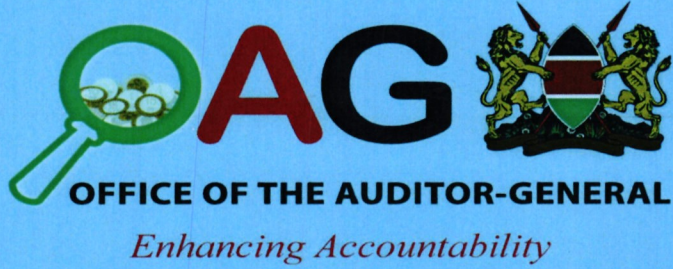
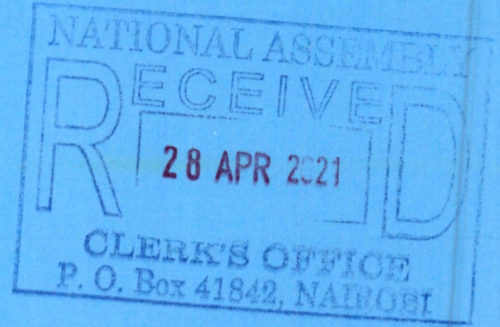


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**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**STATE DEPARTMENT FOR EAST AFRICAN  
COMMUNITY**

**FOR THE YEAR  
ENDED 30 JUNE, 2020**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 06 MAY 2021	DAY: Thursday
TABLED BY: Itan Amos LOM	Kimani 9
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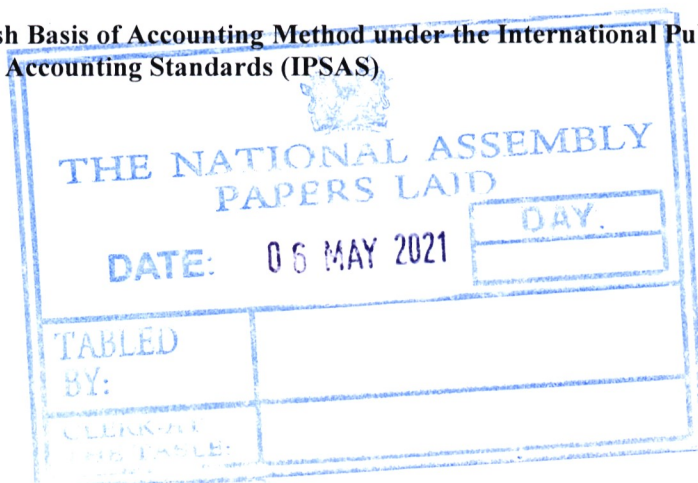
**MINISTRY OF EAST AFRICAN COMMUNITY AND REGIONAL  
DEVELOPMENT**  
*(STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY)*

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2020**

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



**MINISTRY OF EAST AFRICAN COMMUNITY AND REGIONAL DEVELOPMENT  
STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY**

**Reports and Financial Statements  
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STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY**

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**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Ministry of East African Community and Regional Development was formed by Executive Order No.1 of June 2018 (Revised) and Executive Order No. 1 of May, 2020 (Revised). The Ministry has two State Departments namely: East African Community and Regional & Northern Corridor Development.

At Cabinet level, the Ministry of East African Community and Regional Development is represented by the Cabinet Secretary who is responsible for the general policy and strategic direction of the Ministry.

**(b) Key Management**

The State Department's day-to-day management is under the following key organs:

- ◀Senior Management Committee;
- ◀Ministerial Human Resource Advisory Committee;
- ◀Ministerial Tender Committee; and
- ◀Ministerial Training Committee

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	Dr. Kevit Desai
2.	Integration Secretary	Dr. Alice Yalla, OGW
3.	Director of Administration	Stephen Ikua
4.	Chief Finance Officer	CPA Risper Nyongesa
5.	Assistant Accountant General	CPA Maureen Oganga

**(d) Fiduciary Oversight Arrangements**

The State Department has Fiduciary Oversight responsibility over the entity operations and has ensured adequate systems and processes of accountability, risk management and controls are in place. The Key Management Committees with Fiduciary Oversight responsibility were as follows;

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**1. Public Finance Management Standing Committee**

The State Department has established a Public Finance Management Standing Committee to provide strategic guidance to the entity on public finance management matters. The Standing Committee comprises of the following members: -

<b>No.</b>	<b>Designation</b>	<b>Name</b>	
1.	Dr. Kevit Desai,CBS	Accounting Officer	Chairperson
2.	Justin Nelima	Director, Administration	Member
3.	Solomon Odundo	Head Internal Audit	Member
4.	Maureen Oganga	Head Accounts	Member
5	Risper Nyongesa	Head Finance	Secretary

**The Standing Committee was generally being responsible for: -**

- a) Ensuring that there is prioritization on resources allocated for the smooth implementation of the State Departments mission, strategy, goals, risk policy plans and objectives;
- b) Regularly reviewing, monitoring budget implementation and advice on the State Departments accounts, major capital expenditures and reviewing performance and strategies at least on a quarterly basis;
- c) Identifying risks and implementation of appropriate measures to manage such risks or anticipated changes impacting on the State Department;
- d) Reviewing on a regular basis the adequacy and integrity of the State Department's internal control, acquisition and divestitures and management information systems including compliance with applicable laws, regulations, rules and guidelines;
- e) Establishing and implementing a system that provides necessary information to the stakeholders including stakeholder communication policy for the entity in line with Article 35 of the Constitution;
- f) Monitoring the effectiveness of the corporate governance practices under which the State Departments operates and propose revisions as may be required, from time to time;
- g) Monitoring timely resolution of audit issues; and
- h) Any other matter referred to it from time to time by the responsible Cabinet Secretary or in the case of Parliament.

**2. Audit Committee**

The Ministry is in the process of forming an Audit Committee.

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**3. Budget Implementation Committee**

The State Department has established a Budget Implementation Committee (BIC) that regularly advises the Accounting Officer on the performance of the entire budget during implementation and prepares performance reports. The BIC Committee comprises of the following members:

<b>No.</b>	<b>Name</b>	<b>Designation</b>	
1.	Dr. Kevit Desai, CBS	Accounting Officer	Chairperson
2.	Dr. Alice Yalla, OGW	Acting Integration Secretary	Member
3.	Justin Nelima	Director, Administration	Member
4.	Julius Mwabu	Director, Productive and Services	Member
5.	Peter Chege	Director, Political Affairs	Member
6.	Fredrick Gitahi	Ag. Director, Economic Affairs	Member
7.	Maureen Oganga	Head Accounts	Secretary
8.	Risper Nyongesa	Head Finance ,	Member

**The BIC terms of reference are: -**

- a) To review and consider the cash flow plans.
- b) To review the utilization of cash limits and consider any changes as may be required.
- c) To review the utilization of donor funds voted for the MDAs
- d) To advise the Accounting Officer on any challenges related to the budget implementation
- e) To review and recommend re-allocation of expenditures
- f) To review and approve the submission of the expenditure returns, IPPD, pending bills and A-I-A returns for the MDAs and recommend actions to be taken.
- g) To participate in Sector Working Groups
- h) To prepare the budget for the Ministry in consultation with HODs

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**4. Resource Mobilization Committee**

The State Department has established a Resource Mobilization Committee (BIC) to mobilize resources for implementation of projects and programmes as per the mandate. The Resource Mobilization Committee comprises of the following members:

<b>No.</b>	<b>Name</b>	<b>Designation</b>
1	Hezron Momanyi	Director Planning -Chair
2	George Arogo	Deputy Director
3	Tabitha Masinjila	Deputy Director
4	Irene Musebe	Deputy Director
5	Sarah Ogongo	Assistant Director
6	Willis Maganda	Senior Assistant Secretary
7	Eric Munene	Senior State Counsel
8	Risper Auma	Senior Principal Finance Officer
9	Paul Kibe	Finance Officer
10	Paul Gitau	Principal Economist

**The Resource Mobilization Committee terms of reference are: -**

1. To develop detailed Concept Papers for Resource Mobilization;
2. To steer the annual budgeting process under the guidance of the Chief Finance Officer;
3. To generate technical responses to the budget related circulars as will be issued by the National Treasury from time to time;
4. To generate technical responses to budget related queries as will be raised by the National Assembly from time to time;
5. To identify and reach out to private sector and development and social partners to support our projects and programmes;
6. Design and implement innovative ways to raise fund;
7. Submit to the Permanent Secretary progress reports.

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**(e) Entity Headquarters**

Co-operative Bank House  
16<sup>th</sup> – 19<sup>th</sup> Floor  
Haile Selassie Avenue  
P.O. Box 8846 - 00200  
Nairobi,  
KENYA

**Entity Contacts**

Telephone : (254)-02245741/2211614  
E-mail: ps@meac.go.ke  
Website: www.meac.go.ke

**(f) Entity Bankers**

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

**(g) Independent Auditors**

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

**(h) Principal Legal Adviser**

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

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**II. FOREWORD BY THE CABINET SECRETARY**

In the Financial Year 2019/2020, the State Department implemented programmes that were geared towards deepening and widening the EAC Integration. The programmes were anchored on the national priorities, specifically to enable realization of the “Big Four Agenda”. The notable achievements by the State Department included the sustained Kenya’s global ease of doing business ranking from position 61 to 56 out of 190 countries. Kenya is currently ranked 3rd position in sub-Saharan Africa and has been amongst the top reformed countries for the last five (5) consecutive years. In addition, the State Department continued to successfully coordinate implementation of the Single Customs Territory (SCT) which significantly reduced the administrative barriers to movement of goods within the region. The review of the EAC Common External Tariff (CET) prompted the need to undertake comprehensive national consultations on the tariffs to be adopted to support the country’s growth agenda. Towards this process, the State Department conducted stakeholder consultations on the CET review, consolidated submissions and forwarded Kenya’s Position Paper on the CET to the EAC Secretariat.

In the service sectors, we coordinated the implementation of EAC Broad Band Infrastructure Network Project to enhance the connectivity of the region to the Marine Cables; and progressed the harmonization of policies relating to road, air, telecommunications and maritime transport. In line with the spirit of EAC Integration, bilateral meetings were held with Uganda and Tanzania to resolve non-tariff measures that hampered trade. These achievements will boost the regional integration agenda, open market access for manufactured products and increase investments.

In order to increase the number of Kenyans who take advantage of the EAC trade regime, capacity development programmes were designed for various target groups including traders, the youth, women and marginalised persons. Professionals also continued to implement and monitor their mutual recognition agreements to enhance trade in services across the borders.

For Kenya to optimize the benefits of the EAC Integration, it is important to have a harmonised stakeholder engagement in the implementation of EAC projects and programmes. To this end, we will therefore endeavour to reach as many Kenyans as possible in the integration journey by strengthening the coordination role and scaling up targeted interventions.

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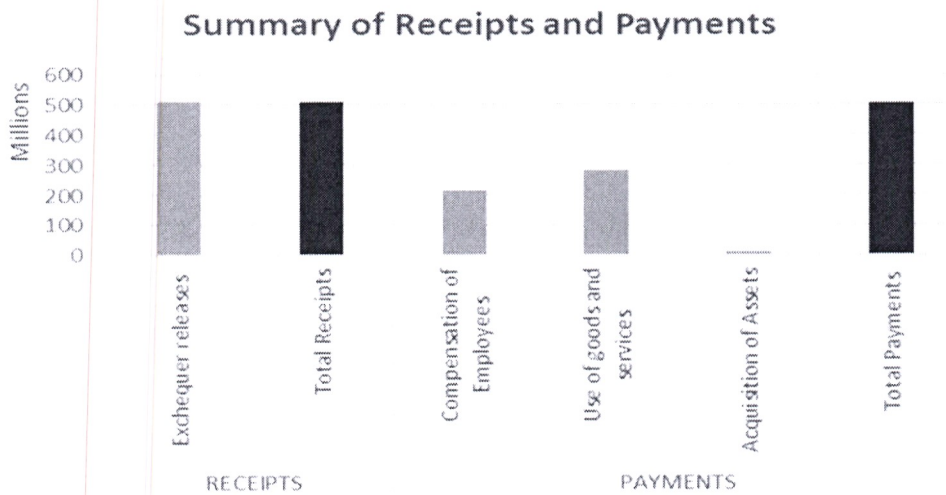
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**KEY ACHIEVEMENTS**

The State Department utilized 99% of the allocated recurrent vote in the financial year to carry out its mandate. The mandate of the State Department is coordination and implementation of East Africa Community regional programmes and projects; promotion and fast tracking of EAC Integration and enhance the ease of doing business in Kenya.

The summary of receipts and payments are as shown in Figure 1.

**Figure 1: Summary of Receipts and Payments**

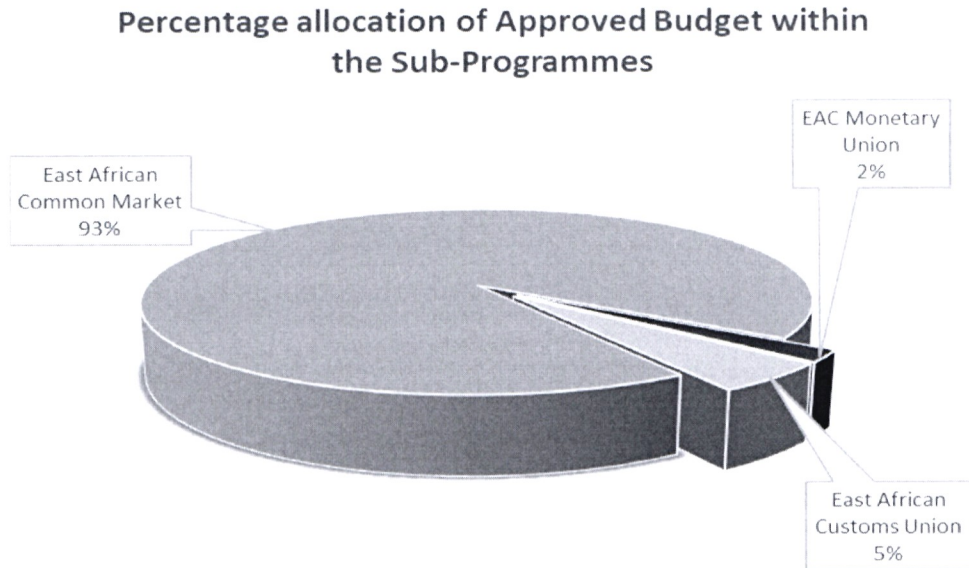


The East African Common Market was allocated the largest share of the budget (93%) within the sub-programmes. The East African Customs Union and the EAC Monetary Union sub-programmes had a share of 5% and 2% respectively. This can be attributed to the fact that the EAC integration process is currently focused in the implementation of the EA Common Market. This allocation is as shown in Figure 2.

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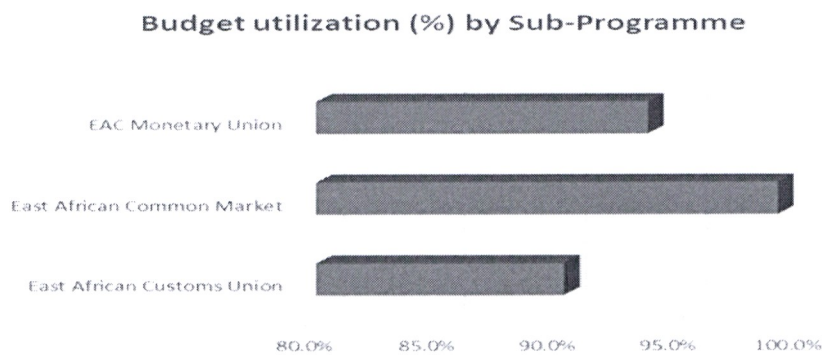
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**Figure 2: Percentage allocation of Approved Budget within the Sub-Programmes**



The East African Common Market was also the highest in utilization of allocated funds at 99.1%. The East African Customs Union and the EAC Monetary Union sub-programmes had utilization rates of 90.3% and 93.7% respectively as shown in Figure 3.

