5 times. This overwhelming interest in Kenya's bond issue confirms the strong investor confidence in Kenya's economic policy management and prospects going forward.

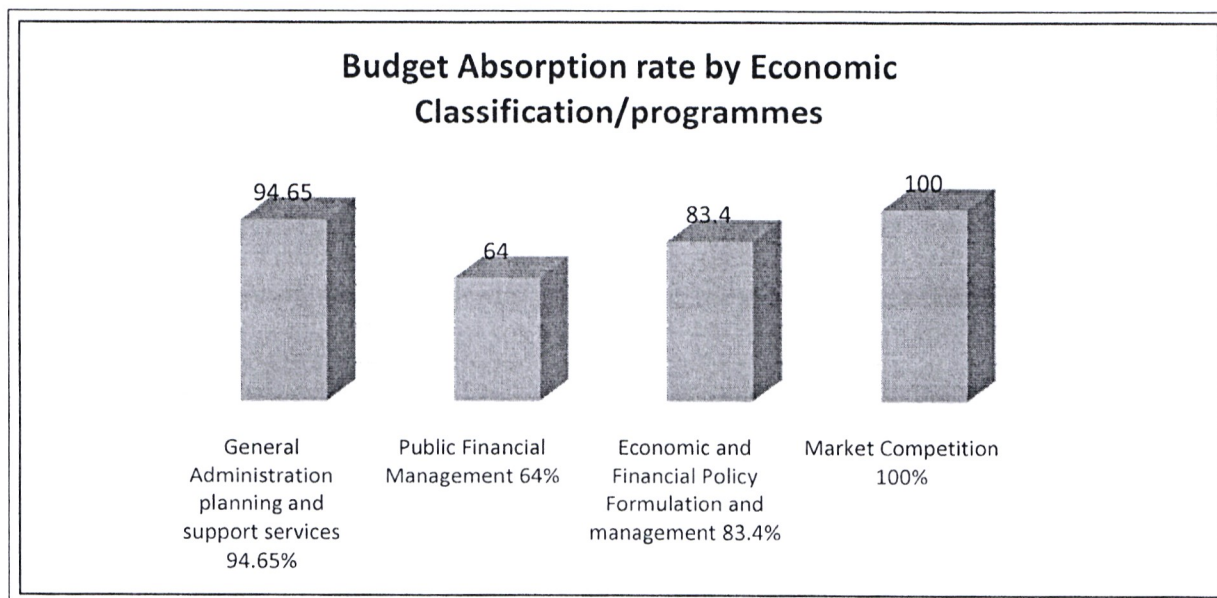
The proceeds from this issuance will be used to (i) finance some of the development infrastructure projects, (ii) the general budgetary expenditure in accordance with the applicable legal requirements and (iii) to refinance part or all of the obligations outstanding under the US\$ 750 million (2014 Eurobond).

The National Treasury and Planning in its contribution to the Affordable Housing Agenda under the Big Four Plan launched the Kenya Mortgage Refinance Company (KMRC) in May 2019. This is a Public Private Partnership arrangement with majority private sector owned. KMRC will extend long term loans at fixed interest rate to financial institutions secured against mortgages so that they can extend the maturity of their housing loans to end borrowers hence increasing affordability. Given Kenya's urbanization rates, there is critical need to deliver housing at the lower end of the

income spectrum in order to improve housing conditions for the average Kenyan. KMRC will seek to catalyze growth of the mortgage market in Kenya by targeting households that fall within the mortgage gap and lower middle-income categories which represents about 95% of the formally employed population.

In terms of budget performance, the National Treasury expenditure stood at Kshs.54.417b against an approved budget of **Kshs.64.865b**. The National Treasury implemented the 2018/19 budget within four economic classifications/programmes. These were General Administration, Planning and Support Services, Public Financial Management, Economic and Financial Policy Formulation and Management and Market Competition. As demonstrated in figure 2 below, the Market Competition Programme had the highest absorption at 100% followed by General Administration, Planning and Support Services at 94.65%, Economic and Financial Policy Formulation and Management (83.4%) and Public Financial Management Programme at 64%.

