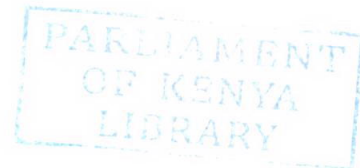


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
TRUTH, JUSTICE AND RECONCILIATION
COMMISSION

FOR THE TWO MONTHS
PERIOD ENDED 21 AUGUST 2013

REPUBLIC OF KENYA

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NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON TRUTH, JUSTICE AND RECONCILIATION COMMISSION FOR TWO MONTHS PERIOD ENDED 21 AUGUST 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Truth, Justice and Reconciliation Commission set out on pages 3 to 7, which comprise the statement of financial position as at 21 August 2013, and the statement of comprehensive income, statement of changes in fund balances and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 20 of the Public Audit Act, 2003.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 20 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 20 of the Public Audit Act, 2003 and submit the report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1. Presentation of the Financial Statements

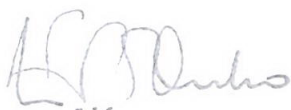
Contrary to the requirements of the International Public Sector Accounting Standards (IPSAS 1), the notes to the financial statements as at 21 August 2013 presented for audit review were not in the prescribed format. Further, information is not presented in a manner that provides relevant, reliable, comparable and understandable information contrary to the National Treasury Circular No.AG.3/088 Vol 6/(78) that prescribed the reporting template.

2. Unsupported Financial Statements

The financial statements as at 21 August 2013 were presented for audit without the corresponding books of accounts; ledgers, records and documents to support the balances. Consequently, it has not been possible to confirm the accuracy of the figures in respect of expenditure totalling to Kshs.113,193,760.00, revenue of Kshs.41,388,317.92, and the total assets figure of Kshs.19,901,953.32 reflected in the financial statements as at 21 August 2013.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

9 March 2015

TRUTH JUSTICE AND RECONCILIATION COMMISSION
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
21ST AUGUST 2013

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Cashflow Statement	5
Statement of changes in Fund balances	6
Notes to the accounts	7

TRUTH JUSTICE AND RECONCILIATION COMMISSION
COMMISSION INFORMATION
PERIOD ENDED 30th JUNE 2013

Commissioners

Local Commissioners

Chairman	Ambassador Bethuel Kiplagat
Vice Chair:	Tecla Namachanja Wanjala
Commissioner	General Ahmed Farah
Commissioner	Margaret Shava
Commissioner	Professor Tom Ojienda

International Commissioners

Commissioner	Ambassador Berhanu Dinka (Ethiopian)
Commissioner	Professor Ronald Slye (USA)
Commissioner	Judge Gertrude Chawatama (Zambia)

Secretary/CEO

Patricia Mande Nyaundi (till 31st August 2012)
Chavangi Aziz Tom (Starting 1st September 2012)
Elijah Leiro Letangule (Starting 18th June 2013)

Principal Place of Business

NHIF Building
Parking Annexe, 5th Floor
P.O Box 14641-00800
Nairobi

Auditors

Kenya National Audit Office
Anniversary Towers Nairobi.

Principal Bankers

Kenya Commercial Bank
Sarit Centre Branch

TRUTH JUSTICE AND RECONCILIATION COMMISSION
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 21ST AUGUST 2013
ACCOUNTING OFFICERS REPORT

The accounting officer submits the financial statements for the period ended 30th June 2013.

The Commission was formed through an Act of Parliament; the Truth, Justice and Reconciliation Act (TJR Act) of 2008.

The Commission began its operations in 2009.

The accounts of the Commissions first year of operations were prepared at the Ministry of Justice, National Cohesion and Constitutional Affairs. The same are not available at the Commission.

The accounts have comparative figures for the previous financial year 2011-2012.

PRINCIPAL ACTIVITIES

The Commissions mandate is specified in Sections 5,6 & 7 of the TJR Act of 2008.

COMMISSIONS SOURCE OF FUNDS

The Commission is funded by the Exchequer through MONJCCA. The Government of Kenya (GOK-) had foreseen the participation of donors in the TJRC process. Even though the same has been slow, there was participation by the following donors in kind in the past financial years.

