

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*



**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 06 JUN 2023

OF  
TUE

TABLED  
BY:

HON. KIMANI KUTUMBIWA  
MAJORITY LEADER

CLERK-AT  
THE-TABLE:

**THE AUDITOR-GENERAL**

ON

**ORANGE DEMOCRATIC MOVEMENT  
PARTY**

**FOR THE YEAR ENDED  
30 JUNE, 2022**





---

***ORANGE DEMOCRATIC MOVEMENT***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING**

**30<sup>TH</sup> JUNE 2022**

---

**Table of Contents**

	Page
1. KEY ENTITY INFORMATION AND MANAGEMENT .....	ii
2. NATIONAL OFFICIALS .....	vi
3. MANAGEMENT TEAM.....	vii
4. CHAIRMAN’S STATEMENT .....	vii
5. REPORT OF THE CHIEF EXECUTIVE OFFICER.....	viii
6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES.....	ix
7. CORPORATE GOVERNANCE STATEMENT .....	ix
8. MANAGEMENT DISCUSSION AND ANALYSIS .....	xi
9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xiv
10. REPORT OF THE NATIONAL EXECUTIVE COMMITTEE .....	xvi
11. REPORT OF NEC RESPONSIBILITIES.....	xvi
12. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF ODM. .....	xvii
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022.....	1
14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022 .....	2
15. STATEMENT OF CHANGES IN NET ASSETS.....	3
16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022 .....	4
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022.....	5
18. NOTES TO THE FINANCIAL STATEMENTS.....	6-27
APPENDIX .....	30

**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Orange Democratic Movement was formed in 2007 as a political party after meeting the registration requirements under the newly established Registrar of Political Parties office. The National Executive Committee is responsible for the general policy and strategic direction of the Party.

**(b) Principal Activities**

The organization’s principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

**(c) Key Management**

The *Orange Democratic Movement* day-to-day management is under the following key organs:

- Secretary General.
- Executive Director
- Finance & Administration Director
- Other Directors and Managers
- Legal officers, Technical Committees and Accountants

**(d) Fiduciary Management**

(e) The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

(f)

No.	Designation	Name
1.	Chairman	Hon. CPA John Mbadi
2.	Secretary General	Hon. Edwin Sifuna
3.	Organizing secretary	Hon. Abdikadir Aden
4.	Executive Director	Mr. Oduor Ong’wen
5.	National Treasurer	Hon. Timothy Bosire

**(g) Fiduciary Oversight Arrangements**

**- Audit and Finance committee**

The audit committee helps the National Executive Committee with corporate governance. It is a creation of the National Executive Committee of the party. Its membership is comprised of the Treasurer and two deputies, Internal Auditor, the chairperson of the Finance & Resource Mobilization and the chairperson of the Strategic Planning Committee. The primary role of the audit committee is to assist the National Executive Committee with its corporate governance oversight responsibilities in ensuring that:

- ***Risk Management Committee***

Is in place to assure that the allocation of the party's resources is optimized and conforms to the party's goals and objectives. However, from time to time, this committee may be called upon to address specific issues that fall outside of its primary role by the National Executive Committee. The Party has a risk management policy in place which details are stated here below:

**Risk Management Policy**

Effective risk management begins with the understanding, by everyone in the organization, that the effort is important, and that everyone is expected to uphold that effort. Orange Democratic Movement is subject to certain risks that affect our ability to operate, serve our clients, and protect assets. These include risks to employees and volunteers, liability to others, and risks to property.

Controlling these risks through a formal program is necessary for the well-being of the organization and everyone in it. The jobs and services the party provides the safety of the workplace and other benefits all depend to an extent on our ability to control risks. Management has the ultimate responsibility to control risks. Control includes making decisions regarding which risks are acceptable and how to address those that are not. Those decisions can be made only with the participation of the entire workforce, because each of us understands the risks of his or her own tasks better than anyone else in the organization. Each is responsible for reporting any unsafe conditions they see. Also, each is encouraged to suggest ways in which we can operate more safely.

We are committed to the careful consideration of everyone's suggestions, and to taking appropriate action to address risks. Accidents and other situations involving loss or near-loss will be investigated as part of the effort to manage risks. Every employee's and volunteer's performance are evaluated, in part, according to how he or she complies with this policy.

**Purpose**

The purpose of this policy is to ensure that risks to Orange Democratic Movement are identified, analysed, and managed so that they are maintained at acceptable levels. Risks to the confidentiality, integrity, and availability of both party information and assets are considered.

**ODM Risk Management Mission Statement**

The Orange Democratic Movement has a moral and legal duty to its membership, employees, and to party assets. We continue to meet our duty by ensuring that risk management plays an integral part in sound governance at both a strategic and operational level.

The National Executive Committee of the party will support the risk management efforts through setting policy and providing broad guidance on goals and objectives. However, risk management is an active process that requires cooperation by all directors, employees, and—where appropriate—the larger party membership. To that end, the National Executive Committee accepts that it must take a leadership role in seeing that appropriate measures are undertaken.

### **ODM Risk Management Goals Statement**

The National Executive Committee authorizes the establishment of a Risk Management Committee, which shall consist of Five members, the party treasurer, a member trained on fire and emergency, a member trained on public works management, and two NEC Members (to be selected by the National Executive Committee for five-year terms). The Committee shall be chaired by the party treasurer, and its responsibilities shall be:

- Identifying and assessing risks
- Selecting and implementing risk control and financing measures
- Periodically reviewing risk management efforts and reporting to the National Executive Committee

These activities shall be undertaken in the service of the risk management mission statement, and to that end risk management practices are undertaken to reduce the cost of risk to Orange Democratic Movement and to maximize benefits of opportunities that the membership may encounter.

Effective risk management begins with the understanding, by everyone in the organization, that the effort is important, and that everyone is expected to uphold that effort.

Orange Democratic Movement is subject to certain risks that affect our ability to operate, serve our clients, and protect assets. These include risks to employees and volunteers, liability to others, and risks to property.

Controlling these risks through a formal program is necessary for the well-being of the organization and everyone in it. The jobs and services the party provides the safety of the workplace and other benefits all depend to an extent on our ability to control risks.

Management has the ultimate responsibility to control risks. Control includes making decisions regarding which risks are acceptable and how to address those that are not. Those decisions can be made only with the participation of the entire workforce because each of us understands the risks of his or her own tasks better than anyone else in the organization. Each is responsible for reporting any unsafe conditions they see. Also, each is encouraged to suggest ways in which we can operate more safely. We are committed to the careful consideration of everyone's suggestions, and to taking appropriate action to address risks.

Accidents and other situations involving loss or near-loss will be investigated as part of the effort to manage risks. Every employee's and volunteer's performance will be evaluated, in part, according to how he or she complies with this policy.

