



REPUBLIC OF KENYA

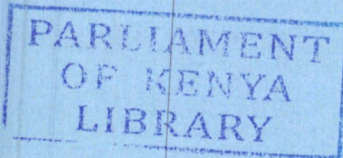


Paper Laid
By Hon Aden Duale MP
(LHM) on 12.10.2017



OFFICE OF THE AUDITOR-GENERAL

REPORT



OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL COUNCIL FOR POPULATION AND
DEVELOPMENT**

**FOR THE YEAR ENDED
30 JUNE 2016**



NATIONAL COUNCIL FOR POPULATION AND DEVELOPMENT

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

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

TABLE OF CONTENT	PAGE
I. KEY ENTITY INFORMATION AND MANAGEMENT	ii
II. THE BOARD OF DIRECTORS.....	vii
III. MANAGEMENT TEAM.....	x
IV. CHAIRMAN’S STATEMENT.....	xiii
V. REPORT OF THE CHIEF EXECUTIVE OFFICER.....	xv
VI. CORPORATE GOVERNANCE STATEMENT	xviii
VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT	xx
VIII. REPORT OF THE DIRECTORS	xxiii
IX. STATEMENT OF DIRECTORS’ RESPONSIBILITIES	xxvi
X. REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY	xxvii
XI. STATEMENT OF FINANCIAL PERFORMANCE.....	1
XII. STATEMENT OF FINANCIAL POSITION	2
XIII. STATEMENT OF CHANGES IN ASSETS.....	3
XIV. STATEMENT OF CASH FLOWS.....	4
XV: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS...	5
XII.XVI: NOTES TO THE FINANCIAL STATEMENTS.....	9
XVII: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	25

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information`

The National Council for Population and Development was established as a State Corporation on 29th October, 2004 through the legal Notice No. 120 contained in the Kenya Gazette Supplement No. 68. At Cabinet level, the NCPD is represented by the Cabinet Secretary for Devolution and Planning who is responsible for the general policy and strategic direction. The NCPD is governed by the Board of Directors who are responsible for the general policy and strategic direction of the Council.

(b) Principal Activities

The principal activity/mission of the National Council for Population and Development is to:

- Analyze population issues and develop policies related to population
- Provide leadership and mobilize support for population programmes including coordinating population programmes implemented by different organizations
- Assess the impact of population programmes and make recommendations arising from such assessments
- Assist other organizations in dealing with population issues
- Identify and advise on population issues that may not be adequately or appropriately dealt with by the Government
- Advocate for political and other support to address population issues.

“Population issues” mean:

- a) Issues that relate to, arise from, or influence mortality, reproduction or migration; and
- b) Other issues that relate to population; “Population Programmes” means programmes addressing population issues.

The Council has a Board whose membership is drawn from key Government Ministries handling population related issues, civil society and private sector organizations. A Chairman, who is appointed by the President for a period of three

(3), years, heads the Board. The Director General, who is appointed by the Board, is the Chief Executive Officer of the Council and the secretary to the Board.

Vision of the Council

A well-managed population for quality life

Mission of the Council

To provide leadership in the development, coordination and implementation of population and related policies and programmes for improved quality of life

Objectives of the Council

Strategic Objective 1:

To enhance awareness on Population issues (Fertility, Mortality, Migration)

Strategic Objective 2:

To Improve Knowledge and Information base on Population Issues

Strategic Objective 3:

To improve Policy Framework and Environment on Population Issues

Strategic Objective 4:

To increase resources for population related programmes

Strategic Objective 5:

To enhance capacity for programme planning, coordination and M&E

Strategic Objective 6:

To satisfy customers with services provided by the Council

Core Values

Integrity, Team work, innovation, Non- Discrimination, Quality services

(c) Key Management

The National Council for Population and Development's day-to-day management is under the following key organs:

- Director General (CEO)
- Senior Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

NO	Designation	Name
1	Director General(CEO)	Dr. Josephine Kibaru Mbae
2	Director Technical Services	George Alusa Kichamu
3	Director Corporate Services	Margaret Muthoni Mwangi
4	Deputy Director CAPE	Peter Arisi Nyakwara
5	Deputy Director Policy & Research	Vane Bosibori Lumumba
	Deputy Director Programmes ,Coordination& monitoring	Hosea Nzomo Mulatya
	Deputy Director Finance & Accounting	Maurice Midenyo Opiyo
	Deputy Director HR & Administration	Dorothy Adhiambo Oliech
	Chief Internal Auditor	Taslim Mueni Wason

Fiduciary Oversight Arrangements

The Board of the National Council for Population & Development has the overall fiduciary responsibility of providing oversight and policy direction and ensuring that all activities are in the best interest of the Council. They have a fiduciary duty of due care skill and diligence.

The Board has appointed the Audit and Risk Committee which meet quarterly. The Audit committee is charged with oversight of financial reporting and disclosure. Committee members are drawn from members of the company's Board of Directors, with a chairperson selected from among the committee members

The committee is responsible for oversight of the financial reporting process, and receipt of audit results both internal and external. The committee assists the Board of Directors fulfil its corporate governance and overseeing responsibilities in relation to an entity's financial reporting, internal control system, risk management system and internal and external audit functions. Its role is to provide advice and recommendations to the Board within the scope of its terms of reference / charter.

The Council has Finance and General Purposes and a Technical Committees whose membership is drawn from the Board of Directors. They offer advice and guidance and leadership of financial matters, Human resources and any other matters that require direction. The Technical committee provides guidance and leadership on technical Population matters and reviews the activities and programmes.

(e) Entity Headquarters

P.O. Box 48994-00100
Chancery Building
Valley Road
Nairobi, KENYA

(f) Entity Contacts

Telephone :(254) 2711600
E-mail: info@ncpd-ke.org
Website: www.ncpd-ke.org

(g) Entity Bankers

1. Barclays Bank of Kenya
Hurlingham Branch
P.O. Box 30074
GPO 00100
Nairobi, Kenya
2. Commercial Bank of Africa
Mama Ngina Branch
P.O Box
Nairobi- Kenya
3. Kenya Commercial Bank
County Branches