1. UNDP
2. GIZ
3. UNWOMEN

RESULTS

The Commission received a total allocation of 289,560,000 from the Exchequer in the financial year 2012-2013.

This amount is made up of Kshs. 23,000,000 being balance of the last financial year's allocation received in the current financial year. An initial allocation of Kshs. 22,080,000 out of which the Commission has so far received Kshs. 16,560,000 of revised estimates of Kshs. 250,000,000.

The 250M was received after the extension of the Commission's tenure. Also to note is that the Commission extended financial assistance of Kshs. 6M to its mother Ministry(Ministry of Justice, National Cohesion as per the acknowledgement of receipt of funds letter dated 4th June 2013, Ref MJ/CONF/PRS12/5 Vol. II (3). Therefore, in the books of accounts the total amount reflected under Exchequer contribution totals Kshs. 283,560,000.00. Kshs. 360,824,595.82 was applied in the activities of the Commission mainly Report writing and Adversely Mentioned Persons hearings.

The results are disclosed on page 4.

BUDGET COMPLIANCE

The budgeted amounts were not exceeded in all expenses incurred.

Prepared By: Judith Okumu



21st August 2013

Approved By: Elijah Letangule



21st August 2013

TRUTH JUSTICE AND RECONCILIATION COMMISSION
STATEMENT OF FINANCIAL POSITION AS AT 21ST AUGUST 2013

ASSETS		July-August 2013	2012-2013	2011-2012
Non-Current Assets				
Plant and Equipment	3	16,408,932.96	16,758,059.19	22,158,067.19
Current Assets				
Inventories	6	2,680,545.02	3,121,278.95	2,728,918.95
Accounts receivable	5	520,000.00	761,464.00	2,008,191.75
Prepayments	7	120,239.22	207,474.18	333,772.80
Cash and Cash Equivalents	4	172,236.12	41,388,317.92	109,127,713.87
Total Assets		<u>19,901,953.32</u>	<u>62,236,594.24</u>	<u>136,356,664.56</u>
FUND BALANCE AND LIABILITIES				
Deferred Income				
Net Income		(9,568,845.67)	62,236,596.41	136,356,664.56
Total Funds		<u>(9,568,845.67)</u>	<u>62,236,596.41</u>	<u>136,356,664.56</u>
Non-Current Liabilities				
Current Liabilities				
Accounts Payable	8	29,470,798.99	-	-
Total Liabilities		29,470,798.99	-	-
Total Fund Balance and liabilities		<u>19,901,953.32</u>	<u>62,236,596.41</u>	<u>136,356,664.56</u>

Prepared By: Judith Okumu



21st August 2013

Approved By: Elijah Letangule



21st August 2013

TRUTH JUSTICE AND RECONCILIATION COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 21ST AUGUST 2013

	Notes	KSHS		KSHS
		JULY-AUGUST		
		2013	2012-2013	2011-2012
REVENUE				
Kenya Commercial Bank Main Account balance as at 30/06/13		9,264,627.27	283,560,000.00	527,000,000.00
Kenya Commercial Bank Gratuity Account as at 30/06/13		31,997,690.65	3,144,526.05	8,711,447.25
Cash in Hand (Safe)		126,000.00		
Total Income/Revenue		41,388,317.92	286,704,526.05	535,711,447.25
Operating Expenses				
Wages, salaries and employee Benefits	10	13,405,726.41	113,140,036.75	168,616,761.69
Depreciation Equipment		5,749,134.23	5,400,008.00	7,672,184.12
Communication, Supplies & serv		770,336.40	7,230,096.00	10,280,590.50
Domestic travel & other trans		1,205,272.63	25,003,197.20	72,728,787.81
Foreign Travel & subsistence		2,790,539.34	12,111,686.45	7,883,758.25
Printing, Information Supplies		22,878,711.96	12,883,559.20	56,463,557.99
Rentals of produced Assets		12,010,670.99	53,722,308.00	90,397,468.51
Training expenses and capacity building		-	-	-
Hospitality supplies & service		1,699,829.40	29,245,660.15	36,519,835.19
Insurance cost		3,366,231.00	14,070,564.10	19,203,274.58
Specialised materials and Supp		112,250.00	330,791.00	4,004,369.00
Office & Gen Supplies		1,316,700.97	4,445,997.13	10,511,229.04
Fuel, Oil & Lubricants		650,804.96	7,321,669.12	16,434,087.38
Other operating expenses		40,643,850.66	43,277,177.00	78,358,230.17
Maintenance exp- motor vehicles		5,610.00	259,365.00	2,389,701.94
Routine maintenance-others		14,000.00	312,748.00	6,199,036.27
Government Pensions and Benefits		6,574,091.05	32,069,731.10	67,447,355.10
Total expenses		113,193,760.00	360,824,594.20	655,110,227.54
<i>Surplus from operating activities</i>		<i>(71,805,442.08)</i>	<i>(74,120,068.15)</i>	<i>(119,398,780.29)</i>