Figure 2: Budget Absorption rate by Economic Classification/Programmes



Some of the challenges the National Treasury faced while implementing the 2018/19 budget include:-

- Lack of adequate funds to finance all the budget requests by Ministries, Departments and Agencies.
- Low absorption of Official Development Assistance (ODA).
- Inadequate Exchequer issues thus contributing to the pending bill increment from **Kshs.29.3b** to **Kshs.64.7b** in FY2018/19.
- Inadequate capacity of staff in some key technical Departments.

To surmount the above challenges and ensure successful implementation of the National Treasury goals and objectives, the Ministry undertook the following: -

- Domestic borrowing to plug the financing gap created by non-performing revenue.
- Expenditure reduction strategies such as austerity measures and a ban on new projects to ensure available money is used in completing old projects and prepared draft Public Investment Management Regulations.
- Strengthened capacity in public financial management to MDAs and County Governments to improve oversight of Public resources and Strengthened financial and fiscal relations between the national government and county governments.
- Enhanced the Government's cash management system to avoid undue pressure on payment flows and interest rates, and reduce borrowing costs for the government and the private sector.
- Promoted the Public Private Partnership initiatives to finance government capital projects.
- Engaged other developments partners for concessional loans and grants as well as pursued strategies to facilitate issuance of international bonds to finance government projects.

Hon, Amb, Ukur Yatani, EGH
Cabinet Secretary, National Treasury and Planning

III. EQUALISATION FUND INFORMATION AND MANAGEMENT

a) Background Information

The Equalisation Fund is established under article 204(1) of the Constitution of Kenya and is administered under the National Treasury as per the Public Financial Management Act, 2012 and its Guidelines on the administration of the Equalisation Fund gazette notice no. 1711 of 13th March 2015.

The National Treasury was established via the Executive Order No. 2 of May 2013. The basis for establishment of the National Treasury is found in Article 225 (i) of the Constitution of Kenya which states that an Act of Parliament shall provide for the establishment, functions and responsibilities of the National Treasury. This has been actualized in Section 11 and 12 of the Public Finance Management (PFM) Act 2012.

- **Vision**

An institution of excellence in economic and public financial management.

- **Mission**

To promote economic transformation for shared growth through formulation, implementation and monitoring of prudent economic and financial policies at national and county levels of government.

- **Core Values**

The National Treasury is committed to providing quality services to all and is guided by the following core values: Customer Focus, Results Oriented, Stakeholder Participation, Professionalism, Accountability, Integrity and Transparency, Teamwork and Staff as key asset and Equity, Fairness and Inclusion.

b) Operation and reporting under the Equalisation Fund

The purpose of the Equalisation Fund is to provide basic services including water, roads, health facilities and electricity to marginalised areas to the extent necessary to bring the quality of those services in those areas to the level generally enjoyed by the rest of the nation, so far as possible. The Constitution under Article 216(4) obligated the Commission on Revenue Allocation to determine, publish and regularly review a policy in which it shall set out the criteria by which to identify the marginalized areas. This policy was approved by Parliament in December, 2014 and stated that the policy shall be effective for three financial years from the date of its approval. This means that the current policy is applicable for the financial years 2014/2015, 2015/2016 and 2016/2017.

The marginalization policy identified fourteen (14) counties to benefit from the Fund for the first three years namely: Turkana; Mandera; Wajir; Marsabit; Samburu; West Pokot; Tana River; Narok; Kwale; Garrisa; Kilifi; Taita Taveta; Isiolo and Lamu.

Article 204 (1) requires that one half per cent (0.5%) of all the revenue collected by the National Government each year calculated on the basis of the most recent audited accounts of revenue received, as approved by the National Assembly be paid into the Equalisation Fund. As at 30th June 2017 the total accumulated entitlement to the Fund for the financial years 2011/2012 to 2017/2018 are estimated at Kshs 32,555,888,664.84 as shown in the table below:

Financial Year	Audited and approved revenues Kshs	Equalisation Fund Entitlement (0.5% of most recent audited and approved revenues) Kshs
2011/2012	465,811,210,150.00	2,329,056,051.00
2012/2013	526,653,500,000.00	2,633,267,500.00
2013/2014	526,653,500,000.00	2,633,267,500.00
2014/2015	773,015,500,000.00	3,865,077,500.00
2015/2016	773,015,500,000.00	3,865,077,500.00
2016/2017	1,307,740,463,286.98	6,538,702,316.00
2017/2018	2,138,288,059,568.45	10,691,440,297.84
Total	6,511,177,733,005.43	32,555,888,664.84

To date, a total of Kshs. 12,400,000,000.00 has been appropriated and transferred to the Equalisation Fund account.

