

REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL



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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
THE COMMISSION ON ADMINISTRATIVE
JUSTICE**

**FOR THE YEAR ENDED
30 JUNE 2017**



THE COMMISSION ON ADMINISTRATIVE JUSTICE
"Office of the Ombudsman"



'Hata Mnyonge Ana Haki'



REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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

THE COMMISSION ON ADMINISTRATIVE JUSTICE
Reports and Financial Statements
For the year ended June 30, 2017

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I. KEY ENTITY INFORMATION AND MANAGEMENT

MEMBERS OF THE COMMISSION

NO.	NAME	POSITION
1	Dr. Regina Mwatha	Acting Chairperson
2.	Saadia A. Mohamed	Commissioner
3.	Leonard S.Ngaluma	Commission Secretary

SENIOR MANAGEMENT STAFF

NO.	NAME	POSITION
1	Leonard S.Ngaluma	Commission Secretary
2.	Daniel Karomo	Director, Finance, and Administration
3.	Vincent Chahale	Director, Legal and Advisory Services
4.	Ismail Maaruf	Director, Compliance and Risk
5.	Micah Nguli	Director, Research and Investigations
6.	Phoebe Nadupoi	Director, Advocacy and Communications
7.	Edward Okello	Special Advisor to the Chair
8.	Daniel Ochung	Finance Manager
9.	Franklin Mutuma	Chief Information Communication and Technology (ICT) Officer
10.	Christine Omolo	Manager, Human Resource
11.	Jenifer Wauda	Acting Supply Chain Manager

(a) Background Information

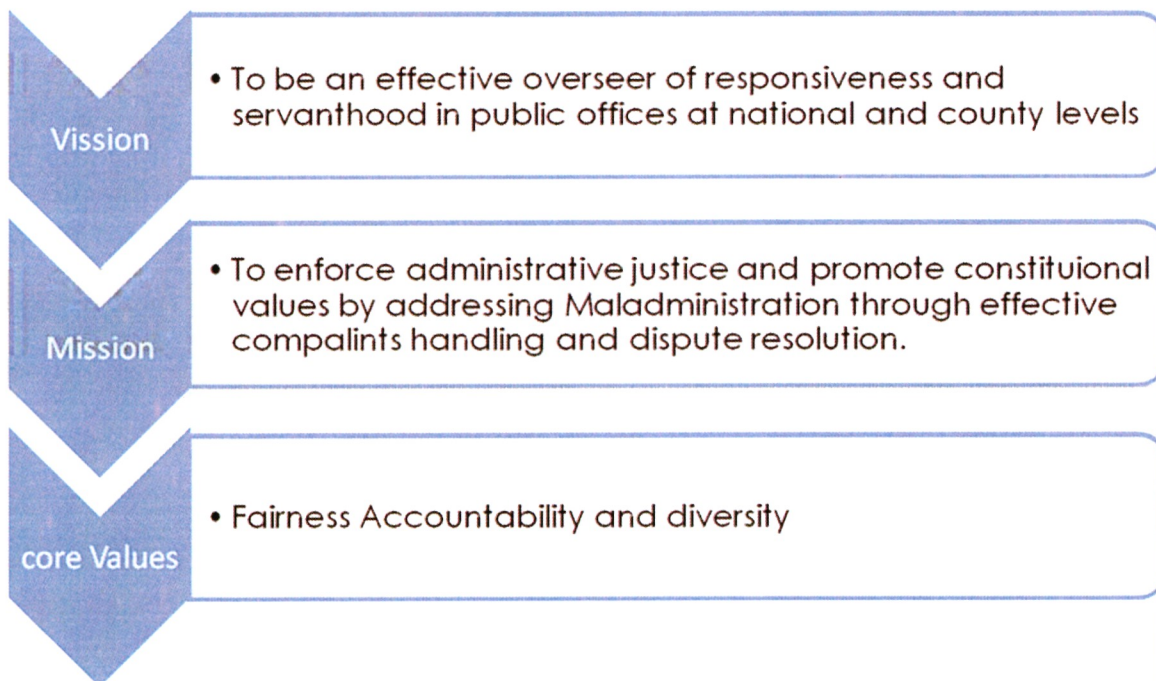
The Commission on Administrative Justice (Office of the Ombudsman) is a Constitutional Commission established under Article 59 (4) and Chapter Fifteen of the Constitution, and the Commission on Administrative Justice Act, 2011.

