

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

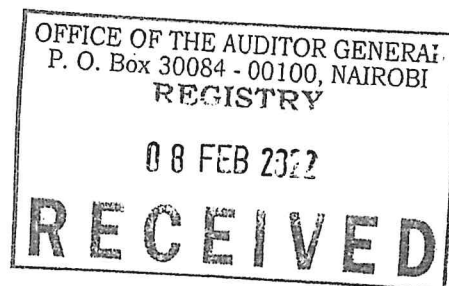
OF

THE AUDITOR-GENERAL

ON

**GOVERNMENT OF KENYA MINISTRIES,
DEPARTMENTS AND AGENCIES**

**FOR THE YEAR ENDED
30 JUNE, 2018**



THE REPUBLIC OF KENYA

CONSOLIDATED FINANCIAL STATEMENTS

MINISTRIES, DEPARTMENTS AND AGENCIES

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2018**

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

TABLE OF CONTENTS

PAGE

| | | |
|--------|---|------|
| 1. | COMMENTARY ON THE CONSOLIDATED FINANCIAL STATEMENTS..... | I |
| 1.1. | INTRODUCTION | I |
| 1.2. | KEY HIGHLIGHTS | II |
| 1.2.1. | SUMMARY OF FINANCIAL RESULTS..... | II |
| 1.2.2. | CURRENT YEAR PERFORMANCE AGAINST PRIOR YEAR | III |
| 1.2.3. | RECEIPTS | III |
| 1.2.4. | PAYMENTS..... | VI |
| 1.2.5. | SURPLUS FOR THE YEAR | VII |
| 1.2.6. | TOTAL FINANCIAL ASSETS | VII |
| 1.2.7. | SUMMARY OF FINANCIAL RESULTS..... | VIII |
| 1.3. | CONCLUSION | IX |
| 2. | STATEMENT OF RESPONSIBILITY | XI |
| 3. | CONSOLIDATED STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 TH JUNE 2018 | 1 |
| 4. | CONSOLIDATED STATEMENT OF FINANCIAL ASSETS AS AT 30 TH JUNE 2018..... | 2 |
| 5. | CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 TH JUNE 2018 | II |
| 6. | BUDGET EXECUTION REPORT | 2 |
| 6.1. | BUDGET EXECUTION BY ECONOMIC CLASSIFICATION (COMBINED RECURRENT & DEVELOPMENT) | 2 |
| 6.2. | BUDGET EXECUTION BY VOTE | 3 |
| 7. | SUMMARY OF FUNDS MOVEMENTS PER VOTE AS AT 30 TH JUNE 2018 | 8 |
| 8. | NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | 12 |
| 8.1. | STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION | 12 |
| 8.2. | REPORTING ENTITY | 12 |
| 8.3. | REPORTING CURRENCY | 12 |
| 8.4. | BASIS OF CONSOLIDATION..... | 12 |
| 8.5. | ELIMINATION..... | 12 |
| 8.6. | SIGNIFICANT ACCOUNTING POLICIES | 13 |
| 8.7. | DISCLOSURE OF ENTITIES INCLUDED IN CONSOLIDATION | 16 |
| 8.7.1. | DISCLOSURE OF ENTITIES EXCLUDED FROM CONSOLIDATION..... | 16 |
| 9. | SPECIFIC NOTES TO THE FINANCIAL STATEMENTS..... | 17 |
| | APPENDIX I - DETAILS OF FUNDS RELEASED TO BUDGET AGENCIES FROM THE EXCHEQUER..... | 45 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

ABBREVIATIONS

| | |
|-------|--|
| AIA | Appropriations in Aid |
| CBK | Central Bank of Kenya |
| CFS | Consolidated Fund Services |
| FY | Fiscal Year |
| PSASB | Public Sector Accounting Standards Board |
| IDA | International Development Association |
| IFRS | International Financial Reporting Standards |
| IPSAS | International Public Sector Accounting Standards |
| PFM | Public Financial Management |
| KShs | Kenya Shillings |
| KRA | Kenya Revenue Authority |
| MDAs | Ministries, Departments and Agencies |
| SAGA | Semi-Autonomous Government Agencies |
| SCs | State Corporations |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

