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OF

THE AUDITOR-GENERAL

ON

**OFFICE OF THE REGISTRAR OF POLITICAL
PARTIES**

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



OFFICE OF THE REGISTRAR OF POLITICAL PARTIES

REPORTS AND FINANCIAL STATEMENTS

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

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

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OFFICE OF REGISTRAR OF POLITICAL PARTIES

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For the year ended June 30, 2019

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Act establishes the Office of the Registrar of Political Parties (ORPP) as a State office within the meaning of Article 260 of the Constitution of Kenya. The Act further provides that ORPP shall be a body corporate with perpetual succession, with a common seal and capable of suing and being sued in its corporate name.

The Act is the primary legal reference for management of political parties in accordance with Articles 91 and 92 of the Constitution 2010, which envisages well-governed political parties that respect internal democracy and their constitutional status in the Kenyan political system. The office promotes a democratic political system that is issue-based, people-centred, result-oriented and accountable to the public as outlined in the Second Medium Term Plan (MTP III), ORPP Strategic Plan, Government Manifesto and Vision 2030.

The Office of Registrar of Political Parties is headed by the Registrar who is responsible for the general policy and strategic direction of ORPP.

The accompanying financial statements constitute the financial statements for the Office of the Registrar of Political Parties.

Vision

An inclusive and viable democratic multi-party system

Mission

To register and regulate political parties for enhanced democracy in Kenya

Core Values

The Office is bound by the national values and principles of governance, leadership and integrity as stipulated in the Constitution. The specific core values are:

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Professionalism:

The office promotes a culture of professionalism. Merit, competence and proven experience are the basis of recruitment and reward. Professionalism will reflect on our performance through satisfaction of all our stakeholders.

Integrity:

The office puts utmost premium on honesty in the service of its stakeholders. The office genuinely pursues a policy of non-tolerance of any form of corruption. The staff and everyone engaging with the office take personal responsibility and are held accountable for their decisions and conduct.

Teamwork:

The Office embraces team-work in all its operations.

Respect for the rule of law:

The office is bound by the constitution and the legal framework governing Political system. The office takes great interest in achieving both substantive and procedural rule of law in undertaking its responsibilities.

Innovativeness:

The role of innovation is a crucial driving force of economic development for an organization. In particular, innovation is a vital source of strategic change, by which organizations generate positive outcomes including sustained competitive advantage.

Impartiality:

The office is unbiased, fair, firm, and dispassionate in its operations.

Mandates and Core Functions of the office.

The mandate of the ORPP is to register, regulate and administer the Political Parties Fund. The statutory functions of the office are as outlined below:-

- (a) Register, regulate, monitor, investigate and supervise political parties to ensure compliance with this Act;
- (b) Administer the Political Parties Fund;
- (c) Ensure publication of audited annual accounts of political parties;
- (d) Verify and make publicly available the list of all members of political parties;
- (e) Maintain a register of political parties and the symbols of the political parties;
- (f) Ensure and verify that no person is a member of more than one political party and notify the Commission of his findings;
- (g) Investigate complaints received under the Act; and

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(h) Perform such other functions as may be conferred by the Act or any other written law.

(b) Key Management

The office day-to-day management is under the following key departments:

1. Registration and County Coordination
2. Compliance and Regulation; and
3. Corporate Services.

(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	Names
1.	Registrar of Political Parties	Ann N. Nderitu MBS
2.	Assistant Director, Human Resource Management	Dinah Liech
3.	Assistant Director, Records Management	Joel Terer
4.	Assistant Director, Compliance	Juliet Murimi
5.	Deputy Chief Finance Officer	Joshua Kimulu
6.	Chief Accountant	Douglas Wanzala
7.	Assistant Director Audit	Veronica Muasya
8.	Senior Economist	Joseph Kariuki
9.	Senior Supply Chain Management Officer	Kelvin Mung'asio
10.	Senior Training and Development Officer	Anastacia Kaberere
11.	Senior Information Communication Technology Officer	Robert Waitthaka
12.	Senior Communication Officer	John Mberia

(d) Fiduciary Oversight Arrangements

1. Audit Committee

The Public Finance Management Act, 2012 section 73(5) and Regulation 174 of the Public Finance Management Regulations, 2015 provides for the establishment of the Audit Committee.

In compliance, the Registrar through letter Ref.: RPP/CMT/13 dated 25th August 2016, appointed the following members:

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S/No	Name	Appointment
1.	MaryAnne Njau-Kimani, OGW	Chairperson
2.	Sellestine Kiuluku, MBS	Member
3.	Sarah Ogongo	Member
4.	Jacob Ondari	Member
5.	Reuben Chirchir	Member
6.	Daniel Nyaga	Member
7.	Veronicah Muasya	Secretary

The functions of the Audit committee include:

- a) Obtain assurance from management that ORPP financial and non-financial internal control and risk management functions are operating effectively and reliably.
- b) Provide an independent review of ORPP reporting functions to ensure the integrity of financial reports.
- c) Monitors the effectiveness of the entity's performance management and performance information.
- d) Provide strong and effective oversight of the internal audit function.
- e) Provide effective liaison and facilitate communication between management and external audit.
- f) Provide oversight of the implementation of accepted audit recommendations.
- g) Ensure the ORPP effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

2. Budget Implementation Committee

Pursuant to The National Treasury Circular no. 12/2016 dated 29th June 2016, the Registrar constituted a budgetary implementation committee with following as members:

Budget Implementation Committee Members

S/No	Name	Designation	Appointment
1.	Joshua Kimulu	DCFO	Chairperson
2.	Dinah Liech	Ag. D/HRM	Member
3.	Juliet Murimi	Ag. D/Compliance	Member
4.	Joseph Kanja	Senior Economist	Member

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5.	Kelvin Mung'asio	Snr Supply Chain Mgt	Member
6.	Anastacia Kaberere	STDO	Member
7.	Douglas Wanzala	Chief Accountant	Secretary

The functions of the committee include:

- a) To review and consider the cash flow plans – this shall involve a regular review of ORPP cash plan and approval of any changes to the initial cash flow plan to be communicated to National Treasury;
- b) To review the utilization of cash limits and consider any changes as may be required;
- c) To review the utilization of donor funds voted for ORPP;
- d) To advise the Accounting Officer on any challenges related to the budget implementation;
- e) To review and recommend reallocation of expenditures;
- f) To review and approve the submission of expenditure returns, IPPD, pending bills and A-I-A returns for ORPP and recommend actions to be taken;
- g) To participate in sector Working Groups in budget preparation processes; and
- h) To prepare budget for ORPP in consultation with Heads of Departments.

3. Human Resource and Administrative Committee

The management agreed to have the above committee for effective implementation of Human Resource Policy.

The committee is composed of the following members:

S/No	Name	Designation	Appointment
1.	Joel Terer	Asst. DRM	Chairperson
2.	Joshua Kimulu	DCFO	Member
3.	Boniface Olwal	Snr County Monitor	Member
4.	Anastacia Kaberere	STDO	Member
5.	Rebecca Wahu	Snr County Monitor	Member
6.	Kelvin Mung'asio	Snr Supply Chain Mgt	Member
7.	Dinah Liech	Ag. D/HRM	Secretary

The terms of reference are:-

- a) Recommend recruitments and appointments of staff to fill vacant positions
- b) Deliberate and make recommendations to the Management Committee on all requests for promotions and re-designations

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- c) Handle employee discipline cases and make appropriate recommendations to the Management Committee
- d) Deliberate and make recommendations to the Management Committee on all requests of acting allowance and special duty allowance
- e) Handle staff performance management
- f) Management of internship and requests for industrial attachment and

Co-ordinate review of organizational structure and other human resource policies

4. ICT & CSR Steering Committee

The office constituted the above committee to provide guidance on matters relating to effective and efficient management of IT resources in ORPP.

Members of the committee are:

S/No	Name	Designation	Appointment
1.	Kelvin Mung'asio	Procurement	Chairperson
2.	Robert Waithaka	ICT	Member
3.	Jacqueline Kosgei	HR	Member
4.	Josephat Nyongesa	ICT	Member
5.	Abdilahiman Hussein	Planning	Member
6.	Lucy Kemunto	Communication	Member
7.	Lenard Rotich	ICT	Member
8	John Mberia	Communication	Secretary

ICT Terms of Reference

- a) Deliberate and make recommendations on matters related to effective and efficient management of IT resources.
- b) Ensure that ICT policies are aligned with the strategic objectives of ORPP.
- c) Take action to ensure that the ICT projects are delivered within the agreed budget and timeframe.
- d) Monitor and report on the implementation of ICT projects against approved project plans, with particular emphasis on quality, risk management, benefits realization and change management.