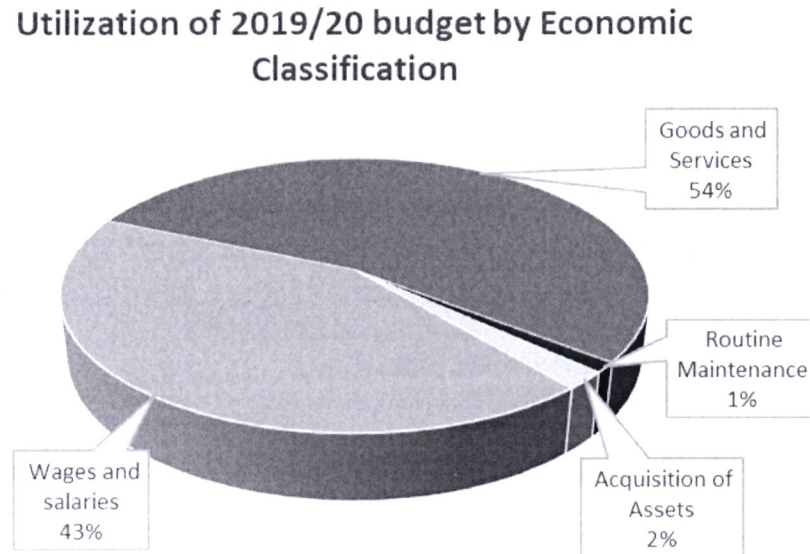
**Figure 3: Budget utilization within the Sub-Programmes**



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**Figure 4: Budget utilization as per Economic Classification**



**Summary of key achievements during the Financial Year 2019/2020**

During the period under review, State Department realized tremendous achievements under the EAC Integration and Business Transformation function.

**Achievements under the EAC Integration**

The State Department implemented several activities under the EAC Integration pillars namely; EAC Customs Union, EAC Common Market, EAC Monetary Union, EAC Political Federation, and EAC Cross-Cutting issues. The achievements are as follows:

**a. EAC Customs Union**

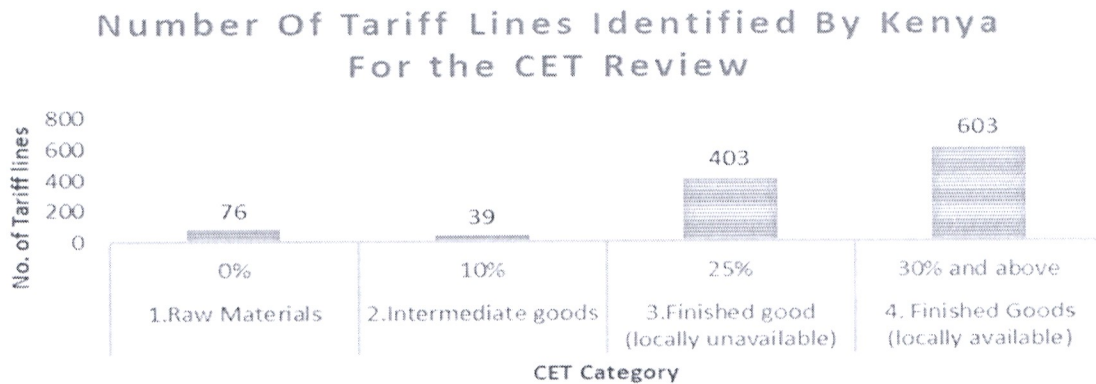
- i. The implementation of the EAC Customs Union and Common Market Protocols continued during the review period. Negotiations at the regional level by the Regional Task Force on the Comprehensive Review of the EAC Common External Tariff (CET) commenced on 26th February, 2019 and are based on the consolidated Regional Report by the Consultant. Among the expected outputs is updating the EAC CET 2012 version to HS 2017 version, reviewing the sensitive list and addressing any inconsistency identified in the EAC CET and the EAC Rules of Origin.
- ii. Towards this process, the State Department conducted four (4) stakeholders' consultative meetings on CET Review, consolidated submissions from stakeholders on CET Review and submitted Kenya Country Position Paper on CET to the EAC Secretariat. Kenya's proposal on CET included establishment of a 4-band classification i.e. Raw materials, intermediate goods, finished good (locally unavailable) and finished Goods (locally available). The

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completion deadline on CET review was extended to October, 2019. Kenya identified a total of 1,121 tariff lines for review as shown in Figure 5.

**Figure 5: The four bands classification and number of Tariff lines identified by Kenya for the CET Review**

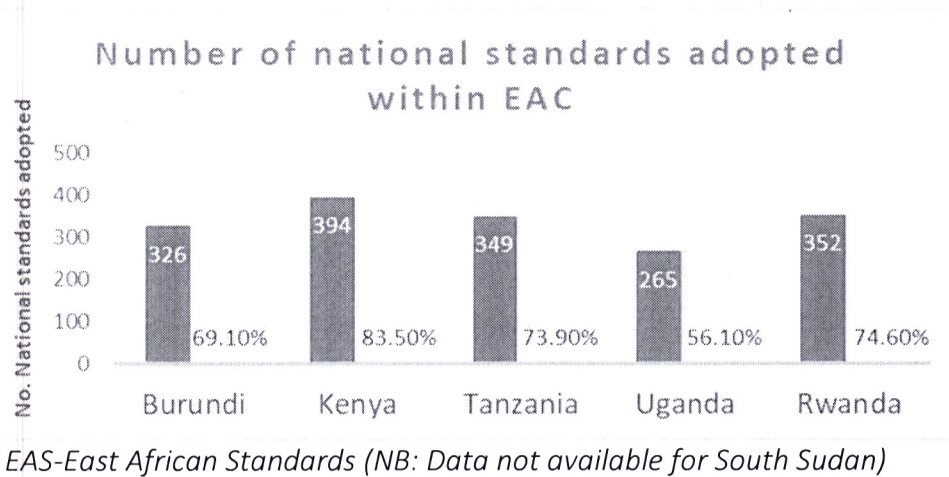


- iii. As at June, 2020, a total of 1300 standards had been cumulatively harmonized and adopted as EAC standards by East African Standards Committee ((EASC). Kenya being the Partner State with the highest share of intra-EAC trade is bound to benefit more from harmonization of more standards. The harmonization of standards reduces occurrence of standard related Non-Tariff Barriers (NTBs). Partner States reported adoption status of the Harmonized EAC Standards as shown in Figure 6.

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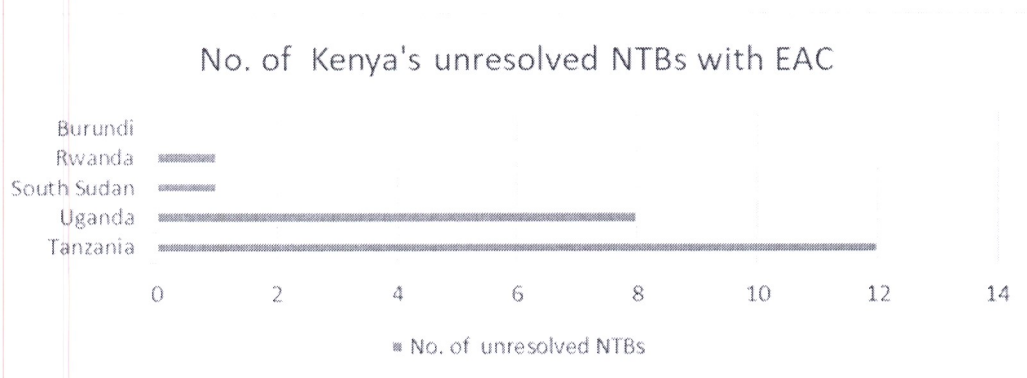
**Figure 6: Number of National Standards adopted within EAC**



Kenya, with 83.5% rate of adoption was the highest in the EAC.

- iv. As at 30<sup>th</sup> June 2020, 122 NTBs had been cumulatively resolved since 2009. A total of 22 NTBs remain unresolved and are spread in the EAC as shown in Figure 7.

**Figure 7: Number of Kenya's unresolved NTBs with EAC**



- v. Negotiations on the movement of business persons across the three RECs, COMESA-EAC and SADC are ongoing. This will enhance more trading opportunities across a wider market.
- vi. The State Department developed a concept paper for the establishment of the integrated Cross Border market in Busia which will encompass a retail section, wholesale and business hub. Inter-governmental consultations on the same were held and a feasibility study undertaken. Engagement with possible financiers was held and the financing agreement is under consideration by the National Treasury and Planning.

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- vii. The State Department held stakeholder consultations at the National and county level on the planned Jumuiya Market at Taveta. Through these consultations land was identified for the construction of the Market.
  - viii. The Single Customs Territory (SCT) was implemented and preferential treatment accorded to Kenyan products. The SCT involves computerised clearance and electronic tracking through interconnectivity of customs systems. It further facilitates seamless flow of information between customs stations and a payment system to manage transfers of revenues between EAC Partner States. It is a step towards a full customs union, achievable by the removal of restrictive regulations and reducing internal border controls on goods moving between Partner States.

**b. EAC Common Market**

During the review period, the State Department coordinated the development of;

- i. The EAC Common Market Protocol Scorecard 2018 on Free Movement of Labour, Rights of Establishment and Residence (EAC CMS, 2018) finalized and validated during a regional meeting of Labour Experts and Directors Coordinating the implementation of EAC Common Market Protocol held from 10<sup>th</sup> – 11<sup>th</sup> February, 2020 in Nairobi.
- ii. A draft Framework for Reporting Restrictions imposed on Capital Account in compliance with Article 25(2) of the Common Market Protocol was approved by the 11<sup>th</sup> Sectoral Council for Finance and Economic Affairs and recommended for adoption and use by the Partner States after approval by the Council.
- iii. The EAC Banking Certification Policy, its Implementation Strategy and Roadmap was finalized and approved by the 11<sup>th</sup> meeting of the Sectoral Council for Finance and Economic Affairs and to be considered and adopted by the Council to pave way for implementation by the EAC Partner States.
- iv. The EAC Microfinance Services Policy and its Implementation Strategy and Roadmap was finalized and to be considered and adopted by the Council to pave way for implementation by the EAC Partner States.
- v. The EAC Insurance Bill that was finalized and approved by the 11<sup>th</sup> Meeting of the Sectoral Council for Finance and Economic Affairs in January, 2020 and to be considered and adopted by the Council to pave way for implementation by the EAC Partner States.
- vi. Draft EAC Insurance Regulations where Kenya undertook in-country consultations on the draft regulations in February, 2020.
- vii. The draft Paper and the corresponding Principles on Extending Pension Coverage to the Informal Sector in the EAC Region was finalized and approved by the 11<sup>th</sup> Meeting of the Sectoral Council for Finance and Economic Affairs in January, 2020. The approved Paper and Principles will be considered for approval for implementation by the 39<sup>th</sup> meeting of the EAC Council of Ministers.

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**c. EAC Monetary Union**

During the review period,

- i. The East African Monetary Institute Bill 2018 was assented to by all Partner States.
- ii. The East African Statistics Bureau Bill, 2018 was discussed and passed by EALA and has been shared with Partner States for in-country stakeholder consultations before consideration by the Heads of State for assent.
- iii. Five (5) additional Chapters (5-9) of the EAC Guidelines on Compilation of Government Finance and Public Sector Debt Statistics to facilitate harmonization of Fiscal Statistics were developed and are due for publication in readiness for implementation by the Partner States.
- iv. The 1<sup>st</sup> Draft Report of the Study on the Required Reforms to align the EAC Structure, Programs and Activities with Financial Resources Available from EAC Partner States was done and the first regional validation meeting held on 22<sup>nd</sup> June, 2020 via Video Conference.
- v. The directive by the 17<sup>th</sup> Summit of the EAC Heads of State to mainstream the East African Development Bank (EADB) into the EAC Mainstream and advise the Council was finalized by the Regional Technical Working Group and considered by the 11<sup>th</sup> Meeting of the Sectoral Council for Finance and Economic Affairs in January, 2020. The Sectoral Council noted that there are no inconsistencies between the 1980 EADB Charter and the EAC Treaty (1999) regarding powers of the EADB governing council and those of the EAC Council of Ministers. Upon approval by the Council, the EAD Governing Council will have the opportunity to annually inform the Summit on the performance of the Bank be given opportunity to annually inform the Summit on the performance of the Bank.

**d. EAC Political Federation**

- i. During the reporting period, experts drafting the Constitution for the EAC Political Confederation held two regional meetings in Mwanza, Tanzania and Entebbe Uganda from 25<sup>th</sup> – 27<sup>th</sup> September, 2019 and 15<sup>th</sup> -17<sup>th</sup> November, 2019 respectively. This culminated in the launch of the National Stakeholders' Consultations on the envisaged Political Federation Constitution on 18<sup>th</sup> November, 2019 in Entebbe, Uganda. This was followed by a successful stakeholder's consultations activity in the Republic of Burundi from 14<sup>th</sup> – 21<sup>st</sup> January, 2020. Similar consultations will be undertaken in the other five Partner States in the next financial year.
- ii. To enhance governance observance of human rights in the region the State Department coordinated Kenya's participation in the:
  - Meeting of the Heads of National Human Rights Commission from 11<sup>th</sup> – 12<sup>th</sup> March, 2020 in Entebbe -Uganda. The EAC Forum of National Human Rights Commissions brings together Human Rights Commissions from the six partner states, annually to deliberate on human rights matters of concern in the region;
  - Public Hearing of the East African Integrity and Anti-Corruption Bill 2019 held in Nairobi on 19<sup>th</sup> October, 2019. The Kenyan stakeholders were accorded a platform to give their views and the report thereof submitted to EALA for action.

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- iii. The internal processes regarding the draft EAC Mutual Defence Pact and Draft Mechanisms for the Operationalization of the Pact were finalized as directed by the 38<sup>th</sup> Extra Ordinary Meeting of the Council held on 30<sup>th</sup> January, 2019. The internal processes getting approval from the Defence Council and the Cabinet.
- iv. To enhance cooperation in Defence and regional security, the State Department coordinated Kenya's participation in the:
- 12<sup>th</sup> EAC Military Games and Cultural Event 2019 held in Nairobi from 11<sup>th</sup> -26<sup>th</sup> August, 2019;
  - EAC Counter Terrorism Stakeholders' Forum held in Dar es Salaam from 10<sup>th</sup> -13<sup>th</sup> September, 2019;
  - The Concept Development and Initial Planning conferences for the 12<sup>th</sup> EAC Armed Forces Field Training Exercise (FTX) Ushirikiano Imara 2020 held in Kampala Uganda from 28<sup>th</sup> - 30<sup>th</sup> January, 2020 and 18<sup>th</sup> -20<sup>th</sup> March, 2020 respectively;
  - Sensitization meeting of Border Agencies and Community Leaders on the EAC Draft Trans-Boundary Security Framework and other Cross Border Initiatives held in Busia County from 27<sup>th</sup> -29<sup>th</sup> August, 2019;
  - On Spot Assessment of Kenya's designated EAC Police Centers of Excellence; DCI Training Academy, Police Counter Terrorism and the Police Air Wing from 26<sup>th</sup> -27<sup>th</sup> February, 2020;
  - Extra Ordinary meeting of Chiefs of Prisons/ Correctional Services held in Kampala Uganda from 11<sup>th</sup> -12<sup>th</sup> July, 2019.

