



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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**Summary**

**of the Report**

**of the**

**Auditor-General**

**on the**

**Financial Statements**

**for**

**National Government**

**for the**

**Year 2016/2017**

PARLIAMENT  
OF KENYA  
LIBRARY

**Summary  
of the  
Report  
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Year 2016/2017**



## **Vision**

*Effective accountability in the management of public resources and service delivery*

## **Mission**

*Audit and report to stakeholders on the fairness, effectiveness and lawfulness in the management of public resources for the benefit of Kenyan people*

## **Core Values**

Independence | Integrity | Professionalism | Innovation | Team Spirit

## **Motto**

*Enhancing Accountability*

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# **SUMMARY OF THE REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS FOR MINISTRIES, DEPARTMENTS, COMMISSIONS, FUNDS AND OTHER ACCOUNTS OF THE NATIONAL GOVERNMENT FOR THE YEAR 2016/2017**

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## **1.0 General**

### **1.1 Legal Mandate of the Office of the Auditor-General**

- The Office of the Auditor-General is established as an Independent Office under Article 248(3) of the Constitution of the Republic of Kenya.
- The Auditor-General is appointed in accordance with Article 229 of the Constitution.
- The statutory duties and responsibilities of the Auditor-General are given in Article 229(4) (5) (6) and (7) of the Constitution and Public Audit Act, 2015.

I have already issued my audit reports to the respective accounting officers for the financial statements for 2016/2017 of their respective Ministries, Agencies, Departments and Funds.

This report provides a Summary of my audit findings of the financial statements of the National Government of the Republic of Kenya for the financial year ended 30th June, 2017.

The scope of the audit in National Government includes Ministries, Government Departments, Agencies, Funds and Development Partners' funded Projects.

### **1.2 Management's Responsibility for the Financial Statements**

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

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

### **1.3 Auditor-General's Responsibility**

I carried out my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes evaluating the accounting policies used and significant estimates made by Management, as well as evaluating the overall presentation of the financial statements. Further, it includes procedures to determine whether public money has been applied lawfully and in an effective way.

I considered the public entities' internal control systems in order to determine my auditing procedures for the purpose of expressing an opinion on their financial statements. To ensure that the execution of the National Budget was in conformity with the provisions of existing laws, regulations and prescribed procedures, the audit essentially covered authorization and approval of expenditure, budget procedures, management of bank accounts and a review of the internal control systems set up by the audited public entities.

The sections below highlight key findings noted during the audit of the financial statements for the year ended 30th June, 2017.

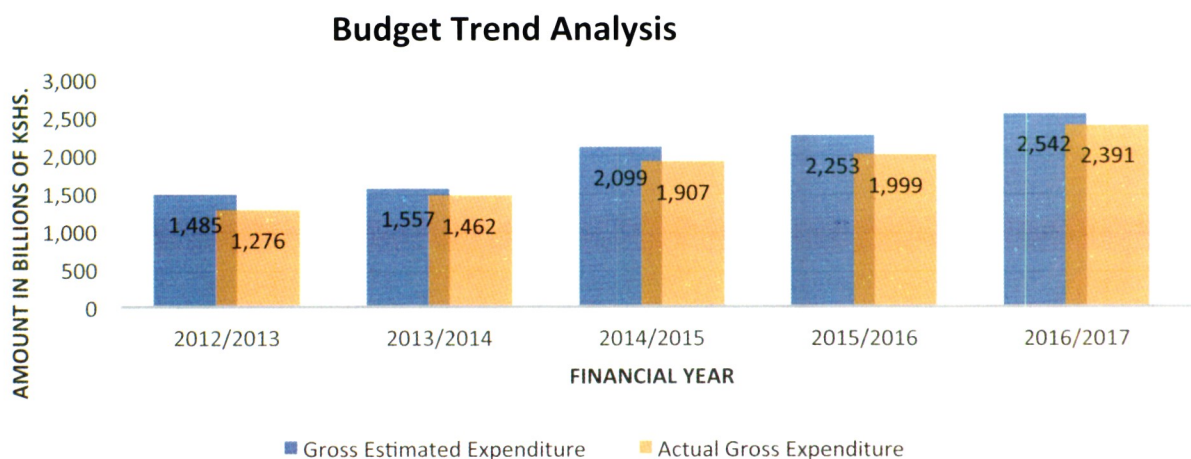
## 2.0 National Government Budgetary and Expenditure Review

### 2.1 Budget Review

#### 2.1.1 Budget Trend Analysis

The gross estimated Government expenditure has increased over the last five years from KSh. 1,485,438,350,899 in the year 2012/2013 to KSh. 2,541,568,251,270 in the year 2016/2017 representing an increase of KSh. 1,056,129,900,371 or approximately 71% over the five year period. Similarly the actual gross expenditure has increased over the years from KSh. 1,275,862,845,060 in the year 2012/2013 to KSh. 2,390,531,985,901 in the year 2016/2017 representing an increase of KSh. 1,114,669,140,841 or approximately 87% over the period. This implies that the scope of my audit has also more than doubled over the last five years. The tabulation below depicts this trend:

Budget Trend Analysis for the last Audited Five Years					
Year	2012/2013 KSh.	2013/2014 KSh.	2014/2015 KSh.	2015/2016 KSh.	2016/2017 KSh.
Gross Estimated Expenditure	1,485,438,350,899	1,557,192,721,388	2,099,370,186,391	2,253,494,806,467	2,541,568,251,270
Actual Gross Expenditure	1,275,862,845,060	1,461,965,849,061	1,906,841,500,924	1,999,174,760,912	2,390,531,985,901



## 2.1.2 2016/2017 Budget

In 2016/2017 the Approved Estimated Gross Expenditure was KSh. 2,541,568,251,270 while approved Appropriations-In-Aid (AIA) were KSh. 448,217,771,819 resulting in Net Approved Expenditure of KSh. 2,093,350,479,451 as follows:-

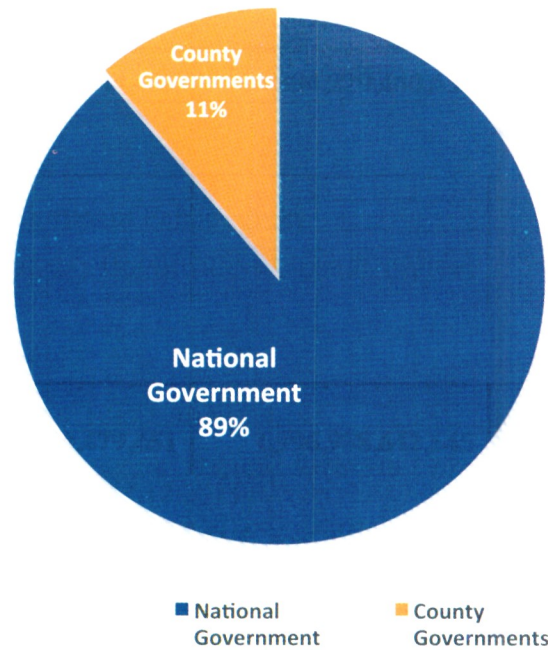
National Government	Gross Estimated Expenditure (KSh.)	Estimated AIA (KSh.)	Approved Net Expenditure (KSh.)	Net Expenditure as a % of Approved total Net Expenditure
Recurrent Votes	929,104,106,437	88,491,935,859	840,612,170,578	40%
Development Votes	801,530,580,399	359,725,835,960	441,804,744,439	21%
Consolidated Fund Services	526,211,209,434	0	526,211,209,434	25%
Sub-total for National Government	2,256,845,896,270	448,217,771,819	1,808,628,124,451	86%
County Governments	284,722,355,000	0	284,722,355,000	14%
Grand Total	2,541,568,251,270	448,217,771,819	2,093,350,479,451	100%

As shown above, 40% of the approved net expenditure was budgeted for meeting the National Government recurrent expenditures and 21% for development expenditures. Consolidated Fund Services including repayments of Public Debt accounted for another 25%, while County Governments accounted for 14% of the total budgeted net expenditure.

