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Leader of Majority Party  
12/6/2018.*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
THE RECEIVER OF REVENUE  
(DEVELOPMENT)**

**FOR THE YEAR ENDED  
30 JUNE 2017**

**THE NATIONAL TREASURY**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI

22 MAY 2018

**RECEIVED**



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**RECEIVER OF REVENUE  
THE NATIONAL TREASURY**

**DEVELOPMENT REVENUE STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2017**

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



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## 1. NATIONAL TREASURY INFORMATION AND MANAGEMENT

### (a) Background Information

The National Treasury was established via the Executive Order No. 2 of May 2013. The basis for establishment of the National Treasury is found in Article 225 (i) of the Constitution of Kenya which states that an Act of Parliament shall provide for the establishment, functions and responsibilities of the National Treasury. This has been actualized in Section 11 and 12 of the Public Finance Management (PFM) Act 2012.

At Cabinet Level, the National Treasury is represented by the Cabinet Secretary for Finance, who is responsible for the general policy and strategic direction of the Ministry.

#### **Vision**

An institution of excellence in economic and public financial management.

#### **Mission**

To promote economic transformation for shared growth through formulation, implementation and monitoring of prudent economic and financial policies at national and county levels of government.

#### **Core Values**

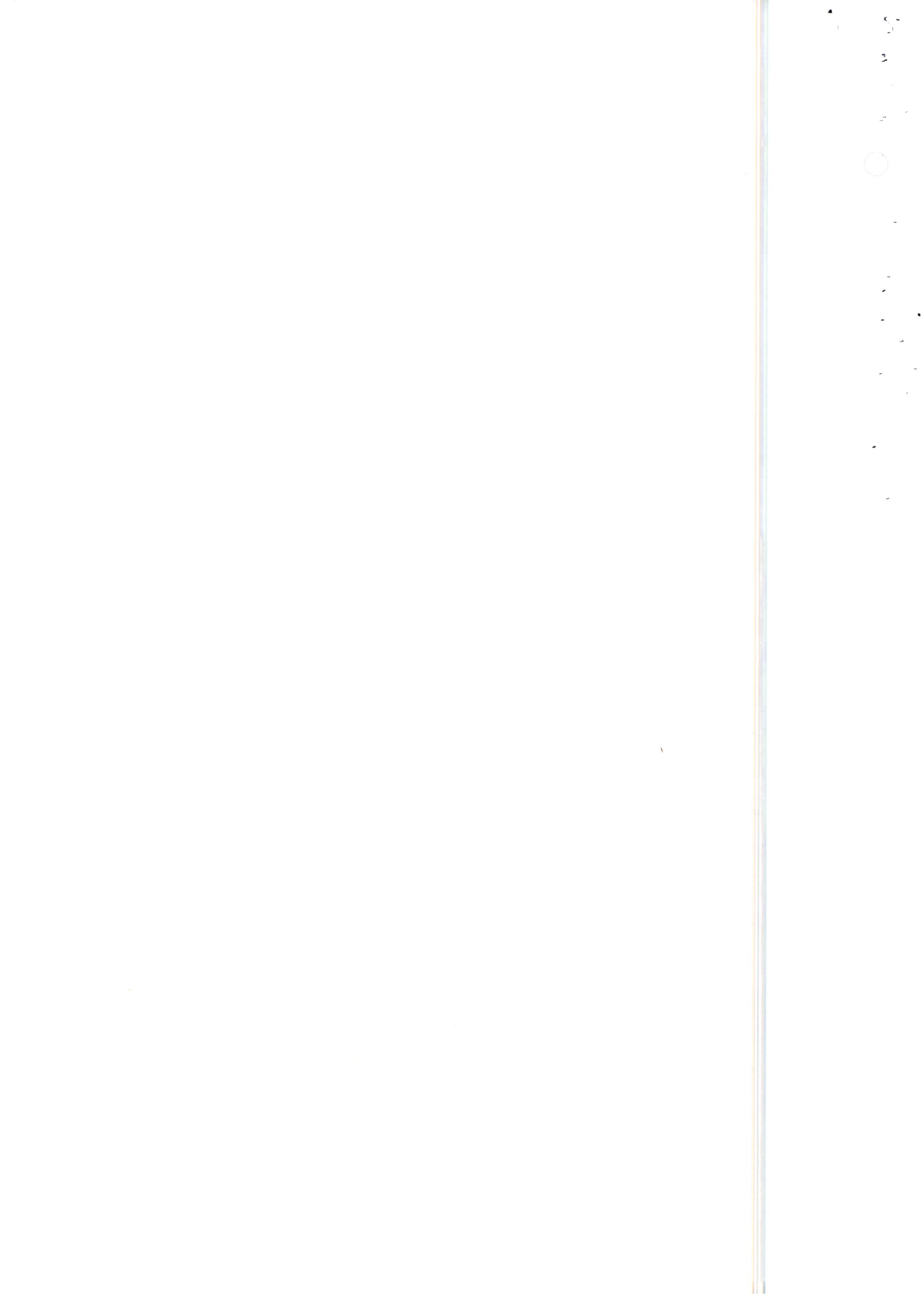
The National Treasury is committed to providing quality services to all and is guided by the following core values: Customer Focus, Results Oriented, Stakeholder Participation, Professionalism, Accountability, Integrity and Transparency, Teamwork and Staff as key asset and Equity, Fairness and Inclusion.

#### **Mandate of the National Treasury**

The National Treasury derives its mandate from Article 225 of the Constitution, Public Finance Management Act 2012 and the Executive Order No.2/2013. The National Treasury will be executing its mandate in consistency with any other legislation as may be developed or reviewed by Parliament from time to time.

The core functions of the National Treasury as derived from the above legal provisions include;

- Formulate, implement and monitor macro-economic policies involving expenditure and revenue;
- Manage the level and composition of national public debt, national guarantees and other financial obligations of national government;
- Formulate, evaluate and promote economic and financial policies that facilitate social and economic development in conjunction with other national government entities;
- Mobilize domestic and external resources for financing national and county government budgetary requirements;
- Design and prescribe an efficient financial management system for the national and county governments to ensure transparent financial management and standard financial reporting.
- In consultation with the Accounting Standards Board, ensure that uniform accounting standards are applied by the national government and its entities;



- Develop policy for the establishment, management, operation and winding up of public funds;
- Prepare the annual Division of Revenue Bill and the County Allocation of Revenue Bill;
- Strengthen financial and fiscal relations between the national government and county governments and encourage support for county governments
- Assist county governments to develop their capacity for efficient, effective and transparent financial management; and
- To prepare the National Budget, execute/implement and control approved budgetary resources to MDAs and other Government agencies/entities.

### **Role of the National Treasury in the Devolved System of Government**

The National Treasury is mandated by law to:

- Strengthen financial and fiscal relations between the National Government and County Governments and encourage support for county governments in performing their functions.
- Assist county governments to develop their capacity for efficient, effective and transparent financial management.
- Prepare the annual Division of Revenue Bill and the County Allocation of Revenue Bill.
- Provide logistical support to intergovernmental institutions overseeing intergovernmental fiscal relations.
- Coordinate the development and implementation of financial recovery plans for county governments that are in financial distress.
- Coordinate capacity building of County Governments on public finance management matters.

#### **(b) Key Management**

The National Treasury day-to-day management is under the following key offices;

##### **Office of the Principal Secretary**

This office is responsible for the administration of the National Treasury for efficient delivery of public services that have been assigned to this Ministry. The Principal Secretary is also charged with the responsibility of rendering advice to the Cabinet Secretary in order to enhance efficiency and collective responsibility of the National Treasury.