- **Financial reporting requirements**

The National Treasury is responsible for preparation of the reports relating to the Fund and submitting to the Auditor-General and a copy of the statements to the National Treasury, Commission on Revenue Allocation and the Controller of Budget not later than three months after the end of each financial year pursuant to Section 24 of PFM Act, 2012.

This report covers the operations of the Equalisation Fund for the financial year ended 30th June 2019.

c) Key Management

- **The Equalisation Fund Advisory Board**

An Equalisation Fund Advisory Board was established pursuant to Section 4.1 of the Guidelines on the administration of the Equalisation Fund, 2015. The Board is mandated to advise the Cabinet Secretary on the proper and effective performance of the Fund. The Board consists of the following members:

- (a) The Principal Secretary for the time being responsible for matters relating to finance who is also the Chairperson;
- (b) The Principal Secretary for the time being responsible for matters relating to devolution and planning or his or her representative;
- (c) The Principal Secretary for the time being responsible for matters relating to water or his or her representative;
- (d) The Principal Secretary for the time being responsible for matters relating to roads or his or her representative;
- (e) The Principal Secretary for the time being responsible for matters relating to health or his or her representative;
- (f) The Principal Secretary for the time being responsible for matters relating to energy or his or her representative;
- (g) The Principal Secretary for the time being responsible for matters relating to national coordination or his or her representative; and
- (h) Four other members of either gender appointed by the Cabinet Secretary from outside the public service.

- **The Administrator of the Fund**

The Director General Budget and Economic Affairs has been designated as the Administrator of the Equalisation Fund pursuant to Section 24 (5) of the PFM Act, 2012 that mandates the Cabinet Secretary to the National Treasury to designate a person to administer a national public fund.

The Administrator of the Fund is also the Secretary to the Board with the responsibilities of arranging the business of the Board's meetings, keeping records of the proceedings of the Board, and performs such other duties as the Board may direct.

IV. STATEMENT OF THE MANAGEMENT'S RESPONSIBILITIES

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


The Accounting Officer in charge of The National Treasury is responsible for the preparation and presentation of the Equalisation Fund financial statements, which give a true and fair view of the state of affairs of Fund for and as at the end of the financial year (period) ended on June 30, 2019. 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 status of the Fund by the National Treasury; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the revenue report, and ensuring that they are free from material misstatements, whether due to error or fraud.

The Accounting Officer in charge of The National Treasury accepts responsibility for the Equalisation Fund, which has been prepared on the Cash Basis Method using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that the financial statements of the Equalisation Fund gives a true and fair view of the performance of the Fund during the financial year ended June 30, 2019. The Principal Secretary in charge of The National Treasury further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of this report as well as the adequacy of the systems of internal financial control.


The Accounting Officer confirms that the Fund has complied fully with applicable Government Regulations. Further the Accounting Officer confirms that this report has 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 financial statements of the Equalisation Fund were approved and signed by the Accounting Officer on 29 January 2021.



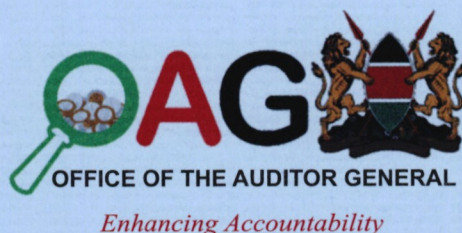
Julius Muia, PhD, CBS
Principal Secretary,
The National Treasury



Mr. Albert Mwenda, HSC
Equalisation Fund Administrator
The National Treasury

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON EQUALISATION FUND FOR THE YEAR ENDED 30 JUNE, 2019 – THE NATIONAL TREASURY

