

REPUBLIC OF KENYA



*Paper laid by
the Hon. W. N. Njoroge
M. J. Njoroge
Thursday 7/6/2018*

OFFICE OF THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA CITIZENS AND FOREIGN
NATIONALS MANAGEMENT SERVICE**

**FOR THE YEAR ENDED
30 JUNE 2017**



KENYA CITIZENS AND FOREIGN NATIONALS MANAGEMENT SERVICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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

Kenya Citizens and Foreign Nationals Management Service.
Reports and Financial Statements
For the year ended June 30, 2017

Table of Content	Page
I. KEY ENTITY INFORMATION AND MANAGEMENT.....	ii
II. THE BOARD OF DIRECTORS.....	vi
III. MANAGEMENT TEAM.....	xi
IV. CHAIRMAN'S STATEMENT.....	xiv
V. REPORT OF THE ACTING SECRETARY TO THE BOARD.....	xv
VI. CORPORATE GOVERNANCE STATEMENT.....	xvii
VII. MANAGEMENT DISCUSSION AND ANALYSIS.....	xx
VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	xxi
IX. REPORT OF THE DIRECTORS.....	xxiv
X. STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	xxv
XI. REPORT OF THE INDEPENDENT AUDITORS ON THE <i>KENYA CITIZENS AND FOREIGN NATIONALS MANAGEMENT SERVICE</i>	xxvi
XII. STATEMENT OF FINANCIAL PERFORMANCE.....	1
XIII. STATEMENT OF FINANCIAL POSITION.....	2
XIV. STATEMENT OF CHANGES IN NET ASSETS.....	3
XV. STATEMENT OF CASH FLOWS.....	4
XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	5
XVII. NOTES TO THE FINANCIAL STATEMENTS.....	6
XIX. Appendix 1: INTER-ENTITY TRANSFERS.....	16
XX. Appendix 2: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES.....	17

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The *Kenya Citizens and Foreign Nationals Management Service* (KCFNMS), here in referred to as the Service is a State Corporation under the ministry of interior and Coordination of National Government. The Service was established by an Act of Parliament; The Kenya Citizens and Foreign Nationals Management Service Act Cap 174 Laws of Kenya on 30th September, 2011. The Service is domiciled in Kenya and has no branches.

(b) Principal Activities

The Service shall, under the general supervision of the Cabinet Secretary be responsible for the implementation of policies, laws and any other matter relating to citizenship and immigration ,births and deaths, marriages ,identification and registration and travel documents, foreign nationals management and the creation and maintenance of a comprehensive national population register.

The Service shall specifically:-

- a) In relation to the national population register and for the purpose of collecting and compiling information concerning the distribution and composition of the population in Kenya, the scope and direction of immigration ,labour resource utilization and other connected purposes have the following functions:
 - (i) Receiving, storing and updating information from primary registration agencies;
 - (ii) Generation of appropriate unique identifier for individuals and groups in accordance with this Act;
 - (iii) Subject to the constitution and in consultation with other relevant institutions, regulating the sharing of information by the various registration agencies and other users;
 - (iv) Implement the relevant policies and guidelines and provide the cabinet secretary with the necessary information to guide the formulation of new policies, review of existing policies and guidelines.

Kenya Citizens and Foreign Nationals Management Service.
Reports and Financial Statements
For the year ended June 30, 2017

- (v) In consultation with the cabinet secretary, coordinate and mobilize resources for the implementation of the relevant policies;
- (vi) Undertake the task of data collection and dissemination in a manner that ensures consistency and accuracy in accordance with set national standards and guidelines and
- (vii) Facilitate access to information and data to national population registration information in accordance with this Act, any other relevant law or policy and the constitution;
- b) Administer the Acts of parliament set out in the First Schedule and any other written law
- c) Advise the Government on the matters provided for in this section;
- d) Collaborate with other state agencies for effective discharge of its mandate and
- e) Perform such other functions as may be directed by the Cabinet Secretary.

(c) Key Management

The *Kenya Citizens and Foreign Nationals Management Service's* day-to-day management is under the following key organs:

- Cabinet Secretary
- Principal Secretary
- Board and
- Director General/CEO and Management.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Destination	Name
1.	Cabinet Secretary	Hon, Maj.Gen.(RTD) Joseph Nkaisserry EGH,CBS
2.	Principal Secretary	Dr.(Eng.) Karanja Kibicho ,CBS PS,State Dept./Interior.
3.	Ag. Director General	Vacant
4.	Ag. A.I.E Holder	Charles Wanyoike
5.	DHRM&DEV	Lilian G. Nzavi
6.	DICT	Jane Otoko
7.	CPU	Kennedy Okondo
8.	CFO	Gideon Gichana
9.	C. Accountant	Loise N. Kibicho
10.	Ag. SEC.	Florence N. Mulati

- | | | |
|-----|------------|--------------|
| 11. | C. Auditor | James Ndegwa |
| 12. | HSCM | Lucy Kimani |

(e) Fiduciary Oversight Arrangements

Kenya Citizens and Foreign Nationals Management Service has only two Fiduciary oversight arrangements which are;

- Audit committee whose main function is to confirm whether the service conforms to the internally placed controls while conducting its daily operations.
- Finance committee whose functions includes ensuring that the service has enough funds to run its activities as per the approved budget, and also making reallocation to the budget as per the needs of line items.

Kenya Citizens and Foreign Nationals Management Service.
Reports and Financial Statements
For the year ended June 30, 2017

(f) Kenya Citizens and Foreign Nationals Management Service.