**Achievements on Ease of Doing Business under Business Transformation**

The Ease of Doing Business Report is an annual report published by the World Bank Group, which measures global competitiveness across 190 economies globally across 10 indicators namely: Starting a Business, Getting Electricity, Obtaining Construction Permits, Registering Property, Paying Taxes, Getting Credit, Resolving Insolvency, Enforcing Contracts, Protecting Minority Interests and Trading across Borders.

Under the Ease of Doing Business function, the State Department achieved a global ranking position 56 from 61 in the previous year by implementing the following:

- i. Developed and disseminated the annual business reform action plan across the ten indicators.
- ii. Coordinated the drafting and enactment of the Business Laws (Amendment) Act 2020.
- iii. Coordinated the publication of six (6) Legal Notices to implement the identified regulatory reforms.
- iv. Held twenty five (25) meetings to monitor the implementation of reforms in accordance with the action plan for the 2019/2020 reform cycle.
- v. Coordinated the publication of seven (7) Public Notices to communicate the implemented Business Reforms during the Financial Year 2019/20 such as the simplified process for undertaking an Environmental Impact Assessment (E.I.A) and revised building projects registration timelines.

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**Emerging Issues**

- i. The onset of COVID-19 Pandemic which is threatening to erode the gains achieved on the free movement of goods and persons across EAC borders
- ii. Diplomatic standoffs within EAC sub-regional integration process with possibilities of Partner States sliding back to unilateralism.
- iii. Establishment of new EAC Institutions which require contributions from the Partner States namely EAC Monetary Institute, EAC Statistics Bureau, EAC Competition Authority temporary hosted in Arusha, Tanzania, EAC Centre for Aviation Medicine in Nairobi, Kenya, EAC Health Research Commission in Bujumbura, Burundi, EAC Kiswahili Commission in Zanzibar, and EAC Science and Technology Commission in Kigali, Rwanda.
- iv. Implementation of the Government policy on operationalization of the superannuation contributory pension scheme requires increased financing.

**Implementation challenges, Recommendations and way forward**

Despite the achievements made, the State Department encountered several challenges while executing its mandate. These challenges include:

- i. Inadequate budgetary funding due to limitation in the General Economic and Commercial Affairs (GECA) sector ceilings and fluctuation of the Kenya shilling against the dollar.
- ii. Lack of adequate research, documentation and database/statistics on East African Community activities.
- iii. Slow domestication of EAC Council Decisions by Partner States which has hampered implementation of programmes and projects at national level.
- iv. Donor dependence on most of the EAC projects and programs leading to non-implementation of planned activities
- v. Delays in ratification of protocols such as the Protocol on Sanitary and Phytosanitary. This hinders implementation of key interventions. Only Kenya, Uganda and Rwanda have ratified the Protocol;
- vi. Decision making process at the regional level is by consensus. This implies that in case one Partner State disagrees with a decision; nothing progresses until there is consensus;
- vii. Financial challenges at regional level which hamper implementation of regional activities as per the EAC Annual Calendar of Activities;
- viii. The impact of COVID-19 Pandemic has slowed down movement of goods and persons which has impacted negatively on cross border trade;
- ix. Inadequate human resource capacity; and
- x. Multiple memberships to regional economic blocs resulting in conflicting policies and protracted decision-making processes.

**b) Recommendations**

- i. Additional resources should be availed to implement the Post Covid-19 Recovery Strategy.
- ii. Additional resources should be provided towards deepening and widening the integration process through fast tracking the implementation of the Customs Union, Common Market, and laying the foundation for Monetary Union and Political Federation.

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- iii. The Ministry is in the process of establishing additional Regional Integration Centres (RIC) within the major Border Posts with EAC. Additional resources are therefore required to put in place basic infrastructure such as ICT, office accommodation, installation of digital screens at major border posts, furniture and fittings and also sensitizing local business community and stakeholders at the Border Posts.
  - iv. There is need to adequately fund Publicity and advocacy programmes on market access, benefits and opportunities of the EAC Integration.
  - v. Provide adequate resources to capacity build the Ministry's staff as well as EAC Focal Point officers from Ministries, Counties, Departments and Agencies (MCDAs) to ensure that national interests are secured.
- c) Way Forward**
- i. The State Department will continue to enhance sensitization and awareness creation programme to stakeholders at the County level.
  - ii. The EAC is currently considering the alternative financing mechanism to support the execution of projects and programmes within the region.

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**CONCLUSION**

I wish to thank all the staff in the Ministry for diligently and effectively working towards the implementation of our policy and the agreed Annual work plan targets. I understand the many challenges we went through during the implementation exercise, but working together as a team and putting the resource available where they were planned to be, we will make Kenya a great nation, creating substantial wealth and many job opportunities. The opportunities in the sector are enormous. We desire more stable and reliable funding, especially for the Ministry's programme and projects, staff development, applied research and necessary tools to unlock the enormous potential in Kenya, in the immediate future.

We, at the Headquarters, need to develop a close and trusted working partnership with the Partner States so that the Regional Integration and investments can continue contributing to the economic growth of Kenya and improve the standard of living of our people.

**ACKNOWLEDGEMENT**

On behalf of my Ministry, I wish to take this early opportunity to thank the Government for the support in funding the strategic steps we have taken in building capacity for Kenya to manage Regional Integration and investments.

Signed.....

Date.....16/12/2020.....

**Hon. Adan Mohamed, EGH  
Cabinet Secretary**

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**III. STATEMENT OF PERFORMANCE AGAINST MDA'S PREDETRMINED OBJECTIVES**

**Introduction**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of the *State Department for East African Community 2018-2022* plan are to:

- i) Coordinate the implementation of the EAC Pillars of Integration
- ii) Engage in national publicity and advocacy on EAC integration and its benefits.
- iii) Coordinate and participate in the formulation and implementation of EAC policies, decisions and directives.
- iv) Develop and implement business climate reforms and transformation.

**Progress on attainment of Strategic development objectives**

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below is the the progress on attaining the stated objectives:

<b>MDA Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
i. EAC Integration	i) Coordinate the implementation of the EAC Pillars of Integration namely; EAC Customs Union, EAC Common Market, EAC Monetary Union and EAC Political Federation	Increased Kenyan Exports to the EAC	Total Value of exports to the EAC (B/Kshs)	In FY 2019/20, Kenya's exports to EAC increased from Ksh 129.0 Billion to Ksh. 139.7 Billion
		Comprehensive Review of the EAC Common External Tariff (CET)	Updated EAC CET (From 2012 version to HS 2017 version)	Kenya submitted its Country Position Paper on CET to the EAC Secretariat where it identified a total of 1,121 tariff lines for review
		Compliance with Harmonized EAC tariffs	Percentage compliance with harmonized tariffs	As at June, 2020, a total of 1300 standards had been cumulatively harmonized and adopted as EAC standards by East African Standards Committee ((EASC). Kenya, with 83.5% rate of adoption was the highest in the EAC.
		EAC Rules of Origin applied	No. of Certificates of Origin issued	Kenya issued 152,000 certificates of origin against a target of 150,000

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MDA Program	Objective	Outcome	Indicator	Performance
		Reduced Non-Tariff Barriers	No. of NTBs eliminated	As at 30th June 2020, 122 NTBs had been cumulatively resolved since 2009. A total of 22 NTBs remain unresolved. Bilateral negotiations on the remaining NTBs is ongoing
		EAC Cross border trade disputes resolved	Percentage of Cross border trade disputes resolved	Kenya resolved all trade disputes that arose in the FY 2019/20
		Regional Integration Centres (RICs) operationalized	No. of RICs operationalized	Namanga and Busia RICs have been operationalized
		Operationalization of One Stop Border Posts (OSBPs)	No. of One Stop Border Post operationalized	Two (2) OSBPs Commissioned at Heads of State Level (Busia & Namanga)
		Students, persons and workers facilitated to get permits	No. of Students, persons and workers permits issued	Kenya issued 1,410 Students, persons and workers facilitated to get permits during the FY
		East African Monetary Union (EAMU) roadmap implemented	% level of implementation of the EAMU roadmap	Kenya participated in the implementation of the EAMU roadmap which is at 70% implementation status
	ii) Engage in national publicity and advocacy on EAC integration and its benefits to Kenyans	Informed and empowered stakeholders on EAC Common Market	No. of media campaigns	During the FY, media campaign was not done due to Austerity measures
		Increased awareness on opportunities from EAC integration	No. of publicity awareness creation held in Counties	Cumulatively, publicity awareness creation workshops have been held in 24 counties
		Awareness on EAC trade opportunities for women, PWDs, Youth and Professionals	No. of sensitisation workshops held	Eight (8) sensitization workshops were held
		Establishment of EAC Clubs in Universities/ Secondary schools	No. of Universities/ Secondary schools reached	Partnered with Universities/schools where over 70 clubs have been established
		Empowered stakeholders on EAC Integration	No. of joint Cross Border sensitization	Five (5) workshops were held against a target of eight (8) due to Inadequate budget allocation

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MDA Program	Objective	Outcome	Indicator	Performance
			workshops	
	iii) Coordinate and participate in the formulation and implementation of EAC policies, decisions and directives	Kenya's interest integrated in the region	No. of public hearings conducted on EAC Bills	
			No. of research papers developed on EAC Bills, Motions and Resolutions	As at 30th June, 2020, the EAC has cumulatively enacted a total of 17 Protocols and 41 Acts
			No. of meetings held between EALA Kenya Chapter and Parliament	
			No. of Policy documents developed	In the FY 2019/10, The State Department cumulatively developed 9 policy documents in 3 sectors namely Industrial, Financial services and Taxation
ii. Business Transformation	Develop and implement business climate reforms and transformation	Improved ease of doing Business ranking	Ease of doing Business ranking	Kenya was ranked 56th in the Ease of Doing Business from 61st the previous year
		Annual business reform action plan developed and disseminated	No. of business reform action plan developed and disseminated	In the FY 2019/20, annual business reform action plan across the ten indicators were developed and disseminated
		Drafting and enactment of the Business Laws (Amendment) Act 2020 Coordinated	The Business Laws (Amendment) Act 2020	The State Department coordinated the drafting and enactment of the Business Laws (Amendment) Act 2020
		Legal Notices to implement the identified regulatory reforms published	No. of Legal Notices published	The State Department coordinated the publication of six (6) Legal Notices to implement the identified regulatory reforms.
		Public Notices to communicate the implemented Business Reforms published	No. of Public Notices published	The State Department coordinated the publication of seven (7) Public Notices to communicate the implemented Business Reforms during the Financial Year 2019/20

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**IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY  
REPORTING**

The State Department of EAC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three (3) pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar:

**a. Environmental performance**

Every year, the SDEAC coordinates Kenya Stakeholders in the marking the Mara-Day, celebrated by Kenya and hosted alternately by Kenya and Tanzania on 15th September. The activities to mark the day run for one week prior to the climax celebrations on 15th and key activities involve tree planting within the Mara Catchment, as well as clean up exercises in some pollution hotspots. Although the main celebrations were hosted in Tanzania, the tree planting and clean up exercises were undertaken even on the Kenyan side of the Basin. Hon. Ken Obura, the CAS Ministry of EAC & RD led the Kenyan delegation to the celebrations at Mugumu Tanzania.

The Mara River Basin is a Trans boundary resource and a biodiversity hotspot of international importance that is currently threatened by a variety of challenges among them; habitat modification and fragmentation, deforestation, reduction in vegetation cover and species diversity.

**b. Employee welfare**

The State Department of EAC continues to abide by the Public Service Commission guidelines in hiring its staff. As per requirements, SDEAC undertook a Training Needs Assessment (TNA) where skills gaps were identified. Training projections was undertaken and staff mapped to training courses according to their skills gap.

The State Department of EAC also undertook Performance Appraisal for all its staff according to the performance appraisal guidelines issued by the Public Service Commission.

**c. Community Engagements-**

- i. The State Department coordinated the procurement of Two Mobile Laboratories for Covid-19 testing under the EAC Regional Network of Public Health Reference laboratories project. The two mobile laboratories are deployed at Namanga OSBP and Naivasha ICD. The two laboratories have facilitated the testing of truck drivers transporting cargo along the Transit Corridors.
- ii. The State Department undertook various sensitization and awareness creation forums on customs union, common market, monetary union and political federation with a view to informing the stakeholders of the available opportunities. The sensitization workshops were on Regional Integration policy, business community (Small and Micro enterprises, Border communities, Youth /women/ disadvantaged groups). The State Department, in partnership with the Law Society of Kenya (LSK), successfully conducted sensitization workshops for lawyers in the Counties of Nairobi, Mombasa (twice), Kisumu, Kilifi, Uasin Gishu, Nakuru and Meru;

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- iii. The State Department coordinated the EAC Support to Border Governance Agencies' Response to COVID-19 Pandemic Programme. Through GIZ support, each of the six operational OSBPS received Personal Protective Equipment (PPEs) comprising: 500 reusable Face Masks, 800 Sets of Gloves and 50 bottles of Sanitizers (500mls). Additionally, each of the OSBP received 300 copies of Pamphlets containing Information on Management of Cross Border Movement in the context of COVID-19. This programme was undertaken from 22<sup>nd</sup> – 26<sup>th</sup> June, 2020

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**V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the 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 East African Community is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for East African Community accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer charge of the State Department for East African Community further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity'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 entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The entity's financial statements were approved and signed by the Accounting Officer on 16/12/ 2020.

Principal Secretary

Name: DR. ICEVITI DESAI, CBS

Assistant Accountant General

Name: M Oluoch  
ICPAK Member Number 6763

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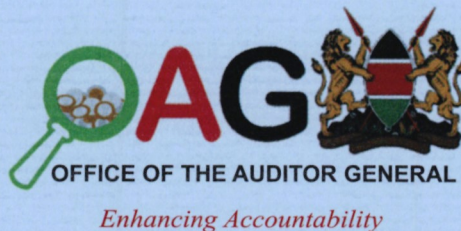
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**VI. REPORT OF THE INDEPENDENT AUDITORS ON THE STATE DEPARTMENT  
FOR EAST AFRICAN COMMUNITY**

# REPUBLIC OF KENYA

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Anniversary Towers  
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## **REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY FOR THE YEAR ENDED 30 JUNE, 2020**

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### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of the State Department for East African Community set out on pages 27 to 45, which comprise the statement of assets and liabilities as at 30 June, 2020, the statement of receipts and payments, the statement of cash flows and the summary statement of appropriation-recurrent for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 East African Community as at 30 June, 2020, 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. Payment for Unlawful Employment**

The statement of receipts and payments reflects an expenditure balance of Kshs.280,421,606 under use of goods and services which, as disclosed in Note 4 to the financial statements, includes an amount of Kshs.25,219,723 incurred on other operating expenses. The latter balance includes an amount of Kshs.4,400,000 spent on an officer who was retained on short-term contract as a financial advisor under the Ministry's Programme with the Department for International Development (DFID) after retirement as per a letter from the Permanent Secretary dated 3 March, 2009. The details of the contract regarding payment, duration and conditions were not agreed upon due to delays in the conclusion of a Memorandum of Understanding between the Ministry and DFID.

The Officer instituted a suit against the Government on 5 November, 2012 in the Employment and Labour Relations Court seeking Kshs.4,000,000 as unpaid salary for ten (10) months, general damages for unlawful termination and costs of the suit. Judgment was delivered on 18 May, 2018 and the State Department was ordered to pay

Kshs.4,000,000 as unpaid salary subject to statutory deductions for ten (10) months and Kshs.400,000 as compensation and costs of the suit.

