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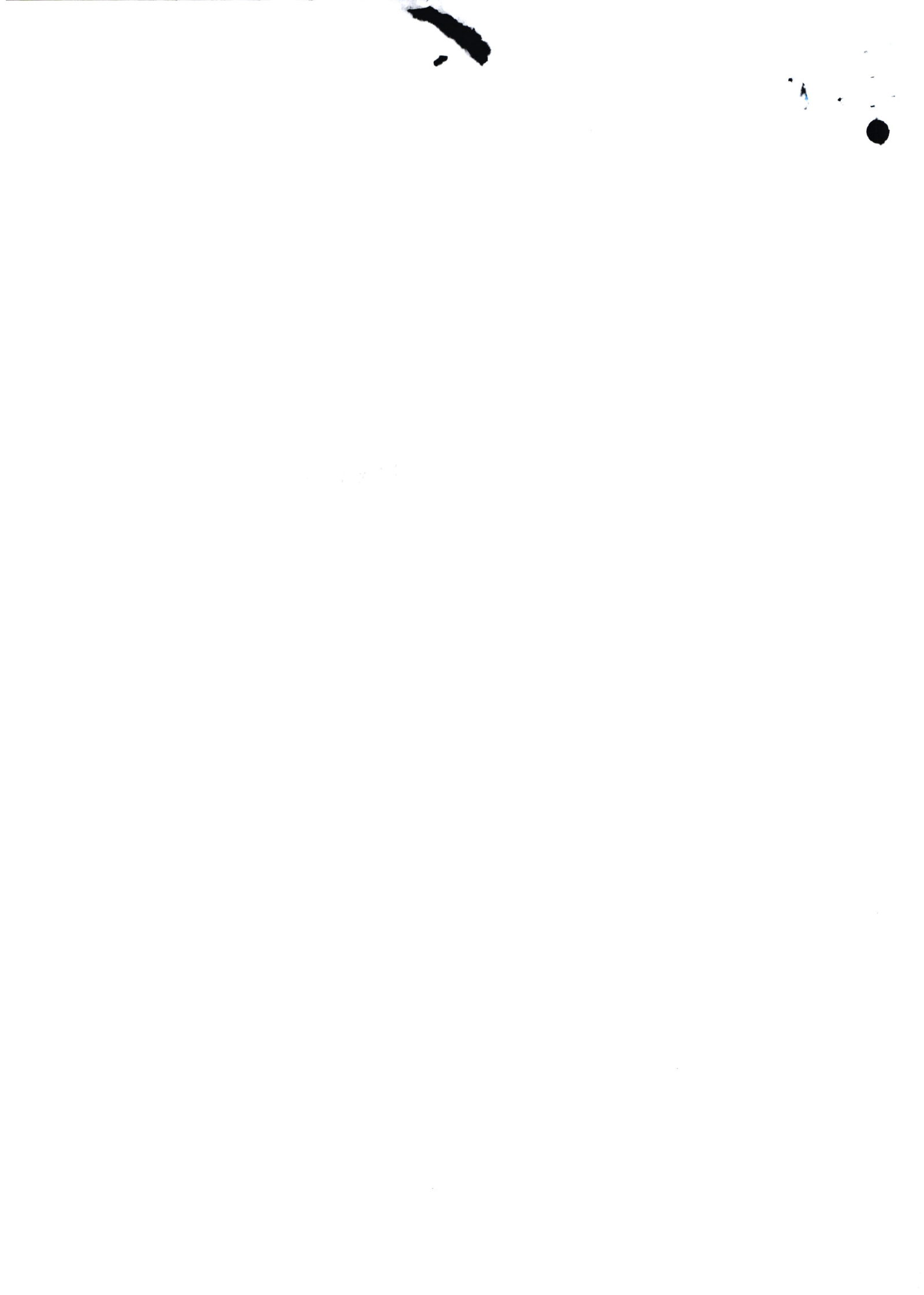
OF
THE AUDITOR-GENERAL

ON

TREASURY MAIN CLEARANCE FUND

**FOR THE YEAR ENDED
30 JUNE, 2020**

THE NATIONAL TREASURY



Appendix 1

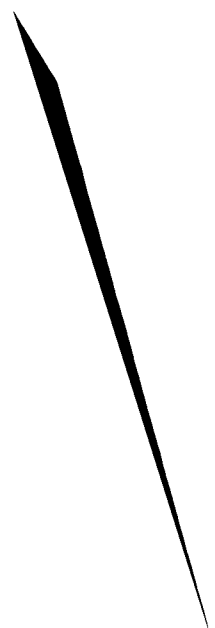
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THE NATIONAL TREASURY AND PLANNING
AMENDED
TREASURY MAIN CLEARANCE FUND (TMC)
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30TH, 2020

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



THE NATIONAL TREASURY AND PLANNING
FINANCIAL STATEMENTS
TREASURY MAIN CLEARANCE FUND (TMC)
FOR THE YEAR ENDING JUNE 30, 2020

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**THE NATIONAL TREASURY AND PLANNING
FINANCIAL STATEMENTS
TREASURY MAIN CLEARANCE FUND (TMC)
FOR THE YEAR ENDING JUNE 30, 2020**

I. KEY ENTITY INFORMATION AND MANAGEMENT

1. NATIONAL TREASURY INFORMATION AND MANAGEMENT

(a) Background Information

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

At Cabinet level, the National Treasury is represented by the Cabinet Secretary for National Treasury and Planning, who is responsible for the general policy and strategic direction of the Ministry with the assistance of the Chief Administrative Secretary.

Vision

“Excellence in economic and public financial management, and development planning”

Mission

“To provide leadership in economic and public financial management, and development planning for shared growth through formulation, implementation and monitoring of economic, financial and development policies”

Core Values

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

Mandate of the National Treasury

The National Treasury derives its mandate from Article 225 of the Constitution, Public Finance Management Act 2012 and the Executive Orders No.2/2013 and No.1/2018. The National Treasury will be executing its mandate in consistency with any other legislation as may be developed or reviewed by Parliament from time to time.