P.O. Box 30191-00100
Nyayo House
Kenyatta Avenue
Nairobi, KENYA

(g) Contacts

Telephone: (+254) 2222022
E-mail: infocitizenservice@immigration.go.ke
Website: www.mirp.go.ke

(h) Bankers

Kenya Commercial Bank
Kipande House Branch
P.O.Box 69696-00400
Nairobi, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

II.THE BOARD OF DIRECTORS

<p style="text-align: center;">Photo</p> <p>1. Amb. Kalimi Mugambi Mworira</p>	<p>Date of Birth, 1 Feb. 1946</p> <p>Qualifications (i) Masters of Arts in Educational Psychology, Columbia University, New York, USA. (ii) Bachelor of Education in Sciences – Upper 2nd (Honours) Degree, Makerere University Kampala, Uganda.</p> <p>Experience (i) Chairperson to the Kenya Citizens and Foreign Nationals Management Service, Directorate of Immigration and Registration of Persons, Ministry of Interior & Coordination of National Government (ii) Ambassador of Kenya to The Netherlands and The Czech Republic. (iii) Trainer, Lecturer, Head, Deputy in various institutions: Lecturer – Kenyatta University/USIU/London Institute of Education - UK Acting Deputy Principal KTTC, Deputy Principal Kenya Polytechnic (iv)Executive Director , Family Planning Association of Kenya (v) Director of Family Planning Private Sector (FPPS) USAID (v) International Training Coordinator AMREF Africa (vi) Director of International Cooperation and Assistance. UN Organization for the Prohibition of Chemical Weapons (Chemical Weapons Convention) (vii) Member of National Committee for Safety and Security of Chemicals in Kenya (viii) Member of the National Committee of Chemical, Biological and Nuclear (CBRN) Centre of Excellence (ix) UNFPA Associate Technical Advisor - Eastern and Southern Africa in population and development (South to South) initiative (x) Associate Regional Director: International Planned Parenthood Federation (IPPF) Africa</p>
	<p>➤ Date of Birth, 5th Nov.1957</p> <p>➤ Qualifications</p>

Kenya Citizens and Foreign Nationals Management Service.
Reports and Financial Statements
For the year ended June 30, 2017

<p>Photo</p> <p>2.Dr. Charles Kiptemas Sigei.</p>	<p>(i) Masters in Public health; Hadassah's Hebrew University School of Public Health. (ii) Bachelor of medicine and Bachelor of surgery; university of Nairobi.</p> <p>➤ Experience.</p> <p>(i) Board member of Kenya Citizens and Foreign Nationals Management Service. (ii) Wachira Irungu Associates; consultancy with world bank funded ministry of health and sanitation projects as an independent integrated fiduciary agent. (iii) SIVAC-Kenya National Immunization Advisory Group- empowering the ministry of health and advising on all technical and scientific topics related to vaccines and immunization. (iv) UNICEF- Consultancy on technical assistant to MOH. (v) PATH; National consultant on the rotavirus vaccine cost effective analysis (vi) WHO Kenya; Local consultant to the ministry of public health and sanitation. (vii) UNICEF, Consultancy to provide technical assistance to the division of family health. (viii) MSH Consultancy assignment of department of family health (ix) Chief of party-USAID (x) Director Emergency plan for AIDS Relief in the South Rift Valley. (xi) WHO- National Disease and Surveillance Officer. (xii) Project Manager of early childhood development. (xiv) Head of health information systems, ministry of health. (xv) District Medical officer of health.</p>
---	--

<p style="text-align: center;">Photo</p> <p style="text-align: center;">3. Paul Muange Mbatha</p>	<ul style="list-style-type: none"> ➤ Date of Birth, 13th April, 1956 ➤ Qualifications <ul style="list-style-type: none"> (i) B.A(Hons) Economics and French ; University of Nairobi. (ii) Diploma de franciasis; Umiversi’e Montemuzard (Dijon France). (iii) Certificate in integrated regional development planning; university of Nottingham(England UK) (iv) Advanced courses in simultaneous interpretation and translation from French to English. ➤ Experience <ul style="list-style-type: none"> (i) Member of Kenya Citizens and Foreign Nationals Management Service. (ii) Director self-employed; incorporated Mount Commodities Ltd. (iii) Planning Assistant-GOK(The Treasury) (iv) Total oil products (E.A) Ltd. (v) Board member National Water Conservation and Pipeline Corporation. (vi) Board member of Tana and Athi River Development Authority. (vi) Director of Kenya Commercial Bank Ltd.
<p style="text-align: center;">Photo</p> <p style="text-align: center;">4. John Maina</p>	<ul style="list-style-type: none"> ➤ Date of Birth, 4th Sept. 1959 ➤ Qualifications <ul style="list-style-type: none"> (i) Post graduate studies-Kennedy school of government-Harvard University, Cambridge, MA. (ii) Masters degree, special education; Coppin state University, Baltimore, MD. (iii) Bachelor of Arts degree, political science and international studies; Morgan state university. ➤ Experience <ul style="list-style-type: none"> (i) Board member of Kenya Citizens and Foreign Nationals Management Service. (ii) Diaspora advisor to the coalition Government (iii) President- Kenya community abroad (iv) Research assistant(Harvard University, Cambridge M.A)

Kenya Citizens and Foreign Nationals Management Service.
Reports and Financial Statements
For the year ended June 30, 2017

	<p>(v) Lecturer; social justice Academy, Boston MA. (vi) Consultant KTIG Consulting Silver Spring MD. (vii) Lecturer- Johns Hopkins University, Baltimore MD. (viii) Lecturer- Morgan State University, Baltimore MD. (ix) Special educator/Resource personnel; Baltimore public school systems Baltimore MD. (x) Legislative Aide; United States Congress, Washington, DC. (xi) Legislative Aide; Maryland General Assembly, Annapolis, MD.</p>
<p>Photo</p> <p>5. Judith Atieno Ogolla</p>	<ul style="list-style-type: none"> ➤ Date of Birth, 1970 ➤ Qualifications <ul style="list-style-type: none"> (i) On going Doctor of Philosophy in Business Administration Strategic Management (Kenya Methodist University-Nairobi) (ii) Masters in Business Administration Strategic Management and Marketing (Kenya Methodist University-Nairobi). (iii) Bachelor of Commerce; Business Administration and Marketing (Daystar University- Nairobi). ➤ Experience <ul style="list-style-type: none"> (i) Board member of Kenya Citizens and Foreign Nationals Management Service. (ii) Founder and Managing Director of Enterprise Development Consulting (EDC) (iii) Director of Inter Africa Development Foundations.
<p>Photo</p> <p>6. Sophia Adhiambo Agoye</p>	<ul style="list-style-type: none"> ➤ Date of Birth, 2nd June, 1953 ➤ Qualifications <ul style="list-style-type: none"> (i) B.A (Hons.) University of Nairobi (ii) Diploma in Finance Management, KCA University. ➤ Experience <ul style="list-style-type: none"> (i) Board member of Kenya Citizens and Foreign Nationals Management Service. (ii) District Officer-Provincial Administration.