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Equalisation Fund set out on pages 19 to 28, which comprise the statement of assets and liabilities as at 30 June, 2019, and statement of receipts and payments, statement of cash flows and statement of comparison of budget vs actual performance for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Equalisation Fund as at 30 June, 2019, 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

Cash and Bank Balances

As disclosed in Note 3 to the financial statements, the statement of assets and liabilities reflects a balance of Kshs.2,283,426,949 under cash and cash equivalents. However, Note XIII to the financial statements discloses cash and bank balances of Kshs.3,759,753,043;(2018-Kshs.5,061,282,195) held by implementing institutions that were unutilised as at 30 June, 2019. However, the status and value of implemented projects as at 30 June, 2019 is not disclosed in the Notes to the financial statements, contrary to the provisions for preparing Fund accounts.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Equalisation Fund Management in accordance with ISSAI 130 on 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

Low Absorption of Funds and Slow Implementation of Projects

The Equalisation Fund Information and Management Report indicates Fund entitlement of Kshs.32,555,888,665 over the last seven (7) years (2011/2012 – 2017/2018) based on 0.5% of most recent audited and approved revenues. However, only Kshs.12,400,000,000 or 38% of the entitlement had been appropriated and transferred to the Fund account contrary to the provisions of Article 204 of the Constitution of Kenya.

Further, out of the appropriated and available funds of Kshs.12,400,000,000, only an amount of Kshs.10,116,573,051 or 82% has been disbursed to the implementing Ministries, Departments and Agencies (MDAs) to fund projects in the beneficiary Counties. However, only Kshs.6,479,068,908 or 64% of the disbursed amount had been spent as 30 June, 2019 leaving out a balance of Kshs.3,637,504,143. The expenditure translates to only 20% of the entitled appropriation funds to date of Kshs.32,555,888,665 despite seven (7) of the maximum period of twenty (20) years existence post the first disbursement to the Fund in 2011/2012. This is indicative of low funding and absorption which could slow down the implementation of the planned projects.

Field visits to sample project implementation sites revealed that a significant number of projects had stalled due to huge pending bills despite the MDAs holding cash balances of Kshs.3,759,753,043 in their respective bank accounts inclusive of Kshs.122,248,900 held by the Fund secretariat.

From the foregoing, the Fund may not realise its intended objectives of providing basic services to the marginalised areas to achieve equality and equity in the provision of basic services with other regions.

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 matter 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

Project Implementation

Sixty-three (63) projects from nine (9) of the fourteen (14) implementing Counties were sampled for physical verification. The total budget allocation for the sixty-three projects was Kshs.1,808,349,807. The verification revealed that the Projects being implemented by various agencies were at different levels of completion as detailed below;

Sector	Project Count	Project Status		Disbursed Amounts (Kshs)
		Complete	Incomplete	
Education	4	1	3*	63,000,000
Energy	1	1	-	1,000,000
Water and Irrigation	23	16	7	890,410,408
Health	12	3	9	265,280,862
Roads	23	16	7	588,658,627
Total	63	37	26	1,808,349,807

* Projects were yet to start

From the foregoing, it is not clear if and when the nine (9) Counties will realize value for money from the twenty-six (26) incomplete projects as at 30 June, 2019.

The audit was conducted in accordance with 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 are in compliance, 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 matter 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 overall governance were not effective.

Basis for Conclusion

Fund Governance Weaknesses

The Administrator of the Fund is also the Secretary to the Board with the responsibilities of planning for Board meetings, keeping records of the proceedings of the meetings, and performing such other duties as the Board may direct. During the year under review, no evidence of the Board having met in form of Board minutes were availed for audit review. Further, the Board administrative activities budget of Kshs.122,248,900 remained unutilised as at 30 June, 2019. Consequently, oversight over the activities of the Fund may be inadequate and ineffective.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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 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 and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain 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 Fund 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 financial reporting process, reviewing the effectiveness of how the Fund 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 overall 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 control would not necessarily disclose all matters in the internal control 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 control may not prevent or detect misstatements and instances of noncompliance. 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 policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism 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 control.
- 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 Fund'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 Fund 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 Fund to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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