1. Commentary on the Consolidated Financial Statements

1.1. Introduction

The Legal Framework

Section 81 of the Public Finance Management Act, 2012, requires that all state organs and public entities prepare annual financial statements at the end of each financial year and submit them to the Auditor General with a copy to the Controller of Budget, National Treasury and the Commission on Revenue Allocation by 30th September every year. Further, Section 80 of the PFM Act, 2012 requires the National Treasury to prepare annual financial statements that consolidate the financial statements prepared by all national government entities and submit to the Auditor-General with a copy to the Controller of Budget and Commission on Revenue Allocation by 31st October of every year.

The financial statements referred to above are prepared in accordance with the standards prescribed by the Public Sector Accounting Standards Board (PSASB). The Board was set up pursuant to Section 192 of the PFM Act, 2012 with the responsibility of providing frameworks and set generally accepted standards for the development and management of accounting and financial systems by all state organs and public entities and prescribe formats for financial statements and reporting by all state organs and public entities.

The Cabinet Secretary for the National Treasury gazetted members of the Board through Gazette Notice No. 1199 of 28th February 2014. Following the Board's approval of the adoption of the International Financial Reporting Standards (IFRS) for state organs operating as commercial business entities, Cash-basis International Public Sector Accounting Standards (IPSAS) for Ministries, Departments and Agencies (MDAs) and County Governments, and Accrual-basis IPSAS for state organs operating as non-commercial business entities, the reporting standards were gazetted through the Kenya Gazette Notice No. 5440 dated 8th August 2014.

Scope and Consolidation

Executive Order No. 1 of 2018, on the organisation of Government of the Republic of Kenya dated June 2018 had the number of voted entities under the National Government for as 69.

The Presidential Warrants of financial year 2017/2018 authorised the issuance of funds from the Consolidated Fund for the 69 votes. The entities included in the consolidation and the disbursements from the Exchequer are included in note 25 to the financial statements.

Included as an annexure to this report are 71 Government Development Projects implemented by MDAs and that prepare and submit financial statement independently. The inter-entity transfers to these Projects have been reconciled in full.

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

1.2. Key Highlights

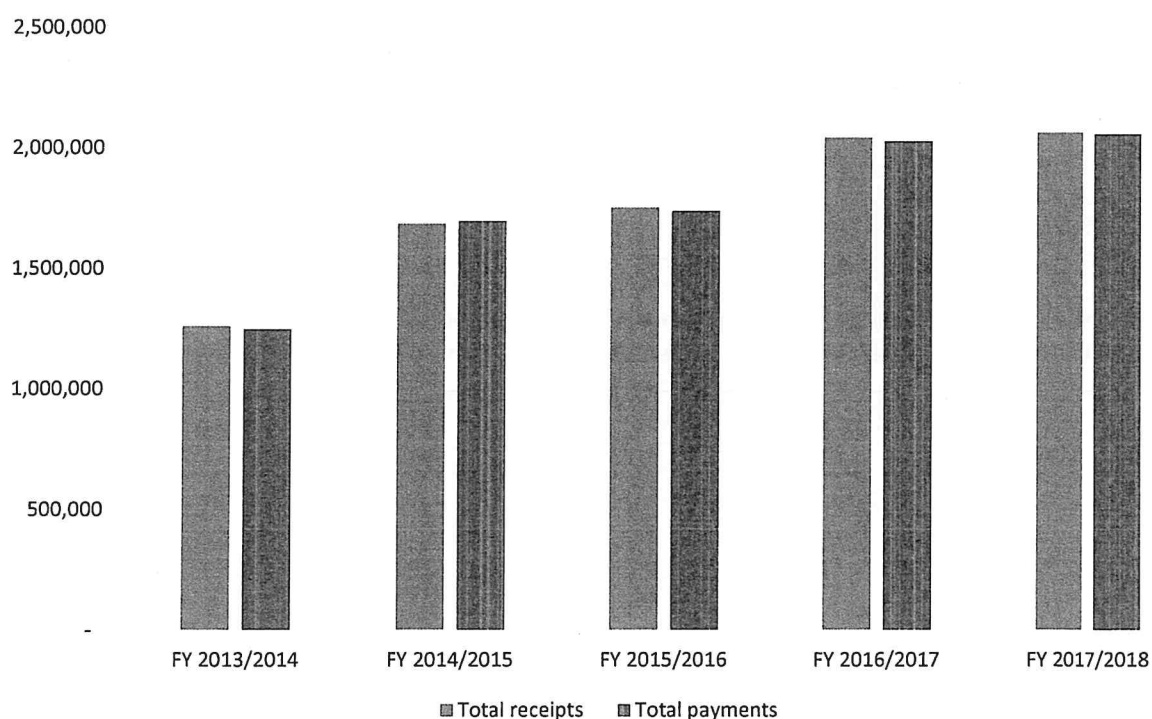
Below is an overview of the financial performance for the year ended 30th June 2018 as reported in the detailed consolidated financial statements together with the commentary and comparative analysis against budget and prior year for the key items in the financial statements.