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

1. THE BOARD OF DIRECTORS

<p>Eng. Symon P Kitambaa</p>	<p>Board Chairman</p>	<p>Holds Bachelor's Degree of Technology in Chemical and Processing Engineering He is a technical Director Chuanshan International Mining Company -General Manager African Diatomite</p>	<p>Oversight</p>
<p>Adan Wachu</p>	<p>Board Member</p>	<p>Holds Bachelor's Degree in Management General; Diploma in Management. Secretary General SUPKEM; Executive Chairman Walu Insurance Brokers & Insurance Brokerage; Chairman of Inter Religious Council of Kenya; Executive Chairman Mowab Cleaning Services; Paralegal Officer Judicial Service Commission. Board member in a number of organizations.</p>	<p>Oversight</p>
<p>Rev. Canon Peter Karanja</p>	<p>Board Member</p>	<p>Holds BA Hons (Philosophy & Literature), Master of Divinity. He is the General Secretary, NCKK; also worked as Provost All Saints Cathedral (ACK); Secretary General Church Army Africa; Lecturer Carlile College; Company Director KEM Trust Ltd. Teacher Alliance High School</p>	<p>Oversight</p>

Mrs Margaret Masibo	Board Member	Holds a bachelor of Arts Degree and MBA Arts. She is currently working with the Kenya Conference of Catholic Bishops She is a member of the Institute of Human Resource, a certified professional mediator. Has many years' experience in human resource Management	Oversight
Christine Ochieng	Board Member	Holds Masters in Women's Law; Bachelor of Laws, Bachelor of Arts (Psychology & Sociology). Worked as Executive Director FIDA Kenya; Senior Policy Advisor Ipas Africa Alliance; National Adviser/Coordinator UNFPA/UNICEF (FGM/C); worked in FIDA Kenya in various capacities and stations	Oversight
Geoffrey M Wahungu	Board Member	Holds PhD in Ecology Master's of Science Wildlife Management Bachelor of Science. He is the Director General NEMA; and has Over 15 years as lead consultant in development of Natural Resource Management Plans; Over 10 years in research & monitoring of climate change influence on savanna ecosystem; lead consultant in regional and national ecological, social and Environmental Impact Assessment; Head of Department of Wildlife	Oversight


		Management; Dean in a University	
Moses Ogolla	Board Member	He works in Ministry of Devolution & Planning and represents the Principal Secretary	Oversight
Rahab M. Mwikali	Board Member	Chairperson MYWO;	Oversight
Dr. Josephine Kibaru Mbae	Director General	<p>Holds a Master of Medicine (OBGYN) and a MB. CHB degrees. She has over 25 years' experience in the public health sector, with about 20 of these years in Leadership and Management positions at different levels of the health sector in the Republic of Kenya. She started at the District level and culminated at the National level as the Senior Deputy Director in charge of Family Health Services in the country. During her tenure in the Ministry of Health she supported the revision and implementation of several policy documents. Dr. Mbae instituted innovations in in-service training in new technologies and supported training institutions to revise their curricula to strengthen pre-service training. She supported national supportive supervision for improvement of service delivery in the districts. She has been the Director</p>	Project Coordinator

		General at the East, Central & Southern Africa Health Community (ECSA-HC) from 2010 to 2014.	
--	--	--	--





II. MANAGEMENT TEAM







NAME	QUALIFICATIONS	AREA OF RESPONSIBILITY
Dr. Josephine Kibaru-Mbae	Master of Medicine(OBGYN)	Director General
George Alusa Kichamu	Masters in Demography	Director Technical Services
Margaret M Mwangi	MBA - Finance	Director Corporate Services
Peter A. Nyakwara	Masters in Demography	Comm., Advocacy & Public Education
Vane B.Lumumba	Masters in Applied Research	Policy & Research
Hosea Nzomo Mulatya	Masters in Demography	Programmes & Monitoring/Coord
Maurice M Opiyo	MBA - Finance	Finance and Accounting
Dorothy A. Oliech	BA – Human Resource & Higher Dip in HRM	Human Resources & Administration
Taslim M. Wason	MBA – Finance	Internal Auditor
William O. Ochola	Post. Grad. Dip in Procure, BA Economics	Supply Chain Management

INDEPENDENT BOARD MEMBER PASSPORT SIZE PHOTO

NAME	PASSPORT SIZE PHOTOS
Eng. Symon P Kitambaa	

KEY MANAGER'S PASSPORT SIZE PHOTOS

NAME	PASSPORT SIZE PHOTOS
Dr. Josephine Kibaru-Mbae	
George Alusa Kichamu	
Margaret M. Mwangi	
Peter A. Nyakwara	

Vane B.Lumumba	
Hosea Nzomo Mulatya	
Maurice M Opiyo	
Dorothy A. Oliech	
Taslim M. Wason	
William O. Ochola	
<p><i>Note: The CEO and the Company has featured both under the 'Board' and 'Management. The chairman was the only independent board member</i></p>	

III. CHAIRMAN'S STATEMENT

The National Council for Population and Development was established as a state corporation in the year 2004. The Council's mandate is to provide guidance and leadership in the management of population matters in the country. Management of the Country's population is important as one means to match population growth with available resources. NCPD has continued to involve stakeholders in the conduct of its affairs to guarantee the support for population programmes. The Council received an international award for developing a Population policy that was all inclusive and comprehensive in addressing population and development issues.

During the year 2015-2016 the Council made important strides in ensuring sustainable long-term success. Advocacy programme at NCPD remained strong. New advocacy activities were initiated at the Council level to reach out to County Assembly members, National and County Government leaders for political and financial support of population and development programmes.

The NPCD Board appointed Board committees to oversee the affairs of the organisation to ensure accountability and transparency. The committees are Audit and Risk, Finance and General Purposes and the Technical Committee. Each of these committees meets quarterly and report to the main Board.

The Council signed a performance Contract with the Ministry of Devolution and Planning in 2015/2016. The evaluation process has not been done but the self-evaluation is ranked "Very Good" which signifies commitment of the Board and Management to execute its duties and responsibilities and meeting the set targets and objectives.

As a quality based organization the Council maintained ISO 9001:2008 certification status and continued improving its services to both external and internal customers. A recertification audit was carried out during the year and the council was re-certificated.



Dr. Josephine Kibaru Mbae
For: Board Chairman

Date:..... 21.10.16

IV. REPORT OF THE CHIEF EXECUTIVE OFFICER

Introduction

The National Council for Population and Development, a semi-autonomous agency in the Ministry of Devolution and Planning provides leadership in implementation of population and development policy and programmes. In order to meet both policy and management obligations, the council maintained a team of officers assigned on different duties and responsibilities. During the year 2015-2016 the term of the Council ended and the members Chairman was noted appointed until March 2016. There were also appointments of technical and administrative staff and recruitment of new officers to fill existing vacant positions.

