

REPUBLIC OF KENYA



AG



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

PRISON INDUSTRIES REVOLVING FUND

**FOR THE YEAR ENDED
30 JUNE, 2022**

THE NATIONAL ASSEMBLY	
PAPER NO. 10	
DATE: 19 APR 2023	DAY: Wednesday
TABLED BY:	Hon. Owen Baya, Deputy leader of the Majority Party
CLERK-AT-THE-TABLE:	Mado

Revised Template 30th June 2022



KENYA PRISON SERVICE
(Prison Industries Revolving Fund- (PIRF))

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022

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

Kenya Prisons Service (Prison Industry Revolving Fund)
Annual Report and Financial Statements
For the year ended June 30, 2022.

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1. Key entity information and management

(a) Background information

The Prisons Industries Revolving Fund (PIRF) is domiciled in the directorate of Prisons Enterprise, Industries section of Kenya Prisons Service. The Fund was established by Legal Notice No. 314 of the Exchequer and Audit Act (Cap 412) Regulations of 1988. The Directorate of Prisons Enterprise is situated at the Prisons Headquarter, Magereza House in Nairobi and has branches in 110 industrial prisons countrywide.

Section 11 of the Legal Notice No 314, requires the Officer administering the Fund to prepare financial statements in respect of the Prison Industries Revolving Fund, which gives a true and fair view of the state of affairs of the Fund at midyear and at the end of the financial period on operating results of the Fund for that period.

The officer fund administering is also required to ensure that Prison Industries Revolving Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund and safeguarding the assets of the Fund.

ESTABLISHMENT OF THE PRISONS INDUSTRIES REVOLVING FUND

LEGAL NOTICE No. 314

THE EXCHEQUER AND AUDIT ACT
(Cap. 412)

IN EXERCISE of the powers conferred by section 34 of the Exchequer and Audit Act, the Minister for Finance makes the following Regulations: -

THE EXCHEQUER AND AUDIT (PRISONS INDUSTRIES FUND) REGULATIONS, 1988

1. These Regulations may be cited as the Exchequer and Audit (Prison Industries Fund) Regulations, 1988 and shall be deemed to have come into operation on the 1st July, 1987.

2. In these Regulations, unless the context otherwise requires-

“Financial year” means the period from the 1st July in any year to the 30th June in the immediately succeeding year (both days inclusive);

“Fund” means the Prison Industries Fund established by the Treasury under section 32 (1) of the Act;

“Officer administering the fund” means the accounting officer responsible for the vote of the Office of the Vice President and Minister of Home Affairs and National Heritage or any other person appointed by him in writing to administer the fund on his behalf.

3. The purpose and object of the Fund shall be to train and rehabilitate prisoners and inmates and procure necessary raw materials, tools, plants and equipment required thereof; and offer for sale finished products in the open market.

4. The initial capital of the Fund shall be K£ 700,000 appropriated by Parliament in the 1987/88 financial year.

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5. The surplus realized in any year from the operations of the Fund shall be retained in the reserve account of the Fund pending Treasury's decision on its disposal, and a deficiency, if realized in any year, shall, subject to Treasury's concurrence, be off-set against the realized surplus.

6. The expenditure on operation of prison industries and maintenance of tools, plants and equipment shall be on the basis of, and be limited to, the annual budget (on receipts and expenditure) which shall be submitted to the Treasury for approval before the beginning of the financial year to which the budget relates.

7. The institutions which may obtain manufactured items from the Prison Industries Fund shall be-

- a) Government Ministries,
- b) Government Departments,
- c) Local Government Authorities,
- d) Parastatal Organizations, and
- e) Private Organizations and Individuals.

8. The selling prices of finished goods shall be reviewed from time to time by the officer administering the Fund in consultation with the Treasury.

9. The Government procurement procedures shall strictly be adhered to when purchasing items referred to under Regulation 3.

10. All the receipts, savings and accruals of the Fund and balance of the Fund at the close of each financial year, shall be retained for the purpose of which the Fund is established subject to the provisions of Regulation 5.

11. The officer administering the Fund shall-

- a) supervise and control the administration of the Fund;
- b) advise and obtain such advice from the Minister for the time being responsible for finance as may from time to time be required;
- c) if he thinks fit, impose conditions as to the use to be made of any expenditure authorized by him or on his behalf and impose any reasonable prohibition, restriction or requirements concerning such use or expenditure;
- d) approve the prices of finished products to be offered for sale;
- e) cause to be kept all proper books of accounts and other books and records in relation to the Fund and to all various activities and undertakings financed by the Fund;
- f) transmit to the Controller and Auditor General, in respect of each financial year within four months after the end thereof, a statement of account relating to the Fund, prepared and signed by him, specifying income to the Fund, and showing the expenditure incurred from the Fund, in such details and with such additional information as he may deem to be proper and sufficient for the purpose of examination and audit by the Controller and Auditor-General in accordance with section 18 (2) of the Act as the Treasury may from time to time direct, and every statement of account shall include details of the balance between the assets and liabilities of the Fund, and indicate the financial status of the Fund, as at the end of the financial year concerned.

Made on the 22nd July, 1988.

GEORGE SAITOTI,
Minister for Finance.

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(b) Principal Activities

The principal mandate of the *Prison Industries* is to train and rehabilitate prisoners and inmates, procure necessary raw materials, tools, plants and equipment required thereof and offer for sale finished products in the open market.

- **VISION :** A correctional service of excellence in Africa and beyond
- **MISSION:** Containment of offenders in humane and safe conditions in order to facilitate responsive administration of justice, rehabilitation and social integration for community protection
- **MOTTO :** Rehabilitation and Justice

OUR CORE VALUES

1. Fairness and Equality to all within the law
2. Integrity
3. Team work and collaboration
4. Loyalty
5. Gender sensitivity
6. Discipline
7. Meritocracy
8. Leadership by example

(c) Key Management

The *PIRF's* day-to-day management is under the following key organs:

- The Commissioner General of Prisons
- The Accounting Officer - Principal Secretary, State Department for Correctional Services
- The Director/Deputy Director Prisons Enterprise
- Officers in Charge - Prison Stations
- Officers in Charge - Prison Industries

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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal Secretary	Hon. Safina Kwekwe Tsungu, CBS Zeinab A. Hussein (Mrs.), CBS
2.	Commissioner General of Prisons	Brig. (Rtd) John K. Warioba, EBS Wycliffe O. Ogallo, CBS, (Rtd)
3.	Director of Prison Enterprise	James K. Too, ndc(k), ACGP Wairimu R. Thang'ate, HSC, SACGP(Rtd)
4.	Deputy Director Prison Industries	Peter N. Njoroge, OGW, ACP

(e) Fiduciary Oversight Arrangements

Audit and finance committee activities

The purpose of Internal Audit is to assist an organisation in accomplishing its objectives by bringing a systematic, disciplined approach, to evaluate and improve the effectiveness of risk management, control, and governance processes. In accordance with Public Financial Management Act (2012) Regulations [Section 165], the main purpose of the Audit Committee shall be to provide oversight over the issues of risk management, system of internal control and governance and associated assurance. The responsibility over the management of risk, control and governance processes remains with the management.

The Audit Committee shall also oversee the process of follow up on the implementation of the recommendations proposed by the internal and external auditors respectively.

CORE FUNCTIONS;

- ❖ Establishing the governance mechanisms of the Fund for transparency and accountability with regard to the finances and assets;
- ❖ Conducting risk-based, value-for-money and systems audits aimed at strengthening internal control mechanisms that could have an impact on achievement of the strategic objectives of the Enterprise;
- ❖ Verifying the existence of assets administered by the Fund and ensuring that there are proper safeguards for their protection;

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- ❖ Providing assurance that appropriate institutional policies and procedures and good business practices are followed by the Enterprise;
- ❖ Evaluating the adequacy and reliability of information available to management for making decisions with regard to the Fund and its operations.
- ❖ Account for results of the audit of the financial statements and the related report therein and, if applicable, a report on changes during the year in accounting principles and their application.
- ❖ Report on significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit. Inquire about the cooperation received by the outside auditors during their audit, including access to all requested records, data, and information.
- ❖ Ask the outside auditors if there have been any disagreements with staff that, if left unresolved, would have caused them to issue a nonstandard report on the organization's financial statements.
- ❖ Obtain annually from the outside auditors a letter regarding the adequacy of internal controls.

(f) **PIRF Headquarters**
P.O. Box 30175-00100
MAGEREZA House
Bishop Road – Upperhill
Nairobi, KENYA

Registered Office
P.O. Box 30478-00100
Teleposta Building
Kenyatta Avenue
Nairobi, KENYA

(g) **PIRF Contacts**
Telephone: (254) 20-2722900-6
E-mail: commissioner.prisons.go.ke
Website: www.go.ke

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(h) Entity Bankers

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

2. Equity Bank of Kenya

Kenyatta avenue – Supreme

P.O. Box 75104-00200

NAIROBI, KENYA

(i) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

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2. The Management Team

Board Members photo and name.	Board Members key qualifications and work experience.
 Mary Muthoni Muriuki (Ms), (HSC) (PS) <u>Principal Secretary</u>	Principal Secretary for Correctional Services in the Ministry of Interior and National Administration from 1st December, 2022. Ms. Muriuki has served in various organizations and institutions in the public and private sectors; notably, the President and Chief Executive Officer of Women in Business Community Network, Founder of the premier Women in Business Awards and Magazine, National Director of Kenya National Chamber of Commerce and Industry and board member of Tobacco Control Board. Ms. Muriuki has received recognition and awards for her contribution in women economic empowerment and gender inclusion in private and public sectors; including the Head of State Commendation (2021) for community service, Uzalendo Award (2019), Regional Winner East Africa by the CEO Global for Pan African Awards (2019), Africa Business Leaders Awards in regards to Gender (2018), and Devolution Warrior Award- Gender Responsive Delivery Category (2017) and was among the Six (6) most influential Women in Kenya (2017).. <u>EDUCATIONAL BACKGROUND</u> * MBA in Business Administration from Baraton University * Bachelor of Education from Catholic University of East Africa
 Brig. (Rtd) John K. Warioba, EBS <u>Commissioner General of Prisons</u>	I am a self-motivated, dynamic, result oriented, and self-driven individual with an eye for details. My career in the Military spanned for a period of 36 years rising to the rank of Brigadier. My command experience in the military started as a young officer upon being commissioned as an officer then took over command of a platoon size force. I subsequently commanded a company, battalion and finally a brigade size force both in peacetime and operations environments including peacekeeping operations in Namibia and South Sudan. As I take command of the Kenya Prisons Service as the Commissioner General of Prisons (CGP) in November, 2021, I aim at making significant contribution in the field of Human Resource Management, Policy formulation and Personnel training in order to enhance organisation performance. I have undertaken a series of professional courses in security management, administration and management. Qualifications: * MA(International Security and Strategy) – Kings College - London

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Mr. James K. Too, ndc(k), [ACGP]
Director Prisons Enterprise

I am a career corrections officer with solid credentials and a track record of public service spanning over thirty five years. My appointment as the Director of Prisons Enterprise (DPE) in December, 2021 capped my illustrious career that began in 1985 as Chief Officer Two (COII) and risen through ranks to the current rank of Assistant Commissioner General of Prisons (ACGP). Currently I am the Chairman of Magereza Sacco which is one of the largest SACCOs in the country. I have served the SACCO for over 17 years in various management capacities.

Prior to my appointment as the DPE, I was the Director Logistics and served in various capacities in various stations and as a Regional Commander Rift Valley & Central Regions respectively.

I have undertaken a series of professional courses in security management, administration and management.

I am a persuasive communicator with proven abilities in building teams that has since intensified our collaboration with the other criminal justice players in the development of common approaches to the matters of penal reforms.

Qualifications:

- * Diploma in International Relations
- * Advanced Level of Education
- * Professional Courses in security Management
- * Administration and Management Course



Mr. Peter N. Njoroge, OGW[ACP]
Deputy Director Prisons Enterprise (Industries)

Enlisted in Kenya Prisons Service in 1987 as a Technical Officer (WDR) and risen through the ranks to the current rank of Assistant Commissioner of Prisons (ACP).