Kenya Citizens and Foreign Nationals Management Service.
Reports and Financial Statements
For the year ended June 30, 2017

	<p>(iii) Assistant Secretary1 (Ministry of Public Works and Housing) (iv) Under Secretary; Ministry of Information, Broadcasting and Local Authority. (v) Chief finance officer in the Ministry of State for Immigration and Registration of Persons.</p>
<p style="text-align: center;">Photo</p> <p>7. Eddyson H. Nyale</p>	<ul style="list-style-type: none"> ➤ Date of Birth,1967 ➤ Qualification <ul style="list-style-type: none"> (i) Masters of Arts in sustainable International Development (Brandeis University; Waltham, Massachusetts -USA. (ii) Bachelor (Hons.) of science animal production (Egerton University; Njoro Kenya) ➤ Experience <ul style="list-style-type: none"> (i) Alternate Board member (Ministry of Interior) Kenya Citizens and Foreign Nationals Management Service. (ii) Under Secretary, Security Nairobi. (iii) Volunteer with KRSC as PhD Student Masinde Muliro NRB Campus. (iv) District Commissioner; Matete District. (v) District Officer (vi) Project and Operational Management Coordinator; Ministry of Internal Security. (vii) Development practitioner; Community development and Human Rights Advocacy; CPD 11 funded by Netherlands red cross. (viii) Kenya Wild Life Board- Alternate Board member PS-Interior. (ix) National Non-Governmental Organization Council (NGO Council) Election task force. (x) Member of Maendeleo Ya Wanawake Organization Elections Board. (xi) Member of the task force on the proposed amendments to the Public Benefit Organization. (PBO).

Kenya Citizens and Foreign Nationals Management Service.
Reports and Financial Statements
For the year ended June 30, 2017

III. MANAGEMENT TEAM

<p style="text-align: center;">Photo</p> <p>1. Charles N. Wanyoike Administrator/Ag. A.I.E Holder.</p>	<p>MPA,BA(Hons) Deputy Secretary-Ministry of Interior and Coordination of National Government.</p>
<p style="text-align: center;">Photo</p> <p>2. Lilian G. Nzavi Director Human Recourse Management and Development.</p>	<p>PGD in Business Management., Msc.HRM,BA(Public management)</p>
<p style="text-align: center;">Photo</p> <p>3. Jane Otoko Assistant Director, ICT</p>	<p>MSIT,BSc. S&CS,HBCS</p>
<p style="text-align: center;">Photo</p> <p>4. Kennedy N. Okondo Deputy Economist.</p>	<p>MA in Economics</p>

Kenya Citizens and Foreign Nationals Management Service.
Reports and Financial Statements
For the year ended June 30, 2017

<p>Photo</p> <p>5. Gideon N. Gichana Chief Finance Officer.</p>	<p>Bcom, CPA(K)</p>
<p>Photo</p> <p>6. Loise N. Kibicho Head of Accounting Unit.</p>	<p>MBA,BA,CPA(K)</p>
<p>Photo</p> <p>7. Florence N. Mulati Ag. Secretary.</p>	<p>MBA,BA(Hons)</p>

Kenya Citizens and Foreign Nationals Management Service.
Reports and Financial Statements
For the year ended June 30, 2017

<p>Photo</p> <p>8. James M. Ndegwa Head of Internal Audit</p>	<p>BA</p>
<p>Photo</p> <p>9. Lucy W. Kimani Head Supply Chain Management.</p>	<p>Masters in Procurement & Logistics, Bachelors Degree in Supply & Procurement.</p>

IV. CHAIRMAN'S STATEMENT

The Kenya Citizens and Foreign Nationals Management Service was established by the Kenya Citizens and Foreign Nationals Management Service Act. No.31 of 2011, and the Board of the Service inaugurated on 15th February, 2013. The service is expected in due course to assume all the functions of the Directorate of immigration and Registration of Persons and other related agencies. The responsibility of the Board is to formulate and review policies, laws and regulations of the service in accordance with constitutional values and principles. In addition the Board is expected to monitor performance of the service; management of staff of the service; establish departments within the service and allocate responsibilities to such departments.

The Board works through various established committees as required by the law. These will go a long way in ensuring the provision of effective and efficient service delivery. One of the major strategic goals of the service is to make Kenya one of the countries that will have achieved universal births and deaths registration during the plan period.

The service shall make deliberate efforts to ensure that births and deaths registration is devolved to the lowest level possible and that appropriate technology is employed to relay and store data pertaining to the citizen for future use. Measures shall be put in place to populate the National Population Register with all required personal information for every citizen so that the country can have only one reference point of truth on a person's data. Further the service shall ensure timely issuance of secure identification and travel documents.

The Board shall oversee the implementation of innovative strategies that will raise revenue streams to make the service a self-sustaining organization that provides world class services. The service shall also develop a communication strategy geared towards creating awareness among the populace on the need to register and acquire identification and registration documents in time.

On behalf of the Board of the Service, I wish to make a commitment to Kenyans that the service will give priority to the implementation of the strategies that will lead to the transformation in delivery of services.



Amb. Kalimi M. Mworia, MBS, EBS
Chairperson.

V. REPORT OF THE ACTING SECRETARY TO THE BOARD

The Kenya Citizens and Foreign Nationals Management Service is a body corporate established under Section 3 of the Kenya Citizens and Foreign Nationals Management Service Act, No. 31 of 2011 hereinafter referred to as “the Service Act”. The Service is an executive agency under the Ministry of Interior and Coordination of National Government formed with the aim of integrating the five departments:- Immigration Services; National Registration Bureau; Civil Registration; Refugee Affairs; and Integrated Population Registration Systems.