1.2.1. Summary of Financial Results

Actual performance trend for the 5-year period between 30th June 2014 and 30th June 2018 is summarised as follows:

| Financial Performance | Actuals FY 2013/2014 | Actuals FY 2014/2015 | Actuals FY 2015/2016 | Actuals FY 2016/2017 | Actuals FY 2017/2018 |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | KShs million | KShs million | KShs million | KShs million | KShs million |
| Total Receipts | 1,259,411 | 1,683,969 | 1,748,204 | 2,042,475 | 2,062,798 |
| Total Payments | 1,247,872 | 1,694,848 | 1,734,051 | 2,029,439 | 2,058,402 |
| Surplus/(Deficit) | 11,539 | (10,879) | 14,153 | 13,036 | 4,396 |
| Net financial assets | 20,502 | 81,642 | (9,925) | (4,289) | 19,828 |

Financial statements at a glance



Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

1.2.2. Current Year Performance against Prior Year

| Financial Performance | Year to 30th June 2018 | Year to 30th June 2017 | Change | % |
|------------------------------|--|--|---------------------|---------------|
| | KShs million | KShs million | KShs million | Change |
| Total receipts | 2,062,798 | 2,042,475 | 20,323 | 1% |
| Total payments | 2,058,402 | 2,029,439 | 28,963 | 1% |
| Surplus for the Year | 4,396 | 13,036 | (8,640) | |

Total receipts increased by 1% due to increase funding mainly through exchequer releases to MDAs. Payments on the other hand increased by 1% compared to the previous financial period as a result of increase in activities during the year.

1.2.3. Receipts

The government receipts are derived from domestic and external sources. Domestic resources mainly comprise of taxes collected by the Kenya Revenue Authority (KRA) on behalf of the National Treasury, the appointed Receiver of Revenue, and remitted to the Exchequer Account that forms part of the Consolidated Fund. Tax collections are accounted for under the Consolidated Fund Accounts that consolidates the revenue collected by the various Receivers of Revenue.

MDAs receive transfers from the Consolidated Fund which forms the largest part of their receipts as depicted in the table below:

Other sources of receipts include external grants, various administrative fees and charges, receipts from sale of public assets and own receipts collected and used directly by government entities as Appropriations in Aid (AIA).

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

The total receipts for FY 2017/2018 were KShs 2,062,798 million, representing a 1% increase from KShs 2,042,475 million for FY 2016/2017.

