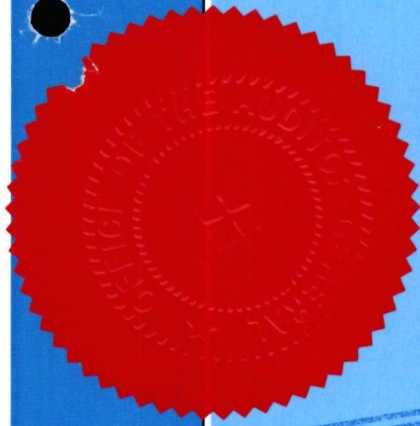


REPUBLIC OF KENYA



*Enhancing Accountability*



THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 05 NOV 2020

DAY: Thursday

TABLED  
BY:

The Majority Whip  
Hon. Emmanuel Wabwire  
Anna Mwasandy

CLERK-AT  
THE-TABLE:

**REPORT**

**OF**

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**STATE DEPARTMENT FOR INTERIOR**

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



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**STATE DEPARTMENT FOR INTERIOR**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

**STATE DEPARTMENT FOR INTERIOR**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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## I. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

The Ministry of Interior and Coordination of National Government is created through the Executive Order No. 1/2018 (Revised) and No.2/2019. It comprises of three State Departments namely;

- i. State Department for Interior;
- ii. State Department for Correctional Services
- iii. State Department for Immigration and Citizen Services

#### **Vision Statement**

“A cohesive, peaceful and secure society”

#### **Mission Statement**

To create an enabling environment by ensuring peace and security to the people and property, maintain a credible national integrated information management system, promotion of national cohesion, facilitate administration of justice and provision of correctional services for Kenya's economic development.

#### **Mandate**

The mandate of the Ministry includes:

- Internal Security
- Oversight over Internal Security
- Co-ordination of National Government functions, programmes and projects in the Counties
- National Cohesion and Integration Policy
- Policy on Training of Security Personnel
- Border Management (Marine and Terrestrial)
- Peace building, Disaster and Emergency Response Coordination
- National Crime Research and Management
- Government Chemist Services
- Public Benefits Organizations
- Registration of Births and Deaths
- Co-ordination of Road Transport and Safety
- Registration of Persons
- Co-ordination of National Integrated Identity Management System (NIIMS)
- Integrated Population Registration System (IPRS)
- Betting, Lotteries and Gaming
- State Functions and Government Reception Services
- Security Roads and Airstrips
- Small Arms and Light Weapons Management
- Development and Implementation of Citizenship and Immigration Policy
- Development and Implementation of Refugees' and Asylum Seekers' Policies

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- Collaboration with other Ministries, Departments and Agencies regarding the Collection of Relevant Primary Data
- Custodial Correctional Services
- Non- Custodial Correctional (Probation) Services
- Policy for Reform of Penal Justice System
- Development of Administrative Policies for Borstal Institutions and Facilities for Incarcerated Minors
- Control of Drug and Narcotic Substance

**Key Management**

**Cabinet Secretary**

Dr. Fred Matiang'i, EGH

**Chief Administrative Secretary**

Patrick Ole Ntutu

**Principal Secretary**

**State Department for Interior**

Dr. (Eng.) Karanja Kibicho, CBS

**Principal Secretary**

**State Department for Immigration, Border Control and Citizen Services;**

Major Gen. (Rtd) Dr. Gordon O. Kihlangwa, CBS

**Principal Secretary**

**State Department for Correctional Services**

Zeinab A. Hussein (Mrs) CBS

**Inspector General of Police**

Hilary N. Mutyambai, NSC (AU)

**Director Criminal Investigation**

George Maingi Kinoti, CBS

**Secretary, Internal Security**

Moffat M. Kangi, EBS

**Secretary, National Administration**

Chimwaga Mongo, EBS

**Director of Civil Registration**

Janet Mucheru

STATE DEPARTMENT FOR INTERIOR

Reports and Financial Statements

For the year ended June 30, 2019

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**Senior Chief Finance Officer**

Alice W. Gichu

**Senior Assistant Accountant General**

James K. Karori

**Fiduciary Management**

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

<b>Designation</b>	<b>Name</b>
Principal Secretary, Interior	Dr. (Eng.) Karanja Kibicho, CBS
Principal Secretary, Correctional	Zeinab A. Hussein (Mrs) CBS
Principal Secretary, Immigration	Major Gen. (Rtd) Dr. Gordon Kihalangwa, CBS
Senior Chief Finance Officer	Alice W. Gichu
Senior Assistant Accountant General	James K. Karori

**Ministry Headquarters**

P.O Box 30510  
Harambee House  
Harambee Avenue  
Nairobi, Kenya

**Ministry's Bank**

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

**Independent Auditors**

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

**Principal Legal Advisor**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O Bo 40112  
Nairobi, Kenya

## II. FOREWARD BY THE CABINET SECRETARY

The State Department for Interior's budget intervention during the 2018/19 FY period was premised on the provision of security to individuals in Kenya and their property as espoused in the Constitution of Kenya. The State Department implemented the budget through its four programmes namely;

S/No.	PROGRAMME	STRATEGIC OBJECTIVE
1.	Policing Services	To improve security in the country and reduce incidences of crime
2.	National Government Administration and field services	To provide effective, efficient and responsive services to Kenyans
3.	Government Printing Services	To enhance printing capacity, supply and security of Government documents
4.	Population Management services	To provide a comprehensive population database and enhance security of travel documents to Kenya citizens and foreigners

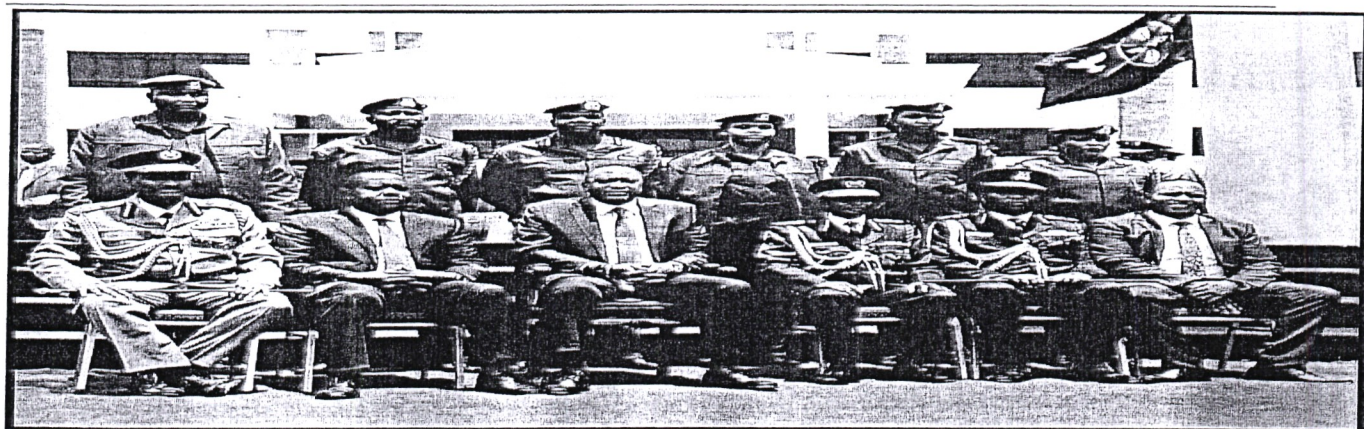
### Major Achievements by the State Department

#### 1. National Police Service (NPS)

##### a) **Launch of National Police Service reforms**

To continually improve the effectiveness of Police officers in keeping the nation safe and to have the officers more accessible and responsive to the needs of Kenyans, the following are some of the police reforms were rolled out:

- Reorganization of the NPS command structure to conform to Regional and County dynamics.
- Provision of house allowance for all Police ranks as well as construction of 558 police housing units and 10 police lines to supplement the housing deficit.
- Introduction of a new people friendly General Duty Police uniforms.



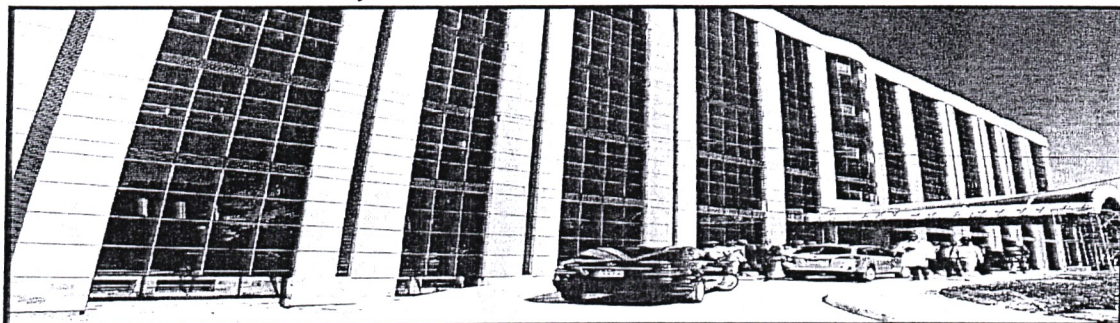
*Handing over of Police Reforms report at KSG*

**b) Implementation of the NPS Human Resource Information Management System**

In line with embracing technology and with an aim of infusing accountability, efficiency, meritocracy and professionalism in the NPS, a digital human resource system that bears accurate, real-time data on each officer, including their recruitment, training, career progress, deployment and family records was established.