This Risk Policy document continuously receives review and approvals from ODM Management Committees and various stake holders

### **- *Parliamentary Oversight Committees***

There are various Parliamentary Committees drawn from our members of Parliament. Their role as Secretaries for various Committees is to scrutinise legislation, oversee Party and

**Annual Report and Financial Statements  
for the year ended June 30, 2022.**

---

Government actions and to facilitate ODM Members participation. The go through Party annual reports as tabled by the Auditor-General.

**(h) Entity Headquarters**

Chungwa House  
Loiyangalani Drive, Lavington Area  
P.O. Box 42422 - 00100  
Nairobi

**(i) Entity Contacts**

Telephone: (254) 020-2053481  
E-mail: [info@odm.co.ke](mailto:info@odm.co.ke)  
Website: [www.odm.co.ke](http://www.odm.co.ke)

**(j) Entity Bankers**

KCB Bank Kenya Limited  
Lavington Branch  
P.O. Box 60560  
Nairobi

Co-operative Bank of Kenya  
Parliament Road Branch  
P.O. Box 5772 – 00200  
P.O. Box 60560  
Nairobi

**(k) Independent Auditors**

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

**(l) Principal Legal Adviser**

Makori & Karimi Advocates  
Nellion Place, Block B 1<sup>st</sup>Floor Suite 2  
Rhapta Road, Westlands Nairobi  
P.O. Box 45053  
City Square 00100  
Nairobi, Kenya

## 2. NATIONAL OFFICIALS

1.	Rt. Hon. Raila Amolo Odinga	Party Leader
2.	Hon. CPA John Mbadi	Chairman
3.	Hon. Edwin Sifuna	Secretary General
4.	Hon. Hamed Abdisalan Ibrahim	National Organizing Secretary
5.	Hon. Timothy Bosire	National Treasurer
6.	Mr. Oduor Ong'wen	Executive Director

## 3. MANAGEMENT TEAM

1.	Hon. Edwin Sifuna	Secretary General
2.	Mr. Oduor Ong'wen	Executive Director
3.	Joshua Kawino	Director, Finance & Administration
4.	CPA Charles Memba	Senior Accountant
5.	Anthony Muturi	Parliamentary Liaison & Legal Affairs Officer
6.	Rosemary Kariuki	Director, Membership & Recruitment
7.	Philip Etale	Communication Manager
8.	Benson Musungu	Youth Co-ordinator
9.	CPA Naom Amateshe	Internal Audit


#### **4. CHAIRMAN'S STATEMENT**

Kenya anticipates professionally managed political parties and it's for this reason that the political parties fund is operational.

I'm gratified that ODM has embraced prudent, efficient and effective management of the fund and that's why ODM has faced no adverse audit queries. I'm happy with the effort we have made to ensure that public resources/money allocation designated for ODM reaches the party account and that party financial stability is sustained.

To ensure that the funds allocated to ODM realizes the intention for which it's meant, the party has tried to strengthen the party structures by ensuring that the functional systems are in place for a more transparent governance and management of party issues including financial. I'm sure that the membership of the party has experienced this both at the national office and the county offices.

However, I'm aware that however much transparent systems you put in place, the integrity of the staff managing the system is paramount and to this effect I want to thank and be grateful to our staff in the finance department and the entire treasury headed by the National treasurer for job well done.



Hon C.P.A John Mbadi Ng'ongo, EGH  
CHAIRMAN

## **5. REPORT OF THE CHIEF EXECUTIVE OFFICER**

The year under review ended in the middle of a General Election campaigns. This brought unique challenges. Not least of these challenges was the formation of an unprecedentedly large coalition comprising twenty-six (26) political parties. With the support of our Party leadership and members, we continue to confront the attendant challenges.


This financial report we present herein captures our core responsibilities that include, but are not limited to:

1. Continuing to develop principles of stewardship, financial discipline, ethics and best practices to guide the Party in matters of fiscal planning and management.
2. Conducting advocacy, national outreach and branch strengthening and empowerment programmes.
3. Preparations for and participating in all elections.
4. Organizing the National Governing Council.
5. Mobilising financial and non-financial resources for the Party.
6. Ensuring the books are kept and duly audited.

In fulfilment of our obligations under the Political Parties Act 2011 and Section 35 of the Public Audit Act 2015 requirements, the Party was able to accomplish the following in a timely manner:

- (i) Prepared work programme, time-action work plans and the annual budget, the implementation of which culminated in the financial report and accounts for the Financial Year ended June 30<sup>th</sup>, 2022.
- (ii) Ensured that the books of accounts for the fiscal year ended June 30<sup>th</sup>, 2022, were prepared in time and availed to the Auditor General. Pursuant to Section 29(1) of the Political Parties Act 2011 (as amended in 2021), relevant income and expenditure summary were extracted and published in the local daily newspapers with national circulation. Specifically, the Act demands of a political party to, within three months of its financial year, publish the sources of its fund stating:
  - a. The monies received from the Political Parties Fund.
  - b. The monies received from its members and supporters; and
  - c. The amounts and sources of donations given to the party.
- (iii) The accounts were forwarded to the Office of the Auditor General in the requisite reporting format.

Like in the preceding financial year, revenue from the Political Parties Fund, regular contributions from our elected leaders, membership fees and other donations and receipts from our members and supporters were the key revenue drivers during the year under review.



Oduor Ongwen  
**EXECUTIVE DIRECTOR**

**6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES  
FOR FINANCIAL YEAR 2021/2022**

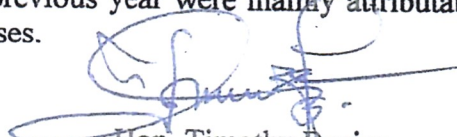
We wish to present the annual report on the Party's financial performance during the year ended June 30<sup>th</sup> 2022. As we are all aware, the National Executive Committee is required to prepare financial statements for each financial year. They are also responsible for ensuring that the Party keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Party and for safeguarding the assets of the Party.

The period under review was an election and campaign year with many challenging activities; however we have managed within the stipulated timelines to finalize and to table the required reports. The same is a response to the resolutions of the National Executive Committee and the approved work plan for the Party during the period under review. During the year under review success in Party activities was effectively achieved through financial probity. Existing controls and checks were considered sufficient to provide a reasonable assurance of compliance with the political parties Act and the international Accounting Standards.

The increased spending was used for purposes compatible with the Political Parties Act, 2011 in furtherance of the objectives of the party as highlighted in the Financial accounts reports

We report from onset that nothing has come to our attention to indicate that the Party will be insolvent in the next twelve months from the date of this statement. We have the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Party and of its operating results for the period 2021/2022. We therefore forward the financial statements to the Registrar of Political Parties and Auditor General's Office in compliance with the law for their audit.

Much of the income and expenditure drivers and variances for the period ended 30<sup>th</sup> June 2022 as compared to the previous year were mainly attributable to the election nomination income and election expenses.