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- e) Assess the quality and value of ICT project proposals and provide advice and recommendations to the office on the merits of those proposals.
- f) Review and approve ICT project implementation plans and project management documents such as systems disaster recovery management, information security and policies.
- g) Provide the office with regular progress reports on the implementation of the ICT plans.
- h) Oversee development, approval and implementation of ICT Strategic objective
- i) Make recommendations on ICT related projects

CSR Terms of Reference

- a) Monitor implementation of communication-related policies and strategies;
- b) Periodic review of corporate communication gaps and recommend appropriate interventions;
- c) Edit ORPP publications and IEC materials generated internally and externally for printing;
- d) Identify, undertake or coordinate communication-related research such as internal surveys, external customer satisfaction surveys, stakeholders' feedback analysis among others;
- e) Oversee implementation of ORP Corporate Social Responsibility activities;
- f) Identify and periodically appraise Management with appropriate measures on statutory, regulatory and policy requirements/developments on matters pertaining to the Committee mandate;
- g) Benchmark nationally and internationally on matters pertaining to the Committee mandate;
- h) Provide input into organization, participation or hosting of corporate events;

- i) Review establishment of the communication department and propose remedies for its optimal functioning aligned to ORPP optimal establishment.

5. Legal Standards Committee

The management agreed to have the above committee for effective implementation of the Act.

Members of the committee are:

S/No	Name	Designation	Appointment
1.	Juliet Murimi	Ag. Dir. Compliance	Chairperson
2.	Joseph Kanja	Senior Economist	Member
3.	Robert Waitthaka	Snr ICT Officer	Member
4.	Joy Onyango	Compliance Officer	Member

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5.	Lodupo Tukei	Liaison Officer	Member
6.	Judy Gathoni	Registration Officer	Member
7.	Kazungu Saquib	Records Mgt Officer	Secretary

The TORs of the Legal Standing Committee.

- a) Supervising and overseeing the review, negotiation and drafting of major contracts and other legal documents.
- b) Develop guidelines to be used in the process of Registration of political parties.
- c) Provide legal advice to the Registrar in carrying out her functions in line with the Act.
- d) Develop guidelines for monitoring, regulation and supervision of political parties to ensure compliance
- e) Develop necessary tools to administer the Fund.
- f) Oversee and advise on the legal issues that pertain to the general operations of the Office.
- g) Proper legal research and preparation of legal reports, opinion and correspondences.
- h) Ensuring the organization complies with the law in all aspects of its functions.
- i) Providing appropriate legal advice on a diverse range of substantive and procedural questions arising in administrative functions of the office.
- j) Coordinating Political Parties Liaison Committee (PPLC) dialogues' activities
- k) Ensure proper record and update of Court pleadings and documents on behalf of the office.
- l) Coordinate and ensure appropriate legal representation before the Tribunal and all Courts of law.
- m) Oversee the development of necessary Regulations for implementation of the Act.
- n) Coordinate legal reform processes pertaining to the office mandate and functions.
- o) Coordinate the office outreach and interface with the stakeholders.
- p) Perform such other functions as may be conferred by the Registrar or by the management committee.

6. ORPP staff mortgage and car loan advisory committee

Members of the committee are:

S/No	Name	Appointment	Alternate Members
1.	Joshua M. Kimulu	Chairperson	
2.	Joel K. Terer	Member	
3.	Dinah A. Liech	Secretary	Jacqueline J. Kosgei
4.	John M. Macharia	Member	Douglas O. Wanzala
5.	Anastacia N. Kaberere	Member	Joseph K. Kanja

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6.	Geraldine F. Mukele	Member	Loserian T. Lodupo
7.	Kelvin Mung'asia	Member	Ezekiel Obonyo
8	Alice Gichaga	Secretariat	
9	Elizabeth Wakesho	Secretariat	

The terms of reference are:-

- a) Select competitively the Service Provider for the administration of the Scheme on its behalf
- b) Liaise with the Service Provider to set up a revolving fund for the disbursement of loans
- c) Supervise the day-to-day running of the Scheme
- d) Forward the successful applications with recommendations to the Service Provider for approval
- e) Process applications for loans in accordance with the existing terms and conditions of borrowing
- f) Identify and credit valuation firms for the purpose of rendering valuation and services
- g) Identify and credit law firms for the purpose of rendering legal services and
- h) Any other activities incidental to this appointment

7. Training committee

In carrying out its ToR's the training committee will be guided by the following laws:-

1. The Constitution of Kenya 2010;
2. Employment Act;
3. The ORPP HR Manual; and
4. Other relevant laws and/or existing government policy.

Members of the committee are:

S/No	Name	Designation	Appointment
1.	Joshua Kimulu	DCFO	Chairperson
2.	Dinah Liech	Ag. D/HRM	Member
3.	Bonface Olwal	Snr County Monitor	Member
4.	Beatrice Nderi	Snr County Monitor	Member
5.	Lodupo Tukei	Liaison Officer	Member
6.	Kelvin Mung'asio	Snr Supply Chain Mgt	Member
7.	Anastacia Kaberere	STDO	Secretary

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The Terms of Reference (ToR's) for the training committee are:

- a) Analysis of the ORPP Training needs
- b) Identification of staff training programs (group training)
- c) Prioritizing training needs and ensuring equitable distribution of resources
- d) Consideration of the recommendation of the ORPP's training plans and staff development strategies
- e) Consideration and prioritization of training projections
- f) Assessment of available scholarship awards and optimum utilization of training resources
- g) to deliberate and make recommendations on training matters
- h) Tabled all staff training requests with training committee's recommendations to the HoD's meeting for deliberation and approval
- i) Ensure that all staff-training request are relevant to the officer's duties/career before recommending.

(e) Office Headquarters

P.O. Box 1131 – 00606,
Lion Place 1st Floor,
Karuna Close, Off Waiyaki Way,
Westlands, Nairobi, Kenya

Office Contacts

Telephone: (254) (020) 4022000
E-mail: registrar@orpp.or.ke
Website: www.orpp.or.ke.

Office of the Registrar of Political Parties Regional offices

- i. Kisumu**
Re-insurance Plaza, 3rd floor Wing B
Oginga Odinga Road, Kisumu
- ii. Mombasa**
Palli House, 5th Floor
Nkrumah road
Mombasa
- iii. Uasin Gishu**
Kerio Valley Development Authority (KVDA) Plaza 7th floor
Along Oloo street
Eldoret

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- iv. **Isiolo**
County Estate, Isiolo Township
Plot No. LR7918/164
Isiolo

- v. **Kitui**
Mamelondi House
JICA/KEFRI road
Next to Main Prisons
Kitui

- vi. **Nakuru**
Metro Cosmo Limited
Mache Plaza, 1st Floor Room 18
Nakuru

- vii. **Nyeri**
Advocates Plaza,
Lower Ground
Kamakwa Road
Nyeri

(f) Entity Bankers

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

Accounts Maintained

Rec: Registrar of Political Parties	1000181206
CBK 165:	1000182806

(g) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

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(h) Principal Legal Adviser

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

II. COMMENTARY BY THE ATTORNEY GENERAL

1. Introduction

The Republic of Kenya is a multi-party democratic state founded on the national values and principles of governance (Article 4). The people of Kenya are free to exercise their political and democratic rights through free, fair and credible electoral process. The Constitution provides that every person is equal before the law and has a right to make political choices, which include the right to belong and campaign for a political party of their choice (Article 38).

The constitution envisages well-governed and managed political parties. Articles 91 and 92 of the Constitution recognize political parties as important governance institutions in the promotion of democracy. To operationalize the two Articles the Political Parties Act, 2011 was enacted. The Act established the Office of the Registrar of Political Parties (ORPP) as an independent state office within the meaning of Article 260 of the Constitution of Kenya 2010.