Further, the Attorney General on 18 July, 2019 indicated that the decretal sum was Kshs.3,935,132 including costs and interest. However, actual payment amounted to Kshs.4,400,000 resulting into an unexplained overpayment of Kshs.464,868. In addition, the State Department did not avail evidence showing that the statutory deductions totalling Kshs.1,192,656 were remitted to the Kenya Revenue Authority and approval by the Public Service Commission to retain the Officer in the service beyond the mandatory retirement age.

In the circumstances, it was not possible to confirm validity and regularity of the payment of Kshs.4,400,000.

## **2. Long Outstanding Imprests**

The statement of assets and liabilities reflects accounts receivable - outstanding imprests of Kshs.262,326. However, as disclosed in Note 7 to the financial statements, the balance includes outstanding imprest of Kshs.174,836 relating to the financial year 2015/2016. No explanation was given for failure to recover the whole amount as required under Regulation 93 (6) of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer to take immediate action to recover the full amount from the salary of the defaulting officer with interest charged at the prevailing Central Bank Rate.

In the circumstances, the recoverability of the receivables balance of Kshs.174,836 could not be confirmed.

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

## **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 15 to the financial statements reflects pending bills amounting to Kshs.5,010,015 which were not settled in 2019/2020 financial year but were instead carried forward to 2020/2021. Management has not provided an explanation for non-payment of the pending

bills. Failure to settle bills during the year to which they relate adversely affects the provisions of the subsequent year to which they are charged.

## **2. Unresolved Prior Year Matters**

Various prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, some unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

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

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **Non-Maintenance of Assets Register**

The summary of fixed assets register under Annex 4 to the financial statements reflects Kshs.49,739,206 being the cumulative cost of all assets owned by the State Department. However, the Management did not maintain an assets register contrary to Regulation, 143 of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer to maintain a register of assets under his or her control or possession as prescribed by the relevant laws.

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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Lack of an Audit Committee**

As reported in the previous year and as disclosed under Key Entity Information and Management section, the State Department did not have an independent Audit Committee as required by Section 73(5) of the Public Finance Management Act, 2012, which provides that every national government public entity shall establish an Audit Committee whose composition and functions shall be as prescribed by the regulations. In the absence of a functioning Audit Committee, monitoring and review of the effectiveness of the internal audit process, review of internal controls, risk management systems and financial statements among other functions of an Audit Committee were not executed thus hindering good corporate governance at the State Department.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

In preparing the financial statements, Management is responsible for assessing the State Department's ability 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 abolish the State Department 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 State Department 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 Department's 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 State Department's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Department to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the State Department 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**

**20 April, 2021**

**MINISTRY OF EAST AFRICAN COMMUNITY AND REGIONAL DEVELOPMENT  
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**VII. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2019-2020 Kshs	2018-2019 Kshs
<b>RECEIPTS</b>			
Proceeds from Domestic and Foreign Grants	1		7,591,418
Exchequer releases	2	509,629,751	895,919,570
<b>TOTAL RECEIPTS</b>		<b>509,629,751</b>	<b>903,460,988</b>
<b>PAYMENTS</b>			
Compensation of Employees	3	216,498,859	271,709,994
Use of goods and services	4	280,421,606	600,432,274
Acquisition of Assets	5	10,456,356	29,915,208
<b>TOTAL PAYMENTS</b>		<b>507,376,821</b>	<b>902,057,476</b>
<b>SURPLUS/DEFICIT</b>		<b>2,252,930</b>	<b>1,403,512</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 16/12 2020 and signed by:

  
Principal Secretary

Name: DR. K. DESAI, CBS

  
Assistant Accountant General

Name: MOLARUA  
ICPAK Member Number: 6763


MINISTRY OF EAST AFRICAN COMMUNITY AND REGIONAL DEVELOPMENT  
STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY


Reports and Financial Statements  
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VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020-2019	2019-2018
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	6A	9,086,445	1,145,957
Cash Balances	6B	296,322	560,633
<b>Total Cash and cash equivalent</b>		<b><u>9,382,767</u></b>	<b><u>1,706,590</u></b>
Accounts receivables – Outstanding Imprests	7	262,326	454,188
<b>TOTAL FINANCIAL ASSETS</b>		<b>9,645,093</b>	<b>2,160,778</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables – Deposits and retentions	8	6,937,975	5,000
<b>NET FINANCIAL ASSETS</b>		<b>2,707,118</b>	<b>2,155,778</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	9	2,155,778	1,167,892
Prior year adjustment	10	(1,701,590)	(415,626)
<b>Surplus/Deficit for the year</b>		<b>2,252,930</b>	<b>1,403,512</b>
<b>NET FINANCIAL POSITION</b>		<b>2,707,118</b>	<b>2,155,778</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 16/12/2020 and signed by:

  
Principal Secretary  
Name: DR. K. DESAI, CBS

  
Assistant Accountant General  
Name: M OLANG'A  
ICPAK Member Number 6763


MINISTRY OF EAST AFRICAN COMMUNITY AND REGIONAL DEVELOPMENT  
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**IX. STATEMENT OF CASH FLOWS**

		2019-2020	2018-2019
		Kshs	Kshs
<b>Receipts for operating income</b>			
Proceeds from Domestic and Foreign Grants	1	-	7,541,418
Exchequer Releases	2	509,629,751	895,919,570
<b>Payments for operating expenses</b>			
Compensation of Employees	3	216,498,859	271,709,994
Use of goods and services	4	280,421,606	600,432,274
		<b>496,920,465</b>	<b>872,142,268</b>
Adjustments during the year			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)		191,862	368,217
Increase/(Decrease) in Accounts Payable: (deposits and retention)		6,932,975	(6,455,268)
Prior Year Adjustments		(1,701,590)	(415,626)
<b>Net cash flow from operating activities</b>		<b>18,132,533</b>	<b>24,816,043</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	5	10,456,356	29,915,208
<b>Net cash flows from Investing Activities</b>		<b>10,456,356</b>	<b>29,915,208</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>7,676,177</b>	<b>5,099,165</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>1,706,590</b>	<b>6,805,755</b>
<b>Cash and cash equivalent at END of the year</b>		<b>9,382,767</b>	<b>1,706,590</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 16/12/2020 and signed by:

  
Principal Secretary  
Name: DR. K. DESAI, CBS


  
Assistant Accountant General  
Name: M. O. GANGA  
ICPAK Member Number: 6763

**X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT**

	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>9</b>						
<b>RECEIPTS</b>						
Exchequer releases	335,650,000	178,989,385	514,639,385	509,629,751	5,009,634	99%
<b>TOTAL RECEIPTS</b>	<b>335,650,000</b>	<b>178,989,385</b>	<b>514,639,385</b>	<b>509,629,751</b>	<b>5,009,634</b>	<b>99%</b>
<b>PAYMENTS</b>						
Compensation of Employees	160,350,000	55,350,000	215,700,000	216,498,859	(798,859)	100.4%
Use of goods and services	164,661,634	123,639,385	288,301,019	280,421,606	7,879,413	97%
Acquisition of Assets	10,638,366	-	10,638,366	10,456,356	182,010	98%
<b>TOTAL PAYMENTS</b>	<b>335,650,000</b>	<b>179,989,385</b>	<b>514,639,385</b>	<b>507,376,821</b>	<b>7,262,564</b>	
<b>Surplus/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,252,930</b>	<b>(2,252,930)</b>	

The changes between the original and final budget are as a result of reallocations within the budget during the supplementary budget

The entity financial statements were approved on 16/12/2020 and signed by:

  
Principal Secretary

Name: **DR. K. DESAI, C.B.S**

  
Assistant Accountant General

Name: **M. O. KARIA**  
ICPAK Member Number: **6763**

MINISTRY OF EAST AFRICAN COMMUNITY AND REGIONAL DEVELOPMENT  
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XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on	Budget
	2020		2020	comparable basis	utilization
	Kshs	Kshs	Kshs	Date, 2020	difference
					Kshs
Programme 1					
East African Customs Union	25,963,198	-	25,963,198	23,432,754	2,530,444
East African Common Market	478,233,321	-	478,233,321	474,155,859	4,077,462
EAC Monetary Union	10,442,866	-	10,442,866	9,788,208	654,658
<b>Grand Total</b>	<b>514,639,385</b>	<b>-</b>	<b>514,639,385</b>	<b>507,376,821</b>	<b>7,471,564</b>

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

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

### 2. Reporting Entity

The financial statements are for the *State Department for East African Community*. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012.

### 3. Reporting Currency

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

### 4. Significant Accounting Policies

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

#### a) Recognition of Receipts

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

#### • Tax Receipts

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

#### • Transfers from the Exchequer

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

#### • External Assistance

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

Grants and loans 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/loan 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

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advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30<sup>th</sup> June 2020, 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 payments when the event occurs, and the related cash has 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.

• **Use of Goods and Services**

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

• **Acquisition of Fixed Assets**

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

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

**5. In-kind contributions**

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

**6. Third Party Payments**

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

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**7. Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

**Restriction on Cash**

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2020, this amounted to Kshs 6,937,975 compared to Kshs 5,000 in prior period as indicated on note 8.

There were no other restrictions on cash during the year.

**8. Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**9. Accounts Payable**

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

**10. Pending Bills**

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

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2019 for the period 1<sup>st</sup> July 2019 to 30<sup>th</sup> June 2020 as required by Law and there were two supplementary adjustments to the original budget during the year.

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

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

**12. Comparative Figures**

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

**13. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2020

**Errors**

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

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

**14. Related Party Transactions**

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

**MINISTRY OF EAST AFRICAN COMMUNITY AND REGIONAL DEVELOPMENT  
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**XIII. NOTES TO THE FINANCIAL STATEMENTS**

**1 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

Name of Donor	Date received	Indicate whether it was a direct payment	Amount in foreign currency	2019-2020	2018-2019
				Kshs	Kshs
<b>Grants Received from Bilateral Donors (Foreign Governments)</b>					
Trade Mark East Africa	-		-	-	7,541,410
				-	7,541,410

**2 EXCHEQUER RELEASES**

Description	2019-2020	2018-2019
	Kshs	Kshs
Total Exchequer Releases for quarter 1	87,040,585	103,707,800
Total Exchequer Releases for quarter 2	154,246,440	196,514,600
Total Exchequer Releases for quarter 3	91,181,287	140,058,000
Total Exchequer Releases for quarter 4	177,161,439	455,639,500
<b>Total</b>	<b>509,629,751</b>	<b>895,919,500</b>

*(Total amount of budgeted exchequer as per the approved estimates for the financial year amounted to Kshs. 514, 639,385 against the total exchequer received of Kshs. 509,629,751 resulting in a difference/shortfall of Kshs. 5,009,634)*

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3 COMPENSATION OF EMPLOYEES**

	2019-2020	2018-2019
	Kshs	Kshs
Basic salaries of permanent employees	146,816,394	153,747,825
Personal allowances paid as part of salary	69,682,465	117,962,169
<b>Total</b>	<b>216,498,859</b>	<b>271,709,994</b>

**4 USE OF GOODS AND SERVICES**

	2019-2020	2018-2019
	Kshs	Kshs
Utilities, supplies and services	170,269	3,598,779
Communication, supplies and services	6,584,954	15,304,375
Domestic travel and subsistence	58,150,279	87,137,594
Foreign travel and subsistence	55,959,897	120,673,086
Printing, advertising and information supplies & services	6,158,275	21,538,462
Rentals of produced assets	73,208,455	86,437,269
Training expenses	4,757,240	11,669,016
Hospitality supplies and services	27,669,214	35,901,915
Specialized materials and services	988,218	1,823,710
Office and general supplies and services	5,611,250	13,686,563
Other operating expenses	25,219,723	176,535,868
Routine maintenance – vehicles and other transport equipment	5,533,116	9,970,462
Routine maintenance – other assets	638,826	4,317,707
Fuel, Oil and Lubricants	9,771,890	11,837,468
<b>Total</b>	<b>280,421,606</b>	<b>600,432,274</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5 ACQUISITION OF ASSETS**

<b>Non Financial Assets</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Refurbishment of Buildings	-	6,912,009
Purchase of Vehicles and Other Transport Equipment	-	13,897,215
Purchase of Office Furniture and General Equipment	462,300	3,955,600
Research feasibility Studies, Project Preparation, Design & Supervision	9,994,056	5,149,514
<b>Financial Assets</b>	-	-
<b>Total</b>	<b>10,456,356</b>	<b>29,915,238</b>

**6A. Bank Accounts**

<b>Name of Bank, Account No. &amp; currency</b>	<b>Amount in bank account currency</b>	<b>Indicate whether recurrent, Development, deposit e.t.c</b>	<b>2019-2020</b>	<b>2018-2019</b>
			<b>Kshs</b>	<b>Kshs</b>
<i>Recurrent, Ac/ No-1000384778 Kshs</i>	-	Recurrent	2,198,970	1,140,957
<i>Deposit, Ac/ No-1000384794</i>	-	Deposit	6,887,475	5,000
<b>Total</b>			<b>9,086,445</b>	<b>1,145,957</b>

**6B. CASH IN HAND**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Cash in Hand – Held in domestic currency	296,322	560,633
<b>Total</b>	<b>296,322</b>	<b>560,633</b>

**Cash in hand should also be analyzed as follows:**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Location 1 (Cash Office –headquarters)	296,322	560,633
<b>Total</b>	<b>296,322</b>	<b>560,633</b>

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7. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

<i>Description</i>	2019-2020	2018-2019
	Kshs	Kshs
Government Imprests	184,356	406,778
Salary advances	77,970	47,410
<b>Total</b>	<b>262,326</b>	<b>454,188</b>

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		Kshs	Kshs	Kshs
<i>Peter kiplangat</i>	2015/2016	174,836	0	174,836
<i>Peter cheruiyot</i>	2019/2020	9,520	0	9,520
<b>Total</b>		<b>184,356</b>		<b>184,356</b>

<i>Name of Officer or Institution</i>	<i>Date salary advance Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		Kshs	Kshs	Kshs
<i>George A. Barasa</i>	2019/2020	135,000	67,500	67,500
<i>Pauline Kituyi</i>	2019/2020	31,430	20,960	10,470
<b>Total</b>		<b>166,430</b>	<b>88,460</b>	<b>77,970</b>

8. ACCOUNTS PAYABLE

<i>Description</i>	2019-2020	2018-2019
	Kshs	Kshs
Deposits	6,887,475	5,000
AIA	50,500	
<b>Total</b>	<b>6,937,975</b>	<b>5,000</b>

*The accounts payable represent balances in deposits for COMESA RIIP funds for payments of work plan activities to be implemented.*

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**9. FUND BALANCE BROUGHT FORWARD**

Description	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	1,145,957	6,513,112
Cash in hand	560,633	292,633
Accounts Receivables	454,188	822,415
Accounts Payables	(5000)	(6,460,250)
<b>Total</b>	<b>2,155,778</b>	<b>1,167,910</b>

**10. PRIOR YEAR ADJUSTMENTS**

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	1,140,957	-	1,140,957
Cash in hand	560,633	-	560,633
Accounts Payables	-	-	-
Receivables	-	-	-
Others ( <i>specify</i> )	-	-	-
	<b>1,701,590</b>	<b>-</b>	<b>1,701,590</b>

*The prior year adjustments represent adjustments on bank balances transferred back to the exchequer*

**11. CHANGES IN RECEIVABLE**

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 <sup>st</sup> July 2019 (A)	406,778	406,778
Imprest issued during the year (B)	9,520	-
Imprest surrendered during the Year (C)	(224,616)	-
Net changes in account receivables D= A+B-C	<b>191,682</b>	<b>406,778</b>

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12. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 <sup>st</sup> July 2019 (A)	5,000	-
Deposit and Retentions held during the year (B)	15,012,600	26,348,058
Deposit and Retentions paid during the Year (C)	(8,130,125)	(26,343,058)
Net changes in account receivables D= A+B-C	<b>6,887,475</b>	<b>5,000</b>