The Commission has a mandate, inter-alia, to investigate any conduct in state affairs or any act or omission in public administration in any sphere of Government and complaints of abuse of power, unfair treatment, manifest injustice or unlawful, oppressive, unfair or unresponsive official conduct. Further, the Commission has a quasi-judicial mandate to deal with maladministration through conciliation, mediation and negotiation where appropriate.

In the conduct of its functions the Commission has powers to conduct investigations on its own initiative or on a complaint made by a member of the public, issue Summons and require that statements be given under oath, adjudicate on matters relating to Administrative Justice, obtain relevant information from any person or Governmental authorities and to compel production of such information.

Mandate

The mandate of the Commission is to enforce administrative justice in the public sector by addressing maladministration through effective complaints handling and alternative Disputes resolution. In addition, the Commission has a Constitutional mandate to safeguard public interest by promoting constitutionalism, securing the observance of Democratic values and principles, and protecting the sovereignty of the people of Kenya.



Key Strategic Objectives

1. To enhance responsiveness and effectiveness in the public sector in Kenya.
2. To strengthen the complaints handling capacity of public sector institutions.
3. To enhance public awareness and participation in matters of administrative Justice.
4. To improve standards of public administration and adherence to the rule of law.
5. To strengthen the capacity of CAJ to deliver on its mandate.

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Strategic Programmes

The Commission has been able to utilize the limited resources to implement several programs some of which are listed below

1. An outreach programme to create awareness on administrative justice and the Commission's mandate through county visits,
2. Public interest litigation programme on matters of administrative justice and the rule of law,
3. Integrated Public Complaints Referral Mechanism (IPCRM) which is an electronic based system for referring complaints among various institutions,
4. Initiated, promoted and coordinated collaboration among Constitutional Commissions and Independent Offices in Kenya,
5. Initiated collaborations with key players in the chain of administrative justice and in particular the Judiciary, Kenya Prisons Service and the Independent Policing Oversight Authority (IPOA),
6. Forged partnerships and linkages with foreign ombudsman offices in Finland, Rwanda, Ghana and Canada.

Key Strategic Priorities

1. Creating public service that is responsive, accountable, efficient and fair in service delivery
2. Enhance public sector capacity to handle complains
3. Equip and educate Kenyans on matters of administrative justice
4. Constitutionalism and Good Governance in the conduct of state/public affairs.
5. Strengthened capacity of the Commission on Administrative Justice to deliver its mandate.

(b) 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.	Accounting Officer	Mr. Leonard S.Ngaluma, MBS
2.	Director, Finance & Administration	Mr. Daniel Karomo
3.	Finance Manager	Mr. Daniel Ochung

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(c) Fiduciary Oversight Arrangements

The Commission engaged the National Treasury in the process of establishing an Audit Committee. As at the end of the Financial Year under review, terms of reference had been developed for the Members of the Audit Committee in compliance with Public Financial Management Act 2015. The process of recruitment of the members is in due course.