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

- Formulate, implement and monitor macro-economic policies involving expenditure and revenue;
- Manage the level and composition of national public debt, national guarantees and other financial obligations of national government;
- Formulate, evaluate and promote economic and financial policies that facilitate social and economic development in conjunction with other national government entities;

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- Mobilize domestic and external resources for financing national and county government budgetary requirements;
- Design and prescribe an efficient financial management system for the national and county governments to ensure transparent financial management and standard financial reporting.
- In consultation with the Accounting Standards Board, ensure that uniform accounting standards are applied by the national government and its entities;
- Develop policy for the establishment, management, operation and winding up of public funds;
- Prepare the annual Division of Revenue Bill and the County Allocation of Revenue Bill;
- Strengthen financial and fiscal relations between the national government and county governments and encourage support for county governments
- Assist county governments to develop their capacity for efficient, effective and transparent financial management; and
- To prepare the National Budget, execute/implement and control approved budgetary resources to MDAs and other Government agencies/entities.

Role of the National Treasury in the Devolved System of Government

The National Treasury is mandated by law to:

- Strengthen financial and fiscal relations between the National Government and County Governments and support for county governments in performing their functions;
- Issue guidelines on the preparation of county development planning;
- Prepare the annual legislative proposals on intergovernmental fiscal transfers;
- Provide logistical support to intergovernmental institutions overseeing intergovernmental fiscal relations;
- Coordinate the development and implementation of financial recovery plans for County Governments that are in financial distress;
- Build capacity of County Governments on public finance management matters for efficient, effective and transparent financial management as well as planning, monitoring and evaluation and;
- Administer the Equalization Fund.

(b) Key Entity Information and Management

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

Office of the Principal Secretary

This office is responsible for the administration of the National Treasury operations. In addition, the Principal Secretary is charged with the responsibility of providing advice to the Cabinet Secretary in order to enhance efficiency and collective responsibility.

Organizational Structure of the National Treasury

The National Treasury is organized into four (4) technical Directorates headed by Directors General and (1) Administrative and Support Services Directorate headed by a Principal Administrative

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Secretary. Each Director General is responsible for a Directorate comprising a cluster of Departments responsible for related policy functions. The Directorates and Departments are as follows:

Directorate of Budget, Fiscal and Economic Affairs

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

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

Directorate of Accounting Services and Quality Assurance

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

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

Directorate of Portfolio Management

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

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

Directorate of Public Debt Management Office

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

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

Directorate of Administrative and Support Services (Common Shared Services)

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

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The functions include:

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

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S/No.	Designation	Name
1.	Principal Secretary	Dr. Julius Muia, PhD, CBS
2.	Principal Administrative Secretary	Mr. Amos Gathecha, EBS
3.	Ag. Director General, BFEA	Mr. Albert Mwenda, HSC
4.	Director General, Accounting Services	Mr. Bernard Ndung'u, MBS
5.	Ag. Director General, PIPM	Eng. Stanley Kamau
6.	Director General, PDMO	Dr. Haron Sirma, OGW
7.	Director, Macro and Fiscal Affairs Department	Mr. Musa Gathanje
8.	Director, Budget Department	Mr. Francis Anyona, OGW
9.	Director, Financial and Sectoral Affairs Department	Prof. Galgalo Barako
10.	Director, Public Procurement Department	Mr. Eric Korir
11.	Director, Intergovernmental Fiscal Relations Department	Mr. Albert Mwenda, HSC
12.	Internal Auditor General	Mr. Alfayo Mogaka
13.	Ag Director, Government Accounting Services Department	Mr. Jona Wala
14.	Ag Director, National Sub County Treasuries	Mr. Francis Kariuki
15.	Director, Financial Management Information System	Mr. Stanley Kamanguya
16.	Ag. Director, Public Private Partnership Unit	Mrs. Veronica Okoth
17.	Director, National Assets and Liability Management	Mrs. Beatrice Gathirwa
18.	Director, Government Investment and Public Enterprises	Mr. Kennedy Ondieki
19.	Director, Pensions Department	Mr. Michel Kagika, EBS
20.	Director, Resource Mobilization Department	Mr. Moses Kanagi
21.	Director, Debt Policy, Strategy and Risk Management Department	Mr. Daniel Ndolo
22.	Ag Director, Debt Recording and Settlement Department	Mr. George Kariuki
23.	Senior Deputy Director of Administration	Mr. Boniface Simba, OGW
24.	Head, Accounts Division	Mr. Nemwel M. Motanya
25.	Head, Finance	Mr. Kimathi Mugambi, HSC
26.	Head, SCM	Mr. Aggrey kituyi
27.	Head, Internal Audit Unit	Mr. Esther Ngeru
28.	Director, Human Resource Management and Development	Ms. Susan Mucheru
29.	Ag Director, Information Communication and Technology	Mrs. Lynn Nyongesa
30.	Head, Central Planning and Project Monitoring Unit	Mr. Antony Muriu
31.	Head, Public Communications	Mr. Robert Chepkwony
32.	Programme Coordinator, Public Financial Management Reform Secretariat	Mr. Julius Mutua
33.	Director, Government Clearing Agency	Mr. Felix Ateng

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(d) Fiduciary Oversight Arrangements

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

Internal Audit Unit

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

Audit Committees

In line with the Public Finance Management Act, the National Treasury has established a Ministerial Audit Committee comprising five members, three of whom are independent. The Committee provides overall oversight and quality assurance including follow up on the effectiveness of implementation of audit recommendations.

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

Project Implementation Committee

To monitor the implementation of the Government's Infrastructure Projects, the National Treasury has established a Project Steering Committee comprising Principal Secretaries from implementing Ministries and appointed a technical committee comprising officers from the technical departments of the Ministry. The Committees review and analyse the progress made by ministries in the implementation of domestically and externally funded projects and advises accordingly.