The 2016/2017 gross budget of KSh. 2,541,568,251,270 was shared between the National Government and the County Governments at the ratio of 89% and 11% respectively as follows:-

Comparison of National Government and County Governments Gross Estimated Expenditure		
	Gross Estimated Expenditure KSh.	As a %age of Gross Estimated Expenditure
National Government	2,256,845,896,270	89%
County Governments	284,722,355,000	11%
Grand Total	2,541,568,251,270	100%

## Gross Estimated Expenditure: Counties Versus National Government



The County Governments allocation of KSh. 284,722,355,000 for the year 2016/2017 was however based on the audited revenue for the year 2013/2014, since the audited financial statements for 2014/2015 had not been tabled in the National Assembly by Public Accounts Committee. The County Governments expenditure has been accounted for and reported individually by each of the forty-seven (47) County Governments and the respective audit reports issued for County Governments and County Assemblies.

### 2.2 2016/2017 Net Actual Expenditure for the National Government

2.2.1 The financial statements for the year 2016/2017 for the National Government show total Actual Expenditure of KSh. 2,026,052,946,211 representing 90% of the gross estimated expenditure of KSh. 2,256,845,896,270. In addition, the actual expenditure of KSh. 2,026,052,946,211 represents an increase of KSh. 291,097,875,295 or 17% when compared with actual expenditure of KSh. 1,734,955,070,916 in 2015/2016 Financial Year, as shown below:

Votes	Gross Estimated Expenditure 2016/2017 KSh. in Billions	Actual Expenditure 2016/2017 KSh. in Billions	Absorption as a %age of Estimated Expenditure	Proportion as a % of actual 2016/2017	Previous Year (2015/16) Actual Expenditure KSh.	%age Increase in 2016/17
Combined Recurrent and Development Votes	1,730.63	1,526.24	88%	75%	1,258.45	18%
Consolidated Fund Services	526.21	499.81	95%	25%	476.50	5%
<b>Totals</b>	<b>2,256.85</b>	<b>2,026.05</b>	<b>90%</b>	<b>100%</b>	<b>1,734.96</b>	<b>14%</b>

2.2.2 The Actual Expenditure of KSh. 2,026,052,946,211 comprised expenditure amounting to KSh. 1,526,243,383,761 or 75% and KSh. 499,809,562,450 or 25% of the total actual expenditure under combined Recurrent and Development Votes and Consolidated Fund Services respectively.

2.2.3 The actual expenditure of KSh. 2,026,052,946,211 represents an increase of 3% when compared to the actual expenditure of KSh. 1,734,955,070,916 incurred in 2015/2016. This increase is occasioned by a combination of an increase of KSh. 267,790,929,283 or 21% of the combined Recurrent and Development Votes and an increase of KSh. 23,306,946,012 or 5% in Consolidated Fund Services.

2.2.4 There was a gross under-expenditure of KSh. 230,792,950,059 made up of under-expenditure of KSh. 204,391,303,075 for combined Recurrent and Development Votes and under-expenditure of KSh. 26,401,646,984 for Consolidated Fund Services as follows:-

Votes	Gross Estimated Expenditure 2016/2017	Actual Expenditure 2016/2017	Under/(Over) Expenditure	% Under/(Over) Expenditure
Recurrent and Development	1,730,634,686,836	1,526,243,383,761	204,391,303,075	12%
Consolidated Fund Services	526,211,209,434	499,809,562,450	26,401,646,984	5%
<b>Total</b>	<b>2,256,845,896,270</b>	<b>2,026,052,946,211</b>	<b>230,792,950,059</b>	<b>10%</b>

2.2.5 The under-expenditure of KSh. 204,391,303,075 under combined Recurrent and Development Votes was mainly attributed to inadequate exchequer issues and delayed disbursement of donor funds. Detailed reasons for the under-expenditures are provided in the respective financial statements for 2016/2017.

## 2.3 Revenue Analysis

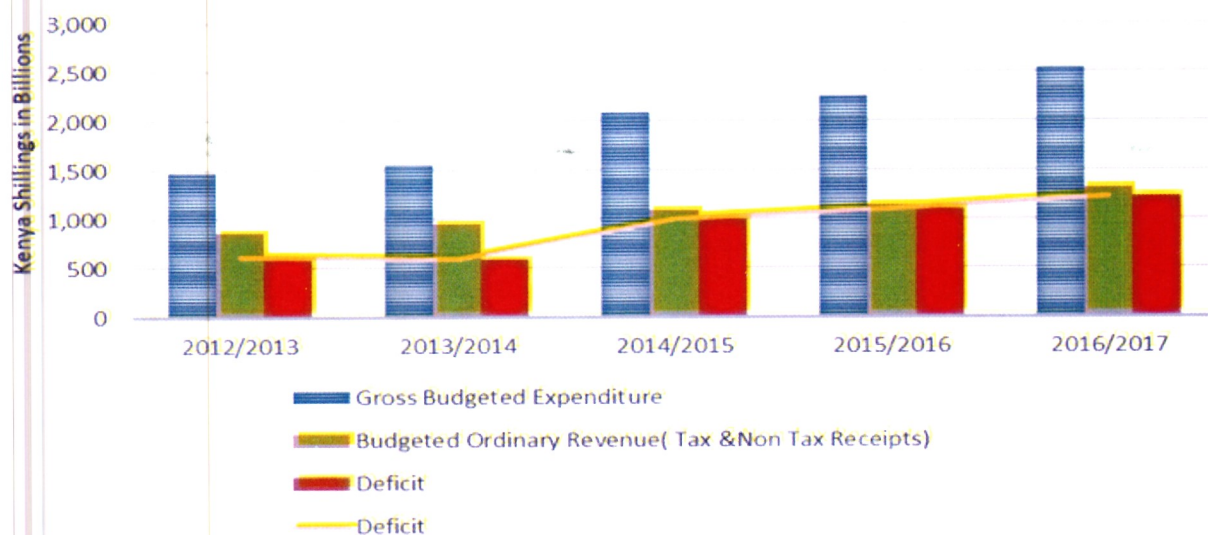
### 2.3.1 Ordinary Revenue Budget Trend Analysis