(d) Head Office

P.O. Box 20414-00200
West End Towers
2nd floor Waiyaki Way – Westlands.
Nairobi, KENYA

Contacts

Telephone - +254 –20-2270000/2303000/2603765/2441211
Email: info@ombudsman.go.ke(for general enquiries)
Complaints@ombusman.go.ke(for complaints)
Website: www.ombudsman.go.ke

(e) Entity Bankers

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

(f) Independent Auditors

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

(g) Principal Legal Adviser

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

THE COMMISSION ON ADMINISTRATIVE JUSTICE
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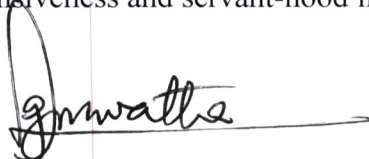
II. FORWARD BY THE CHAIR

I am delighted to present the Annual Report and the Financial Statement for the Commission on Administrative Justice (Office of the Ombudsman) for the financial year ended 30th June 2017. This report is issued in accordance with Article 254 of the Constitution and Section 53 of the Commission on Administrative Justice Act (Chapter 102A of the Laws of Kenya). The report is our statement of accountability to the public on the enforcement of administrative justice and access to information in Kenya.

As you may be aware, the Commission plays a central role in Kenya's attainment of the objectives of the Kenya Vision 2030 and Sustainable Development Goals. This is primarily due to its role in the redress of maladministration and promotion of good governance and efficient delivery of public services in Kenya. Our role flows from the Constitution, the Act as well as the Public Service (Values and Principles), Act, 2015 all of which provide for lawful, efficient, timely, impartial and accountable leadership and delivery of public services. In the reporting period, the mandate of the Commission was expanded to include oversight and enforcement of the right to information under Article 35 of the Constitution and the Access to Information Act, 2016.

I am pleased to note the milestones by the Commission during the reporting period, occasioned by the expanded mandate, strategic and visionary leadership, institutional strengthening, innovation and strategic partnerships. Accordingly, we undertook administrative reviews and investigations on public complaints, issued advisory opinions on matters of public administration, built the complaints handling capacity for public institutions, created awareness on administrative justice and access to information, and undertaken litigation on matters of public interest among others. In addition, we infused proactive measures in our operations for a sound framework for good governance, and inspiration of servant leadership and efficient delivery of public services.

In spite of the foregoing, the Commission faced a number of challenges that affected the optimal attainment of its functions. These included limited resources, unresponsiveness in the public sector, frequent downtime of the Integrated Financial Management and Information System and the increasing number of court cases against the Commission. In order to address the foregoing, we will seek to develop a new strategic plan to guide the Commission through the next phase, leverage on technology, enhance its awareness creation activities, fully operationalise the Access to Information Act and strengthen linkages and partnerships. Certainly, we believe that these measures will institutionalise good governance and enable us to achieve our vision of 'an effective overseer of responsiveness and servant-hood in public offices at National and County levels' in Kenya.



DR. REGINA MWATHA, MBS, Ph.D
ACTING CHAIRPERSON

THE COMMISSION ON ADMINISTRATIVE JUSTICE

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For the year ended June 30, 2017

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the Accounting Officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

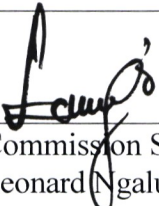
The Accounting Officer in charge of The Commission on Administrative Justice is responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year 2016/2017 ended 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 Commission; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of The Commission on Administrative Justice accepts responsibility for the Commission's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2017, and of the Commission's financial position as at that date. The Accounting Officer in charge of The Commission on Administrative Justice further confirms the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.


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

Approval of the financial statements

The Commission's financial statements were approved and signed by the Accounting Officer on _____ 2017.



Commission Secretary
Leonard Ngaluma, MBS



Director, Finance & Administration
Daniel Karomo

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE COMMISSION ON ADMINISTRATIVE JUSTICE FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Commission on Administrative Justice set out on pages 8 to 24, which comprise the statement of assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statements of appropriation-recurrent, development and combined, 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.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Commission on Administrative Justice as at 30 June, 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standard (Cash Basis) and comply with Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based the audit procedures performed, except for the matter described in the Other Matter section of my report, 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 Commission on Administrative Justice 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.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter described in the Other Matter section of my report, there were no Key Audit Matters to report in the year under review.