Parliamentary Activities

In order to effectively manage the parliamentary activities relating to the Ministry, the National Treasury has established a Committee and designated a liaison officer to coordinate the activities under the Office of the Cabinet Secretary in consultation with the Office of the Chief Administrative Secretary.

Development Partner Oversight

To effectively manage Official Development Assistance to the Government, the National Treasury has under the Public Debt Management a Department responsible for all matters relating to Development Partners. The Department has various Units that coordinate different development partner activities in the Country.

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

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Top Management and Senior Management Committees

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

Public Financial Management Sector Working Group

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

Budget Implementation Steering Committee

In order to effectively monitor the implementation of the National Government budget implementation, The National Treasury has established a steering Committee Chaired by the Cabinet Secretary, National Treasury and Planning. The Principal Secretaries for the National Treasury and State Department of Planning provide general oversight in the Budget implementation.

Budget Implementation Technical Committee

The Committee is chaired by the Principal Administrative Secretary and comprises the Directors General and various Heads of Department. The Committee is responsible for monitoring the actual implementation of the identified measures and programmes and reporting detailed progress on the same regularly.

Budget Implementation Ministerial Committee

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

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Monitoring and Evaluation

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

(e) The National Treasury Headquarters

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

The National Treasury Contacts

Telephone: (254)020-2252299
Email: info@treasury.go.ke
Website: www.treasury.go.ke

(f) The National Treasury Bankers

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

(g) Independent Auditors

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

(h) Principal Legal Adviser

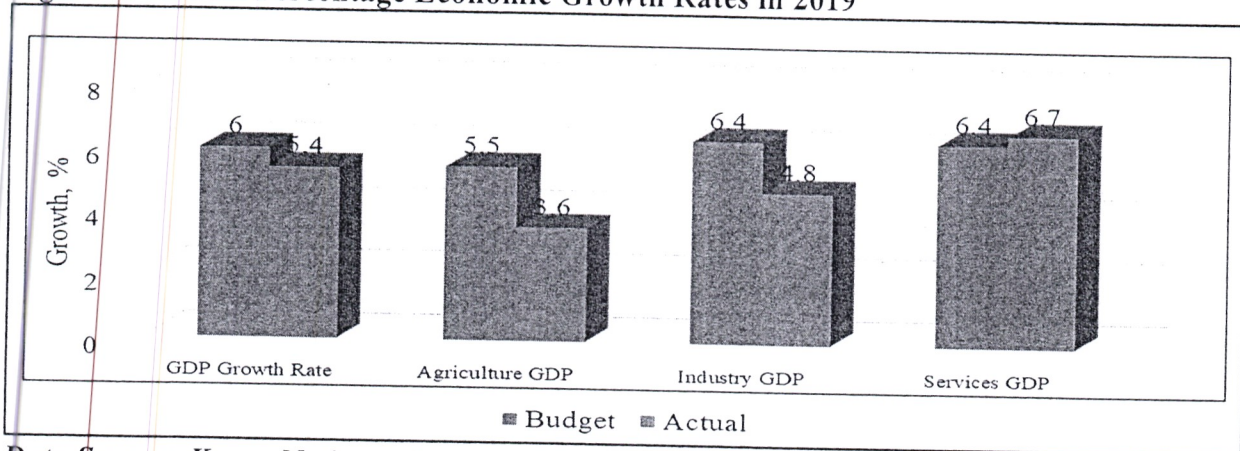
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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II. FORWARD BY THE CABINET SECRETARY

The National Treasury is mandated to coordinate economic and financial management of the country in accordance with section 12 of the Public Finance Management Act, 2012. Overall, the National Treasury has strived to maintain a policy environment that is conducive to economic growth and development of the country. As a result of consistent implementation of bold economic policies, structural reforms and sound macroeconomic management, the economy remained strong in 2019 expanding by 5.4 percent compared to a growth of 6.3 per cent in 2018. The growth was spread across all sectors of the economy but was more pronounced in service-oriented sectors including Financial and Insurance as well as in Real Estate sub-sectors. However, there was a slowdown in agricultural activities due to suppressed long rains in key agricultural zones. In the first quarter of 2020, economic performance in most sectors slowed down compared to the corresponding quarter of 2019. Real GDP grew by 4.9 per cent during the review period compared to 5.5 per cent growth in the first quarter of 2019. The economy was affected by the uncertainty surrounding the corona pandemic that was already slowing economic activity in most of the country’s major trading partners. Additionally, the economic slowdown in fourth quarter was aggravated by 9.3 per cent contraction in Accommodation and Food Service activities on account of Corona Virus containment measures instituted in our major tourist source markets.

Figure 1: Annual Percentage Economic Growth Rates in 2019



Data Source: Kenya National Bureau of Statistics, MTP III

Despite the difficult circumstances faced last year, the country was able to preserve macroeconomic stability with inflation, interest rates and exchange rates remaining largely stable. Year-on-year overall inflation rate remained within the Government target range of 5+/-2.5 percent at 4.6 percent in June 2020 down from 5.7 percent in June 2019. This was supported by improving food supply leading to lower food prices due to favourable weather conditions and lower international oil prices. Similarly, overall annual average inflation remained within Government target range at 5.5 percent in June 2020 compared to the 5.2 percent recorded in June 2019.