The budgeted revenue from tax and non-tax receipts (ordinary revenue) increased over the last five years from KSh. 870,518,584,891 in the year 2012/2013 to KSh. 1,387,966,307,421 in the year 2016/2017. This is an increase of approximately 59% over the five year period. However, when compared to the gross estimated expenditure, the overall deficit has increased over the years from KSh. 614,919,766,008 in the year 2012/2013 to KSh. 1,153,601,943,849 in the year 2016/2017 representing an increase of approximately 100% over the period as follows:-

#### Gross Budgeted Expenditure Vs Budgeted Ordinary Revenue

Year	Gross Budget Expenditure KSh.	Budgeted Ordinary Revenue (Tax & Non Tax Receipts) KSh.	Deficit KSh.	Deficit as % of Gross Budget
2012/2013	1,485,438,350,899	870,518,584,891	614,919,766,008	41%
2013/2014	1,557,192,721,388	959,854,104,424	597,338,616,964	38%
2014/2015	2,099,370,186,391	1,098,167,501,267	1,001,202,685,124	48%
2015/2016	2,253,494,806,467	1,141,863,174,093	1,111,631,632,374	49%
2016/2017	2,541,568,251,270	1,387,966,307,421	1,153,601,943,849	45%

## GROSS BUDGETED EXPENDITURE VS BUDGETED ORDINARY REVENUE

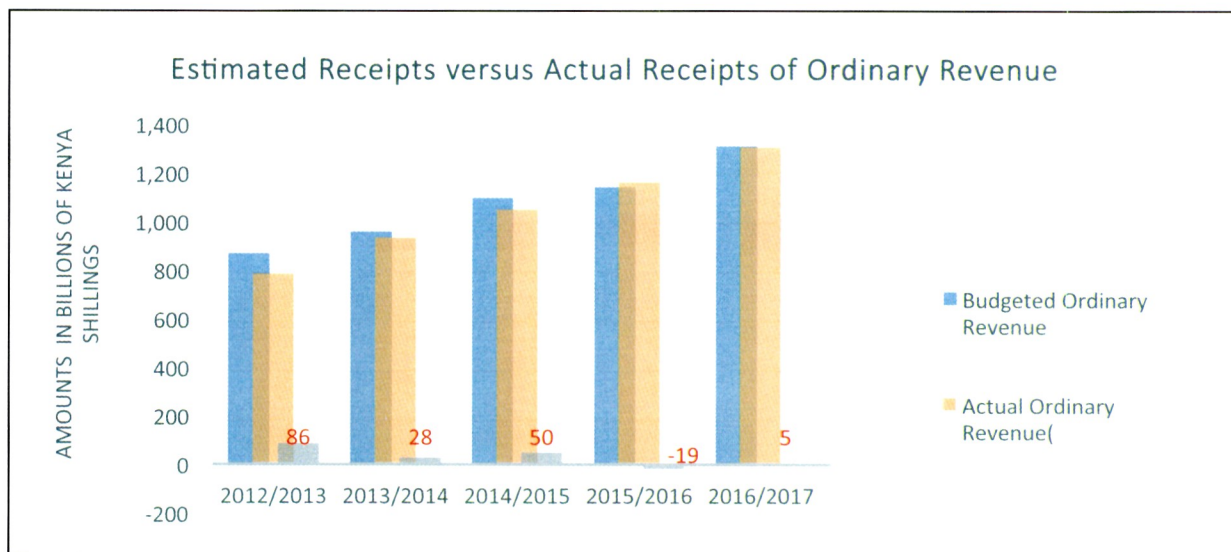


The deficit between the gross budgeted expenditure and the budgeted ordinary revenue is funded through borrowings either from domestic markets (Treasury Bills and Treasury Bonds) or borrowings from external development partners.

### 2.3.2 Estimated Receipts versus Actual Receipts of Ordinary Revenue

The estimated receipts from tax and non-tax receipts (ordinary revenue) increased over the last five years from KSh. 870,518,584,891 in the year 2012/2013 to KSh. 1,387,966,307,421 in the year 2016/2017. This is an increase of approximately 59% over the five year period. Similarly, the actual receipts from tax and non-tax receipts has increased over the years from KSh. 784,497,879,683 in the year 2012/2013 to KSh. 1,319,297,139,846 in the year 2016/2017 representing an increase of approximately 66% over the five year period as follows:-

Year	Budgeted Ordinary Revenue(Tax Non Tax Receipts) KSh.	Actual Ordinary Revenue( Tax & Non Tax Receipts) KSh.	Revenue Shortage/(Excess) KSh.	% Shortage
2012/2013	870,518,584,891	784,497,879,683	86,020,705,208	9.9%
2013/2014	959,854,104,424	932,034,925,773	27,819,178,651	2.9%
2014/2015	1,098,167,501,267	1,047,908,306,414	50,259,194,853	4.6%
2015/2016	1,141,863,174,093	1,160,726,658,504	-18,863,484,411	-1.7%
2016/2017	1,387,966,307,421	1,319,297,139,846	68,669,167,575	4.9%



## 2.4 Actual Revenue

2.4.1 During 2016/2017 financial year total revenue recorded under various revenue statements as received by the National Government amounted to KSh. 1,357,698,178,325 representing an increase of KSh. 164,079,039,661 or about 14% when compared to actual collections of KSh. 1,193,619,138,664 realized in 2015/2016.

2.4.2. Total revenue of KSh. 1,357,698,178,325 when compared to total budgeted receipts of KSh. 1,449,051,153,281 resulted in an under-collection of revenue of KSh. 91,352,974,959 or 6%. The total revenue of KSh. 1,357,698,178,325 comprised of KSh. 1,319,297,139,846 and KSh. 38,401,038,479 relating to Recurrent and Development revenues respectively. However, actual Recurrent Revenue collected during the year reflected a shortfall of KSh. 68,669,167,578 or 4.9% while there was a shortfall of Development Revenue collected of KSh. 22,683,807,381 or 37% as follows:-

Details	2016/17 Estimated Receipts KSh.	2016/17 Actual Receipts KSh.	2016/17 Excess/ (Shortfall) KSh.	Shortfall % age	2015/16 Actual Receipts KSh.
Recurrent Revenue	1,387,966,307,421	1,319,297,139,846	(68,669,167,578)	-4.9%	1,160,726,658,504
Development Revenue	61,084,845,860	38,401,038,479	(22,683,807,381)	-37%	32,892,480,160
<b>Total</b>	<b>1,449,051,153,281</b>	<b>1,357,698,178,325</b>	<b>(91,352,974,959)</b>	<b>-6.3%</b>	<b>1,193,619,138,664</b>

2.4.3. The reasons provided for the 37% under-collection of Development Revenue include non-release of funds by development partners and low absorption of funds by projects and programmes.