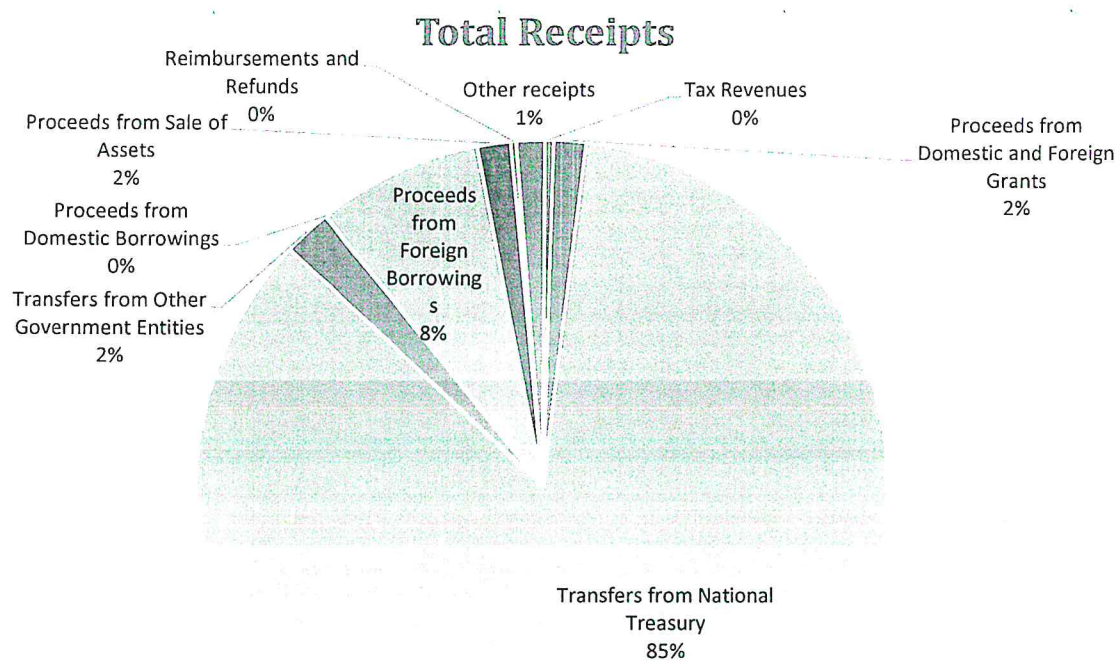
Total Receipts Breakdown

| | Year to 30 th June 2018 | Year to 30 th June 2017 | Change | % |
|---|---------------------------------------|---------------------------------------|---------------------|---------------|
| Receipts | KShs million | KShs million | KShs million | Change |
| Proceeds from levies | 8,473 | 4,965 | 3,508 | 71% |
| Proceeds from Domestic and Foreign Grants | 31,234 | 16,018 | 15,216 | 95% |
| Transfers from National Treasury | 1,754,943 | 1,711,813 | 43,130 | 3% |
| Transfers from Other Government Entities | 45,353 | 58,243 | (12,890) | (22)% |
| Proceeds from Foreign Borrowings | 158,346 | 194,961 | (36,615) | (19)% |
| Proceeds from Sale of Assets | 32,498 | 17,248 | 15,250 | 88% |
| Reimbursements and Refunds | 4,696 | 7,657 | (2,961) | (39)% |
| Other receipts | 27,255 | 31,570 | (4,315) | (14)% |
| Total receipts | 2,062,798 | 2,042,475 | 20,323 | 1% |

The increase in exchequer releases by the National Treasury of KShs 43,130 million was offset by a decrease in foreign borrowings in form of direct payments by KShs 36,615 million. Proceeds from levies during the year increased by 71% from the previous year. The proceeds from levies related to funds received by vote 1152 (State Department for Energy) and vote 1153 (State Department for Petroleum) from the Petroleum Development Levy Fund to supplement the development budget.

The diagram below depicts the share of major categories of receipts for the fiscal year ended 30th June 2018. The major source of funding for the MDAs is exchequer releases that account for 85% of the total receipts.