2. Summary of budget performance for the year ended 30th June 2019

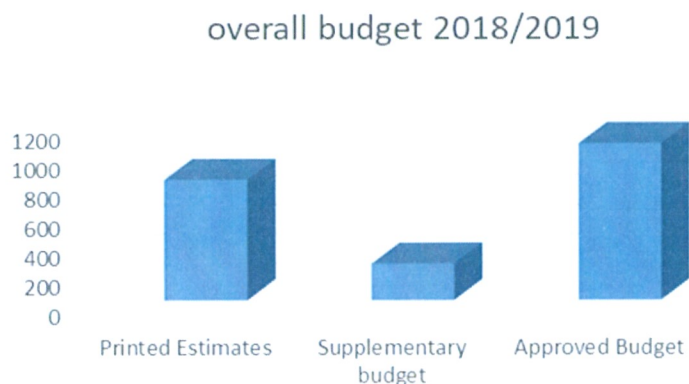
During the financial year 2018/19, ORPP was allocated budget of Kshs. Eight hundred and twenty two million, two hundred Thousand (822.2) Million in the printed estimates. Through supplementary budget estimates No. 1, the budget was reduced by Kshs. Twenty five million, two hundred thousand (25.2) million leaving a balance of Kshs. Seven hundred and ninety six million, nine hundred thousand shillings (796.9) million. The budget was increased through supplementary budget estimate No. 2 by Kshs. Two hundred and seventy five million (275) million bringing the total approved budget to Kshs. One billion and seventy two million shillings (1,072) million. During supplementary two estimates, the ORPP operations budget was reduced by Kshs. Twenty five million shillings (25) million whereas the budget for the political parties fund was increased by Kshs. Three hundred million (300) million. While executing the budget, the office complied with provision of PFM, PPA&D and PPA Act.

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Table 1 below shows the printed estimates Vis a Vis the approved budget.

Table 1: Overall Budget

Printed Estimates (Kshs.m)	Supplementary budget Kshs. (m)	Approved Budget
822.2	249	1,071.2



The funds spend by ORPP during the financial year 2018/2019 was used to implement one programme namely Registration, Regulation and Funding of political parties. The programme comprised of three sub- programs namely:

- a) Registration and Regulation of political parties
- b) Funding of Political Parties; and
- c) Political Parties Liaison Committee.

Table 2: summary of budget by sub programs

Sub-Program	Printed Estimates Kshs.(m)	Supplementary budget Kshs.(m)	Approved Budget Kshs. (m)	Percentage utilization
Registration and Regulation of political parties		-45	375	89%

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Funding of Political Parties; and	371.2	300	671.2	100%
Political Parties Liaison Committee.	31	-5	25.7	83%
Total	822.2	250	1,071.2	

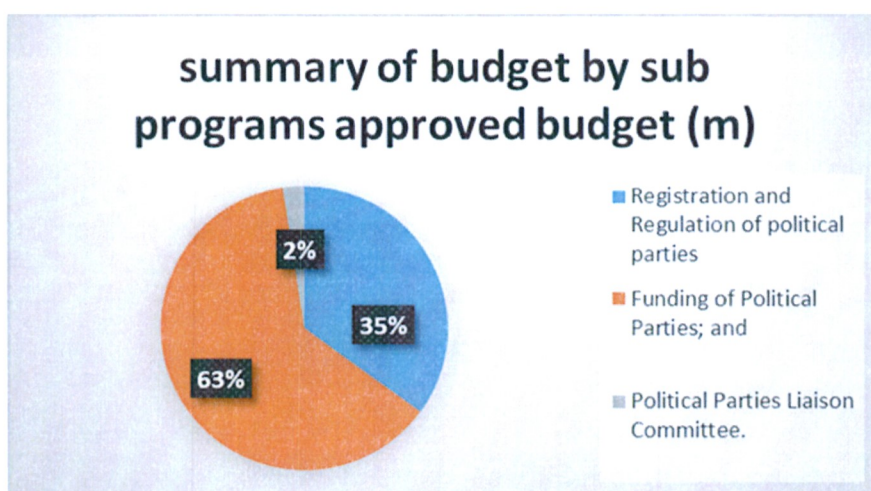
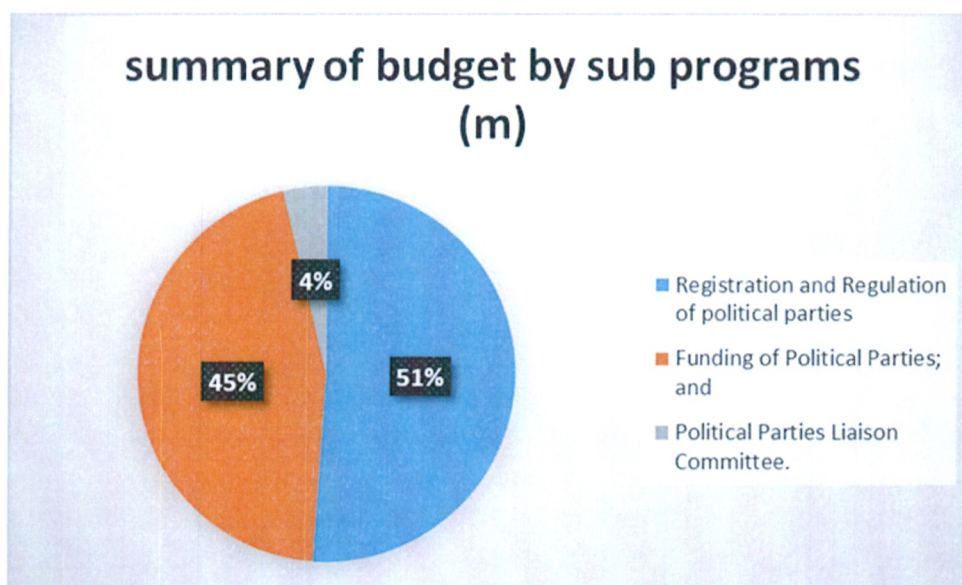
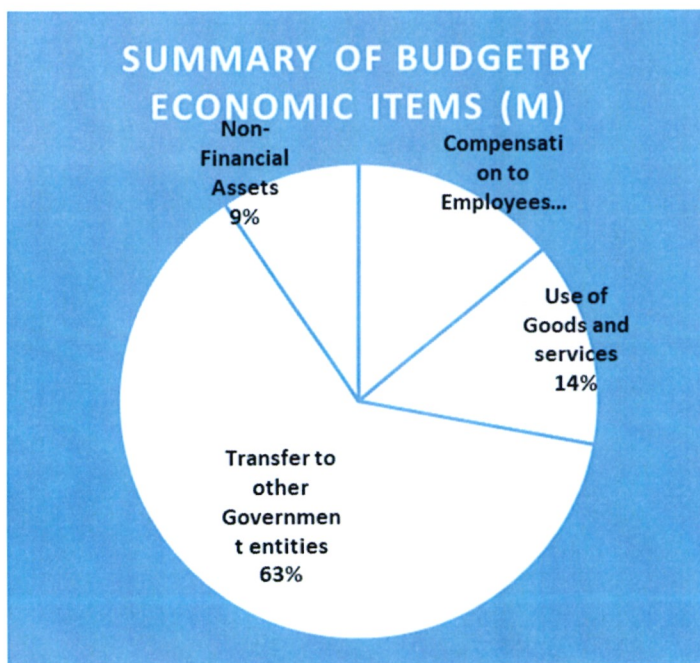


Table 3: summary of budget by economic classification

Economic Classification	Printed estimates in millions	Supplementary budget in millions	Approved budget in millions	Percentage utilization
Compensation to Employees	175	-25	150	94%

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Use of Goods and services	174	-24	150	75%
Transfer to other Government entities	371	300	671	95%
Non-Financial Assets	102	-9	101	92%
Total	822	250	1,072	95%



The actual expenditure for the financial year 2018/2019 was Kshs. 1,016,291,053 (One Billion and Sixteen million Two Hundred and Ninety One and Fifty Three) representing 95% budget utilization. The office was not able to achieve 100% utilization on the budget amount because of lack of exchequer, which resorted to pending bills amounting to approximately Kshs 32 million.

3. Key Achievements of the office of the Registrar of Political Parties

3.1. Key Achievements of the Office of the Registrar of Political Parties during the 2018/2019 financial year.

3.1.1. Legal and Regulatory Framework Strengthened

a) Publication of the Popular Version of the Political Parties Act.

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After the evaluation of the performance of ORPP in the 2017 general elections it was realized that there is need to sensitize the general public, political parties and aspiring candidates on the requirements of the Political Parties Act, 2011. It was conceived that the sensitization should take place long before the elections mood picks up. In this regard it was necessary to develop a simplified version of the Political parties Act, (Popular Version) which would be simple to disseminate to the general public. Further it was important to have the simplified version in both English and Kiswahili in order to reach a greater population.

b) Review of the Political Parties Act Regulations

The Office of the Registrar of Political Parties embarked on a programme to review the Regulations following the enactment of the Political Parties Act, 2011 which repealed the Political Parties Act 2007.