  
Hon. Timothy Bosire  
NATIONAL TREASURER

**7. CORPORATE GOVERNANCE STATEMENT**

Orange Democratic Movement is committed to operating in accordance with best practice in political integrity and ethics and maintaining the highest standards of financial reporting and corporate governance. The National Executive Committee is delighted to report that the party has, throughout the year, complied with the provisions set out in the Code on Corporate Governance and equally applied the main principles of the Code.

Corporate governance for the Orange Democratic Movement has gone a long way to define how the party conducts its affairs in line with the objects for which it was founded. It has given the party its structure, which contains all set of rules that governs the ethical operating procedures and processes of the party by ensuring that we conform to the Kenyan Statutory requirements and the best practices in line the Political Parties Act 2011 in all political activities. Likewise, it has ensured the best interests of the public and party members are jealously protected. Responsibility for corporate governance is vested with the National Executive Committee of the Orange Democratic Movement.

Much of the details are contained in the attached party Constitution which contains the following

- Identity, Vision and Mission                      Aims, objectives and Values
- Membership, Rights and Duties                National Officials
- Party Organs    Committees
- Stewardship    Dissolutions
- Coalitions, Dispute Settlement and Amendment
- General Provisions

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

Our ambition is to gradually but visibly, establishes a prosperous, industrised and modern nation in which citizens enjoy social, economic and democratic rights, and live in dignity. We envisage that our people will exploit their full potential. The sporting concerts and events will ensure that there is a continuous link between the people and the party organs – This program arises from a desire to ensure our contribution to society goes beyond purely political campaigns. Citizens have a duty to interact in a responsible way from a social and environmental perspective. In this context, one of the questions ODM aims to answer is: how do our activities improve living standards in our communities? In addition, it makes political sense in the long-term. When managed well this social responsibility can also facilitate achievement of strategically important goals for the party:

- Involvement in project work that tackles real challenges in our communities is a way through which we can increase **staff engagement**, member’s loyalty, and **pride**.
- Through collaboration in projects, we can improve the **dynamism of relationships** with our members and competitors
- Because of positive outcomes from our Corporate social activity, we can enhance ODM’s **reputation** among key stakeholders nationally

## **8. MANAGEMENT DISCUSSION AND ANALYSIS AS AT 30<sup>TH</sup> JUNE 2022**

### **EXECUTIVE SUMMARY**

We wish to present the management report on the financial performance during the year ended June 30<sup>th</sup>, 2022, covering the following areas:

1. Analysis of Income and Expenditure Drivers
2. Balance Sheet Analysis
3. Way forward

#### **Analysis of Income and Expenditure Drivers**

##### **Kshs 2,164,754,977.50 Income Recorded**

- During the year, the Party through the initiative of our Secretary General received Kshs 2,622,720 from CMD towards support of Party's Women candidates; A party member Isaiah Ogwe also donated Kshs 500,000 to support the Party hence the total of 3,122,726 receipt.
- Governors, MPS, and MCAs Contributed Kshs 52.8 million being Kshs.12million more than the previous year. The general election was the motivation.
- The Party received Kshs 5.3 million from appeal fees and petitions following the Party primaries carried prior to the August 2022 elections.
- We accrued Kshs 1,547,713,635.95 billion being the amount due to us from the Registrar of Political Parties for the year 2021/2022. This is calculated as follows:-  
Total Revenue recorded by KRA for the period 2021/2022 was Kshs 2,031,000,000,000.00. The allocation to Political Parties during the year under review is by law 0.3% of the total Revenue which translates to Kshs 6,093,000,000.00  
RPP takes 5% from Kshs 6,093,000,000.00 for administering the fund. That results to Kshs. 304,650,000  
Thus the FY 2021/2022 available funds for sharing by Jubilee and ODM is Kshs. 5,788,350,000/=  
ODM allocation is 31.8338% of Kshs 5,788,350,000/= which is Kshs. 1,842,653,043.00  
The amount due to us is Kshs. 1,842,653,043.00 less current receipt of Kshs 294,939,407.05 = 1,547,713,635.95
- While we accrued Kshs 1,547,713,635.95 billion for the year, we report regular receipt of Kshs 294 million and a receipt of Kshs 475 million towards settlement of court award as is reflected against accounts receivable in the balance sheet.
- We also received Kshs 40 million being annual membership subscriptions fees and Kshs 63 million new life membership application fees during the period.
- During the year under review the Party received Kshs 330 Million from Nomination fees albeit we refunded a total of Kshs 195 Million to several aspirants whose areas were not subjected to election primaries. The net available receipt is thus Kshs. 144,650,425.00
- Following the initiative of the management in consultation with the Party Leader we earned Kshs. 12,263,578 saving interest from fixed deposit account at KCB Bank.

**Kshs 1,011,935,792 Recorded Expenditure**

- Building and equipment repairs rose by 53% from Kshs 0.442 million to Kshs 0.678 million during the period to accommodate additional casual staff.
- Communication expenses rose by 13.9% from Kshs 3.059 to Kshs 3.5 million mainly on Social Media, Data subscriptions and internet connectivity during the election period.
- Stationery /Printing & reproduction increased to well over 214% during the year due to membership registration requirements. From Kshs. 0.688 million to Kshs 2. 163 Million.
- During the period Transportation expenses rose by 32% to Kshs 6.67 million mainly on motor vehicle repairs and maintenance because of heightened campaigns. On the other hand Travel and accommodation increased by 53% from Kshs 4 million to Kshs 6 million.
- Postage & Delivery rose by 111.9% while office security rose by 46.2%, Office security and utilities also increased during the period.
- Branch coordination and support increased from Kshs 43 million to Kshs 66 Million that is by 53%, with 41 branch offices in operation, while there was increase in registration of party members as the Party prepared for the Party Primaries and the 2022 General election.
- We witnessed the most expensive election. Campaign expenses increased by 452%, from Kshs 114 million in the previous year to Kshs 630 million, mainly due to preparation for the general elections, the items that increased exceptionally high included election materials, MIFIs, Tablet stands, commissioners' expenses, Campaign promotional items which stood at Kshs 189 million, Grassroot nomination costs which stood at Kshs 147 million, and regional rallies and campaigns which stood at Kshs 33 million. Research & Opinion Polls costs equally rose. NEC resolved to expense the election gadgets purchased at Kshs 59 million. Tallying centre was equally established.
- Civic Education reduced by 63% from Kshs 6m to Kshs 2 million due to reduced expenses in retreats, seminars, training, and recruitments as party members were prepared for the grassroots and general election for elective positions.
- Conferences and meetings expenses rose from Kshs 29 million to Kshs 93 million which is an increase of 120%. This was due to the NGC and NDC that were done in the year in preparation for the general election that was held on 9 August 2022, the total expense of the two events was Kshs 54 million.
- Party Policy and advocacy increased by 121.8% to Kshs 33 million from Kshs 15 million the previous year. We absorbed the overhead costs the various lobbying offices. We equally settled the preliminary Party Manifesto costs, Party's strategic plans and media advocacy expenses.
- The Party Leaders office costs included heightened security, costs of travel & accommodation to his staff. It also included motor vehicles running expenses and maintenance.
- Administration costs rose by 16.5% due to increase of casuals during the membership registration period and election period.
- We transferred Kshs 47, 482 million to NASA Partners during the year under review as shown below:

The Key responsibilities for the Department during the year ended pursuant to the International Public Sector Accounting Standards during the year under review included, but were not limited to the following:

- Developing strategies for and realizing financial resource mobilization for the Party
- Ensuring the Audit of the books of the Party.
- Preparations and arrangements of the Party Grassroot Elections and the 2022 elections

**Annual Report and Financial Statements  
for the year ended June 30, 2022.**

- Participation in the implementation of the Party’s strategic plan by Managing all Party finances and providing expert financial guidance to the Party on all areas related to and including project financing, contract negotiations, tax strategies, regulatory compliance and inter- Party /departmental transactions.
- Maintaining financial controls to safeguard the Party’s assets and ensuring adherence to established policies, processes, procedures to achieve optimal efficiency and cost containment.
- Maintaining principles of stewardship, financial discipline, ethics and best practices to guide the Party in matters of Fiscal Planning and management.

In compliance with the relevant Public Audit Act 2015 and requirements of the Political Parties’ Act 2011, we confirm accomplishing most of the above in time lest for the Government failure to comply with the provisions of funding in the Political Parties Act. We have ensured that the Party has kept proper accounting records and has disclosed with reasonable accuracy the financial position of the Party as required by all the stakeholders. For the last 15 years our performance has remained above board. The Party has consistently developed and submitted the work-plan and budgets of the Party pursuant to Regulation 6 of the Political Parties Funding Regulations to the Registrar of Political Parties. The Snapshots for the year ended 30<sup>th</sup> June 2022 as compared to previous year’s performance is as shown below



## **9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

We refer to Party Human Resource Policy adopted in 2015 that covers Environment, Health and Safety of members and employees.

### **Statement of General Policy**

The Orange Democratic Movement fully accepts the obligations placed upon it by the various Acts of Parliament covering Environment sustainability, health, and safety. The Party requires its Executive Director to ensure that the policy is implemented and to report to the National Executive Committee annually on its effectiveness.

Orange Democratic Movement recognizes and accepts its responsibility as a Political Party to maintain, so far as is reasonably practicable, the environment, safety, and health of its employees, and of other persons who may be affected by its' political activities.”

Orange Democratic Movement believes that consideration of the environment, health, safety, and welfare of staff is an integral part of the management process. The provision of the environment, Health and Safety at the party headquarters and the branches is great importance. Directives are adopted as required standards within the party. Responsibility for environment, health and safety matters are explicitly stated in management job descriptions.

The Party requires managers to approach environment, health, and safety in a systematic way, by identifying hazards and problems, planning improvements, taking executive action and monitoring results so that the majority of environment, health and safety needs are met from locally held budgets as part of day-to-day management, although many environment, health and safety problems can be rectified at little additional cost.

For major additional expenditure, cases of need will be submitted by Directors to the Executive Director. If unpredictable environment, health and safety issues arise during the year, the Executive Director must assess the degree of risk, in deciding the necessary resources and actions to commit to addressing these issues.

### ***Environment, Health, Safety and Welfare Guidelines***

It is the policy of the party to require departmental managers to produce appropriate environment, health and safety policies or guidelines. We embody the minimum standards for environment, health and safety for the department and the work organized within it.

It shall be the responsibility of the manager to bring to the attention of all members of his or her staff, the provisions of the guidelines, and to consult with appropriate environment, health and safety bodies about the updating of these guidelines. The model contents of a guideline are:

- Clear statement of the role of the department.
- Regulations governing the work of the department.
- Clear reference to safe methods of working, for example election procedures,
- Information about immediate matters of environment, health, and safety concern, such as fire drills, fire exits, first aid.
- The role and identity of the environment, health, and safety representative.

**Annual Report and Financial Statements  
for the year ended June 30, 2022.**

---

- Names of specialist advisers who can be approached about the work of the department.
- The manager responsible for organization and control of work.
- Accident reporting procedures.
- Environmental safety rules.
- Fire procedures.
- Hooligans and thuggery containment & reporting
- Policies agreed by the party.

For further reports and reading please peruse our Party HR manual from pages 89 - 93

**10. REPORT OF THE NATIONAL EXECUTIVE COMMITTEE**

The National Executive committee submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Orange Democratic Movement affairs.

**i) Principal activities**

The organization's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

**ii) Results**

The results of the entity for the year ended June 30, 2022, are set out on page 1-27

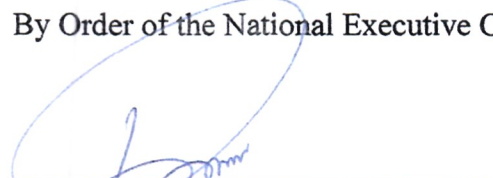
**iii) National Executive Committee Members**

The National Executive Committee Members who served during the year are shown on page (vi)

**iv) Auditors**

The Auditor General is responsible for the statutory audit of the Orange Democratic Movement in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Orange Democratic Movement for the year/period ended June 30, 2022.

By Order of the National Executive Committee



---

Hon. Edwin Sifuna  
Secretary General  
Nairobi

Date: 26<sup>th</sup> September 2022

**11. STATEMENT OF NATIONAL EXECUTIVE COMMITTEE'S RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 require the National Executive Committee to prepare financial statements in respect of that Orange Democratic Movement, which give a true and fair view of the state of affairs of the Orange Democratic Movement at the end of every financial year/period and the operating results of the Orange Democratic Movement for each particular year/period. The National Executive Committee members are also required to ensure that the Orange Democratic Movement keeps proper accounting records which disclose with reasonable accuracy the financial position of the Orange Democratic Movement. The National Executive Committee members are also responsible for safeguarding the assets of the Orange Democratic Movement.

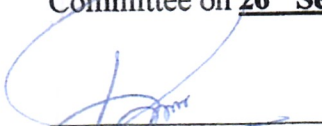
The National Executive Committee members are responsible for the preparation and presentation of Orange Democratic Movement financial statements, which give a true and fair view of the state of affairs of the Orange Democratic Movement for and as at the end of the financial year (period) ended on June 30, 2022. 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 Orange Democratic Movement; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

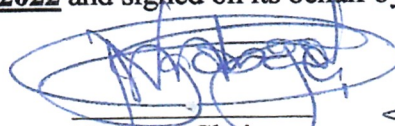
The National Executive Committee members accept responsibility for Orange Democratic Movement financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012-). The National Executive Committee members are of the opinion that Orange Democratic Movement financial statements give a true and fair view of the state of Orange Democratic Movement transactions during the financial year ended June 30, 2022, and of Orange Democratic Movement financial position as at that date. National Executive Committee further confirm the completeness of the accounting records maintained for the Orange Democratic Movement, which have been relied upon in the preparation of Orange Democratic Movement financial statements as well as the adequacy of the systems of internal financial control.