Has served in the following capacities:

- * 1987-1991 – Kamiti Main Prison Industries
- * 1991 – 2003 – officer in charge Kitui prison industries
- * 2003 – 2005 - officer in charge Athi-River Prison Industry
- * 2005 to July 2009– officer in charge Kamiti maximum security prison industries
- * 2007 International Peace Support Training Centre Nairobi
- * August 2009 to January 2011 – corrections advisor/mentor republic of Congo
- * February 2011 to November 2011 - officer in charge marketing prisons enterprises PHQ
- * 2011 to 2013 – officer in charge Naivasha maximum security Prisons Enterprise
- * 23 June 2013 to 23 June 2016 – Corrections Officer in United Nations Mission In South Sudan
- * 2016-2017 officer in charge marketing Prisons Enterprise PHQ
- * 2017 2019 – Officer In charge Nairobi West Prison
- * Nov 2019 to date Deputy Director Prisons Enterprise (Industries)

Qualifications:

- MBA (Strategic Management) KeMU 2013
- BBA(Hons) KeMU 2009
- Adv. Diploma - Kenya College Of Telecommunications –Nairobi -2008

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3. Statement by the Principal Secretary

It is my pleasure to release the Prison Industries Revolving Fund Annual Report and Financial Statement for the year ended 30th June, 2022. I am proud to note that the fund has continued to fulfil its set purpose and objective of training and rehabilitation of prisoners while operating in accordance with business principles. The Prisons Service has been a place for restorative justice unlike the colonial approach to prisons management which was about retribution, punishment, condemnation, stigmatization and pain; restorative justice is about correction.

During the year under review, over 3,500 prisoners participated in various industrial vocational training programs and a total of 3,349 were booked and examined for Government Trade Tests Grade I, Grade II and Grade III respectively. The government committed Kshs17 million for paying examination fees, training and testing materials. These prisoners are well skilled in their areas of trades and some of them have already been released from prisons to the society as skilled artisans ready to join their families and communities in nation building.

Besides offering vocational and on- the- job training to prisoners, prison industries make valuable contribution to the economy of the country by producing a pool of skilled artisan critical for the industrial and construction industry in line with vision 2030 and the government's BIG four agenda. Also, prison industries produce high quality furniture for the local market and save the economy of our country from importing both office and household furniture in line with the government policy of encouraging local manufacturers. Equally encouraging and also worth registering is the implementation of the cashless transaction to support Prisons Enterprise which has enabled seamless real-time deposition of the revenues into the CBK account. These are clear indications of a truly transformed Kenya Prisons Service -PE.

During the year under review, the fund experienced a marginal decrease of sales to 381,290,979.50 as compared to Kshs, 397,006,637.16 realized in 2021/2022 financial year while net assets decreased from Kshs792,857,755.00 in 2020/2021 to Kshs 555,353,127.67 in 2021/2022 financial year.

The continuous performance of the fund is a true testimony of its stability and sustainability. Establishing a stable and sustainable fund to finance prisons offender rehabilitation programs were the noble ideals of the founders of this fund in 1988.

In order to ensure sustainability of the industries, the state department has initiated reforms in revising the prison industries and farms policy and also re-equipping the enterprise. It is my hope that once the policy is finalised and modernization of the machineries, prison industries will witness unprecedented transformation in operations and management.

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I want to reiterate my commitment to strengthening prison industries to become an efficient and effective business framework to fully support offender rehabilitation and reformation programs in our prisons and supplement government efforts in meeting the operational expenses of prisons.

Further, I am greatly impressed by the prudent measures the Commissioner General of Prisons and his team have put on the management of the fund. This fund has not only achieved its set purpose and objectives, but has also set a firm foundation for future prosperity. I urge prisons department to double its efforts to ensure that the fund not only fulfils its purpose, but also generates surplus funds that can be used to supplement the exchequer on the operational expenditure of prisons.

I will end by quoting this: "Let impossible not be in our vocabulary" and indeed, "...Impossible is nothing if we believe that we can", the leadership of the service has demonstrated this ideal" -as said by His Excellency, Hon. Uhuru M. Kenyatta, CGH, President of The Republic of Kenya and Commander in Chief of The Defence Forces during the 44th passing-out-parade of prisons recruits

Name: Mary Muthoni Muriuki (Ms), (HSC) Signature..... Date.....

Principal Secretary,

State Department for Correctional Services, Nairobi.

4. Report of the Commissioner General of Prisons

I am pleased to share this annual report and financial statement of Prisons Industries Revolving Fund for the year ended on 30th June 2022. Prison Industries Revolving Fund is crucial to the achievement of main prison objectives of rehabilitation and reformation of prisoners. The fund facilitates provision of vocational and on the job training to the Country's over 30,000 prisoners' population. Prison industries provide practical technical and soft-skills training to prisoners while at the same time modelling appropriate workplace behaviours to prisoners. By providing this training, offenders learn "how to work" so as to successfully obtain and retain employment upon release from incarceration and reduce recidivism.

I feel greatly indebted to many Kenyans who have supported our industries by showing unwavering preference to our products. The support has made our rehabilitation programs achieve the success we are witnessing. Keep up your support and help us reduce crime in our country. We can only accomplish this through hard work, collaboration and winning partnerships.

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The performance of Prison Industries Revolving Fund during the financial year 2021/2022 was another milestone achievement though it did not operate at its optimal. The fund has continued to propagate from the initial seed capital of Kshs.14,000,000.00 appropriated by parliament in 1987/88 to the current net assets base of Kshs. 555,353,127.67 At the same time, the number of prisoners enrolling in industrial vocational training programs witnessed a decrease in the years due to the COVID 19 pandemic which engulfed prisons operations through closure/lockdown of workshops and showrooms but now increasing gradually.

During the year under review, the fund's 108 industrial prisons across the country offered industrial vocational training to an average of 7,000 prisoners. As the country continues to embrace devolution, the service has taken steps to ensure that there is at least one industrial prison in each one of the 47 counties. These industrial prisons not only offer vocational training in different skills to prisoners at the grass root level but also provide employment opportunities to prisoners serving prison sentences and manufacture high quality products for sale in the local markets. The main beneficiary of prison industries products are schools, churches, hospitals, county governments, national government department, non-governmental organizations, private firms and individuals. Once released from prisons, the skilled prisoners are absorbed and integrate in society where they add to the national pool of artisans necessary for national development.

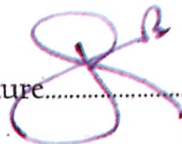
Further, during the year under review, the department participated in few trade fairs and exhibitions after easement of the COVID 19 disease protocols in the country.

I am greatly indebted to the Principal Secretary, State Department for Correctional Services who is also the officer administering the fund for the great support and advice accorded us in the operations of the fund. I also take this opportunity to thank ministries, departments, government agencies and in a special way county governments who have continued to buy prison industries products. I appeal to all to continue supporting us as every time we buy prison industries products, we are helping in rehabilitation and reformation of offenders and making our society safer and secure.

Name: Brig. (Rtd) John K. Warioba, EBS
Commissioner General of Prisons,
Kenya Prisons Service, Nairobi.

Signature.....

Date.....



8 Dec 22

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5. Statement of performance against predetermined objectives for FY 2021/2022
 Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

PIRF has three (3) strategic objectives within the current Strategic Plan for the FY 2021- FY 2022.

These strategic themes/ issues are as follows:

Pillar/theme/issue 1: To train and rehabilitate prisoners and inmates

Pillar/theme/issue 2: To Procure necessary raw materials, tools, plants and equipment required

Pillar/theme/issue 3: To offer for sale finished products in the open market.

PIRF develops its annual work plans based on the above 3 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The PIRF achieved most of its performance targets set for the FY 2021/2022 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	Train and rehabilitate	Rehabilitated prisoners	Training	7,000 inmates trained, 3,349 trade tested
Pillar/ theme/ issue 2:	Procure necessary raw materials	Availed/ equipped workshops	Procurement of the items	Timber & number plate raw materials & few machineries procured
Pillar/ theme/ issue 3:	sale of finished products	Sales	Selling of products	Sales revenue realized

The organisation achievements on the thematic area are in tandem with the performance contract for the financial year.

6. Corporate Governance Statement

To improve on quality of products and services the department has been engaging in undertaking the market research to determine the needs, tastes and preferences of the consumers and use of the feedback to develop improved products and services.

To enhance corporate governance and improve on processes the department ensured continued compliance with the legal and regulatory framework established by the Government in order to promote sustainable business practices.

In strengthening institutional capacity, the department achieved much progress geared to enhance the institutional capacity to serve the increased needs and demands of our valued customers. The department continues to invest in human capital investment to ensure that we attract and retain competent and skilled employees. This has resulted in improved productivity levels.

Furthermore, in order to enhance the reporting and mitigation of the material risks impacting on the financial condition of the fund, the Authorities introduced cashless collection of revenue vide Safaricom MPESA platform to enhance the implementation of the risk-based supervision model.

The industry and markets in Kenya are still evolving; the changing legal, social and political environment presents avenues for product development and innovation. The reforms within the government legal and structures for example, have significantly increased the responsibilities, markets and therein some risks that the directors face in running their firms.

The management shall continue to work closely with the various stakeholders to ensure the development and growth of the fund, coupled with the requisite dynamic and efficient regulation and supervision.

The number of debtors and creditors marginally increased & decreased respectively as we endeavoured following our debtors and payment of our suppliers in order to meet the demand to execute our core mandate of training prisoners and also fulfil the market demand of our customers. This came about due to non-wiring fund monies left with our former ministry. The management is still pursuing the matter with the relevant authorities.

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7. Management discussion and analysis

Statement by the Director of Prisons Enterprise

The Kenya Prison Enterprises comprise of Prisons Farms and Industries. Prisons Industries operate under the Prisons Industries Revolving Fund established by Legal Notice No. 314 of the Exchequer and Audit Act (Cap 412) Regulations, 1988.

The mission of Prison industries is to provide training opportunities to offenders that instil essential skills training and work ethics, while producing quality products and services for sale in the open market.

During the financial year 2021/2022, the operations of prison industries revolving fund registered yet again another impressive business report despite the closure of many of our sectors. The fund has been striving to achieve its purpose and objectives despite the challenges wherein the number plate sector which is the backbone of the fund thrived through the year and performed impressively.

During the period under review, averages of 7,000 prisoners were registered for various vocational training skills in prison industries. Out of these, 3,349 were booked for government trade test grade I, II and III which they were examined and exceled.

PIRF performance against predetermined objectives for F/Y 2021/2022

In the year under review, Prisons Industries Revolving Fund projected to spend Kshs 652,044,229.40, comprising of Kshs 477,041,112.40 for purchase of Raw Materials, Kshs 43,295,070.00 for purchase of uniform, workshop tools and equipment and Kshs 131,708,047.00 for operations expenditure.

The budget was for one hundred and four (104) industry stations and two (2) administrative units viz PHQ & Timbaryard Kiln. The approved budget was as below;

Purchase of number plate materials (aluminum sheets, foils,)	Kshs	299,840,660.00
Purchase of assorted timber & upholstery materials	Kshs	100,432,196.00
Purchase of Metal raw materials	Kshs	27,376,714.00
Purchase of Textile products raw materials	Kshs	18,364,927.00
Purchase of other assorted raw materials for paints/soaps	Kshs	10,206,895.00
Purchase of workshop tools and equipment	Kshs	41,620,070.00
Purchase of staff dust coats and show participants uniform	Kshs	1,675,000.00
Purchase of Water distilling/bottling raw materials	Kshs	9,055,000.00
Construction project & services	Kshs	11,764,720.00
	Kshs	520,336,182.40
Operating overheads/expenses	Kshs	131,708,047.00
	Kshs	<u>652,044,229.00</u>
Capital Expenditure	Kshs	<u>560,335,989.00</u>

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By utilizing the above the Prison industries had projected to realize revenue of Kshs. 608,047,133.50 realize a surplus of Kshs 56,002,904.10 during the period but due to change in prices of the number plates raw materials the cost of production rose up.

The industries also intended to incur capital expenses in construction of buildings, purchase of motor vehicles, Computers, Machines and Equipment estimated to cost Kshs 560,335,989.00

ACTUAL PERFORMANCE

Purchase of Raw materials

Prison Industries utilized raw materials worth Kshs 386,841,560.43 in procurement of number plates raw materials, Metal raw materials, assorted timber & upholstery materials and textile raw materials during 2021/2022 financial year and generated revenue of Kshs. 381,290,979.50. The raw materials were utilized in manufacturing NTSA-Motor Vehicles number plates, furniture, staff uniforms, inmate's uniforms, and other public and private institutions tailoring orders. The budget absorption was low which led to revenue shortfall due to low demand of number plates from NTSA, furniture and our other products due COVID 19 pandemic and other economic exigencies.