Report of the Auditor-General on the Financial Statements of The Commission on Administrative Justice for the year ended 30 June 2018

Other Matter

Article 250(1) of the Constitution of Kenya states that each commission shall consist of at least three but not more than nine members. The number of commissioners appointed to the Commission for Administrative Justice dropped from three to two after resignation of the former chairman with effect from 1 January 2017. Although the management has written to the appointing authority to commence recruitment of new commissioners, the Commission can be challenged in a court of law for the validity of resolutions passed during the period.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Commission's ability 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 Commission or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

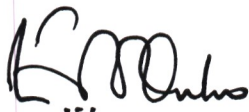
The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Commission'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 Commission's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Commission to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Commission to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

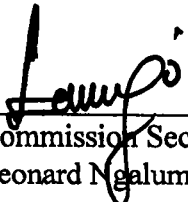
03 May 2018

THE COMMISSION ON ADMINISTRATIVE JUSTICE
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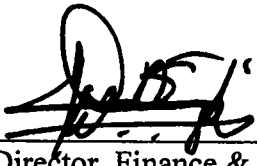
V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017 Kshs	2015-2016 Kshs
RECEIPTS			
Exchequer releases	1	427,300,000	443,900,000
Other Receipts	2	70,500	-
TOTAL RECEIPTS		427,370,500	443,900,000
PAYMENTS			
Compensation of Employees	3	215,388,491	213,671,185
Use of Goods and Services	4	132,576,834	142,276,155
Other Grants and Transfers	5	511,072	429,124
Social Security Benefits	6	54,250,000	57,058,957
Acquisition of Assets	7	7,496,573	3,447,330
TOTAL PAYMENTS		410,222,970	416,882,751
SURPLUS FOR THE PERIOD		17,147,530	27,017,249

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2017 and signed by:



 Commission Secretary
 Leonard Ngaluma, MBS




 Director, Finance & Administration
 Daniel Karomo

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VI. STATEMENT OF ASSETS AND LIABILITIES

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8A	64,779,005	141,181,932
Cash Balances	8B	247,980	177,564
Total Cash and cash equivalent		<u>65,026,985</u>	<u>141,359,496</u>
Accounts Receivables – Outstanding Imprest	9	68,310	114,214
TOTAL FINANCIAL ASSETS		<u>65,095,295</u>	<u>141,473,710</u>
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and Retentions	10	46,954,635	90,544,126
NET FINANCIAL ASSETS		<u>18,140,660</u>	<u>50,929,584</u>
REPRESENTED BY			
Fund Balance b/fwd	11	50,929,584	23,912,335
Prior year adjustments	12	(49,936,454)	-
Surplus for the year		17,147,530	27,017,249
NET FINANCIAL POSITION		<u>18,140,660</u>	<u>50,929,584</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2017 and signed by:



 Commission Secretary
 Leonard Nealuma, MBS



 Director, Finance & Administration
 Daniel Karomo

THE COMMISSION ON ADMINISTRATIVE JUSTICE
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I. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer Releases	468,632,000	(19,942,949)	448,689,051	427,300,000	(21,689,051)	95%
Other Receipts	70,500	-	70,500	70,500	-	100%
TOTALS	468,702,500	(19,642,949)	449,059,551	427,370,500	(21,689,051)	95%
PAYMENTS						
Compensation of Employees	232,800,000	(3,000,000)	229,800,000	215,388,491	(14,411,509)	94%
Use of Goods and Services	170,748,750	(15,039,949)	155,708,801	132,576,834	(23,131,967)	85%
Other Grants and Transfers	572,000	-	572,000	511,072	(60,928)	89%
Social Security Benefits	54,250,000	-	54,250,000	54,250,000	-	100%
Acquisition of Assets	10,261,250	(1,603,000)	8,658,250	7,496,573	(1,161,677)	87%
TOTALS	468,632,000	(19,642,949)	448,989,051	410,222,970	(38,766,081)	91%