13. RELATED PARTY DISCLOSURES

Related parties to the State Department of East African Community represent key management personnel that include the disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

	2019- 2020	2018- 2019
	Kshs	Kshs
<b>Key Management Compensation</b>		
Cabinet Secretary	14,688,000	14,688,000
Chief Administrative Secretary	10,640,640	10,220,640
Principal Secretary	9,182,256	9,182,640
<b>Transfers from related parties</b>		
Transfers from the Exchequer	509,629,751	895,919,570
<b>Transfers from other MDAs</b>		
Ministry of Finance ( <i>COMESA RIIP funds</i> )	15,000,000	15,000,000
<b>Total Transfers from related parties</b>	<b>559,140,647</b>	<b>910,919,570</b>

## 14. OTHER IMPORTANT DISCLOSURES

### 14.1: PENDING ACCOUNTS PAYABLE

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	1,352,632	-	(1,352,632)	-
Supply of services	17,355,941	-	(17,355,941)	-
<b>Total</b>	<b>18,681,573</b>		<b>(18,681,573)</b>	

### 14.2: PENDING STAFF PAYABLES

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Senior management	3,128,433	-	(3,128,433)	-
Middle management	1,296,770	-	(1,296,770)	-
Unionisable employees	943,342	-	(943,342)	-
Others	-	-	-	-
<b>Total</b>	<b>5,368,545</b>		<b>(5,368,545)</b>	

### 15: OTHER PENDING PAYABLES (See Annex 1a& 1b)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Historical payables	11,064,741	-	(6,611,608)	4,453,133
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties(salary deductions)	1,364,863.95	457,377	(1,265,358.75)	556,882.20
<b>Total</b>	<b>12,429,604.95</b>	<b>623,804.30</b>	<b>7,976,471.95</b>	<b>5,010,015.20</b>

**MINISTRY OF EAST AFRICAN COMMUNITY AND REGIONAL DEVELOPMENT  
STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY**

**Reports and Financial Statements  
For the year ended June 30, 2020**

**16 External Assistance**

	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
External assistance received as loans and grants	-	7,541,418
External assistance received in kind- as payment by third parties	-	-
<b>Total</b>	<b>-</b>	<b>7,541,418</b>

a). *External assistance relating to grants*

b). *Classes of providers of external assistance*

	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Bilateral donors (Trade Mark East Africa)	-	7,541,418
<b>Total</b>	<b>-</b>	<b>7,541,418</b>

*Trade Mark East Africa supports the departments programmes and activities, Stakeholders engagement, capacity building of staff and research on EAC Integration*

**XIV. PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S 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>
2	Payment for services not rendered	Due to exigent factors beyond the State Department, the meeting was cancelled when	Procurement department	Not resolved	

MINISTRY OF EAST AFRICAN COMMUNITY AND REGIONAL DEVELOPMENT  
STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY

Reports and Financial Statements  
For the year ended June 30, 2020

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		commitment to service providers had been made. The department was not able to communicate to the service provider earlier than 24 hours as the regulations of the service provider's states. The management commits to prudent Financial management in relation to procurement of air tickets			
5	Pending bills	The department had pending bills totalling to Kshs 24,114,982 for financial year 2018/19 a)11,064,741 were historical pending bills b)13,050,241 related 2018/19. The pending bills have been cleared leaving a balance of ksh 4,453,133 for historical which require further verification	A committee constituted with members from HSCM, Account, Finance, Internal, Audit, Legal and chaired by Director productive services appointed by the Accounting Officer	Not resolved	
7	Accounts Receivables-Outstanding Imprests	Imprests amounting to ksh 406,778 were still outstanding, this relates to officers	Amounts of Kshs 231,942 have been fully recovered	Not resolved	

**MINISTRY OF EAST AFRICAN COMMUNITY AND REGIONAL DEVELOPMENT  
STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY**

**Reports and Financial Statements  
For the year ended June 30, 2020**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		attached to the department but were later transferred	leaving a balance of kshs 174,836		

- (i) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

  
\_\_\_\_\_  
Principal Secretary

  
\_\_\_\_\_  
Assistant Accountant General

XV. ANNEXURE

ANNEX 1a - ANALYSIS OF OTHER ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2020	Comments
	A	B	c	d=a-c		
<b>Construction of buildings</b>						
Sub-Total						
<b>Construction of civil works</b>						
Sub-Total						
<b>Supply of goods</b>						
Sub-Total						
<b>Supply of services</b>						
1. Attic Tours & travel	2,568,700	2015/16	-	2,568,700	2,568,700	For further verification
2. Seguro tour and Travel	644,490	2015/16	115,355	529,135	529,135	For further verification
3. Pago Airways	5,484,035	15/16	4,128,737	1,355,298	1,355,298	For further verification
Sub-Total					<b>4,453,133</b>	
<b>Grand Total</b>					<b>4,453,133</b>	

**ANNEX 1b - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contract ended	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
		a	b	c	d=a-c		
<b>Amounts due to Third Parties</b>							
1.	Salary deduction (GOK house rent)	538,555.20			538,555.2		
2.	Energy Sacco	18,327			18,327		
	<b>Sub-Total</b>	<b>556,882.20</b>			<b>556,882.2</b>		
<b>Others (specify)</b>							
3.							
4.							
5.							
	<b>Sub-Total</b>						
	<b>Grand Total</b>	<b>556,882.20</b>			<b>556,882.20</b>		

**MINISTRY OF EAST AFRICAN COMMUNITY AND REGIONAL DEVELOPMENT  
STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY**

**Reports and Financial Statements  
For the year ended June 30, 2020**

**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2018/2019</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Transfers in/(out) during the year</b>	<b>Historical Cost c/f (Kshs) 2019/2020</b>
Refurbishment of buildings	6,912,689				6,912,689
Motor vehicles and other Transport Equipment	13,897,355				13,897,355
Transport Equipment	2,232,646				2,232,646
Office furniture and general equipment	3,955,600	462,300			4,417,900
ICT Equipment, furniture and fittings	2,743,320				2,743,320
Other Machinery and Equipment	39,050				39,050
Research, Feasibility Studies and project design	9,502,189	9,994,057			19,496,246
<b>Total</b>	<b>39,282,849</b>	<b>10,456,357</b>			<b>49,739,206</b>

*NB: The balance as at the end of the year is the cumulative cost of all assets bought Additions during the year should ties to note 5 on acquisition of assets during the year. Kshs 9,994,057 is expenditure reflected under prefeasibility studies under Ease of Doing Business.*

**Reports and Financial Statements  
For the year ended June 30, 2020**

**ANNEX 8- REPORTS GENERATED FROM IFMIS**

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

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



**Trial Balance Comparison Report**  
 Entity: 1221-State Department for East African Community  
 Current Period: JUL-19 To JUN-20  
 Compare With: JUL-18 To ADJ2-19

Account No and Description	Current Period		Previous period	
	Debit Balance Kshs	Credit Balance Kshs	Debit Balance Kshs	Credit Balance Kshs
1320102 Capital Grants from International Organizations	0.00	0.00	0.00	7,541,418.00
20100 Grants from International Organizations - Cash through Exchequer	0.00	0.00	0.00	7,541,418.00
20000 Grants from International Organisations	0.00	0.00	0.00	7,541,418.00
2110101 Basic Salaries - Civil Service	146,816,393.90	0.00	153,747,823.95	0.00
2110100 Basic Salaries - Permanent employees	146,816,393.90	0.00	153,747,823.95	0.00
2110301 House Allowance	47,282,607.35	0.00	50,572,445.20	0.00
2110305 Prosecutorial and State Counsel Allowance	720,000.00	0.00	0.00	0.00
2110309 Special Duty Allowance	901,440.00	0.00	0.00	0.00
2110312 Responsibility Allowance	2,823,400.00	0.00	2,399,999.30	0.00
2110313 Entertainment Allowance	779,500.00	0.00	1,980,000.00	0.00
2110314 Transport Allowance	11,213,518.00	0.00	19,891,500.65	0.00
2110315 Extraneous Allowance	810,000.00	0.00	1,920,000.00	0.00
2110317 Domestic Servant Allowance	374,400.00	0.00	748,000.00	0.00
2110318 n Practising Allowance	415,600.00	0.00	480,000.00	0.00
2110320 Leave Allowance	1,012,000.00	0.00	2,370,223.95	0.00
2110327 Ministerial Allowance	3,350,000.00	0.00	3,600,000.00	0.00
2110336 Car Purchase Allowance	0.00	0.00	34,000,000.00	0.00
2110300 Personal Allowances paid as part of Salary	69,682,465.35	0.00	117,962,169.10	0.00
<b>2110000 Wages and Salary Contributions</b>	<b>216,498,859.25</b>	<b>0.00</b>	<b>271,709,993.05</b>	<b>0.00</b>
2110101 Electricity	170,269.00	0.00	3,598,779.40	0.00
2110100 Utilities, Supplies and Services	170,269.00	0.00	3,598,779.40	0.00
2110201 Telephone, Telex, Facsimile and Mobile Phone Services	4,403,290.35	0.00	10,911,992.35	0.00
2210202 Internet Connections	1,660,003.65	0.00	3,421,333.00	0.00
2210203 Courier & Postal Services	521,660.00	0.00	971,049.25	0.00
2210200 Communication, Supplies and Services	6,584,954.00	0.00	15,304,374.60	0.00
2210301 Travel Costs (airlines, bus, railway, mileage allowances, etc.)	14,775,730.20	0.00	30,180,285.00	0.00
2210302 Accommodation - Domestic Travel	37,426,148.20	0.00	47,410,977.00	0.00
2210303 Daily Subsistence Allowance	5,248,200.00	0.00	8,840,053.00	0.00
2210304 Sundry Items (e.g. airport tax, taxis, etc?)	700,200.00	0.00	706,279.00	0.00
2210300 Domestic Travel and Subsistence, and Other Transportation Costs	58,150,278.40	0.00	87,137,594.00	0.00
2210401 Travel Costs (airlines, bus, railway, etc.)	15,888,876.45	0.00	43,182,966.00	0.00
2210402 Accommodation	30,815,644.50	0.00	61,668,896.00	0.00
2210403 Daily Subsistence Allowance	8,610,821.00	0.00	14,661,588.00	0.00
2210404 Sundry Items (e.g. airport tax, taxis, etc?)	644,555.00	0.00	1,159,636.00	0.00
2210400 Foreign Travel and Subsistence, and other transportation costs	55,959,896.95	0.00	120,673,086.00	0.00
210502 Publishing & Printing Services	4,307,971.00	0.00	12,082,081.20	0.00
210503 Subscriptions to Newspapers, Magazines and Periodicals	871,604.00	0.00	3,615,803.00	0.00
2210505 Trade Shows and Exhibitions	978,700.00	0.00	5,840,577.50	0.00
2210500 Printing, Advertising and Information Supplies and Services	6,158,275.00	0.00	21,538,461.70	0.00
210603 Rents and Rates - Non-Residential	71,371,948.25	0.00	84,365,169.00	0.00
210604 Hire of Transport, Equipment	1,836,506.80	0.00	2,072,100.00	0.00
2210600 Rentals of Produced Assets	73,208,455.05	0.00	86,437,269.00	0.00
2210701 Travel Allowance	1,610,060.00	0.00	4,178,495.00	0.00
210702 Remuneration of Instructors and Contract Based Training Services	49,000.00	0.00	98,784.00	0.00
2210704 Hire of Training Facilities and Equipment	0.00	0.00	63,000.00	0.00
210706 Book Allowance	45,200.00	0.00	30,240.00	0.00
210707 Project Allowance	49,980.00	0.00	49,996.00	0.00
210710 Accommodation Allowance	183,200.00	0.00	367,120.00	0.00
2210711 Tuition Fees Allowance	2,819,800.00	0.00	6,881,381.00	0.00

Account No and Description	Current Period		Previous period	
	Debit Balance	Credit Balance	Debit Balance	Credit Balance
2210700 Training Expenses	4,757,240.00	0.00	11,669,016.00	0.00
2210801 Catering Services (receptions), Accommodation, Gifts, Food and Drinks	8,920,954.00	0.00	8,862,883.00	0.00
2210802 Boards, Committees, Conferences and Seminars	18,647,260.10	0.00	26,921,032.30	0.00
2210808 Purchase of Coffins	101,000.00	0.00	118,000.00	0.00
2210800 Hospitality Supplies and Servi	27,669,214.10	0.00	35,901,915.30	0.00
2211001 Medical Drugs	232,500.00	0.00	462,708.00	0.00
2211009 Education and Library Supplies	230,518.00	0.00	197,910.00	0.00
2211016 Purchase of Uniforms and Clothing - Staff	525,200.00	0.00	1,163,092.00	0.00
2211000 Specialised Materials and Supp	988,218.00	0.00	1,823,710.00	0.00
2211101 General Office Supplies (papers, pencils, forms, small office equipment etc)	3,363,829.20	0.00	9,587,484.65	0.00
2211102 Supplies and Accessories for Computers and Printers	2,247,421.00	0.00	4,099,078.80	0.00
2211100 Office and General Supplies and Services	5,611,250.20	0.00	13,686,563.45	0.00
2211201 Refined Fuels and Lubricants for Transport	9,771,889.80	0.00	11,837,468.00	0.00
2211200 Fuel Oil and Lubricants	9,771,889.80	0.00	11,837,468.00	0.00
2211305 Contracted Guards and Cleaning Services	6,561,386.85	0.00	7,907,890.20	0.00
2211306 Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	166,960.00	0.00	639,100.00	0.00
2211308 Legal Dues/fees, Arbitration and Compensation Payments	4,400,000.00	0.00	20,991,905.00	0.00
2211310 Contracted Professional Services	14,091,376.20	0.00	146,996,972.40	0.00
2211300 Other Operating Expenses	25,219,723.05	0.00	176,535,867.60	0.00
<b>2210000 Goods and Services</b>	<b>274,249,663.55</b>	<b>0.00</b>	<b>586,144,105.05</b>	<b>0.00</b>
2220101 Maintenance Expenses - Motor Vehicles	5,533,115.45	0.00	9,970,462.30	0.00
2220100 Routine Maintenance - Vehicles	5,533,115.45	0.00	9,970,462.30	0.00
2220202 Maintenance of Office Furniture and Equipment	202,826.00	0.00	3,444,681.00	0.00
2220210 Maintenance of Computers, Software, and Networks	436,000.00	0.00	873,026.00	0.00
2220200 Routine Maintenance - Other Assets	638,826.00	0.00	4,317,707.00	0.00
<b>2220000 Routine Maintenance</b>	<b>6,171,941.45</b>	<b>0.00</b>	<b>14,288,169.30</b>	<b>0.00</b>
3110302 Refurbishment of Non-Residential Buildings	0.00	0.00	6,912,688.80	0.00
3110300 Refurbishment of Buildings	0.00	0.00	6,912,688.80	0.00
3110701 Purchase of Motor Vehicles	0.00	0.00	13,897,355.00	0.00
3110700 Purchase of Vehicles and Other Transport Equipment	0.00	0.00	13,897,355.00	0.00
3111001 Purchase of Office Furniture and Fittings	462,299.85	0.00	3,955,600.00	0.00
3111000 Purchase of Office Furniture and General Equipment	462,299.85	0.00	3,955,600.00	0.00
3111499 Research, Feasibility Studies	9,994,056.50	0.00	5,149,564.00	0.00
3111400 Research, Feasibility Studies, Project Preparation and Design, Project Supervision	9,994,056.50	0.00	5,149,564.00	0.00
<b>3110000 Acquisition of Fixed Capital Assets</b>	<b>10,456,356.35</b>	<b>0.00</b>	<b>29,915,207.80</b>	<b>0.00</b>
6530101 Ministry HQ Recurrent Bank A/C	2,198,970.00	0.00	1,140,957.00	0.00
6530100 Recurrent Bank Accounts	2,198,970.00	0.00	1,140,957.00	0.00
<b>6530000 Recurrent Bank Accounts</b>	<b>2,198,970.00</b>	<b>0.00</b>	<b>1,140,957.00</b>	<b>0.00</b>
6550101 Ministry HQ Deposit Bank A/C	6,887,475.00	0.00	5,000.00	0.00
6550100 Deposit Bank Accounts	6,887,475.00	0.00	5,000.00	0.00
<b>6550000 Deposit Bank Account</b>	<b>6,887,475.00</b>	<b>0.00</b>	<b>5,000.00</b>	<b>0.00</b>
6580101 Cash	296,322.00	0.00	560,633.00	0.00
6580104 Cash in Transit	0.00	0.00	0.00	0.00
6580100 Cash in Hand	296,322.00	0.00	560,633.00	0.00
<b>6580000 Cash in Hand</b>	<b>296,322.00</b>	<b>0.00</b>	<b>560,633.00</b>	<b>0.00</b>
6710103 Salary advance	77,970.00	0.00	47,410.00	0.00
6710100 Debtors & Advances - Employees	77,970.00	0.00	47,410.00	0.00
<b>6710000 Domestic Debtors &amp; Advances</b>	<b>77,970.00</b>	<b>0.00</b>	<b>47,410.00</b>	<b>0.00</b>
6740101 Prepayment	0.00	0.00	0.00	0.00
6740102 R/D Cheques	0.00	0.00	0.00	345,487.20
6740100 Other Debtors & Pre-payments	0.00	0.00	0.00	345,487.20
<b>6740000 Other Debtors &amp; Pre-payments</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>345,487.20</b>
6760101 Standing Imprests	0.00	0.00	0.00	0.00
6760103 Temporary Imprests	9,520.00	0.00	0.00	0.00
6760100 Imprests	9,520.00	0.00	0.00	0.00
<b>6760000 Government Imprests</b>	<b>9,520.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
6780110 Imprest Cash Recovery	0.00	0.00	0.00	0.00
6780100 Suspense & Clearance Account	0.00	0.00	0.00	0.00