The fund incurred an expenditure of Kshs. 14,705,900.00 while executing 23 building construction projects contracted to Prison Enterprise by State Department for Correctional Services across the country and earned a revenue of Kshs 29,411,800.00

Operating overheads/expenditure

The fund incurred an expenditure of Kshs 64,212,714.27 (Kshs. 51,210,214.27 general expenses + 13,002,500.00 repairs & Maintenance) on operating expenses whilst managing the daily operations of the enterprises.

Besides, efforts have also been made to make prison industries sustainable and profitable businesses by adopting zero based budgeting for flagship stations. Moreover, in order to diversify and increase revenue streams, the fund is constructing Water Purification & bottling plant at Ruiru. Towards this end, the industries have continued engaging in electricity meters separation from the main stations power supply and review of costing procedures to ensure actual cost of production and profitability of the industries.

Kenya Prisons Service (Prison Industry Revolving Fund)
Annual Report and Financial Statements
For the year ended June 30, 2022.

It is my appeal to our esteemed customers who are private individuals, community-based organizations and government entities to continue using our products. Indeed, any time you purchase our products, you not only receive quality products and services, but also helping Kenya's local economy and contributing to the growth of the offender's rehabilitation programs. Prison industries on-the-job experiences teach trades and work ethic, as well as sparking interests and uncover talents. Bettering these offenders is not only beneficial to institutional security, but also facilitate offenders' successful re-entry into society, which in turn improves Kenyan communities' security and safety. Together, we can help offenders help themselves - and a better Kenya will result.

8. Environmental and Sustainability Reporting

PIRF exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the prisoners/Citizen first, training the offenders to instil essential skills and work ethics for rehabilitation purpose, while producing quality products and services for sale in the open market and improving operational excellence.

Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The Directorate of Prison Enterprises (DPE) is the technical division of the Department that manages industry business units in most of the State's prisons. It employs an average of 5,000 prisoners per day throughout the State's facilities. PE's workforce covers a broad range of processing operations including woodwork, metalwork, spray painting, general engineering and assembly textiles which contributes to the Department's needs in the provision of clothing.

ii) Environmental performance

The development of a work ethic is regarded as significant prisoner rehabilitation issue. DPE fosters work ethics, develops prisoner skills and trains prisoners in modern work techniques. At the moment, the main focus of our Corporate Social Responsibility (CSR) environment activities is through production of different species food trees and the Greening Kenya initiative which emphasises on increasing the forest cover in the country. We supplied over 10m seedlings to KFS – planting of trees in Mara Forest, provision of tree seedlings to schools.

iii) Employee welfare

The Directorate of Prisons Enterprise (DPE) is a division in Kenya Prisons Service that manages industry and farms business units in most of the State's prisons. It employs an average of 5,000 prisoners per day throughout the State's facilities.

The development of a work ethic is regarded as significant prisoner rehabilitation issue. DPE fosters work ethics, develops staff/prisoner skills and trains prisoners in modern work techniques. KPS has stringent policies guiding the hiring process and which takes into account the gender ratio, takes in stakeholder engagements and often for continuous improvement. Staff members are engaged on continuous in-service training in improving skills and managing careers, appraisal and reward systems. The organisation is guided by the GOK policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

iv) Market place practices-

These are outlined here below:

a) Responsible competition practice.

The organisation ensures responsible competition practices with issues like anti-corruption, fair competition and respect for competitors taken care i.e PE operates under a very clear directive to avoid competing with main stream business, but seeks opportunities that will deliver vocational training in an environment supervised by suitably qualified trades-people..

b) Responsible Supply chain and supplier relations

The organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices. All the procurement and disposals are guided by the PPDA Act. E.g. open tenders etc.

c) Responsible marketing and advertisement

PE(Industries) operates under a very clear directive to avoid competing with main stream business, but seeks opportunities that will deliver vocational training in an environment supervised by suitably qualified trades-people.

d) Product stewardship

The industries' products are of the best quality wherein the enterprise employs efforts to safeguard consumer rights and interests.

v) Corporate Social Responsibility / Community Engagements

In executing its mandate, the Kenya Prisons Service, Prisons Industries revolving fund is committed to behaving ethically and responsibly, to contribute to economic development while improving the quality of life of its immediate clients (prisoners), employees and their families as well as the local community, national government and the society at large.

It employs an average of 5,000 prisoners per day throughout the State's facilities though due to the COVID 19 protocols the number was limited.

PE's workforce covers a broad range of processing operations including woodwork, metalwork, spray painting, general engineering and assembly textiles which contributes to the Department's needs in the provision of clothing. Many prisoners are trained and receive qualifications endorsed by the National Industrial Training Authority (NITA).

At the moment, the main focus of our Corporate Social Responsibility (CSR) activities and projects is in the area of promoting the impaction of technical knowledge to incarcerated prisoners. Our CSR policy also covers community relations, national events, education, and support to national disaster mitigation efforts.

Some of the Authority's most notable CSR activities include, provision of furniture to ASK during trade fairs, provision of tool kits and start-up furniture to released prisoners through collaboration with the welfare directorate and other stakeholders, repair and maintenance of furniture for prison's churches, primary and secondary schools, maintaining the national presidential Dias, donation of items during the annual uniformed discipline forces thanksgiving prayer ceremonies etc.

The Enterprise shall continue to forge public private sector partnerships to ensure that it uplifts the society.

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9. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the PIRF's affairs.

i) Principal activities

The principal activities of the PIRF is training and rehabilitating inmates, procuring the necessary raw materials, tools, plants and equipment required thereof and offer for sale finished products in the market in order to fulfil the concept of "revolving fund".

ii) Results

The results of the entity for the year ended June 30, 2022, are set out on page 1 onwards.

iii) Directors

The members of the management team who served during the year are shown on page viii' i.e., Principal Secretary, Hon. Safina Kwekwe Tsungu, CBS & Zeinab A. Hussein (Mrs.), CBS, Commissioner General of Prisons, Brig. (Rtd) John K. Warioba, EBS & Wycliffe O. Ogallo, CBS, CGP(RTD), Director Prisons Enterprise, Mr. James K. Too, ndc(k), [ACGP] & Wairimu R. Thang'ate, HSC, [SACGP-(Rtd)] and Deputy Director Mr Peter N. Njoroge, OGW[ACP].

iv) Surplus remission

The entity did not submit any surplus to the Consolidated Fund during the year (FY 2021/2022 i.e., Ksh Nil) since the surplus realized is directed to improvement and sustainability of the fund as guided by the establishing policy

v) Auditors

The Auditor General is responsible for the statutory audit of the PIRF in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the entity for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Management


Mary Muthoni Muriuki (Ms), (HSC)

Principal Secretary,

State Department for Correctional Services, Nairobi.

Date.....

Kenya Prisons Service (Prison Industry Revolving Fund)
Annual Report and Financial Statements
For the year ended June 30, 2022.

10. Statement of the Officer Administering the Responsibilities

Section 81 of the Public Finance Management Act, 2012 and The Exchequer and Audit Act CAP 412, section 11 of the Legal Notice Act No314, require the Officer administering the Fund to prepare financial statements in respect of the *Prison Industries Revolving Fund*, which give a true and fair view of the state of affairs of the Fund at the end of the financial period and the operating results of the Fund for that year. The Officer administering the Fund is also required to ensure that the *Prison Industries Revolving Fund* keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Officer administering the Fund is also responsible for safeguarding the assets of the Fund.

The Officer administering the Fund is responsible for the preparation and presentation of the *Prison Industries Revolving Fund* financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year (period) ended on June 30, 2022. 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 PIRF; (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 Fund (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Officer administering the Fund accepts responsibility for the *Prison Industries Revolving Fund* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act. The Officer administering the Fund is of the opinion that the *Prison Industries Revolving Fund* financial statements give a true and fair view of the state of Fund transactions during the financial year ended June 30, 2022, and of the Funds financial position as at that date. The Officer administering the Fund further confirms the completeness of the accounting records maintained for the *Prison Industries Revolving Fund* which have been relied upon in the preparation of the Funds financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Officer administering the Fund to indicate that the *Prison Industries Revolving Fund* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The *Prison Industries Revolving Fund* financial statements were approved by the Principal Secretary State Department for Correctional Services, Ministry of Interior and Coordination of National Government.

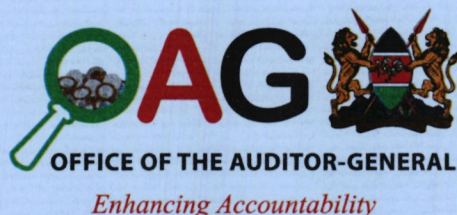
_____ 2022



Mary Muthoni Muriuki (Ms), (HSC)
PRINCIPAL SECRETARY
STATE DEPARTMENT FOR CORRECTIONAL SERVICES

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON PRISON INDUSTRIES REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

The accompanying financial statements of Prison Industries Revolving Fund set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets,

statement of cash flows, statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Prison Industries Revolving Fund as at June 30, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Cash Flows

The financial statements prepared and presented for audit had the following inaccuracies:

- (i) The statement of cash flow reflects decrease in payables by Kshs.223,236,974 while a recalculation of the payables under Note 16 to the financial statements revealed a decrease by Kshs.126,151,443 resulting to an unexplained variance of Kshs.97,085,531.
- (ii) The statement of cash flow reflects no change in non- current receivables while a recalculation under Note 13(b) to the financial statements revealed an increase of Kshs.59,970,930 resulting to an unexplained variance of Kshs.59,970,930.
- (iii) The statement of cash flows reflects an amount of Kshs.260,283,489 in respect of net cash flows used in investing activities. This amount includes Kshs.223,236,974 relating to decrease in payables which represents an operating activity and not an investing activity.

In the circumstances, the accuracy and completeness of the above balances as reflected in the statement of cash flows could not be confirmed.

2. Overstatement of Trade and Other Payables Balance

The statement of financial position and Note 16 to the financial statements reflects trade and other payables - creditors balance of Kshs.186,193,731. Included in the balance is an amount of Kshs.58,879,973 appearing in the cash book as having been paid on 30 June, 2022 but disclosed in the bank reconciliation statement for the month of June as unrepresented cheques. It was not explained why unrepresented cheques were treated as creditors overstating the creditors balance.

In the circumstances, the accuracy of the trade and other payables- creditors balance of Kshs.186,193,731 could not be confirmed.

3. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.7,795,251. However, one cash book and a single bank account was maintained in the year under review for recording of financial transactions for both the Prison Farms Revolving Fund and the Prisons Industries Revolving Fund yet the two (2) Funds are distinct and prepare separate sets of financial statements.

Further, the bank reconciliation statement for the Prisons Enterprises Fund presented for audit reflected an amount of Kshs.20,469,565 as payments in the bank statement not in the cash book as at 30 June, 2022, out of which an amount of Kshs.650,000 related to 2019/2020 financial year. The failure to record the payments in the cash book has not been explained.

In addition, the bank reconciliation statement for the month of June, 2022 reflects unrepresented cheques totaling to Kshs.115,526,747 which included stale cheques totaling to Kshs.Kshs.2,284,510.

In the circumstances, the accuracy, completeness, and existence of the reported cash and cash equivalents of Kshs.7,795,251 could not be confirmed.

4. Unexplained Variance and Incomplete Fixed Asset Register

The statement of financial position reflects non-current assets balance of Kshs.93,404,716 while the corresponding Note 15 to the financial statements indicate a non-current assets balance of Kshs.94,595,861 resulting to an unexplained variance of Kshs.1,191,145.

Further, depreciation expense of Kshs.4,117,584 reflected in Note 15 to the financial statements was not supported with relevant schedules or ledgers for various classes of assets. The assets register provided for audit was also not comprehensive and updated to reflect the date/year of acquisition, cost, depreciation rate, disposals and serial numbers as required.

In the circumstances, the completeness and accuracy of the property, plant and equipment reported balance of Kshs.93,404,716 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Prison Industries Revolving Fund Management in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Material Uncertainty Related to Sustainability of Services

I draw attention to Note 5 to the financial statements which discloses that if the motor vehicle number plates production is transferred to National Transport and Safety Authority (NTSA) or any other government entity, the sustainability of services of the Prison Industries Revolving Fund shall be affected adversely. As at November, 2022, production of the number plates at Kamiti Maximum Prison was transferred to NTSA through a Cabinet decision as a result of which production has since stopped at Kamiti Maximum Prison resulting to the raw materials worth Kshs.101,348,772 and the fixed assets (machinery) held at Kamiti Maximum Prison being idle. These conditions indicate that a material uncertainty exists which may cast significant doubt on the Fund's ability to continue to sustain services.

My opinion is not qualified in respect of this matter.