During the year NCPD carried out a major review of Kenya's national population and development programme under the auspices of International Conference on Population and Development (ICPD 2014) and participated in the United Nations and Africa Union conferences on these themes in New York and Addis Ababa respectively. Other activities included finalizing a first ever *National Survey on Male Involvement in Family Planning and Reproductive Health* which was supported by the Government. In addition the Council conducted the National Adolescent and Youth Survey to provide information on the potential of youth to participate in economic and development activities. An agreement was also reached with a new development partner to support the Council's *programmes* in the counties. This led to convening of meetings in 18 Counties with County Assembly members and county leadership to advocate for support of population and reproductive health programmes and activities.

With the available resources the Council carried out other important activities during the year. The council continued with advocacy and public education activities. Family Planning messages were disseminated on both radio and TV. Through support of a

number of development partners, NCPD staff and collaborating partners were trained on data management and communication.

Financial Statements

This Financial Statement is NCPD's record of financial transactions, obligations and value of assets. The accounts are submitted having been discussed and approved by the Management. During the 2015/2016 Financial Year, the Council received a government grant of Kshs 323,132,235 for its operations. It also received additional resources of Kshs 56,627,801 from Development partners for scheduled development activities. The Board was fully briefed and updated on the financial implications of the programmed activities of the Council and appraised on any constraints. With regard to the efficiency of the operating systems, the Board did note and appreciate the adoption by management of a computerized financial management system. Overall, the Board was satisfied that the Council's financial operations were prudent and generally satisfactory.

Results

In its efforts to raise additional funds, the Council undertook to provide technical services to other organizations and in the process charge an appropriate fee. Through this method, the Council was able to accrue some amount of AIA. The Council also facilitated a number of collaborating partners, including providing working space. The Government of Kenya increased its financial support for programmed activities. However the Council still requires additional funding to fully achieve its mandate and be in compliance with the new constitution, by devolving its services to all the Counties.

Staff Recruitment and its Implications

Early in 2006, the Council commissioned a study to review and recommend appropriate staff levels, job designations and remunerations and the review was

later updated as recommended by Ministry of State for Public Service in a follow-up study done in the year 2010. During the 2015/2016 Financial Years, the Council continued to implement the study recommendations on a phased approach. The major implication was the resulting higher requirements for staff salaries since these were now pegged on the experience and practice of comparable state corporations. The Council is still lobbying for more funds to recruit personnel for key positions at the headquarters and the forty seven counties which are not currently fully filled. During the 2015/2016 financial year, only 11 officers were deployed to the regions to manage all of the 47 counties. Limitations of funds are a major impediment in achieving optimal level of staffing through a competitive recruitment.



Dr. Josephine Kibaru Mbae
Director General

Date: 21.10.16

V. CORPORATE GOVERNANCE STATEMENT

The National Council for Population is committed to governance policies and practices that promote the thoughtful and independent representation of citizen's interests. For this reason, the management of NCPD is directed by the Board of Directors. In order to achieve sound and meaningful Corporate Governance, the Board conducts its business through independent Board Committees that report to the full Board.

The composition of board members is well balanced representing various interests in the Population Sector. This includes representatives from various public institutions, Faith based organisations, Gender, Research institutions and Public interests. The term of the Board is three years. The chairman of the Board is appointed by the President for tenure of three years.

The Council operates under a Strategic plan that contains the vision, mission and strategic objectives. The Strategic plan is implemented over a period of five years. The Board of Directors provide the vision and the Mission statement and reviews the implementation of various activities by the Management.

The allowances to the board members are as provided in the government guidelines. The performance of Board members and the chairman is reviewed annually.

The NCPD's management structure is designed to provide a conducive environment by which the activities are directed and controlled. It specifies the distribution of responsibilities among different participants in the Council, such as the Board, Chief Executive, Managers, Regional Coordinators and other stakeholders, and spells out the rules and procedures for making decisions on the NCPD's affairs.

Top management including the Director General, Director Technical and Director Corporate Services attended a one week corporate training to be sensitized on various thematic areas of corporate governance. There was a follow up training for senior management and Board members during a Boards retreat.

The Council has a functional audit committee and an internal audit department. There are various manuals to guide the implementation of various functions of the council.

Financial statements are discussed and approved by the Board before presentation to the Auditor General.

Appointment of the Director General and senior management personnel is done by the Board of Directors through a competitive recruitment process. The remuneration of

staff is approved by the Board of Directors after a detailed job evaluation and benchmarking with other institutions of the same ranking.

To ensure transparency and accountability the council has set up an Integrity Committee comprising of top management and a Corruption Prevention Committee comprising other staff cadres. There is also a Management Advisory Committee. The Council is also 2008:9001 ISO certified and various procedures have been set up to ensure maintenance of the status.

The Council also has a Service Charter which clearly details provisions of various services to customers.

VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

On its inception as a Semi-Autonomous Government Agent (SAGA), the National Council for Population and Development started the implementation of a gender equality-oriented program in line with the Government Policy. The aim of which is to “ensure equal opportunities for men and women in managerial positions and other population related issues”. The CSR programmes are incorporated within the Councils core mandated activities; Development, Coordination and implementation of population and related policies.

The NCPD’s Corporate Social Responsibility is supposed to prepare both men and women to take responsibility both at work and in matters relating to Reproductive Health, manageable household sizes and the relationship between quality life and population.

NCPD uses different ways of communication, taking into account the diverse traditions and cultural backgrounds. Discussion forums are created, which are used by everyone to exchange the views on equal rights/emancipation. The forums are also used to help recognize more deeply the problems and barriers for women and men in the family and social life phenomenon. National Council Population Development (NCPD) believes in working closely with all stakeholders and customers in order to build credibility and trust. At the end of every year a customer satisfaction survey is carried out which aims at improvement of quality service.

During the World Population Day the Council organised free medical camps and provision of information on Population & Family Planning. The day’s main focus was on the Youth and was celebrated at Kajiado District.

CSR is an organization’s/company’s sense of responsibility towards the community and environment (both ecological and social) in which it operates.

CSR may also be referred as corporate citizenship and can involve incurring short – term costs that do not provide an immediate financial benefit to the company but instead promote positive social and environmental change.

Most of the organizations which carry out CSR focus more towards the impact on the community than to the organization. In the light of this the Council has continued to offer services and information on population and development to the citizens free of charge in many forums, including ASK Shows and other exhibitions. NCPD County staff participated in career days in school to mentor young boys and girls and empower them with information.



CPC Nakuru interacting with students of Nakuru Girls during their Career Day forum



Student asking a question during the forum

In 2015/16 FY NCPD sponsored a theme in the National Drama festival at a cost of Ksh 4,000.000. The school children were able to learn more on population issues as they participated in this drama event.