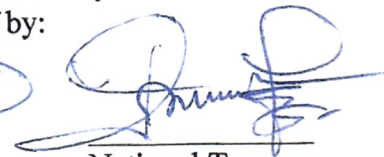
Nothing has come to the attention of the Directors to indicate that the Orange Democratic Movement will not remain solvent for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

Orange Democratic Movement financial statements were approved by National Executive Committee on **26<sup>th</sup> September, 2022** and signed on its behalf by:

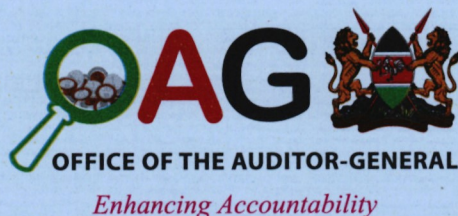
  
Secretary General

  
National Chairman

  
National Treasure

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON ORANGE DEMOCRATIC MOVEMENT PARTY FOR THE YEAR ENDED 30 JUNE, 2022**

---

### **PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of the Orange Democratic Movement Party set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting

---

*Report of the Auditor-General on Orange Democratic Movement Party for the year ended 30 June, 2022*

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 Orange Democratic Movement Party as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Political Parties Act, 2011 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Orange Democratic Movement Party 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 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**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflected final revenue budget and actual on comparable basis of Kshs.1,810,780,000 and Kshs.616,041,341 respectively resulting in under-performance of Kshs.1,194,738,659 (or 66%) of the approved budget. Of the estimated funding of Kshs.1,440,000,000 from the Political Parties Fund, only Kshs.294,939,402 or approximately 20% of the estimated amount was received.

Similarly, the Party spent a total of Kshs.1,200,582,877 against an approved budget of Kshs.1,810,780,000 resulting in an under-expenditure of Kshs.610,197,123 (or 34%) of the budget.

The under-disbursement of funding and the under-expenditure may have affected the planned activities of the Party.

## **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 processes and systems of internal controls, 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 (Accrual 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Party's ability to continue to sustain its 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 dissolve the Party 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 Party's financial reporting process, reviewing the effectiveness of how Management 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 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 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 Orange Democratic Movement Party's ability 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 Party to cease 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 Orange Democratic Movement Party 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 concurred and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
 CPA Nancy Gathungu CBS  
**AUDITOR-GENERAL**

**Nairobi**

**31 March, 2023**

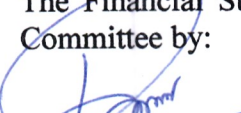
**Annual Report and Financial Statements  
for the year ended June 30, 2022.**

**13. Statement of Financial Performance for the year ended 30 June 2022**

	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments –Gifts and Survive in kind	6	1,842,653,043	1,354,597,522
Public contributions and donations	7	62,296,764	41,038,985
		<b>1,904,949,807</b>	<b>1,395,636,507</b>
<b>Revenue from exchange transactions</b>			
Other Income	8&9	259,805,170	10,460,283
<b>Total revenue</b>		<b>2,164,754,977</b>	<b>1,406,096,790</b>
<b>Expenses</b>			
Employee costs	10	92,196,543	79,128,349
Depreciation and amortization expense	11	7,570,326	6,016,232
Repairs and maintenance	12	677,850	442,491
General Expenses	13	910,809,181	223,953,646
Finance costs	14	681,892	406,437
<b>Total expenses</b>		<b>1,011,935,792</b>	<b>309,947,155</b>
Gain on sale of assets			-
<b>Surplus before tax</b>		<b>1,152,819,185</b>	<b>1,096,149,635</b>
<b>Transfers to NASA Partners</b>		<b>(47,482,892)</b>	-
<b>Surplus/(deficit) for the period/year</b>		<b>1,105,336,293</b>	<b>1,096,149,635</b>
<b>Net Surplus for the year</b>		<b>1,105,336,293</b>	<b>1,096,149,635</b>

The notes set out on pages 6 to 27 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of National Executive Committee by:

  
Secretary General

Name: Hon. Edwin Sifuna

Date: 26/09/2022

  
National Treasurer

Name: Hon. Timothy Bosire

Date: 26/9/22

  
National Chairman

Name: on. CPA John Mbadi

Date: 26/09/2022

**Annual Report and Financial Statements  
for the year ended June 30, 2022.**

**14 Statement of Financial Position as at 30 June 2022**

	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	16	156,743,385	116,677,334
Receivables from non-exchange transactions	18	9,994,847	40,052,854
Accrued Receivable from Government	18	9,622,963,296	8,550,009,103
Inventories	19	-	8,039,888
<b>Total Current Assets</b>		<b>9,789,701,528</b>	<b>8,714,779,179</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	20	252,904,935	244,891,022
<b>Total Non- Current Assets</b>		<b>252,904,935</b>	<b>244,891,022</b>
<b>Total Assets</b>		<b>10,042,606,463</b>	<b>8,959,670,201</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from Exchange Transactions	21	1,781,933	24,181,963
<b>Total Current Liabilities</b>		<b>1,781,933</b>	<b>24,181,963</b>
<b>Total Liabilities</b>		<b>1,781,933</b>	<b>24,181,963</b>
<b>Net Assets</b>			
Reserves		2,356,176	2,356,176
Accumulated surplus		10,038,468,354	8,933,132,062
<b>Total Net Assets</b>		<b>10,040,824,530</b>	<b>8,935,488,238</b>
<b>Total Net Assets and Liabilities</b>		<b>10,042,606,463</b>	<b>8,959,670,201</b>

The Financial Statements set out on this page was signed on behalf of the National Executive Committee by:

Secretary General

Name: Hon. Edwin Sifuna

Date: 26/09/2022

National Treasurer

Name: Hon. Timothy Bosire

Date: 26/9/22

National Chairman

Name: on. CPA John Mbadi

Date: 26/09/2022

**Annual Report and Financial Statements  
for the year ended June 30, 2022.**

**15. STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2022**

	notes	Ordinary share capital	Reserve	Fair value adjustment reserve	Accumulated Reserves	Net Surplus/Deficit	Capital/ Development Grants/Fund	Total
<b>As at July 1, 2020</b>		-	<b>2,356,176</b>	-	<b>(3,638,482)</b>	<b>7,840,620,909</b>	-	<b>7,839,338,603</b>
Surplus/ Deficit for the year		-	-	-		1,096,149,635	-	1,096,149,635
<b>As at June 30, 2021</b>		-	<b>2,356,176</b>	-	<b>(3,638,482)</b>	<b>8,936,770,544</b>	-	<b>8,935,488,238</b>
Surplus/ Deficit for the year		-	-	-	-	1,105,336,293	-	<b>1,105,336,293</b>
<b>As at June 30, 2022</b>		-	<b>2,356,176</b>	-	<b>(3,638,482)</b>	<b>10,042,106,837</b>	-	<b>10,040,824,531</b>