Under the Political Parties Act, 2011, the Office of the Registrar of Political Parties (ORPP) was established as an independent State Office within the meaning of the Article 260 of the Constitution. Section 49 of the Act gives the Registrar powers to make Regulations generally for the implementation of the Act.

The office, through extensive stakeholder consultative forums developed three sets of Regulations under the Political Parties Act, 2011 namely:-

- 1 The Political Parties Act (Registration) Regulations;
- 2 The Political Parties Act (Funding) Regulations; and
- 3 The Political Parties Liaison Committee Regulations.

Key stakeholders engaged included the Political Parties, Political Parties Liaison Committee, the Independent Electoral and Boundaries Commission (IEBC), Kenya Law Reform Commission, Judiciary, State Law Office, Parliament, Political Parties' Dispute Tribunal among others.

Further, the Political Parties Act, 2011 was amended in 2016 to provide for among other things, the promotion of representation of the marginalised groups. The amendments were in accordance with Article 100 of the Constitution. The amendments were substantial and necessitated further review of the Regulations to reflect the new legislative changes.

Consequently, the ORPP spearheaded a final consultative process to review the Regulations and finalized on the draft Regulations in 2016. The draft regulations were presented to the Parliamentary Committee on Delegated Legislation in September 2016. The Committee made its input and recommended that the Regulations be revised and tabled for approval at a later date. However, it was not tenable to conclude this exercise due to the intricacies of the 2017, General Elections. The draft Regulations were re- presented to the new Committee on Delegated Legislation National Assembly and has since been approved for publication pursuant to guidance by the State Law Office.

3.1.2. Registration of Political Parties

Registration of political parties is one of the key mandates of the office of the Registrar of Political Parties.

During the Financial Year 2018/2019, ORPP received twenty (20) applications for provisional registration which were thoroughly scrutinized to ensure that the applicant parties had complied with the requirements of the political parties Act.

a) Provisional Registration

Six applications qualified for provisional registration and were issued with certificates of provisional registration, namely; Civic Renewal Party, United Green Movement, Ushirika wa Haki na Maendeleo, Unified Change Party, Party of Economic Democracy, National Reconstruction Alliance

b) Full Registration

All the Six provisionally registered political parties embarked on the full registration process and their applications were reviewed in line with section 7 of Political Parties Act. During the year under review, the office registered two new political parties namely; United Green Movement and Civic Renewal Party bringing the total number of fully registered political parties to sixty - eight (68).

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3.1.3. Enhanced Compliance by Political Parties

The office implemented its mandate to regulate political parties to ensure continuous compliance with the Act. The average compliance rate improved from 44.4% to 50%. The improvement was attributed to the following activities:-

a) Compliance Audit

ORPP undertook a compliance audit of all the fully registered political parties and scrutinized the following compliance areas:- Party Constitution, statutory membership, statutory offices, governing body in regards to- Special Interest Groups (SIGs), Women, Youth, ethnic representation, PWDs and financial statements.

The findings of the audit were indicative of the compliance level and assisted in highlighting the non-compliance issues for which compliance notices and circulars were issued to the non-complying parties

b) Compliance review meetings

The Office organized a compliance meeting with all political parties where parties were issued with their compliance report cards following the compliance audit exercise. During the meeting one on one discussions were conducted with each political party and the challenges contributing to non-compliance discussed. Political Parties were encouraged to put effort since they would be penalized for continuous noncompliance. In addition, they had one on one session with the ORPP Officers where they were taken through their individual party compliance status.

Following the meeting, various political party officials held individual meetings with the Compliance department to discuss their status and how to comply. In addition, various political parties submitted the required documentation to ensure their compliance. As at 18th June 2019, the following parties were fully compliant with the Act;

c) Policy and guidelines

The office issued circulars, guidelines and notices to political parties on regulation in regard to the compliance requirements under of the Political Parties Act, 2011. For instance in line with

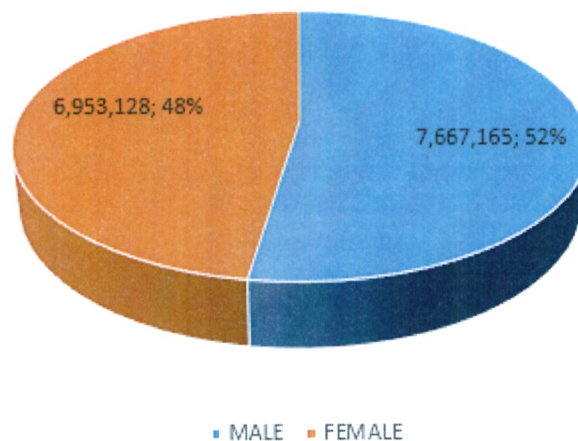
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Section 29 and 31 of the Political Parties Act, 2011 which requires parties to publish their sources of funds and submit the accounts of each political party to the Auditor General within three months after the end of each financial year. Notices to political parties to file financial statutory requirements which included statements of assets and liabilities, annual audited accounts, expenditure returns and work plans were also issued.

3.1.4. Maintenance of Membership Database

The office maintained an updated political parties' database, which ensured that no person is a member of more than one political party as required by the Political Parties Act, 2011. It contained pertinent details of the fully and provisionally registered political parties including membership database, party headquarters and branches, party symbols and contacts. By June 30, 2019, political parties' membership was 14,620,293, which comprised of 6,953,128 women and 7,667,165 men as illustrated in the chart below:

Total Registered Political Party Members As at June 30, 2019



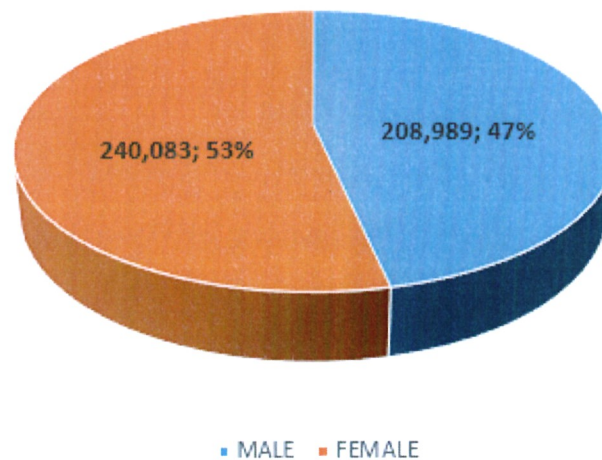
a) Political Parties Capacity Building

The office trained 71 data clerks, drawn from the fully registered and provisionally registered political parties on how to use Integrated Political Parties Management System (IPPMS).

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Reports and Financial Statements
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Subsequently, political parties registered 449,072 members during the year ended June 20, 2019 using aforementioned system.

Total number of political party members registered during FY2018-19



b) Integrated Political Parties Management System (IPPMS) Upgrade

In order to enhance the efficiency and effectiveness of Integrated Political Parties Management System (IPPMS) in the management of political parties, the following upgrades were done:

1. A new module was developed to assist in ensuring that any political party name, abbreviation or symbol proposed for registration by an applicant is not registered or reserved.
2. Improved the system to ensure that important reports pertaining to a political party membership are sent to all the Secretary Generals of registered political parties on emails.
3. More reports were developed and uploaded to enhance decision making. The new reports developed included

3.1.5. Coordination of PPLC Activities

The Political Parties Liaison Committee (PPLC) is established under Section 38 of the Political Parties Act, 2011 as a dialogue platform between the Registrar, Independent Electoral and Boundaries Commission and political parties. During the period under review,

the committee carried out a post-election evaluation exercise of the 2017 General Elections and provided recommendations for improving the conduct of future general elections. Further, the committee initiated the development of PPLC strategic plan whose purpose is to guide the committee in the execution of its mandate as provided for in the Act.

The committee being a tripartite dialogue platform and key in issues related to elections, it identified areas in the electoral laws that require reforms. The committee's proposals will be key to institutions that have mandate in the review of the electoral laws. The committee in furtherance of harmonious working relationship between its members, developed a draft Code of Conduct and Dispute Resolution Rules, which will guide on the workings/ conduct of the committee once finalized.

The Political Parties Liaison Committee participated in the development of draft political parties (political parties liaison committee) regulations, 2018. The regulations will be finalized during the financial year 2019/2020. In addition, the committee made a proposal to the representation of Special Interest Groups Laws (Amendment) Bill, 2019. The proposals we submitted to the Constitutional Implementation Oversight Committee for consideration. Further, the committee made submission to the Bridging Bridges Initiative.