Notes

- i. Underutilisation in Compensation of Employees of 94% was as a result of decrease in staff due to resignations during the year.
- ii. Underutilisation in use of goods and services of 85% was as a result of long procurement process and delayed quarterly budget releases.
- iii. Underutilisation in Other Grants and Transfers of 89% was as a result of decrease in membership fees and subscriptions to international organizations during the year under review.
- iv. Underutilisation in Acquisition of Assets of 87% was as a result of long procurement process and delayed quarterly budget releases.
- v. The changes between the original and final budget are as a result of reduction in funding by Exchequer of KSh. 19,642,949 and thus Re-allocation of the budget was necessary

The Entity financial statements were approved on _____ 2017 and signed by:



Commissioner Secretary
Leonard Ngaduma, MBS



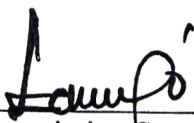
Director, Finance & Administration
Daniel Karomo

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VII. STATEMENT OF CASHFLOWS

		2016 - 2017 Kshs	2015 - 2016 Kshs
Receipts for Operating Income			
Exchequer Releases	1	427,300,000	443,900,000
Other Receipts	2	70,500	-
Payments for Operating Expenses			
Compensation of Employees	3	(215,388,491)	(213,671,185)
Use of Goods and Services	4	(132,576,834)	(142,276,155)
Other Grants and Transfers	5	(511,072)	(429,124)
Social Security Benefits	6	(54,250,000)	(57,058,957)
Adjusted for:			
Changes in Payables		(43,589,492)	37,360,664
Adjustments during the year	12	(49,936,454)	-
Net Cash flow from Operating Activities		(68,881,842)	67,825,243
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	(7,496,573)	(3,447,330)
Net cash flows from Investing Activities		(7,496,573)	(3,447,330)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings		-	-
Proceeds from Foreign Borrowings		-	-
Repayment of Principal on Domestic and Foreign borrowing		-	-
Net Cash flow from Financing Activities		-	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		(76,378,415)	64,377,913
Cash and Cash Equivalent at BEGINNING of the year		141,473,712	17,732,399
Cash and Cash Equivalent at END of the year		65,095,297	82,110,312

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2017 and signed by:



 Commission Secretary
 Leonard Ngaluma, MBS



 Director, Finance & Administration
 Daniel Karomo

THE COMMISSION ON ADMINISTRATIVE JUSTICE
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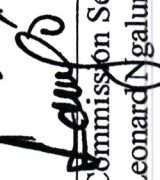
Σ. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer Releases	468,632,000	(19,942,949)	448,989,051	427,300,000	(21,689,051)	95%
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TOTALS	468,702,500	(19,642,949)	449,059,551	427,370,500	(21,689,051)	95%
PAYMENTS						
Compensation of Employees	232,800,000	(3,000,000)	229,800,000	215,388,491	(14,411,509)	94%
Use of Goods and Services	170,748,750	(15,039,949)	155,708,801	132,576,834	(23,131,967)	85%
Other Grants and Transfers	572,000	-	572,000	511,072	(60,928)	89%
Social Security Benefits	54,250,000	-	54,250,000	54,250,000	-	100%
Acquisition of Assets	10,261,250	(1,603,000)	8,658,250	7,496,573	(1,161,677)	87%
TOTALS	468,632,000	(19,642,949)	448,989,051	410,222,970	(38,766,081)	91%

Notes

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- ii. Underutilisation in use of goods and services of 85% was as a result of long procurement process and delayed quarterly budget releases.
- iii. Underutilisation in Other Grants and Transfers of 89% was as a result of decrease in membership fees and subscriptions to international organizations during the year under review.
- iv. Underutilisation in Acquisition of Assets of 87% was as a result of long procurement process and delayed quarterly budget releases.
- v. The changes between the original and final budget are as a result of reduction in funding by Exchequer of KSh. 19,642,949 and thus Re-allocation of the budget was necessary

The Entity financial statements were approved on _____ 2017 and signed by:


 Commission Secretary
 Leonard Ng'ang'ama, MBS


 Director, Finance & Administration
 Daniel Karomo

**Reports and Financial Statements
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2. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer Releases	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
PAYMENTS						
Compensation of Employees	-	-	-	-	-	-
Use of Goods and Services	-	-	-	-	-	-
Other Grants and Transfers	-	-	-	-	-	-
Social Security Benefits	-	-	-	-	-	-
Acquisition of Assets	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-
TOTALS	-	-	-	-	-	-

Note

- i. The Commission did not have any allocation for development expenditure during the year under review.