**c) Equipping the NPS Forensic Laboratory**

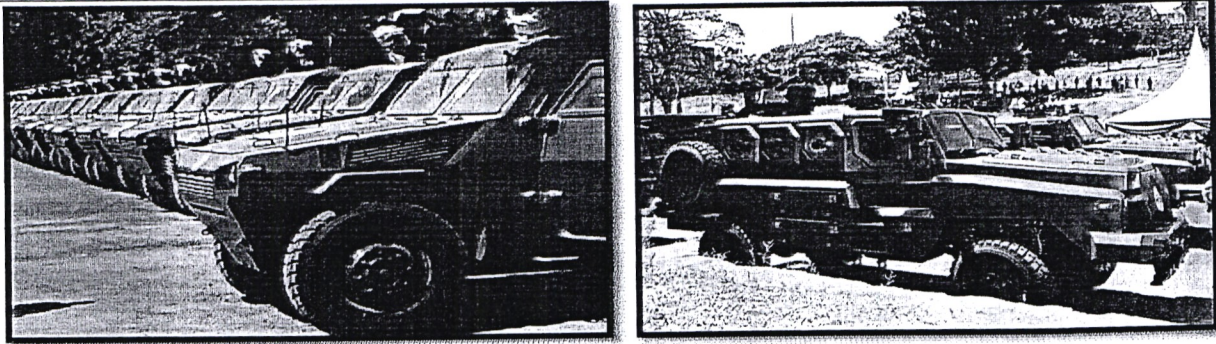
Construction of the NPS Forensic Laboratory at DCI HQs was completed and its equipping initiated. Similarly, 600 forensic experts were trained in modern techniques and technologies used in forensic science and DNA analysis.



*NPS forensic lab at DCI Headquarters*

**d) Enhanced Mobility and Communication**

To improve Police mobility, reduce response time to incidents and protect NPS officers from explosive device attacks, 22 Mine-Resistant Ambush Protected Vehicles (MRAPs) and 2 towing trucks were acquired. For effective communication, an assortment of security and communication equipment for specialized units was also acquired.



*Mine-Resistant Ambush Protected Vehicles (MRAPs)*

## 2. Directorate of Internal Security and Operations

### a) **Firearms and Licensing Board**

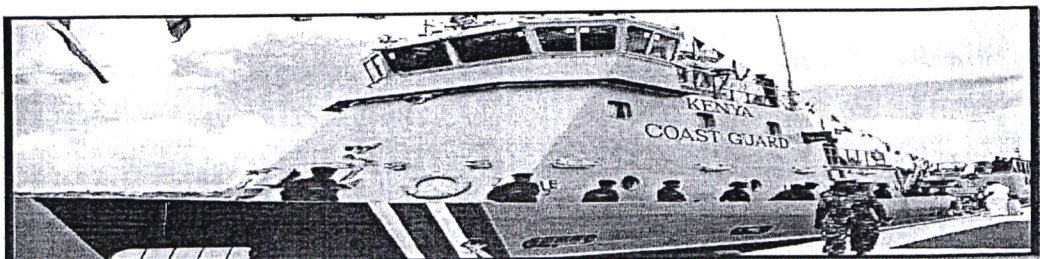
A mandatory digitization of firearms and vetting of civilian gun holders was conducted and finalized. In this exercise, 1,493 illegal firearms and 21,732 bullets were seized and 9,586 firearms held by civilians were cleared. Gun dealers were also vetted and reduced to 20 with 14 permits being revoked.



*Firearms inspection exercise*

### b) **Kenya Coast Guard Service (KCGS)**

The Kenya Coast Guard Service established a headquarters nuclear party under a Multi-Agency arrangement and enhanced capacity of 50 new officers drawn from NPS and the Kenya Defence Forces (KDF). Several apprehensions over illegal, unreported and unregulated vessels on Kenya's Exclusive Economic Maritime Zone (EEZ) were also made and forwarded for prosecution.



*Kenya Coast Guard at Liwatoni, Mombasa*

**c) Kenya National Focal Point on Small Arms and Light Weapon**

A total of 240 officers were trained in Physical Security and Stockpile Management (PSSM) for the purpose of improving stockpile safety and management of state owned arms. The Small Arms Focal Point also coordinated an arms branding exercise where 6,400 arms were branded and a total of 366 assorted illegal firearms and 1,562 assorted ammunitions were voluntarily surrendered.

**3. Directorate of National Government Administration and Co-ordination**

**a) National Government Administration**

During the period under review, Seventy three (73) new administrative units were constructed alongside (table of new units). A number of security roads and Airstrips were constructed

In line with the expanded mandate to coordinate and oversee National Government projects and programmes within the Regions and Counties, National Government Administration Officers conducted public education campaigns sensitization on the Big Four Agenda as well as progress on project implementation.

**b) Government Press**

Seven (7) print production equipment (Thermal CTP Machine, Photopolymer CTP Machine, two Guillotine machines, CNC Milling Machine, two Perfect Binding Machines) were installed and hence the improved production capacity to a tune of over 45 million documents annually.

**c) Population Registration Services**

Birth registration coverage increased to 73.4% and death coverage to 40.5% over the period realizing issuance of 1,235,644 births and 1,000,391 deaths certificates. 1.8 million new identity cards were also issued to persons who attained eighteen years. Nairobi County registry was as well connected to the national service delivery platform (e-citizen) for online birth and certificates application.

Civil registration and vital statistics systems (CRVSS) were rolled out Nairobi, Thika, Kiambu, Ruiru, Kajiado, Narok, Machakos, Trans-Nzoia, Vihiga, Kisumu, Nyamira, Marsabit, Isiolo and Meru-South Sub-Counties. A total of 176 civil registration officers were recruited and deployed. Equally, civil registration offices in Kaloleni and Mbalambala were established and operationalized.



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*Birth Certificate Rapid Results Initiative (RRI) launch in Kajiado County*

**d) Government Chemist Department**

The Department acquired a state of the art 3500 series Genetic analyser for improved data interpretation and analysis. A total of 22 Kenyans were trained in various medical aspects of responding to Chemical incidents. 16 new Chemists were also recruited.

To enhance operations and visibility, a Multi-Agency National Technical working group on disaster Victim Identification (DVI) was established. A website for the Department was developed and 15 County Commissioners trained on role of Government Chemist in security operations.

**e) Betting and Licensing Board**

All companies involved in gaming were vetted afresh with only 13 casinos, 6 lotteries and 8 betting firms in the country having their licenses renewed. Drafting of a Gaming Policy aimed at sanitizing the industry and making compliance more formidable was also initiated.

The Board conducted 64 regular spot checks and inspections in various Counties. During this exercise, a total of 1,873 gambling machines in Kisii, Machakos, Kajiado, Tharaka Nithi, Kilifi and Mombasa Counties were confiscated and destroyed.

Banned Gaming advertisement in the country. (Was this not ruled against in court?)



*Members of the Betting and Licensing Board*

**f) National Authority for the Campaign Against Drug Abuse**

NACADA established and operationalized Kenya's first Association for Treatment and Rehab Owners as well as operationalized NACADA desks in Nairobi, Kisumu and Mombasa Huduma Centres. In collaboration with key partners from the academia, the African Journal on Alcohol and Drug Abuse (AJADA) was also established to exchange evidence-based information and best practices relating to alcohol and drug abuse.

The Authority released a survey on drug abuse in schools and consequently initiated Life Skills Training program in 50 Primary schools reaching out to 5736 pupils and trained 156 primary school teachers on school-based prevention.

94 inter agency crackdowns on alcoholic drinks outlets were conducted across the country and training of over 50 CBOs to conduct advocacy and drive community action in the Coast, Nyanza, Central, Eastern and Lower Eastern, Nairobi and North Rift Regions as well as training of 90 Addiction Professionals on Universal Treatment Curriculum (UTC). 72 needy persons with substance use disorders were also financially supported for treatment and rehabilitation.

The Authority additionally coordinated a successful 4th International Society for Substance Use Prevention and Treatment Professionals (ISSUP) Conference held from 10th -14th December, 2018 with over 1,600 delegates in attendance.



*Cabinet Administrative Secretary, Hon. Ole Ntutu attending Commission on Narcotic Drugs conference*

#### 4. Directorate of Peace Building, Resettlement and Disaster Response

The Directorate established cross-border resource sharing committees in all 47 counties and joint cross-border Conflict Prevention Management Platforms (CPMR) in the Karamoja and Mandera cluster. It also revised social peace agreements in Tana1, Turkana dillo, Nanyuki I & II. Over the period, the Directorate also participated in the formulation of IGAD Transhumance Protocol.

#### 5. Directorate of Co-ordination of National Government Programmes and Projects

The Directorate coordinated and registered 38M Kenyans including foreigners under Huduma Number. In addition, a number of Cabinet Secretaries as well as Principal Secretaries meetings were held with a view to harmonizing National Government projects/programmes implementation at the Counties.

The Directorate developed a framework of providing timely and appropriate solutions to challenges constraining projects implementations. Further, working relations between MDAs, SAGAs, including MPs improved dramatically resulting into timely receipt of progress reports on National Government priority projects and the actions needed to be undertaken, if any, to complete the projects.



*H.E. President Uhuru Kenyatta launching Huduma Namba registration*

**6. National Transport and Safety Authority (NTSA)**  
**a) National Road Safety Action Plan (NRSAP) 2019-2023**

Globally, road traffic injuries are listed among the first eight leading cause of death alongside known diseases such as malaria and HIV/AIDS. This occurs predominantly among the people aged between 5-29 years. Following from the UN Decade of Action, the NTSA developed a *National Road Safety Action Plan (NRSAP) 2019-2023* during the ended year.

The NRSAP aims at identifying and initiating major development projects in support of Kenya's road safety goals. This has been developed in the context of the Government of Kenya's *Vision 2030*, and other Kenyan planning documents and processes. The plan focuses on traffic safety as a system, that it will be implemented by key stakeholders including road safety Agencies and County governments.



*Participants following proceedings during the Final Validation workshop of the Road Safety Action Plan.*

**b) Driver Training, testing and Re-testing**

Statistics indicate that Kenya losses an average of 3000 lives annually through road crashes; the bulk of whom are young and productive members of society. This translates to 5% loss in Kenya's Gross Domestic Product (GDP). Unfortunately, 85% of the road crashes are caused by human error.