#### **Organizational structure of the National Treasury**

The National Treasury is organized into four (4) technical Directorates headed by Directors General and (1) Administrative and Support Services Directorate headed by a Principal Administrative Secretary. Each Director General is responsible for a Directorate comprising a cluster of Departments responsible for related policy functions. The Directorates and Departments are as follows:

##### **Directorate of Budget, Fiscal and Economic Affairs**

The Directorate is headed by a Director General, reporting to the Principal Secretary, National Treasury. It is organized into the following five (5) Technical Departments each headed by a Director:

- Budget Department;
- Macro and Fiscal Affairs Department
- Financial and Sectoral Affairs Department;
- Inter-Governmental Fiscal Relations Department



THE NATIONAL TREASURY  
DEVELOPMENT REVENUE STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017

- Public Procurement Department.

**Directorate of Accounting Services and Quality Assurance**

The Directorate is headed by a Director General reporting to the Principal Secretary, National Treasury. It is organized into the following four (4) Technical Departments each headed by a Director:

- Government Accounting Services;
- Internal Audit Services Department;
- Financial Management Information Systems (FMIS)
- National Sub-County Treasuries.

**Directorate of Portfolio Management**

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following four (4) Technical Departments each headed by a Director:

- Government Investment and Public Enterprises;
- National Assets and Liabilities Management;
- Pensions Department.
- Public Private Partnership Unit

**Directorate of Public Debt Management Office**

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following three (3) Technical Departments each headed by a Director:

- Resource Mobilization (Front Office);
- Debt Policy, Strategy and Risk Management (Middle Office);
- Debt Recording and Settlement (Back Office).

**Directorate of Administrative and Support Services (Common Shared Services)**

The Directorate is headed by a Principal Administrative Secretary, reporting to the Principal Secretary. It is organized into twelve (12) specialized functions offering common shared services. The common shared services of the National Treasury consist of functions that are not core to the National Treasury but offer critical support services to the National Treasury. The functions include:

- Accounting,
- Finance,
- Human Resource Management and Development,
- Central Planning and Project Monitoring,
- Supply Chain Management,
- Legal,
- Public Communications,
- General Administration,
- Records Management;
- Internal Audit;
- ICT
- Government Clearing Agency



THE NATIONAL TREASURY  
DEVELOPMENT REVENUE STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

| NO. | Designation   | Name                       |
|-----|---|----------------------------|
| 1.  | Principal Secretary   | Dr. Kamau Thugge, EBS      |
| 2.  | Principal Administrative Secretary                                    | Mr. Mutua Kilaka, CBS, SS  |
| 3.  | Director General, BFEA  | Dr Geoffrey Mwau, EBS      |
| 4.  | Director General, Accounting Services                                 | Mr. Bernard Ndung'u, MBS   |
| 5.  | Director General, PIPM  | Ms. Esther Koimett, CBS    |
| 6.  | Director General, PDMO  | Mr. Wohoro Ndohho          |
| 7.  | Director, Macro and Fiscal Affairs Department                         | Mr. Musa Gathanje          |
| 8.  | Director, Budget Department   | Mr. Francis Anyona, OGW    |
| 9.  | Director, Financial and Sectoral Affairs Department                   | Mr. Christopher Oisebe     |
| 10. | Ag Director, Public Procurement Department                            | Mr. Eric Korir             |
| 11. | Director, Intergovernmental Fiscal Relations Department               | Mr. Albert Mwenda, HSC     |
| 12. | Internal Auditor General  | Mr. Alfayo Mogaka          |
| 13. | Ag Director, Government Accounting Services Department                | Mr. Jona Wala              |
| 14. | Ag Director, National Sub County Treasuries                           | Mr. Tom Khakame            |
| 15. | Ag Director, Financial Management Information System                  | Mr. Jerome Ochieng         |
| 16. | Director, Public Private Partnership Unit                             | Eng. Stanley Kamau         |
| 17. | Director, National Assets and Liability Management                    | Mrs Beatrice Gathirwa      |
| 18. | Director, Government Investment and Public Enterprises                | Mr. Kennedy Ondieki        |
| 19. | Director, Pensions Department   | Mr Shem Nyakutu            |
| 20. | Director, Resource Mobilization Department                            | Mr. Jackson Kinyanjui, OGW |
| 21. | Director, Debt Policy, Strategy and Risk Management Department        | Mr. Daniel Ndolo           |
| 22. | Ag Director, debt Recording and settlement Department                 | Mrs Felister Kivisi        |
| 23. | Director of Administration  | Mr David Oleshege, OGW     |
| 24. | Head, Accounts Division   | Mr. George Gichuru         |
| 25. | Chief Finance Officer   | Mr. Kimathi Mugambi, HSC   |
| 26. | Head, SCM   | Mr. Peter Momanyi          |
| 27. | Director, Human Resource Management and Development                   | Ms. Susan Mucheru          |
| 28. | Ag Director, Information Communication and Technology                 | Mr. George Kariuki         |
| 29. | Head, Central Planning and Project Monitoring Unit                    | Mr. Antony Muriu           |
| 30. | Head, Public Communications   | Mr. Maina Kigaga           |
| 31. | Programme Coordinator, Public Financial Management Reform Secretariat | Mr. Julius Mutua           |
| 32. | Head, Government Clearing Agency                                      | Mr. Felix Ateg             |



**(d) Fiduciary Oversight Arrangements**

To manage the fiduciary risk, the National Treasury has put in place fiduciary oversight arrangements including setting up committees. The key oversight arrangements include:

**Internal Audit Unit**

The National Treasury has a well resourced internal Audit Unit. The unit is charged with the responsibility of identifying risks in the management and day to day operations of the Ministry through the risk based audits. The Unit reports directly to the accounting officers on a regular basis.

**Audit Committee**

The National Treasury established an audit committee comprising officers from all departments of the Ministry, under the chairmanship of the Chief Finance Officer. The Committee reviews and analyses all audit queries and makes recommendations on how to reduce fiduciary risks. In addition, the committee prepares responses to all audit queries for presentation to the relevant committees of parliament.

Other fiduciary oversight arrangements include the following committees with specific objectives;

**Senior Management Committee**

To monitor the implementation of the Ministry's programmes and performance, the National Treasury has appointed a Senior Management Committee comprising of Directors General and Heads of Departments. The Committee receives reports from departments, builds consensus on National Treasury responses to emerging issues, challenges and risks and ensures that the decisions of top management are implemented in a timely manner.

**Public Financial Management Sector Working Group**

To facilitate the implementation of financial management reforms, the National Treasury has appointed senior officers to the Public Financial Management Sector Working Group. The Committee plays an oversight role in the implementation of financial reforms in the public service in collaboration with the development partners.

**Budget Implementation Committee**

To monitor the implementation of the Ministry's budget, programmes and activities, the National Treasury has appointed a committee comprising of officers from all the Departments of the Ministry. The Committee reviews and analyses the progress made by Departments in the implementation of budget and the planned programmes and activities and advises the management accordingly.

**Monitoring and Evaluation**

The Ministry undertakes monitoring and evaluation exercises to establish progress made in the implementation of various programmes and projects including those that are funded by the development partners.