The entity financial statements were approved on _____ 2017 and signed by:



Commission Secretary
Leonard Ngaluma, MBS



Director, Finance & Administration
Daniel Karomo

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mission and all values are rounded to the nearest thousand (Kshs'000). The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board.

1. Recognition of Receipts and Payments

The Commission recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Commission. In addition, the Commission recognises all expenses when the event occurs and the related cash has actually been paid out by the Commission.

2. Acquisition of Fixed Assets

A fixed Asset Register is maintained by the Commission and a summary provided for purposes of disclosure. This summary is disclosed as an Annexure to the Commission's financial statements for the year under review.

3. In-Kind Contributions

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

4. Cash and Cash Equivalents

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

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-Current Assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.

8. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Commission at the end of the year. Pending bills form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made. The Commission did not have any pending bills for the financial year ended 30th June 2017.

9. Budget

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

10. Comparative Figures

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

11. Subsequent Events

Events subsequent to submission of the financial year end financial statements to the National Treasury and other Stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of the National Treasury.

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XI. NOTES TO THE FINANCIAL STATEMENTS

1 EXCHQUER RELEASES

Number of Quarters	2016 - 2017	2015 - 2016
	Kshs	Kshs
Total Exchequer Releases for Quarter 1	100,800,000	68,700,000
Total Exchequer Releases for Quarter 2	78,900,000	83,000,000
Total Exchequer Releases for Quarter 3	133,000,000	120,900,000
Total Exchequer Releases for Quarter 4	114,600,000	171,300,000
Total	427,300,000	443,900,000

2 OTHER REVENUES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Receipts from Administrative Fees and Charges	-	-
Receipts from Administrative Fees and Charges - Collected as AIA	-	-
Receipts from Incidental Sales by Non-Market Establishments	-	-
Receipts from Sales by Non-Market Establishments	-	-
Receipts from Insurance Claims Recovery	70,500	-
Fines Penalties and Forfeitures	-	-
Receipts from Voluntary Transfers other than Grants	-	-
Other Receipts Not Classified Elsewhere	-	-
Total	70,500	-

3 COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic Salaries of Permanent Employees	159,298,512	154,029,268
Basic Wages of Temporary Employees	5,836,776	-
Personal Allowances paid as part of Salary	49,368,683	59,159,757
Personal Allowances paid as Reimbursements	-	-
Personal Allowances provided in Kind	-	-
Pension and other Social Security Contributions	-	-
Employer Contributions Compulsory National Social Security Schemes	884,520	482,160
Employer Contributions Compulsory National Health Insurance Schemes	-	-
Total	215,388,491	213,671,185

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 USE OF GOODS AND SERVICES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Utilities, Supplies and Services	2,168,366	2,225,555
Communication, Supplies and Services	9,330,227	11,479,309
Domestic Travel and Subsistence	10,301,043	11,511,059
Foreign Travel and Subsistence	4,515,958	5,390,706
Printing, Advertising and Information Supplies & Services	4,468,023	3,514,434
Rentals of Produced Assets	47,339,716	48,571,954
Training Expenses	12,940,301	6,092,502
Hospitality Supplies and Services	5,111,161	4,198,138
Insurance Costs	17,616,182	20,705,636
Specialized Materials and Services	570,675	3,000
Office and General Supplies and Services	5,622,764	6,240,755
Other Operating Expenses	6,129,651	7,675,558
Routine Maintenance – Vehicles and other Transport Equipment	2,764,996	7,162,064
Fuel Oil and Lubricants	2,066,285	5,359,000
Routine Maintenance – Other Assets	1,631,486	2,146,485
Total	132,576,834	142,276,155