The NTSA is strengthening driver training, testing and licensing regime to complement the ongoing efforts in enhancing road safety. In this regard, the Authority rolled out a curriculum for Training and Testing of Drivers and Instructors in October 2018. The curriculum has integrated practical and

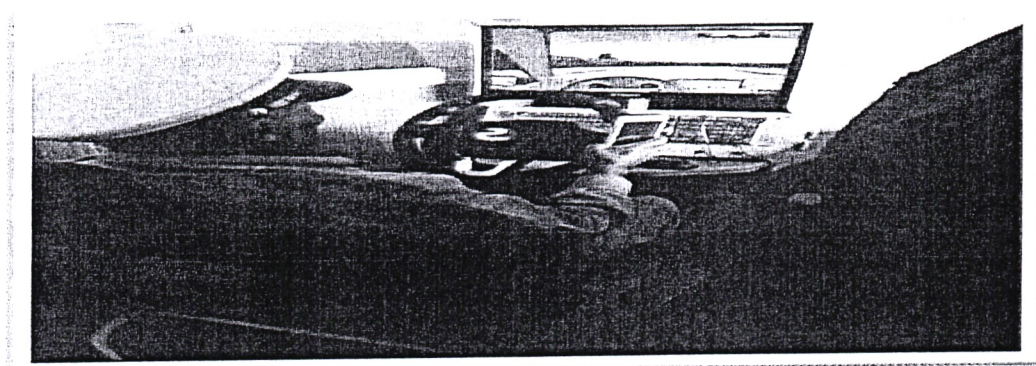
theoretical teaching based on the Highway Code and a comprehensive suite of driver handbooks for motorcycles, light motor vehicles, trucks, and public service vehicles. The development of the curriculum was necessitated by the increasing number of road fatalities and injuries attributed to human errors. The new system will see students undergo between 24 and 160 hours of training depending on the category of driving before being issued with a license.

In excess of 65% of driving school instructors were trained on the curriculum to enable them to equip students with the necessary skills

#### **c) Revalidation of Driving Schools**

The Authority, in collaboration with the National Police Service, is also undertaking a national re-validation exercise for driving schools. This exercise will ensure that driving school premises are suitable, adequately equipped and well-staffed pursuant to the provisions of requirement of driving school license. Driver training is undertaken by six hundred and forty-one driving schools inclusive of fifteen (15) TVET institutions and three (3) rider schools.

During the year under review, the Authority inspected 133 driving schools as part of the annual inspection schedule. An additional 627 driving schools were inspected for purposed of re-validation. The exercise involved visiting driving schools and checking quality of training facilities, compliance with safety requirements which include having comprehensive insurance cover, evidence of inspection of vehicles, licensing of institutions and instructors, compliance with statutory requirements and operating in a conducive environment. During this exercise, the Authority revoked 43 Driving Schools and ordered closure of their business.



*Inspector Kitiku trying out the Driver test simulator at Seniors Driving School – Kasarani Branch.*

#### **d) Expansion of County Transport Safety Committees (CTSCs) to 5 new Counties.**

In accordance with the NTSA Act of 2012 the Authority established five County Transport safety Committees in the County Governments of: Machakos, Nairobi, Nakuru and Uasin Gishu to:

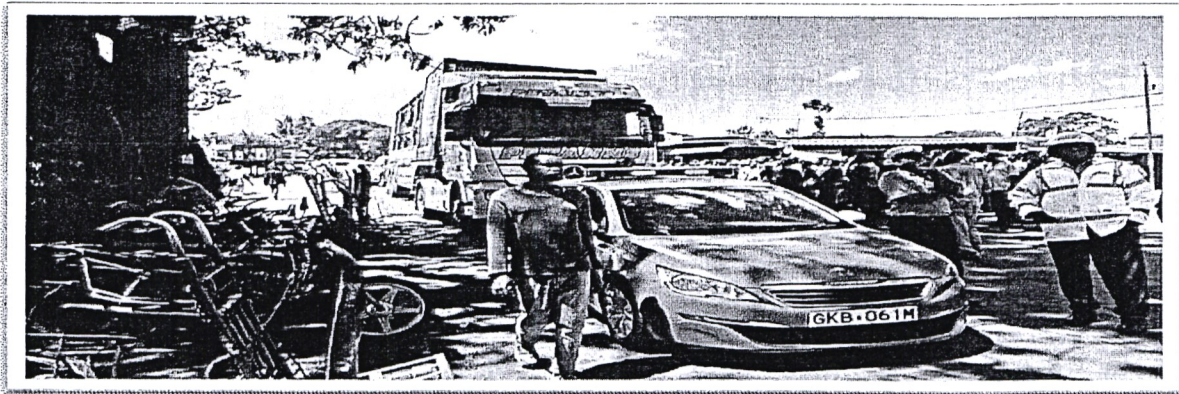
- (i) Oversee the management and regulation of the road transport system by the Authority at the county level
- (ii) Prepare and submit to the Authority such audit reports as the Authority may require on the safety, reliability and efficiency of the road transport system within the county;

- (iii) Advise the Authority on matters affecting the road transport system within the county; and
- (iv) Perform such other functions as may be assigned to it by the Authority.

The CTSCs were sensitized and assisted to prepare their County-Specific, Road Safety Action Plans, which have been aligned with the National Road Safety Action Plan. The County Plans will be mainstreamed in the County Integrated Development Plans for purposes of budgeting and execution.

**e) United Nations Road Safety Week 2019 Campaign**

During the year under review, the Authority coordinated the 5<sup>th</sup> UN global road safety week 2019, which was held on 6<sup>th</sup> – 12<sup>th</sup> May 2019, under the “*Leadership for Road Safety*”. The event brought together the United Nations Road Safety Collaboration (UNRSC) and all stakeholders both from national and county governments, international agencies, civil society organizations, private companies, and the public. The event was celebrated at Sachan’gwan in Nakuru County, along the Nakuru-Nairobi Road.



*Road Show Caravan in Machakos during the UN Safety Week*

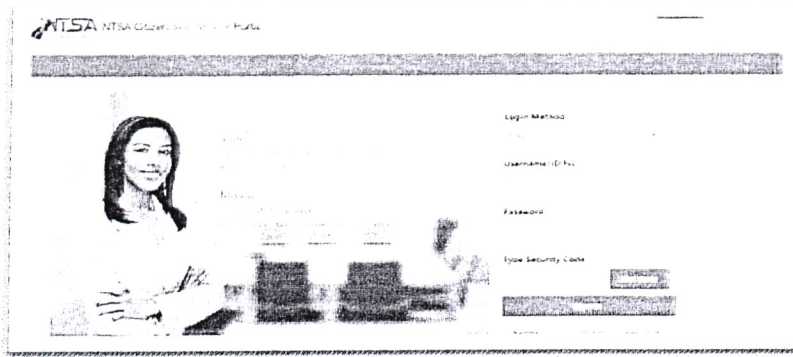
**f) Transport Integrated Management System (TIMS)**

TIMS is a portal-based system that incorporates all NTSA functions including registration, licencing, inspection and compliance for motor vehicles and trailers online.

During the FY2018/19 the following services were availed online:

- (i) Registration of new & second-hand motor vehicles
- (ii) Transfer of motor vehicles
- (iii) Duplicate logbooks
- (iv) Asset Financing

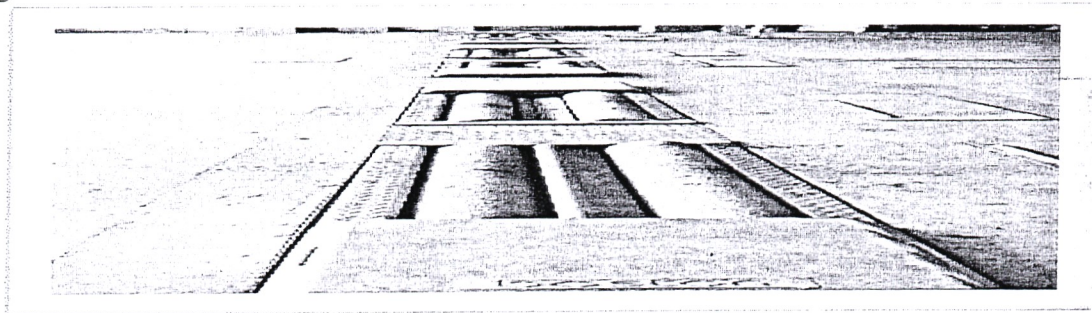
The system provides secure and transparent access to NTSA services in a convenient manner.



*TIMS System.*

**g) Installation of Automated Vehicle Test lanes and Equipment to improve Motor Vehicle Inspection centers**

The Authority automated vehicle test lanes to improve motor vehicle Inspection services in Nairobi & Mombasa Centers, during the year. This has helped enhance efficiency and effectiveness in motor vehicle inspection services, where customers are booked online, and attended to as per their booking.