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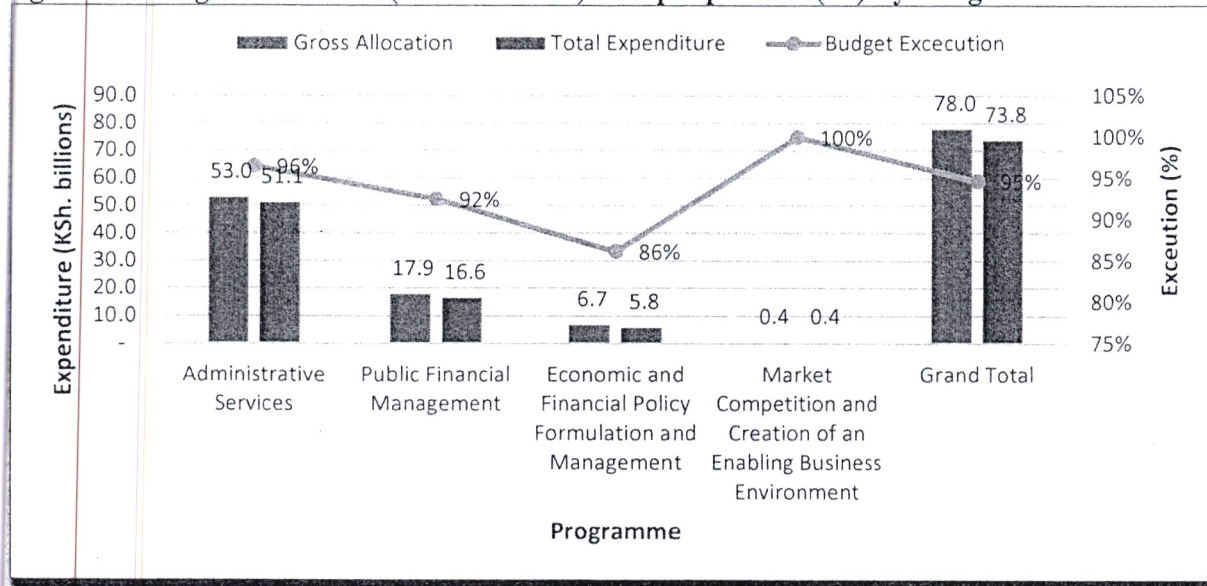
By the end of June 2020, Total revenue collected, inclusive of the ministerial A-I-A, recorded an annual growth of 1.9 percent, a decline from a growth of 11.7 percent recorded in June 2019. The decline is attributed to the difficult operating environment due to the Covid-19 pandemic which adversely affected revenue performance especially in the fourth quarter.

In order to ensure increased efficiency, stability and access of the financial sector, the National Treasury published the Public Finance Management (amendments) Bill, 2020. The Bill which was assented to by H.E the President seeks to establish the Credit Guarantee Scheme for Micro, Small and Medium Enterprises (MSMEs) in Kenya. The Bill will enable the government to give its undertaking to participating financiers that in the event of a default on loans advanced to MSMEs, the government will pay part of the loan in default. Targeted credit support to MSMEs will lead to growth in output with the potential to uplift the lives of many Kenyans through job creation.

In terms of budget performance, the National Treasury expenditure stood at Kshs.73.810m against an approved budget of Kshs.77.973m. translating to an overall absorption rate of 95%. The National Treasury implemented the 2019/20 budget within four economic classifications/programmes. These were General Administration, Planning and Support Services, Public Financial Management, Economic and Financial Policy Formulation and Management, and Market Competition and Creation of an Enabling Business Environment. As demonstrated in the bar chart below, the Market Competition Programme had the highest absorption at 100% followed by General Administration, Planning and Support Services at 96%, Economic and Financial Policy Formulation and Management (92%) and Public Financial Management Programme at 86%.

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Figure 2: Budget Execution (KSh. Billions) and proportion (%) by Programmes



The 100% absorption rate in Market Competition and Creation of an Enabling Business Environment programme is attributed to transfers to Semi Autonomous Government Agencies (SAGAs) under the National Treasury which implemented this programme.

The lowest performing programme is Economic and Financial Policy Formulation and Management at 86%. This is attributed to underperformance in absorption in sub-classifications of Routine Maintenance (7%) and Acquisition of Capital Assets (4%) which was mainly due to scaled down activity as a result of COVID 19 related adjustments.

Other key achievements during the period under review are as follows;

- A framework for processing of tax exemptions and waivers was developed. The framework will help in managing the tax expenditures.
- A Draft Sovereign Wealth Fund Bill and Policy that establishes a framework for managing revenues from minerals, oil and gas was developed and submitted to the AG for legal drafting.
- To enhance revenue collection, the Finance Act, 2019 was developed and enacted by Parliament. In addition, the current Income Tax Act was reviewed and a new Income Tax Bill developed and submitted to parliament.
- The Tax Procedures Act, 2015 (TPA) was also amended through the Finance Act to simplify declaration and remittances by taxpayers.
- In order to promote financial inclusion and a culture of savings among the lower income groups/informal sector workers, the National Treasury issued a MAkiba bond tranche worth Ksh 500 million during the period under review. The tranche attracted subscriptions worth Ksh 263 million or approximately 52.6% success rate. In addition, the National Treasury formulated Kenya's Public Debt and Borrowing Policy which was approved by Cabinet. The Policy provides for guidance on debt management and contracting of new public debt, ensures value for money from debt funded programmes and safeguards debt sustainability.

The emerging issues that have impacted the operations of the National Treasury include;

- The outbreak of COVID-19 pandemic affected achievement of targets due to delay and disruption of the policy making process especially in public participation and change of priorities arising from the urgent need to contain the spread of COVID-19.
- The global political landscape such the Brexit affected attainment of some of the targets.

Some of the challenges the National Treasury faced while implementing the 2019/20 budget include:-

- Lack of adequate funds to finance all the budget requests by Ministries, Departments and Agencies.
- Low absorption of Official Development Assistance (ODA).
- Inadequate staff capacity in some key technical Departments.

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

- Domestic borrowing to plug the financing gap created by non-performing revenue.
- Expenditure reduction strategies such as austerity measures and a ban on new projects to ensure available money is used in completing old projects.
- Enhanced the Government's cash management system to avoid undue pressure on payment flows and interest rates, and reduce borrowing costs for the government and the private sector.
- Promoted the Public Private Partnership initiatives to finance government capital projects.
- Engaged other developments partners for concessional loans and grants as well as pursued strategies to finance government projects.