A pair of drama participants posing next to the NCPD sponsor banner at the Nationals of the Drama Festivals in April



Young Morans from Narok Youth Polytechnic also eager to learn more on population and development from the NCPD CPC Eastern North during the festivals

VII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2016 which show the state of the *National council for Population and development* affairs.

The Board presents financial statements for the year ended 30 June 2016.

	2016	2015
Income	Kshs	Kshs
Income Government of Kenya	323,132,235	353,164,354
Donor Income	56,627,801	78,389,572
Other Income	9,178,829	18,845,794
Interest Income	1,610,363	12,326
Profit on Disposal	-	12,466
Total Income	390,549,227	450,424,512
Expenditure		
Total expenditure	412,015,387	475,220,444
Surplus/Deficit	(21,466,160)	(24,795,932)

Principal activities

The principal activities of the entity are;

MANDATE

The Council was established as a state corporation through the legal Notice No. 120 contained in the Kenya Gazette Supplement No. 68 dated 29th October, 2004 and is charged with the following functions:-

- Analyze population issues and develop policies related to population
- Provide leadership and mobilize support for population programmes including coordinating population programmes implemented by different organizations
- Assess the impact of population programmes and make recommendations arising from such assessments
- Assist other organizations in dealing with population issues
- Identify and advise on population issues that may not be adequately or appropriately dealt with by the Government
- Advocate for political and other support to address population issues.

“Population issues” mean –

- a) Issues that relate to, arise from, or influence mortality, reproduction or migration; and
- b) Other issues that relate to population;

“Population Programmes” means programmes addressing population issues.

The Council has a Board whose membership is drawn from key Government Ministries handling population related issues, civil society and private sector organizations. The role of the Board is to run the Council. A Chairman, who is appointed by the President for a period of three (3) years, heads the Board. The Director General, who is appointed by the Board, is the Chief Executive Officer of the Council and the secretary to the Board.

Directors

The members of the Board of Directors who served during the year are shown on page VI In accordance with Regulation in the legal Notice No. 120 contained in the Kenya Gazette Supplement No. 68 dated 29th October, 2004. The term of the NCPD chairman started in March 2016 and the inaugural board meeting was held in June 2016.

Auditors

The Auditor General is responsible for the statutory audit of the National Council for Population and Development in accordance with the Section 68K of the Public Finance Management (PFM) Act, 2012.

VIII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 68K of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of that National Council for Population and Development (NCPD), which give a true and fair view of the state of affairs of the Council at the end of the financial year/period and the operating results of the *NCPD* for that year/period. The Directors are also required to ensure that the Council keeps proper accounting records which disclose with reasonable accuracy the financial position of the Council. The Directors are also responsible for safeguarding the assets of National Council for Population and Development.

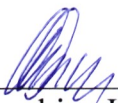
The Directors are responsible for the preparation and presentation of Council's financial statements, which give a true and fair view of the state of affairs of *NCPD* for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial 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 Council; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for *NCPD*'s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directorate is of the opinion that Council's financial statements give a true and fair view of the state of *NCPD*'s transactions during the financial year ended June 30, 2016, and of the *NCPD*'s financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for *NCPD*, which have been relied upon in the preparation of *NCPD*'s financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that *NCPD* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The *NCPD*'s financial statements were approved by the management on 25th September 2016 and signed on its behalf by:



Dr. Josephine Kibaru Mbae
Director General



Margaret Muthoni Mwangi
Director Corporate services

IX. REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.oagkenya.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL COUNCIL FOR POPULATION AND DEVELOPMENT FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of The National Council For Population and Development set out on pages 1 to 26, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 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 provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) 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 Council's internal control. An audit also includes evaluating the appropriateness of

Report of the Auditor-General on the Financial Statements of National Council for Population and Development for the year ended 30 June 2016

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

1.0 Property, Plant and Equipment

1.1 As previously reported, property, plant and equipment balance of Kshs.52,758,781 as at 30 June 2016 still excludes undetermined values of land situated at Upper Hill Nairobi, Murang'a and Kisii counties without ownership documents. In consequence of the exclusion, the property, plant and equipment balance is not fairly stated.

1.2 Information available indicates that land in Upper Hill Nairobi (LR No.209/13332 - Plan No.93637/11/724) measuring 0.63 hectares which had been reserved to the Council in 1989 to construct its offices was subsequently allocated to a private developer. Although the Council attempted to take possession of the property on 12 November 2016 following the Public Investment Committee recommendation, this did not however materialize. Additional information indicates that the National Lands Commission made a ruling in 8 March 2016 granting the land to the private developer without making reference to the Council. According to the ruling, the Commission determined that allocation of the land to the private developer was irregular but ordered the title to be re-issued in the name of the developer on grounds of public interest since the land had already been charged with a collapsed bank and the depositors in the bank needed not loose out. Further, although the National Land Commission indicated in the ruling that it could assist the National Council for Population Development to acquire alternative land, this has not been done to date.

1.3 Further, ownership of a motor vehicle GK T925 whose original cost is unknown cannot be verified as the vehicle was registered in the name of Ministry of Planning as of 30 June 2016. As a result, it has not been possible to confirm whether the Council's motor vehicles with the net book value of Kshs.33,179,762 as disclosed in Note 7 to the financial statements are fairly stated.

2.0 Receivables

Receivables from exchange transactions balance of Kshs.5,802,573 reflected in the financial statements as at 30 June 2016 include outstanding imprests totalling Kshs.5,641,507. It has been noted that an officer whose personal number was 20130004 had accumulated more than 15 imprests. The officer resigned from the Council on 16 May 2016 leaving an outstanding imprests of Kshs.3,767,697. Information provided revealed that the amount was obtained fraudulently by the officer. No provision has been made in the financial statements to cover the uncertainty in recovery of the amount of Kshs.3,767,967.

3.0 Cash-and-Cash Equivalents

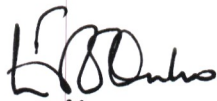
The statement of financial position, as further disclosed in Note 13 the financial statements, reflect a cash-and-cash equivalents balance of Kshs.30,031,686 as at 30 June 2016, which is net of overdraft balances of Kshs.6,831,769 and Kshs.1,854,806 in the recurrent and development accounts, respectively. In addition, the bank reconciliation statement for the development account includes stale cheques of Kshs.1,215,096. No satisfactory reason has been provided for failure to reverse the cheque in the books of account.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Council as at 30 June 2016 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and the Public Finance Management Act, 2012.