## 2.5 The Exchequer Account as at 30th June, 2017

2.5.1 The Statement of Receipts into and Issues from the National Exchequer Account for 2016/2017 reflects an overall net deficit of KSh. 28,880,736,111.91 as at 30th June, 2017 compared to a net surplus of KSh. 59,808,758,120.81 as at 30th June, 2016. The total issues from the Consolidated Fund for both Recurrent and Development Services, CFS and County Governments during the year 2016/2017 amounted to KSh. 1,996,988,642,544.50 against total receipts of KSh. 1,968,107,906,432.59 resulting in a deficit of KSh. 28,880,736,111.91 as at 30th June, 2017. However, when added to the Exchequer balance of KSh. 59,808,758,120.81 brought forward from 2015/2016, the result is an overall net surplus of KSh. 30,928,022,008.90 as at 30th June, 2017 as follows:

Details	2016/2017 KSh.	2015/2016 KSh.
Total Receipts	1,968,107,906,432.59	1,853,346,272,601.34
Total Issues	1,996,988,642,544.50	1,793,741,005,899.50
Surplus/(Deficit) for the year	(28,880,736,111.91)	59,605,266,701.84
Exchequer balance brought Forward	59,808,758,120.81	203,491,418.97
<b>Exchequer balance as at 30th June,</b>	<b>30,928,022,008.90</b>	<b>59,808,758,120.81</b>

2.5.2 Receipts into the Exchequer Account during the year of KSh. 1,968,107,906,432.59 comprised of Ordinary Revenue and Other receipts in form of Treasury Bills and Bonds and Commercial Loan( Euro Bond) as follows:-

	Type of Receipt	Amount (KSh.)	Total (KSh.)
(a)	<b>Ordinary Revenue</b>		
	Tax Receipts	1,253,462,715,508.60	
	Non-Tax Receipts (Profits and Dividends, Immigration Visas, Fines, Penalties & Forfeitures, Miscellaneous Revenue, etc.)	60,849,307,894.49	<b>1,314,312,023,403.09</b>
(b) (i)	<b>Loans and Grants</b>		
	External Grants	14,371,810,089.40	
	External Loans	38,131,378,831.70	<b>52,503,188,921.10</b>
(ii)	Commercial Loan		<b>186,302,594,108.40</b>
(iii)	Domestic Borrowing		
	Treasury Bills	86,000,000,000.00	
	Treasury Bonds	328,990,100,000.00	<b>414,990,100,000.00</b>
	<b>Total Receipts</b>		<b>1,968,107,906,432.59</b>

2.5.3 Issues from the National Exchequer Account during the year of KSh. 1,996,988,642,544.50 comprised of Recurrent, Development, Consolidated Fund Services and County Governments issues as follows:-

Votes	Approved Net Expenditure KSh.	Actual Issues KSh.	Under/(Over) Expenditure KSh.	% Variance
Recurrent Votes	840,612,170,578	819,940,446,000	20,671,724,578	2%
Development Votes	441,804,744,439	394,229,440,637	47,575,303,803	11%
Consolidated Fund Services	526,211,209,434	498,110,300,908	28,100,908,526	5%
<b>Sub-total for National Government</b>	<b>1,808,628,124,451</b>	<b>1,712,280,187,545</b>	<b>96,347,936,907</b>	<b>5%</b>
County Governments	284,722,355,000	284,708,455,000	13,900,000	0%
<b>Grand Total</b>	<b>2,093,350,479,451</b>	<b>1,996,988,642,545</b>	<b>96,361,836,907</b>	<b>5%</b>

The underfunding of development budget by 11% was attributed to constraints in revenue collection and delayed disbursement of donor funds.

#### 2.5.4 Revenue not remitted to the Exchequer

The Revenue Statements reflects an amount of KSh. 1,357,698,178,325 as having been collected during the financial year 2016/2017. The brought forward balance from 2015/2016 amounted to KSh. 2,046,650,137 bringing the total revenue available in 2016/2017 to KSh. 1,359,744,828,462. The Revenue statements, however, reflects an amount of KSh. 1,354,564,223,623 as having been paid to the Exchequer during the year leaving a substantial balance of KSh. 5,180,604,839 not remitted to the Exchequer as at 30th June, 2017 as follows:-

Vote	Revenue Balance B/fwd KSh.	Revenue Collection 2016/2017 KSh.	Total Revenue Available KSh.	Amount Paid to Exchequer KSh.	Balance C/fwd KSh.
Recurrent	2,046,556,033	1,319,297,139,846	1,321,343,695,879	1,316,163,185,144	5,180,510,735
Development	94,104	38,401,038,479	38,401,132,583	38,401,038,479	94,104
<b>Total</b>	<b>2,046,650,137</b>	<b>1,357,698,178,325</b>	<b>1,359,744,828,462</b>	<b>1,354,564,223,623</b>	<b>5,180,604,839</b>

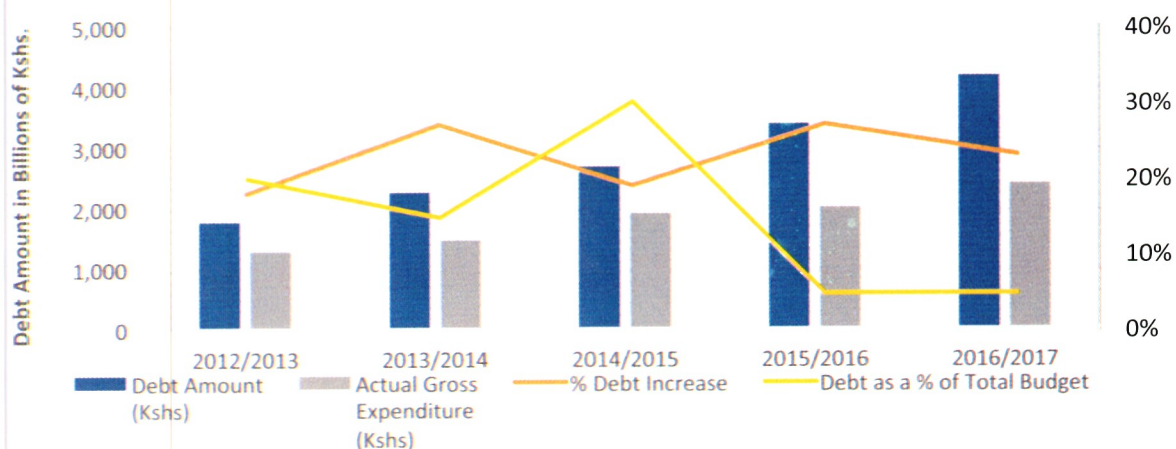
## 2.6. Growth in Public Debt

2.6.1 The outstanding amount of public debt has increased over the years from KSh. 1,767,017,069,021 reported in the year 2012/2013 to KSh. 4,194,102,152,577 in the year 2016/2017 representing an increase of KSh. 2,427,085,083,556 or approximately 137% over the five year period as follows:-

### Comparison of Public Debt vs Actual Gross Expenditure

Financial Year	Debt Amount (KSh.)	% Debt Increase	Actual Gross Expenditure (KSh.)	Debt as a % of Total Budget
2012/2013	1,767,017,069,021	18%	1,275,862,845,060	20%
2013/2014	2,250,845,910,286	27%	1,461,965,849,061	15%

### Comparison of Public Debt vs Actual Gross Expenditure



2014/2015	2,674,806,364,195	19%	1,906,841,500,924	30%
2015/2016	3,385,910,449,825	27%	1,999,174,760,912	5%
2016/2017	4,194,102,152,577	24%	2,390,531,985,901	5%

The growth in public debt is attributed to disbursements of new loans to the Government by various development partners and additional borrowings from the domestic market through Treasury Bonds and Treasury Bills.