Prepared By: Judith Okumu



21st August 2013

Approved By: Elijah Letangule



21st August 2013

TRUTH JUSTICE AND RECONCILIATION COMMISSION
 CASHFLOW STATEMENT FOR THE PERIOD ENDED 21ST AUGUST 2013

	Notes	2012-2013	2011-2012 July-August 2013	
Net Profit Before Taxation		(74,120,068.15)	(119,398,780.29)	(71,805,442.08)
Adjustments for non cash expenses				
Depreciation		5,400,008.00	7,672,184.12	349,126.23
Operating Profit before working capital changes		(68,720,060.15)	(111,726,596.17)	(71,456,315.85)
Working Capital Changes				
Inventories		(392,360.00)	6,725,184.98	440,733.93
Accounts receivable		1,246,727.75	21,879,527.39	241,464.00
Accounts payables		-	(8,567,122.17)	29,470,798.99
Prepayments		126,298.62	(80,289.80)	87,234.78
Net Cash Flows from ordinary activities		(67,739,393.78)	(91,769,295.77)	(41,216,084.15)
Cash Flow from investing activities				
Assets		-	(7,258,145.00)	-
Net Cash Flows from Investing activities		-	(7,258,145.00)	-
Cash Flow from financing activities				
Capital Injection				
Net Cash increase in cash and cash equivalents		(67,739,393.78)	(99,027,440.77)	(41,216,084.15)
Opening Cash Balance		109,127,713.87	208,155,154.62	41,388,317.92
Cash and cash equivalents as at 30th June 2013	4	41,388,317.92	109,127,713.85	172,233.77

Prepared By: Judith Okumu



21st August 2013

Approved By: Elijah Letangule



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21st August 2013

TRUTH JUSTICE AND RECONCILIATION COMMISSION
 STATEMENT OF CHANGES IN FUND BALANCES
 FOR THE PERIOD ENDED 21ST AUGUST 2013

	2013-14	2012-2013	2011-2012
Balance as at 1st July			
Deferred Income Injection	62,236,596.41	136,356,664.56	255,755,444.85
Deficit	(71,805,442.08)	(74,120,068.15)	(119,398,780.29)
Adjustment for Net book value understated			
Adjustment for depreciation on assets not recognized			
Adjustment for expenditure overstated			
Balance as at 30th June	-9,568,845.67	62,236,596.41	136,356,664.56

Prepared By: Judith Okumu



21st August 2013

Approved By: Elijah Letangule



21st August 2013

TRUTH JUSTICE AND RECONCILIATION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 21ST AUGUST 2013

GENERAL INFORMATION

1 Accounting Policies

Basis of presentation

The financial statements have been prepared in accordance with the International Financial Reporting Standards.

Revenue recognition

Revenue is recognized to the extent on receipt of the Authority to incur expenditure from the Ministry of Justice National Cohesion and Constitutional Affairs (MOJNCCA). The Commission also collected money (Other income) from the sale of tenders.