**Annual Report and Financial Statements  
for the year ended June 30, 2022.**

**16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

		2021-2022	2020-2021
	Notes	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments –Gifts and Survive in kind	6	1,842,653,042	1,354,597,522
Public contributions and donations	7	62,296,765	41,038,985
Other income	9	259,805,170	10,460,283
<b>Total Receipts</b>		<b>2,164,754,977</b>	<b>1,406,096,790</b>
<b>Payments</b>			
Employee costs	10	92,196,543	79,128,348
Depreciation and amortization expense	11	7,570,326	6,016,232
Repairs and maintenance	12	677,850	442,491
General Expenses	13	910,809,181	223,953,646
Finance costs	14	681,892	406,437
Grants and Subsidies Paid		47,482,892	-
<b>Total Payments</b>		<b>1,059,418,684</b>	<b>309,947,155</b>
<b>Net cash flows from/ (used in) operating activities</b>		<b>1,105,336,293</b>	<b>1,096,149,635</b>
<b>Adjusted for</b>			
Depreciation Written back		7,570,326	6,016,232
<b>Total cash flow from operating activities</b>		<b>1,112,906,619</b>	<b>1,102,165,867</b>
<b>Cash flows from investing activities</b>			
Purchase of Assets		(17,346,489)	(816,600)
Purchase of property, (Land & Buildings)		1,762,249	(7,306,447)
<b>Net cash flows from/ (used in) investing activities</b>		<b>(15,584,240)</b>	<b>(8,123,047)</b>
<b>Cash flows from financing activities</b>			
Increase/(Decrease) in Payables		(14,360,144)	(84,462,352)
Decrease / (Increase) in Receivables	18	(1,042,896,184)	(933,350,568)
<b>Net cash flow from financing activities</b>		<b>(1,057,256,328)</b>	<b>(1,017,812,920)</b>
Increase in capital funds			-
<b>Net cash flows from / (used in) financing activities</b>		<b>(1,072,840,568)</b>	<b>(1,025,935,967)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>40,066,051</b>	<b>76,229,900</b>
Cash and cash equivalents at 1 JULY 21	16	116,677,334	40,447,434
<b>Cash and cash equivalents at 30 JUNE 22</b>	17	<b>156,743,385</b>	<b>116,677,334</b>

The Financial Statements set out on this page was signed on behalf of the National Executive Committee by:

  
Secretary General

Name: Hon. Edwin Sifuna

Date: 26/09/2022

  
National Treasurer

Name: Hon. Timothy Bosire

Date: 26/09/22

  
National Chairman

Name: Hon. CPA John Mbadi

Date: 26/09/2022

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Over/Under
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>%</b>
Public contributions and donations	79,668,000	-	79,668,000	62,291,524	17,376,476	22%
Government grants and subsidies	1,440,000,000	-	1,440,000,000	294,939,407	1,145,060,593	80%
Other income	291,112,000	-	291,112,000	258,805,170	32,306,830	11%
<b>Total income</b>	<b>1,810,780,000</b>	<b>-</b>	<b>1,810,780,000</b>	<b>616,041,341</b>	<b>1,194,738,659</b>	<b>66%</b>
<b>Expenses</b>						
Compensation of employees	76,760,000	-	76,760,000	92,196,543	(15,436,543)	-20%
Depreciation	7,500,000	-	7,500,000	7,570,326	(70,074)	-1%
Finance cost	8,925,000	-	8,925,000	681,892	8,243,108	92%
Capex Costs	235,000,000	-	235,000,000	15,584,241	219,415,759	93%
Repairs	2,000,000	-	2,000,000	677,850	1,322,150	66%
Other payments	1,480,595,000	-	1,480,595,000	1,036,389,133	444,205,867	30%
Transfer NASA Partners	-	-	-	47,482,892	(47,482,892)	-
<b>Total expenditure</b>	<b>1,810,780,000</b>	<b>-</b>	<b>1,810,780,000</b>	<b>1,200,582,877</b>	<b>610,197,123</b>	<b>34%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(584,541,536)</b>	<b>584,541,536</b>	

Budget notes

The differences are mainly attributed to the 2022 General Election Campaigns.

We had legitimate expectation of Government honouring the court ruling with regard to funding; unfortunately, the Government remained in breach of the court ruling.

## **18. Notes to the Financial Statements**

### **1. General Information**

Orange Democratic Movement is established by and derives its authority and accountability from the Constitution and the Political Parties Act 2011. The Party is wholly Kenyan and is domiciled in Kenya. The Party's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Entity*.

The financial statements have been prepared in accordance with the PFM Act, the Political Parties Act 2011 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**Notes to the Financial Statements (Continued)**

**3. Adoption of New and Revised Standards**

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

<b>Standard</b>	<b>Effective date and impact:</b>
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held.</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness, and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The</p>

Standard	Effective date and impact:
	<p>information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

*iii. Early adoption of standards*

Orange Democratic Movement has not adopted these new standards as at 2021/2022.

We will adopt the Standards when they fall due.

#### **4. Summary of Significant Accounting Policies**

##### **a) Revenue recognition**

##### **i) Revenue from non-exchange transactions**

###### **Fees, taxes and fines**

The Entity recognizes revenues from fees, taxes and fines when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

###### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

###### **Rendering of services**

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

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

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **Summary of Significant Accounting Policies (Continued)**

#### **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.

#### **b) Budget information**

The original budget for FY 2021-2022 was approved by the National Assembly on 29<sup>th</sup> July 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals to conclude the final budget. Accordingly, the Entity recorded additional appropriations of Kshs 475,000.000 on the 2021-2022 budget towards settlement of courts arrears.

The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under note 16 of these financial statements.

---

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****Summary of Significant Accounting Policies (Continued)****c) Taxes****Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

***Sales tax***

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included  
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. After initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies (Continued)**

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant, and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Party recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Other significant accounting principles adopted by the Party are as follows:

**Depreciation**

Depreciation is provided for on fixed assets using the reducing balance method.

The following are the rates currently in use:

- Lease Hold Structure 10%
- Office Furniture and Fittings 12.5%
- Office Equipment 12.5%
- Computers and Printers 30%
- Motor Vehicles 25%
- Building is depreciated at 2.5%

**f) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****Summary of Significant Accounting Policies (Continued)****Impairment of financial assets**

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an Entity of financial assets is impaired. A financial asset or an Entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an Entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

**a) Financial liabilities****Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs

**Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**g) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies (Continued)**

its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

**h) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**i) Contingent liabilities**

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

---

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****Summary of Significant Accounting Policies (Continued)****j) Contingent assets**

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs

**k) Employee Benefits****Retirement benefit plans**

The Party provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Party pays fixed contributions into a separate Provident Fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

**k) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

---

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****Summary of Significant Accounting Policies (Continued)****l) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant, and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance

**m) Related parties**

The Party regards the National Executive Committee as a person or a body with the ability to exert control individually or jointly with other Party Organs, or to exercise significant influence over the Party Management, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO, and senior managers.