## 3.0 Summary of the Audit Results

### 3.1 Accounting Framework

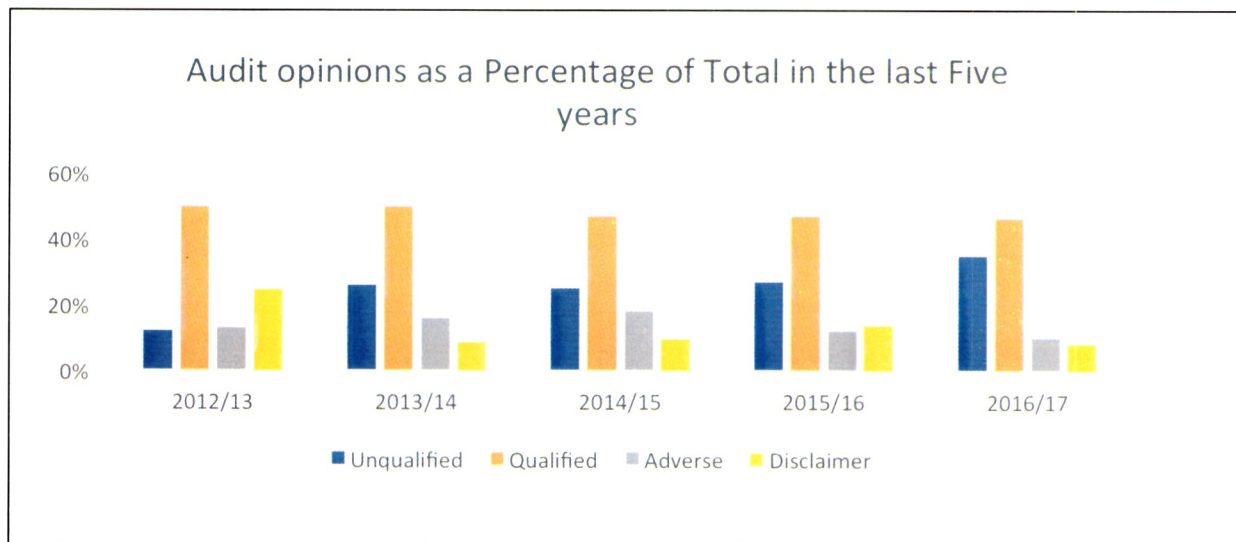
The financial statements for National Government were prepared using the International Public Sector Accounting Standards (IPSAS) framework as prescribed by the Public Sector Accounting Standards Board of Kenya in compliance with Section 194 of the Public Finance Management Act 2012.

### 3.2 Overall Audit Results

3.2.1 The total number of National Government Financial Statements (FS) relating to the year ended 30th June, 2017 examined were One Hundred and Twenty Nine (129). Forty-Six (46) or 36 % of these FS had clean (unqualified) audit opinion, Fifty-Nine (59) or 46% had qualified audit opinion, thirteen (13) or 10% had an adverse opinion expressed while eleven (11) or 8% no opinion could be expressed hence a disclaimer of opinion was issued.

The tabulation below shows audit opinions expressed on financial statements in the last Five Years:

<b>Analysis of Audit Opinions in the last Five Audited Financial Years</b>										
Audit Opinion	2012/13		2013/14		2014/15		2015/16		2016/17	
	No. of FS	%age	No. of FS	%age	No. of FS	%age	No. of FS	%age	No. of FS	%age
Unqualified	41	12%	26	26%	27	25%	30	27%	46	36%
Qualified	172	50%	50	50%	51	47%	51	47%	59	46%
Adverse	45	13%	16	16%	19	18%	13	12%	13	10%
Disclaimer	85	25%	9	9%	11	10%	15	14%	11	8%
Total	343	100%	101	100%	108	100%	109	100%	129	100%



3.2.2 Overall there has been an improvement in the number of Financial Statements with unqualified audit opinion. The unqualified opinion percentage improved from 27% in 2015/16 to 36% in 2016/2017.

I have expressed the above types of audit opinions based on the following criteria: -

**(a) Unqualified Opinion**

An unqualified opinion is expressed when I have concluded that the financial statements give a true and fair view or are presented fairly, in all material respects, in accordance with Public Finance Management Act, 2012 and public funds have been applied lawfully and in an effective manner. The financial statements with unqualified opinion are listed in Appendix A.

**(b) Qualified Opinion**

I have expressed qualified opinion when the misstatement or limitation on my audit is material but not pervasive. I have thus expressed an ‘except for’ opinion based on the effects of the matter(s) to which the qualification relates. The financial statements with qualified opinion are listed in Appendix B.

**(c) Adverse Opinion**

I have expressed adverse opinion when audit matters on the financial statements are material and pervasive that I have concluded the financial statements are misleading or incomplete. The financial statements with adverse opinion are listed in Appendix C.

**(d) Disclaimer of Opinion**

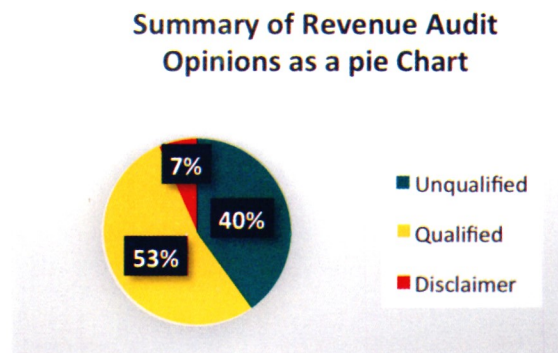
I was not able to express an opinion where the possible effects of limitations on my audit were so material and pervasive that I was unable to obtain sufficient appropriate audit evidence and accordingly unable to express any meaningful audit opinion on the financial statements. I was not able to establish whether expenditure reflected in the fifteen (15) financial statements with disclaimer of opinions were incurred lawfully and in an effective way as required by Article 229(6) of the Constitution as detailed in Appendix D.

**3.3 Audit of Revenue Statements**

3.3.1 During the year under review, fifteen (15) revenue statements were audited. Out of these, six (6) revenue statements had a clean opinion, eight (8) Revenue Statement were qualified while in one (1) revenue statement, I was unable to confirm whether the revenue collected was accurately recorded in absence of proper records.