Hon, Amb, Ukur Yatani, EGH
Cabinet Secretary, National Treasury and Planning

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III. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives. The key development objectives of the MDA's 2018-2022 plan are to: -

- (a) strengthen organization capacity for quality service delivery
- (b) enhance mobilization, allocation and utilization of public resources.
- (c) ensure stable and sustainable macro-economic environment.
- (d) ensure market structures that encourage competition and orderly conduct of business.

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

MDA Program	Objective	Outcome	Indicator	Performance
General Administration, Planning and Support Services.	Strengthen organization capacity for quality	Efficient and effective service delivery	% improvement in service delivery	Fixed lifts for Bima House, Installed CCTVs, refurbished two floors, promoted staff and launched the PSSS Pension Scheme.
Public Financial Management	Enhance mobilization, allocation and utilization of public resources.	Transparent and accountable management of public resources	Public Procurement Regulations	Developed PPDA regulations
			Consolidated Annual Accounts	Annual accounts prepared
			Annual national budget presented to Parliament by 30th April	Budget presented to parliament
Economic and Financial Policy Formulation and Management	Ensure stable and sustainable macro-economic environment.	Stable macroeconomic environment for economic growth	Real GDP growth rate (%)	5.4 %
			Inflation rate (%)	4.6%

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			Months of import cover	5.0 months of import cover
			% of fiscal deficit	8.2% of GDP
Market Competition and Creation of an Enabling Business Environment	Ensure market structures that encourage competition and orderly conduct of business.	Sustained high productivity and competitive markets	Percentage of consumer complaints investigations concluded	80% of the consumer complaints investigated

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The National Treasury exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on the following core values: customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

Sustainability strategy and profile –

To ensure economic sustainability, the National Treasury has put in place several measures geared towards protecting the economy and its citizens against major economic shocks. Some of them include; reduction of VAT and review of income tax to cushion citizens during the COVID 19 pandemic, reorganized the budget to reflect the realities of the current situation and to manage expenditure among others. Going forward into the medium term, the Government will continue in its fiscal consolidation path with the overall fiscal deficit being maintained broadly at the levels outlined in the Budget Policy Statement (BPS). This will ensure debt is maintained within sustainable levels. The fiscal deficit is expected to decline from 7.7 percent of GDP in FY 2018/19 to 3.3 percent by FY 2023/24. This deliberate fiscal consolidation plan also resonates well with the East African Monetary Union's (EAMU) protocol target ceiling of 3.0 percent of GDP. To achieve this target, the Government will continue to restrict growth in recurrent spending and double its effort in domestic resource mobilization. In the FY 2019/20, the Government implemented a raft of tax policy measures through the Budget Policy Statement, the Tax Amendment law and the Finance Act, 2019. In addition, the modernized Income Tax Bill currently undergoing legal drafting, will also ease administrative bottlenecks, improve compliance and boost revenue collection, thereby supporting the government's fiscal consolidation efforts. Further, the establishment of Public Investment Management (PIM) Unit at the National Treasury continues to play a great role in enhancing efficiency in identification and implementation of priority social and investment projects. This takes into account the Government's efforts to increase efficiency, effectiveness, transparency, and accountability of public spending. In particular, the implementation of PIM regulations under the Public Finance Act will streamline the initiation, execution and delivery of public investment projects. It will also curtail runaway project costs, eliminate duplications and improve working synergy among implementation actors for timely delivery of development projects.

Environmental performance

The National Treasury has constituted a Committee comprising officers from the key Departments of the Ministry to oversee all matters relating to environmental sustainability. The Committee has

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since developed a ministerial policy on the same in line with the National Policy on environmental management.

Employee welfare

Employee welfare is critical for effective implementation of the programmes and projects of an organization. Noting the importance of human resources, the National Treasury has a Department established to handle Human Resources Management and Development. The Ministry has also established a Human Resource Management Advisory Committee that process all the promotions, discipline, training, appraisal and general employee matters in line with the Public Service guidelines and procedures. In addition, a Committee on occupational safety and health has been established to follow up of the safety conditions in the work place. In order to ensure attracting and retaining competent officers, the National Treasury continued to conduct capacity and training needs assessments for 2019/2020 – 2020/2021 as well as development and implementation of the training projections plan to fill skills gaps. In addition, the National Treasury continued to implement succession management plan by declaring number of the posts to be filled under the delegated powers and continually implementing the provision of the guidelines on the policy on advancement to the next grade at the entry level in the scheme of service and implementation of the Authorised officers and the PSC decisions. Further, the importance of knowledge management was reinforced through: identification of data needs and data gaps; preparation of a database of sources of knowledge across all levels in the State Department, preparation of a comprehensive report on patterns, trends and attributes of the processed data and information in the State Department; preservation and sharing of knowledge as well as application of knowledge to policy and problem solving within the National Treasury.

Under the Youth Internship and Attachment programme, the National Treasury managed to place 106 students under attachment and 91 students under the internship programme spearheaded by the Public Service Commission during the period under review.

Market place practices

The National Treasury is responsible for promoting fair trade practices in the economy. To ensure effective implementation of this function assigned by the Constitution, one of the programmes implemented by the Treasury is ensuring that existing market structures encourage competition and orderly conduct of business in order to support high productivity and competitive markets. In addition, the National Treasury developed the Public Procurement and Asset Disposal Regulations to guide the procurement function in the public Sector.

Under the programme of Access to Government Procurement Opportunities (AGPO), the National Treasury allocated Ksh. 304 million worth of procurement opportunities to the vulnerable groups namely women, youth and people with disabilities during the period under review.