**n) Service concession arrangements**

ODM analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. Where a private party contributes an asset to the arrangement, the Party recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Party also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**o) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

---

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****Summary of Significant Accounting Policies (Continued)****p) Comparative figures**

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

**q) Subsequent events**

There have been no events after the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions**

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

**Useful lives and residual value**

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

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**Summary of Significant Accounting Policies (Continued)**
**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**6. Transfers from Other Government Entities**

Description	2021-2022	2020-2021
	KShs	KShs
<b>Unconditional grants</b>		
Government Political Fund	294,939,407	240,497,522
Accrued Transfers owing from Government	1,547,713,636	1,114,100,000
<b>Total Unconditional Grants</b>	<b>1,842,653,043</b>	<b>1,354,597,522</b>

**7. Public Contributions and Donations**

Description	2021-2022	2020-2021
	KShs	KShs
Governors Contributions	3,600,000	850,000
Deputy Governors Contributions	1,420,500	946,563
MP's and senators Contribution	27,715,500	17,152,000
Members Contribution	9,424,732	1,010,929
MCA's Contributions	20,136,032	21,079,493
<b>Total transfers and sponsorships</b>	<b>62,296,764</b>	<b>41,038,985</b>

**8. Finance Income**

Description	2021-2022	2020-2021
	KShs	KShs
Cash investments and fixed deposits	-	105,000,000
Interest income from Fixed Deposit	12,263,579	-
<b>Total finance income</b>	<b>12,263,579</b>	<b>105,000,000</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**9. Other Income**

Description	2021-2022	2020-2021
	KShs	KShs
Life Membership Fees	102,837,831	7,759,283
Nomination Fees	144,647,760	2,200,000
Tender Purchase	56,000	26,000
Assets Disposals	-	475,000
<b>Total other income</b>	<b>247,541,591</b>	<b>10,460,283</b>

**10. Employee Costs**

	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	75,601,358	66,826,085
Employee Provident Fund	5,490,613	3,920,015
Employer Provident Fund	5,490,613	3,920,015
Staff Medical Insurance	5,506,719	4,357,034
NSSF Employer Liability	53,620	52,600
NSSF Employee Liability	53,620	52,600
<b>Employee costs</b>	<b>92,196,543</b>	<b>79,128,349</b>

**11. Depreciation and Amortization Expense**

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant, and equipment	7,570,326	6,016,232
<b>Total depreciation and amortization</b>	<b>7,570,326</b>	<b>6,016,232</b>

**12. Repairs and Maintenance**

Description	2021-2022	2020-2021
	KShs	KShs
Property-Leasehold	365,850	43,124
Equipment and machinery	312,000	399,367
<b>Total repairs and maintenance</b>	<b>677,850</b>	<b>442,491</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**13. GENERAL EXPENSES (Use of Goods and Services)**

Description	2021-2022	2020-2021
	KShs	KShs
Advertising	942,214	352,584
Legal and profession fees	1,446,000	2,973,950
Software Expenses	100,000	87,200
Audit fees	200,000	464,000
Electricity (Utilities)	241,405	191,496
NITA	14,400	14,400
Communication and Internet	3,485,324	3,059,953
Branch Training –Coordination and support	65,774,495	42,878,316
Campaign Expenses	673,227,060	109,754,879
Civic Education Expenses	2,363,580	6,437,000
Regional Conferences	93,114,567	28,650,685
Party Policy and advocacy	32,872,471	14,820,640
Legal Expenses	15,542,464	4,387,988
Staff Welfare	1,232,850	1,007,899
Postage and delivery	2,232,075	1,053,408
Office stationery	667,410	281,730
Printing and reproduction	1,495,690	406,250
Newspapers and publication	151,200	101,400
Bad debts	-	(8,368,000)
Travel and accommodation	6,073,488	3,955,435
Security Costs	2,503,350	1,712,250
Transportation and Motor Expenses	6,666,378	5,039,108
Staff Skills Development	150,000	241,000
Clubs and membership	198,760	81,200
Fines and Penalties	45,000	45,000
Deed Registration	-	4,254,875
Service Charge	69,000	69,000
<b>Total General Expenses</b>	<b>910,809,181</b>	<b>223,953,646</b>

**14. Finance Costs**

Description	2021-2022	2020-2021
	KShs	KShs
Bank Charges	681,892	406,437
<b>Total finance costs</b>	<b>681,892</b>	<b>406,437</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**15. Gain on Sale of Assets**

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant, and equipment	-	475,000
<b>Total gain on sale of assets</b>	<b>-</b>	<b>475,000</b>

**16. Cash and Cash Equivalents**

Description	2021-2022	2020-2021
	KShs	KShs
Bank Balances	156,697,208	116,625,265
Cash on hand and in transit	46,177	52,069
<b>Total cash and cash equivalents</b>	<b>156,743,385</b>	<b>116,677,334</b>

**17. Detailed Analysis of the Cash and Cash Equivalents**

		2021-2022	2020-2021
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Cooperative Bank of Kenya (MA)	01120006511100	2,213,570	3,748,050
Cooperative Bank of Kenya (FR)	01120006511101	751,699	400,190
Cooperative Bank of Kenya (PCF)	01120006511102	(4)	-
Cooperative Bank of Kenya (PF)	01120198448800	247,695	72,095
Sidian Bank	010360200262	-	2,280
Equity Bank	0810278633379	-	8,800
KCB Bank Kenya Ltd (MA)	1257184989	20,488	5,913
KCB Bank Kenya Ltd (FR)	12571884717	3,860,180	127,427
KCB Bank Kenya Ltd (PF)	1255338423	149,603,580	7,260,510
<b>Sub- total</b>		<b>156,697,208</b>	<b>11,625,265</b>
<b>b) Fixed Deposit</b>			
<b>KCB Bank Kenya Ltd</b>		-	105,000,000
<b>Sub- total</b>		-	<b>105,000,000</b>
<b>c) Cash-on-hand and in transit</b>			
Cash in hand		869	1,393
Cash holding		708	3,293
Mpesa		44,600	44,600
Pay bill		-	2,783
<b>Sub- total</b>		<b>46,177</b>	<b>52,069</b>
<b>Grand total</b>		<b>156,743,385</b>	<b>116,677,334</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**18. Receivables from Exchange Transactions**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
<b>Current receivables</b>		
WIBA	-	54,167
Staff Advances	240,557	725,510
Outstanding Members Contributions	-	17,017,306
Bad debts	-	500,000
Prepaid Legal Fees	2,000,000	2,000,000
Prepaid Medical Staff /Motor Insurance	5,302,045	3,783,071
Prepaid Digital Registration	372,800	372,800
Refundable Deposit	1,360,000	-
Prepaid Rent	960,000	-
Lien Deposit	-	15,600,000
<b>Total receivables</b>	<b>10,235,402</b>	<b>40,052,854</b>
Accrued transfers owing from Government	<b>9,622,722,739</b>	<b>8,550,009,103</b>
<b>Total Current Receivables 30-6-2022</b>	<b>9,632,958,141</b>	<b>8,590,061,957</b>