**(e) The National Treasury Headquarters**

P.O. Box 30007- 00100,  
Treasury Building,  
Harambee, Avenue  
Nairobi Kenya

**The National Treasury Contacts**

Telephone: (254)020-2252299  
Email: [info@treasury.go.ke](mailto:info@treasury.go.ke)  
Website: [www.treasury.go.ke](http://www.treasury.go.ke)

**(f) The National Treasury Bankers**

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

**(g) Independent Auditors**

Auditor-General  
Office of the Auditor-General  
Anniversary Towers, University Way  
P.O Box 30084  
GPO 00100  
Nairobi, Kenya

**(h) Principal Legal Adviser**

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



## II. FORWARD BY THE CABINET SECRETARY

The National Treasury is mandated to coordinate economic and financial management of the country in accordance with section 12 of the Public Finance Management Act, 2012. Overall, the National Treasury has strived to maintain a policy environment that is conducive to economic growth and development of the country. As a result of consistent implementation of bold economic policies, structural reforms and sound macroeconomic management, the economy grew by 5.8 per cent in 2016 compared to 5.6 per cent in 2015. This was above the average 1.4 per cent growth rate registered for sub-Saharan Africa. The sectors that registered significant improved performance in economic activities were; accommodation and food services; information and communication; real estate; and transport and storage. Persistent drought hampered growth in the fourth quarter of 2016 impacting negatively on agriculture and electricity supply.

The annual inflation rate was 8.1% in June 2017 compared to 6.5% in the same period in June 2016. This was largely on account of high food prices following adverse weather conditions. The Kenya shilling exchange rate however continued to display relatively less volatility compared to the East African currencies while the official foreign exchange reserves held by the Central Bank grew to **US\$ 8,500 million** (5.7 month of import cover) in June 2017 from **US\$ 8,267 million** (5.4 months of import cover) in the same period in 2016. The economic growth and stable macroeconomic environment led to the creation of 832,900 new jobs in 2016 broken down into 85,600 jobs in the modern sector and 747,300 jobs in the informal sector. Cumulatively, the economy is estimated to have generated 3,217,200 new jobs between 2013-2016.

The National Treasury continued to implement its mandate of supporting the devolved system of Government. In terms of payments, the County Governments received a total of **Kshs.302.2 billion** in 2016/2017 up from **Kshs.275.1 billion** in 2015/2016. Since their establishment in March 2013, County Governments have received more than **Kshs.1 trillion** from the National Government. The National Treasury submitted to Parliament the Equalization Fund Appropriations bill which has since been enacted and further conducted public participation to identify projects to be implemented under this fund. In addition the National Treasury trained over 800 officers from County Governments on Public Financial Management in 2016/17.

Other key achievements during the period under review are;

- The National Treasury launched the M-Akiba Mobile Platform for issuance of Government Bonds on 23<sup>rd</sup> March 2017. The special limited offer achieved its **Kshs.150 million** target within 13 days. With 102,632 registrations, this offer demonstrated the appetite and zeal of Kenyans to



adopt and use technology to boost their well-being. M-Akiba will enhance a savings culture among Kenyans and promote financial inclusion even to the unbanked population.

- The National Treasury mobilized external resources amounting to **Kshs.292.8 billion** in 2016/17 which was above the fiscal target of **153.0 billion**. This positive variance is mainly attributed to capacitating the economy to mitigate against the drought related challenges that affected the country.
- The National Treasury was able to prepare the 2017/18 budget under a revised tight calendar that took into account the preparations of the 2017 General Elections. In addition, the National Treasury also prepared a Pre- Election Economic and Fiscal Report which was published as provided for in the Constitution.
- In its commitment to deepen the Financial Markets the Ministry finalized the Nairobi International Financial Centre Bill that was subsequently approved by Parliament.
- The National Treasury hosted the 2<sup>nd</sup> High Level Meeting on Global Partnership on Economic Development Conference in Nairobi from 28<sup>th</sup> November to 1<sup>st</sup> December 2016, where ministers and high level representatives of developing and developed countries as well as heads of multilateral and bilateral development agencies committed to effective development cooperation as a means to achieve the universal Sustainable Development Goals (SDGs).

Some of the challenges the National Treasury faced while implementing the 2016/17 budget include:-

1. Lack of adequate funds to finance all the budget requests by Ministries, Departments and Agencies.
2. Inadequate funds to finance all the programmes and projects of the National Treasury.
3. Low absorption of Official Development Assistance (ODA).
4. Slow enactment of relevant regulations and related legal instruments to facilitate financial sector deepening.
5. High turnover of staff especially in the core technical areas of the National Treasury.

To surmount the above challenges and ensure successful implementation of the National Treasury goals and objectives, the Ministry will:-

1. Continue to maintain a prudent fiscal stance consistent with the medium-term debt targets while pursuing a shift in the composition of expenditure towards development priorities.
2. Implement reforms in public financial management to enable the government mobilize adequate financial resources.
3. Strengthen capacity building in public financial management to MDAs and County Governments to ensure that the high expectations linked to devolution are met.
4. Enhance the Government's cash management system to avoid undue pressure on payment flows and interest rates, and reduce borrowing costs for the government and the private sector.
5. Promote the Public Private Partnership initiatives to finance government capital projects.
6. Engage other developments partners for concessional loans and grants as well as pursue strategies to facilitate issuance of international bonds to finance government projects.
7. Implement the External Resources Policy for efficient management of external resources and increase absorption.
8. Fast track and implement the proposed new scheme of service for the National Treasury officers to retain staff.
9. Ensure constant collaboration between the National Treasury and all the Stakeholders.
10. Strengthen monitoring and evaluation framework.



HENRY K. ROTICH, EGH  
CABINET SECRETARY

### III. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES

Section 82 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue shall prepare an account of the revenue received and collected by that receiver during that financial year.

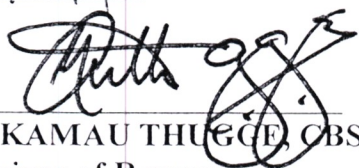
The Principal Secretary in charge of the (National Treasury is responsible for the preparation and presentation of the National Treasury Revenue account, which gives a true and fair view of the state of affairs of the National Treasury for and as at the end of the financial year ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the National Treasury (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Principal Secretary in charge of the National Treasury accepts responsibility for the National Treasury's Revenue accounts, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that the National Treasury's Revenue report gives a true and fair view of the state of National Treasury transactions during the financial year ended June 30, 2017, and of the National Treasury's financial position as at that date. The Principal Secretary in-charge of the National Treasury further confirms the completeness of the accounting records maintained for the National Treasury, which have been relied upon in the preparation of the *Receiver of Revenue* account as well as the adequacy of the systems of internal financial control.

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

#### Approval of the Revenue Statements

The Development Revenue statements were approved and signed by the Principal Secretary on 14/4 2018



DR KAMAU THUGGE, CBS  
Receiver of Revenue



GEORGE K, GICHURU  
Head of Accounting Unit  
ICPAK Member Number 9262



# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-mail: [oag@oagkenya.go.ke](mailto:oag@oagkenya.go.ke)  
Website: [www.kenao.go.ke](http://www.kenao.go.ke)



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON THE RECEIVER OF REVENUE (DEVELOPMENT) - THE NATIONAL TREASURY FOR THE YEAR ENDED 30 JUNE 2017

#### REPORT ON THE REVENUE STATEMENTS

##### **Opinion**

I have audited the accompanying statement of the Receiver of Revenue (Development) - National Treasury set out on pages 13 to 23, which comprise the statement of receipts and payments for the year ended 30 June 2017, and the 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, the statement present fairly, in all material respects, the Receiver of Revenue (Development) - National Treasury financial performance for the year ended 30 June 2017, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

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

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue (Development) - National Treasury 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 opinion.