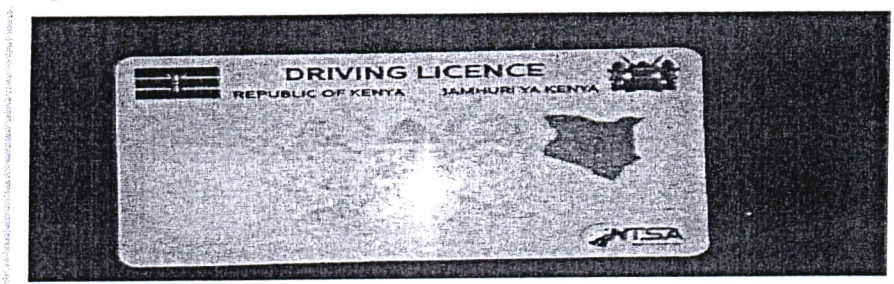
*Motor vehicle test lanes installed in Motor Vehicle Inspection Centre Likoni Rd, Nairobi.*

**h) Issuance of the new generation Smart card driving License**

The Authority continued to issue the new Generation Driving License (Smart DL), which has been enhanced with the following features:

- (i) It captures the holders biometric for accurate identification,
- (ii) Has the capability to implement the demerit point system which will be useful for profiling driver.
- (iii) Payment wallet which will facilitate the payment of traffic fine (instant fine).
- (iv) Use of the latest security technologies making it impossible to counterfeit

The Authority has processed 102,539 Smart Driving Licenses



*A blank sample of the new generation Smart card driving License*

**i) Issuance of Third License Plate Stickers**

The 3<sup>rd</sup> license plate stickers are RFID enabled containing all information of a vehicle. The Authority has issued 303,590 E-Stickers. Their main purpose being:

- (i) Increased efficiency and effectiveness in management of motor vehicles
- (ii) Electronic identification of vehicles curbs dumping of vehicles on transit and limiting vehicle theft.
- (iii) Prepare for free flow roads tolling in future

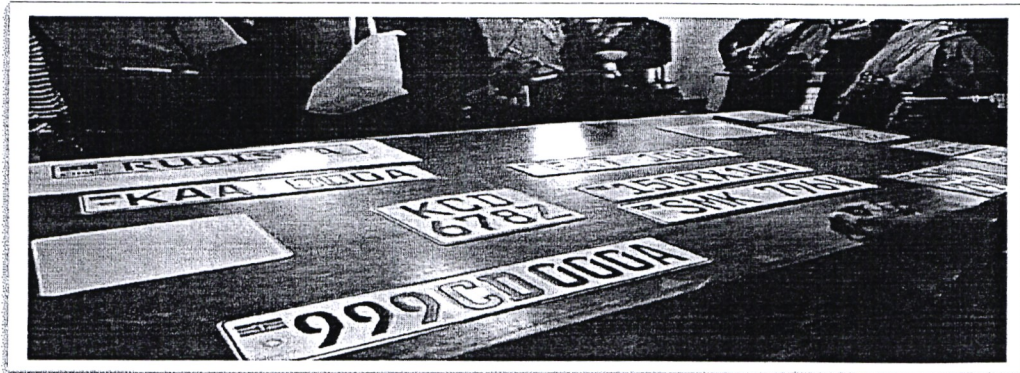


*A sample of a 3<sup>rd</sup> license plate sticker*

**j) Issuance of New Generation Number Plate**

Modernized number plates are to be issued to motor vehicle owners. The procurement process has been initiated and the tender has been awarded to Kenya Prisons under the ministry of Interior & Coordination of National Government.

The main benefit of adopting new generation number plates is enhanced efficiency and effectiveness in the management of motor vehicles and increasing revenue collection.



*Sample of new generation motor vehicle number plate.*

**Emerging Issues**

The emerging issues include:  
**Cyber Crime/Security**

- There has been recorded increase in vast, sophisticated and diversified forms of cyber-crime which include cyber bullying and unregulated cyber space. There is need to review the existing legal frameworks and policies to support programmes on modern international security approaches, techniques and equipment

### **Gambling /Sport Betting**

Social risk factors such as peer gambling influences create vulnerability to users where certain groups risk becoming pathological gamblers. Mushrooming of betting companies with appealing advertisements have enticed many groups to participate without caring the repercussions. However, major steps have been put in place to address the gambling industry in terms of creation awareness and compliance.

- It has emerged that most Kenya youth aged 17-35 years are deeply driven deeper into bondage of gambling/betting. This is mostly contributed by increased unemployment. The government has continued to address the problem in diverse ways and forums on how to engage youth in the formal and informal sector. There is also strengthening the legal framework to control betting industry.
- Cases of drug trafficking and abuse especially among teenagers and the youths have far reaching effect to enrolment, retention and completion in schools and other learning institutions. There is also a notable increase in incidences of crime and other acts of lawlessness attributed to the drug abuse. The use of drugs is now spreading to primary schools and other learning institutions.
- It has also emerged that Kenyan sportsmen and women are also using energy enhancing drugs to improve their performance. This issue is raising both National and International concerns. There is therefore urgent need to review the policy and legal framework for the management of sports in the country.

### **New and Emerging Trends in Terrorism**

- There are new emerging acts of terrorism which are a threat to country's stability. There are reported cases of youth radicalization in the country targeting institutions of learning and places of worship.

### **Challenges**

During the period under review, the State Department faced a number of challenges ranging from local, regional, as well as global which posed threats to the achievement of its objectives and programmes. These challenges include but not limited to:

- Inadequate funding for planned programmes impedes implementation of planned activities thereby affecting service delivery.
- Inadequate capacity to decentralize some services closer to the public.

- Succession management and staff stagnation lasting as long as seven or more years which leads to high staff turnover.
- Continued bandit attacks particularly in the North Rift region fuelled by politicians.
- The threat of terrorism predominantly in the border Counties of the North Eastern region.
- Gang mentality among certain quarters of Kenyan society.
- Increase in drug and substance abuse in teenagers leading to indiscipline in schools and anti-social behaviour.
- Increased cases of suicide and femicide.
- Heightened politicking.
- Easy infiltration of illicit firearms into the country.
- Increase in the number of illegal immigrants seeking social and economic opportunities.
- Natural Disasters and Social Strife.
- Emerging crime such as cyber-crime, piracy, and international terrorism that poses danger to the security situation in the country.
- Inadequate supply of birth certificates due to unanticipated demand for birth certificates for NEMIS and NIIMS registration hence high number of pending and unprocessed birth certificates
- Apathy in reporting of infant and child deaths.
- Emerging issues such as surrogacy.
- Shortage of operational and communication equipment such as motor vehicles to provide mobility in conducting investigations as well as patrols.

### **Recommendations and Way Forward**

In the financial year 2019/2020 the Ministry will continue mitigating various challenges, issues and constraints while fulfilling its mandate. Emerging threats such as cyber security will continue being a priority among the many challenges faced by the Ministry. Border insecurity, succession management, illegal immigrants, influx of refugees are other challenges that require concerted efforts with other authorities like the parliament.

To overcome some of these challenges and also to move the Ministry toward achieving its Mission, Vision and mandate, the following issues will be pursued in the succeeding year;

- **Cooperation with parliament and other stakeholders** to come up with legislations and policies that will help the Country counter some of the problems associated with insecurity, illegal immigrants and refugees' influx.
- **Continuous Public engagement in security matters.** In this regard, the Ministry will continue involving the public in safety and security matters through community policing (Nyumba Kumi initiative) as they are key players in their own security.
- **Fight against corruption.** This will enhance public confidence, reduce the cost of public service delivery, enhance transparency as well as improve the general security.

- Guided by the National Values and Principles of good governance, the Ministry will continue deepening the reforms in all its directorates, divisions, section and units.
- This will bind all public officers to observe the tenets of *good governance, integrity, transparency, accountability, and sustainable development*.
  
- **Initiate process re-engineering** to embrace best international practices in its operations in order to be responsive to the growing public demand for better services. This will eventually transform into better resource management, value for money and improved public perception of the Government.
- Put in place proper succession management plan to ensure flow of services to the citizens and also to ensure most services are decentralized to the desired level.
- Continuous investment in Research and development as well as in institutionalized training. This ensures that the officers are well trained to handle their jobs in a professional manner and also to come up with solutions to counter the ever evolving challenges associated with insecurity and migration.
- Opening of additional proposed border control stations and enhancing border and regional operations.
- Mapping of the country to enforce removal of illegal immigrants and refugees.
- Prioritize programmes/projects and further engage the National Treasury to approve the utilization of part of the collection as Appropriations-In-Aid (AIA)



FRED MATIANG'I, PhD, EGH  
CABINET SECRETARY

MINISTRY OF INTERIOR AND CORDINATION OF NATIONAL GOVERNMENT.

### III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

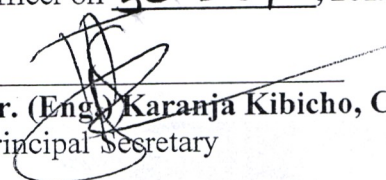
The Accounting Officer in charge of the State Department for Interior is responsible for the preparation and presentation of the State Department for Interior's financial statements, which give a true and fair view of the state of affairs of the State Department for Interior for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the 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 State Department for Interior; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

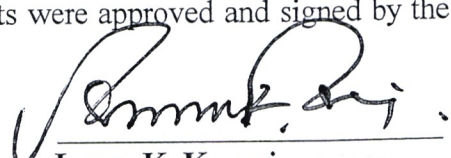
The Accounting Officer in charge of the State Department for Interior accepts responsibility for the State Department for Interior financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public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

The Accounting Officer in charge of the State Department for Interior confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Ministry's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the Ministry's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

#### Approval of the financial statements

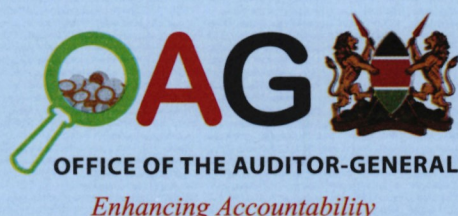
The State Department for Interior financial statements were approved and signed by the Accounting Officer on 30<sup>th</sup> - 09 - 2019

  
Dr. (Eng.) Karanja Kibicho, CBS  
Principal Secretary

  
James K. Karori  
Senior Assistant Accountant General -ICPAK No:3972

# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR INTERIOR FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of State Department for Interior set out on pages 20 to 45, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statements of receipts and payments, the statement of cash flows and the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the State Department for Interior as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with international Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

#### 1. Unreconciled Variances Between the Financial Statements and the Integrated Financial Management Information System (IFMIS) Trial Balance

The audit of the financial statements and IFMIS Trial Balance revealed the following variances:

Account	Financial Statements (Kshs.)	IFMIS Trial Balance (Kshs.)	Variance (Kshs.)
Recurrent	2,478,224,900	101,171,731,035	(98,693,506,135)
Development	900,195,787	23,885,771,501	(22,985,575,714)
Deposits	605,551,629	362,816,658	242,734,971
Cash in Hand/Transit	152,156,097	346,542,329,253	(346,390,173,156)

No reconciliation was provided to explain the above variances. In the circumstances, it was not possible to ascertain the completeness and accuracy of the account balances affected by the differences between the financial statements and the IFMIS Trial Balance.