The PPLC has a national steering committee whose tenure of office is three years. During the period under review, the tenure of the office bearers ended, and the steering committee together with the various sub-committees conducted elections, which were supervised by the Independent electoral and boundaries commission and the Registrar of political parties.

3.1.6. Litigation/Intra-and Inter-Party Resolution

Political parties are recognized as important institutions in the promotion of democracy under the Constitution. Considering the competitive nature of democratic politics, disputes and conflicts are common among members of political parties and the political parties.

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Political Party Constitutions provides adequate internal dispute resolution mechanisms. In addition to this, PPA also allows members to resort to the Political Parties Dispute Tribunal (PPDT), if dissatisfied with the findings of the internal mechanisms. More often than not, the office is always enjoined as party in such disputes before the PPDT as an Interested Party.

During the year under review, the office was enjoined in more than ten (10) cases both before the High Court and the Political Parties Dispute Tribunal. The office also had one (1) case before the Court of Appeal.

The table below outlines a summary of the some of the cases and their status.

NO	CASE CITATION	COURT/TRIBUNAL	STATUS
1	Civil Appeal No. 23 of 2015	High Court	Ongoing
2	Constitutional Petition No. 142 of 2017	High Court	Ongoing
3	High Court Petition No. 250 of 2018	High Court	Concluded
4	PPDT Appeal No. 1 of 2018	PPDT	Concluded
5	Civil Appeal No. 15 of 2018	High Court	Concluded
6	Judicial Review No. 132 of 2019	High Court	Ongoing
7	Election Petition No. 4 of 2018	High Court	Ongoing
8	PPDT Case No. 2 of 2019	PPDT	Concluded
9	PPDT Complaint No. 5 of 2019	PPDT	Ongoing
10	PPDT Complaint No. 1 of 2019	PPDT	Concluded
11	Cont. Pet. No. 35 of 2017	Nakuru High Court	Concluded

3.1.7. Change of Political Party Registration Particulars

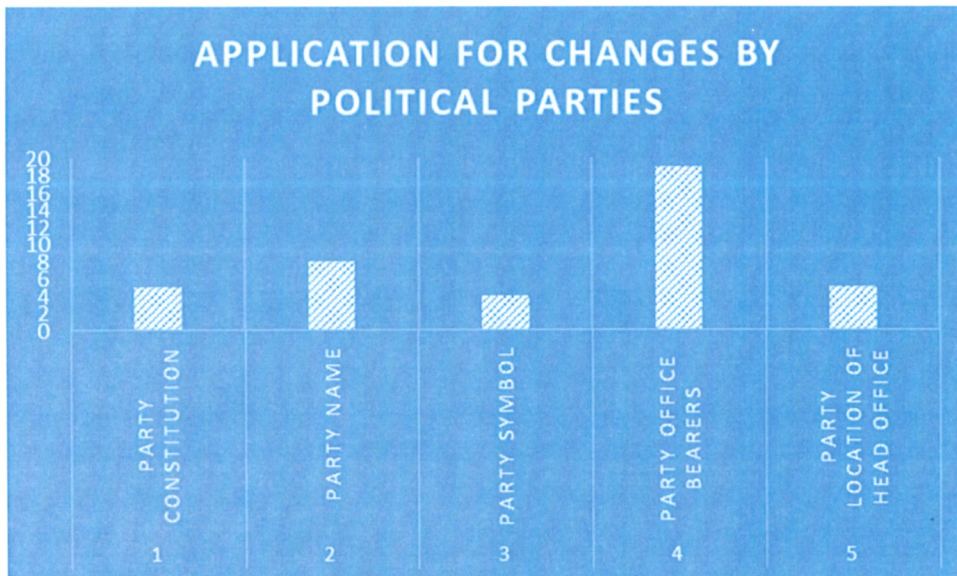
The office received and processed notifications for change or amendments of political party name, constitutions, rules and regulations, title, names or address of any party official, slogan and colours, address and physical location. Pursuant to section 20 of the Political Parties Act,

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2011, the Office published in the Kenya Gazette the applications for changes filed by the political parties as indicated in the table below.

Table 1.2: Application for changes of political parties' details

Number	Application for changes by the political parties	No. of applications
1	Party constitution	5
2	Party name	8
3	Party symbol	4
4	Party office bearers	19
5	Party location of head office	5



3.1.8. Promoting Women's participation and other SIGs in political process.

To enhance women's participation in the political and electoral process, the office carried out several activities, which included;

- (i) Confirming that the governing officials of the parties meet the two-thirds gender principle.
- (ii) Scrutiny of the party constitutions to confirm that the provisions support the participation of women.

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- (iii) Carrying out sensitization programs with political parties to deliberate on compliance with the gender principle.

This led to a significant increase of parties' compliance in regards to the two-thirds gender rule with approximately 44% of the registered Political Parties governing bodies meeting this requisite.

In addition, the Office in an effort to actualise Articles 81 (b) and 100 of the Constitution has been part of and supported various programs. For instance, the County Assemblies Forum (CAF) launched a Leadership Program for Women Members County Assemblies and the Office participated in the review of the program. The Office further held various meetings with political parties through the PPLC forum with an emphasis on the actualization of Article 100 of the Constitution.

3.1.9. Policy and legislation of party primaries

The Office formed an inter-governmental agency with an aim of establishing a framework to regulate party primaries to ensure the promotion of free and fair nominations with adherence to the law. The Taskforce formulated a draft policy framework on the conduct of political parties primaries in Kenya as well as identified key issues for legal reform of the electoral laws. In addition the Taskforce carried out public participation through forums on the draft policy framework in seven regions namely Kisumu, Mombasa, Nakuru, Nyeri, Isiolo, Eldoret and Kitui. Several meetings were also held with key stakeholders including political parties, civil society organizations and parliamentary caucus group.

3.1.10. Deregistration

In line with Section 21 of the Political Parties Act, 2011 the Office initiated the deregistration process of two political parties namely; Kenya National Democratic Alliance (KENDA) and Vibrant Democratic Party (VDP). In line with the Act, the Office gazetted the parties for deregistration and handed over the parties particulars to the State Law Office for them to begin the winding up process.

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3.2. Human and institution Capacity of ORPP Strengthened

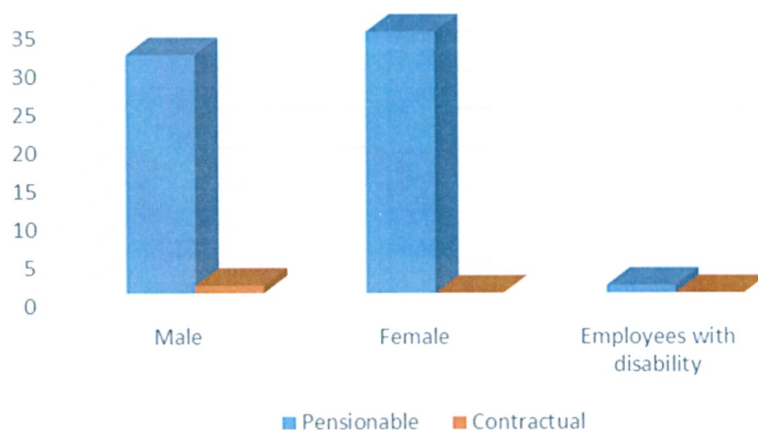
3.3. Staff Establishment

The approved optimal staffing level of ORPP was 209.. During the year under review, four (4) new appointments were made to fill the vacant positions of; Senior Communications Officer, Senior Supply Chain Management Officer, Human Resource Management Officer and Supply chain Management Officer. As at 30th June 2019, the in-post was 66 employees. In addition, the office engaged four (4) interns one in each of the following units: ICT, Compliance, Finance and Accounts to enhance its Human Resource capacity of the Office.