**19. Inventories**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Membership Cards	-	8,039,888
<b>Total inventories at the lower of cost and net realizable value</b>	<b>-</b>	<b>8,039,888</b>

for the year ended June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. Property, Plant and Equipment

	Land	Buildings	Leasehold Structure	Computers & Printers	Office Equipment	Furniture and fittings	Motor vehicles	Total
Cost	KShs	Kshs	KShs	KShs	KShs	KShs	KShs	KShs
At 1 <sup>st</sup> July 2020	196,265,735	20,418,540	1,379,506	6,539,838	8,043,854	10,147,213	19,939,500	262,734,186
Additions	7,306,447	-	-	668,600	148,000	-	-	8,123,047
Disposals	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2021	203,572,182	20,418,540	1,379,506	7,208,438	8,191,854	10,147,213	19,939,500	270,857,232
Additions	(1,762,249)	-	-	3,631,139	10,976,600	2,738,750	-	15,584,240
Disposals	-	-	(1,379,506)	-	-	-	-	(1,379,506)
At 30 <sup>th</sup> June 2022	201,809,933	20,418,540	-	10,839,577	19,168,453	12,885,963	19,939,500	285,061,966
Depreciation and impairment								
At 30 <sup>th</sup> July 2020	-	-	1,379,506	5,653,157	3,733,004	4,199,438	4,984,875	19,949,980
Depreciation	-	510,464	-	466,584	557,056	743,471	3,738,656	6,016,232
Disposals	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2021	-	510,464	1,379,506	6,119,741	4,290,060	4,942,910	8,723,530	25,966,211
Depreciation	-	497,702	-	1,415,951	1,859,799	992,882	2,803,992	7,570,326
Disposals	-	-	(1,379,506)	-	-	-	-	(1,379,506)
At 30 <sup>th</sup> June 2022	-	1,008,166	-	7,535,692	6,149,859	5,935,792	11,527,522	32,157,031
Net book values								
At 30th June 2021	203,572,182	19,908,076	-	1,088,697	3,901,794	5,204,303	11,215,970	244,891,022
At 30th June 2022	201,809,933	19,410,374	-	3,303,885	13,018,594	6,950,171	8,411,978	252,904,935

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**Valuation**

Land and buildings were valued by the ministry of lands and Interlink Real Estate independent valuer on 06/05/2019 on Depreciated Replacement Costs on Improvement basis of valuation. These amounts were adopted on 07/05/2019. The Book balance of Land and Building currently standing at Kshs 221 Million includes the cost of purchase plus interest charged, cost of improvement on building less 2.5% Depreciation on the building.

Given that the Government valuation figure was a block Kshs 180,000,000, the management adopted the actual cost and the Interlink valuation of the building at Kshs 7,000,000.

**20 (b) Property, Plant and Equipment at Cost**

If the Leasehold, buildings, and other assets were stated on the historical cost basis the amounts would be as follows:

	<b>Cost</b>	<b>Improvements</b>	<b>Totals</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	163,000,000	38,809,933	201,809,933	-	201,809,933
Buildings	7,000,000	13,418,540	20,418,540	1,008,166	19,410,374
Motor vehicles, including motorcycles	19,939,500	-	19,939,500	11,527,522	8,411,978
Leasehold Structure	1,379,506	-	1,379,506	1,379,506	-
Computers and related equipment	7,208,438	3,631,140	10,839,578	7,535,692	3,303,886
Office equipment, furniture, and fittings	18,339,067	13,715,349	32,054,416	12,085,651	19,968,765
	<b>216,866,511</b>	<b>69,574,961</b>	<b>286,441,472</b>	<b>33,536,537</b>	<b>252,904,935</b>

Property plant and Equipment includes the following assets that are fully depreciated:

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**21. Trade and Other Payables from Exchange transactions**

Description	2021-2022	2020-2021
	KShs	KShs
Auditor General	200,000	644,000
Kenya Revenue Authority	1,581,933	1,302,791
KCB Bank Kenya Ltd (Loan)	-	22,215,172
Robert Bett	-	20,000
<b>Total trade and other payables</b>	<b>1,781,933</b>	<b>24,181,963</b>

**22. Employee Benefit Obligations**
**Retirement benefit Asset/ Liability**

The entity operates a defined benefit scheme for all full-time employees from July 1, 2019. The scheme is administered by Britam Life Assurance Company (K) Limited while Kingsland Court Trustee Services Limited are the custodians of the scheme. The scheme is based on 7.5 percentage of salary of an employee at the time of retirement. The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 200 per employee per month.

**23. Borrowings**

Description	2021-2022	2020-2021
	KShs	KShs
<b>a) Domestic Borrowings</b>		
Balance at beginning of the year	22,215,172.54	83,394,315.08
Repayments during the year	22,215,172.54	61,179,142.54
<b>Balance at end of the year</b>	<b>-</b>	<b>22,215,172.54</b>
<b>Balance at end of the period- Domestic borrowings</b>	<b>-</b>	<b>22,215,172.54</b>

**24. Cash Generated from Operations**

	2021-2022	2020-2021
	KShs	KShs
<b>Surplus for the year before tax</b>	<b>1,105,336,293</b>	<b>1,096,149,635</b>
<b>Adjusted for:</b>		
Depreciation	7,570,326	6,016,232
Finance cost		
<b>Working Capital adjustments</b>		
Purchase of assets (Land and buildings/Motor Vehicles)	(15,584,241)	(8,123,047)
Increase in payables	(14,360,142)	(84,462,352)
Increase in receivables	(1,042,896,184)	(933,350,568)
<b>Net cash flow from operating activities</b>	<b>40,066,051</b>	<b>76,229,900</b>

**25. Financial Risk Management**

The entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

**i) Credit risk**

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

**iii) Market risk**

Orange Democratic Movement has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Party's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

**iv. Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**Sensitivity analysis**

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on Surplus or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase.

**Fair value of financial assets and liabilities**

**v. Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

---

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Party considers relevant and observable market prices in its valuations where possible.

**26. Contingent Assets and Contingent Liabilities****27. Events after the Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

**28. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

APPENDIX

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>

**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.

National Treasurer  
ORANGE DEMOCRATIC MOVEMENT

Date.....