## **2. Unreconciled Cash and Cash Equivalents Balances**

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.4,136,128,414 which includes bank balances of Kshs.3,983,972,316 as analyzed in Note 22 to the financial statements. However, included in the bank reconciliation statements were payments in the cash book not in the bank statements amounting to Kshs.609,496,111 which have been outstanding since the year 2015. Further, receipts in the bank statements not in the cash book of Kshs.1,615,928,444 had also been outstanding since the year 2015.

In addition, payments in the bank statements not in the cash book included long outstanding items totalling Kshs.7,389,999,277 and relating to the period between 2016 and 2018. Further, receipts in the cash book not in the bank statements totalling Kshs.418,173,050 have also been outstanding for long and they relate to the period between 2015 and 2018. No satisfactory reason was provided for failure to clear the long outstanding bank reconciliation items from the books of account.

Consequently, the completeness and accuracy of bank balances of Kshs.3,983,972,316 included in the cash and cash equivalents as at 30 June, 2019 could not be ascertained.

## **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**

### **1. Pending Bills**

Note 28 to the financial statements reflects pending bills totalling Kshs.4,374,388,259 as at 30 June, 2019 which were not settled during the year under review but were instead carried forward to the financial year 2019/2020. Had the bills been paid and the expenditure charged to the account for 2018/2019, the statement of receipts and payments for the year under review would have reflected a deficit of Ksh.4,137,340,968 instead of the surplus of Kshs.237,047,291 shown. Failure to settle bills during the year in which they relate to distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form the first expenditure to be charged.

## **2. Lack of a Fixed Assets Register**

Disclosed in Annex 2 to the financial statements for the year ended 30 June, 2019 is a summary of fixed assets register. However, contrary to the reporting guidelines issued by the Public Sector Accounting Standards Board (PSASB), the summary of fixed assets register attached reflects nil balances instead of actual figures relating to the historical costs brought forward, additions and disposals during the financial year 2018/2019, and the historical costs as at 30 June, 2019.

The audit also revealed that the State Department for Interior did not maintain a fixed assets register during the year under review contrary to the requirements under Regulations 139 and 143 of the Public Finance Management (National Government) Regulations, 2015. As a result, the existence, movement, conditions, completeness, valuation and book balances of the fixed assets owned by the State Department for Interior as at 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of State Department for Interior in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with ISSAI and in accordance with other ethical requirements applicable to performing audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Provision of Comprehensive Medical Cover**

The National Police Service procured a comprehensive medical cover for a period of two years commencing on 1 October, 2017 to 30 September, 2019 through direct procurement method. The tender was awarded to the National Hospital Insurance Fund on 26 September, 2017 at a contract sum of Kshs.4,785,805,560.

Included in the contract sum of Kshs.4,785,805,560 was an amount of Kshs.200,000,000 for excess of loss cover to cushion members who might exhaust their limit. This amount was refundable at the end of the contract but was not refunded when the contract came to an end. Further, no documentary evidence was provided for audit verification to show how the amount refundable was applied.

Consequently, it was not possible to determine whether the National Police Service got value for money from the amount of Kshs. 200,000,000 that was due for refund at the end of the comprehensive medical cover contract.

## **2. Proposed Nyamarambe Police Post Residential Houses Phase 11**

The tender for construction of the Proposed Nyamarambe Police Post Residential Houses Phase II was awarded to a local construction company at a contract sum of Kshs.9,740,635. The contract agreement was signed on 20 May, 2019. The duration of the contract was 20 weeks commencing on 18 May, 2019 to 18 November, 2019. The scope of works entailed among others; construction of superstructure concrete framing with both external local bearing and infill wall partitions; and roof structure (frame) cover and rain water gutters.

From an audit inspection conducted on 30 August, 2019, it was observed that the contractor was required to use 16mm high yield square twisted reinforcement bars to BS cut, bent and placed in position for reinforcement in line with the Bill of Quantities. However, the contractor used 12mm ditto high yield square reinforcement bars on the second floor.

Further, the contractor was required to use “kidowa” or “olulunga” natural dressed stones costing Kshs.1,094,000 for internal walling. However, the contractor used clay bricks and natural dressed stones which were of poor quality.

In the circumstances, it was not possible to determine whether Kenya Police Service got value for money from the Kshs.9,740,635 spent on the project.

## **3. Completion of Kamukunji Lines Police Station**

The tender for completion of Kamukunji Police Lines was awarded to a local construction company at a contract sum of Kshs.151,190,254. The contract agreement was signed on 18 October, 2018. The project was scheduled to take 52 weeks from 18 October, 2017 but the project completion date was further extended by 24 weeks.

The scope of work included; fencing and perimeter wall; supply, installation, testing and commissioning of electrical installations; plumbing, drainage, fire protection and water reticulation services; and supply, delivery and installation of high-level and low-level water tanks and booster pumps.

An audit inspection conducted on 6 January, 2020 revealed the following deficiencies:

- i. The roof tops that had been constructed using galvanized iron sheets were leaking in all the three blocks while the white PVC T&G ceiling boards fitted were loose and, in some houses, had fallen off.
- ii. The Bill of Quantities provided for three aluminium coated steel ladders not less than 9000mm long. However, the contractor did not fit the same.

- iii. The Bills of Quantities provided for 48 sets of 5 lever mortice locks for doors fitting. The contractor instead used latches. Further, the contractor did not fit 40mm diameter rubber door steps as provided for in the Bill of Quantities.
- iv. The windows were not fitted with grills as per the Bill of Quantities.
- v. The heavy gauge chain-link perimeter wall fence above ground was not constructed as per specifications of the Bill of Quantities.
- vi. The Bill of Quantities provided for two steel gates of 4500mm x 2400mm comprising of 25 x 25 x 3mm RHS vertical members at 100 mm welded to 25 x 25mm horizontal members at 400mm centers complete with gateposts wheels and guiding rails. However, only one gate was constructed according to the foregoing specifications but the wheels and guiding rails were not functional. Further, the second gate did not meet the above specifications while the culvert and head walls were not constructed as provided for in the Bill of Quantities.

The Bill of Quantities provided for provisional sums of Kshs.20,000,000 and contingencies of Kshs.5,000,000 for additions required to complete Kamukunji Lines Police Station and for provision for fluctuations in prices, respectively. However, documentary evidence on how the total amount of Ksh.25,000,000 was utilized was not availed for audit review.

The Bill of Quantities under preliminaries included provisions for the following services/items: prevention of accidents, damage or loss-Kshs.260,000; working conditions-Kshs.120,000; labour camp - Kshs,200,000; demolitions and alterations-Kshs.200,000; materials from demolitions-Kshs.100,000; existing services-Kshs.150,000; performance bond-Kshs.300,000; delivery of tender-Kshs.25,000; project managers expenses-Kshs.1,538,240; desktop computer-Kshs.400,000; training-Kshs.1,000,000; area to be occupied by contractor-Kshs.200,000; protection of works-Kshs.500,000; training levy-Kshs.500,000 and hoarding-Kshs.500,000. However, no documents were provided for audit to confirm how the foregoing preliminaries amounting to Kshs.5,993,240 were accounted for.

Consequently, it was not possible to determine whether value for money was obtained in respect of the expenditure of Kshs.151,190,254 incurred on the contract for completion of Kamukunji Lines Police Station.

#### **4. Proposed Completion of Pangani Police Station Civil Works**

The tender for the proposed completion of Pangani Police Station Civil Works was awarded to a local construction company at a contract sum of Kshs.10,839,488. The contract agreement was signed on 10 April, 2018. The works were to be executed for a period of 52 weeks from 10 April ,2018. The scope of works included access road and parking areas.

An audit inspection conducted on 6 January, 2020 revealed that the contractor had abandoned the site and the work had not been completed.

Further, the compact 25mm premix dense bituminous wearing course, the joint precast concrete channel 250x125mm including 100mm thick concrete bed and haunch, the footpaths, storm water drainage both open and slotted work, headwalls and culverts, foul water drainage works and the pipe and the manhole constructions had not been done as per the Bill of Quantities. In addition, the contractor left the manholes dangerously open and exposed.

Consequently, it was not possible to ascertain whether value for money was obtained regarding the expenditure of Kshs.7,741,580 incurred on the contract for the completion of Pangani Police Station civil works.

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, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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 processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the ability of State Department for Interior to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the State Department of Interior or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the 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 audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and

systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 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 ability of the State Department for Interior to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the State Department to cease 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 State Department for Interior 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**

**16 October, 2020**


STATE DEPARTMENT FOR INTERIOR  
 Reports and Financial Statements  
 For the year ended June 30, 2019

**V. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2018-2019	2017-2018
		Kshs	Kshs
<b>RECEIPTS</b>			
Exchequer releases	4	136,443,011,066	121,019,683,026
Proceeds from Sale of Assets	8	5,857,250	
Other Miscellaneous Receipt			
Other Revenues	11	62,000,000	
<b>TOTAL RECEIPTS</b>		<b>136,510,868,316</b>	<b>121,019,683,026</b>
<b>PAYMENTS</b>			
Compensation of Employees	12	81,691,089,219	72,322,537,473
Use of goods and services	13	36,488,144,291	33,870,004,500
Transfers to Other Government Units	15	773,445,766	671,489,215
Other grants and transfers	16	1,061,296,000	1,729,826,606
Social Security Benefits	17	2,128,568	74,483,065
Acquisition of Assets	18	16,257,717,182	12,193,367,114
		0	
<b>TOTAL PAYMENTS</b>		<b>136,273,821,026</b>	<b>120,861,707,973</b>
<b>SURPLUS/DEFICIT</b>		<b>237,047,291</b>	<b>157,975,053</b>

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 \_\_\_\_\_, 2019 and signed by:


  
 Principal Secretary  
**Dr. Eng Karanja Kibicho, CBS**

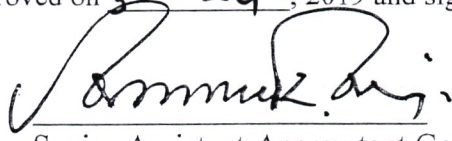
  
 Senior Assistant Accountant General  
**James K. Karori**  
 ICPAK No: 3972

**VI. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2018-2019	2017-2018
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	22A	3,983,972,316	3,660,280,370
Cash Balances	22B	152,156,097	179,085,174
<b>Total Cash and cash equivalent</b>		<b>4,136,128,414</b>	<b>3,839,365,544</b>
Accounts receivables – Outstanding Imprests	23	63,233,701	745,317,220
<b>TOTAL FINANCIAL ASSETS</b>		<b><u>4,199,362,115</u></b>	<b><u>4,584,682,764</u></b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables – Deposits and retentions	24	605,551,629	485,933,273.85
<b>NET FINANCIAL ASSETS</b>		<b>3,593,810,486</b>	<b>4,098,749,490</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	25	4,098,749,490	3,940,774,437
Prior Year Adjustment	26	(741,986,295)	
Surplus/Deficit for the year		237,047,291	157,975,053
<b>NET FINANCIAL POSITION</b>		<b>3,593,810,486</b>	<b>4,098,749,490</b>

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 30th day, 2019 and signed by:

  
 Principal Secretary  
 Dr. (Eng.) Karanja Kibicho, CBS

  
 Senior Assistant Accountant General  
 James K. Karori  
 ICPAK No: 3972

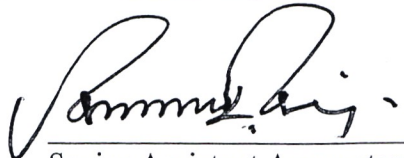
STATE DEPARTMENT FOR INTERIOR  
 Reports and Financial Statements  
 For the year ended June 30, 2019

**VII. STATEMENT OF CASH FLOWS**

	Note	2018-2019	2017-2018
		Kshs	Kshs
<b>Receipts for operating income</b>			
Exchequer Releases	4	136,443,011,066	121,019,683,026
Miscellaneous Receipt(AIA)	11	62,000,000	-
		<b>136,505,011,066</b>	<b>121,019,683,026</b>
<b>Less :Payments for operating expenses</b>			
Compensation of Employees	12	81,691,089,219	72,322,537,473
Use of goods and services	13	36,488,144,291	33,870,004,500
Subsidies	14	-	
Transfer to other Government Units	15	773,445,766	671,489,215
Other grants and transfers	16	1,061,296,000	1,729,826,606
Social Security Benefits	17	2,128,568	74,483,065
		<b>120,016,103,843</b>	<b>108,668,340,859</b>
<b>Adjusted for:</b>			
<b>Changes in receivables</b>		682,083,519	(583,600,989)
Changes in payables		119,618,355	11,700,959
Adjustment during the year	26	(741,986,295)	
<b>Net cash flow from operating activities</b>		<b>16,548,622,801</b>	<b>11,779,442,137</b>
<b>CASHFLOW FROM NVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	8	5,857,250	
Acquisition of Assets	18	(16,257,717,182)	(12,193,367,114)
<b>Net cash flows from Investing Activities</b>		<b>(16,251,859,932)</b>	<b>(12,193,367,114)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
		<b>296,762,869</b>	<b>(413,924,977)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>3,839,365,544</b>	<b>4,253,290,521</b>
<b>Cash and cash equivalent at END of the year</b>		<b>4,136,128,413</b>	<b>3,839,365,544</b>

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<sup>th</sup> 09 - 2019 and signed by:

  
 Principal Secretary  
**Dr. (Eng.) Karanja Kibicho, CBS**

  
 Senior Assistant Accountant General  
**James K. Karori**  
 ICPAK No: 3972

## VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AN DEVELOPMENT COMBINED

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 %
<b>RECEIPTS</b>						
Exchequer releases	76,172,851,443	64,284,151,225	140,457,002,668	136,443,011,066	4,013,991,602	97%
Proceeds from Domestic and foreign grants	364,002,000	-250,000,000	114,002,000	0	114,002,000	0%
Proceeds from sale of Assets	3,084,924	3,084,924	6,169,848	5,857,250	312,597	95%
Other Receipts	21,868,500	56,868,500	78,737,000	62,000,000	16,737,000	79%
<b>Total Receipts</b>	<b>76,561,806,867</b>	<b>64,094,104,649</b>	<b>140,655,911,516</b>	<b>136,510,868,316</b>	<b>4,145,043,199</b>	<b>97%</b>
<b>PAYMENTS</b>						
Compensation of Employees	38,146,983,988	43,630,598,180	81,777,582,167	81,691,089,219	86,492,948	100%
Use of goods and services	21,244,772,292	17,362,224,917	38,606,997,209	36,488,144,291	2,118,852,918	95%
Transfers to Other Government Units	356,961,811	421,716,737	778,678,548	773,445,766	5,232,782	99%
Other grants and transfers	5,748,000	1,055,748,000	1,061,496,000	1,061,296,000	200,000	100%
Social Security Benefits	7,473,454	7,137,454	14,610,908	2,128,568	12,482,340	15%
Acquisition of Assets	16,799,867,322	1,616,679,361	18,416,456,683	16,257,717,182	2,158,829,501	88%
<b>Total Payments</b>	<b>76,561,806,867</b>	<b>64,094,104,649</b>	<b>140,655,821,515</b>	<b>136,273,821,025</b>	<b>4,382,090,490</b>	<b>97%</b>
Surplus/ Deficit				<b>237,047,291</b>	<b>(237,047,291)</b>	

## Notes

- Underutilisation of social security benefits of 85% was as a result of decrease in maturity of gratuity payment.
- Underutilisation of Acquisition of assets of 12% was as a result lack of exchequer

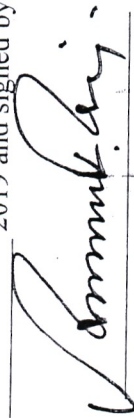
The entity financial statements were approved on \_\_\_\_\_

2019 and signed by:



Principal Secretary

Dr. (Eng.) Karanja Kibicho, CBS



Senior Assistant Accountant General

James K. Karori

ICPAK No: 3972

## IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on	Budget	% of
	a	b	c=a+b	Comparable Basis	Utilization	Utilization
				d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	59,228,151,442.75	64,423,151,225	123,651,302,668	121,643,186,571	2,008,116,097	98%
Proceeds from Domestic and Foreign grants	0	0	0		0	0
Proceeds from sale of Assets	3,084,924	3,084,924	6,169,848	5,857,250	312,597	95%
Other Receipts	21,868,500.00	56,868,500	78,737,000	62,000,000	16,737,000	79%
<b>Total Receipts</b>	<b>59,253,104,867</b>	<b>64,483,104,649</b>	<b>123,736,209,516</b>	<b>121,711,043,821</b>	<b>2,055,165,694</b>	<b>98%</b>
<b>PAYMENTS</b>						
Compensation of Employees	38,111,983,987.50	43,657,298,180	81,769,282,167	81,691,089,219	78,192,948	100%
Use of goods and services	20,144,223,402.75	17,397,024,917	37,541,248,320	35,596,545,346	1,944,702,974	95%
Transfers to Other Government Units	356,961,811.00	421,716,737	778,678,548	773,445,766	5,232,783	99%
Other grants and transfers	5,748,000.00	1,055,748,000	1,061,496,000	1,061,296,000	200,000	100%
Social Security Benefits	7,473,454.00	7,137,454	14,610,908	2,128,568	12,482,340	15%
Acquisition of Assets	626,714,211.00	1,944,179,361	2,570,893,572	2,337,605,390	233,288,182	91%
<b>Totals</b>	<b>59,253,104,866</b>	<b>64,483,104,649</b>	<b>123,736,209,515</b>	<b>121,462,110,289</b>	<b>2,274,099,226</b>	<b>98%</b>
<b>Surplus/Deficit</b>				<b>248,933,532</b>	<b>(248,933,532)</b>	

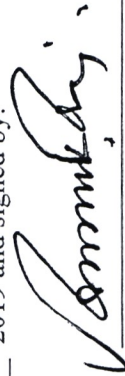
## Notes

- i) Underutilisation of social security benefits of 85% was as a result of decrease in maturity of gratuity payment.  
ii) Underutilisation of Acquisition of assets of 9% was as a result lack of exchequer

The entity financial statements were approved on 30th-09- 2019 and signed by:

  
Principal Secretary

**Dr. (Eng.) Karanja Kibicho, CBS**



Senior Assistant Accountant General  
**James K. Karori**  
ICPAK No: 3972

**SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT**

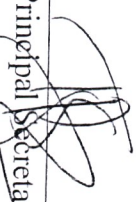
Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	16,944,700,000	(139,000,000)	16,805,700,000	14,799,824,495	2,005,875,505	88%
Transfers from Other Government Entities				0	0	0%
Proceeds from Domestic and foreign Grants	364,002,000	(250,000,000)	114,002,000	0	114,002,000	0%
<b>Total Receipts</b>	<b>17,308,702,000</b>	<b>(389,000,000)</b>	<b>16,919,702,000</b>	<b>14,799,824,495</b>	<b>2,119,877,505</b>	<b>87%</b>
<b>PAYMENTS</b>						
Compensation of Employees	35,000,000	(26,700,000)	8,300,000		8,300,000	0%
Use of goods and services	1,100,548,889	(34,800,000)	1,065,748,889	891,598,945	174,149,944	84%
Transfers to Other Government Units						
Other grants and transfers						
Social Security Benefits						
Acquisition of Assets	16,173,153,111	(327,500,000)	15,845,653,111	13,920,111,792	1,925,541,319	88%
<b>Total</b>	<b>17,308,702,000</b>	<b>(389,000,000)</b>	<b>16,919,702,000</b>	<b>14,811,710,736</b>	<b>2,107,991,264</b>	<b>88%</b>
<b>Surplus/Deficit</b>				<b>(11,886,241)</b>	<b>11,886,241</b>	