##### **Emphasis of Matter**

The statement of comparison between the actual receipts and the budget provision for the year ended 30 June 2017 revealed that an amount of Kshs 38,401,038,479 receipts was received and utilized out of the budgetary provision of Kshs.61,084,845,860. This therefore means that the ministry under collected and underutilized Kshs 22,683,807,381 or 37% of the total budget provision. Although management has indicated that the absorption was adversely affected by the late release of donor funds and the lengthy procurement processes,

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*Report of the Auditor-General on the Receiver of Revenue- The National Treasury Development Revenue for the Year ended 30 June 2017*

some projects recorded low absorption despite funds having been made available. Further, the procurement processes are well documented and known, therefore elaborate efforts ought to have been put in place well in advance for better management of project implementation.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in my audit of the development revenue statement. Except for the matter described in the Emphasis of Matter section of my report, there were no Key Audit Matters to report in the year under review.

### **Responsibilities of Management and Those Charged with Governance for the Development Revenue Statement**

Management is responsible for the preparation and fair presentation of this statement 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 statement that are free from material misstatement, whether due to fraud or error.

In preparing the Statement, management is responsible for assessing the Receiver of Revenue's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the statement or to cease operations, or have no realistic alternative but to do so.

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

Those charged with governance are responsible for overseeing the Receiver of Revenue's financial reporting process.

### **Auditor-General's Responsibilities for the Audit of the Development Revenue Statement**

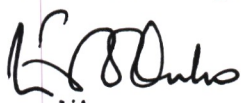
The audit objectives are to obtain reasonable assurance about whether the statement of revenue as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 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. Misstatement 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 this statement of revenues.

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 statement of revenues, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Receiver of Revenue's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern 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 Receiver of Revenue'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 development revenue statement 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 Receiver of Revenue to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the statement of revenue, including the disclosures, and whether the statement of revenue represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the revenue information and business activities of the Receiver of Revenue to express an opinion on the statement.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**17 May 2018**

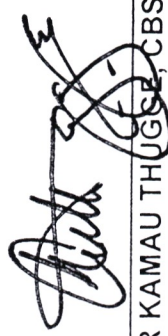



DEVELOPMENT REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2017

V. STATEMENT OF RECEIPTS AND PAYMENTS ( DEV. REVENUE)

| Receipts                                  | Note | 2016-2017<br>CUMULATIVE Kshs    | 2015-2016<br>CUMULATIVE Kshs    |
|---|------|---------------------------------|---------------------------------|
| Proceeds from Domestic and Foreign Grants | 1    | 7,036,151,652.95                | 7,089,651,743.05                |
| Proceeds from Foreign Borrowings(Loans)   | 2    | 31,364,886,825.60               | 25,802,828,417.00               |
| <b>Total Receipts</b>                     |      | <b><u>38,401,038,478.55</u></b> | <b><u>32,892,480,160.05</u></b> |
| <b>Expenditure</b>                        |      |                                 |                                 |
| Transfers to Government Units (Grants)    | 3    | 7,036,151,652.95                | 7,089,651,743.05                |
| Transfers to Government Units (Loans)     | 4    | 31,364,886,825.60               | 25,802,828,417.40               |
| <b>TOTAL DISBURSEMENTS</b>                |      | <b><u>38,401,038,478.55</u></b> | <b><u>32,892,480,160.45</u></b> |
| <b>SURPLUS/ DEFICIT</b>                   |      | <b>-</b>                        | <b>-</b>                        |
| <b>BALANCE BROUGHT FORWARD 2015/2016</b>  |      | <b>94,104.40</b>                | <b>94,104.40</b>                |
| <b>BALANCE CARRIED FORWARD</b>            |      | <b>94,104.40</b>                | <b>94,104.40</b>                |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The National Treasury's financial statements were approved on 14<sup>TH</sup> JUNE 2018 and signed by:

  
DR KAMAU THUGSE, CBS  
Receiver of Revenue

  
GEORGE K GICHURU  
ICPAK MEMBER NO. 9262  
Head of Accounting Unit



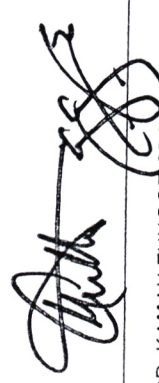
DEVELOPMENT REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2017

VI. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

| Receipts/Payments Item                           | Original Budget<br>a     | Adjustments<br>b          | Final Budget<br>c=a+b    | Actual on<br>Comparable<br>Basis<br>d | Variance<br>e=d-c          | % of<br>Variance<br>f=e/c % |
|--|--------------------------|---------------------------|--------------------------|---------------------------------------|----------------------------|-----------------------------|
| Receipts   |                          |                           |                          |                                       |                            |                             |
| Proceeds from domestic and foreign grants        | 16,787,273,642.00        | 1,957,735,955.00          | 18,745,009,597.00        | 7,036,151,652.95                      | (11,708,857,944.05)        | (62.46)                     |
| Proceeds from borrowings                         | 50,446,125,516.00        | (8,106,289,253.00)        | 42,339,836,263.00        | 31,364,886,826.25                     | (10,974,949,436.75)        | (25.92)                     |
| <b>Total Receipts</b>                            | <b>67,233,399,158.00</b> | <b>(6,148,553,298.00)</b> | <b>61,084,845,860.00</b> | <b>38,401,038,479.20</b>              | <b>(22,683,807,380.80)</b> | <b>(37.13)</b>              |
| Payments   |                          |                           |                          |                                       |                            |                             |
| Grants Transfers to other government entities    | 16,787,273,642.00        | 1,957,735,955.00          | 18,745,009,597.00        | 7,036,151,652.95                      | (11,708,857,944.05)        | (62.46)                     |
| Loans and transfers to other Government entities | 50,446,125,516.00        | 8,106,289,253.00          | 42,339,836,263.00        | 31,364,886,826.25                     | (10,974,949,436.75)        | (25.92)                     |
| <b>Total Payments</b>                            | <b>67,233,399,158.00</b> | <b>(6,148,553,298.00)</b> | <b>61,084,845,860.00</b> | <b>38,401,038,479.20</b>              | <b>(22,683,807,380.80)</b> | <b>(37.13)</b>              |

Reasons for undercollection:

- i. The Project implementing units are required to exhaust funds already released to them in the prior period before accessing funds allocated in the current year, hence absorption of budgeted funds thereby leading to under expenditure
- ii. The development partners attach stringent conditions to AIA payments, most of which involve colossal sums of money, which include prior review of project financing and concurrence by the financiers at various key stages of procurement cycle.
- iii. There is delay from the development partners in issuing NO Objection as some projects are funded directly and do not use the country system.

  
DR. KAMAU THUGGE, CBS

PRINCIPAL SECRETARY

Date 14/4/2018

  
GEORGE K. GICHURU

ICPAK MEMBER NO. 9262

HEAD OF ACCOUNTING UNIT

Date 14/4/2018



## VII. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these Development Revenue statements are set out below:

### 1. Statement of Compliance and Basis of Preparation

The Development Revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. The Development Revenue statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The Development Revenue statements are presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The accounting policies adopted have been consistently applied to all the years presented.