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. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final revenue budget amount of Kshs.608,047,134 and an actual on comparable basis amount of Kshs.381,290,980 resulting to under collections of Kshs.226,756,156 or 37% of the budgeted revenue. Similarly, the statement reflects final budget expenditure amount of Kshs.652,043,729 against an actual on comparable basis expenditure of Kshs.467,559,492 resulting to an under expenditure of Kshs.184,484,238 or 28% of the budgeted expenditure. Management has not provided justification for the underperformance and suppressed expenditure.

The under collection of revenue may affect the operations and hence negatively impacting planned activities of the Fund.

2. Unresolved Prior Year Matters

In the previous year audit report, several issues were raised on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance on whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities which govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or 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 Fund's financial reporting process, reviewing the effectiveness of how the Management 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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 controls 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 Fund'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 controls.
- 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 Fund'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 Fund 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 Fund 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 controls 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.


CPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

13 January, 2023

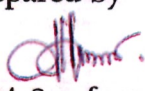
Kenya Prisons Service (Prison Industry Revolving Fund) PIRF
Annual Report and Financial Statements
For the year ended June 30, 2022.

12. Statement Of Financial Performance for The Year Ended 30th June 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from exchange transactions			
Sale of furniture and number plates	6	381,290,979.50	397,006,637.16
Total revenue		381,290,979.50	397,006,637.16
Expenses			
Use of goods and services	7(a)	300,465,308.20	208,105,396.16
Depreciation and amortization expense	8	4,117,584.37	4,834,505.02
Repairs and maintenance	9	13,002,500.00	5,421,169.00
General expenses	7(b)	51,210,214.27	19,731,405.55
Total expenses		368,795,606.83	238,092,475.73
Other gains/(losses)		0.00	0.00
Surplus/(deficit) for the period/year		12,495,372.67	158,914,161.43
Remission to National Treasury		0	0
Net Surplus for the year		12,495,372.67	158,914,161.43
Attributable to:			

The notes set out on pages 8 to 46 form an integral part of these Financial Statements.

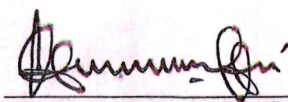
Prepared by


CPA Samfantony Kyalo (SP)
ICPAK No 20416

The Financial Statements set out on pages 1 to 52 were signed on behalf of the management by:


Mary Muthoni Muriuki (Ms), (HSC)Brig (Rtd) John K. Warioba, EBS
PRINCIPAL SECRETARY
DEPT OF CORRECTIONAL
SERVICES


JOHN K. WARIOBA
COMMISSIONER GENERAL
OF PRISONS

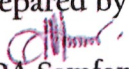

James K. Too, ndc(k), [ACGP]
DIRECTOR OF PRISONS
ENTERPRISE

Kenya Prisons Service (Prison Industry Revolving Fund) PIRF
Annual Report and Financial Statements
For the year ended June 30, 2022.

13. Statement Of Financial Position as at 30th June 2022

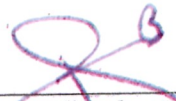
	Notes	2021-2022	2020-2021
		Kshs	Kshs
NON CURRENT ASSETS	15		
Motor Vehicles NBV		6,702,080.81	7,446,756.46
Machinery NBV		79,867,518.12	45,988,191.97
Computers		3,908,677.00	4,114,397.68
Scrap Machinery		2,926,440.00	2,926,440.00
Total Fixed Assets		93,404,715.93	60,475,786.11
CURRENT ASSETS			
Inventories - Raw Materials	14	158,811,193.70	75,038,329.89
Inventories - Work in progress		29,070,664.27	27,768,547.30
Inventories - Finished Goods		23,160,638.43	21,859,366.98
Cash and Cash Equivalent	10	7,795,250.49	593,362,910.39
Current portion of receivables from exchange transactions - Debtors	13	255,814,465.83	195,843,535.83
P.M.G.	12	175,987,430.00	175,987,430.00
Total Current Assets		650,639,642.72	1,089,860,120.39
LESS CURRENT LIABILITIES			
Refundable deposits from customers	17	2,497,500.00	45,132,977.50
Trade and other payables - Creditors	16	186,193,731.00	312,345,174.00
Net Current Assets		461,948,411.72	732,381,968.89
NET ASSETS		555,353,127.67	792,857,755.00
FINANCED BY;			
Capital Fund	1	14,000,000.00	14,000,000.00
Accumulated Revenue		528,857,755.00	619,943,593.57
Net Profit/(Loss)		12,495,372.67	158,914,161.43
		555,353,127.67	792,857,755.00

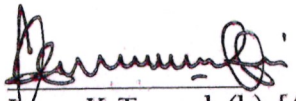
Prepared by


CPA Samfantony Kyalo (SP)
ICPAK No 20416

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Mary Muthoni Muriuki (Ms), (HSC)
PRINCIPAL SECRETARY
DEPT OF CORRECTIONAL
SERVICES


Brig (Rtd) John K. Warioba, EBS
COMMISSIONER GENERAL
OF PRISONS


James K. Too, ndc(k), [ACGP]
DIRECTOR OF PRISONS
ENTERPRISE

14. Statement Of Changes in Net Assets for The Year Ended 30th June 2022

Notes	Ordinary share capital	Revaluation reserve	Fair value adjustments reserve	Retained earnings	Proposed dividends	Capital Development Grants/ fund	Total
As at July 1, 2020	14,000,000.00	00	00	619,943,594.17	00	00	633,943,594.17
Issued new capital	00	-	-	-	-	-	00
Revaluation gain	-	(00)	-	00	-	-	00
Transfer of excess depreciation on revaluation	-	00	-	-	-	-	00
Deferred tax on excess depreciation	-	-	00	-	-	-	00
Fair value adjustment on quoted investments	-	-	-	158,914,161.43	-	-	158,914,161.43
Surplus/ Deficit for the year	-	-	-	-	-	00	00
Capital/Development grants received during the year	-	-	-	00	-	(00)	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	(00)	(00)	(00)
Dividends paid - 2021	-	-	-	(00)	-	-	(00)
Interim dividends paid - 2022	-	-	-	(00)	00	00	-
Proposed final dividends	-	-	-	778,857,755.60	00	00	792,857,755.60
As at June 30, 2021	14,000,000.00	00	00	778,857,755.60	00	00	792,857,755.60
As at July 1, 2021	14,000,000.00	00	00	778,857,755.60	00	00	792,857,755.60
Issue of new share capital	00	00	00	00	00	00	00
Revaluation gain	-	00	-	-	-	-	00
Transfer of excess depreciation on revaluation	-	(00)	-	00	-	-	-
Deferred tax on excess depreciation	-	00	-	-	-	-	00
Fair value adjustment on quoted investments	-	-	00	-	-	-	00
Surplus/ deficit for the year	-	-	-	12,495,372.67	-	-	12,495,372.67
Capital/Development grants received during the year	-	-	-	-	-	00	00
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	00	-	(00)	-
Dividends paid - 2022	-	-	-	-	(00)	(00)	(00)
Interministerial transfer of funds to development/recurrent - 2022	-	-	-	(250,000,000.00)	-	-	(250,000,000.00)
Proposed final dividends	-	-	-	(00)	00	00	-
As at June 30, 2022	14,000,000.00	00	00	541,353,128.27	00	00	555,353,128.27

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15. Statement Of Cash Flows for The Year Ended 30th June 2022

			2021-2022	2020-2021
		Notes	Kshs	Kshs
CASHFLOW FROM OPERATING ACTIVITIES				
Receipts	Sales	6	278,684,575.00	289,016,855.45
	Transfer from development		-	-
Total receipts			278,684,575.00	289,016,855.45
Payments		7 & 9		
	Electricity		1,058,898.00	1,655,377.55
	Water & Sewerage Charges		13,103.27	-
	Telephone Telex Mobile Charges		304,272.00	163,405.00
	Travel Costs		1,658,000.00	208,000.00
	Accommodation, Domestic Travel		975,800.00	6,439,040.00
	Daily Subsistence		3,230,500.00	675,400.00
	Foreign Travel		-	-
	Consultancy		-	-
	Foreign Travel Accommodation		-	-
	Advertising Awareness and Publicity		-	12,070.00
	Trade Shows & Exhibition		1,157,000.00	-
	Subscription to Newspaper		219,000.00	86,995.00
	Book Allowances		-	-
	Project Allowance		-	-
	Tuition Fees		1,760,000.00	217,130.00
	Catering Services		338,400.00	130,300.00
	Purchase of uniform & clothing (staff)		35,000.00	-
	Supplies for Production		290,049,761.63	180,603,534.00
	General Office Supplies		2,746,300.00	317,720.00
	Supplies and Accessories for Computers		1,363,159.00	1,105,100.00
	Refined Fuel and Lubricants for Transport		4,306,515.00	3,646,908.00
	Other Fuel (wood)		0	3,760,000.00
	Bank Charges/Mpesa refunds		117,454.00	102,960.00
	School Fees Examination		31,633,080.00	1,211,000.00
	Maintenance of Building (None residential)		2,371,275.00	409,200.00
	Maintenance of plant, Mech. & Equipment		8,115,000.00	450,000.00
	Maintenance of Motor Vehicles		2,484,225.00	4,561,969.00
	Maintenance of Computers		32,000.00	-
	Grant/transfer to other Govt agencies		250,000,000.00	-
Total Payments			603,968,742.90	205,756,108.55
Net cash flows from operating activities			(325,284,170.90)	83,260,746.90

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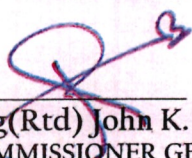
CASH FLOWS FROM INVESTING ACTIVITIES			
	Purchase of Non-Current Asset	(37,046,515.00)	2,671,989.00
	Proceeds from sale of property, plant and equipment	-	-
	Decrease/(Increase) in non-current receivables	0	30,318,827.00
	Decrease in payables	(223,236,974.00)	41,628,085.99
	Net cash flows used in investing activities	(260,283,489.00)	74,618,901.99
CASHFLOWS FROM FINANCING ACTIVITIES			
	Proceeds from borrowings		
	Repayment of borrowings		
	Increase in deposits	-	-
	Net cash flows used in financing activities		
	Net increase/(decrease) in cash and cash equivalents	(585,567,659.90)	8,641,844.91
	Cash and cash equivalents at 1 July, 2022	593,362,910.39	760,708,495.48
	Cash and cash equivalents at 30 June, 2022	7,795,250.49	769,350,340.39

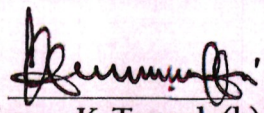
Prepared by


CPA Samfantony Kyalo (SP)
ICPAK No 20416

The Financial statements set out on pages 1 to 52 were signed on behalf of the management by:


Mary Muthoni Muriuki (Ms), (HSC)
PRINCIPAL SECRETARY
DEPT OF CORRECTIONAL
SERVICES
Date: 19/12/2022


Brig (Rtd) John K. Warioba, EBS
COMMISSIONER GENERAL
OF PRISONS
28 Dec 22


James K. Too, ndc(k), [ACGP]
DIRECTOR OF PRISONS
ENTERPRISE

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16. Statement of Comparison of Budget and Actual Amounts for the year Ended 30th June 2022