Nancy Gathungu
AUDITOR-GENERAL

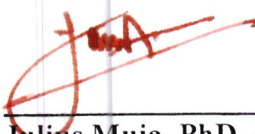
Nairobi


21 January, 2021

VI. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30th JUNE 2019

	Notes	2018/2019 Kshs	2017/2018 Kshs
Receipts			
Receipts from National Treasury	1	-	-
Total Receipts		-	-
Payments and transfers			
Transfer to Implementing MDAs	2	(2,466,411,814.45)	(6,937,847,293.00)
Total Payments and Transfer		(2,466,411,814.45)	(6,937,847,293.00)
Surplus/Deficit		(2,466,411,814.45)	(6,937,847,293.00)

The notes on pages 23 to 26 form an integral part of these financial statements. This statement has been reviewed and approved on.....29 January.....2021 by the following:

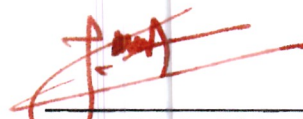

 Julius Muia, PhD, CBS
 Principal Secretary,
 The National Treasury

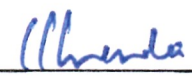

 Mr. Albert Mwenda, HSC
 Equalisation Fund Administrator
 The National Treasury

VII. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE 2019

	Note	2018/2019 Kshs	2017/2018 Kshs
Financial Assets			
Cash And Cash Equivalents			
Fund Account	3	2,161,178,048.55	4,397,589,863.00
Equalisation Fund Secretariat Account	3	122,248,900.00	122,248,900.00
Total Cash And Cash Equivalent		2,283,426,948.55	4,519,838,763.00
Accounts Receivables			
		-	-
Total Financial Assets		2,283,426,948.55	4,519,838,763.00
Financial Liabilities			
		-	-
Net Financial Assets		2,283,426,948.55	4,519,838,763.00
Represented By			
Fund Balance B/Fwd		4,519,838,763.00	11,457,686,056.00
Fund Deficit for the year		(2,466,411,814.45)	(6,937,847,293.00)
Prior Year Adjustment	4	230,000,000.00	-
Net Financial Position		2,283,426,948.55	4,519,838,763.00

The notes on pages 23 to 26 form an integral part of these financial statements. This statement has been reviewed and approved on.....2021 by the following:



 Julius Muia, PhD, CBS
 Principal Secretary,
 The National Treasury



 Mr. Albert Mwenda, HSC
 Equalisation Fund Administrator
 The National Treasury

VIII. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30TH JUNE 2019

		2018/2019	2017/2018
		Kshs	Kshs
Cash Flow from Operating Activities			
Receipts for Operating Income			
Recovery from State Department for Energy	1	230,000,000.00	-
Payments			
Transfers to implementing MDAs	2	2,466,411,814.45	6,937,847,293.00
Net Cash Flow from Operating Activities		(2,053,426,948.55)	(6,937,847,293.00)
Cash flow from Investing Activities		-	-
Cash flow from Borrowing Activities		-	-
Net increase in Cash and Cash Equivalents		(2,053,426,948.55)	(6,937,847,293.00)
Cash and cash equivalents at the beginning of the year		4,519,838,763.00	11,457,686,056.00
Cash and Cash Equivalent at the end of the Year	3	2,283,426,948.55	4,519,838,763.00

The notes on pages 23 to 26 form an integral part of these financial statements. This statement has been reviewed and approved on.....*29 January*.....2021 by the following:


 Julius Muia, PhD, CBS
 Principal Secretary,
 The National Treasury


 Mr. Albert Mwenda, HSC
 Equalisation Fund Administrator
 The National Treasury

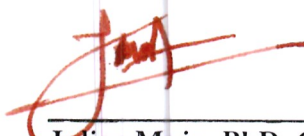
IX. COMPARISON OF BUDGET VS ACTUAL PERFORMANCE

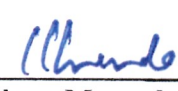
The following statement summarizes the outturn against budget.