3.4. The current disaggregated staff establishment of the Office is as indicated below:

Terms of Service	Number	Male	Female	Employees with disability
Pensionable	65	31	34	1
Contractual	1	1	0	0
Total	66	32	34	1

staff establishment



3.5. Training and Development

During the financial year, the Office Identified training capacity needs and sponsored staff to undergo specific capacity building programs. The table below summarizes the various courses that staff undertook;

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Group Programs

S/No	Program	No trained
1.	Records Management	7
2.	Induction program	8
3.	Executive Retirement Program	2
4.	Official Communication and Personal Financial Mgt.	27
5.	Governance and Public Policy Formulation and Mgt.	12
6.	IPPD Training	3
7.	Staff Sensitization on Health and Safety	55
8.	Team Building Activities	60

1. Individual Short Training Programs

S/No	Program	No trained
1.	Refresher Defensive driving and first aid course	1
2.	Prevention, detection and analysis of corporate fraud	1
3.	Training of facilitators	1
4.	Arbitrators course	1
5.	Public relations and customer care	2
6.	Report writing	1
7.	Archives and Records Mgt.	1
8.	Records Management Course	1
9.	Supervisory skills development	1
10.	Senior Management Course	3
11.	Professional certificate in electoral conflict resolution	1
12.	Senior Leadership Development	2
13.	Electronic Document Management system	2

2. Long Programmes

S/No	Program	No trained
1.	MBA Project	1
2.	Diploma in Project Mgt.	1
3.	Certificate in M&E	2
4.	Cisco	1
5.	Certified Human Resource Mgt	1

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7.1.3 Conferences and Workshops

S/No	Program	No trained
1.	LSK Annual Conference	6
2.	Administration and declaration of income assets and liabilities	2
3.	Annual Financial conference	2
4.	Sensitization Workshop on constitutional values and principles	2
5.	East Africa Managers Conference	2
6.	Governance Audit accreditation	1
7.	ICPAK 2019 Annual Conference	2
8.	ISAAG Annual International Conference	1
9.	Kenya National Secretaries Association Annual General Conference	2
10.	Financial Sector Conference	1

3.6. Institutional Capacity Strengthened

The Office undertook the following programmes to strengthen institutional capacity

- i. Partitioned the Office to create additional work spaces and relocated the Office Boardroom to the middle wing of the office thus expanding its sitting capacity.
- ii. Rebranded the front office to enhance the Office corporate image
- iii. Developed t an Automated Staff Performance Appraisal System (SPAS) with the help of State Department for Public Service for better Staff performance management.

4. Emerging issues

- i. Social media misreporting activities of the Office.
- ii. All ICT related expenditures in the FY 2018/2019 were consolidated and budgeted under the State Department for Information and Technology (ICT)

5. Implementation challenges

- i) Understaffing at the Headquarters and the Regional Offices.
- ii) Change of Item specifications in comparison to the items requisitioned such that what is delivered is different from what was requisitioned
- iii) Not all Items requisitioned were delivered and yet there was sufficient fund to cater for them and no official communication from the Ministry was done.

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For the year ended June 30th , 2019

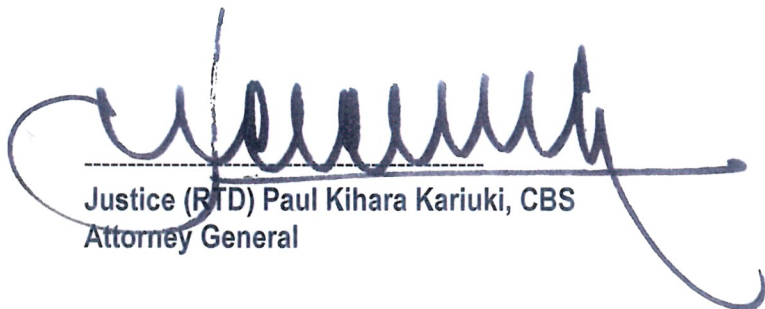
- iv) Partial and late deliveries such that inspections of the items are not well coordinated *Delay and/or* lack of exchequer release.
- v) Supplementary budgets that reduced the initial budget thus hampering the execution of certain planned activities.

6. Recommendation

- i. The Office to continuously engage the National Treasury for approval and budget to recruit additional staff
- ii. The Ministry of ICT to hasten the procurement process of the ICT items and equipment
- iii. The National Treasury to honour exchequer requests promptly
- iv. The National Treasury to consult the Office before effecting budget cuts/austerity measures

7. Way forward

The Office will continuously endeavour to carry out its mandate in line with the Constitution, Political Parties Act, PFM Act and the PPADA, for the realisation of the Big 4 Agenda and Vision 2030.



Justice (RTD) Paul Kihara Kariuki, CBS
Attorney General

Date.....

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 Registrar of Political Parties accounting shall prepare financial statements in respect of the office. 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 Registrar of Political Parties is the accounting officer Office of the Registrar of Political Parties and is responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state of affairs of the office for and as at the end of the financial year ended on June 30th , 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 financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Registrar of Political Parties accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the financial statements give a true and fair view of the state of transactions during the financial year ended June 30th, 2019, and of the entity's financial position as at that date. The Registrar of Political Parties further confirms the completeness of the accounting records maintained for the office, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

The Registrar of Political Parties confirms that the entity has complied fully with applicable Government Regulations and Political parties Act and that the Office of the Registrar of Political Parties' 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 Registrar of Political Parties confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The Office of the Registrar of Political Parties' financial statements were approved and signed by the Registrar on 30.09. 2019.



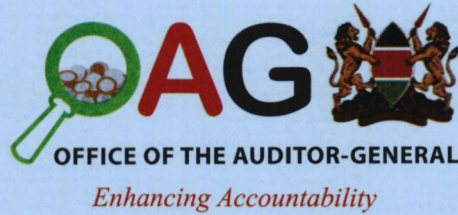
Ann N. Nderitu, MBS
Registrar of Political Parties



John M. Macharia
Assistant Accountant General
ICPAK M/No. 5474

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON OFFICE OF THE REGISTRAR OF POLITICAL PARTIES FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Office of the Registrar of Political Parties set out on pages 1 to 15, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation - recurrent 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, the financial statements present fairly, in all material respects, the financial position of Office of the Registrar of Political Parties 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 and the Political Parties Act, 2011.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Office of the Registrar of Political Parties 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 opinion.

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.

Other Matter

Pending Bills

Note 12.1 to the financial statements reflects pending bills of Kshs.27,731,307 as at 30 June, 2019 out of which bills amounting to Kshs.4,968,825 relate to previous financial years. Failure to settle bills in the year to which they relate distorts the financial statements for the year and also affects the budgetary provisions for the subsequent year.

Further, Annex 1 to the financial statements – analysis of pending accounts payable - did not include details on the dates the bills were contracted contrary to the requirements of the reporting template issued by the Public Sector Accounting Standards Board.

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, I confirm that, nothing 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

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 governance were not effective.

Basis for Conclusion

Inadequate Staffing

The approved staff establishment provides for 209 members of staff for the Office of the Registrar of Political Parties. However, only 66 members of staff were in post as at the time of audit resulting into a shortfall of 143 staff members across the various

staff cadres. Further, the Registrar was on an acting capacity and the three (3) positions of Deputy Registrars provided for under Section 33(2) of Political Parties Act, 2011 had not been filled.

The staff shortages especially in key senior management positions may have negatively affected the ability of the Office to effectively deliver on its mandate.

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 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.

In preparing the financial statements, Management is responsible for assessing the ability of the Office of the Registrar of Political Parties to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the Office of the Registrar of Political Parties 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 money is applied in an effective manner.

Those charged with governance are responsible for overseeing the Office's financial reporting process, reviewing the effectiveness of how the entity 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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Office policies and procedures may deteriorate.


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Office's ability to continue as a going concern or 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 Office 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 Office 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


30 September, 2020

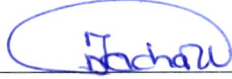
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STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018-2019	2017-2018
		Kshs	Kshs
RECEIPTS			
Exchequer releases	1	1,016,306,413	778,003,736
Other Revenues	2	-	-
TOTAL RECEIPTS		1,016,306,413	778,003,736
PAYMENTS			
Compensation of Employees	3	140,882,418	156,329,821
Use of goods and services	4	111,880,143	146,254,268
Transfers to Other Government Units	5	671,190,000	371,190,000
Acquisition of Assets	6	92,200,000	86,583,357
TOTAL PAYMENTS		1,016,152,561	760,537,427
SURPLUS/DEFICIT		153,852	17,646,310

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 30.09 2019 and signed by:


 Ann N. Nderitu, MBS
 Registrar of Political Parties



 John Macharia
 Assistant Accountant General
 ICPAK M/ No: 5474


OFFICE OF REGISTRAR OF POLITICAL PARTIES
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IV. STATEMENT OF ASSETS AND LIABILITIES

	Note	2018-2019	2017-2018
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	7A	147,251	17,522,797
Cash Balances	7B	6,601	123,513
Total Cash and cash equivalent		<u>153,852</u>	=
Accounts receivables – Outstanding Imprests	8	-	-
TOTAL FINANCIAL ASSETS		153,852	17,646,310
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	9	-	-
NET FINANCIAL ASSETS		153,852	17,646,310
REPRESENTED BY			
Fund balance b/fwd	10	17,646,310	30,909,332
Prior year adjustment	11	-17,646,310	-30,909,332
Surplus/Deficit for the year		153,852	17,646,310
NET FINANCIAL POSSITION		153,852	17,646,310