**Summary of Audit Opinions on Revenue Statements**

<b>Audit Opinion</b>	<b>No of Revenue Statements</b>
Unqualified	6
Qualified	8
Adverse	0
Disclaimer	1
Total	15



3.3.2 Below is a summary of the various Revenue statements that were audited.

**(i) Unqualified Revenue Statements**

	<b>Collecting Ministry</b>	<b>Amount (KSh.)</b>
	National Treasury –Development Revenue	38,401,038,479
	State Department for Correctional Services	101,651,876
	State Department of Infrastructure	0
	State Department of Public Works	534,500
	State Department for Broadcasting and Telecommunications	0
	State Department for Fisheries	181,461,217
	<b>Total</b>	<b>38,684,686,072</b>

**(ii) Qualified Revenue Statements**

<b>Collecting Ministry</b>		<b>Revenue Collected (KSh.)</b>	<b>Reasons for Qualification</b>
1.	National Treasury – Recurrent Revenue	1,301,905,041,805	<ul style="list-style-type: none"> <li>• Failure by management to account for movement of the arrears from the earlier balance of KSh. 380,600,178,374 (2016) and KSh. 194,951,716,541 (2015) recorded during the previous periods.</li> <li>• Failure to collect arrears of revenue of KSh. 193,997,651,702 as at 30th June 2017.</li> </ul>
2.	Office of the Attorney General and Department of Justice	585,063,916	<ul style="list-style-type: none"> <li>• Failure to remit KSh. 164,322,122 and KSh. 138,683,190 to the exchequer.</li> <li>• Failure to avail regional collection analysis Non provision of contracts.</li> <li>• Failure to collect revenue from all sources.</li> <li>• Failure to provide analysis of the previous years balances.</li> <li>• Failure to provide evidence that public trustee funds was remitted to the National exchequer.</li> </ul>
3.	Registrar of High Court (Judiciary)	1,930,440,874	<ul style="list-style-type: none"> <li>• Failure to account for KSh. 8,100,802 convicts deposits and bonds collected at Kericho Law Courts</li> <li>• Loss of KSh. 984,080 through falsification of documents at Baricho Law Courts.</li> <li>• Inaccuracies in the Revenue Statement and unreconciled variances for fines, penalties and Forfeitures.</li> <li>• Revenue unrecorded and unaccounted for.</li> <li>• Discrepancies in revenue records at Naivasha law courts.</li> </ul>

Collecting Ministry		Revenue Collected (KSh.)	Reasons for Qualification
4.	National Treasury – Pensions Department	356,715,202	<ul style="list-style-type: none"> <li>Unanalyzed revenue collected.</li> <li>Unresolved issues relating to 2014/2015 financial year.</li> </ul>
5.	State Department for Interior	10,752,953,005	<ul style="list-style-type: none"> <li>The revenue statement presented for audit was not prepared as prescribed by the Public Sector Accountants Board.</li> <li>Unexplained difference of KSh. 360,905,511 between revenue statement and the trial balance.</li> <li>A loss of KSh. 193,029,466 collected at DCI.</li> <li>Inability to confirm accuracy of receipts of KSh. 2,632,208,599 due to poor record keeping.</li> </ul>
6.	State Department of Agriculture	439,300,200	<ul style="list-style-type: none"> <li>Under declaration of revenue KSh. 166,208,362.</li> <li>Under collection of revenue KSh. 1,401,425,000 .</li> <li>Presentation of the Revenue Statement.</li> </ul>
7.	State Department for Housing & Urban Development	249,561,252	<ul style="list-style-type: none"> <li>Non-maintenance of books of account and revenue bank account.</li> <li>Under collection of rental income – KSh. 340,022,688.</li> <li>Statement of Revenue Arrears.</li> </ul>
8.	Ministry of Mining	1,083,881,930	<ul style="list-style-type: none"> <li>Cement levy totaling to KSh. 503,400,309 not verified with the production levels reported by the various cement companies.</li> <li>Mining royalties amounting to KSh. 107,179,357 balance excludes royalties of unknown value due from one firm on account of carbon dioxide.</li> <li>Receipts from a titanium company totaling to KSh. 404,220,727 which was reported in the 2015/2016 report but records in support of these royalty receipts indicates that the Ministry did not verify the export quantities and prices reported by the Company, which form the basis for computation of royalties.Receipts</li> </ul>

### (iii) Disclaimer of Opinion Statements

1.	Ministry of lands and physical planning	1,710,533,970	<ul style="list-style-type: none"> <li>Failure to avail the agency agreement between the ministry of land and physical planning for land rent collected by KRA on behalf of the Ministry of KSh. 880,104,997.</li> <li>Under collection of revenue of KSh. 1,241, 543,868 or 42%.</li> <li>Unexplained variance between the Ministry and Treasury records.</li> <li>Internal control weaknesses noted for land rent revenue collected at Headquarters.</li> </ul>
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### 3.4 Audit of Expenditure Statements

3.4.1 The Actual Expenditure for the financial statements for the National Government voted provisions (excluding the Consolidated Fund Services) for the year 2016/2017 was KSh. 1,526,243,383,761 compared to KSh. 1,258,452,454,478 reported in 2015/2016. The expenditure of KSh. 1,526,243,383,761 was recorded in the combined Recurrent and Development Financial Statements which I expressed unqualified, qualified, adverse and disclaimer of opinions as follows:

#### Summary of Audit Opinions on Combined Recurrent and Development Expenditure

<b>Opinion</b>	<b>No. of Financial Statements</b>	<b>Combined Recurrent and Development Expenditure 2016/2017 (KSh.)</b>	<b>Percentage</b>
Unqualified	21	182,805,983,158	11.98%
Qualified	32	922,452,891,804	60.44%
Adverse	10	381,724,003,401	25.01%
Disclaimer	1	34,913,975,952	2.29%
Other	1	4,346,529,446	0.28%
<b>Total</b>	<b>65</b>	<b>1,526,243,383,761</b>	<b>100.00%</b>

3.4.2 The table shows that out of the total expenditure of KSh. 1,526,243,383,761, expenditure totalling about KSh. 182,805,983,158 or 11.98% was incurred lawfully and in an effective way. Expenditures amounting to KSh. 922,452,891,804 or 60.44% had issues hence qualified opinion. Financial statements for expenditures amounting to KSh. 381,724,003,401 or 25.01% were misleading or incomplete hence an adverse opinion. I was unable to confirm whether expenditure totalling KSh. 34,913,975,952 or 2.29% was incurred effectively and lawfully as required by Article 229(6) of the Constitution of Kenya. The other one statement with expenditure of KSh. 4,346,529,446 or 0.28% related to unaudited expenditures incurred by my office; Office of the Auditor-General which is audited separately and reported to Parliament by an Independent Auditor.

## 4.0 Summary of Material Observations

### 4.1 Presentation of Financial Statements

During the last two years, there has been general improvement in the presentation of Financial statements and maintenance of accounting records compared to previous years. The improvement is attributed to adoption of the International Public Sector Accounting Standards (IPSAS) accounting framework by National Government entities when accounting for public funds. This is in addition to other interventions by National Treasury aimed at improving accountability in the public sector.

However, viewed holistically the presentation of Financial Statements is still below par.

### 4.2 Weak accounting for Cash and Cash Equivalents

As reported in the previous years the Audit of Cash and Cash Equivalent revealed a number of anomalies. The key weaknesses include:

- (i) Poor maintenance of Cashbooks -where it was noted a number of Government entities continued to reflect material receipts and payments in the Cashbooks not reflected in the Bank Statements and also receipts and payments in the Bank Statements not reflected in the Cashbooks.
- (ii) Analyzed entries -Entries in the Bank Statements were not analyzed while others have been outstanding for a long period of time.
- (iii) Unreconciled items, Failure to perform Bank Reconciliations.
- (iv) Variation between the Cashbook Balance and the IFMIS Balance.
- (v) Un-surrendered Deposits.
- (vi) Unsupported Cash and Cash Equivalents' Balances.