The departments used to operate independently and occasionally at cross-purpose. This led to duplication of work, resource constraints and serious security lapses. It was against this background that the departments were brought together under the Ministry of State for Immigration and Registration of Persons in 2005 to harmonize all the functions of the five departments and to promote collaboration with other security agencies for efficient and effective delivery of services. Following the enactment of the Constitution of Kenya 2010, it was recommended that Kenya Citizens and Foreign Nationals Management Service be established to assume the functions of the Ministry.

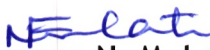
Beginning April 2014, the Service was assigned a new responsibility of championing the implementation of the National Digital Registry Service project. This is a national project which aims to establish a national digital identity infrastructure with four core building blocks namely: People, Company, Land and Assets. In particular, the “People” component intends to operationalize the Act by delivering the following:

- a. National identity authentication services: A key prerequisite to this is the undertaking of a national digital registration exercise to capture biometric details - finger print, iris scan and facial image, for all Kenyans and Foreign Nationals of all ages. This will pave for the establishment of a comprehensive digital population register, based on which every Kenyan will be issued with a unique identifier which will be referenced from birth to death. In addition, the digital population register will be used as the single source of identity authentication including for services such as voting and tax payments.
- b. Immigration Services and Border Management: One of the current challenges affecting National Security is the porosity of the Borders. As part of the NDRS project, a Border Control and Management system will be implemented to link all the border post as well as to enhance the monitoring and the vetting of inflows and outflows across the borders. In addition, the NDRS project will establish pre-boarding biometric visas to enable adequate vetting for passengers before arrival in Kenya.

- c. Secure documents production centre: The third component will be a single source of personalization and production of all security documents including IDs, Passports, and Log Books etc.

Since the service has not been fully operationalized, the Departments have continued to implement projects that fall within their purview. The efforts are geared towards the attainment of a comprehensive National Register and ensuring that security is enhanced through effective border management and Migration.

His Excellency the President of the Republic of Kenya launched the Integrated Population National Register on 11th March 2015 and directed all the concerned agencies to develop and implement a road map for the attainment of a National Master Database which shall be a single source of truth on population data. The Service continues to face operational challenges emanating from the legal regime that should be addressed through a review of the Act. A draft bill has been developed for the review of the Act. This essentially is the priority for the service at the moment.


Florence N. Mulati
Ag. Secretary

VI. CORPORATE GOVERNANCE STATEMENT

Corporate governance is core to ensuring the efficient and effective service delivery coupled with customer satisfaction. The Board maintains, and requires that the Kenya Citizens and Foreign Nationals Management Service hereinafter referred to as “the Service” maintains the highest level of corporate ethics.

The Board comprises a majority of Independent Non-Executive Board members who, together with the Chief Executive Officer, have an appropriate balance of skills, experience and expertise.

The Board envisions a solid foundation for management and oversight and is responsible for setting and reviewing the strategic direction of the Service and monitoring the implementation of that strategy by Management, including:

- formulation and review of the policies of the Service in accordance with constitutional values and principles including the principle on public participation;
- monitoring of the performance of the Service;
- appointing and removing the Chief Executive Officer (CEO)
- appointment training, discipline and removal of members of staff of the Service;
- establishing departments within the Service and allocate responsibilities to such departments; and
- reviewing and recommending for review laws and regulations
- promoting ethical and responsible decision-making
- monitoring compliance with all relevant laws, tax obligations, regulations, applicable accounting standards and significant corporate policies
- oversight of the Service, including its control and accountability systems
- approving the annual operating budget and monitoring the operating and financial performance of the Service
- approving and monitoring the capital management strategy, including major acquisitions and divestitures
- monitoring the performance of the CEO and Management

- developing Board and Executive Management and succession planning
- ensuring a clear relationship between performance and executive remuneration

Composition of the Board

The Board of the Kenya Citizens and Foreign Nationals Management Service currently has eleven Board Members. The Board is structured to add value hence the composition of the membership.

It is comprised of the Chairperson and five other persons with expertise or experience in matters relating to Citizens and Foreign Nationals Management who are not public officers appointed by the Cabinet Secretary and three (3) Principal Secretaries together with the CEO and Secretary to the Board who are ex-officio members.

Board Meetings

The Board holds at least four formal meetings in a financial year, one of which serves to review and approve the strategy and financial plan for the next financial year. Additional meetings are held as required. The Board also meets with Management to consider matters of strategic importance.

The chairperson shall, on the written application of one-third of the members, convene a special meeting of the Board.

Unless the majority of the total membership of the Board otherwise agree, at least fourteen days' written notice of every meeting of the Board shall be given to every member of the Board.

The Chairperson shall preside at every meeting of the Board at which he is present and in the absence of the chairperson at a meeting, the members present shall elect one of their members who shall, with respect to that meeting and the business transacted thereat, have all the powers of the chairperson.

Unless a unanimous decision is reached, a decision on any matter before the Board shall be by concurrence of a majority of all the members.

Unless otherwise provided by or under any law, all instruments made by and decisions of the Board shall be signified under the hand of the Chairperson and the Secretary.

Committees of the Board

During the period under review the Board re-assed the performance of the committees and reconstituted the Committees thereby establishing (4) committees from previous (5) to drive the efficiency and expedite disposal of the business of the Board.

A committee of the Board have authority to deliberate on and make resolutions or recommendations over such matter as shall be referred to it by the Board.

Each committee of the Board is chaired by a member appointed by the Board and in the absence of the member; the members of committee present appoint one member from among themselves to chair the meeting.

The Board safeguards the Integrity of Financial Reporting and has established among other Committees the Finance and General Purposes and the Audit and Risk Management Committees.

The responsibility of the Finance and General Purpose Committee whose include:-

1. Overseeing the preparation of annual budgets and the performance of the organization in meeting its revenues and expenses.
2. Receiving regular reports on the organization's performance and effective utilization of its resources and present its findings and recommendations to the full board
3. Managing the organization's investments and assets.
4. Setting compensation packages for staff
5. Overseeing the implementation of projects and raising of funds for the projects.