Emphasis of Matter

I draw attention to the statement of financial performance on page 1 which reflects an operating loss of Kshs.21,466,160 for the year ended 30 June 2016 (2014/2015 – an operating loss of Kshs.24,795,931). This resulted to a decline in the Council's accumulated surplus from Kshs.27,187,021 as at 30 June 2015 to Kshs.5,733,922 as at 30 June 2016. This state of affairs needs to be addressed to ensure that the Council continues with its operations as expected. My opinion is not qualified in respect of this matter.



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

Nairobi

29 June 2017

X. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2016

	Notes	2015-2016	2014-2015
Revenue from Non Exchange Transactions		Kshs	Kshs
GOK			
Income Government of Kenya	1	323,132,235	353,164,354
Donor Income	2	56,627,801	78,389,572
		379,760,035	431,553,927
Revenue from Exchange Transactions			
Other Income	3	9,178,829	18,845,794
Interest Income	4	1,610,363	12,326
		10,789,192	18,858,121
Total Revenue		390,549,227	450,412,047
Expenditure			
Employee Benefits Expense	5	158,319,917	151,239,439
Board Expense	6	860,644	818,838
Depreciation	7	15,563,820	18,717,678
Repairs & Maintenance	8	6,177,299	11,628,095
General Expenses	9	163,727,574	214,104,865
General Expenses -Project	10	66,769,232	78,396,433
Finance Costs	11	596,901	315,097
Total expenditure		412,015,387	475,220,444
Other Gains or loses			
Profit on disposal of Assets	12	-	12,466
Surplus		-21,466,160	-24,795,931

The notes set on pages 9 to 25 form an integral part of this statement

**X11. STATEMENT OF FINANCIAL POSITION
As at 30 June 2016**

	Notes	2015-2016 Kshs	2014-2015 Kshs
ASSETS			
Current Assets			
Cash & Cash Equivalents	13	30,031,686	53,131,970
Receivables from exchange transactions	14	5,802,573	14,731,427
		35,834,259	67,863,397
Non - Current Assets			
Property Plants & Equipment's	7	52,758,781	62,191,333
		52,758,781	62,191,333
Total Assets		88,593,040	130,054,730
Current Liabilities			
Trade & Other Payables from Exchange transactions	15	21,413,102	28,060,350
Deferred incomes	16	14,007,929	27,369,273
Sub-total		35,421,032	55,429,623
Non-Current Liabilities			
Non - Current Liabilities		-	-
Net Assets			
Reserves		47,438,087	47,438,087
Accumulated Surplus		5,733,922	27,187,021
Sub-Total		53,172,009	74,625,108
		88,593,041	130,054,731
Total Net Assets & Liabilities			

The financial Statements set out on pages 1 - 4 were signed on behalf of the board of directors by:

Director General 

Director Corporate Services 

Date..... 21.10.16

XIII. STATEMENT OF CHANGES IN ASSETS
For the year ended 30 June 2016

	Capital Reserve	Accumulated Surplus	Totals
As at 1st July 2014	47,438,087	51,982,952	99,421,039
Surplus for the Year Adjusted	-	-24,795,931	-24,795,931
As at 30th June 2015	47,438,087	27,187,021	74,625,108
As at 1st July 2015	47,438,087	27,187,021	74,625,108
Asset Schedule		13,061	13,061
Surplus for the Year	-	-21,466,160	-21,466,160
As at 30th June 2016	47,438,087	5,733,922	53,172,009

Financial Statements for National Council for Population and Development for year ended 30th June 2016

XIV. STATEMENT OF CASH FLOWS

	Notes	2015-2016	2014-2015
Cash flows from operating activities		Kshs	Kshs
Surplus		(21,466,160)	(24,795,931)
Add: Items not involving cash movement			
Depreciation		15,563,820	18,717,678
Profit on disposal		-	(12,466)
Adjustments			
Sub-total		(5,902,340)	(6,090,719)
Increase/Decrease in debtors		8,928,854	(1,314,684)
Increase/decrease in creditors		(6,647,248)	17,862,259
Increase/decrease in deferred incomes		(13,361,343)	(3,483,534)
Net cash flows from operations		(16,982,077)	6,973,322
Cash flows from investing activities			
Purchase of Assets (Reinstated)		52,242	
Purchase of Assets		(6,170,450)	(8,362,327)
Cash received		-	31,300
Cash flows from financing activities			
Net increase/Decrease in cash & cash equivalents		(23,100,285)	(1,357,705)
Bank & cash equivalent at beginning		53,131,970	54,489,675
Bank & cash equivalent at end	13	30,031,685	53,131,970

XV: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Revenues	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference
Details	2015/2016	2015/2016	2015/2016	2015/2016	2015/2016
RECURRENT OPERATIONS	KSH		KSH		
Government Grant- Recurrent	228,853,960	8,581,725	220,272,235	220,272,235	-
Other income	7,487,827	-	7,487,827	9,178,829	(1,691,002)
Interest income	1,610,363	-	1,610,363	1,610,363	(0)
Government Grant- Development	112,860,000	10,000,000	102,860,000	102,860,000	-
Donor Income	65,244,913	-	65,244,913	61,627,801	3,617,112
Total	416,057,063	18,581,725	397,475,338	395,549,228	1,926,110
EXPENDITURE					
GOK-Basic Salaries -Permanent Employees	98,362,000	-	98,362,000	98,361,561	439
GOK-Personal allow paid as partof Salary					
House Allowances	34,449,691	(3,000,000)	31,449,691	31,447,825	1,867
Telephone allowance	2,790,564	(81,725)	2,708,839	2,708,839	-
Non Practising Allowance	10,238,800	(500,000)	9,738,800	9,735,200	3,600
GOK-Personal allowances paid as reimburs					
Leave Expenses	2,555,237	(200,000)	2,355,237	2,344,787	10,451
Gratuity & Pensions	19,025,186	(5,300,000)	13,725,186	13,721,706	3,480
GOK -Utilities Supplies and Services					
Electricity	992,825	-	992,825	988,304	4,521
Water	192,357	-	192,357	188,111	4,246
GOK-Communication Supplies and Services					
Telephone Telex Facsimile and Mobile Phon	4,797,516	-	4,797,516	4,744,281	53,235
Courier and Postal	352,145	-	352,145	352,145	-
GOK-Domestic Travel & Subsistence & Othe					
Travel Costs (Airline Bus Railway)	2,999,309	(185,000)	2,814,309	2,813,3800	929

Financial Statements for National Council for Population and Development for year ended 30th June 2016