Item	Original budget 2021-2022 Kshs	Adjustments 2021-2022 Kshs	Final budget C=(a+b) 2021-2022 Kshs	Actual on comparable basis 2021-2022 Kshs	Performance difference e-(c-d) 2021-2022 Kshs	% of utilisation F-d/c
REVENUE						
Government grants and subsidies	-	-	-	-	-	0.00
Rendering of services	-	-	-	-	-	0.00
Sale of goods and services	608,047,133.50	-	608,047,133.50	381,290,979.50	226,756,154.00	0.63
Total income	608,047,133.50	-	608,047,133.50	381,290,979.50	226,756,154.00	0.63
EXPENDITURE FOR PRODUCTION & OPERATIONS						
Electricity expenses	9,819,266.00		9,819,266.00	1,058,898.00	8,760,368.00	0.11
Water and sewerage charges	161,000.00		161,000.00	13,103.27	147,896.73	0.08
Telephone, Telex, Facsimile & mobile phone services	600,000.00		600,000.00	598,005.00	1,995.00	1.00
Travel costs (Bus/Railway etc)	6,097,700.00		6,097,700.00	1,658,000.00	4,439,700.00	0.27
Accommodations Domestic travels	8,665,150.00		8,665,150.00	975,800.00	7,689,350.00	0.11
Daily subsistence allowance	8,978,000.00		8,978,000.00	3,230,500.00	5,747,500.00	0.36
Consultancy Services	5,000,000.00		5,000,000.00	-	5,000,000.00	0.00
Travel costs (bus/Railway etc)	500,000.00		500,000.00	-	500,000.00	0.00
Accommodations-Foreign travel	2,500,000.00		2,500,000.00	-	2,500,000.00	0.00
Daily subsistence	-		-	-	-	
Subscription newspapers, periodic	400,000.00		400,000.00	219,000.00	181,000.00	0.55
Advertising awareness and publicity campaigns	1,437,000.00		1,437,000.00	-	1,437,000.00	0.00
Trade shows and exhibitions	3,438,875.00		3,438,875.00	1,157,000.00	2,281,875.00	0.34
Book Allowance	150,000.00		150,000.00	-	150,000.00	0.00
Project allowance	120,000.00		120,000.00	-	120,000.00	0.00
Tuition fees allowance	3,190,000.00		3,190,000.00	1,760,000.00	1,430,000.00	0.55
Catering services (reception accommodation Gifts, Food and drinks	1,150,000.00		1,150,000.00	338,400.00	811,600.00	0.29
Purchase of workshop tools, spares and small equipment	41,620,070.00		41,620,070.00	16,798,950.00	24,821,120.00	0.40
Purchase of Uniform and clothing staff	1,675,000.00		1,675,000.00	35,000.00	1,640,000.00	0.02
Supplies for production	377,041,112.40	100,000,000.00	477,041,112.40	386,841,560.43	90,199,551.97	0.81
General Office supplies e.g., Pens, papers etc	3,070,940.00		3,070,940.00	2,746,300.00	324,640.00	0.89
Supplies & accessories for computers and printers	1,792,350.00		1,792,350.00	1,363,159.00	429,191.00	0.76

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2211201	Refined fuel and lubricants for transport	10,122,795.00		10,122,295.00	4,306,515.00	5,815,780.00	0.43
2211204	Other fuel (wood charcoal)	4,500,000.00		4,500,000.00	-	4,500,000.00	0.00
2211301	Bank charges and commissions	300,000.00		300,000.00	117,454.00	235,200.00	0.22
2211302	School examination and invigilation fees	35,212,021.00		35,212,021.00	31,633,080.00	3,578,941.00	0.90
2220101	Maintenance of buildings and stations (Non-Residential)	4,587,800.00		4,587,800.00	2,371,275.00	2,216,525.00	0.52
2220201	Maintenance of plant, machinery and equipments	14,622,150.00		14,622,150.00	8,115,000.00	6,507,150.00	0.55
2220205	Maintenance Expenses - Motor Vehicles	4,475,000.00		4,475,000.00	2,484,225.00	1,990,775.00	0.56
2220210	Maintenance Of computers, software and Communication Equipment	818,000.00		818,000.00	32,000.00	786,000.00	0.04
	Total production & operating expenditure	552,044,229.40	-	652,043,729.40	467,853,224.70	184,190,504.70	0.72
	Surplus for the period (Income-Expenditure)	56,002,904.10	-	-43,996,595.90	-86,562,245.20	42,565,649.30	1.97
	CAPITAL EXPENDITURE						
3110701	Purchase of motor vehicles	-		-		-	-
3111003	Purchase of computers, printers & other IT equipment	4,974,000.00		4,974,000.00	-	4,974,000.00	0.00
3111201	Overhaul of plant, machinery equip.	579,720,540.00	(100,000,000.00)	479,720,540.00	19,547,565.00	460,172,975.00	0.04
3111204	Construction & refurbishment of buildings	75,641,449.00	-	75,641,449.00	-	75,641,449.00	0.63
	Total Capital Expenditure	660,335,989.00		560,335,989.00	19,547,565.00	540,788,424.00	0.63

Budget notes

Explanation of material variances

We were not able to meet our budget targets because of the escalated cost of living due to high prices of fuel, depreciation of the shilling and other economic factors affecting the country.

17. Notes to the Financial Statements

1. General Information

The Prisons Industries Revolving Fund (PIRF) was established by Legal Notice No. 314 of the Exchequer and Audit Act (Cap 412) Regulations of 1988. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya (Prison Enterprises, Industries section of Kenya Prisons Service). The Directorate of Prisons Enterprise is positioned at the Prisons Headquarters, Magereza House in Nairobi and has branches in 108 industrial prisons countrywide.

The entity's principal activity of the fund is training and rehabilitation of prisoners on various skills.

Section 11 of the Legal Notice No 314, requires the Officer administering the Fund to prepare financial statements in respect of that Prison Industries Revolving Fund, which gives a true and fair view of the state of affairs of the Fund at the end of the financial period on operating results of the Fund for that period.

The officer administering fund is also required to ensure that Prison Industries Revolving Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund and safeguarding the assets of the Fund

Capital Fund

Authorized capital is Kshs 14,000,000.00 initially appropriated by Parliament vide Legal Notice no. 314 of 1992/93.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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Notes to the financial statements (continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <i>No impact</i>
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <i>(No impact)</i>

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Standard	Effective date and impact
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. <i>(No impact of the standard to the entity)</i>
Other improvements to IPSAS	Applicable 1st January 2023 • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <i>State the impact of the standard to the Entity if relevant</i>
IPSAS 43	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.

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Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>State the impact of the standard to the Entity if relevant</i>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>State the impact of the standard to the Entity if relevant</i>

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021/2022.

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Kenya Prisons Service (Prison Industry Revolving Fund) PIRF
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

ii) Revenue from exchange transactions

b) Budget information

The original budget for FY 2021-2022 was approved by the Principal Secretary for State Department for correctional Services on 16th August, 2021.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on pages 1-7 of these financial statements.

Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

a) Non-current/Fixed assets

Fixed assets are stated at Net Book Value or cost less accumulated depreciation. Depreciation is calculated on reducing balance as follows: -

- Motor Vehicles 10%
- Machinery 5%
- Tools 33 1/3%
- Computers 5%

b) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

f) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

g) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

c) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

d) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

e) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

f) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

g) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements i.e Retained earnings

h) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

i) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

j) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

l) Comparative figures

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

m) Subsequent events

There have been events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022 by that there is a directive by the cabinet secretary that number plates production be moved to NTSA. This will affect the performance of the PIRF since its turnover contributes upto 80% of the gross turnover of the entity per year.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. In this regard the management guesstimates that if the Motor Vehicle number plates production is transferred to NTSA or any other government entity the going concern of the entity shall be affected greatly. Moreover, the uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liability affected in future periods.

Estimates and assumptions

The PIRF assumes that the prevailing court cases may be detrimental to the entity due to the colossal amounts of money required incase found culpable. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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Notes to the Financial Statements (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

6. Sale of Goods

Sales represent revenue collected by respective stations and surrendered at Prison Headquarters

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of goods – Cash Revenue	276,187,072.00	243,883,877.95
Sale of goods – Credit Sales	196,156,448.00	136,185,518.00
Previous year Prepaid revenue crystalized	45,132,977.50	70,332,327.04
Previous year debt settled during the year	-136,185,518.00	-53,395,085.83
Total sales from the sale of goods	381,290,979.50	397,006,637.16

NB. The amount of Kshs 276,187,072.00 excludes Kshs 2,497,500.00 which was an advance revenue received hence was not included in the sales for the financial year. Therefore, the total cash revenue received in the year is Kshs 278,684,572.00 (276,187,072.00 + 2,497,500.00)

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Notes to the Financial Statements (Continued)

7. Use of Goods and Services

(a). Cost of goods sold

Description	2021-2022	2020-2021
	Kshs	Kshs
Opening Stock (1-7-2021)		
Raw Materials	75,038,329.89	91,036,393.70
Work in Progress	27,768,547.30	44,034,148.39
Finished goods	21,859,366.98	17,097,564.24
Purchases - (2211023)	386,841,560.43	180,603,534.00
Total Cost of Materials	511,507,804.60	332,771,640.33
Less Closing Stock (30-06-2022)		
Raw Materials	158,811,193.70	75,038,329.89
Work in progress	29,070,664.27	27,768,547.30
Finished goods	23,160,638.43	21,859,366.98
Sub-Total	211,042,496.40	124,666,244.17
Cost of goods sold	300,465,308.20	208,105,396.16

(b). General expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Electricity	1,058,898.00	1,655,377.55
Water	13,103.27	-
Telephone	598,005.00	163,405.00
Travel Cost	1,658,000.00	208,000.00
Accommodation & Domestic Travel	975,800.00	6,439,040.00
Daily Subsistence Allowance	3,230,500.00	675,400.00
Subscription to news papers	219,000.00	86,995.00
Tuition fees	1,760,000.00	217,130.00
Catering Services	338,400.00	130,300.00
Purchase of uniforms	35,000.00	-
Office supplies	2,746,300.00	317,720.00
Supplies of computer accessories	1,363,159.00	1,105,100.00
Refined Lubricants and fuel	4,306,515.00	3,646,908.00
Trade shows/Publicity/Advertisement	1,157,000.00	12,070.00
School examinations (NITA)	31,633,080.00	1,211,000.00
Bank charges	117,454.00	102,960.00
Other fuel - wood fuel	-	3,760,000.00
Total general expenses	51,210,214.27	19,731,405.55

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Notes to the Financial Statements (Continued)

8. Depreciation and Amortization Expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Motor Vehicles	744,675.65	827,417.38
Carpentry	324,871.32	341,969.81
Tailoring	709,412.34	746,749.83
Printing	99,305.78	104,532.40
Metal	92,772.60	97,655.36
Number plates	647,470.62	681,548.02
Other Machinery	0	0.00
Leather	262,328.21	276,134.96
Coconut	10,093.21	10,624.44
Computer	205,719.88	216,547.25
Tools & Equipment	1,020,934.77	1,531,325.58
Total depreciation and amortization	4,117,584.38	4,834,505.02

9. Repairs and Maintenance

Description	2019-2020	2020-2021
	Kshs	Kshs
Maintenance of property, building	2,371,275.00	4,561,969.00
Maintenance of equipment and machinery	8,115,000.00	450,000.00
Maintenance of motor Vehicles	2,484,225.00	409,200.00
Maintenance of computers and accessories	32,000.00	0.00
Total repairs and maintenance	13,002,500.00	5,421,169.00

10. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current account (CBK)- Account Number 10000307498	7,795,250.49	593,362,910.39
Total cash and cash equivalents	7,795,250.49	593,362,910.39

12.P.M.G

		2021-2022	2020-2021
Financial institution	Account number	Kshs	Kshs
a) Current account			
Paymaster General (PMG)		175,987,430.00	175,987,430.00
Total		175,987,430.00	175,987,430.00

PMG Account represents the un-transferred amount that is held in the former Ministry of Home Affairs Deposit Account on behalf of the Fund. The non- transfer, was effected by the reorganization of government in the financial year 2013/14 where the MOHA was merged with OP to form the new Ministry of Interior and Co-ordination of National government.