The Development Revenue statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the National Treasury

### 2. Recognition of Revenue

The National Treasury recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the National Treasury

### 3. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the revenue statements. The Development Revenue budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the revenue's actual performance against the comparable budget for the financial year under review has been included as part of notes to these financial statements.

### 4. Comparative Figures

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

### 5. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2017.

## VIII. NOTES TO THE STATEMENTS

### 1 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

| Name of Donor   | 2016 - 2017             | 2015- 2016              |
|---|-------------------------|-------------------------|
|   | Kshs                    | Kshs                    |
| GOVERNMENT OF DENMARK (DANIDA)  | 762,678,020.00          | 2,046,630,984.45        |
| GOVERNMENT OF SWEDEN(SIDA)  | 832,322,967.80          | 800,000,000.00          |
| GOVERNMENT OF ITALY   | 28,000,000.00           | 1,273,920,000.00        |
| GOVERNMENT OF JAPAN   | 11,880,000.00           | 299,000,000.00          |
| GOVERNMENT OF FRANCE  |                         | -                       |
| GOVERNMENT OF FINLAND   |                         | -                       |
| GOVERNMENT OF GERMANY(KFW)  |                         | -                       |
| GOVERNMENT OF GERMANY(GIZ)  | 3,985,200.00            | -                       |
| <b>OTHER INTERNATIONAL DONORS (FORD)</b>  |                         |                         |
|   |                         |                         |
| <b>Grants Received from Multilateral Donors<br/>(International Organisations)</b> |                         |                         |
| GLOBAL ENVIRONMENTAL TRUST FUND (GETF)  |                         | 13,999,999.60           |
| GLOBAL FUND   | 1,319,199,559.00        | 97,363,728.90           |
| AFRICAN DEVELOPMENT FUND  | 15,588,342.00           |                         |
| UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)                                       | 19,999,000.00           | 8,230,553.00            |
| UNITED NATIONS FUND FOR POPULATION ACTIVITIES                                     | 332,282,856.80          |                         |
| UNITED NATIONS ENVIRONMENTAL PROGRAMME  | 9,500,000.00            |                         |
| UNITED NATIONS INTER, CHILDREN EDUCATION FUND(UNICEF)                             | 8,740,080.00            | 44,424,700.00           |
| UNITED NATIONS ED., SCI.,AND CULTURAL ORG. (UNESCO)                               |                         |                         |
| WORLD FOOD PROGRAMME  | 110,000,000.00          |                         |
| UNITED NATIONS WOMEN (UN Women)   |                         |                         |
| INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT(IFAD)                             | 354,448,830.45          | 127,888,870.00          |
| International Development Association(IDA)  | 3,227,526,796.90        | 2,146,202,907.10        |
| EUROPEAN DEVELOPMENT FUND   | -                       | 232,000,000.00          |
| EUROPEAN INVESTMENT BANK  |                         |                         |
| NORDIC DEVELOPMENT FUND   |                         |                         |
| <b>Total Grants</b>   | <b>7,036,151,652.95</b> | <b>7,089,661,743.05</b> |



THE NATIONAL TREASURY  
DEVELOPMENT REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2017

PROCEEDS FROM FOREIGN BORROWINGS  
( LOANS)