While the responsibility of the Audit and Risk management committee include the following:

1. Ensuring financial controls are in place
2. Identify all the risks to the corporation and put in place mitigating measures.
3. Whenever necessary, appoint an external auditor, meet with the external auditor, receive the audit report and the management letter(s), and discuss management letter(s) with the full board and the senior staff.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

BRIEF ON THE KENYA CITIZENS AND FOREIGN NATIONALS MANAGEMENT SERVICE BOARD

INTRODUCTION

The Kenya Citizens and Foreign Nationals Management Service which is under the general supervision of the Cabinet Secretary of Interior and Co-ordination of National Government was established in 2011; to provide for the Creation and Maintenance of a National Population Register and administration of the laws relating to Births and Deaths, Identification and Registration of Citizens, Immigration and Refugees, and administration of the laws relating to marriages and for connected purposes.

ACHIEVEMENTS OF THE BOARD:

Since the Inception of the Board achieved the following Milestones among others:
1).The Board had operationalized the Budget, Annual work plan and Procurement Plan for F/Y 2016/2017 and all other Financial Years.

2).Developed Organogram, Job Descriptions and Salary Structure of staff in consultation with the then DPM and forwarded the proposals to SRC for approval.

3).Trained several staff of the Directorate of Immigration and Registration of Persons in various courses.

4).The Board spearheaded and funded the Preparation of the Strategic Plan for 2015-2019.

CHALLENGES

The Board failed to function and deliver on its mandate fully due to the following reasons:

1). Lack of Categorization by the State Corporation Advisory Committee (SCAC) which led to:-

- Failure to recruit the Director General and the Board Secretary.
- Delinking of staff/deployment of staff.
- Budgetary allocation to run the operations of the Directorate. Currently, the Service is run by the Grants from Treasury.
- The delay in the approval of the Organizational Structure and the Salary Structure by SRC.

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.

This Statement is about how The Kenya Citizens and Foreign Nationals Management Service takes account of its economic, social and environmental impact in carrying out its mandate.

The Board endeavours to align the business values, purpose and strategy with the needs of clients, whilst entrenching such responsible and ethical principles coupled with the national values in every aspect of service delivery.

The elements of this Statement cover the approach in dealing with clients, suppliers and the local community principles in an effort to support reducing energy, procurement, transport, water use and other business usage to reduce the carbon footprint and environmental impact.

Environment

Protection of the environment in which we live and operate is part of The Kenya Citizens and Foreign Nationals Management Service's values and principles and we consider it to be sound business practice. Care for the environment is one of our key responsibilities and an important part of the way in which we do business.

In this policy statement the Board is committed to:-

- Complying with all relevant environmental legislation, regulations and approved codes of practice
- Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air, and water
- Seeking to keep wastage to a minimum and maximize the efficient use of materials and resources
- Managing and disposing of all waste in a responsible manner
- Providing training for our staff so that we all work in accordance with this policy statement and within an environmentally aware culture
- Regularly communicating our environmental performance to our employees and other significant stakeholders
- Developing our management processes to ensure that environmental factors are considered during planning and implementation
- Monitoring and continuously improving our environmental performance.

The nature of our work as a Service provider means that we do not inherently have a high environmental impact but we will take consideration of environmental issues in the professional services we provide and endeavour to reduce our environmental impact to an absolute minimum.

The Board will ensure that the service reduces the environmental impact on the service by:-

- Reducing all our transportation requirements wherever possible and utilising such facilities as digital communication
- By using vehicles that are regularly serviced and checked with regards to their emission levels and economically use their fuel
- Sourcing and buying locally to save fuel costs wherever possible
- Ensuring that all lights and equipment is switched off when not required
- Ensuring that water is used efficiently
- Using scrap paper for drafts and notes
- Printing in mono and double sided wherever possible
- Recycling all waste (shredding all business documentation)
- Sourcing recycled materials wherever possible
- Working with like-minded suppliers who take steps to minimize their environmental impact Local Community

The Board will also ensure that our work with the local community involves:

- Working and supporting local and national charities
- Encouraging volunteer work in community activities
- Supporting local schools
- Undertaking voluntary business advisory services via professional bodies

Clients

The Board will also ensure that we deal responsibly, openly and fairly with clients and potential clients by:

- Ensuring that all our advertising and documentation about the business and its activities are clear, informative, legal, decent, honest and truthful
- Being open and honest about our products and services and telling customers what they want to know, including what we do to be socially responsible
- Ensuring that if something goes wrong we will acknowledge the problem and deal with it
- Ensuring that we will listen to our clients so that this can help us improve the products and Services we offer to them
- Ensuring that we benchmark and evaluate what we do in order to constantly improve our competitive edge in the marketplace.

The Directors will also ensure that we deal responsibly, openly and fairly with suppliers by:

- Ensuring that we use local suppliers as much as possible
- That we will endeavour to pay on time
- Not expecting any discounts to have a detrimental effect on their business

The operational and ultimate responsibility for the commitment to our corporate social responsibility principles lies with the Board of The Kenya Citizens and Foreign Nationals Management Service. Every employee of The Kenya Citizens and Foreign Nationals Management Service is expected to give their full co-operation to the above principles in their activities at work. Consultants or visitors are also expected to apply our environmental principles.

The effectiveness of the Policy Statement will be monitored and reviewed at least annually by the Board to ensure the Company's continuing compliance with any relevant legislation and to meet new business requirements and to identify areas in need of improvement. We will also ensure that all areas having changes will be brought to the attention of employees as necessary.

IX. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of the *Kenya Citizens and Foreign Nationals Management Service* affairs.

Principal activities

The principal activities of the entity are:-

1. Citizenship and immigration,
2. Births and deaths,
3. Identification and registration of persons,
4. Issuance of identification and travel documents,
5. Foreign nationals management and
6. The creation and maintenance of a comprehensive national population register.