Plant & Equipment

Equipment is stated at cost or valuation less accumulated depreciation and accumulated impairment in value. Depreciation is calculated on a straight line basis and is recognised so as to write off the cost or valuation of assets less the residual value over their useful lives.

Repairs and maintenance costs are recognized as expenses when incurred.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Accounts receivable

Accounts receivable are measured at cost. They comprise of amounts receivable from staff accruing from official activities that remained uncollected at the close of the financial year.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and bank account balances.

2 Measurement Basis and Accounting Policies applied

The financial statements are prepared under the historical cost convention.

Prepared By: Judith Okumu  21st August 2013

Approved By: Elijah Letangule  21st August 2013

TRUTH JUSTICE AND RECONCILIATION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE PERIOD ENDED 21ST August 2013

3 (a) Fixed Assets

They are stated at cost less depreciation.
 Depreciation rates applied are:

Furniture and Fittings	12.50%
Computer Equipment	33.3%
Photocopiers	33.3%

(b) Fixed Assets Schedule

Cost	Furniture & Fittings (Kshs)	Computer Equipment (Kshs)	Photocopiers (Kshs)	Total (Kshs)
Balance as at 1st July 2010	-	-	-	-
Acquisitions during the Year	3,021,681.00	13,877,345.50	1,076,260.50	17,975,287.00
Disposals	0	0	0	-
Closing Balance 30th June 2011	3,021,681.00	13,877,345.50	1,076,260.50	17,975,287.00
Adjustments for 2009-2010	4,706,600.00	3,830,950.00	1,231,805.00	9,769,355.00
Adjustments for 2010-2011	3,598,329.80	(721,245.00)	(312,624.45)	2,564,460.35
Total assets for 2010-2011	6,620,010.80	13,156,100.50	763,636.05	20,539,747.35
Acquisitions Fy 2011-2012	960,800.00	6,297,345.00	-	7,258,145.00
Correction	-	-	-	-
TOTAL ASSETS TO DATE	12,287,410.80	23,284,395.50	1,995,441.05	37,567,247.35
Depreciation	-	-	-	-
Charge for 2010-2011	377,710.13	4,621,156.05	358,394.75	5,357,260.92
Balance as at 30-06-2011	377,710.13	4,621,156.05	358,394.75	5,357,260.92
Depreciation on adjustments for 2009-2010	588,325.00	1,275,706.35	410,191.07	2,274,222.42
Depreciation on adjustments for 2010-2011	449,791.23	(240,174.59)	(104,103.94)	105,512.70
Accumulated Depreciation at as 30th June 2011	1,415,826.35	5,656,687.82	664,481.87	7,736,996.04
Total assets to date less accumulated dep	10,871,584.45	17,627,707.68	1,330,959.18	29,830,251.31
Adjusted Net Book Value 30th June 2010	3,668,483.78	2,795,418.24	925,717.88	7,389,619.89
Adjusted Net Book Value 30th June 2011	9,910,784.45	11,330,362.68	1,330,959.18	22,572,106.31
Depreciation Charge for the year	1,358,948.06	5,870,026.66	443,209.41	7,672,184.12
Net Book Value as at 30th of June 2012	9,512,636.39	11,757,681.02	887,749.77	22,158,067.19
	9,512,636.39	11,757,681.03	887,749.77	22,158,067.19
Depreciation Charge for the year	1,189,079.55	3,915,307.78	295,620.67	5,400,008.00
Net Book Value as at 30th of June 2013	8,323,556.84	7,842,373.25	592,129.10	16,758,059.19
Depreciation Charge for the year	173,407.43	163,382.78	12,336.02	349,126.23
*Net Book Value as at 20th of August 2013	8,150,149.41	7,678,990.47	579,793.07	16,408,932.96

There was no acquisitions or disposal of assets during the FY 2012-2013
 Net book value as at 20th Aug 2013 is for July & Aug 2013

Prepared By: Judith Okumu  21st August 2013

Approved By: Elijah Letangule  21st August 2013

TRUTH JUSTICE AND RECONCILIATION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE PERIOD ENDED 21ST AUGUST 2013

The assets for 2009-2011 were procured in June 2011. Depreciation was therefore not charged for that financial year. The assets were procured for the Commission by the Ministry.