Owing to risk associated with Cash and Cash Equivalent items it recommended that the accounting officers address the issues noted and comply with Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015. This regulation requires the Accounting Officer to ensure that bank reconciliation statements are completed and submitted to the National Treasury with a copy to the Auditor General not later than 10th of the subsequent month for each bank account held by a National Government entity. Further, Regulation 90(3) requires the Accounting Officer to ensure that any discrepancies noted during the bank reconciliation exercise are investigated immediately and appropriate action taken including updating the relevant cashbooks.

### 4.3 Pending Bills

During the year ended 30 June 2017, a number of National Government entities did not settle bills amounting to KSh. 16,712,379,101. In comparison to previous years, there has been a decrease in pending bills not settled at the end of the Financial Year. In the year 2015/16 the amount was KSh. 20,472,313,203 while in 2014/15 pending bills amounted to KSh. 43,212,107,778.

Failure to settle bills during the year they are incurred adversely affect the next year's budgeted programmes. The Government entities with unpaid bills as at 30 June 2017 are listed in the table below –

Entity	Amount KSh.
State Department of Infrastructure	5,013,942
State Department of Transport	6,368,644
State Department for Gender	12,737,993
Ministry of Tourism	24,162,162
State Department For Planning and Statistics	26,475,233

<b>Entity</b>	<b>Amount KSh.</b>
State Department of Labour	36,493,295
State Department for Trade	42,326,875
State Department for Irrigation	47,086,657
Ministry of Mining	51,484,152
State Department for Social Protection	53,230,730
State Law Office and Department of Justice	74,283,875
The National Treasury	80,450,957
State Department for Investment and Industry	115,863,748
State Department for Special	118,865,458
State Department of Sports Development	138,152,157
National Assembly	236,728,322
Ministry of Health	250,187,749
State Department of University	347,139,946
Ministry of Lands and Physical Planning	363,922,056
State Department of Natural Resources	383,248,478
State Department of Public Works	406,920,085
Parliamentary Service Commission	409,090,308
State Department of Agriculture	419,043,819
The Judiciary	655,263,852
State Department of Livestock	1,084,210,383
State Department for Broadcasting and Telecommunications	1,123,808,354
State Department of Housing and Urban Development	1,257,844,010
Independent Electoral and Boundaries Commission	2,680,742,000
State Department of Public Service and Youth	2,964,606,488
State Department for Devolution	3,296,627,373
<b>Total</b>	<b>16,712,379,101</b>

Further it was observed that some Government entities settled previous years' bills without proper supporting documents and approvals.

#### 4.4 Unsupported amounts

##### (a) Unsupported Expenditure

Proper supporting documentation for expenditure totalling at least KSh. 8,204,931,845 was not available for audit verification. The entities which did not adequately support their expenditure included:

Entity	Amount KSh.	Brief Description
Ministry of Health	9,122,745	Unsupported imprest incurred for purchase of goods and services under the East Africa's Centres of Excellence for Skills and Tertiary Education In Biomedical Sciences Phase I project
State Law Office and Department of Justice	9,333,272	Unsupported stipend payment
Ministry of Mining	10,000,000	Unsupported donor funded expenditure
State Department for Irrigation	11,552,043	Unsupported expenditure on use of Goods and Services
State Department of University Education	64,522,372	Amount reflected as direct payments in the statement of receipts and payments under the GOK/UNICEF Education for Young People Programme
State Department for Trade	89,244,859	Unsupported Expenditure- Foreign Missions
State Department for Social Protection	135,177,672	Unsupported Sub-Counties Treasuries expenditure under the Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme
State Department of Sports Development	204,077,129	Unsupported Expenditure on IAAF World Youth Championships - Nairobi 2017
State Department of University Education	398,499,150	Unsupported payments of grants to semi-autonomous government organizations under the Food Assistance to Primary and Pre-Primary Schools in Arid and Semi Arid Areas and Disadvantaged Urban Children Project No. Cp 200680
Independent Electoral And Boundaries Commission	2,722,890,885	Unsupported Accounts Payable Balance
National Treasury	4,550,511,718	Under CFS- Pensions under gratuities being KSh. 3,243,545,200 Unsupported Pensions Payable and 1,306,966,518 Unsupported payment of pension to Teachers
<b>Total</b>	<b>8,204,931,845</b>	

## (b) Unsupported Balances

It was noted that most National Government entities continued to report huge unsupported and un analyzed balances. The unsupported balances were mostly noted under Accounts Payable's Statements of Assets and Liabilities and on Cash and Cash Equivalent items. The details of this finding is in the detailed report.

## 4.5 Stalled/Incomplete Projects

During the year under review it was noted that Government continued to incur huge expenditure for projects, which had either stalled or remained incomplete for a long time even after the expiry of their completion dates. In other instances, payments were made for work not done. This casts doubt on value for money for such expenditure. Some of the stalled/incomplete projects are listed below:

### Stalled/Incomplete Projects

	<b>Entity</b>	<b>Project Description</b>	<b>Amount KSh.</b>
1	State Department of Sports Development	National Sports Fund: Incomplete partitioning of their new offices at Flamingo Towers	7,091,718
2	State Department for Social Protection	Proposed Dormitory for Dagoretti Rehabilitation Girls School	9,731,997
3	State Department of Natural Resources	Incomplete refurbishment of 20th and 21st floors of offices at Block A of NSSF Building	16,978,834
4	State Department of Public Service and Youth	Construction of classrooms and workshop at National Youth Service Ruaraka	25,912,277
5	State Department for Special Programmes	Stalled Wajir Sewerage project	32,182,850
6	State Department of University Education	Incomplete construction of the proposed Lamu East Technical Training Institute KSh. 38,079,615; Incomplete construction of the proposed Kakrao TTI KSh. 48,720,833	86,800,448
7	State Department of Labour	Proposed National Employment Promotion Centre Kabete	117,998,228
8	The Judiciary	Various Stalled Projects for Courts	625,626,493
9	State Department of Natural Resources	Construction of in-block irrigation infrastructure -Oluch and Kimira	746,541,711
10	State Department for Correctional Services	Stalled and incomplete Projects for Accommodating Prison Staff	876,249,414
		<b>Total</b>	<b>2,545,113,970</b>

#### 4.6 Management of Imprests

Review of management of imprests indicate that imprests continue to remain unaccounted for at the end of the Financial Year. During the year under review un-surrendered/unaccounted for imprests amounted to KSh. 518,096,643. Failure to account for imprests on due date is in contravention of Government Regulations.