Results

The results of the entity for the year ended June 30, 2017 are set out on page 1-5


Directors

The members of the Board of Directors who served during the year are shown on page v-ix. During the year 2016, Eddyson H. Nyale was replaced with Mr. Mohamed M. Barre with effect from 1/9/2016

Auditors

The Auditor General is responsible for the statutory audit of the *Kenya Citizens and Foreign Nationals Management Service* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board


Charles N. Wanyoike.
Ag. A.I.E Holder

X. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the *KCFNMS* financial statements, which give a true and fair view of the state of affairs of the *KCFNMS* for and as at the end of the financial year ended on June 30, 2017. 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 *KCFNMS*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *Kenya Citizens and Foreign Nationals Management Service* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act). The Directors are of the opinion that *Kenya Citizens and Foreign Nationals Management Service* financial statements give a true and fair view of the state of *Kenya Citizens and Foreign Nationals Management Service* transactions during the financial year ended June 30, 2017, and *Kenya Citizens and Foreign Nationals Management Service* financial position as at June 30, 2017. The Directors further confirm the completeness of the accounting records maintained for the *Kenya Citizens and Foreign Nationals Management Service*, which have been relied upon in the preparation of the *Kenya Citizens and Foreign Nationals Management Service* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the *Kenya Citizens and Foreign Nationals Management Service* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The *Kenya Citizens and Foreign Nationals Management Service* financial statements were approved by the Board on 30th June, 2017 and signed on its behalf by:


.....
Director

.....
Director

.....
Director

Am. Kalini Mugambi Mworia -
MBS, EBS
Chairperson

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.oagkenya.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA CITIZENS AND FOREIGN NATIONALS MANAGEMENT SERVICE FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Citizens and Foreign Nationals Management Service set out on pages 1 to 17, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts 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 Kenya Citizens and Foreign Nationals Management Service as at 30 June, 2017, and (of) its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis).

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, except for the matters described in the Other Matters section of my report, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Citizens and Foreign Nationals Management Service in accordance with ISSAI 30 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. Except for the matters described in the Other Matter section of my report, there were no Key Audit Matters to report in the year under review.

Report of the Auditor-General on the Financial Statements of Kenya Citizens and Foreign Nationals for the year ended 30 June 2017

Other Matter

1. Human Resource Management

During the year under review and as similarly reported in the past financial years, the Service continued to be managed by an acting Director General/Chief Executive. No justification has been made for failure of the Board to recruit a substantive Director General /Chief Executive competitively in accordance with Section 13(1) and (2) of the Kenya Citizens and Foreign Nationals Management Act, 2011.

It has further been observed that the Board has not designed to date a proposed organization and pay structure for the Service for consideration and advice by the Salaries and Remuneration Commission.

In addition, failure by the State Corporations Advisory Committee (SCAC) to categorize the Service has hampered delivery of services in accordance with Section 4(2) of the Kenya Citizens and Foreign Nationals Management Service Act.

2. Lack of Budgetary Approval

The statement of comparison of budget and actual amounts reflects a final budget of Kshs.91,215,000 for the year 2016/2017. However, the budget was not approved by the Cabinet Secretary contrary to Section 19(3) of the Kenya Citizens and Foreign Nationals Management Act, 2011. In addition, the omission contravened Section 68 (1) of the Public Finance Management Act, 2012.

Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Service's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Service's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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,

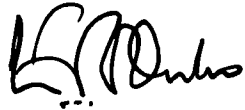
and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement 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.

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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Service's 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 going concern 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 Service's ability 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 Service to cease sustaining 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 Service 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.



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

Nairobi

30 April 2018

Kenya Citizens and Foreign Nationals Management Service.
Reports and Financial Statements
For the year ended June 30, 2017

XII.STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2016-2017	2015-2016
		Kshs(000)	Kshs(000)
Revenue from non-exchange transactions			
Transfers from other governments – gifts and services-in-kind	3	37,467	36,062
		37,467	36,062
Revenue from exchange transactions			
Other income		-	-
Total revenue		37,467	36,062
Expenses			
Employee costs	4	10,755	9,859
Remuneration of directors	5	11,764	8,297
Depreciation and amortization expense	6	3,942	2,192
Repairs and maintenance	7	1,182	214
General expenses	8	21,181	27,426
Total expenses		48,824	47,988
Surplus before tax		(11,357)	(11,926)
Taxation		(-)	(-)
Surplus/(deficit) for the period		(11,357)	(11,926)

The notes set out on pages 6 to 14 form an integral part of these Financial Statements

Kenya Citizens and Foreign Nationals Management Service.
Reports and Financial Statements
For the year ended June 30, 2017

XIII. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2016-2017	2015-2016
		Kshs(000)	Kshs(000)
Assets			
Current assets			
Cash and cash equivalents	9	45,769	54,004
Receivables from exchange transactions	10	821	933
		46,590	54,937
Non-current assets			
Property, plant and equipment	11	11,820	5,948
Total assets		58,410	60,885
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	12	9,959	-
		9,959	-
Non-current liabilities		-	-
Total liabilities		9,959	-
Net assets		48,451	60,885
Accumulated surplus		49,528	60,885
Total net assets and liabilities		58,410	60,885

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

Ag. Secretary to the Board

Name: *F. N. Njirani*

Signature: *[Signature]*

Date.....

Head of Accounting Unit

Name: *Lore Kibicho*

ICPAK No.: *14061*

Signature: *[Signature]*

Date -----

Chairperson

Name: *Amb. Kalini M. Mwangi*

Signature: *[Signature]*

Date.....