Community Engagements

To mitigate technological hazards, terrorism, fire and natural disasters, the National Treasury engaged a professional security services firm contracted for purposes of enhancing security in the Ministry. It also installed and commissioned CCTV cameras at the Treasury Building and maintained fire fighting facilities maintained at the premises in collaboration with the State Department for Public Works.

**THE NATIONAL TREASURY AND PLANNING
FINANCIAL STATEMENTS
TREASURY MAIN CLEARANCE FUND (TMC)
FOR THE YEAR ENDING JUNE 30, 2020**

IV. STATEMENT OF NATIONAL TREASURY MANAGEMENT RESPONSIBILITIES

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NATIONAL TREASURY shall prepare financial statements in respect of that NATIONAL TREASURY. Section 84 (1) 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 National Treasury is responsible for the preparation and presentation of the Treasury Main Clearance (TMC) report, which give a true and fair view of the state of affairs of The National Treasury for and as at the end of the financial year (period) ended on June 30, 2020. 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 status of the revenue collected by the National Treasury; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the revenue report, and ensuring that they are free from material misstatements, whether due to error or fraud.

The Accounting Officer in charge of The National Treasury accepts responsibility for the National Treasury's Main Clearance (TMC) report, which has been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that this Fund report gives a true and fair view of The National Treasury's Fund performance during the financial year ended June 30, 2020. The Principal Secretary in charge of The National Treasury further confirms the completeness of the accounting records maintained for The National Treasury, which have been relied upon in the preparation of this report as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of The National Treasury confirms that the National Treasury has complied fully with applicable Government Regulations. Further the Accounting Officer confirms that this report has been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

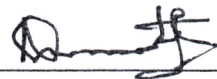
Approval of the Financial Statements

The Treasury Main Clearance Fund was approved and signed by the Accounting Officer on
30th Sept. 2020



Dr. JULIUS M. MUIA, PhD, CBS

Accounting Officer



NEMWEL M. MOTANYA
ICPAK Member No. 2367
Head of Accounting Unit

REPUBLIC OF KENYA

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Anniversary Towers
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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TREASURY MAIN CLEARANCE FUND FOR THE YEAR ENDED 30 JUNE, 2020 – THE NATIONAL TREASURY

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Treasury Main Clearance Fund set out on pages 18 to 29, which comprise the statement of assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Treasury Main Clearance Fund as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified of Opinion

1. Long Outstanding Accounts Receivables – Debtors

As reported previously, the statement of assets and liabilities reflects accounts receivables-debtors balance of Kshs.12,503,607,446 as at 30 June, 2020. The balance has been outstanding for a long period of time with no movement which is indicative of nil recoveries. Further, details and breakdown of Kshs.2,341,896,518 being remittance to an agent and included in the balance was not provided for audit.

Consequently, and in absence of a provision for doubtful debts, the recoverability of the long outstanding accounts receivables - debtors balance of Kshs.12,503,607,446 could not be confirmed.

2. Unsupported Accounts Payables – Creditors

As previously reported, the statement of assets and liabilities reflects accounts payables – creditors balance of Kshs.12,490,478,941 as at 30 June, 2020. However, detailed listings in support of the balances were not availed for audit review.

Consequently, the accuracy and completeness of the accounts payables - creditors balance of Kshs.12,490,478,941 as at 30 June, 2020 could not be ascertained.

3. Unsupported Deficit Balance Brought Forward

As reported previously, the statement of assets and liabilities reflects a net financial position (closing fund balance) of Kshs.13,128,505 which consists of a Fund balance and deficit brought forward of Kshs.14,000,000 and Kshs.871,495 respectively. However, the balances were not supported by any reconciliation.

Consequently, the accuracy of the closing Fund balance of Kshs.13,128,505 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Treasury Main Clearance Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Failure to Wind Up the Fund

As reported previously, the Fund has been dormant for a significant duration. In spite of the recommendations of the Public Accounts Committee and instructions of The National Treasury to wind up all dormant funds, the Fund continues to subsist, prepare financial statements and present them for audit. As at the time of finalizing this audit, the process of winding up the Fund was yet to be completed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund financial reporting process, reviewing the effectiveness of how the entity monitors compliance

with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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.



Nancy Gathungu
AUDITOR-GENERAL

Nairobi


16 April, 2021

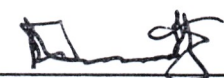
THE NATIONAL TREASURY AND PLANNING
 FINANCIAL STATEMENTS
 TREASURY MAIN CLEARANCE FUND (TMC)
 FOR THE YEAR ENDING JUNE 30, 2020

VI. STATEMENT OF FINANCIAL PERFORMANCE

	Note	2019-2020 Kshs	2018-2019 Kshs
TAX REVENUES			
Taxes on Income, Profits and Capital Gains		-	-
Taxes on Property		-	-
Taxes on Goods and Services		-	-
Taxes on International Trade & Transactions		-	-
Other Taxes		-	-
TOTAL TAX REVENUE		-	-
NON-TAX REVENUES			
Fees on use of Goods/Services		-	-
Social Security Contributions		-	-
Property Income		-	-
Fines, Penalties and Forfeitures		-	-
Other Receipts – Treasury Main Clearance Account (TMC)		-	-
Sale of Goods and Services		-	-
Receipts from Sale of Non-Financial Assets		-	-
TOTAL NON-TAX REVENUE		-	-
TOTAL REVENUE COLLECTED		-	-
PAYMENTS TO CREDITORS		-	-
BALANCE BROUGHT FORWARD	6	(871,495.05)	(871,495.05)
BALANCE CARRIED FORWARD		(871,495.05)	(871,495.05)

The accounting policies and explanatory notes set out on pages 28-33 form an integral part of the Fund statement. This Fund statement was approved on 30th sept. 2020 and signed by:


 DR. JULIUS M. MUIA, PhD, CBS
 Accounting Officer

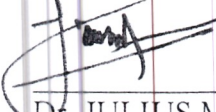

 NEMWEL M. MOTANYA
 ICPAK Member No. 2367
 Head of Accounting Unit


THE NATIONAL TREASURY AND PLANNING
 FINANCIAL STATEMENTS
 TREASURY MAIN CLEARANCE FUND (TMC)
 FOR THE YEAR ENDING JUNE 30, 2020

VII. STATEMENT OF FINANCIAL POSITION

	Note	2019-2020 Kshs	2018-2019 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	1	-	-
Cash Balances	2	-	-
Total Cash and cash equivalent		-	-
Accounts receivables - Debtors	3	12,503,607,445.65	12,503,607,445.65
TOTAL FINANCIAL ASSETS		<u>12,503,607,445.65</u>	<u>12,503,607,445.65</u>
FINANCIAL LIABILITIES			
Accounts Payables – Creditors	4	<u>12,490,478,940.70</u>	<u>12,490,478,940.70</u>
NET FINANCIAL ASSETS		<u>13,128,504.95</u>	<u>13,128,504.95</u>
REPRESENTED BY			
Fund balance b/fwd	5	14,000,000.00	14,000,000.00
Surplus/Deficit b/fwd		(871,495.05)	(871,495.05)
NET FINANCIAL POSITION		<u>13,128,504.95</u>	<u>13,128,504.95</u>

The accounting policies and explanatory notes set out on pages 28-33 form an integral part of the Fund statement. This Fund statement was approved on 30th Sept. 2020 and signed by:


 Dr. JULIUS M. MUIA, PhD, CBS
 Accounting Officer


 NEMWEL M. MOTANYA
 ICPAK Member No. 2367
 Head of Accounting Unit

THE NATIONAL TREASURY AND PLANNING
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STATEMENT OF CHANGES IN NET ASSETS	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development/ Grants/Fund	Total
At July 1, 2019	13,128,504.95	0	0	0	0	0	13,128,504.95
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	(-)	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-
Capital/Development grants received during the year	-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	(-)	(-)
Dividends paid – 2018	-	-	-	-	(-)	(-)	(-)
Interim dividends paid – 2019	-	-	-	(-)	-	-	(-)
Proposed final dividends	-	-	-	(-)	-	-	(-)

**THE NATIONAL TREASURY AND PLANNING
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TREASURY MAIN CLEARANCE FUND (TMC)
FOR THE YEAR ENDING JUNE 30, 2020**

VIII STATEMENT OF CHANGES IN NET ASSETS	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
At June 30, 2020							
At July 1, 2019							
Issue of new share capital							
Revaluation gain							
Transfer of excess depreciation on revaluation		(-)					
Deferred tax on excess depreciation							
Fair value adjustment on quoted investments							
Total comprehensive income							
Capital/Development grants received during the year							
Transfer of depreciation/amortisation						(-)	

THE NATIONAL TREASURY AND PLANNING
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 FOR THE YEAR ENDING JUNE 30, 2020

STATEMENT OF CHANGES IN NET ASSETS	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
from capital fund to retained earnings							
Dividends paid – 2018				(-)	(-)		(-)
Interim dividends paid – 2019				(-)			(-)
Proposed final dividends				(-)			
At June 30, 2020	13,128,504.95						13,128,504.95

THE NATIONAL TREASURY AND PLANNING
 FINANCIAL STATEMENTS
 TREASURY MAIN CLEARANCE FUND (TMC)
 FOR THE YEAR ENDING JUNE 30, 2020

IX. STATEMENT OF CASH FLOW

	Note	2019-2020	2018-2019
		Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Tax Revenues		-	-
Social Security Contributions		-	-
Proceeds from Domestic and Foreign Grants		-	-
Transfers from National Treasury		-	-
Transfers from Other Government Entities		-	-
Reimbursements and Refunds		-	-
Returns of Equity Holdings		-	-
Other Revenues		-	-
		-	-
Payments for operating expenses			
Compensation of Employees		-	-
Use of goods and services		-	-
Subsidies		-	-
Transfers to Other Government Units		-	-
Other grants and transfers		-	-
Social Security Benefits		-	-
Finance Costs, including Loan Interest		-	-
Other Expenses		-	-
		-	-
Adjusted for:			
Changes in receivables		-	-
Changes in payables		-	-
Adjustments during the year		-	-
Net cash flow from operating activities		-	-
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Net cash flows from Investing Activities		-	-

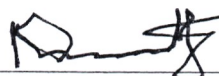
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 FOR THE YEAR ENDING JUNE 30, 2020

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 IN CASH AND CASH EQUIVALENT		-	-
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		-	-

The accounting policies and explanatory notes set out on pages 28-33 form an integral part of the Fund statement. This Fund statement was approved on 30th sept. 2020 and signed by:



Dr. JULIUS M. MUIA, PhD, CBS
 Accounting Officer



NEMWEL M. MOTANYA
 ICPAK Member No. 2367
 Head of Accounting Unit

**THE NATIONAL TREASURY AND PLANNING
FINANCIAL STATEMENTS
TREASURY MAIN CLEARANCE FUND (TMC)
FOR THE YEAR ENDING JUNE 30, 2020**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	2019-2020		2019-2020		2019-2020		2019-2020	
	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	2019-2020	2019-2020	2019-2020
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Property taxes	-	-	-	-	-	-	-	(-)
Public contributions and donations	-	(-)	-	-	-	-	-	(-)
Fines, penalties and levies	-	(-)	-	-	-	-	-	(-)
Licenses and permits	-	-	-	-	-	-	-	-
Government grants and subsidies	-	-	-	-	-	-	-	-
Rendering of services	-	(-)	-	-	-	-	-	(-)
Sale of goods	-	-	-	-	-	-	-	(-)
Finance Income	-	-	-	-	-	-	-	-
Gains on disposal, rental income and agency fees	-	-	-	-	-	-	-	(-)
Total income	-	(-)	-	-	-	-	-	(-)
Expenses								
Compensation of employees	-	-	XXX	XXX	-	XXX	XXX	(XXX)