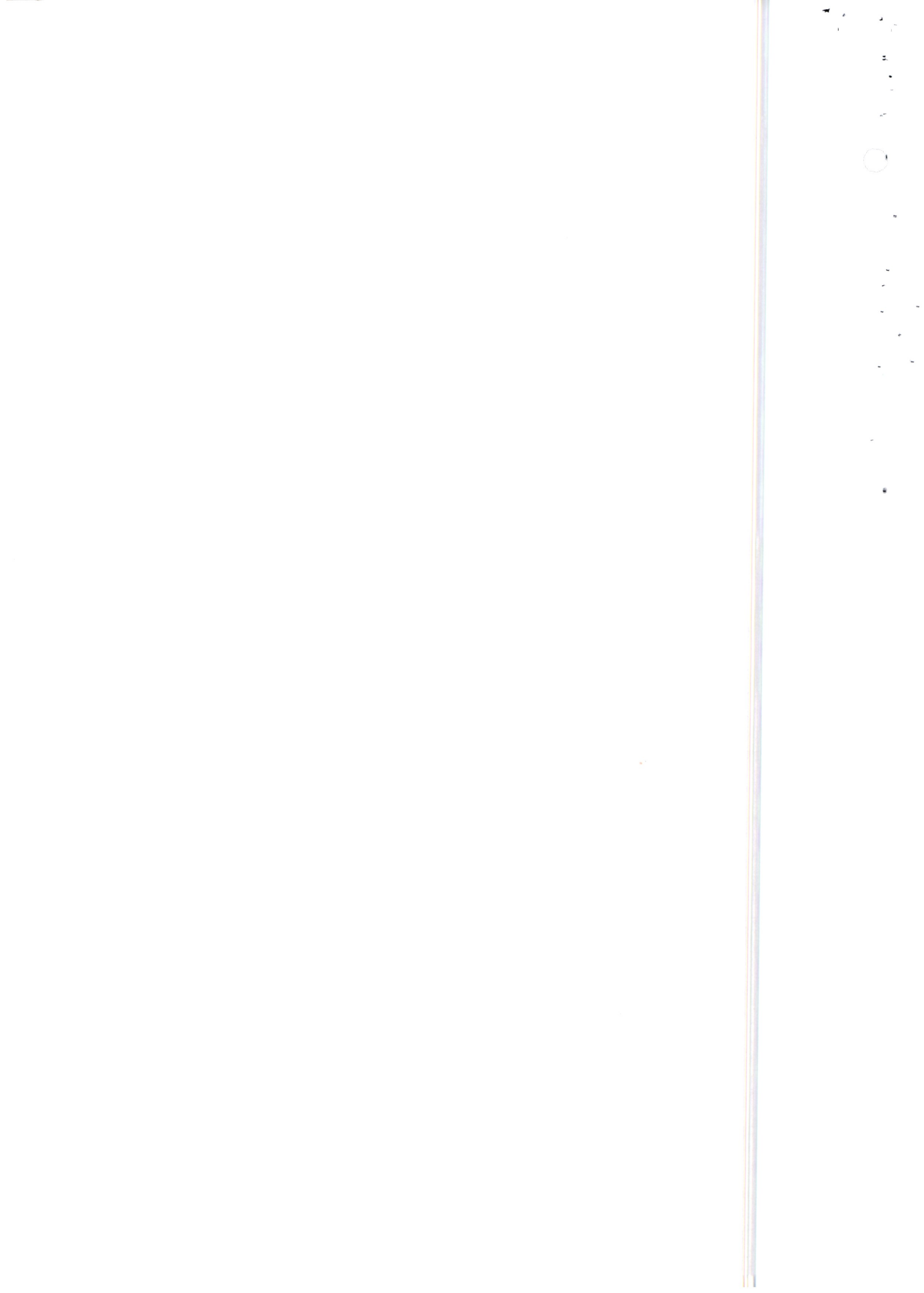
2

| Name of Donor  | 2016 - 2017              | 2015 - 2016              |
|--|--------------------------|--------------------------|
|  |                          | Kshs                     |
| GOVERNMENT OF GERMENY  | 63,355,986.00            | 59,674,794.00            |
| GOVERNMENT OF FRANCE(AFD)  | 556,720,029.00           | 1,234,497,567.45         |
| GOVERNMENT OF JAPAN  | 1,394,400,000.00         | 436,358,796.30           |
| GOVERNMENT OF DENMARK (DANIDA)   |                          |                          |
| GOVERNMENT OF ITALY  |                          | 212,917,457.00           |
| <b>Loans Received from Multilateral Donors<br/>(International Organisations)</b> |                          |                          |
| International Development Association(IDA)                                       | 28,222,399,481.50        | 22,385,485,615.90        |
| EUROPEAN INVESTMENT BANK   | -                        | -                        |
| GLOBAL ENVIRONMENTAL TRUST FUND (GEFT)   | 3,000,000.00             |                          |
| GLOBAL FUND  |                          |                          |
| AFRICAN DEVELOPMENT FUND   | 139,840,346.10           | 190,224,576.85           |
| INTERANATIONAL FUND FOR AGRICULTURAL<br>DEVELOPMENT(IFAD)                        | 980,189,783.00           | 1,283,669,609.90         |
| UNITED NATIONS INTER.CHIL.ED. FUND(UNICEF)                                       | 4,981,200.00             |                          |
|  |                          |                          |
| <b>Loans Received from other levels of government</b>                            |                          |                          |
|  |                          |                          |
| <b>Total Loans</b>   | <b>31,364,886,825.60</b> | <b>25,802,828,417.40</b> |

DEVELOPMENT REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2017

TRANSFER OF GRANTS (DISBURSEMENTS)

| NO  | DONOR ITEM | Donor/Lender-Description of Grant                                     | ACTUALS 2016/2017       | ACTUALS 2015/2016       |
|-----|------------|---|-------------------------|-------------------------|
| 01  |            | Danish International Development Agency (DANIDA)                      |                         |                         |
|     |            | Green Growth and Empowerment Programme                                | 50,000,000.00           |                         |
| 013 |            | Public Health Sector Programme Support III                            | 498,455,000.00          |                         |
| 014 |            | Public Health Sector Programme Support III                            |                         |                         |
| 012 |            | Natural Resources Management NEMA                                     | 101,106,000.00          |                         |
| 009 |            | Support for Public Financial Management(PFM-R)                        | 193,117,020.00          |                         |
|     |            | <b>Total Danida Grants(Kshs)</b>                                      | <b>762,678,020.00</b>   | <b>2,046,630,984.45</b> |
| 04  |            | Government of Sweden (SIDA)   |                         |                         |
| 011 |            | Support for Public Financial Management(PFMR-R)                       | 13,161,016.80           |                         |
| 014 |            | Agriculture Sector Support Programme(ASDP)                            | 767,152,951.00          |                         |
| 018 |            | Kenya Symbiocity Programme  | 52,009,000.00           |                         |
|     |            | <b>TOTAL 004 SIDA GRANTS .....Ksh</b>                                 | <b>832,322,967.80</b>   | <b>800,000,000.00</b>   |
| 011 |            | GOVERNMENT OF ITALY   |                         |                         |
| 016 |            | Korogocho slum upgrading-Nairobi                                      | 28,000,000.00           |                         |
|     |            | <b>Total 011 ITALY Grants.....Kshs</b>                                | <b>28,000,000.00</b>    | <b>1,273,920,000.00</b> |
|     |            | Government of Japan   |                         |                         |
| 09  |            | Kenya suveillance project   |                         |                         |
| -   |            | Capacity Development Project For sustainable Forest Management        | 11,880,000.00           |                         |
|     |            | <b>Total 021 JAPAN Grants.....Kshs</b>                                | <b>11,880,000.00</b>    | <b>299,000,000.00</b>   |
|     |            | Government of Germany(GIZ)  |                         |                         |
|     |            | Support for HLM2  | 3,985,200.00            |                         |
|     |            | <b>Total 021 GERMANY Grants.....Kshs</b>                              | <b>3,985,200.00</b>     |                         |
|     |            | GLOBAL ENVIRONMENTAL TRUST FUND (GEFT)                                |                         | 13,999,999.60           |
|     |            | <b>International Development Association</b>                          |                         |                         |
| 045 |            | ACBF Support to KIPPRA Phase III Project                              | 25,277,500.00           |                         |
|     |            | Agriculture Sector Support Programme Project                          | 2,500,000.00            |                         |
| 101 |            | Public Finance Management Project                                     | 124,131,500.00          |                         |
| 054 |            | E.A. Centres of Excellence for Skills and Tertiary Education          | 22,323,910.40           |                         |
| 054 |            | East African Regional Transport Trade & Development                   | 51,414,715.00           |                         |
| 091 |            | National Urban Transport Improvement Project (NUTRIP)                 | 59,580,691.55           |                         |
| 066 |            | Lake Victoria Environment Management Project (LVEMP Phase 11)         | 165,742,490.00          |                         |
| 076 |            | Malaria Round 10 - Special Global Fund - MOH                          | 497,775,000.00          |                         |
| 044 |            | CASH TRANSFER FOR ORPHANS AND VULNELABLE CHILDREN                     | 426,020,340.00          |                         |
| 115 |            | 521009 Phasing out Ozone Depleting Substances Project Operationalized | 6,400,000.00            |                         |
| 031 |            | Kenya Adaption to Climate Change in Arid and Semi arid Lands          | 345,290,455.20          |                         |
| 091 |            | IDA Judicial Performance Improvement Project                          | 216,066,270.00          |                         |
|     |            | Kenya Petroleum Technical Assistance Project ( KEPTAP)                | 30,866,610.00           |                         |
|     |            | Regional Pastoral Livelihood Project                                  | 104,554,738.75          |                         |
|     |            | kenya Primary Education Project - GPE                                 | 341,315,435.00          |                         |
|     |            | Nairobi Metropolitan Services Improvement Project                     | 808,267,141.00          |                         |
|     |            | <b>TOTAL 501 IDA Grants.....Kshs</b>                                  | <b>3,227,526,796.90</b> | <b>2,146,202,907.10</b> |
| 007 |            | Global Fund   |                         |                         |
|     |            | HIV/aids Round 7  | 538,156,096.00          |                         |
| 007 |            | Tuberculosis Round 8  | 545,461,769.00          |                         |
| 009 |            | Malaria Round 10  | 235,581,694.00          |                         |
| 001 |            | <b>TOTAL 503 GF Grants.....Kshs</b>                                   | <b>1,319,199,559.00</b> | <b>97,353,728.90</b>    |
|     |            | African Development Fund  |                         |                         |
|     |            | Lake Victoria Water Supply and Sanitation programme Phase 11          | 15,588,342.00           |                         |
| 016 |            | <b>TOTAL 510 ADB GRANTS.....Kshs</b>                                  | <b>15,588,342.00</b>    |                         |
|     |            | United Nations Development Programme (UNDP)                           |                         |                         |
|     |            | Sound chemical management And UPOPS Reduction                         | 19,999,000.00           |                         |
| 092 |            | <b>TOTAL 517 UNDP GRANTS.....KSHS</b>                                 | <b>19,999,000.00</b>    | <b>8,230,553.00</b>     |
|     |            | United Nations Environmental Programme                                |                         |                         |
|     |            | Phasing out Ozone Depleting Substances Project                        | 6,353,442.00            |                         |
|     |            | NBSAPS AND Development of Fifth National Report to the CBD            | 3,145,558.00            |                         |
|     |            | <b>TOTAL 521 UNEP Grants .....KSHS</b>                                | <b>9,500,000.00</b>     |                         |
|     |            | United Nations Fund for Population Activities(UNFPA)                  |                         |                         |
|     |            | Intergration and Coordination with CPD POA-NCAPD                      | 43,435,123.00           |                         |
| 001 |            | National Council for population Development                           | 19,529,571.50           |                         |