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 30.09.2019 and signed by:


 Ann N. Nderitu, MBS
 Registrar of Political Parties


 John Macharia
 Assistant Accountant General
 ICPAK M/ No: 5474

OFFICE OF REGISTRAR OF POLITICAL PARTIES
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V. STATEMENT OF CASH FLOWS

		2018-2019	2017-2018
		Kshs	Kshs
Receipts for operating income			
Exchequer Releases	1	1,016,306,413	778,003,736
Other Revenues	2	-	-
Payments for operating expenses			
Compensation of Employees	3	140,882,418	156,329,821
Use of goods and services	4	111,880,143	146,254,268
Transfer to other government agencies	5	671,190,000	371,190,000
Total payments		923,952,561	673,774,090
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		92,353,852	99,846,359
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	92,200,000	86,583,337
Net cash flows from Investing Activities		92,200,000	86,583,337
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings		-	-
Proceeds from Foreign Borrowings		-	-
Repayment of principal on Domestic and Foreign borrowing		-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		153,852	13,263,022
Cash and cash equivalent at BEGINNING of the year	11	-	30,909,332
Cash and cash equivalent at END of the year		153,852	17,646,310

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 30.09.2019 2019 and signed by:



Ann N. Nderitu, MBS
 Registrar of Political Parties



John Macharia
 Assistant Accountant General
 ICPAK M/ No: 5474

OFFICE OF REGISTRAR OF POLITICAL PARTIES

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VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	822,232,095	249,761,843	1,071,993,938	1,016,306,413	55,687,525	95%
Other Receipts	-	-	-	-	-	-
TOTAL RECEIPTS	822,232,095	249,761,843	1,071,306,413	1,016,306,413	55,687,525	95%
PAYMENTS						
Compensation of Employees	175,060,000	-25,000,000	150,060,000	140,882,418	9,177,583	94%
Use of goods and services	174,287,108	-24,281,157	150,005,951	111,880,143	38,125,808	75%
Transfers to Other Government Units	371,190,000	300,000,000	671,190,000	671,190,000	-	100%
Acquisition of Assets	101,694,987	-957,000	100,737,987	92,200,000	8,537,987	92%
TOTAL PAYMENTS	822,232,095		1,071,993,938	1,016,152,561	55,841,378	95%
Surplus/Deficit						

Notes

- During the year, the office contemplated filling the vacancies of the three assistant registrars as required by the office establishment. The advertisement was done through public service commission on 18th September 2018. The process was however, halted and the three posts were never filled. This led to the underutilization of funds under the item on personal emoluments.
- The underutilization of funds on use of goods and services was occasioned by lack of exchequer
- The underutilization of funds on use of goods and services was brought about by lack of exchequer that resulted to piling of pending bills.

The entity financial statements were approved on 30.09.2019 and signed by:



Ann N. Nderitu, MBS
Registrar of Political Parties



John Macharia
Assistant Accountant General
ICPAK M/ No: 5474

VII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2018 Kshs	Adjustments Kshs	Final Budget 2018 Kshs	Actual on comparable basis Date, 2018 Kshs	Budget utilization difference Kshs
Programme: Registration, Regulation of Political Parties and Administration of Political Parties Fund					
Sub-programme 1: Registration and Regulation of Political Parties	420,042,095	-44,938,157	375,103,938	321,451,161	53,652,778
Sub-programme 2: Funding of political Parties	371,190,000	300,000,000	671,190,000	671,190,000	0
Sub-programme 3: Political Parties liaison Committee.	31,000,000	-5,300,000	25,700,000	23,511,400	2,188,600
Total	8,22,232,095		1,071,993,938	1,016,152,561	55,841,378

VIII. 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 Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the office of the Registrar of Political Parties encompass the reporting entity as specified under section 81 of the PFM Act 2012.

3. Reporting Currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

a) Recognition of Receipts

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

- **Transfers from the Exchequer**

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

- **Other receipts**

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

b) Recognition of payments

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

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- **Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

- **Use of Goods and Services**

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

- **Acquisition of Fixed Assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

5. In-kind contributions

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

6. Third Party Payments

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

7. 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.

Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2019, this amounted to Kshs.61,951,882 compared to Kshs.52,539,282 in prior period

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There were no other restrictions on cash during the year.

8. 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 are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

9. Accounts Payable

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

10. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Entity at the end of the year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2018 for the period 1st July 2018 to 30th June 2019 as required by Law and there were two supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2019.

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14. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 26 explaining the nature and amounts.

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IX. NOTES TO THE FINANCIAL STATEMENTS

1 EXCHEQUER RELEASES

Description	2018 -2019	2017 -2018
	Kshs	Kshs
Total Exchequer Releases for quarter 1	186,182,900	93,822,916
Total Exchequer Releases for quarter 2	183,678,600	88,208,020
Total Exchequer Releases for quarter 3	264,908,800	331,592,300
Total Exchequer Releases for quarter 4	381,536,113	264,380,500
Total	1,016,306,413	778,003,736

The total budget for the F/Y 2018/2019 was Kshs. One billion and seventy one million, nine hundred ninety three thousand, nine hundred thirty eight (Kshs. 1,071,993,938) while exchequer requisitioned and received amounted to Kshs. One billion, and sixteen million three hundred and six thousand four hundred and thirteen (Kshs.1,016,306,413)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 OTHER REVENUES

Description	2018 -2019	2017 -2018
	Kshs	Kshs
Receipts from Administrative Fees and Charges - Collected as AIA	-	-
Total	-	-

In the year under review, the office collected Appropriation In Aid (A.I.A) in form of administrative fees totalling Kshs. Two Million, four hundred eighty five thousand one hundred and sixty (2,485,160). During the same period, the office budget did not have a budget line to collect A.I.A, therefore the same was surrendered to the exchequer as excess A.I.A. and an official miscellaneous receipt No B 6213080 issued.

3 COMPENSATION OF EMPLOYEES

	2018 -2019	2017 -2018
	Kshs	Kshs
Basic salaries of permanent employees	73,439,591	53,458,698
Basic wages of temporary employees	3,620,281	49,870,000
Personal allowances paid as part of salary	54,493,620	44,039,344
Employer Contributions Compulsory national social security schemes	9,328,925	8,961,779
Total	140,882,418	156,329,821

OFFICE OF REGISTRAR OF POLITICAL PARTIES**Reports and Financial Statements****For the year ended June 30th , 2019****4 USE OF GOODS AND SERVICES**

	2018 -2019	2017 -2018
	Kshs	Kshs
Utilities, supplies and services	848,159	929,755
Communication, supplies and services	2,767,503	1,633,871
Domestic travel and subsistence	23,511,293	28,994,478
Foreign travel and subsistence	705,437	-
Printing, advertising and information supplies & services	2,092,789	867,409
Rentals of produced assets	20,292,369	23,513,718
Training expenses	6,633,892	6,406,465
Hospitality supplies and services	16,823,277	32,700,459
Insurance costs	17,458,827	11,806,585
Specialized materials and services	204,484	1,559,932
Office and general supplies and services	2,816,698	2,756,556
Other operating expenses	14,564,266	26,735,409
Routine maintenance – vehicles and other transport equipment	1,242,749	1,467,125
Routine maintenance – other assets	104,400	95,056
Fuel Oil and lubricants	1,814,000	6,787,450
Total	111,880,143	146,254,268

5 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2018 -2019	2017 -2018
	Kshs	Kshs
Transfers to Political Parties Fund)	671,190,000	371,190,000
TOTAL	671,190,000	371,190,000

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

Description	2018 -2019
	Kshs
Transfers to Political Parties	
Jubilee Party	434,648,341
Orange Democratic Party	202,982,159
5% administration fees	33,559,500
TOTAL	637,630,500

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6 ACQUISITION OF ASSETS

Non-Financial Assets	2018 -2019	2017 -2018
	Kshs	Kshs
Refurbishment of Buildings	-	2,423,752
Purchase of Vehicles and Other Transport Equipment	5,200,000	3,250,000
Purchase of Specialized Plant, Equipment and Machinery	-	2,704,862
Purchase of Office Furniture	-	3,104,723
Sub-total	5,200,000	11,483,337
Financial Assets		
Domestic Public Non-Financial Enterprises	87,000,000	75,100,000
Sub-total	87,000,000	75,100,000
Total	92,200,000	86,583,337

An amount of Kshs.75,000,000 shown as domestic public non-financial enterprises was for Staff Mortgage while Kshs 12,000,000 was for staff car loan amounting to a total of Kshs.87,000,000 (Eighty Seven million).