4 Cash and cash equivalents

The cash balance is made up of the following

	30th June 2013	30th June 2012	July-August 2013
Kenya Commercial Bank Main Account	9,264,627.27	91,013,479.42	99,635.97
Kenya Commercial Bank Gratuity Account	31,997,690.65	17,913,409.45	71,479.15
Cash in Hand (Safe)	126,000.00	200,825.00	1,121.00
Total	41,388,317.92	109,127,713.87	172,236.12

5 Accounts receivable

Accounts receivable is made up of the following details

	2012-2013	2011-2012	July-August 2013
Temporary Imprests-Travel	241,464.00	-	-
Salary advances	-	-	-
Tender cash Receipted at MONICCA	520,000.00	520,000.00	520,000.00
Office Imprest	-	-	-
Imprests held in Regional Offices	-	-	-
Judges and Magistrates	-	939,500.00	-
Treasury	-	548,691.75	-
Total	761,464.00	2,008,191.75	520,000.00

6 Inventories

	July-August 2013	2012-2013	2011-2012
Stationery for office use	1,829,418.43	2,608,303.40	1,590,849.40
IEC Materials for distribution	851,126.59	512,975.55	1,138,069.55
Total Inventories	2,680,545.02	3,121,278.95	2,728,918.95

7 Prepayments

	July-August 2013	2012-2013	2011-2012
Balance at GOK Supplies Branch	20,239.22	107,474.18	123,287.80
Total Fuel Card	100,000.00	100,000.00	210,485.00
Total	120,239.22	207,474.18	333,772.80

8 Other payables

	2011-2012	2012-2013	July-August 2013
Jimcab -Hire of Motor Vehicles			1,850,000.00
Motogari Ltd-Hire of Motor Vehicles			2,495,547.99
Crystal Valuers-Rent			1,443,620.00
Sub total			5,789,167.99
Balance B/F 2012/2013			
Jimcab -Hire of Motor Vehicles			850,000.00
Motogari Ltd-Hire of Motor Vehicles			3,445,696.00
Crystal Valuers-Rent			357,785.00
Nation Media Group Ltd			4,800,000.00
The Standard Group Ltd			4,246,992.00
The Star Publications Ltd			2,900,000.00
Royal Media Services Ltd			2,271,396.00
Noel Creative			1,456,400.00
UAP Insurance Company Ltd			3,353,362.00
Sub Total			25,681,631.00
TOTAL			29,470,798.99

Prepared By: Judith Okumu  21st August 2013

Approved By: Elijah Letangule  21st August 2013

TRUTH JUSTICE AND RECONCILIATION COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE PERIOD ENDED 21ST AUGUST 2013

The Commission is domiciled in Kenya. The head office is at NHIF Building, Parking Annexe 5th Floor with offices in Garissa (North Eastern Region), Kisumu (Nyanza and Western Regions), Mombasa (Coast Region) and Eldoret (Rift Valley Region). The Commission was formed and is governed through the Truth Justice and Reconciliation (TJR) Act of 2008.

9 Currency

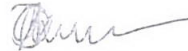
These financial statements are prepared in Kenya Shillings (Kshs) which is the Commission's functional and presentation currency.

10 Salaries and employee benefits are made up of the JULY-AUGUST 2012-2013 2011-2012

	2012-2013	2011-2012
Basic Salaries- Permanent Emp	1,697,532.85	14,309,270.80
Basic Salaries- Temporary Emp	9,501,424.65	90,681,225.10
Personal and Leave allowances	2,206,768.91	8,149,540.85
Total salaries and wages	13,405,726.41	113,140,036.75

11 Other income	2012-2013	2011-2012
Tender collection	80,000.00	474,000.00
Bank interest	3,064,526.05	
UN WOMEN Grant		8,237,447.25
	3,144,526.05	8,711,447.25

Prepared By: Judith Okumu



21st August 2013

Approved By: Elijah Letangule



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21st August 2013