THE NATIONAL TREASURY  
DEVELOPMENT REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2017

|     |  |  |                  |                  |
|-----|--|--|------------------|------------------|
|     |  |  | 269,267,162.30   |                  |
| 023 | Nationa Aids Control Council                           |  | 332,282,856.80   |                  |
| 026 | <b>TOTAL 519 UNFPA GRANTS.....Kshs</b>                 |  |                  |                  |
|     | United Nations Inter. Children Education Fund (UNICEF) |  | 1,286,600.00     |                  |
|     | Social Policy and Statistics( KNBS)                    |  | 553,780.00       |                  |
|     | Social Policy and Research                             |  | 6,899,700.00     |                  |
| 077 | Child Protection Legal and Policy Reform               |  | 8,740,080.00     | 44,424,700.00    |
| 079 | <b>TOTAL 522 UNICEF Grants.....kshs</b>                |  |                  |                  |
|     | world Food Programme                                   |  | 110,000,000.00   |                  |
|     | PROTRACTED , RELIEF AND RECOVERYOPERATION              |  | 110,000,000.00   |                  |
|     | <b>TOTAL 523 -WFP Grants.....KSHS</b>                  |  |                  | 232,000,000.00   |
|     | <b>EUROPEAN DEVELOPMENT FUND</b>                       |  |                  |                  |
|     | International Fund for Agricultural Development (IFAD) |  | 173,914,065.55   |                  |
|     | Upper Tana Catchment Natural Resources Management      |  | 180,534,764.90   |                  |
|     | KCEP-Climate Resilience Agricultural Livelihood        |  | 354,448,830.45   | 127,888,870.00   |
| 008 | <b>TOTAL 526 IFAD GRANTS.....KSHS</b>                  |  | 7,036,151,652.95 | 7,089,651,743.05 |
|     | <b>TOTAL GRANTS</b>                                    |  |                  |                  |



| TRANSFER OF LOANS (DISBURSEMENTS) |  |  |                   |
|-----------------------------------|--|--|-------------------|
|                                   |  | <b>Government of Germany(GIZ)</b>  |                   |
|                                   |  | Roads 2000 PhaseI Western Kenya  | 63,355,986.00     |
|                                   |  | Total 014 KFW Loans.....Kshs   | 63,355,986.00     |
|                                   |  |  | 59,674,794.00     |
|                                   |  | <b>Government of France (AFD)</b>  |                   |
| 016                               |  | Kisumu Urban Project   | 336,000,000.00    |
| 015                               |  | Roads 2000 PhaseII   | 220,720,029.00    |
|                                   |  | Total 016 AFD Loans.....Kshs   | 556,720,029.00    |
|                                   |  |  | 1,234,497,567.45  |
|                                   |  | <b>Government of Japan</b>   |                   |
| 0107                              |  | Health Sector Support program  | 1,394,400,000.00  |
|                                   |  | Total 021 JAPAN Loans.....Kshs   | 1,394,400,000.00  |
|                                   |  |  | 436,358,796.30    |
|                                   |  | <b>GOVERNMENT OF ITALY</b>   |                   |
|                                   |  |  | 212,917,457.00    |
|                                   |  | <b>International Development Association</b>                                 |                   |
| DONOR                             |  | Kenya Youth Empowerment and opportunities project                            | 215,036,273.00    |
| 046                               |  | Kenya Youth Empowerment and opportunities project                            | 212,363,514.10    |
| 046                               |  | Devolution Support Programme for results ( Pfor R)                           | 101,159,883.00    |
| 0112                              |  | Infrastructure Finance And Public Private Partnership project (NCTIP)        | 598,721,440.00    |
| 0113                              |  | Kenya Health Sector Support project (KHSSP)                                  | 2,630,949,735.00  |
| 0116                              |  | East Africa Public Laboratory Networking project (EAPLNP)                    | 226,025,964.00    |
| 0090                              |  | Kenya Transport Sector Support Programme (KTSSP)                             | 571,633,695.15    |
| 0070                              |  | East\$ Southern Africa Higher Education                                      | 51,512,424.00     |
| 0076                              |  | Kenya Transport Sector Support Programme (KTSSP)                             | 538,701,337.40    |
|                                   |  | National Urban Transport Improvement Project (NUTRIP)                        | 6,470,103.45      |
|                                   |  | National Urban Transport Improvement Project (NUTRIP)                        | 78,618,227.30     |
| 0076                              |  | Lake Victoria Environment Management Project (LVEMP Phase 11)                | 495,342,190.00    |
| 0091                              |  | Water & Sanitation Services and Improvement Project (WaSSIP)                 | 4,336,414,793.80  |
| 0066                              |  | Kenya Municipal Programme II   | 1,439,703,527.05  |
| 0067                              |  | KENYA INFORMAL SETTLEMENT IMPROVEMENT PROJECT                                | 1,680,406,868.60  |
| 0031                              |  | Nairobi Metropolitan Service Improvement Project (NaMSIP)                    | 808,267,141.00    |
| 0058                              |  | Eastern Electricity Highway Project (Ethiopia- Kenya interconnector)         | 40,356,806.00     |
| 0069                              |  | Kenya Urban Programme(KENUP)   | 102,564,872.00    |
| 0075                              |  | Kenya Transparency & Communication Infrastrucure Project (KTCIP)             | 638,416,077.00    |
| 0093                              |  | Cash Transfer for orphans and Vulnerable Children (CT-OVC)                   | 503,818,180.00    |
| 0044                              |  | Kenya Electricity Expansion Project (KEEP)                                   | 3,058,912,752.65  |
| 0061                              |  | Kenya Petroleum Technical Assistance Project ( KEPTAP)                       | 57,230,860.00     |
| 0044                              |  | Kenya Petroleum Technical Assistance Project ( KEPTAP)                       | 320,149,934.70    |
| 0073                              |  | Kenya Petroleum Technical Assistance Project ( KEPTAP)                       | 34,839,920.00     |
| 0099                              |  | kenya Primary Education Project - GPE  | 1,359,483,400.00  |
| 0099                              |  | kenya Urban Water And Sanition OBA Project                                   | 118,442,191.50    |
| 0099                              |  | Financial sector Support Project   | 205,275,000.00    |
|                                   |  | Transforminig Health System For universal Care Project                       | 2,619,004,138.00  |
|                                   |  | Kenya Electricity mordernization Project                                     | 210,149,512.00    |
|                                   |  | South Sudan Eastern Africa Transport, Trade and Development Facilitation     | 51,414,715.00     |
| 0114                              |  | Kenya Coastal Region Water Security And Climate Resilience Project(KSWSCRIP) | 308,550,000.00    |
|                                   |  | Regional Pastoral Livelihood Resilience Program                              | 1,084,259,023.10  |
|                                   |  | Kenya Coastal Development Project  | 770,392,112.70    |
|                                   |  | Kenya Coastal Development Project  | 3,400,000.00      |
| 0094                              |  | Kenya Petroleum Technical Assistance Project ( KEPTAP)                       | 335,562,500.00    |
| 0026                              |  | Judiciary Performance Improvement Project (JPIP)                             | 2,408,850,370.00  |
| 0026                              |  | International Development Association  | 28,222,399,481.50 |
|                                   |  |  | 22,385,485,615.90 |
|                                   |  | <b>Global Enviromental Trust Fund(GETF)</b>                                  |                   |
| 002                               |  | Mercury initial Actions For Kenya  | 3,000,000.00      |
|                                   |  | Global Enviromental Trust Fund(GETF)   | 3,000,000.00      |
|                                   |  | <b>African Development Fund.....Kshs</b>                                     |                   |
| 0025                              |  | Nairobi Outering Ring Road Improvement Project                               | 16,671,968.00     |
| 0024                              |  | Kenya /Ethiopia,Isiolo- Moyale Road Project II                               | 3,916,715.10      |
| 0035                              |  | Small Scale Irrigation and Value Addition Project(SIVAP)                     | 54,000,000.00     |
| 0049                              |  | Drought Resilience and Sustainable Livelihood Prog. In Horn of Africa-kenya  | 65,251,663.00     |
| 0034                              |  | TOTALS10 ADB LOANS ....Kshs  | 139,840,346.10    |
|                                   |  |  | 190,224,576.85    |