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Notes to the Financial Statements (Continued)

13 Receivables from Exchange Transactions

The debtors represent the amount owed to the fund from credit sales. These constitute Government Ministries, Departments as well as private individuals

13(a) Receivables from Exchange Transactions (Current)

Description	2021-2022	2020-2021
	Kshs	Kshs
Current receivables		
Sale of goods debtors – Government institutions	255,736,705.83	195,765,775.83
Sale of goods debtors – Private customers	77,760.00	77,760.00
Less: impairment allowance	0.00	0.00
Total current receivables	255,814,465.83	195,843,535.83
Total receivables	255,814,465.83	195,843,535.83

13(b) Receivables from Exchange Transactions (Long-term)

Description	2021-2022	2020-2021
	Kshs	Kshs
Total receivables		
Service, water and electricity debtors	0	0
Other exchange debtors	255,814,465.83	195,843,535.83
Less: impairment allowance	(0.00)	(0.00)
	255,814,465.83	195,843,535.83
Current portion transferred to current receivables	(0.00)	(0.00)
Total non-current receivables	255,814,465.83	195,843,535.83
Total receivables (a+b)	255,814,465.83	195,843,535.83

PIRF GOVERNMENT/PRIVATE OUTSTANDING DEBTS ANALYSIS

PRISONS INDUSTRIES GOVERNMENT/PRIVATE TOTAL OUTSTANDING DEBTS AS AT 30-06-2022						
STATION	NAME OF DEBTOR	ITEMS DESCRIPTION	QTY	LPO NO	INVOICE NO	AMOUNT
Kitengela	Commissioner of Prisons	Palm bar	10,000		36574/9-6-2009	750,000.00
	Commissioner of Prisons	Bar Soaps				4,995,000.00
	Ministry of Transport	Office Furniture				3,523,348.83
Kitengela	Commissioner of Prisons	Prisoners bar soaps		2541601 of 20/5/2016	0921 of 1/11/2010	3,500,000.00
Kapenguria	OIC Kapenguria	Coffee Table	1		3619	30,000.00
	OIC Kapenguria	Wine Stool	1		3618	3,600.00
	OIC Kapenguria	Dinning Set	1		3622	55,000.00
Kisumu main	District Surveyor -Siaya	Jackets & Trousers	26	25286 / 23-11-81	58057 / 15-02-82	6,560.00
Kisumu main	magistrates	shelves	24	2939853 of 19.5.09		63,072.00
Kisumu main	Kakamega County	Office furniture				3,750,000.00

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Kisumu main	Bomet County	Office furniture				695,000.00
Rachuonyo	OIC Rachuonyo	Office Furniture				16,100.00
Kamiti Main	State Dept of Interior-harambee ave	Office furnitures		33207 OF 6/0/2018		1,102,000.00
Kamiti Main	Parliament	Repairs		psc/proc/2/vol iii/6		2,001,550.00
Kamiti Main	Clerk of the senate	Intercontinental Hotel Repair				1,886,000.00
Kamiti Main	Clerk of the National Assembly	Parliament Repair		043 of 26/03/2018	0080 of 11/10/018	980,000.00
Kamiti Main	Commissioner of Prisons	Stitching Prisoners Uniforms				5,343,200.00
PHQ showroom	PS Min of Interior & Cord	Office furniture			4610-29/11/2018	561,000.00
PHQ showroom	Commissioner of Prisons	Imprests / Payment vouchers	various	N/A	Imprests	30,318,827.00
Kamiti Main	NTSA	Number Plates				196,156,448.00
		TOTAL				255,736,705.83

PRIVATE OUTSTANDING DEBTS FOR THE PERIOD ENDED 30-06-2022

Kitui Rem.	Simon K.Kingor	Furniture	1		10,400.00	10,400.00
	E.M Guantai			S/bed,D/set,C/set		67,360.00
						77,760.00
						255,814,465.83

14 Inventories

Description	2021-2022 Kshs	2020-2021 Kshs
Raw materials	158,811,193.70	75,038,329.89
Work in Progress	29,070,664.27	27,768,547.30
Manufactured goods held for sale	23,160,638.43	21,859,366.98
Total inventories at the lower of cost and net realizable value	211,042,496.40	124,666,244.17

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 Property, Plant and Equipment

Details	Motor Vehicles	Carpentry	Tailoring	Printing	Metal	Number plates	Water Plant	Leather	Coconut	Computer	Tools & Equipmt	Total
Balance B/f 1 July 2020	8,274,173.84	6,839,396.14	14,934,996.61	2,090,647.92	1,953,107.28	13,630,960.34		5,522,699.18	212,488.70	4,330,944.93	4,594,436.20	62,383,851.14
Additions during the year												
Disposal												
Total assets	8,274,173.84	6,839,396.14	14,934,996.61	2,090,647.92	1,953,107.28	13,630,960.34		5,522,699.18	212,488.70	4,330,944.93	4,594,436.20	62,383,851.14
Depreciation	827,417.38	341,969.81	746,749.83	104,532.40	97,655.36	681,548.02		276,134.96	10,624.44	216,547.25	1,531,325.58	4,834,505.03
N.B. V. as at 30th June 2021	7,446,756.46	6,497,426.33	14,188,246.78	1,986,115.52	1,855,451.92	12,949,412.32		5,246,564.22	201,864.27	4,114,397.68	3,063,110.61	57,549,346.11
Additions	-		16,798,950.00				19,547,565.0				700,000.00	37,046,515.00
Disposals												
Transfer/Adjustments												
As At 30th June 2022	7,446,756.46	6,497,426.33	30,987,196.78	1,986,115.52	1,855,451.92	12,949,412.32	19,547,565.0	5,246,564.22	201,864.27	4,114,397.68	3,763,110.61	94,595,861.11
Depreciation And Impairment	744,675.65	324,871.32	709,412.34	99,305.78	92,772.60	647,470.62		262,328.21	10,093.21	205,719.88	1,020,934.77	4,117,584.37
At 1 July 2020	8,274,173.84	6,839,396.14	14,934,996.61	2,090,647.92	1,953,107.28	13,630,960.34		5,522,699.18	212,488.70	4,330,944.93	4,594,436.20	62,383,851.14
Depreciation	827,417.38	341,969.81	746,749.83	104,532.40	97,655.36	681,548.02		276,134.96	10,624.44	216,547.25	1,531,325.58	4,834,505.03
Impairment												
Transfers/ Adjustments												
As At 30 June 2021	7,446,756.46	6,497,426.33	14,188,246.78	1,986,115.52	1,855,451.92	12,949,412.32		5,246,564.22	201,864.26	4,114,397.68	3,063,110.62	57,549,346.11
Depreciation	744,675.65	324,871.32	709,412.34	99,305.78	92,772.60	647,470.62		262,328.21	10,093.21	205,719.88	1,020,934.77	4,117,584.37
Disposals												
Impairment												

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Kenya Prisons Service (Prison Industry Revolving Fund) PIRF
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Notes to the Financial Statements (Continued)

Valuation

Land and buildings/ Equipment (be specific) were valued by in line with the National Assets and Liabilities Management Policy and Guidelines (Issued 30th June 2020).

16 Trade and Other Payables - Creditors

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables (exchange creditors)	186,193,731.00	312,345,174.00
Total trade and other payables	186,193,731.00	312,345,174.00

ANALYSIS OF THE CREDITORS as at 30th June, 2022

S/N O	SUPPLIER	DISCRIPTION	LPO no	INVOICE date	AMOUNT
1	ASK	Membership Badges	737482	29/03/2018	300,000.00
2	JUNIOR PET INVESTMENT	Aluminium tube, flat bars	3119701	07/04/2018	850,000.00
3	JUNIOR PET INVESTMENT	Aluminium tube, flat bars	3119715	09/05/2018	930,600.00
4	JUNIOR PET INVESTMENT	Building Materials	3119646	31/05/2018	453,500.00
5	KAKULE GENERAL	Timber	C/Note		3,247,500.00
6	MEGISTEP ENTERPRISES	Paints	3119711	07/05/2018	302,200.00
7	MEGISTEP ENTERPRISES	Ballast, dump proof,DPC 1000g	3119714	07/05/2018	102,900.00
8	N.I.T.A	Trade Test cost	Proforma INV 007	06/06/2017	14,141,500.00
9	N.I.T.A.	Trade Test Cost	Proforma INV 015	17/03/2019	10,305,000.00
10	N.I.T.A.	Trade Test Cost	Proforma INV 016	18/03/2019	13,107,500.00
11	N.I.T.A.	Trade Test Cost	Proforma INV 017	19/03/2019	11,170,000.00
12	N.I.T.A.	Trade Test Cost	Proforma INV 014	16/08/2016	13,250,000.00
13	N.I.T.A.	Prisoners Trade Test	August 2019 series		10,610,500.00
14	N.I.T.A.	Prisoners Trade Test	Dec 2019 series		10,285,000.00
15	N.I.T.A.	Trade test	Proforma INV 026	17/03/2020	52,000.00
16	KIWAKA GEN MERCH	Number plates materials	3725154	23/4/2022	38,610,000.00
17	KPLC	Power bill	5306071	9/6/2022	412,118.00
18	LIWAMI	Raw materials			2,580,000.00
19	ROBERICK ENT. TECH.	Raw materials	3725210	07/06/2022	755,000.00
20	LIWAMI	Raw materials	3725182	07/06/2022	1,260,000.00
21	CHINGCHING	Tyres	3725175	23/05/20222	67,475.00
22	RISENATTE SUPPLIES	Tyres	3725174	23/05/20222	1,309,700.00
23	RH DIVANI	Refined fuel	3725176	23/05/20222	2,037,350.00
24	MERSTAC TECH	Raw materials	3725220	07/06/2022	277,200.00
25	NORTHHOLT ENT	PHQ Airtime	3725186	20/06/20222	293,733.00
26	PENUELA VENTURES	Raw materials	3725225	07/06/2022	41,600.00
27	PENUELA VENTURES	Raw materials	3725224	07/06/2022	266,180.00
28	TIMCALOS AGENCIES	Raw materials	3725213	07/06/2022	110,000.00
29	ELBABLISS ENT	Raw materials	3725221	07/06/2022	726,675.00

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30	MERSTAC TECH	Raw materials	3725183	07/06/2022	1,607,000.00
31	MUSEVE SUPPLIES	UNESCO project items	0737492	19/01/2022	3,463,500.00
32	MUKENYA COMM LTD	Milk – Number plates	3725177	07/06/2022	360,000.00
33	DEVELOPED TECH	Number plates materials	3725160	07/06/2022	1,750,000.00
34	JESSEPS ENT.	Kamiti Metal - V.T	3725226	07/06/2022	508,000.00
35	TRUMLINK LIMITED	Number plates materials	3725185	07/06/2022	2,040,000.00
36	KIMGEN SUPPLIES	Number plates materials			38,610,000.00
	GRAND TOTAL				186,193,731.00

NB/ Hitherto 30th September, 2022 Kshs 57,888,780.00 of the creditors are settled whilst efforts are been made to clear the remainder

17 Refundable Deposits and Prepayments from Customers

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumer deposits - Government	2,001,000.00	45,121,977.50
Consumer deposits - Private	496,500.00	11,000.00
Total deposits	2,497,500.00	45,132,977.50

Prepayment/customers deposits analysis

PREPAYMENT ANALYSIS				
S/NO	DESCRIPTION	Amount	Status	
1.	Kerugoya PI	300,000.00	WIP	
2.	Kamiti Main- various customers	2,094,000.00	WIP	
3.	Embu main	24,000.00	WIP	
4.	Meru Main	4,500.00	WIP	
5.	Kitengela	25,000.00	WIP	
6.	Kitale 'M'	50,000.00	WIP	
	Grand total	2,497,500.00		

18 Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

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Notes to the Financial Statements (Continued)

i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2022				
Receivables from exchange transactions	225,495,638.80	225,417,878.80	77,760.00	xxx
Receivables from non-exchange transactions	30,318,827.00	30,318,827.00	30,318,827.00	xxx
Bank balances	7,795,250.50	7,795,250.50	0	xxx
Total	263,609,716.30	263,531,956.3	30,396,587	xxx
As at 30 June 2021				
Receivables from exchange transactions	165,524,708.80	165,446,948.80	77,760.00	xxx
Receivables from non-exchange transactions	30,318,827.00	30,318,827.00	30,318,827.00	xxx
Bank balances	593,362,910.40	593,362,910.40	0	xxx
Total	789,206,446.20	789,128,686.2	30,396,587	xxx

(NB: The totals column should tie to the individual elements of credit risk disclosed in the Entity's statement of financial position)

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated

ii) Liquidity risk management

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

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

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Notes to the Financial Statements (Continued)

iii) Market risk

The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments

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Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *entity* considers relevant and observable market prices in its valuations where possible.

iv) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	528,857,755.00	619,943,594.17
Capital reserve	14,000,000.00	14,000,000.00
Total funds	542,857,755.00	633,943,594.17
Total borrowings	0.00	0.00
Creditors	186,193,731.00	312,345,174.00
Gearing/Acid test ratio	0.34	0.49

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19 Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the *entity*, holding 100% of the *entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

- i) The National Government;
- ii) The Parent Ministry;
- iii) The Kenya Prisons Service department;
- iv) Key management;
- v) Board of directors
- vi) Key management;
- vii) Board of directors;

20 Contingent Assets and Contingent Liabilities

Contingent Assets

	2021-2022	2020-2021
	Kshs	Kshs
Contingent assets		
Insurance reimbursements	Nil	Nil
Assets arising from determination of court cases	Nil	Nil
Reimbursable indemnities and guarantees	Nil	Nil
Receivables from other government entities	250,000,000.00	Nil
Others (Specify)	Nil	Nil
Total	Nil	Nil

Contingent Liabilities

	2021-2022	2020-2021
	Kshs	Kshs
Contingent liabilities	Nil	Nil
Court case E321 of 2020 against the entity	1,050,000,000.00	Nil
Bank guarantees in favour of subsidiary	Nil	Nil
Contingent liabilities arising from contracts including PPPs	USD 718,610	Nil
Others (Specify)	Nil	Nil
Total	Nil	Nil

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Notes to the financial statements (continued)

21 Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. *The entity did not submit any surplus during the year (FY 2021/2022 Nil) and hence no remittance to the Consolidated Fund.*

22 Events after the Reporting Period

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

23 Ultimate And Holding Entity

The entity is a Revolving Fund at Kenya Prisons Service, State Department for Correctional Services under the Ministry of Interior and Coordination of National Government. Its ultimate parent is the Government of Kenya.