Account No and Description	Current Period		Previous period	
	Debit Balance	Credit Balance	Debit Balance	Credit Balance
0000 Suspense & Clearance Account	0.00	0.00	0.00	0.00
0101 General Deposits	0.00	7,538,143.00	0.00	5,000.00
7310100 General Deposits Items	0.00	7,538,143.00	0.00	5,000.00
0000 Deposits	0.00	7,538,143.00	0.00	5,000.00
20101 PAYE	0.00	0.00	0.00	0.00
20102 NHIF	0.00	0.00	0.00	0.00
7320103 House Rent	0.00	0.00	0.00	0.00
7320106 NSSF	0.00	0.00	0.00	0.00
20107 Co-operatives	10.00	0.00	0.00	0.00
20108 Insurances	0.00	0.00	0.00	0.00
20109 Hire Purchases	0.00	0.00	0.00	0.00
7320111 WCPS	0.00	0.00	0.00	0.00
20112 Staff Welfare Associations	0.00	0.00	0.00	0.00
20113 HELB Deductions	0.00	0.00	0.00	0.00
20115 Save As You Earn (SAYE)	0.00	0.00	0.00	0.00
7320116 Mortgages / Bank Loans	0.00	0.00	0.00	0.00
7320199 Salary Control Account	0.00	0.00	0.00	0.00
20100 Salary Deductions	10.00	0.00	0.00	0.00
20000 Other Liabilities	10.00	0.00	0.00	0.00
30101 General Withholding Tax	0.00	0.00	0.00	0.00
7380102 VAT Withholding	0.00	0.00	0.00	0.00
7380100	0.00	0.00	0.00	0.00
30000 Withholding Taxes	0.00	0.00	0.00	0.00
90101 Inventory AP Accrual	0.00	0.00	0.00	0.00
990103 AP Liabilities	0.00	0.00	0.00	0.00
7390100 System Required Liabilities	0.00	0.00	0.00	0.00
7399999 Cash Clearing A/c	0.00	0.00	0.00	0.00
99900	0.00	0.00	0.00	0.00
90000 System Required Liabilities A/c's	0.00	0.00	0.00	0.00
9910101 Provision for Encumbrance	0.00	0.00	0.00	0.00
9910100 General Provisions	0.00	0.00	0.00	0.00
10201 Exchequer Releases/ Provisioning Account	0.00	1,405,549,321.60	0.00	895,919,570.00
10209 Remittances to Exchequer Miscellaneous Revenue	1,724,319.80	0.00	0.00	0.00
9910200 Exchequer Provisions	1,724,319.80	1,405,549,321.60	0.00	895,919,570.00
10000 Provisions	1,724,319.80	1,405,549,321.60	0.00	895,919,570.00
99999 Consolidated Fund	894,516,057.20	0.00	0.00	0.00
99900	894,516,057.20	0.00	0.00	0.00
9990000 Opening Balance Reserves	894,516,057.20	0.00	0.00	0.00
<b>Total</b>	<b>1,413,087,464.60</b>	<b>1,413,087,464.60</b>	<b>903,811,475.20</b>	<b>903,811,475.20</b>

The Statement has been prepared, reviewed and approved by the following:

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed By:  \_\_\_\_\_

Date: 30/09/2020

Approved By:  \_\_\_\_\_

Date: 30/09/2020



REPUBLIC OF KENYA  
BANK RECONCILIATION

Date : 27-JUL-19 To : 10-JUL-20  
Central Bank of Kenya , Branch : Haile Selassie , Account Number : ,1000384778

REC-STATE DEPARTMENT FOR EAST AFRICA ( )  
MMT

Balance as per bank certificate

2,198,970.10

es --  
1. Payment in Cash Book not yet recorded in Bank Statement  
(Unpresented Cheques)

2. Receipts in Bank Statement not yet recorded in Cash Book

Ad --  
3. Payment in Bank Statement not yet recorded in Cash Book

4. Receipts in Cash Book not yet Recorded in Bank Statement

Bank Balance as per Cash Book

2,198,970.10

Reconciled by: *[Signature]* Signature: *[Signature]* Date: 07/07/2020

Reviewed by: C. WANJA Signature: *[Signature]* Date: 07/07/2020

Approved by: M. OUKHILA Signature: *[Signature]* Date: 07/07/2020

REPUBLIC OF KENYA  
BANK RECONCILIATION

From Date : 27-JUL-19 To : 10-JUL-20

REC-STATE DEPARTMENT FOR EAST

Bank : Central Bank of Kenya , Branch : Haile Selassie , Account Number : 100038477

1. PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT ( UNPRESENTED CHEQUES)		
Cheque		Payee
No	Date	
		Total :
2. RECEIPTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK		
Receipts		
No	Date	
		Total :
3. PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK		
Cheque		
No	Date	
		Total :
4. RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT		
Receipts		
No	Date	
		Total :

REPUBLIC OF KENYA  
BANK RECONCILIATION

No. 30

From Date : 15-JUL-19 To : 15-JUL-20

DEP - STATE DEPT FOR EAST AFRICA COMM

Bank : Central Bank of Kenya , Branch : Haile Selassie , Account Number : 1000384794

Balance as per bank certificate	6,887,475.00
Less --	
1. Payment in Cash Book not yet recorded in Bank Statement (Unpresented Cheques)	
2. Receipts in Bank Statement not yet recorded in Cash Book	
Add --	
3. Payment in Bank Statement not yet recorded in Cash Book	
4. Receipts in Cash Book not yet Recorded in Bank Statement	
Bank Balance as per Cash Book	6,887,475.00

Reconciled by: *J. Kevani* Signature: *JK* Date: *07/07/2020*  
Reviewed by: *C. WANJA* Signature: *Ch* Date: *07/07/2020*  
Approved by: *M. OUMA* Signature: *M. Ouma* Date: *07/07/2020*

REPUBLIC OF KENYA  
**BANK RECONCILIATION**

From Date : 15-JUL-19 To : 15-JUL-20

DEP - STATE DEPT FOR EAST AFRICA

Bank : Central Bank of Kenya , Branch : Haile Selassie , Account Number : 1000384794

1. PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT ( UNPRESENTED CHEQUES)			
Cheque		Payee	Amount
No	Date		
<b>Total :</b>			
2. RECEIPTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK			
Receipts			Amount
No	Date		
<b>Total :</b>			
3. PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK			
Cheque			Amount
No	Date		
<b>Total :</b>			
4. RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT			
Receipts			Amount
No	Date		
<b>Total :</b>			

RECURRENT)

REPUBLIC OF KENYA

F.O. 51

THE DEPARTMENT OF EAST AFRICAN COMMUNITY

STATE DEPARTMENT OF EAST AFRICAN COMMUNITY

Report of the Board of Survey on the Cash and Bank Balances of

as at the close of

30<sup>TH</sup> JUNE, 20

business on

The Board, consisting of (Names and official titles)

SNR. ASSISTANT DIRECTOR - CHAIRMAN DWIN OWANGO - Snr. ASSISTANT DIRECTOR - CHAIRPERSON

CHIEF ECONOMIST - MR. PAUL GITAU - CHIEF ECONOMIST - MEMBER

SNR. ACCOUNTANT - SECY. STELLA ODUOGI - Snr. ACCOUNTANT - SECRETARY

Assembled at the office of

11.00 A.M. on 8<sup>TH</sup> AUGUST 20

At (time) on the

And the following cash was produced:

Sh. 296,322.00	Notes	Sh. 296,322.00
22.00	Silver	22.00
	Copper	
	Cheques (as per details on reverse)	
<u>296,322.00</u>		<u>296,322.00</u>

It was observed that cheques amounting to Sh. cts has been on hand for more than 14 days prior to the date of survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the

30<sup>TH</sup> JUNE 20

Cash on hand	296,322.00	Sh. 296,322.00
Bank Balance	2,178,991.25	Sh. 2,178,991.25
	<u>2,475,313.25</u>	<u>2,475,313.25</u>

4,021,596.10

The Bank Certificate of Balance showed a sum of Sh.

cts (Sh. cts)

standing to the credit of the account on 30<sup>TH</sup> JUNE, 20

The difference between this figure and the Bank Balance as shown by the cash Book is accounted for in the Bank reconciliation statement (O. 30) attached.

10<sup>TH</sup> JULY, 2020

Date

Chairman

Members of the Board

STATE DEPARTMENT OF EAST AFRICAN COMMUNITY

STATE DEPARTMENT OF EAST AFRICAN COMMUNITY

Report of the Board of Survey on the Cash and Bank Balances of .....

as at the close of .....

Business on 30<sup>TH</sup> JUNE, 20.....

The Board, consisting of ..... (Names and official titles)

- SNR ASSISTANT DIRECTOR - CHAIRMAN EDWIN OWANGO - Snr ASSISTANT DIRECTOR - CHAIRPERSON

CHIEF ECONOMIST - MEMBER PAUL GITAU - CHIEF ECONOMIST - MEMBER

SNR. ACCOUNTANT - SECRETARY STELLA ODUOGI - Snr. ACCOUNTANT - SECRETARY

Assembled at the office of .....

At 11.00 A.M. on 8<sup>TH</sup> AUGUST 20.....

and the following cash was produced: (time) on the .....

Sh. NIL	Notes	Sh. NIL
Sh. NIL	Silver	Sh. NIL
Sh. NIL	Copper	Sh. NIL
Sh. NIL	Cheques (as per details on reverse)	Sh. NIL

It was observed that cheques amounting to Sh. .... cts Has been on hand for more than 14 days prior to the date of survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the

30<sup>TH</sup> JUNE 20.....

Cash on hand	Sh. NIL
Bank Balance	Sh. 6,887,475.00
	6,887,475.00

6,887,475.00

The Bank Certificate of Balance showed a sum of Sh. ....

10

cts (Sh. .... cts)

30<sup>TH</sup> JUNE,

20

standing to the credit of the account on ..... 20.....

The difference between this figure and the Bank Balance as shown by the cash Book is accounted for in the Bank reconciliation statement (F.O. 30) attached.

*[Signature]*

Chairman

*[Signature]*  
Members of the Board

10<sup>TH</sup> JULY, 2020

ate .....

**STATEMENT OF RECEIPTS AND PAYMENTS**

Entity: 1221-State Department for East African Community

Current Period: JUL-19 To JUN-20

Compare With: JUL-18 To JUN-19

	Note	Current Period	Previous Period
<b>RECEIPTS</b>			
Tax Receipts	1	0.00	0.00
Social Security Contribution	2	0.00	0.00
Proceeds from Domestic and Foreign Grants	3	0.00	7,541,418.00
Exchequer releases	4	509,629,751.60	895,919,570.00
Transfers from Other Government Entities	5	0.00	0.00
Proceeds from Domestic Borrowings	6	0.00	0.00
Proceeds from Foreign Borrowings	7	0.00	0.00
Proceeds from Sales of Assets	8	0.00	0.00
Reimbursements and Refunds	9	0.00	0.00
Returns of Equity Holdings	10	0.00	0.00
Other Receipts	11	0.00	0.00
<b>TOTAL RECEIPTS</b>		<b>509,629,751.60</b>	<b>903,460,988.00</b>
<b>PAYMENTS</b>			
Compensation of Employees	12	216,498,859.25	271,709,993.05
Use of goods and Services	13	280,421,605.00	600,432,274.35
Subsidies	14	0.00	0.00
Transfers to Other Government Units	15	0.00	0.00
Other Grants and Transfers	16	0.00	0.00
Social Security Benefits	17	0.00	0.00
Acquisition of Assets	18	10,456,356.35	29,915,207.80
Finance Costs, including Loan Interest	19	0.00	0.00
Repayment of Principal on Domestic and Foreign Borrowing	20	0.00	0.00
Other payments	21	0.00	0.00
<b>TOTAL PAYMENTS</b>		<b>507,376,820.60</b>	<b>902,057,475.20</b>
<b>SURPLUS/DEFICIT</b>		<b>2,252,931.00</b>	<b>1,403,512.80</b>

The Statement has been prepared, reviewed and approved by the following:

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed By:  \_\_\_\_\_

Date: 30/09/2020

Approved By:  \_\_\_\_\_

Date: 30/09/2020



### Statement of Financial Position

Entity: 1221-State Department for East African Community

Current Period: JUL-19 To JUN-20

Compare With: JUL-18 To JUN-19

	Note	Current Period	Previous Period
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	22A	9,086,445.00	1,145,957.00
Cash Balances	22B	296,322.00	560,633.00
<b>Total Cash And Cash Equivalents</b>		<b>9,382,767.00</b>	<b>1,706,590.00</b>
Accounts Receivables - Outstanding Imprest and Clearance Accounts	23	87,490.00	(298,077.20)
<b>TOTAL FINANCIAL ASSETS</b>		<b>9,470,257.00</b>	<b>1,408,512.80</b>
<b>Financial Liabilities</b>			
Accounts Payables - Deposits	24	7,538,133.00	5,000.00
<b>NET FINANCIAL ASSETS</b>		<b>1,932,124.00</b>	<b>1,403,512.80</b>
<b>REPRESENTED BY</b>			
Fund Balance b/fwd	25	1,403,512.80	0.00
Prior Year Adjustment	26	(1,724,319.80)	0.00
Surplus/Deficit for the Year		2,252,931.00	1,403,512.80
<b>NET FINANCIAL POSITION</b>		<b>1,932,124.00</b>	<b>1,403,512.80</b>

The Statement has been prepared, reviewed and approved by the following:

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed By:  \_\_\_\_\_

Date: 30/09/2020

Approved By:  \_\_\_\_\_

Date: 30/09/2020

**STATEMENT OF CASH FLOW**

Entity: 1221-State Department for East African Community

Current Period: JUL-19 To JUN-20

Compare With: JUL-18 To JUN-19

	Note	Current Period	Previous Period
		Kshs	Kshs
<b>Receipts and operating income</b>			
Tax Receipts	1	0.00	0.00
Social Security Contribution	2	0.00	0.00
Proceeds from Domestic and Foreign Grants	3	0.00	7,541,418.00
Exchequer releases	4	509,629,751.60	895,919,570.00
Transfers from Other Government Entities	5	0.00	0.00
Reimbursements and Refunds	9	0.00	0.00
Returns of Equity Holdings	10	0.00	0.00
Other Receipts	11	0.00	0.00
<b>Payments for Operating Expenses</b>			
Compensation of Employees	12	216,498,859.25	271,709,993.05
Use of goods and Services	13	280,421,605.00	600,432,274.35
Subsidies	14	0.00	0.00
Transfers to Other Government Units	15	0.00	0.00
Other Grants and Transfers	16	0.00	0.00
Social Security Benefits	17	0.00	0.00
Finance Costs, including Loan Interest	19	0.00	0.00
Other payments	21	0.00	0.00
<b>Adjusted for :</b>			
Adjustments during the year		7,147,565.80	303,077.20
Prior year adjustments		(1,724,319.80)	0.00
<b>Net Cash From Operating Activities</b>	A	18,132,533.35	31,621,797.80
<b>Cash Flow From Investing Activities</b>			
Proceeds from Sales of Assets	8	0.00	0.00
Acquisition of Assets	18	10,456,356.35	29,915,207.80
<b>Net Cash Flow From Investing Activities</b>	B	(10,456,356.35)	(29,915,207.80)
<b>Cash Flow From Borrowing Activities</b>			
Proceeds from Domestic Borrowings	6	0.00	0.00
Proceeds from Foreign Borrowings	7	0.00	0.00
Repayment of Principal on Domestic and Foreign Borrowing	20	0.00	0.00
<b>Net Cash Flow From Financing Activities</b>	C	0.00	0.00
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>	A+B+C	7,676,177.00	1,706,590.00
<b>Cash and Cash Equivalent at BEGINNING of The Year</b>		1,706,590.00	0.00
<b>Cash and Cash Equivalent at END of The Year</b>	22A+22B	9,382,767.00	1,706,590.00

The Statement has been prepared, reviewed and approved by the following:

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed By:  \_\_\_\_\_

Date: 30/09/2020

Approved By:  \_\_\_\_\_

Date: 30/09/2020



## NOTES TO THE FINANCIAL STATEMENTS

Entity: 1221-State Department for East African  
Community

Current Period: JUL-19 To JUN-20

Compare With: JUL-18 To JUN-19

### 1 Tax Receipts

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Taxes on Income, Profits and Capital Gains	1110000	0.00	0.00
Taxes on Payroll and Workforce	1120000	0.00	0.00
Taxes on Property	1130000	0.00	0.00
Taxes on Goods and Services	1140000	0.00	0.00
Taxes on International Trade and Transactions	1150000	0.00	0.00
Other Taxes (not elsewhere classified)	1160000	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

### 2 Social Security Contribution

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Health Insurance Contribution	1210100	0.00	0.00
NHIF Health Insurance Contributions	1210200	0.00	0.00
Contributions from Govt. Employees for Social & Welfare Schemes	1210300	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

### 3 Proceeds from Domestic and Foreign Grants

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Grants from Foreign Governments	1310000	0.00	0.00
Grants from International Organisations	1320000	0.00	7,541,418.00
<b>TOTAL</b>		<b>0.00</b>	<b>7,541,418.00</b>

### 4 Exchequer releases

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Exchequer Releases/ Provisioning Account	9910201	509,629,751.60	895,919,570.00
<b>TOTAL</b>		<b>509,629,751.60</b>	<b>895,919,570.00</b>

### 5 Transfers from Other Government Entities

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Grants received by Central Govt from General Govt units	1330100	0.00	0.00
Grants Received from General Govt units by Local Authorities	1330200	0.00	0.00
Grants to Fund Accounts from Central Govt Budget	1330300	0.00	0.00
Grants to other General Govt units from General Govt units	1330400	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

### 6 Proceeds from Domestic Borrowings

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Borrowing within General Government	5110100	0.00	0.00
Borrowing from Monetary Authorities (Central Bank)	5110200	0.00	0.00
Other Domestic Depository Corporations (Commercial Banks)	5110300	0.00	0.00
Borrowing from Other Domestic Financial Institutions	5110400	0.00	0.00
Borrowing from Other Domestic Creditors	5110500	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

### 7 Proceeds from Foreign Borrowings

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Foreign Borrowings - Drawdowns through Exchequer	5120100	0.00	0.00
Foreign Borrowing-Direct Payments	5120200	0.00	0.00
Foreign Currency and Foreign Deposits	5120300	0.00	0.00
Other Foreign Accounts Payable	5120400	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

**8 Proceeds from Sales of Assets**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Receipts from the Sale of Buildings - Paid to Exchequer	3510100	0.00	0.00
Receipts from the Sale of Buildings	3510200	0.00	0.00
Receipts from sale of other st	3510300	0.00	0.00
Receipts from sale of other st	3510400	0.00	0.00
Receipts from the Sale of Vehicles and Transport Equipment - Paid to Exchequer	3510500	0.00	0.00
Receipts from the Sale of Vehicles and Transport Equipment	3510600	0.00	0.00
Receipts from the Sale of Plant Machinery and Equipment - Paid to Exchequer	3510700	0.00	0.00
Receipts from the Sale Plant Machinery and Equipment	3510800	0.00	0.00
Receipts from Sale of Certified Seeds and Breeding Stock - Paid to Exchequer	3510900	0.00	0.00
Receipts from Sale of Certified Seeds and Breeding Stock	3511000	0.00	0.00
Receipts from the Sale of Strategic Reserves Stocks	3520100	0.00	0.00
Receipts from the Sale of Other Inventories, Stocks, and Commodities	3520200	0.00	0.00
Receipts from the Sale of Inventories, Stocks and Commodities	3520300	0.00	0.00
Receipts from the Sale of Land	3540100	0.00	0.00
Receipts from the Sale of Other Naturally Occurring Non-Produced Assets	3540200	0.00	0.00
Receipts from the Sale of Intangible Non-Produced Assets	3540300	0.00	0.00
Receipts from the Sale of Non-Produced Assets Collected as AIA	3540400	0.00	0.00
Repayments from Loans to Government Agencies and Other Levels of Government	4510100	0.00	0.00
Loans to Non-Financial Public Enterprises	4510200	0.00	0.00
Loans to Financial Institutions	4510300	0.00	0.00
Repayments from Domestic Loans to Individuals and Households	4510400	0.00	0.00
Repayments from lending to Foreign Govts.	4520100	0.00	0.00
Repayments from lending to International Orgns.	4520200	0.00	0.00
Repayments from lending to Foreign Non - Financial Enterps. & Financial Instns.	4520300	0.00	0.00
Repayments from Other Foreign Lending	4520400	0.00	0.00
Sales and Disposals of Equity Holdings in Domestic Public Non - Financial Enterprises	4530100	0.00	0.00
Sales and Disposals of Equity Holdings in Domestic Public Financial Institutions	4530200	0.00	0.00
Sales and Disposals of Other Equity Holdings	4530300	0.00	0.00
Sales and Disposals of Equity Holdings in Foreign Financial Instns. and Domestic Financial Instns. operating abroad	4530400	0.00	0.00
Sales and Disposals of Equity Holdings in Foreign Enterps. Financial Instns. and Domestic Financial Instns. operating abroad	4530500	0.00	0.00
Redemption/ Disposal of Other Financial Assets	4530600	0.00	0.00
Refund of Bonds paid as Deposits for Guarantees	4530700	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

**9 Reimbursements and Refunds**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Refund from World Food Programme (WFP)	4540101	0.00	0.00
Reimbursement of Audit Fees	4540102	0.00	0.00
Reimbursement on Messing Charges (UNICEF)	4540103	0.00	0.00
Reimbursement from World Bank - ECD	4540104	0.00	0.00
Reimbursement from Individuals and Private Organizations	4540105	0.00	0.00

Item Description	Item Code	Current Period	Previous Period
Reimbursement from Local Government Authorities	4540106	0.00	0.00
Reimbursement from Statutory Organizations	4540107	0.00	0.00
Reimbursement within Central Government	4540108	0.00	0.00
Reimbursement Using Bonds	4540109	0.00	0.00
Reimbursements and Refunds - Other (Budget)	4540199	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

**10 Returns of Equity Holdings**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Returns of Equity Holdings	4550000	0.00	0.00
Returns of Equity Holdings	4610000	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

**11 Other Receipts**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Interest Received	1410100	0.00	0.00
Profits and Dividends	1410200	0.00	0.00
Withdrawals from Income of Quasi-corporations	1410300	0.00	0.00
Rents on land, houses and buildings	1410400	0.00	0.00
Other Property Income collected as AIA	1410500	0.00	0.00
	1415000	0.00	0.00
Sales of Market Establishment	1420100	0.00	0.00
Administrative Fees and Charges	1420200	0.00	0.00
Administrative Fees and Charges collected as AIA	1420300	0.00	0.00
Incidental Sales by Non-Market Establishments	1420400	0.00	0.00
Incidental Sales by Non-Market Establishments Collected as AIA	1420500	0.00	0.00
Receipts from Sale of Incidental Goods	1420600	0.00	0.00
Fines, Penalties, Forfeitures and other Charges	1430100	0.00	0.00
Current Grants from International NGOs paid through Exchequer	1440100	0.00	0.00
Capital Grants from International NGOs paid through Exchequer	1440200	0.00	0.00
Current Grants from International NGOs collected as AIA	1440300	0.00	0.00
Capital Grants from International NGOs collected as AIA	1440400	0.00	0.00
Other Voluntary Transfers for Current purposes	1440500	0.00	0.00
Other Voluntary Transfers for Capital purposes	1440600	0.00	0.00
Paid to Exchequer	1450100	0.00	0.00
Receipts Not Classified Elsewhere	1450200	0.00	0.00
	1510200	0.00	0.00
	1510300	0.00	0.00
	1520100	0.00	0.00
Business Permits	1520200	0.00	0.00
Cesses	1520300	0.00	0.00
Poll Rates	1520400	0.00	0.00
Plot Rents	1520500	0.00	0.00
Other Local Levies	1520600	0.00	0.00
Administrative Services Fees	1530100	0.00	0.00
Various Fees	1530200	0.00	0.00
Council'S Natural Resources Exploitation	1530300	0.00	0.00
Sales Of Council Assets	1530400	0.00	0.00
Lease / Rental Of Council'S Infrastructure Assets	1530500	0.00	0.00
Other Miscellaneous Revenues	1530600	0.00	0.00
Other Miscellaneous Revenues	1540100	0.00	0.00
Insurance Claims Recovery	1540200	0.00	0.00
Medium Term Loans (1-3 Yr Repayment)	1540300	0.00	0.00
Long Term Loans (Over 3 Yr Rpayment)	1540400	0.00	0.00
Transfers From Reserve Funds	1540500	0.00	0.00
Donations	1540600	0.00	0.00
Fund Raising Events	1540700	0.00	0.00
Other Revenues From Financial Assets Loan	1540800	0.00	0.00
	1541000	0.00	0.00
Market/Trade Centre Fee	1550100	0.00	0.00
Vehicle Parking Fees	1550200	0.00	0.00
Housing	1560100	0.00	0.00
Social Premises Use Charges	1560200	0.00	0.00
School Fees	1570100	0.00	0.00
Other Education-Related Fees	1570200	0.00	0.00
Other Education Revenues	1570300	0.00	0.00
Public Health Services	1580100	0.00	0.00

Item Description	Item Code	Current Period	Previous Period
Public Health Facilities Operations	1580200	0.00	0.00
Environment & Conservancy Administration	1580300	0.00	0.00
Slaughter Houses Administration	1580400	0.00	0.00
Water Supply Administration	1580500	0.00	0.00
Sewerage Administration	1580600	0.00	0.00
Other Health & Sanitation Revenues	1580700	0.00	0.00
Technical Services Fees	1590100	0.00	0.00
External Services Fees	1590200	0.00	0.00
	1930100	0.00	0.00
System Required Revenue A/cs	1990100	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

## 12 Compensation of Employees

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Basic Salaries - Permanent Employees	2110100	146,816,393.90	153,747,823.95
Basic Wages - Temporary Employees	2110200	0.00	0.00
Personal Allowances paid as part of Salary	2110300	69,682,465.35	117,962,169.10
Personal Allowances paid as Reimbursements	2110400	0.00	0.00
Personal Allowances provided in Kind	2110500	0.00	0.00
Employer Contributions to Compulsory National Social Security Schemes	2120100	0.00	0.00
Employer Contributions to Compulsory Health Insurance Schemes	2120200	0.00	0.00
Social Benefit Schemes Outside Government	2120300	0.00	0.00
<b>TOTAL</b>		<b>216,498,859.25</b>	<b>271,709,993.05</b>

## 13 Use of goods and Services

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Utilities, Supplies and Services	2210100	170,269.00	3,598,779.40
Communication, Supplies and Services	2210200	6,584,954.00	15,304,374.60
Domestic Travel and Subsistence, and Other Transportation Costs	2210300	58,150,278.40	87,137,594.00
Foreign Travel and Subsistence, and other transportation costs	2210400	55,959,896.95	120,673,086.00
Printing, Advertising and Information Supplies and Services	2210500	6,158,275.00	21,538,461.70
Rentals of Produced Assets	2210600	73,208,455.05	86,437,269.00
Training Expenses	2210700	4,757,240.00	11,669,016.00
Hospitality Supplies and Servi	2210800	27,669,214.10	35,901,915.30
Insurance Costs	2210900	0.00	0.00
Specialised Materials and Supp	2211000	988,218.00	1,823,710.00
Office and General Supplies and Services	2211100	5,611,250.20	13,686,563.45
Fuel Oil and Lubricants	2211200	9,771,889.80	11,837,468.00
Other Operating Expenses	2211300	25,219,723.05	176,535,867.60
Routine Maintenance - Vehicles	2220100	5,533,115.45	9,970,462.30
Routine Maintenance - Other Assets	2220200	638,826.00	4,317,707.00
Exchange Rate Losses	2230100	0.00	0.00
<b>TOTAL</b>		<b>280,421,605.00</b>	<b>600,432,274.35</b>

## 14 Subsidies

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Subsidies to Public Corporations	2510000	0.00	0.00
Subsidies to Private Enterprises	2520000	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

## 15 Transfers to Other Government Units

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Current Grants to Government Agencies and other Levels of Government	2630100	0.00	0.00
Capital Grants to Government Agencies and other Levels of Government	2630200	0.00	0.00
Other Current Transfers, Grants and Subsidies	2640400	0.00	0.00
Other Capital Grants and Trans	2640500	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

## 16 Other Grants and Transfers

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Grants and Transfers to Foreign Governments	2610100	0.00	0.00
Membership Fees and Dues and Subscriptions to International Organizations	2620100	0.00	0.00
Membership Fees and Dues and Subscriptions to International Organizations (Continued)	2620200	0.00	0.00
Scholarships and other Educational Benefits	2640100	0.00	0.00
Emergency Relief and Refugee Assistance	2640200	0.00	0.00
Grants to Small Businesses, Cooperatives, and Self Employed	2640300	0.00	0.00
	2649900	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