5 OTHER GRANTS AND TRANSFERS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Membership Dues and Subscriptions to International Organizations	511,072	429,124
Grants to Foreign Government	-	-
Total	511,072	429,124

6 SOCIAL SECURITY BENEFITS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Government Pension and Retirement Benefits	54,250,000	57,058,957
Social Security Benefits in Cash and in Kind	-	-
Employer Social Benefits in Cash and in Kind	-	-
Total	54,250,000	57,058,957

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2016 - 2017	2015 - 2016
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	2,863,691	414,880
Construction of Roads	-	-
Construction and Civil Works	-	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	3,308,248	209,100
Purchase of ICT Equipment, Software and Other ICT Assets	1,324,634	-
Purchase of Specialized Plant, Equipment and Machinery	-	2,823,350
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	-
Research, Studies, Project Preparation, Design & Supervision	-	-
<u>Financial Assets</u>	-	-
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Foreign Payables - From Previous Years	-	-
Total	7,496,573	3,447,330

8A: Bank Accounts

Name of Bank, Account No. & Currency	Amount in Bank Account Currency	Indicate whether Recurrent, Development, Deposit e.t.c	Exchange Rate (if in Foreign Currency)	2016 - 2017	2015 - 2016
				Kshs	Kshs
Central Bank of Kenya,, Account No:1000181524	KES	Recurrent		17,824,369.70	49,937,805.95
Central Bank of Kenya,, Account No:1000182377	KES	Deposit		46,954,634.95	90,544,126.45
Central Bank of Kenya,, Account No:1000182644	KES	CBK 165		-	700,000.00
Total				64,779,004.65	141,181,932.40

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8B: CASH IN HAND

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Cash in Hand – Held in domestic currency	247,980.05	177,564
Cash in Hand – Held in foreign currency	-	-
Total	<u>247,980.05</u>	<u>177,564</u>

Cash in Hand should also be analysed as follows:

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Location 1- Head offices	247,980.05	177,564
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	<u>247,980.05</u>	<u>177,564</u>

Cash count certificates for the above amount has been provided as an attachment to the financial statements.

9: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Category of Accounts Receivable	2016 - 2017	2015 - 2016
	Kshs	Kshs
Government Imprests	68,310	114,214
Salary Advances	-	-
Total	<u>68,310</u>	<u>114,214</u>

Below is the detailed listing of the outstanding imprest:

Name of Officer	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Saidi Swalehe Gongo	12/04/2017	4,500	-	4,500
Amelia Jackline Atieno O.	03/05/2017	14,000	-	14,000
John Khaoya Wanyonyi	20/06/2017	17,080	-	17,080
Nora Moraa Nyangwono	14/05/2017	14,480	-	14,480
Vincent Mudogo Chahale	10/05/2017	14,250	-	14,250
Chizi Adhiambo Ambala	12/06/2017	4,000	-	4,000
Total				<u>68,310</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. ACCOUNTS PAYABLE

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Deposits	46,954,634.95	90,544,126
Total	46,954,634.95	90,544,126

These are contractors' retention moneys and staff gratuity held in the deposit account to be settled when due for payment

11. FUND BALANCES BROUGHT FORWARD

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bank Accounts	141,181,932	64,711,354
Cash in Hand	177,564	29,808
Accounts Receivables	114,214	1,099,723
Accounts Payables	(90,544,126)	(41,928,549)
Total	50,929,584	23,912,335

These are the fund balances that were brought forward from the 2015/16 financial year. The recurrent bank balances were however taken back by exchequer as shown in note 12

12. PRIOR YEAR ADJUSTMENTS

Description of the error	2016 - 2017	2015 - 2016
	Kshs	Kshs
Adjustments on bank account balances	(49,822,240)	-
Adjustments on receivables	(114,214)	-
	(49,936,454)	-

The prior year adjustments relate to bank balances that were swept back to exchequer at the beginning of the year of Ksh 49,822,240 from the recurrent account. Adjustments on receivables of KSh. 114,214 relate to imprest amount surrendered as expenses in the current year but relate to the prior year. These adjustments affect the Statement of Assets as they result into the reduction of the fund balance brought forward.