Kenya Citizens and Foreign Nationals Management Service.
Reports and Financial Statements
For the year ended June 30, 2017

XIV. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2017

	Attributable to the owners of the controlling entity					Total
	Self insurance reserve	Reserves Capital replacement development reserve/Capital Reserve	Revaluation Reserve	Accumulated surplus	Minority interest	
	Kshs(000)	Kshs(000)	Kshs(000)	Kshs(000)	Kshs(000)	Kshs(000)
Balance as at 1 July 2015	-	-	-	72,811	-	72,811
Surplus/(deficit) for the period	-	-	-	(11,926)	-	(11,926)
Transfers to/from accumulated surplus	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-
Grants received during the year	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-
Balance as at 30 JUNE 2016	-	-	-	60,885	-	60,885
Balance as at 1 July 2016	-	-	-	60,885	-	60,885
Surplus for the period	-	-	-	(11,357)	-	(11,357)
Transfers to/from accumulated surplus	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-
Grants received during the year	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-
Balance as at 30 JUNE 2017	-	-	-	49,528	-	49,528

XV. STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2017

	Note	2016-2017	2015-2016
		Kshs(000)	Kshs(000)
Cash flows from operating activities			
Receipts			
Government grants and subsidies	3	37,467	36,062
Total Receipts		37,467	36,062
Payments			
Compensation of employees	4	10,755	9,859
Remuneration of Directors	5	11,764	8,297
Goods and services	8	13,369	28,409
Total Payments		35,888	46,565
Net cash flows from operating activities	13	1,579	(10,503)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	11	(9,814)	(2,024)
Net cash flows used in investing activities		(9,814)	(2,024)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(-)	(-)
Increase in deposits		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(8,235)	(11,758)
Cash and cash equivalents at 1 JULY	9	54,004	66,531
Cash and cash equivalents at 30 JUNE	9	45,769	54,004

Kenya Citizens and Foreign Nationals Management Service
Reports and Financial Statements
For the year ended June 30, 2017

XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2017

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017
Revenue	Kshs(000)	Kshs(000)	Kshs(000)	Kshs(000)	Kshs(000)
Property taxes	-	-	-	-	-
Public contributions and donations	-	-	-	-	-
Fines, penalties and levies	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Government grants and subsidies	91,215	-	91,215	91,215	-
Rendering of services	-	-	-	-	-
Sale of goods	-	-	-	-	-
Finance Income	-	-	-	-	-
Gains on disposal, rental income and agency fees	-	-	-	-	-
Total income	91,215	-	91,215	91,215	-
Expenses					
Compensation of employees	24,000	-	24,000	10,755	13,245
Goods and services	60,245	(6,000)	54,245	32,177	22,068
Finance cost	-	-	-	-	-
Rent paid	-	-	-	-	-
Taxation paid	-	-	-	-	-
Other payments(Remuneration of Directors)	6,970	6,000	12,970	11,764	1,206
Grants and subsidies paid	-	-	-	-	-
Total expenditure	91,215	-	91,215	54,696	36,519
Surplus for the period	-	-	-	36,519	36,519

Budget notes

1.

a) The difference of 55% in compensation of employees was due to the fact that a Director whose salary had been budgeted for was not appointed.

b) The difference of 41% in goods and services arose because some of the fixed assets which were budgeted for were not purchased or services were not acquired.

2). The changes between the original budget and the final budget was due to reallocation of funds.

3) Reconciliation of actual on comparable basis with the statement of financial performance.

	Ksh(000)
Total Expenditure as per the budget	54,696
Less fixed assets purchased	<u>(9,814)</u>
	44,882
Add back Depreciation	<u>3,942</u>
Total expenditure as per the f. performance	<u>48,824</u>

XVII. NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

All property, plant and equipment are stated at Net Book Value, and depreciated using the reducing balance method. The depreciation rates applied are as follows:

- Motor vehicle 25%
- Computers and printers 30%
- Office equipment 30%
- Furniture and fittings 12.5%

c) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

d) Comparative figures

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

e) 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 June 30, 2017.

**Kenya Citizens and Foreign Nationals Management Service
Reports and Financial Statements
For the year ended June 30, 2017**

3. Revenue from Non-exchange transactions

Description	2016-2017	2015-2016
	KShs(000)	KShs(000)
Unconditional grants		
Operational grant	37,467	36,062
Other	-	-
	37,467	36,062
Conditional grants		
National housing grant	-	-
National infrastructure grant	-	-
Provincial health grant	-	-
Social services grant	-	-
Basic services subsidy	-	-
Transportation fund (international funding)	-	-
Other organizational grants	-	-
Total government grants and subsidies	37,467	36,062

3b). Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs(000)	Amount deferred under deferred income KShs(000)	Amount recognised in capital fund.	Total grant income during the year	2016-2017
			KShs(000)	KShs (000)	KShs(000)
Ministry of Interior and Coordination of National Government	37,467	-	-	-	37,467
Total	37,467	-	-	-	37,467

Kenya Citizens and Foreign Nationals Management Service
Reports and Financial Statements
For the year ended June 30, 2017

4. Employee costs

	2016-2017	2015-2016
	KShs(000)	KShs(000)
Salaries and wages(top-up)	5,287	4,791
Travel, motor car, accommodation, subsistence and other allowances	5,468	5,068
Employee costs	10,755	9,859

5. Remuneration of directors

Description	2016-2017	2015-2016
	KShs(000)	KShs(000)
Chairman's Honoraria	960	960
Directors emoluments-sitting allowance	10,804	7,337
Total director emoluments	11,764	8,297

6. Depreciation and amortization expense

Description	2016-2017	2015-2016
	KShs(000)	KShs(000)
Property, plant and equipment	3,942	2,192
Total depreciation and amortization	3,942	2,192

7. Repairs and maintenance

Description	2016-2017	2015-2016
	KShs(000)	KShs(000)
Property	500	-
Vehicles	682	214
Total repairs and maintenance	1,182	214

Kenya Citizens and Foreign Nationals Management Service
Reports and Financial Statements
For the year ended June 30, 2017

8. General expenses

Description	2016-2017	2015-2016
	KShs(000)	KShs(000)
Newspapers	26	-
Stationery and other consumables	1,313	-
Hospitality	1,149	901
Domestic transport costs	2,667	4,893
Foreign transport costs	319	14,455
Consulting fees	332	1,131
Bank charges	59	-
Fuel and oil	681	1,101
Insurance	1,075	269
Printing and publicity	458	476
Telecommunication	245	176
Training	12,857	3,935
Total general expenses	21,181	27,426

9. Cash and cash equivalents

Description	2016-2017	2015-2016
	KShs(000)	KShs(000)
Current account	45,769	54,004
On - call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Others(specify)	-	-
Total cash and cash equivalents	45,769	54,004

9 (a) Detailed analysis of the cash and cash equivalents

		2016-2017	2015-2016
Financial institution	Account number	KShs(000)	KShs(000)
a) Current account			
Kenya Commercial bank	1135135037	45,769	54,004
Sub- total		45,769	54,004
Grand total		45,769	54,004