**THE NATIONAL TREASURY AND PLANNING
FINANCIAL STATEMENTS
TREASURY MAIN CLEARANCE FUND (TMC)
FOR THE YEAR ENDING JUNE 30, 2020**

Goods and services	-	(-)	-	-	(-)
Finance cost	-	(-)	-	-	(-)
Rent paid	-	(-)	-	-	-
Taxation paid	-	-	-	-	-
Other payments	-	-	-	-	(-)
Grants and subsidies paid	-	-	-	-	-
Total expenditure	-	(-)	-	-	(-)
Surplus for the period	-	-	-	-	-

THE NATIONAL TREASURY AND PLANNING
FINANCIAL STATEMENTS
TREASURY MAIN CLEARANCE FUND (TMC)
FOR THE YEAR ENDING JUNE 30, 2020

XI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the National Treasury and all values are in Kenya Shillings (KShs). The accounting policies adopted have been consistently applied to all the years presented.

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

2. Recognition of Revenue

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

3. Budget

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

4. Comparative Figures

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

5. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2020.

ANNUAL TREASURY AND PLANNING
 FINANCIAL STATEMENTS
 TREASURY MAIN CLEARANCE FUND (TMC)
 FOR THE YEAR ENDING JUNE 30, 2020

X. NOTES TO THE FINANCIAL STATEMENTS

I. Bank Balances

	Original Estimates	Revised Estimates	Actual KSHS.	% Realized
Bank Balance			-	
Balance brought forward			-	
Transfers to the Exchequer account			-	
Balance carried forward			-	

Commentary on Actual Revenue against the Revised Estimates

N/A

THE NATIONAL TREASURY AND PLANNING
 FINANCIAL STATEMENTS
 TREASURY MAIN CLEARANCE FUND (TMC)
 FOR THE YEAR ENDING JUNE 30, 2020

2. Cash Balances

	Original Estimates	Revised Estimates	Actual KSHS.	% Realized
Balance brought forward			-	
Transfers to the Exchequer account			-	
Balance carried forward			-	

Commentary on Actual Revenue against the Revised Estimates

N/A

THE NATIONAL TREASURY AND PLANNING
 FINANCIAL STATEMENTS
 TREASURY MAIN CLEARANCE FUND (TMC)
 FOR THE YEAR ENDING JUNE 30, 2020

3. Accounts Receivables - Debtors

ANALYSIS OF DEBTORS	Original Estimates	Revised Estimates	Actual	% Realized
003 The National Treasury			KSHS. 7,913,690.15	
013 Police Headquarters			170,879.35	
019 O.O.P – Immigration Department			433,000.25	
021 Pension Department			(21,572,019.85)	
032 Remittance to Crown Agent			2,341,896,517.60	
7310101 Foreign Remittances			10,171,437,051.40	
049 Ministry of Planning			1,712,108.85	
054 Remittance to Karachi Agent			132,319.40	
055 Remittance to Bombay Agent			454,920.15	
058 Fluorspar Company Ltd			1,028,978.35	
TOTAL			12,503,607,445.65	

Commentary:

This is a dormant Fund and the figures presented have been carried forward for many years. The Fund is among the ones intended to be wound up through the National Treasury taskforce on winding up of Dormant Funds. A cabinet Memo have been prepared on the same.

THE NATIONAL TREASURY AND PLANNING
 FINANCIAL STATEMENTS
 TREASURY MAIN CLEARANCE FUND (TMC)
 FOR THE YEAR ENDING JUNE 30, 2020

4. Accounts Payables - Creditors

ANALYSIS OF CREDIRORS		Original Estimates	Revised Estimates	Actual	% Realized
026	P.M.G Special			KSHS. 523,686.45	
036	Advance Deposits			2,285,511,054.15	
7310101	Advance Deposits			10,174,386,914.70	
8820	Advance Deposits – Min. of Information			29,963,830.85	
051	J.C.F Interest			93,454.55	
TOTAL				12,490,478,940.70	

Commentary:

This is a dormant Fund and the figures presented have been carried forward for many years. The Fund is among the ones intended to be wound up through the National Treasury taskforce on winding up of Dormant Funds. A cabinet Memo have been prepared on the same.

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5. Fund Balance b/fwd.

	Original Estimates	Revised Estimates	Actual KSHS.	% Realized
Capital Fund			20,000,000.00	
LESS. Reduction to Development Exchequer- 1958/59			6000,000.00	
Balance			14,000,000.00	

Commentary:

This is a dormant Fund and the figures presented have been carried forward for many years. The Fund is among the ones intended to be wound up through the National Treasury taskforce on winding up of Dormant Funds. A cabinet Memo have been prepared on the same.

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6. BALANCES CARRIED FORWARD

This is a dormant Fund and the figures presented have been carried forward for many years. The Fund is among the ones intended to be wound up through the National Treasury taskforce on winding up of Dormant Funds.



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XI. PROGRESS ON FOLLOW UP OF AUDITORS 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)
AA/TNT/TMCF/2017 /2018/VOL.1/(4) Dated 21 December 2018	<p>1.i). Debtors not analysed and delays in the recovery</p> <p>ii). Creditors not supported by relevant documents</p> <p>iii). The difference between balance brought forward and calculated balance not reconciled</p> <p>2. No evidence on the winding up of the Fund</p>	<p>This is a dormant Fund and the figures presented have been carried forward for many years. The Fund is among the ones intended to be wound up through the National Treasury taskforce on winding up of Dormant Funds. Cabinet memo have been prepared on the same.</p>	Head of Accounting Unit	Being Resolved	Within Financial Year 2020/2021


DR. JULIUS M. MUIA, PhD, CBS

Accounting Officer



NEMWEL M. MOTANYA
ICPAK Member No. 2367
Deputy Accountant General