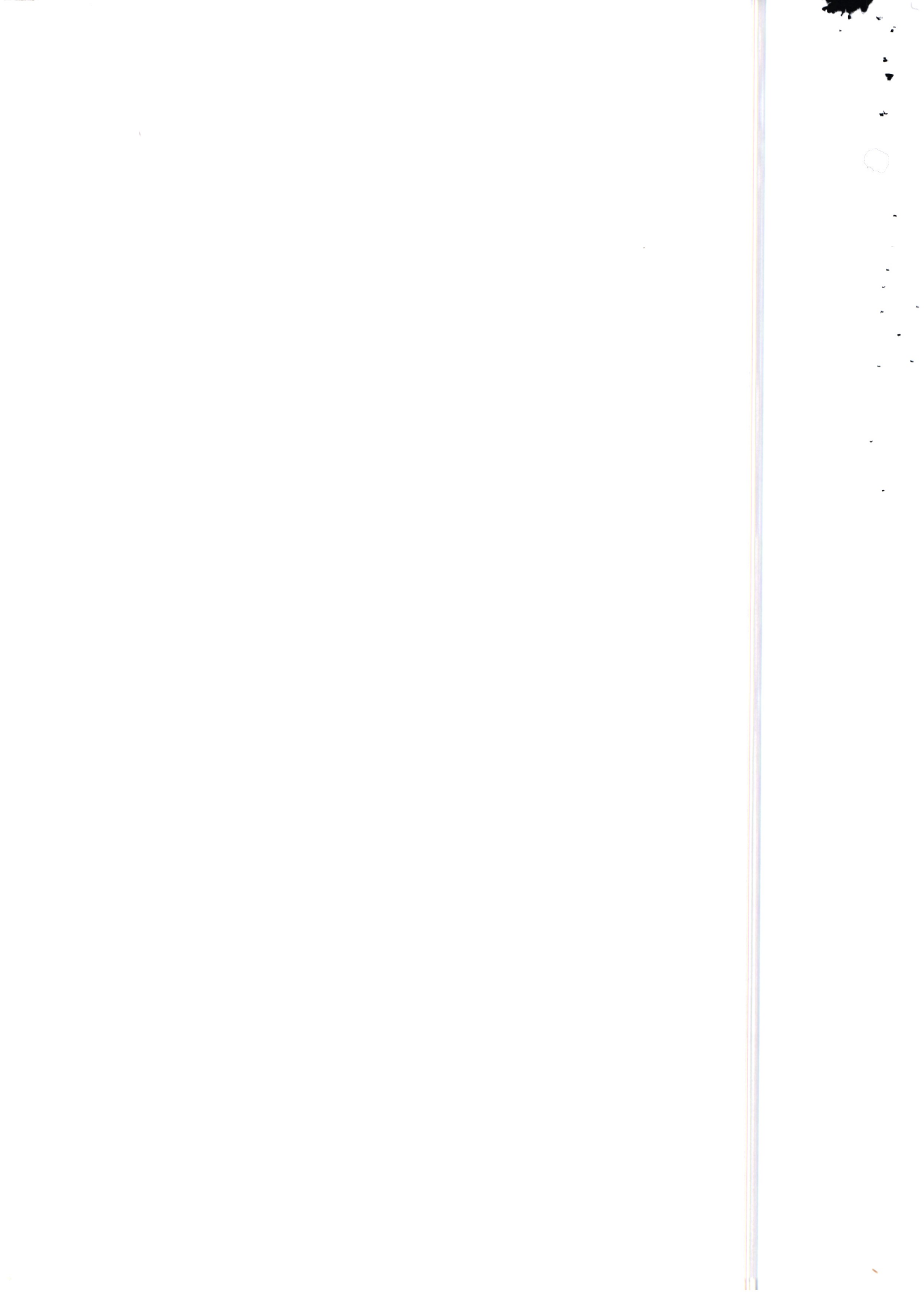
DEVELOPMENT REVENUE STATEMENT

for the Year ended 30th, June 2017

|     |   |                          |                          |
|-----|---|--------------------------|--------------------------|
|     | UNITED NATIONS INTER. CHILD. FUND (UNICEF)  |                          |                          |
|     | Early Childhood Development   |                          |                          |
|     | TOTAL 522 UNICEF Loans....kshs  | 4,981,200.00             |                          |
| 010 | INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)  | 4,981,200.00             |                          |
|     | Programme For Rural Outreach of Financial Innovation and Technologies (PROFIT) Profit Programme |                          |                          |
|     | Upper Tana Catchment Natural Resources Management   | 95,936,255.60            |                          |
|     | Smallholder Dairy Commercialisation Project   | 546,718,838.80           |                          |
| 008 | KCEP II- Climate resilience Agricultural Livelihoods (CRAL)                                     | 161,794,948.60           |                          |
| 009 | TOTAL 526 IFAD LOANS....KSHS  | 175,739,740.00           |                          |
|     |   | 980,189,783.00           | 1,283,669,609.90         |
|     | <b>TOTAL LOANS</b>  | <b>31,364,886,825.60</b> | <b>25,802,828,417.40</b> |

**IX. BALANCES CARRIED FORWARD**

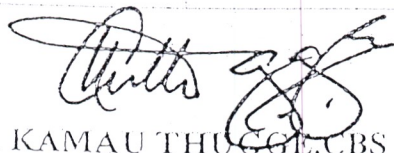
| <b><u>a) Balance brought forward subsequently transferred</u></b> | <b>2016/2017</b> | <b>2015/2016</b> |
|---|------------------|------------------|
| Balance brought forward 2015/2016 .....(Kshs).                    | <b>94,104.40</b> | <b>94,104.40</b> |
|   |                  |                  |
|   |                  |                  |
| <b><u>b) Balance brought forward yet to be transferred</u></b>    |                  |                  |
| Balance brought forward 2015/2016 ..... (Kshs)                    | <b>94,104.40</b> | <b>94,104.40</b> |
|   |                  |                  |
|   |                  |                  |
|   |                  |                  |



X. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

| Reference N <sup>o</sup> . 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) |
|---|--|-------------------------|--|-----------------------------------|--|
|   | No issues raised. Hence unqualified report | To maintain the status. | N/A  | N/A                               | N/A  |
|   |  |                         |  |                                   |  |
|   |  |                         |  |                                   |  |
|   |  |                         |  |                                   |  |
|   |  |                         |  |                                   |  |



KAMAU THUGGE, CBS  
Principal Secretary

te. 14/4/18



GEORGE K. GICHURU  
Head of Accounting unit  
ICPAK Number 9262  
Date. 14/4/18