24 Currency

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

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18. Appendix

Appendix I: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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)
301. Unsupported cash (P.M.G) balance kshs. 175,987,430.	The statement of financial position as at 30 June, 2019 reflects a balance of Kshs 175,987,430 against a Paymaster General Account as at 30 June 2019. This balance represents amounts held on behalf of the Fund in the former Ministry of Home Affairs Deposit Account and which was yet to be transferred to the Fund's new account as of 30 June 2019. However, no documentary evidence in the form of bank certificate or bank reconciliation statements of the said deposit account has been provided to support this balance.	The mngt has continued engaging relevant authorities seeking transfer of Kshs 175,987,430.00 The non-transfer, was affected by the reorganization of government in the financial year 2013/14 where the MOHA was merged with OP to form the new Ministry of Interior and Co-ordination of National government.	HAU-state dept for correctional services	Not Resolved	Awaiting PAC recommendation
304. Stalled projects - supply and delivery of motorized vehicle number plate blanks Tender NO. KPS/T/ICB/10/2014-2017	During audit inspection and verification at Kamiti main prison industry it was noted that there is a three (3) year contract for tender supply and delivery of motorized vehicle number plate blanks tender no. KPS/T/ICB/10/2014-2017 which had stalled but contract validity period is still running. The contract was signed on 7 th November 2017 and the modern number plate's production machine was officially installed and officers trained on how to operate the machines. However, as indicated in the commissioner General of prisons' response Ref.17/17/vol.iv dated 30th October 2019, proceed once the laser marking machines are in place.	It is true that the machines were procured and installed in 2016 at a cost of Kshs. 15, 295,500.00. The required machines, equipment and raw materials for new generation number plates are ready except laser marking machine used for final validation of number plates. The roll out of the project is expected to commence once the laser marking machine is in place.	HAU-state dep't for correctional services	Not Resolved	Awaiting PAC recommendation and conclusion of the court case
305. Unequal treatment of suppliers	Examination of payment register for Magereza Headquarters for the financial year 2018/2019 revealed that invoices totaling to kshs.238,601,175.00 were sent to the state department headquarters for payment of various suppliers but only kshs.102,671,940.00 was paid during the year, leaving pending bills of kshs. 135,929,235.00. Further, out of 74 suppliers, it was observed that only 12 suppliers were paid during the year. However, reasons for prioritizing the payments were not clearly stipulated by management as expected thus reflecting unfair distribution of the payments contrary to Article 227 (1) of the constitution which states that a "State organs or any other public entity contracts for goods or services, it should do so in accordance With a system that is fair, equitable, transparent competitive and cost efficient"	Hitherto the management has managed to settle 90% of the bills leaving a balance of Kshs 38,147,100.00 and the SDCS is following up with the settlement of the remaining debts.	HAU-state dept for correctional services	90% Resolved	Awaiting funds
1. Inaccuracies in the Financial Statements	1) The cash flow statement reflects an amount of Kshs 2,671,989.00 in respect of purchase of noncurrent assets under investing activities and same was not included in the property, plant and equipment movement schedule	(i) It is true that the cash flow statement reflects an amount of Kshs 2,671,989.00 in respect of purchase of noncurrent assets under investing activities and same was not included in the property, plant and equipment movement schedule. The expenditure was part payment of the contract of	HAU-state dept for correctional services	Resolved	

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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 (Period date when you expect the issue to be resolved)
	ii) That Kshs 30,318,827.00 was captured as an Increase in accounts receivables in the cash flow statement. iii) Decrease in accounts payables of Kshs 41,628,085.99 as reflected in the statement of cash flow is in respect of the payments made to creditors which were effected during the financial year	Ksh.6,954,070.00 for construction of a building to house the Prison Industry PRIAQUA machines for the water purification project at PSTC. In the past Prison Industries Revolving Fund (PIRF) had not been recognizing industrial building as assets and that's why the expenditure was not capitalized. (ii) It is true that Kshs 30,318,827.00 was captured as an Increase in accounts receivables in the cash flow statement. Previously, this amount was held as cash and cash equivalent in the books of accounts and has now been transferred to accounts receivables since the amount has not been realized. The amount of Kshs 82,790,432.10 is part of the amount in respect of credit sales made during the year of Kshs136,185,518.00 and does not affect cash flow since the statement is prepared using the direct method. (iii) The decrease in accounts payables of Kshs 41,628,085.99 as reflected in the statement of cash flow is in respect of the payments made to creditors which were effected during the financial year. The balance of Kshs. 27,881,188.00 was not affecting the cash flow statement under investing activities but cash inflows under sales and had already been recognized.			
Unsupported Cash and Cash Equivalent	The statement of financial position reflects balance of Kshs 593,362,910.39 in respect to cash and cash equivalent. The closing bank balances are derived from the total revenues collected net of the total expenditures and is supported by the CBK bank account statement as at the date of closure.	It is true the statement of financial position reflects balance of Kshs 593,362,910.39 in respect to cash and cash equivalent. The closing bank balances are derived from the total revenues collected net of the total expenditures and is supported by the CBK bank account statement as at the date of closure. The books of the fund were closed on 19th July 2021. This was necessitated by some transactions which had not cleared in the IFMIS system but cleared after 30th June, 2021. The Prison fund maintains one cashbook and one CBK bank account which serves both Prison Industry Revolving Fund and Prison Farms Revolving Fund. Transactions in the cashbook are identified by use of either code 087 for Prison Industry and code 089 for Prison Farms Revolving Fund. The State Department sought authority from treasury for separation of the bank accounts but was advised to update the Prison Industry Fund regulation and Prison Farms regulations to align with the Public Finance Management Act before being granted the authority. The Prison Industry Fund is a unique case that relies heavily on the normal State Department operations hence the need to harmonize the cut-off date.	HAU-state dept for correctional services	Not Resolved	Awaiting PAC recommendation
Unsupported Revenue from Exchange Transactions.		The Prison Industries Fund was able to collect Kshs. 397,006,637.00 as sales from furniture and number plates during the financial year 2020/2021. The fund had a total of 104 industry stations. Each station has its independent serialized Government miscellaneous receipt (MR) and independent MPESA Paybill numbers which are utilized to collect revenue. All sales are through cashless payment platform (paybills, Electronic funds transfer and corporate cheques) and are recorded in the miscellaneous receipt at the point of sale at the prison stations. The monies collected through the MPESA paybill are transmitted on a daily basis to the CBK account. Receipts are regularly presented from the Prison Stations to Prison Headquarters for verification and recording.	HAU-state dept for correctional services	Resolved	

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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)
Unsupported Non-Current Assets	The financial position reflected fixed asset balance of Kshs. 60,475,786 which differed with Kshs. 57,549,346.11 as shown in the Fixed Assets movement schedule	The financial position reflected fixed asset balance of Kshs. 60,475,786 which differed with Kshs. 57,549,346.11 as shown in the Fixed Assets movement schedule. The difference was caused by the amount of scrap machinery of Kshs. 2,926,440.00 which cannot be depreciated further. The scrap machineries are awaiting bonding. It is true that the Fixed Assets register had not been updated at the time of the audit. However, the fixed assets register has been updated and is available for verification.	HAU-state dept for correctional services	Not Resolved	Awaiting PAC recommendation
Long Outstanding Creditors	The statement of financial position reflected an amount of Kshs. 312,345,174 being creditors that were not settled during the financial year and have been outstanding for several years but were instead carried forward. Wherein among the creditors listed are government entities like NITA and ASK who are owed Kshs. 82,921,500 and Kshs. 300,000 respectively. It is true that failure to settle the bills may lead to supplier frustration which may also result to shortages in supplies and inefficiency in service delivery	The statement of financial position reflected an amount of Kshs. 312,345,174 being creditors that were not settled during the financial year and have been outstanding for several years but were instead carried forward. Wherein among the creditors listed are government entities like NITA and ASK who are owed Kshs. 82,921,500 and Kshs. 300,000 respectively. It is true that failure to settle the bills may lead to supplier frustration which may also result to shortages in supplies and inefficiency in service delivery. The payment vouchers were forwarded for settlement at SDCS due diligence had to be exercised before settlement of the bills. Out of the Kshs 312,345,174 owed to creditors, Kshs 214,067,854.00 (Annex 4) had been paid by 31st March, 2022 and the remaining Kshs 98,277,320.00 is being processed.	HAU-state dept for correctional services	Not Resolved	Awaiting PAC recommendation
Stalled Project for Production of Modern Motorized Vehicle Number Plates and Supply and Delivery of Motorized Vehicle Number Plates Blanks		Kenya Prisons Service started the process of modernizing number plate production in 2014 but the process faced challenges in securing funds as well as stakeholder's divergent views. The decision to migrate from the old to new generation motor vehicle number plates was arrived at during a consultative stakeholders meeting convened by the Principal Secretary, State Department of Transport on 6th August, 2014. Commissioner General of Prisons wrote to Principal Secretary, State Department of Coordination Letter Ref No. PRIS17-13/VOL.II/ (160) dated 22nd December 2014 seeking authority for advertisement of motor vehicle number plate blanks and hot stamping which are the raw materials for production of new generation motor vehicle number plates. The principal secretary granted approval on the same date. The process has been frustrated by the court case between the State Department and the contractors. The machines were procured and installed in 2016 at a cost of Kshs. 15,295,500.00. The required machines, equipment and raw materials for new generation number plates are ready except laser marking machine used for final validation of number plates. The roll out of the project is expected to commence once the laser marking machine is in place and after the conclusion of the court case	HAU-state dept for correctional services	Not Resolved	Awaiting PAC recommendation

Mary Muthoni Muriuki (Ms), (HSC)

Principal Secretary,

State Department for Correctional Services,

Nairobi.

Date.....19/12/2022.....

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Appendix ii: Prison Industries paid & new debts as at 30-06-2022

PRISON INDUSTRIES PAID DEBTS AS AT 30-06-2022							
	STATION	NAME OF DEBTOR	ITEMS DESCRIPTION	QTY	LPO NO	INVOICE NO	AMOUNT
1	Kamiti Main	NTSA	Number Plates				136,185,518.00
			TOTAL				136,185,518.00

PRISON INDUSTRIES NEW DEBTS AS AT 30-6-2022						
S.NO	STATION	NAME OF DEBTOR	ITEM DESCRIPTION	LPO NO. & DATE	INVOICE & DATE	AMOUNT
1	Kamiti Main	NTSA	Number plates	5931/32		196,156,448.00
					TOTAL	196,156,448.00

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Appendix iii: Capital expenditure

CAPITAL EXPENDITURE					
S.N		Purchase of W/Tools	Overhaul of Machinery	Purchase of Comps	Total
		2211006	3111201	3111002	
1.	PHQ	16,798,790.00			16,798,790.00
2.	PSTC		19,547,565.00		19,547,565.00
3.	Kamiti Main	700,000.00			700,000.00
4.	TOTAL	17,498,790.00	19,547,565.00	-	37,046,355.00

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Appendix iv: Trial balance

KENYA PRISONS INDUSTRIES REVOLVING FUND			
TRIAL BALANCE FOR THE YEAR ENDED 30TH JUNE 2022			
		2021-2022	
NAME OF THE ACCOUNT		DEBIT	CREDIT
Motor Vehicles NBV		6,702,080.80	
Machinery NBV		79,867,518.10	
Computers		3,908,677.00	
Scrap Machinery		2,926,440.00	
Raw Materials		158,811,193.70	
Work in progress		29,070,664.30	
Finished Goods		23,160,638.40	
Cash and Cash Equivalent		7,795,250.50	
Debtors		255,814,465.80	
P.M.G.		175,987,430.00	
Cost of goods sold		300,465,308.20	
Repairs & Maintenance Expenses		13,002,500.00	
General Expenses		51,210,214.30	
Depreciation		4,117,584.40	
Sales		0	381,290,979.50
Customers deposits(Advance Income)		0	2,497,500.00
Creditors		0	186,193,731.00
Capital		0	14,000,000.00
Accumulated Revenue		0	528,857,755.00
		1,112,839,965.5	1,112,839,965.5

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Appendix v: Prison Industries Revolving Fund stock valuation & revenue as at 30th June, 2022