#### 17 Social Security Benefits

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Government Pension and Retirement Benefits	2710100	0.00	0.00
Social Security Benefits	2710200	0.00	0.00
Employer Social Benefits	2710300	0.00	0.00
Refund of Pension to UK Government	2720100	0.00	0.00
Refund of Contributions to WCPS and other Ex-Gratia	2720200	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

#### 18 Acquisition of Assets

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Purchase of Buildings	3110100	0.00	0.00
Construction of Building	3110200	0.00	0.00
Refurbishment of Buildings	3110300	0.00	6,912,688.80
Construction of Roads	3110400	0.00	0.00
Construction and Civil Works	3110500	0.00	0.00
Overhaul and Refurbishment of Construction and Civil Works	3110600	0.00	0.00
Purchase of Vehicles and Other Transport Equipment	3110700	0.00	13,897,355.00
Overhaul of Vehicles and Other Transport Equipment	3110800	0.00	0.00
Purchase of Household Furniture and Institutional Equipment	3110900	0.00	0.00
Purchase of Office Furniture and General Equipment	3111000	462,299.85	3,955,600.00
Purchase of Specialised Plant, Equipment and Machinery	3111100	0.00	0.00
Rehabilitation and Renovation of Plant, Machinery and Equipment	3111200	0.00	0.00
Purchase of Certified Seeds, Breeding Stock and Live Animals	3111300	0.00	0.00
Research, Feasibility Studies, Project Preparation and Design, Project Supervision	3111400	9,994,056.50	5,149,564.00
Rehabilitation of Civil Works	3111500	0.00	0.00
Purchase of Specialised Plant	3112200	0.00	0.00
Acquisition of Strategic Stocks	3120100	0.00	0.00
Acquisition of Other Inventori	3120200	0.00	0.00
Acquisition of Land	3130100	0.00	0.00
Acquisition of Other Intangible Assets	3130200	0.00	0.00
Domestic Lending and On-lending	4110000	0.00	0.00
Domestic Equity Participation	4120000	0.00	0.00
Other Domestic Accounts Receivable	4130000	0.00	0.00
Foreign Lending and On- Lending	4140000	0.00	0.00
Foreign Equity Participation	4150000	0.00	0.00
Other Foreign Accounts Receivable	4160000	0.00	0.00
<b>TOTAL</b>		<b>10,456,356.35</b>	<b>29,915,207.80</b>

#### 19 Finance Costs, including Loan Interest

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Interest Payments on Foreign Borrowing	2410100	0.00	0.00
Interest Payments on Guaranteed Debt	2410200	0.00	0.00
Interest on Domestic Borrowing	2420000	0.00	0.00
Interest on Borrowing From Other Government Units	2430000	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

#### 20 Repayment of Principal on Domestic and Foreign Borrowing

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Repayments on Borrowings from General Government	5510100	0.00	0.00
Repayments on Borrowings from Monetary Authorities (Central Bank)	5510200	0.00	0.00
Repayments on Borrowings from Other Domestic Depository Corporations (Commercial Banks)	5510300	0.00	0.00
Repayments on Borrowings from Other Domestic Financial Institutions	5510400	0.00	0.00
Repayments on Borrowings from Other Domestic Creditors	5510500	0.00	0.00
Principal Repayments on Foreign Borrowing	5510600	0.00	0.00
Principal Repayments on Guaranteed Debt Taken over by Government	5520000	0.00	0.00
Principal Repayments on Guaranteed Domestic Debt Taken over by Government	5520100	0.00	0.00
Principal Repayments on Guaranteed Foreign Debt Taken over by Government	5520200	0.00	0.00
Repayments on Borrowings from Other Domestic Creditors	5610000	0.00	0.00
Repayments on Borrowings from Other Domestic Creditors - Private Enterprises	5610500	0.00	0.00
	5620000	0.00	0.00
Repayments on Borrowings from Other Domestic Creditors - Public Enterprises	5620100	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

**21 Other payments**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Budget Reserves	2810100	0.00	0.00
Civil Contingency Reserves	2810200	0.00	0.00
Capital Transfer to Non Financial Public Enterprises	2820100	0.00	0.00
Capital Transfer to Public Financial Institutions and Enterprises	2820200	0.00	0.00
Capital Transfer to Private Non-Financial Enterprises	2820300	0.00	0.00
System Required Expenses	2990100	0.00	0.00
	2999900	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

**22A Bank Balances**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Special Accounts	6510000	0.00	0.00
Treasury Bank Accounts (Exchequer and CRF Accounts)	6520000	0.00	0.00
Recurrent Bank Accounts	6530000	2,198,970.00	1,140,957.00
Development Bank Accounts	6540000	0.00	0.00
Deposit Bank Account	6550000	6,887,475.00	5,000.00
Project Specific Bank Accounts	6570000	0.00	0.00
Foreign Currency and Foreign D	6590101	0.00	0.00
<b>TOTAL</b>		<b>9,086,445.00</b>	<b>1,145,957.00</b>

**22B Cash Balances**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Cash in Hand	6580000	296,322.00	560,633.00
Foreign Currency and Foreign D	6590201	0.00	0.00
<b>TOTAL</b>		<b>296,322.00</b>	<b>560,633.00</b>

**23 Accounts Receivables - Outstanding Imprest and Clearance Accounts**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Domestic Debtors & Advances	6710000	77,970.00	47,410.00
Debtors & Advances - Govt Owne	6720000	0.00	0.00
Foreign Debtors & Advances	6730000	0.00	0.00
Other Debtors & Pre-payments	6740000	0.00	345,487.20
Government Imprests	6760000	9,520.00	0.00
Agency Accounts	6770000	0.00	0.00
Suspense & Clearance Account	6780000	0.00	0.00
Other Current Assets (System r	6790000	0.00	0.00

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
<b>TOTAL</b>		87,490.00	392,897.20

**24. ACCOUNTS PAYABLE**

Item Description	Item code	Current Period	Previous Period
		Kshs	Kshs
Other Liabilities	7320000	(10.00)	0.00
Deposits	7310000	7,538,143.00	5,000.00
Withholding Taxes	7380000	0.00	0.00
System Required Liabilities A/cs	7390000	0.00	0.00
<b>TOTAL</b>		7,538,133.00	5,000.00

**25. FUND BALANCES BROUGHT FORWARD**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Opening Balance Bank	22A	1,145,957.00	0.00
Opening Balance Cash	22B	560,633.00	0.00
Opening Balance Receivables - Imprest and Clearance Accounts	23	(298,077.20)	0.00
Opening Balance - Deposits	24	(5,000.00)	0.00
<b>TOTAL</b>		1,403,512.80	0.00

**26. PRIOR YEAR ADJUSTMENTS**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
County Transfers	9910300	0.00	0.00
Exchequer Provisions	9910200	1,724,319.80	0.00
<b>TOTAL</b>		1,724,319.80	0.00



**Statement of Budget Execution - Recurrent Expenditure**  
 Entity: 1221-State Department for East African Community  
 Current Period: JUL-19 To JUN-20

	Note	Printed Estimate	Reallocation / Transfer	Supplementary Estimates	Final Approved Estimate (Net)	Actual	Budget Utilization Differences	% of Utilization
		a	b	c	d=a+b+c	e	f=d-e	g=e/d%
<b>RECEIPTS</b>								
	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	2	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	3	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	4	0.00	0.00	0.00	0.00	509,629,751.60	(509,629,751.60)	0.00%
	5	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	6	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	7	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	8	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	9	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	10	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	11	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	<b>Total</b>	0.00	0.00	0.00	0.00	509,629,751.60	(509,629,751.60)	0.00%
<b>PAYMENTS</b>								
	12	160,350,000.00	0.00	55,350,000.00	215,700,000.00	216,498,859.25	(798,859.25)	100.37%
	13	164,661,634.00	0.00	123,639,385.00	288,301,019.00	280,421,605.00	7,879,414.00	97.27%
	14	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	15	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	16	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	17	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	18	10,638,366.00	0.00	0.00	10,638,366.00	10,456,356.35	182,009.65	98.29%
	19	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	20	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	21	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	<b>Total</b>	335,650,000.00	0.00	178,989,385.00	514,639,385.00	507,376,820.60	7,262,564.40	98.59%



**Statement of Budget Execution - Recurrent Expenditure**  
Entity: 1221-State Department for East African Community  
Current Period: JUL-19 To JUN-20

The Statement has been prepared, reviewed and approved by the following:

Prepared By:

Date:

Reviewed By:

Date:

Approved By:

Date:


30/09/2020

30/09/2020



**Budget Execution by Programme and Economic Classification**  
Entity: 1221-State Department for East African Community  
Period: JUL-19 To JUN-20

Program	Item	Description	Approved Budget	Actual Payments	Variance
0000000000		<b>Default - Non Programmatic</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	2210000	Goods and Services	0.00	0.00	0.00
0305000000		<b>East African Affairs and Regional Integration</b>	<b>514,639,385.00</b>	<b>507,376,820.60</b>	<b>7,262,564.40</b>
	2110000	Wages and Salary Contributions	215,700,000.00	216,498,859.25	(798,859.25)
	2210000	Goods and Services	281,933,094.00	274,249,663.55	7,683,430.45
	2220000	Routine Maintenance	6,367,925.00	6,171,941.45	195,983.55
	3110000	Acquisition of Fixed Capital Assets	10,638,366.00	10,456,356.35	182,009.65
		<b>Grand Total</b>	<b>514,639,385.00</b>	<b>507,376,820.60</b>	<b>7,262,564.40</b>

The Statement has been prepared, reviewed and approved by the following:

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed By: *[Signature]*

Date: 30/09/2020

Approved By: *[Signature]*

Date: 30/09/2020





### Budget Execution by Programme and Economic Classification

Entity: 1221-State Department for East African Community

Period: JUL-19 To JUN-20

Program	Item	Description	Approved Budget	Actual Payments	Variance
0000000000		<b>Default - Non Programmatic</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	2210000	Goods and Services	0.00	0.00	0.00
0305000000		<b>East African Affairs and Regional Integration</b>	<b>514,639,385.00</b>	<b>507,376,820.60</b>	<b>7,262,564.40</b>
	2110000	Wages and Salary Contributions	215,700,000.00	216,498,859.25	(798,859.25)
	2210000	Goods and Services	281,933,094.00	274,249,663.55	7,683,430.45
	2220000	Routine Maintenance	6,367,925.00	6,171,941.45	195,983.55
	3110000	Acquisition of Fixed Capital Assets	10,638,366.00	10,456,356.35	182,009.65
		<b>Grand Total</b>	<b>514,639,385.00</b>	<b>507,376,820.60</b>	<b>7,262,564.40</b>

The Statement has been prepared, reviewed and approved by the following:

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed By:  \_\_\_\_\_

Date: 30/09/2020

Approved By:  \_\_\_\_\_

Date: 30/09/2020



### Budget Execution by Heads and Programmes

Entity: 1221-State Department for East African Community

Period: JUL-19 To JUN-20

Head	Program	Description	Approved Budget	Actual Payments	Variance
0000000000		<b>Default Value ( Non-Departmental)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	0000000000	Default - Non Programmatic	0.00	0.00	0.00
<b>1221000100</b>			<b>269,854,517.00</b>	<b>310,165,690.50</b>	<b>(40,311,173.50)</b>
	0305000000	East African Affairs and Regional Integration	269,854,517.00	310,165,690.50	(40,311,173.50)
<b>1221000200</b>			<b>10,247,091.00</b>	<b>5,052,006.70</b>	<b>5,195,084.30</b>
	0305000000	East African Affairs and Regional Integration	10,247,091.00	5,052,006.70	5,195,084.30
<b>1221000300</b>			<b>9,145,263.00</b>	<b>7,678,903.55</b>	<b>1,466,359.45</b>
	0305000000	East African Affairs and Regional Integration	9,145,263.00	7,678,903.55	1,466,359.45
<b>1221000400</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	0305000000	East African Affairs and Regional Integration	0.00	0.00	0.00
<b>1221000500</b>			<b>10,230,541.00</b>	<b>7,913,793.30</b>	<b>2,316,747.70</b>
	0305000000	East African Affairs and Regional Integration	10,230,541.00	7,913,793.30	2,316,747.70
<b>1221000600</b>			<b>10,931,909.00</b>	<b>7,955,553.30</b>	<b>2,976,355.70</b>
	0305000000	East African Affairs and Regional Integration	10,931,909.00	7,955,553.30	2,976,355.70
<b>1221000700</b>			<b>17,405,380.00</b>	<b>16,569,823.85</b>	<b>835,556.15</b>
	0305000000	East African Affairs and Regional Integration	17,405,380.00	16,569,823.85	835,556.15
<b>1221000900</b>			<b>25,883,691.00</b>	<b>23,922,224.30</b>	<b>1,961,466.70</b>
	0305000000	East African Affairs and Regional Integration	25,883,691.00	23,922,224.30	1,961,466.70
<b>1221001000</b>			<b>21,005,620.00</b>	<b>12,962,425.00</b>	<b>8,043,195.00</b>
	0305000000	East African Affairs and Regional Integration	21,005,620.00	12,962,425.00	8,043,195.00
<b>1221001100</b>			<b>18,327,447.00</b>	<b>15,135,668.10</b>	<b>3,191,778.90</b>
	0305000000	East African Affairs and Regional Integration	18,327,447.00	15,135,668.10	3,191,778.90
<b>1221001200</b>			<b>28,445,786.00</b>	<b>23,004,665.40</b>	<b>5,441,120.60</b>
	0305000000	East African Affairs and Regional Integration	28,445,786.00	23,004,665.40	5,441,120.60
<b>1221001300</b>			<b>42,770,840.00</b>	<b>29,744,446.25</b>	<b>13,026,393.75</b>
	0305000000	East African Affairs and Regional Integration	42,770,840.00	29,744,446.25	13,026,393.75
<b>1221001400</b>			<b>25,391,300.00</b>	<b>23,607,587.65</b>	<b>1,783,712.35</b>
	0305000000	East African Affairs and Regional Integration	25,391,300.00	23,607,587.65	1,783,712.35
<b>1221100100</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	0305000000	East African Affairs and Regional Integration	0.00	0.00	0.00
<b>1221100200</b>			<b>25,000,000.00</b>	<b>23,664,032.70</b>	<b>1,335,967.30</b>
	0305000000	East African Affairs and Regional Integration	25,000,000.00	23,664,032.70	1,335,967.30
		<b>Grand Total</b>	<b>514,639,385.00</b>	<b>507,376,820.60</b>	<b>7,262,564.40</b>

The Statement has been prepared, reviewed and approved by the following:

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed By:  \_\_\_\_\_

Date: 30/09/2020

Approved By:  \_\_\_\_\_

Date: 30/09/2020



### Budget Execution By Programmes and Sub-Programmes

Entity: 1221-State Department for East African Community

Period: JUL-19 To JUN-20

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0000000000		Default - Non Programmatic	0.00	0.00	0.00
	0000000000	Default - Non Programmatic	0.00	0.00	0.00
0305000000		East African Affairs and Regional Integration	514,639,385.00	507,376,820.60	7,262,564.40
	0305010000	East African Customs Union	25,963,198.00	23,432,753.80	2,530,444.20
	0305020000	East African Common Market	478,233,321.00	474,155,859.10	4,077,461.90
	0305030000	EAC Monetary Union	10,442,866.00	9,788,207.70	654,658.30
		<b>Grand Total</b>	<b>514,639,385.00</b>	<b>507,376,820.60</b>	<b>7,262,564.40</b>

The Statement has been prepared, reviewed and approved by the following:

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed By:  \_\_\_\_\_

Date: 30/09/2020

Approved By:  \_\_\_\_\_

Date: 30/09/2020