7A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit e.t.c	Exc rate (if in foreign currency)	2018 -2019	2017 -2018
				Kshs	Kshs
Registrar Of Political Parties	-	Recurrent	-	147,252	17,522,797
Total				147,252	17,522,797

7B: CASH IN HAND

	2018 -2019	2017 -2018
	Kshs	Kshs
Cash in Hand – Held in domestic currency	6,601	123,513
Total	6,601	123,513

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Cash in hand should also be analysed as follows:

	2018 -2019	2017 -2018
	Kshs	Kshs
Headquarters	6,601	123,513
Total	6,601	123,513

8: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

<i>Description</i>	2018 -2019	2017 -2018
	Kshs	Kshs
Government Imprests	-	-
Salary advances	-	-
District suspense	-	-
Clearance accounts	-	-
Total	-	-

9. ACCOUNTS PAYABLE

Description	2018 -2019	2017 -2018
	Kshs	Kshs
Retention	-	-
Deposits	-	-
Total	-	-

10. FUND BALANCE BROUGHT FORWARD

Description	2018 -2019	2017 -2018
	Kshs	Kshs
Bank accounts	-	-
Cash in hand	-	-
Accounts Receivables	-	-
Accounts Payables	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. PRIOR YEAR ADJUSTMENTS

Description of the error	2017 -2018	2016 -2017
	Kshs	Kshs
Adjustments on bank account balances	17,522,797	30,496,869
Adjustments on cash in hand	123,513	412,463
Total	17,646,310	30,909,332

The prior year adjustments relate to bank and cash balances that were remaining as at 30th June 2018. The same was however, recovered by the National Treasury at the beginning of the financial year.

12. OTHER IMPORTANT DISCLOSURES

12.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	Balance b/f FY 2017/2018	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	4,164,988	-	4,164,988
Construction of civil works	-	-	-	-
Supply of goods	1,750,186	12,257,717	-	14,007,903
Supply of services	3,218,639	6,339,777	-	9,558,416
Total	4,968,825	22,762,482	-	27,731,307

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13. 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.

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)
2	Inadequate staffing; the registrar was on acting capacity and the three deputies' registrar were not in place.	Through Public Service commission, the office advertised the positions of Registrar of Political Parties and the three assistant Registrar's. the office further sought authority from the National Treasury to fill the vacant positions which was declined but advised to review the office structure to obtain a lean and efficient structure	Director Human resource.	Resolved and Not resolved	N/A

Guidance Notes:

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


 Ann N. Nderitu, MBS
 Registrar of Political Parties


 John Macharia
 Assistant Accountant General
 ICPAK M/ No:5474

OFFICE OF REGISTRAR OF POLITICAL PARTIES

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ANNEX 1: - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Outstanding Balance 2019	Comments
	A	B	C	d=a-c		
Construction of buildings						
1. Dalton enterprises	4,164,987.80		-	4,164,987.80	4,164,987.80	
Sub-Total	4,164,987.80			4,164,987.80	4,164,987.80	
Supply of goods						
1. Insync Merchants	437,300			437,300	437,300	
2. Kenby Investments	109,500			109,500	109,500	
3. Janzik Enterprises	803,800			803,800	803,800	
4. Sovereign Agencies	183,000			183,300	183,300	
5. Sokla Solutions Limited	521,500			521,500	521,500	
6. Kitumbi Supplies	331,500			331,500	331,500	
7. Future Vigor Enterprises Limited	430,720			430,720	430,720	
8. Najelyne Enterprises Limited	3,220,400			3,220,400	3,220,400	
9. Ceramar Agencies	166,200			166,200	166,200	
10. Veeko Enterprises	189,800			189,800	189,800	
11. Life Bridge (K) Ltd	207,000			207,000	207,000	
12. Bridge Stop Agencies	147,500			147,500	147,500	
13. The Bens Company	95,280			95,280	95,280	
14. Koche Investments	290,350			290,350	290,350	
15. Sevechi Enterprises	251,400			251,400	251,400	
16. Promise Traders	360,200			360,200	360,200	
17. Vemashi Investments	500,000			500,000	500,000	
18. One Planet Publishing	630,000			630,000	630,000	
19. Vemeshi Investments	743,760			743,760	743,760	
Sub-Total	9,619,210			9,619,210	9,619,210	
Supply of services						
1. Green Hills Hotel	297,798			297,798	297,798	
2. Jacaranda Hotel	781,500			781,500	781,500	
3. Knight Frank	102,671.35			102,671.35	102,671.35	
4. Parklands Sports Club	41,555.00			41,555.00	41,555.00	

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Outstanding Balance 2019	Comments
5. Association Of Certified Fraud Exam	13,480.00			13,480.00	13,480.00	
6. Advocates Plaza Limited	122,640.00			122,640.00	122,640.00	
7. Ashitiva Advocates	361,900.00			361,900.00	361,900.00	
8. Kenya School Of Government	334,080.00			334,080.00	334,080.00	
9. Jubilee Insurance	1,704,436.00			1,704,436.00	1,704,436.00	
10. Cedars Travel And Tours	231,910			231,910	231,910	
11. Tondwe Africa Group Limited	670,830			670,830	670,830	
12. Maraways Tours Limited	268,275			268,275	268,275	
13. Premier Safaris	75,130			75,130	75,130	
14. Nairobi Safari Club	210,000			210,000	210,000	
15. Focus Safaris And Car Hire Limited	361,520			361,520	361,520	
16. The Kyaka Hotel Limited	127,200			127,200	127,200	
17. Safari Park Hotel And Casino	100,800			100,800	100,800	
18. Eastmark Hotel	92,000			92,000	92,000	
19. Pride Inn Hotel	56,000			56,000	56,000	
20. Lake Naivasha Resort	624,000			624,000	624,000	
21. Knight Frank	3,241,179.00			3,241,179	3,241,179	
22. Knight Frank	1,656,085.60			1,656,085.60	1,656,085.60	
23. Country View Hotel	190,000			190,000	190,000	
24. Kenya School Of Law	234,000			234,000	234,000	
25. Bethel Global Agencies	365,310			365,310	365,310	
26. Raia Investments	236,000			236,000	236,000	
27. Green Artic	43,000			43,000	43,000	
28. Pecar Investment	281,000			281,000	281,000	
29. Mombasa Beach Hotel	200,000			200,000	200,000	
30. Attic Tours	518,969			518,969	518,969	
31. Longrock Tours	99,100			99,100	99,100	
32. Jacaranda Hotel Ltd	101,500			101,500	101,500	
33. Open source	187,500			187,500	187,500	

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Outstanding Balance 2019	Comments
34. Longrock Tours	15,470			15,470	15,470	
Sub-Total	13,946,838.95			12,561,899.60	12,561,899.60	
Grand Total	27,731,306.75			27,731,306.75	27,731,306.75	

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ANNEX 2: – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/2018	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) 2018/2019
Land					
Buildings and structures	9,870,092				9,870,092
Transport equipment	18,236,000	5,200,000			23,436,000
Office equipment, furniture and fittings	10,971,272	-			10,971,272
ICT Equipment	1,002,000	-			1,002,000
Machinery and Equipment	2,805,986				2,805,986
Biological assets	-				
Infrastructure Assets- Roads, Rails	-				
Heritage and cultural assets	-				
Intangible assets	2,314,950	-	-	-	2,314,950
Work in Progress					
Total	45,200,300	5,200,000			50,400,300

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ANNEX 3:- REPORTS GENERATED FROM IFMIS

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK
- ii. IFMIS Comparison Trial Balance
- iii. FO30 (Bank reconciliations) for all bank accounts
- iv. GOK IFMIS Receipts and Payments Statement
- v. GOK IFMIS Statement of Financial Position
- vi. GOK IFMIS Statement of Cash Flows
- vii. GOK IFMIS Notes to the Financial Statements
- viii. GOK IFMIS Statement of Budget Execution
- ix. GOK IFMIS Statement of Deposits
- x. GOK IFMIS Budget Execution by Programme and Economic Classification
- xi. GOK IFMIS Budget Execution by Heads and Programmes
- xii. GOK IFMIS Budget Execution by Programmes and Sub-programmes