Kenya Citizens and Foreign Nationals Management Service
Reports and Financial Statements
For the year ended June 30, 2017

10. Receivables from exchange transactions

Description	2016-2017	2015-2016
	KShs(000)	KShs(000)
Current receivables		
Insurance prepayment	821	933
Total receivables	821	933

11. Property, plant and equipment

	Land and Buildings	Motor vehicles	F&F	Computers	Plant and equipment	Capital Work in progress	Total
Cost	Shs(000)	Shs(000)	Shs(000)	Shs(000)	Shs(000)	Shs(000)	Shs(000)
At 1 July 2015	-	5,012	-	1,005	-	-	6,116
Additions	-	-	-	2,024	-	-	2,024
Disposals	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	(-)
At 30th June 2016	-	3,759	-	2,120	69	-	5,948
Additions	-	7,082	1,395	242	1,095	-	9,814
Disposals	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-
At 30th June 2017	-	10,841	1,395	2,362	1,164	-	15,762
Depreciation and imp.							
At 1 July 2015							
Depreciation	-	1,670	-	431	42	-	2,143
Impairment	-	-	-	-	-	-	-
At 30th June 2016							
Depreciation	-	1,253	-	909	30	-	2,192
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-
At 30th June 2017	-	2,710	174	709	349	-	3,942
Net book values							
At 30th June 2017	-	8,131	1,221	1,653	815	-	11,820
At 30th June 2016	-	3,759	-	2,120	69	-	5,948

Kenya Citizens and Foreign Nationals Management Service
Reports and Financial Statements
For the year ended June 30, 2017

12. Trade and other payables from exchange transactions

Description	2016-2017	2015-2016
	KShs(000)	KShs(000)
Trade payables	8,794	1,077
Payments received in advance	-	-
Employee advances	-	-
Third-party payments	-	-
Other payables	1,165	-
Total	9,959	1,077

13. Cash generated from operations

	2016-2017	2015-2016
	KShs(000)	KShs(000)
Surplus for the year before tax	(11,357)	(11,926)
Adjusted for:		
Depreciation	3,942	2,192
Non-cash grants received	(-)	(-)
Contributed assets	(-)	(-)
Impairment	-	-
Gains and losses on disposal of assets	(-)	(-)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	(-)	(-)
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	(-)	(-)
Increase in receivables	112	(769)
Increase in deferred income	-	-
Increase in payables	8,882	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	1,579	(10,503)

14. Financial Risk Management

(i) Credit risk

	Total amount Kshs(000)	Fully performing Kshs(000)	Past due Kshs(000)	Impaired Kshs(000)
At 30 June 2017				
Receivables from exchange transactions	821	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	45,769	-	-	-
Total	46,590	-	-	-
At 30 June 2016				
Receivables from exchange transactions	933	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	54,004	-	-	-
Total	54,937	-	-	-

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month Kshs(000)	Between 1-3 months Kshs(000)	Over 5 months Kshs(000)	Total Kshs(000)
At 30 June 2017				
Trade payables	9,959	-	-	9,959
Total	9,959			9,959
At 30 June 2016				
Trade payables	1,077	-	-	1,077
Total	1,077			1,077

Kenya Citizens and Foreign Nationals Management Service
Reports and Financial Statements
For the year ended June 30, 2017

iii) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2016-2017		2015-2016
	Kshs		Kshs
Retained earnings	49,528		60,885
Total funds	49,528		60,885
Less: cash and bank balances	45,769		54,004
Gearing	45,769		54,004

15. Related Party Balances

a) Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

The entity is related to

- i) The Parent Ministry; Interior and Coordination of National Government.

b) Related party transactions

	2017	2016
	Kshs(000)	Kshs(000)
Transfers from related parties'	37,467	36,062
Transfers to related parties	-	-
	=====	=====

c) Events after the reporting period

There were no material adjusting and non- adjusting events after the reporting period.

d) Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Interior and Coordination of National Government. Its ultimate parent is the Government of Kenya.

e) Currency

The financial statements are presented in Kenya Shillings (Kshs).

**Kenya Citizens and Foreign Nationals Management Service
Reports and Financial Statements
For the year ended June 30, 2017**

XVIII.PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.

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

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

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.

Kenya Citizens and Foreign Nationals Management Service
Reports and Financial Statements
For the year ended June 30, 2017

XIX. Appendix 1: INTER-ENTITY TRANSFERS

ENTITY NAME:		Kenya Citizens And Foreign Nationals Management Service.	
Break down of Transfers from the State Department of Immigration & Reg. of Persons			
FY 16/17			
a.	Recurrent Grants		
		<u>Bank Statement Date</u>	<u>Amount KShs(000)</u>
			<u>Indicate the FY to which the amounts relate</u>
		24.11.16	9,367
		19.12.16	9,367
		22.03.17	9,367
		22.05.17	9,367
		Total	37,467
b.	Development Grants		
		<u>Bank Statement Date</u>	<u>Amount KShs(000)</u>
			<u>Indicate the FY to which the amounts relate</u>
			-
			-
			-
		Total	-
c.	Direct Payments		
		<u>Bank Statement Date</u>	<u>Amount KShs(000)</u>
			<u>Indicate the FY to which the amounts relate</u>
			-
			-
			-
		Total	-
d.	Donor Receipts		
		<u>Bank Statement Date</u>	<u>Amount KShs(000)</u>
			<u>Indicate the FY to which the amounts relate</u>
			-
		Total	-

The above amounts have been communicated to and reconciled with the parent Ministry

Ag. Secretary
 KC&FNMS

Head of Accounting Unit
 KC&FNMS

Sign 

Sign..... 

Kenya Citizens and Foreign Nationals Management Service
Reports and Financial Statements
For the year ended June 30, 2017

XX. Appendix 2: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Interior and Coordination Of National Government.		Recurrent	37,467	37,467	-	-	-	-	37,467
Ministry of Interior and Coordination Of National Government.	-	Development	-	-	-	-	-	-	37,467
Total			37,467	37,467	-	-	-	-	37,467