	Original Estimates Kshs	Adjustments Kshs	Revised Estimates Kshs	Total Actual 30 th June 2019 Kshs	Difference Kshs	% Deviation
Opening Balance	-	-	-	4,519,838,763.00	-	-
Receipts						
Transfer from the National Treasury	8,500,000,000.00	(3,800,000,000.00)	4,700,000,000.00	-	-	-
Total	8,500,000,000.00	(3,800,000,000.00)	4,700,000,000.00	4,519,838,763.00	-	-
Transfers						
Transfers to implementing MDAs	5,039,916,995.00	-	5,039,916,995.00	2,466,411,814.45	2,573,505,180.55	48.94%
Total	5,039,916,995.00		5,039,916,995.00	2,466,411,814.45	2,573,505,180.55	48.94%

Commentary:

As indicated above, an amount of Kshs 2,466,411,814.45 was released during the year as requested by implementing MDAs.


 Julius Muia, PhD, CBS
 Principal Secretary,
 The National Treasury


 Mr. Albert Mwenda, HSC
 Equalisation Fund Administrator
 The National Treasury

X. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements of the Equalisation Fund have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) Cash Standards as prescribed by the Public Sector Accounting Standard Board (PSASB).

b) Reporting entity

This report relates to financial operations of the Equalisation Fund. The reporting entity is the National Treasury.

c) Receipts

Receipts to the Equalisation Fund consist of monies appropriated from the Consolidated Fund by an Appropriation Act in any financial year. Receipts are recognized when the cash is received in the Equalisation Fund.

Pursuant to Article 204 (1) and (2) of the Constitution of Kenya, one half per cent of all revenue collected by the national government each year calculated on the basis of the most recent audited accounts of revenue received, as approved by the National Assembly shall be paid to the Equalisation Fund.

d) Payments and transfers

Transfers consist of withdrawal as authorized under an Act of Parliament that approves the appropriation of money from the Fund. Transfers from the Fund are deposited into the respective spending agencies account.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash at hand, bank balances and short term deposits in money market instruments.

f) Presentation Currency

The financial statements are reported in Kenya Shillings, being the currency of legal tender in Kenya.

XI. NOTES TO THE FINANCIAL STATEMENTS

1. Receipts from National Treasury

There were no receipts into the Equalization Fund for the period ended 30th June 2019.

2. Transfers from the Fund

As per the Equalization Fund regulations, the activities of the Fund are implemented through the National Government Ministries, Departments and Agencies (MDAs). The Transfers to MDAs during the financial year amounted to Kshs. 2,466,411,814.45 as tabulated below:

Implementing Agencies	Total Actual 2019 Kshs
State Department for Irrigation	509,033,424.00
State Department for Water	1,029,737,882.45
Ministry of Health	794,640,508.00
State Department for Education	133,000,000.00
Total	2,466,411,814.45

3. Bank Accounts

The closing balance as at 30th June 2019 amounted to Kshs 2.28 Billion while the closing balance as at 30th June 2018 amounted to Kshs 4.52 Billion as reflected in the bank account of the Fund shown below:

Description	2018/2019 Kshs	2017/2018 Kshs
Equalization Fund A/C No. 1000183225	2,161,178,048.55	4,397,589,863.00
Equalisation Fund Secretariat A/C No. 1000342056	122,248,900.00	122,248,900.00
Total	2,283,426,948.55	4,519,838,763.00

4. Prior Year Adjustment

An amount of Kshs 230,000,000.00 relating to FY 2017/2018 was recovered from Ministry of Energy. This was due repeated projects in the appropriation Act.

Description	2018/2019 Kshs	2017/2018 Kshs
Prior Year Adjustment	230,000,000.00	
Total		