Accommodation	689,700	(63,000)	626,700	626,700	-
Daily Subsistence	16,519,182	(150,000)	16,369,182	16,374,116	(4,933)
Sundry Items	181,534	-	181,534	181,534	-
GOK-Foreign Travel & Subsistence & Trans					
Travel Costs (Airline Bus Railway)	59,200	-	59,200	59,200	-
Sundry Items	26,280	-	26,280	19,746	6,534
GOK-Printing Advert Info Supplies & Serv					
Advertising Awareness and Publicity	7,780,000	(250,000)	7,530,000	7,516,498	13,502
Trade shows and Exhibitions	1,630,800	-	1,630,800	1,605,800	25,000
Media Campaign	25,231,146	-	25,231,146	25,210,287	20,859
Media Campaign on pop issues	14,146,000	-	14,146,000	14,146,800	(800)
GOK -Rentals of Produced Assets					
Rent & Rates	23,507,914	-	23,507,914	23,507,914	(0)
Hire of Transport	1,955,918	-	1,955,918	1,948,816	7,102
GOK -Training Expenses					
Travel Accommodation Tuition Fees & Trai	3,831,633	(300,000)	3,531,633	3,530,913	720
GOK -Hospitality supplies and Services					
Catering Services Acc Gifts Food & Drink	7,146,988	(70,000)	7,076,988	7,074,717	2,271
Boards Committees Conferences & Seminars	970,779	-	970,779	996,150	(25,371)
NCPD Council Board Expense	400,900	459,000	859,900	860,644	(744)
Insurance					
Group Personal	14,418,839	-	14,418,839	14,418,839	-
Motor Vehicle Insurance	10,726,072	(8,280,000)	2,446,072	2,439,800	6,272
GOK-Specialized Materials and Supplies					
Purchase of Uniforms & Clothing	711,900	-	711,900	699,227	12,673
GOK-Office and General supplies & servic					
General offices Supplies Pencils .Biros	1,597,256	(500,000)	1,097,256	1,092,966	4,290
Supplies Accessories For computers & Pri	1,481,049	-	1,481,049	1,478,515	2,534
Sanitary & Cleaning Materials	105,990	-	105,990	105,990	-

Financial Statements for National Council for Population and Development for year ended 30th June 2016

GOK -Fuel and Lubricants					
Refined fuels & Lubricants for transport	1,213,675	-	1,213,675	413,675	800,000
Other Operating expenses					
Membership Dues to Professional Bodies	260,570	(30,000)	230,570	230,570	-
Contracted Professional Services	933,263	(40,000)	893,263	888,381	4,882
Contracted Guards & Cleaning Services	1,359,769	-	1,359,769	1,357,389	2,380
Legal Fees	502,482	-	502,482	502,482	-
GOK-Routine Maintenance - VH&Transport Eq					
Maintenance Expenses -Motor Vehicles	5,149,448	220,000	5,369,448	4,933,787	435,661
GOK-Routine Maintenance - Other Assets					
Maintenance of Plant Machinery & Equip	793,142	-	793,142	780,756	12,386
Maintenance of Building & Stations	462,755	-	462,755	462,755	-
GOK-M Fees & Dues & Subscriptions To IO					
Contributions to UNFPA	1,025,000	(1,025,000)	-	-	-
Purchase of Office Furniture & Gen Equip					
Purchase of Office Furniture & Gen Equip	6,170,450	-	6,170,450	6,170,450	-
Other Operating expenses (2995/4800/FC)	4,833,739	8,100,000	12,933,739	14,608,002	(1,674,263)
Finance Cost	-	596,197	596,197	596,901	(704)
Membership fees and dues and subscriptions to international organizations					
Research Feasibility Study & Design	24,212,816	(10,920,000)	13,292,816	13,606,327	(313,511)
	-	-	-		-
Project Expenditure	62,919,994	2,937,803	65,857,797	66,769,232	(911,435)
	419,711,813	(18,581,725)	401,130,088	402,622,017	(1,491,928)

Reconciliation

As reported in P&L	412,015,387
Add: Purchase of Assets	<u>6,170,450</u>
Total	418,185,837

Financial Statements for National Council for Population and Development for year ended 30th June 2016

Budget	<u>402,622,017</u>	
Difference	15,563,821	1
Depreciation	15,563,820	

The Variance in income was as a result of funds that were not received from the National Treasury and the variance of other income was supported by retained earnings. The Variance in other incomes was as a result of extension of contract for support of M&E officer and refined fuels and lubricants was as a result of support of the expenses by a donor.

XVI: NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

The National Council for Population and Development's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented. This is the second time adoption of IPSAS. Accounts were previously prepared using the International Financial Reporting Standards.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

i) Revenue from exchange transactions – IPSAS 9

Rendering of services

The council recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to completion of activities.

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

The council is a service organisation and does not render any services for a fee. It is therefore not therefore pay taxes.

a) Revenue recognition

ii) Revenue from non-exchange transactions – IPSAS 23

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on approval by parliament through the appropriation and the supplementary bill upon printing of the printed estimates and supplementary estimates.

Grants from Donor

Grants received for specific purposes are treated as deferred income and are only credited to statement of financial performance when activities for which they were provided have been undertaken.

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the council. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. The movements in the budgets was as a result of deductions in the revised estimates by the Government. Some Activities under the UNFPA were financed through Government Funding.

c) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at net book value and modified to include revaluations, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Full year's depreciation is recognized in the year of purchase.

The rate of depreciation are as follows:

Furniture and Fittings	12.5%
Computers	30%
Office equipment	12.5%
Motor Vehicles	25%

d) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. The capital reserves were created when the council become a SAGA and assets transferred to it. Other reserves arose from the revaluation of fixed assets.

e) Changes in accounting policies and estimates – IPSAS 3

The Council recognizes the effects of changes in accounting policy or estimates retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical. The Statement of Changes in Assets was revised with Kshs 1,112,643 as a prior period adjustment for payments whose cheques were stale outstanding for more than six months. A corresponding Liability has been reinstated. The effect of a change in an accounting estimate was included in the determination of net surplus / deficit in the period of the change, and the current period.

f) Employee benefits – IPSAS 25

Retirement benefit plans

The Council provides retirement benefits for its employees. Defined contribution plans are postemployment benefit plans under which an council pays 15% and employee 7.5% contributions into to a custodian & Fund manager (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets today all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The council also provides for 31% Gratuity for employees on contract a term which is paid upon expiry of the contract.

g) Foreign currency transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. While preparing the financial statements the average rate is used in the in the statement of financial performance and the closing rate in the statement of net assets. Exchange differences arising from reporting at rates

Financial Statements for National Council for Population and Development for year ended 30th June 2016

different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise. The transactions in foreign exchange are for grants and funds are wired in foreign currency and converted at the time of transactions. These are short term projects negotiated every year and there is therefore the risk of fluctuations in the rate is minimal.

h) Related parties – IPSAS 20

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the senior managers.