<b>Outstanding Imprest</b>	
<b>Entity</b>	<b>Amount KSh.</b>
National Humanitarian Fund	71,960,000
Women Enterprise Fund	1,321,459
State Department of Basic Education	3,305,371
State Department of University Education - Kenya Primary Education Development (Priede) Project	3,798,197
Ministry of Health (Including Projects)	77,105,884
State Department of Infrastructure	972,569
State Department of Housing and Urban Development	26,260,178
State Department for Water Services	1,313,199
State Department for Irrigation	23,098,678
State Department of Environment	66,747,385
State Department of Natural Resources	1,958,192
Ministry of Lands and Physical Planning	66,202,974
Land Settlement Fund Trustees	10,406,980
State Department for Broadcasting and Telecommunications	2,575,971
State Department of Agriculture	24,329,660
State Department of Livestock	28,923,073
State Department for Trade	1,131,477
State Department for East African Community Integration	1,752,766
State Law Office and Department of Justice	1,489,476
Judicial Performance Improvement Project	40,080,170
Independent Electoral and Boundaries Commission	24,171,000
Parliamentary Service Commission	5,576,926
National Assembly	33,615,058
<b>Total</b>	<b>518,096,643</b>

## 5.0 Conclusion

Detailed report for the National Government Accounts for the year ended 30th June, 2017 is contained in the combined report. Specific reports together with my opinions for each financial statement are contained in each respective entity's audited financial statement for the year ended 30th June, 2017 already issued to each Accounting Officer. I appeal to each Accounting Officer to address all the issues pertaining to their respective ministry/department as detailed in my combined report for 2016/2017.

My report is also accessible from the Office of the Auditor-General's Website:

[www.oagkenya.go.ke](http://www.oagkenya.go.ke)



**FCPA Edward R. O. Ouko, C.B.S.,**

*Auditor-General.*

Nairobi.

31st December, 2018.

## **Audit Opinions on the Financial Statements**

### **Unqualified Certificate**

#### **REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE GOVERNMENT OF KENYA FOR THE YEAR ENDED 30 JUNE 2017**

I have audited the financial statements of the Government of Kenya for the year ended 30 June 2017 which are listed in Appendix A in accordance with 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.

#### **Management's Responsibility for the Financial Statements**

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

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

#### **Auditor-General's Responsibility**

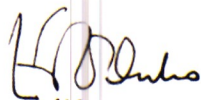
My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

In my opinion, the financial statements listed in Appendix A, present fairly, in all material respects, the financial position of the Government of Kenya and its Funds as at 30 June 2017, and of its operations for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS)-Cash Basis and comply with Government Financial Regulations and Procedures and Public Finance Management Act, 2012.



**FCPA Edward R. O. Ouko, C.B.S.,**

*Auditor-General.*

Nairobi.

31st December, 2018.

## **Qualified Certificate**

### **REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE GOVERNMENT OF KENYA FOR THE YEAR ENDED 30TH JUNE, 2017**

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I have audited the financial statements of the Government of Kenya for the year ended 30 June 2017 which are listed in Appendix B in accordance with 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.

#### **Management's Responsibility for the Financial Statements**

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

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

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

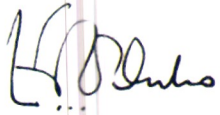
I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

#### **Basis for Qualified Opinion**

Details of the basis for qualified opinion regarding the Financial Statements listed in Appendix B are given in the accompanying detailed report. This includes various unexplained discrepancies and omission of expenditure from the financial statements.

#### **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements listed in Appendix B, present fairly in all material respects, the financial position of the Government of Kenya and its Funds as at 30 June 2017, and of its operations for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS) -Cash Basis and comply with Government Financial Regulations and Procedures and Public Finance Management Act, 2012.



**FCPA Edward R. O. Ouko, C.B.S.,**

*Auditor-General.*

Nairobi.

31st December, 2018.

## **Adverse Certificate**

### **REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE GOVERNMENT OF KENYA FOR THE YEAR ENDED 30TH JUNE, 2017**

I have audited the financial statements of the Government of Kenya for the year ended 30 June 2017 which are listed in Appendix B in accordance with 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.

#### **Management's Responsibility for the Financial Statements**

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

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

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

#### **Basis for Adverse Opinion**

Details of the Basis for Adverse Opinion regarding the Financial Statements listed in Appendix C are as per accompanying detailed audit report. This includes various material misstatements, unexplained discrepancies and omission of expenditure from the financial statements.

#### **Adverse Opinion**

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraphs, the financial statements listed in Appendix C, do not present fairly, in all material respects, the financial position of the Government of Kenya and its Funds as at 30 June 2017 and of its operations for the year then ended, in accordance with International Public Sector Accounting Standards (IPSAS)-Cash Basis and do not comply with the Government Financial Regulations and Procedures and Public Finance Management Act, 2012.

**Appendix B : Qualified Financial Statements**

No.	Ministry/Department/Commission/ Fund
17	National Humanitarian Fund
18	National Police Service Commission
19	National Sports Fund
20	Parliamentary Service Commission
21	Petroleum Development Levy Fund
22	Prison Farms Revolving Fund
23	Provident Fund
24	Public Trustee
25	Receiver of Revenue- Judiciary
26	Receiver of Revenue -Pension Department
27	Receiver of Revenue -State Department for Housing & Urban Development
28	State Department for Agriculture
29	State Department for Basic Education
30	State Department for Broadcasting and Telecommunications
31	State Department for Culture and Arts
32	State Department for Devolution
33	State Department for East African Integration
34	State Department for Energy
35	State Department for Environment
36	State Department for Gender Affairs
37	State Department for Housing & Urban Development
38	State Department for Information Communication Technology and Innovation
39	State Department for Interior
40	State Department for Interior - Statement of Revenue
41	State Department for Investment and Industry
42	State Department for Natural Resources
43	State Department for Public Service and Youth Affairs
44	State Department for Special Programmes
45	State Department for Sports Development
46	State Department for University Education
47	State Department for Vocational and Technical Training
48	State Department for Water Services
49	State Department of Agriculture – Revenue

**Appendix B : Qualified Financial Statements**

No.	Ministry/Department/Commission/ Fund
50	State Law Office and Department of Justice
51	State Law Office and Department of Justice - Official Receiver
52	State Law Office and Department of Justice- Revenue Financial Statement
53	Statement of Outstanding Obligations guaranteed by GOK
54	Street Families Rehabilitation Trust Fund
55	Teachers Service Commission
56	The National Treasury
57	Treasury Main Clearance Fund
58	Veterinary Services Development Fund
59	Women Enterprise Fund

**Appendix C: Financial Statements with Adverse Audit Opinion**

No.	Ministry/Department/Commission/ Fund/Statement
1	Judiciary
2	Rural Enterprise Fund
3	State Department for Correctional Services
4	State Department for Infrastructure
5	State Department for Irrigation
6	State Department for Labour
7	State Department for Livestock
8	State Department for Public Works
9	State Department for Social Protection
10	State Department for Trade
11	State Department of Transport
12	Statement of outstanding Loans
13	Subscriptions to International Organizations

**Appendix D**

## Financial Statements with Disclaimer of Audit Opinion

No.	Ministry/Department/Commission/ Fund/Statement
1	Agricultural Information Resource Centre Revolving Fund
2	Government Clearing Agency Fund
3	Kenya Local Loans Support Fund
4	Land Settlement Fund Trustees
5	Ministry of Lands and Physical Planning- Revenue
6	National Government Affirmative Action Fund
7	National Youth Service -Mechanical and Transport Fund
8	Prisons Industries Revolving Fund
9	State Department for Planning and Statistics
10	Stores and Service Fund
11	Strategic Grain Reserve Trust Fund