PRISON INDUSTRIES REVOLVING FUND STOCK & REVENUE SUMMARY VALUATION											
OPENING STOCK AS AT 1ST JULY-2021						CLOSING STOCK AS AT 30TH JUNE-2022					
CODE	STATION	OPENING	WORK IN	FINISHED GOODS	CUSTOMER'S	PURCHASE	CLOSING	WORK IN	FINISHED GOODS	INVOICED	REVENUE
		R/MAT.	PROGRESS	AT COST	DEPOSIT	OF R/MAT.	R/MAT.	PROGRESS	AT COST	PRICE	MANUAL
1	CCM PRISONS	35,628,899.00	-	-	33,705,327.50	334,165,782.50	101,348,772.20				
2	PHQ S/ROOM	-	-	7,098,770.00					8,689,211.54	11,295,975.00	
3	PSTC					3,200,000.00					
4	TIMBER-YARD	8,383,800.00	-	-			8,268,469.80				
5	KAMITI 'M'	18,407,918.03	14,457,730.79	8,767,905.95	10,451,650.00	12,651,490.00	17,513,591.06	8,473,159.57	6,110,416.15	7,630,741.50	1,701,000.00
6	KAMITI 'MED'	-	116,720.00	-		200,000.00	-	309,955.00			
7	LANGATA 'W'	132,357.00	33,772.00	149,305.30	8,500.00	500,208.00	432,430.00	202,864.00	142,290.55	185,380.00	
8	KAMAE GIRLS	62,285.00	6,100.00	7,640.00		100,000.00	59,459.00	22,213.00	30,107.50	94,404.00	
9	NH/WEST	100,000.00	1,320,661.90	-		200,000.00	222,077.80	1,928,071.00			
10	KIAMBU	184,213.00	-	-		200,000.00	-	153,100.00	216,648.00	282,000.00	
11	KERUGOYA	62,731.00	14,700.00	81,484.40		200,000.00	500,922.00	73,291.65	81,484.40	105,900.00	300,000.00
12	MWEA	686,667.50	-	40,000.00		250,000.00	614,030.00		40,000.00	52,000.00	
13	MURANGA 'M'	304,390.70	226,528.60	265,461.53		200,000.00	185,142.50	129,834.00	357,384.62	484,600.00	
14	MURANGA 'W'	90,441.00	7,660.00	17,577.00		100,000.00	34,900.00	9,800.00	38,000.00	38,000.00	
15	T/FALLS 'M'	3,550.00	88,335.00	66,827.60		200,000.00	2,600.00	31,080.00	71,233.35	146,500.00	
16	T/FALLS 'W'	113,356.25	9,043.00	10,542.00		50,000.00	110,210.00	11,105.00	126,240.77	184,113.00	
17	N'ERI 'M'	148,570.00	54,790.00	107,717.70		662,397.00	472,927.20	677,106.40	96,184.70	124,900.00	
18	N'ERI 'W'	93,960.00	-	10,781.00		100,000.00	82,169.00	19,691.00	27,050.20	40,321.00	

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19	NYERI MED	771,032.00	-	65,195.00	1,500.00	200,000.00	683,915.00	127,610.00	6,200.00	8,000.00		
20	RUIRU	598,408.00	-	-		200,000.00	371,670.00	622,730.00				
21	THIKA'M	806,559.58	69,200.00	133,000.00		619,500.00	764,071.66	33,132.00	133,000.00	190,000.00		
22	THIKA'W	4,907.50	-	1,238.46		100,000.00	117,444.00	69,825.00	63,360.00	105,400.00		
23	MARANJAU	328,601.50	56,192.00	-		200,000.00	220,820.00	215,127.00				
24	KILIFI	45,820.00	-	15,769.23		200,000.00	28,800.00	136,191.80	99,380.35	128,200.00		
25	KWALE 'M'	100,000.00	7,111.00	-		200,000.00	90,800.00	40,111.00	67,300.00	80,800.00		
26	KWALE 'W'	21,060.00	25,800.00	10,445.00		100,000.00	14,650.00	45,000.00	1,665.00	17,200.00		
27	HINDI	10,500.00	93,010.00	93,010.00		100,000.00	6,910.00	48,310.00	44,700.00	53,900.00		
28	KINGORANI											
29	SHIMO MED	88,300.00	11,700.00	21,308.00		6,228,200.00	37,035.00		40,384.60	52,500.00		
30	SHIMO'M	366,600.00	3,108,649.25	-		1,989,975.00	380,310.00	3,655,500.00	159,230.80	207,000.00		
31	SHIMOB.I	26,234.00	8,855.00	164,192.00		250,000.00	188,798.00	48,875.00	71,063.00	100,600.00		
32	SHIMO 'W'	31,050.00	29,000.00	40,820.00		100,000.00	187,700.00	4,800.00		84,405.00		
33	MANYANI	150,200.00	-	-		200,000.00	141,400.00	-	60,500.00	80,000.00		
34	VOI S.S	50,375.00	58,000.00			100,000.00	66,350.00	39,000.00				
35	WUNDANYI	198,764.00	-	-		100,000.00	181,556.00	17,620.00	63,757.00	79,270.00		
36	WUNDANYI'W	90,050.00	4,700.00	7,070.00		50,000.00	15,500.00	-	1,720.00	2,236.00		
37	HOLA	80,000.00	20,000.00	-		100,000.00	108,860.00	10,000.00				
38	MALINDI'M	164,434.00	65,086.00	136,558.05		200,000.00	82,021.00	32,392.65	148,902.77	193,742.20		
39	MALINDI'W	54,505.00	12,250.00	5,300.00		50,000.00	45,520.00	2,225.00	17,400.00	31,500.00		
40	TAVETA	117,495.00	36,000.00	-		100,000.00	105,040.00	56,600.00	30,480.00	58,900.00		
41	EMBU'M	568,404.00	228,459.00	192,306.60		586,147.00	952,191.75	307,078.70	192,307.40	250,000.00		24,000.00
42	EMBU'W	82,278.00	4,066.00	3,504.00		100,000.00	60,360.00	5,495.00	30,112.00	36,450.00		

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43	ISILO	25,345.00	168,000.00	39,494.40	100,000.00	18,365.00	278,000.00	55,494.00	97,400.00		
44	KITUJI 'M'	180,719.80	38,759.00	45,541.46	200,000.00	172,965.00	45,659.20	43,865.00	162,600.00		
45	KITUJI 'W'	78,755.00	11,750.00	3,167.00	50,000.00	50,960.00	22,310.00	12,190.00	19,167.00		
46	MACHAKOS'M	715,254.90	129,027.00	340,230.77	2,450,000.00	9,855,111.40	147,297.00	340,175.45	448,600.00		
47	MACHAKOS'W'	93,470.00	5,000.00	4,385.00	213,350.00	91,595.00	46,766.00	110,003.75	144,340.00		
48	MAISABIT				100,000.00	18,553.20	-	9,006.60	11,707.00		
49	YATTA	106,181.98	120,025.65	30,331.65	100,000.00	104,237.23	11,168.40	62,204.00	85,788.00		
50	MAKUENI	380,645.00	50,030.00	186,366.30	100,000.00	328,931.00	60,030.00	159,725.00	208,900.00		
51	MERU'M	152,228.23	125,206.30	67,065.80	200,000.00	312,366.90	70,000.00	197,000.00	210,000.00	4,500.00	
52	MERU'W'	81,924.00	-	-	100,000.00	89,904.00	24,770.00	53,555.00	69,624.00		
53	URUKU	-	-	-	200,000.00						
54	MOYALE										
55	MWINGI				100,000.00						
56	KANGETA	29,360.00	-	32,273.00	200,000.00	8,720.00	-	22,400.00	32,000.00		
57	GAHISSA	72,000.00	26,000.00	-	100,000.00	10,050.00	23,000.00	-			
58	MANDERA	50,100.00	-	3,538.46	100,000.00	48,130.00	4,300.00	12,538.50	16,300.00		
59	WAIIR	100,000.00	-	-	100,000.00	28,850.00	4,200.00	39,900.00	57,000.00		
60	KISI'I'M'	-	-	-	250,000.00						
61	KISI'I'W'	58,950.00	15,220.00	5,076.90	100,000.00	71,900.00	23,490.00	6,390.00	8,200.00		
62	KISUMU'M'	277,500.00	4,481,000.10	380,885.00	1,236,537.00	53,250.00	4,481,000.00	426,420.80	555,150.00		
63	KISUMU'W'	-	7,370.00	36,854.00	100,000.00	41,010.00	11,500.00	20,136.90	26,250.00		
64	KIBOS	-	-	-	250,000.00	11,825.00	-	102,645.00	162,460.00		
65	RACHUONYO	45,164.00	-	4,600.00	100,000.00	8,800.00	3,000.00	42,700.00	61,000.00		
66	HOMA-BAY	-	-	12,000.00	100,000.00	-	37,565.00	23,000.00	30,000.00		

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Appendix vi: Prison Industries expenditure returns as at 30th June 2022
Prison Industries Expenditure Returns as At 30th June 2022

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86	221110 87	221110 88	221110 89	221110 90	221110 91	221110 92	221110 93	221110 94	221110 95	221110 96	221110 97	221110 98	221110 99	221110 100	221110 101	221110 102	221110 103	221110 104	221110 105	221110 106	221110 107	221110 108	221110 109	221110 110	221110 111	221110 112	221110 113	221110 114	221110 115	221110 116	221110 117	221110 118	221110 119	221110 120	221110 121	221110 122	221110 123	221110 124	221110 125	221110 126	221110 127	221110 128	221110 129	221110 130	221110 131	221110 132	221110 133	221110 134	221110 135	221110 136	221110 137	221110 138	221110 139	221110 140	221110 141	221110 142	221110 143	221110 144	221110 145	221110 146	221110 147	221110 148	221110 149	221110 150	221110 151	221110 152	221110 153	221110 154	221110 155	221110 156	221110 157	221110 158	221110 159	221110 160	221110 161	221110 162	221110 163	221110 164	221110 165	221110 166	221110 167	221110 168	221110 169	221110 170	221110 171	221110 172	221110 173	221110 174	221110 175	221110 176	221110 177	221110 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269	221110 270	221110 271	221110 272	221110 273	221110 274	221110 275	221110 276	221110 277	221110 278	221110 279	221110 280	221110 281	221110 282	221110 283	221110 284	221110 285	221110 286	221110 287	221110 288	221110 289	221110 290	221110 291	221110 292	221110 293	221110 294	221110 295	221110 296	221110 297	221110 298	221110 299	221110 300	221110 301	221110 302	221110 303	221110 304	221110 305	221110 306	221110 307	221110 308	221110 309	221110 310	221110 311	221110 312	221110 313	221110 314	221110 315	221110 316	221110 317	221110 318	221110 319	221110 320	221110 321	221110 322	221110 323	221110 324	221110 325	221110 326	221110 327	221110 328	221110 329	221110 330	221110 331	221110 332	221110 333	221110 334	221110 335	221110 336	221110 337	221110 338	221110 339	221110 340	221110 341	221110 342	221110 343	221110 344	221110 345	221110 346	221110 347	221110 348	221110 349	221110 350	221110 351	221110 352	221110 353	221110 354	221110 355	221110 356	221110 357	221110 358	221110 359	221110 360	221110 361	221110 362	221110 363	221110 364	221110 365	221110 366	221110 367	221110 368	221110 369	221110 370	221110 371	221110 372	221110 373	221110 374	221110 375	221110 376	221110 377	221110 378	221110 379	221110 380	221110 381	221110 382	221110 383	221110 384	221110 385	221110 386	221110 387	221110 388	221110 389	221110 390	221110 391	221110 392	221110 393	221110 394	221110 395	221110 396	221110 397	221110 398	221110 399	221110 400	221110 401	221110 402	221110 403	221110 404	221110 405	221110 406	221110 407	221110 408	221110 409	221110 410	221110 411	221110 412	221110 413	221110 414	221110 415	221110 416	221110 417	221110 418	221110 419	221110 420	221110 421	221110 422	221110 423	221110 424	221110 425	221110 426	221110 427	221110 428	221110 429	221110 430	221110 431	221110 432	221110 433	221110 434	221110 435	221110 436	221110 437	221110 438	221110 439	221110 440	221110 441	221110 442	221110 443	221110 444	221110 445	221110 446	221110 447	221110 448	221110 449	221110 450	221110 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Kenya Prisons Service (Prison Industry Revolving Fund) PIRF

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For the year ended June 30, 2022.

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Kenya Prisons Service (Prison Industry Revolving Fund) PIRF
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