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12. OTHER IMPORTANT DISCLOSURES

PENDING ACCOUNTS PAYABLE (See Annex 1)

	Kshs	Kshs
Construction of Buildings	-	-
Construction of Civil Works	-	-
Supply of Goods	-	6,340,989
Supply of Services	-	785,032
	-	<u>7,126,021</u>

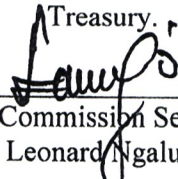
PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMMENDATIONS

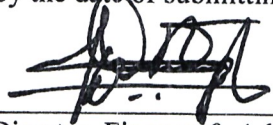
The following is the summary of issues raised by the External Auditor, and Management Comments that were provided to the Auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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)
Paragraph 7 – Basis for Qualified Opinion	Pending bills as at 30 th June 2016 of KSh.7,126,021	The matter has already been resolved	Supply Chain Manager	Resolved	The matter stands solved The payment of this amount was treated as a first charge on the Approved Budget for the 2016/17 Financial Year

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

 Commission Secretary
 Leonard Ngaluma, MBS


 Director, Finance & Administration
 Daniel Karomo

THE COMMISSION ON ADMINISTRATIVE JUSTICE
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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	a	b	c	d=a-c		
Construction of Buildings						
1.						
Sub-Total	-	-	-	-	-	
Construction of Civil Works						
2.						
Sub-Total	-	-	-	-	-	
Supply of Goods						
3. Furniture	-	-	-	-	1,994,000	
4. Furniture	-	-	-	-	289,500	
5. Furniture	-	-	-	-	215,480	
6. Brochures	-	-	-	-	296,000	
7. Suspension files	-	-	-	-	16,740	
8. Tonners	-	-	-	-	320,299	
9. Tonners	-	-	-	-	824,760	
10. Motor vehicle rims	-	-	-	-	26,280	
11. Office folders	-	-	-	-	173,500	
12. Tonners	-	-	-	-	326,424	
13. Tonners	-	-	-	-	924,856	
14. Laptops and Printer	-	-	-	-	264,480	
15. Annual Report	-	-	-	-	334,080	
16. Staff uniforms	-	-	-	-	334,590	
Sub-Total	-	-	-	-	6,340,989	

THE COMMISSION ON ADMINISTRATIVE JUSTICE

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
Supply of Services						
17. Legal services	-	-	-	-	750,000	
18. Telephone bills					35,032	
Sub-Total	-	-	-	-	785,032	
Grand Total	-	-	-	-	7,126,021	



Commissioner/Secretary
Leonard Ngaluma, MBS

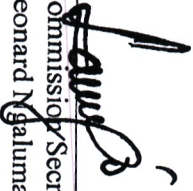


Director, Finance & Administration
Daniel Karomo

THE COMMISSION ON ADMINISTRATIVE JUSTICE
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ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset Class	Historical Cost b/f (Kshs) 2015/2016	Additions during the Year (Kshs)	Disposals during the Year (Kshs)	Historical Cost c/f (Kshs) 2016/17
Land	-	-	-	-
Buildings and Structures	-	2,863,691.00	-	2,863,691.00
Transport Equipment	45,186,296.00	-	-	45,186,296.00
Office Equipment, Furniture and Fittings	9,478,297.00	3,308,248.00	-	12,786,545.00
ICT Equipment, Software and Other ICT Assets	14,615,000.00	1,324,634.00	-	15,939,634.00
Other Machinery and Equipment	6,518,633.00	-	-	6,518,633.00
Heritage and Cultural Assets	-	-	-	-
Intangible Assets	-	-	-	-
Total	75,798,226.00	7,496,573.00	-	83,294,799.00


 Commissioner Secretary
 Leonard Ngaluma, MBS


 Director, Finance & Administration
 Daniel Karomo

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