The details of management are as disclosed in key management information. Other related parties' are the Government of Kenya that provides finances for operations through the Ministry of Devolution and Planning and the Development partners as disclosed in sources of funds Donors. The emoluments of senior management was Kshs 28,838,389. There was a reduction from the previous year (Kshs 30,980,732) due to the Resignation of Deputy Director Policy and Research in February 2016 and Deputy Director Finance in April. The board expenses were Kshs 860,844. The Chairman was appointed in March and the inaugural board meeting was held in June. Previous years expenses were kshs 818,838.

EMOLUMENTS FOR SENIOR MANAGEMENT	Kshs
Basic Salary	20,930,389
Rental House Allowance	4,560,000
Responsivity Allowance	360,000
Transport Allowance	1,104,000
Entertainment Allowance	1,140,000
Telephone Allowance	744,000
	28,838,389

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imp rests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

i) Comparative figures

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

j) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by council
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes

Financial Statements for National Council for Population and Development for year ended 30th June 2016

- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

k) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

REVENUE FROM NON-EXCHANGE TRANSACTION

NOTE I: INCOME FROM GOVERNMENT OF KENYA

	2015/16	2014/15
Recurrent	220,272,235	228,853,960
Development	102,860,000	112,860,000
Income BFWD	-	11,450,394
	<u>323,132,235</u>	<u>353,164,354</u>
Less: Income for uncomplete Activities	-	-
	<u>323,132,235</u>	<u>353,164,354</u>

NOTE 2: DONOR INCOME

Project/Source	2015/16	2014/15
	Income	Income
PRB	5,650,956	42,221,070

Financial Statements for National Council for Population and Development for year ended 30th June 2016

PRB Kshs		1,010,859	1,039,939
MACRO		1,000,765	1,000,765
UNFPA Revenue Through Treasury		48,298,004	32,980,241
Unicef		9,834,880	-
Kuhri Kshs		118,731	665,678
Kuhri US\$		1,305,373	19,147,597
Demographic Dividend LQAS Kshs		3,416,162	8,703,556
Total Income & Expenditure	A	70,635,730	105,758,845

Adjustment of Income for activities running beyond the accounting period.

Macro		1,121,798	1,000,765
PRB		83,420.79	5,650,956
PRB kshs		5,780,479	1,010,859
UNFPA		3,153,338	14,608,377
Unicef		1,568,057	-
Demographic Dividend LQAS		388,583	3,410,873
Demographic Dividend LQAS Kshs		-	263,340
Kuhri US\$		1,624,987	1,305,373
Kuhri Kshs		287,267	118,731
Total deferred Income	B	14,007,929	27,369,273
Actual Income for Year	A-B	56,627,801	78,389,572
		70,635,730	105,758,845

NOTE 3: OTHER INCOME

	2015/16	2014/15
Sale of tender Documents & Assets	67,000	30,200
Gain /loss on conversion	(67,220)	52,327
Miscellaneous Receipts	7,911,794	610,970
Commissions	-	62,931
Fees on Executing Projects	-	2,997,525
Foreign Currency Gain	-	2,224,741
Support by Donors for GOK activities	1,267,255	12,867,100
Total	9,178,829	18,845,794

NOTE 4: INTEREST INCOME

	2015/16	2014/15
PRB	3,537	12,326
Interest GOK	1,606,827	-
	<u>1,610,363</u>	<u>12,326</u>

Funds were received for two quarters under development and were put on call. This resulted in the interest of 1,606,827 net of tax.

NOTE 5: EMPLOYEE BENEFIT

	2015/2016	2014/2015
Employees	144,598,211	135,462,522
Transfer Allowance	-	1,146,794
Gratuity & Pensions	13,721,706	14,630,123
Total Employee Benefit	158,319,917	151,239,439

NOTE 6 :BOARD EXPENSE

	2015/2016	2014/2015
Board Expense	<u>860,644</u>	<u>818,838</u>

Financial Statements for National Council for Population and Development for year ended 30th June 2016

NOTE7: ASSETS SCHEDULE

	Land & Buildings[1]	Furniture fittings	Computers	Office Equipment[2]	Motor Vehicles[3]	Total
BFWD 1st July 2015		7,986,524	7,888,500	8,909,390	69,679,525	94,463,939
Adjustment		4,586,068	10,585,262	4,927,492	30,116,969	50,215,791
Adjusted Cost as at 1st July 2015		12,572,592	18,473,762	13,836,882	99,796,494	144,679,730
Additions As at 30th June 2016		877,400.00	248,100	-	5,044,950	6,170,450
Disposal		(52,242.00)	-	-	-	(52,242)
Adjusted Cost as at 30th June 2016		13,397,750	18,721,862	13,836,882	104,841,444	150,797,938
At 1st July 2015	-	7,525,007	8,286,384	7,185,209	39,194,733	62,191,333
Prior Period Adjustments		(39,182)				(39,182)
Adjusted Cost		7,485,826	8,286,384	7,185,209	39,194,733	62,152,152
Additions	-	877,400.00	248,100	-	5,044,950	6,170,450
Revaluations	-					-
Disposal		-		-		-
As at 30th June 2014	-	8,363,226	8,534,484	7,185,209	44,239,683	68,322,602
DEPRECIATION						
As at 30 June 2015	-	5,339,563	10,187,378	6,359,694	60,601,761	82,488,396
Disposal of Motor Vehicle				-		-
Prior P Correction in on bfwd 13/14		(291,978)		291,979		1
Prior Period Adjustment		(13,061)	-	-		(13,061)
Charge for the year	-	1,045,403	2,560,345	898,151	11,059,921	15,563,820
As at 30th June	-	6,079,928	12,747,723	7,549,824	71,661,682	98,039,157
NET BOOK VALUE						-
At 30th June 2016						

Financial Statements for National Council for Population and Development for year ended 30th June 2016

	-	7,317,822	5,974,139	6,287,058	33,179,762	52,758,781
						-
At 30th June 2015	-	7,525,007	8,286,384	7,185,209	39,194,733	62,191,333

30th June 2013	2,974,268	4,517,306
BFWD 1st July 2013	<u>3,266,246</u>	<u>4,225,327</u>
Difference	(291,978)	- 291,979

Kshs 1 is as a result of rounding off.