XII. BUDGET ALLOCATION PER COUNTY

COUNTIES	Water	Health Facilities	Roads	Electricity	Education	TOTAL BUDGET
Garissa County	263,163,894.00	35,000,000.00	317,520,000.00	70,000,000.00		685,683,894.00
Isiolo County	94,000,000.00	136,000,000.00	450,300,000.00	16,600,000.00		696,900,000.00
Kilifi County	393,518,519.00	120,259,871.00	181,721,610.00	6,000,000.00	62,000,000.00	763,500,000.00
Kwale County	295,000,000.00	10,825,000.00	317,475,000.00	77,000,000.00	95,000,000.00	795,300,000.00
Lamu County	340,404,300.00	142,990,000.00	178,805,300.00	60,000,000.00		722,199,600.00
Mandera County	470,000,000.00	170,600,000.00	300,000,000.00	27,000,000.00		967,600,000.00
Marsabit county	494,274,000.00	226,998,000.00	148,928,000.00	16,000,000.00		886,200,000.00
Narok County	226,750,000.00	311,845,855.00	270,904,145.00			809,500,000.00
Samburu County	754,117,863.00		111,800,000.00			865,917,863.00
Taita Taveta County	165,500,000.00	171,700,000.00	414,500,000.00			751,700,000.00
Tana River County	655,000,000.00		129,000,000.60	15,000,000.00	60,000,000.00	859,000,000.60
Turkana county	605,133,332.00	125,000,000.00	320,066,668.00			1,050,200,000.00
Wajir county	500,800,000.00	349,000,000.00	80,000,000.00			929,800,000.00
West Pokot County	184,525,000.00	164,000,000.00	417,575,000.00			766,100,000.00
Sub-Total	5,442,186,908.00	1,964,218,726.00	3,638,595,723.60	287,600,000.00	217,000,000.00	11,549,601,357.60
Secretariat Administrative Costs						428,162,930.40
Total	5,442,186,908.00	1,964,218,726.00	3,638,595,723.60	287,600,000.00	217,000,000.00	11,977,764,288.00


XIII EQUALISATION FUND EXPENDITURE AND BALANCES FOR IMPLEMENTING AGENCIES.


	Opening Balance	FY 2018/2019 Disbursements	Expenditure	Closing Balance
	Kshs	Kshs	Kshs	Kshs
State department for Water	66,031,227.00	1,029,737,882.45	1,023,878,211.20	71,890,898.25
State department for Education	2,249,500.00	133,000,000.00	133,000,000.00	2,249,500.00
State department for Energy	287,950,000.00		189,652,666.00	98,297,334.00
State Department for Infrastructure	3,688,595,723.00		1,397,237,606.03	2,291,358,116.97
Ministry of Health	1,008,585,745.00	794,640,508.00	1,023,116,263.70	780,109,989.30
State department for Irrigation		509,033,424.00		509,033,424.00
State department for Vocational and Tech.	7,870,000.00		1,056,219.80	6,813,780.20
Total	5,061,282,195.00	2,466,411,814.45	3,767,940,966.73	3,759,753,042.72

XIV PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMMENDATIONS

Below were outstanding audit matters during the previous audits as indicated on the table below.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
FY 2017/2018	Non-Compliance with the constitution	<p>It's true the total accumulated entitlement to the Fund for the financial years 2011 / 2012 to 2016/2017 was estimated at Kshs. 21.07 billion as at 30th June, 2018.</p> <p>It's also true that Kshs. 12,400,000,000 has been appropriated and transferred to the Equalization fund Account out of which Kshs 7,880,161,237 has been disbursed for projects implementation through various ministries and state departments.</p> <p>The reason for this is that there have been various challenges in the implementation of the Fund key among them delay in formulation of policies and project identification coupled by the legislative handles since inception.</p> <p>It's our sincere hope that the current legal issues surrounding the Fund shall be unlocked to ensure that the country achieves the envisaged goals by the 20 years period as provided under Article 204 (6) of the Constitution.</p>			


 Julius Muia, PhD, CBS
 Principal Secretary,
 The National Treasury


 Mr. Albert Mwenda, HSC
 Equalisation Fund Administrator
 The National Treasury

XV BANK RECONCILIATION STATEMENT

Equalisation Fund Bank Reconciliation as at 30th June 2019			
		Kshs	Kshs
	Equalisation Fund CBK Statement as at 30th June 2019		2,290,843,860.00
Less:	Payments in cashbook not in Bank statement(uncleared items)		
	Equalization Fund: EQ. Fund 08/18/19 dated 28.06.2019	129,665,811.45	
			(129,665,811.45)
	Equalisation Fund Cashbook balance as at 30th June 2019		2,161,178,048.55
	Add:Equalisation Fund Secretariat balance as at 30th June 2019		122,248,900.00
	Total Balance as at 30th June 2019		2,283,426,948.55