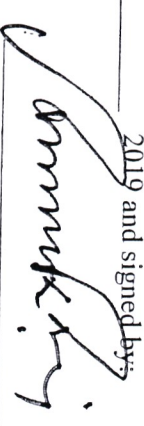
**Notes**

- i) Underutilisation use of goods of 16% was as a result of lack of exchequer
- ii) Underutilisation of Acquisition of assets of 12% was as a result lack of exchequer

The entity financial statements were approved on \_\_\_\_\_

2019 and signed by:

  
Principal Secretary  
Dr. (Eng.) Karanja Kibicho, CBS

  
Senior Assistant Accountant General  
James K. Karori  
ICPAK No: 3972

**XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

Programme/Sub-programme	Description	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Budget utilization difference	
		2018-2019		Kshs		Kshs		2018-2019		Kshs	
<b>0601000</b>	<b>Policing services</b>										
0601010	Kenya police	48,909,571,889.00		3,543,727,879.00		52,453,299,768		50,730,684,834.45		1,722,614,933.55	
0601020	Administration police	30,646,202,332.00		2,988,024,746.00		33,634,227,078		33,211,720,396.50		422,506,681.50	
0601030	Criminal investigation	6,467,844,619.00		838,639,568.00		7,306,484,187		6,974,510,323.10		331,973,863.90	
0601040	General paramilitary	8,740,520,117.00		898,523,285.00		9,639,043,402.00		9,094,429,157.05		544,614,244.95	
0601060	Government Chemist	358,748,921				358,748,921		351,310,870.20		7,438,050.80	
0601070	Crime Research	146,588,400				146,588,400		146,588,400.00		-	
	<b>SUB TOTAL</b>	<b>95,269,476,278</b>		<b>8,268,915,478.00</b>		<b>103,538,391,756</b>		<b>100,509,243,981.30</b>		<b>3,029,147,774.70</b>	
<b>060200000</b>	<b>Administration</b>										
0602010	Planning and field services	21,391,586,862.00		7,276,457,207.00		28,668,044,069.00		27,884,454,491.65		783,589,577.35	
0602030	Disaster risk reduction	37,680,798.00		0		37,680,798.00		33,190,155.85		4,490,642.15	
0602050	Peace building and national cohesion	532,176,400.00		-80,000,000.00		452,176,400.00		404,234,871.10		47,941,528.90	
0602060	Special initiatives	10,471,914.00		0		10,471,914.00		9,726,800.00		745,114.00	
0602070	NGO Regulatory Services	117,495,826.00		35,000,000		152,495,826.00		152,495,825.50		0.50	
	<b>SUB TOTAL</b>	<b>22,089,411,800</b>		<b>7,231,457,207</b>		<b>29,320,869,007</b>		<b>28,484,102,144.10</b>		<b>836,766,862.90</b>	
<b>0603000</b>	<b>Government Printing</b>										
0603010	Government printing	868,580,477.00				868,580,477.00		694,094,325.80		174,486,151.20	

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Programme/Sub-programme	Description	Original Budget 2018-2019	Adjustments	Final Budget 2018-2019	Actual on comparable basis 2018-2019	Budget utilization difference 2018-2019
	<b>SUB TOTAL</b>	<b>868,580,477.00</b>		<b>868,580,477.00</b>	<b>694,094,325.80</b>	<b>174,486,151.20</b>
<b>0605000</b>	<b>Population Management</b>					
0605010	Population registration	7,632,906,482.00	(815,522,114.00)	6,817,384,368.00	6,477,367,891.40	340,016,476.60
0605020	Immigration services					
	<b>SUB TOTAL</b>	<b>7,632,906,482.00</b>	<b>(815,522,114.00)</b>	<b>6,817,384,368.00</b>	<b>6,477,367,891.40</b>	<b>340,016,476.60</b>
<b>0624000</b>	<b>Betting Control and Licencing Regulation Services</b>					
0624010	Betting Control and Lottery Policy Services	110,685,907.00		110,685,907.00	108,891,799.30	1,794,107.70
	<b>SUB TOTAL</b>	<b>110,685,907.00</b>		<b>110,685,907.00</b>	<b>108,891,799.30</b>	<b>1,794,107.70</b>
<b>GRAND TOTAL</b>		<b>125,971,060,944.00</b>	<b>14,684,850,571</b>	<b>140,655,911,515</b>	<b>136,273,700,141.90</b>	<b>4,382,211,373.10</b>

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based.)

**STATE DEPARTMENTS FOR INTERIOR**  
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**XII. 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 IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes 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 receivables and payables are disclosed in the Statement of Assets and Liabilities. The Statement of Assets and Liabilities is not mandatory statement under the IPSAS Cash basis but is encouraged in order to disclose information on assets and liabilities.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

**2. Reporting entity**

The financial statements are for the State Department For Interior. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity:

**3. Recognition of receipts and payments**

**a) Recognition of receipts**

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

- **Tax receipts**

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

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## SIGNIFICANT ACCOUNTING POLICIES

- **Transfers from the Exchequer**

Transfer from Exchequer is 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.

- **External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

**Donations and grants**

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

**Proceeds from borrowing**

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the Entity may take on will be treated on cash basis and recognized as receipts during the year of receipt.

**Undrawn external assistance**

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

- **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 expenses when the event occurs and the related cash has actually been paid out by the entity.

- **Compensation of employees**

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

## SIGNIFICANT ACCOUNTING POLICIES

- **Use of goods and services**

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

- **Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

- **Repayment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

- **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 disclosure. This summary is disclosed as an annexure to the entity's financial statements.

#### 4. **In-kind contributions**

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

#### 5. **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.

## SIGNIFICANT ACCOUNTING POLICIES

### **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 605,551,629.05 compared to Kshs 485,933,273.85 in prior period as indicated on note 22A.

There were no other restrictions on cash during the year

### **6. Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorized 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.

### XIII. NOTES TO THE FINANCIAL STATEMENTS

#### 1 TAX REVENUES

	2018-2019	2017-2018
	Kshs	Kshs
Taxes on Income, Profits and Capital Gains	-	-
Taxes on Property	-	-
Taxes on Goods and Services	-	-
Taxes on International Trade and Transactions	-	-
Other Taxes (not elsewhere classified)	-	-
<b>Total</b>	-	-

#### 2 SOCIAL SECURITY CONTRIBUTIONS

	2018-2019	2017-2018
	Kshs	Kshs
Receipts for Health Insurance Contribution	-	-
Receipts to NHIF for Health Insurance Contributions	-	-
Receipts from Govt Employees to Social & Welfare Schemes in Govt	-	-
	-	-
<b>Total</b>	-	-

#### 3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2018-2019	2017-2018
			Kshs	Kshs
<b>Grants Received from Bilateral Donors (Foreign Governments)</b>				
	-	-	-	-
	-	-	-	-
<b>Grants Received from Multilateral Donors (International Organisations)</b>				
	-	-	-	-
	-	-	-	-

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**4 EXCHQUER RELEASES**

Description	2018-2019	2017-2018
	Kshs	Kshs
Total Exchequer Releases for quarter 1	23,126,555,530	27,982,747,792
Total Exchequer Releases for quarter 2	31,626,379,500	29,985,570,234
Total Exchequer Releases for quarter 3	26,002,704,400	32,485,600,000
Total Exchequer Releases for quarter 4	55,687,371,636	30,565,765,000
<b>Total</b>	<b>136,443,011,066</b>	<b>121,019,683,026</b>

**5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description	2018-2019	2017-2018
	Kshs	Kshs
Transfers from Central government entities	-	-
Transfers from Counties	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**5a) TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description	Recurrent	Development	Total	2017-2018
	Kshs	Kshs	Kshs	Kshs
Transfers from Central government entities	-	-	-	-
Transfers from Counties	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6 PROCEEDS FROM DOMESTIC BORROWINGS**

	2018-2019	2017-2018
	Kshs	Kshs
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
<b>Total</b>	-	-

**7 PROCEEDS FROM FOREIGN BORROWINGS**

	2018-2019	2017-2018
	Kshs	Kshs
Foreign Borrowing – Draw-downs Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
<b>Total</b>	-	-

**8 PROCEEDS FROM SALE OF ASSETS**

	2018-2019	2017-2018
	Kshs	Kshs
Receipts from the Sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	5,857,250	-
Disposal and Sales of Non-Produced Assets	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
<b>Total</b>	<b>5,857,250</b>	-

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**9 REIMBURSEMENTS AND REFUNDS**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Refund from World Food Programme (WFP)	-	-
Reimbursement of Audit Fees	-	-
Reimbursement on Messing Charges (UNICEF)	-	-
Reimbursement from World Bank – ECD	-	-
Reimbursement from Individuals and Private Organisations	-	-
Reimbursement from Local Government Authorities	-	-
Reimbursement from Statutory Organisations	-	-
Reimbursement within Central Government	-	-
Reimbursement Using Bonds	-	-
<b>Total</b>	-	-

**10 RETURNS OF EQUITY HOLDINGS**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Returns of Equity Holdings in Domestic Organisations	-	-
Returns of Equity Holdings in International Organisations	-	-
	-	-
<b>Total</b>	-	-

STATE DEPARTMENT FOR INTERIOR  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**11 OTHER REVENUES**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest Received		
Profits and Dividends		
Rents		
Other Property Income		
Sales of Market Establishments		
Receipts from Administrative Fees and Charges		
Receipts from Administrative Fees and Charges - Collected as AIA	62,000,0000	
Receipts from Incidental Sales by Non-Market Establishments		
Receipts from Sales by Non-Market Establishments		
Receipts from Sale of Incidental Goods		
Fines Penalties and Forfeitures		
Receipts from Voluntary transfers other than grants		
Other Receipts Not Classified Elsewhere		
<b>Total</b>	<b>62,000,000</b>	

**12 COMPENSATION OF EMPLOYEES**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic salaries of permanent employees	48,308,168,080	46,095,193,973
Basic wages of temporary employees	96,179,246	101,184,888
Personal allowances paid as part of salary	33,286,741,892	26,126,158,612
Personal allowances paid as reimbursements	-	-
Employer Contributions Compulsory national health insurance schemes		-
<b>Total</b>	<b>81,691,089,892</b>	<b>72,322,537,473</b>