NOTE 8: REPAIRS AND MAINTENANCE

	2015/2016	2014/2015
Repair of Motor Vehicle	4,933,788	7,610,964
Repair of other Assets	1,243,511	4,017,131
	<u>6,177,299</u>	<u>11,628,095</u>

NOTE 9: GENERAL EXPENSES

	2015/2016	2014/2015
GOK -Utilities Supplies and Services	1,176,415	1,530,796
GOK-Communication Supplies and Services	5,096,426	6,187,635
GOK-Domestic Travel & Subsistence & Other expenses	19,995,729	19,121,571
GOK-Foreign Travel & Subsistence & Trans	78,946	618,463
GOK-Printing Advert & Info Supplies & Services	48,479,386	53,272,547
GOK -Rentals of Produced Assets	25,456,729	25,062,078
GOK -Training Expenses	3,530,913	3,443,334
GOK -Hospitality supplies and Services	8,070,867	14,379,196
Insurance	16,858,639	14,636,535
Specialized materials & supplies	699,227	923,616
GOK-Office and General supplies & services	2,677,471	8,868,860
GOK -Fuel and Lubricants	413,675	5,400,538
Other Operating expenses	2,978,822	4,954,982
Audit fees	-	371,200
Membership to Partners, UNFPA	-	3,025,000

Financial Statements for National Council for Population and Development for year ended 30th June 2016

Telephone	-	760
Local travel	600,000	
Refunds to tenders	187,388	-
Borrowed Funds -UNFPA WPD	-	-
Research /other Expenses	3,684,325	
Research Feasibility Study & Design	12,391,231	46,978,984
Monitoring and Evaluation	1,023,200	
Editing and Design	56,896	-
Advocacy workshops	135,000	
Conference	448,700	-
Foreign Travel-UNFPA	380,336	1,045,161
Foreign Travel-Partners	7,341,283	4,135,730
PHE others	1,305,067	-
Membership fess	-	19,289
Training	319,479	128,590
PHE Network	341,424	-
Total Operating Expense	<u>163,727,574</u>	<u>214,104,865</u>

NOTE 10: GENERAL EXPENSES PROJECT

	2015/2016	2014/2015
PRB	-	2,595,681
PRB KSHS	6,089,254	33,777,914
UNICEF	8,273,579	-

Financial Statements for National Council for Population and Development for year ended 30th June 2016

UNFPA Revenue Through Treasury	49,283,639	18,298,830
KUHRI uS4	-	3,013,649
Kuhri Kshs	-	15,475,612
Demographic Dividend LQAS	3,122,761	284,735
Demographic Dividend LQAS Kshs	-	4,650,011
JSDF Herbalists	-	300,000
Total Project Expense	<u>66,769,232</u>	<u>78,396,433</u>

NOTE 11: FINANCE COST

	2015/2016	2014/2015
PRB (US\$)	15,014	2,260
PRB KSHS	8,553	12,636
UNFPA	52,158	-
UNICEF	1,029	-
Demographic Divided LQAS	36,719	2,124
Recurrent	115,261	67,397
Development	253,000	127,414
miscellaneous	26,243	15,354
Kuhri Kshs	1,300	9,735
Kuhri US\$	989	-
Miscellaneous dollar	48,706	38,828
JSDF Herbalists	-	8,051
UNIAIDS	37,928	-
Dem Div Kshs	-	31,300
Total Finance Cost	<u>596,901</u>	<u>315,097</u>

NOTE 13 PROFIT ON DISPOSAL

	2015/2016	2014/2015
Profit on Disposal	-	12,466

NOTE 13: CASH AND CASH EQUIVALENTS

Bank	AC/NO	Donor/ Project	F currency	2015/2016 Amount KSHS	2014/2015 Amount KSHS
BBK	045-1547933	Recurrent		(6,831,769)	90,484
BBK	045-1548190	Development		(1,854,806)	14,684
CBA	6427120041	UNFPA		3,153,338	14,608,377
CBA	6427120036	MACRO (US\$)	10,990	1,121,798	1,074,746
CBA	6427120015	PRB (US\$)	817	83,421	6,068,702
	6427120172	prb kshs		5,780,479	1,010,859
CBA	6427120028	UNICEF		1,568,057	8,784
BBK	045-1548204	NCAPD Miscellaneous		15,765,877	11,744,365
BBK	221012119	Dollar	79,731	8,138,167	12,493,707
CBA	6427120104	LQAS Dollar	3,807	388,583	3,663,021
BBK	045-1099655	MISCELLANEOUS		271,412	263,340
CBA	6427120151	Kuhri Kshs		287,267	118,731
CBA	6427120167	Kuhri US\$	15,920	1,624,987	1,401,873
BBK	2034520928			106,827	-
		RPC VARIOUS		428,049	570,297
				30,031,686	53,131,970

Foreign currencies were converted at an exchange rate of 102.07

Financial Statements for National Council for Population and Development for year ended 30th June 2016

NOTE 14 RECIVABLES FROM EXCHANGE

	2015/2016	2014-2015
Receivables	5,802,573	14,731,427

NOTE 15: PAYABLES FROM EXCHANGE

	2015-2016	2014-2015
	21,413,102	28,060,350

NOTE 16: DEFERED INCOMES

	2015/16	2014/15
Macro	1,121,798	1,000,765
PRB	83,421	5,650,956
PRB kshs	5,780,479	1,010,859
UNFPA	3,153,338	14,608,377
Unicef	1,568,057	-
Kuhri Kshs	287,267	118,731
Demographic Dividend LQAS Kshs	-	263,340
Demographic Dividend LQAS	388,583	3,410,873
Kuhri US\$	1,624,987	1,305,373
Total deferred Income	14,007,929	27,369,273

XVII: 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 No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Property Plant and equipment excluded value of un determined land	<p>Management appeared before the National Land Commission for Public hearings as an interested party. We are also in the process of implementing the recommendations of the Public Investment Committee:</p> <ul style="list-style-type: none"> To obtain the list of Directors of Rosestars Properties limited from the Registrar of companies Fence the Land 	Dr. Josephine Kibaru Mbae-Director General	Unresolved However the list of Directors was received from the Registrar of Companies and we received BQs and list of prequalified firms to fence from Public Works.	This is a Policy Matter involving other Public Institutions and it's very difficult to have a time frame. Available information obtained recently is that the land was sold by the Deposit Protection Insurance and the ruling was that we get alternative land.
	Ownership documents for two motor Vehicles could not be verified as these are registered in the	Management managed to transfer ownership from Ministry of Interior to Ministry of devolution and the documents were forwarded to KRA for	Mr. Robert Okumu senior Administration Officer	unresolved	By June 2017

Financial Statements for National Council for Population and Development for year ended 30th June 2016

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	names of other parties	transfer to the council's name. We also obtained blue No. plates for one vehicle			

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Director General



Director Corporate Services

Date..... 21.10.16

Date..... 21.10.16