STATE DEPARTMENT FOR INTERIOR  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 USE OF GOODS AND SERVICES

	2018-2019	2017-2018
	Kshs	Kshs
Utilities, supplies and services	1,943,761,024	1,845,726,893
Communication, supplies and services	173,485,391	123,990,662
Domestic travel and subsistence	1,657,435,538	1,246,519,924
Foreign travel and subsistence	28,513,098	60,484,168
Printing, advertising and information supplies & services	399,009,862	7,890,163
Rentals of produced assets	919,395,249	1,047,466,005
Training expenses	610,184,826	894,845,533
Hospitality supplies and services	3,710,210,466	176,317,038
Insurance costs	6,549,374,733	5,032,805,560
Specialized materials and services	6,351,853,329	5,034,356,388
Office and general supplies and services	423,391,928	161,035,618
Fuel Oil and Lubricants	1,630,275,012	958,847,701
Other operating expenses	11,067,987,738	16,604,171,056
Routine maintenance – vehicles and other transport equipment	777,068,482	436,788,710
Routine maintenance – other assets	246,197,614	238,759,081
<b>Total</b>	<b>36,488,144,291</b>	<b>33,870,004,500</b>

14 SUBSIDIES

Description	2018-2019	2017-2018
	Kshs	Kshs
Subsidies to Public Corporations		
<i>See list attached</i>	-	-
(insert name)	-	-
Subsidies to Private Enterprises		
<i>See list attached</i>	-	-
(insert name)	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**15 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to National Government entities (SCOA Codes 2630100, 2630200, 2640400, 2640500, 2649900, 2820100, 2820200, 2820300)		
See attached list	684,008,626	671,489,215
Other Capital Grants and Transfers	89,437,140	
<b>TOTAL</b>	<b>773,445,766</b>	<b>671,489,215</b>

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

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Transfers to SAGAs and SCs</b>		
<b>Transfers to County Governments</b>		
<b>Transfers to Projects-GoK counterpart funding</b>		
	-	
<b>TOTAL</b>		

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**16 OTHER GRANTS AND PAYMENTS**

<b>Explanation</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Membership dues and subscriptions to international organizations		2,009,173
Scholarships and other educational benefits		
Emergency relief and refugee assistance	1,061,296,000	1,727,817,433
Grants to small businesses, cooperatives, and self employed		
Grants to foreign government		
<b>Total</b>	<b>1,061,296,000</b>	<b>1,729,826,606</b>

**17 SOCIAL SECURITY BENEFITS**

<b>Explanation</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Government pension and retirement benefits	2,128,568	74,483,065
Social security benefits in cash and in kind		
Employer Social Benefits in cash and in kind		
<b>Total</b>	<b>2,128,568</b>	<b>74,483,065</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**18 ACQUISITION OF ASSETS**

<b>Non-Financial Assets</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings		-
Construction of Buildings	1,250,082,026	813,133,175
Refurbishment of Buildings	272,831,488	177,438,930
Construction of Roads		
Construction and Civil Works	215,319,400	245,852,012
Overhaul and Refurbishment of Construction and Civil Works		
Purchase of Vehicles and Other Transport Equipment	69,965,057	6,369,258
Overhaul of Vehicles and Other Transport Equipment	72,343,596	40,157,935
Purchase of Household Furniture and Institutional Equipment	7,629,616	4,690,975
Purchase of Office Furniture and General Equipment	107,435,382	106,319,950
Purchase of ICT Equipment, Software and Other ICT Assets		
Purchase of Specialized Plant, Equipment and Machinery	14,233,393,818	10,791,692,052
Rehabilitation and Renovation of Plant, Machinery and Equip.	7,320,110	6,725,347
Purchase of Certified Seeds, Breeding Stock and Live Animals	972,000	
Research, Studies, Project Preparation, Design & Supervision	424,688	958,480
Rehabilitation of Civil Works		29,000
Acquisition of Strategic Stocks and commodities		
Acquisition of Land	20,000,000	
Acquisition of Intangible Assets		
<b>Sub-total</b>	<b>16,257,717,182</b>	<b>12,193,367,114</b>
<b>Financial Assets</b>		
Domestic Public Non-Financial Enterprises		
Domestic Public Financial Institutions		
Foreign financial Institutions operating Abroad		
Other Foreign Enterprises		
Foreign Payables - From Previous Years		
<b>Sub-total</b>		
<b>Total</b>	<b>16,257,717,182</b>	<b>12,193,367,114</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**19 FINANCE COSTS, INCLUDING LOAN INTEREST**

Explanation	2018-2019	2017-2018
	Kshs	Kshs
Interest Payments on Foreign Borrowings		-
Interest Payments on Guaranteed Debt Taken over by Govt		-
Interest on Domestic Borrowings (Non-Govt)		-
Interest on Borrowings from Other Government Units		-
<b>Total</b>		-

**20 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING**

Explanation	2018-2019	2017-2018
	Kshs	Kshs
Principal repayments on domestic loans		-
Principal repayments on Guaranteed Debt taken over by Government		-
Repayments on borrowings from other domestic creditors		-
Repayment of Principal from Foreign Lending & On – Lending		-
<b>Total</b>		-

**21 OTHER EXPENSES**

	2018-2019	2017-2018
	Kshs	Kshs
Budget Reserves		-
Civil Contingency Reserves		-
Other expenses		-
		-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22A: BANK ACCOUNTS

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Developme nt, deposit e.t.c	Exc rate (if in foreign curren cy)	2018-2019	2017-2018
				Kshs	Kshs
Central Bank of Kenya <b>100209682</b>	Kshs	Recurrent	1	2,478,224,900	2,183,285,532
Central Bank of Kenya <b>1000209658</b>	Kshs	Developmen t	1	900,195,787	991,061,564
Central Bank of Kenya <b>1000212543</b>	Kshs	Deposit	1	605,551,629	485,933,273.85
<b>Total</b>				<b>3,983,972,316</b>	<b>3,660,280,370</b>

22B: CASH IN HAND

	2018-2019	2017-2018
	Kshs	Kshs
Cash in Hand – Held in domestic currency	152,156,097	179,085,173.65
Cash in Hand – Held in foreign currency		
<b>Total</b>	<b>152,156,097</b>	<b>179,085,173.65</b>

Cash in hand should also be analyzed as follows:

	2018-2019	2017-2018
	Kshs	Kshs
Cash Office Harambee House	152,156,097	179,085,173.65
<b>Total</b>	<b>152,156,097</b>	<b>179,085,173.65</b>

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**23: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS**

<i>Description</i>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Imprests	22,722,169	3,330,925
Salary advances		
District suspense	40,511,533	741,986,295
Clearance accounts		
<b>Total</b>	<b>63,233,701</b>	<b>745,317,220</b>

**24. ACCOUNTS PAYABLE**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Deposits	605,551,629	485,933,273.85
<b>Total</b>	<b>605,551,629</b>	<b>485,933,273.85</b>

**25. FUND BALANCE BROUGHT FORWARD**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	3,660,280,370	4,103,166,029
Cash in hand	179,085,174	150,124,491
Accounts Receivables	745,317,220	161,716,231
Accounts Payables	(485,933,274)	(474,232,315)
<b>Total</b>	<b>4,098,749,490</b>	<b>3,940,771,437</b>

**26. PRIOR YEAR ADJUSTMENT**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Adjustments on bank account balances		
Adjustments on cash in hand		
Adjustments on payables		
Adjustments on receivables	(741,986,295)	0
<b>Total</b>	<b>741,986,295</b>	<b>0</b>

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**27. RELATED PARTY DISCLOSURES**

Description	2018-2019	2017-2018
	Kshs	Kshs
Key Management compensation	33,861,744.00	30,966,000
<b><u>Transfers to related parties</u></b>		
Transfers to the Other Ministries Departments and Agencies	0	0
Transfers to other State Corporations and Semi-Autonomous Government Agencies	0	0
Transfers to Government Development Projects	0	0
Transfer to Counties		
Transfers from other Ministries Departments and Agencies	0	0
Transfer from Counties	0	0

**28. OTHER IMPORTANT DISCLOSURES**

**28.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

Description	2018-2019	2017-2018
	Kshs	Kshs
Construction of buildings		
Construction of civil works		
Supply of goods		
Supply of services		
<b>TOTAL</b>	<b>4,374,388,258.85</b>	<b>4,835,827,891.46</b>


**Analysis of Accounts payables**

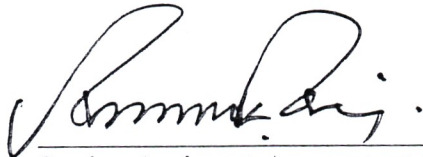
See Attached list

**29. 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
No.					
1	The contract for National Secure Communication network and surveillance system for National Police Service contract number: COMM.SPS/001/2013-2014	2014/2015	National Police Service	Resolved	2018/2019 Financial year
2	Irregular use of District Suspense Account	2015/2016	Headquarters	Resolved	2018/2019 Financial year
3	Construction Works at National Police Service (NPS) Training Schools	2014/2015	NPS	Resolved	2018/2019 Financial year
4	Cash Transfer to Regional Commissioner – North Eastern Kshs. 350,000,000.00	2015/2016	KPS	Resolved	2018/2019 Financial year
5	Irregular and Illegal Deductions on Recruits Constables Allowance Kshs. 313,848.000	2014/2015	GSU/KPC	Not resolved	2018/2019 Financial year
6	Accounting Matters	2016/2017	Headquarters	Resolved	2018/2019 Financial year

  
Principal Secretary  
Dr. (Eng.) Karanja Kibicho, CBS

  
Senior Assistant Accountant General  
James K. Karori  
ICPAK No: 3972

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**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost b/f (Kshs000) 2017/2018	Additions during the year (Kshs000)	Disposals during the year (Kshs000)	Historical Cost c/f (Kshs000) 2017/2018
Land				
Buildings and structures				
Transport equipment				
Office equipment, furniture and fittings				
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
<b>Total</b>				