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018



Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

1.2.4. Payments

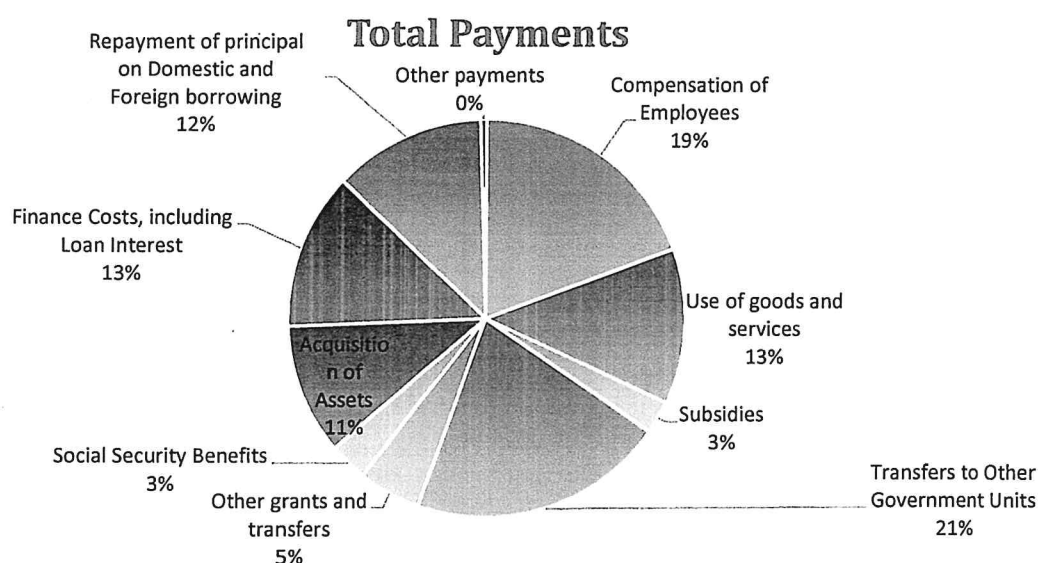
Total actual payments for period ended 30th June 2018 stood at KShs 2,058,402 million, a 1% increase from KShs 2,029,439 million reported for the year ended 30th June 2017.

Total payments breakdown:

| | Year to 30 th June 2018 | Year to 30 th June 2017 | Change | % |
|-------------------------------------|---------------------------------------|---------------------------------------|---------------|-----------|
| | KShs million | KShs million | KShs million | Change |
| Compensation of employees | 397,443 | 346,209 | 51,234 | 15% |
| Use of goods and services | 260,132 | 285,648 | (25,516) | (9)% |
| Subsidies | 55,466 | 30,098 | 25,368 | 84% |
| Transfers to other government units | 428,155 | 491,164 | (63,009) | (13)% |
| Other grants and transfers | 104,457 | 57,406 | 47,051 | 82% |
| Social security benefits | 64,965 | 61,006 | 3,959 | 6% |
| Acquisition of assets | 220,322 | 304,951 | (84,629) | (28)% |
| Payment of interest on borrowing | 262,069 | 215,288 | 46,781 | 22% |
| Repayment of principal on borrowing | 255,331 | 221,663 | 33,668 | 15% |
| Other payments | 10,062 | 16,006 | (5,944) | (37)% |
| Total payments | 2,058,402 | 2,029,439 | 28,963 | 1% |

The increase in compensation of employees, other grants and transfers, repayment of principal and interest on borrowing was offset by a decrease in transfer to other government units, acquisition of assets and use of goods and services.

The diagram below depicts the share of major categories of payments for the fiscal year ended 30th June 2018.



Compensation of employees accounted for 19% of the National Government spending while 21% was utilised on transfers to other government units. 13% was utilised in use of goods and services, a further 13% was utilised in finance costs while 12% was utilised in payment of principal on borrowing.

1.2.5. Surplus for the Year

The surplus for the MDAs in FY 2017/2018 stood at KShs 4,396 million compared to KShs 13,036 million in the previous financial year as shown below:

| Financial Performance | Year to 30 th June 2018 | Year to 30 th June 2017 | Change | % |
|-----------------------------|------------------------------------|------------------------------------|----------------|--------|
| | KShs million | KShs million | KShs million | Change |
| Total receipts | 2,062,798 | 2,042,475 | 20,323 | 1% |
| Total payments | 2,058,402 | 2,029,439 | 28,963 | 1% |
| Surplus for the Year | 4,396 | 13,036 | (8,640) | |

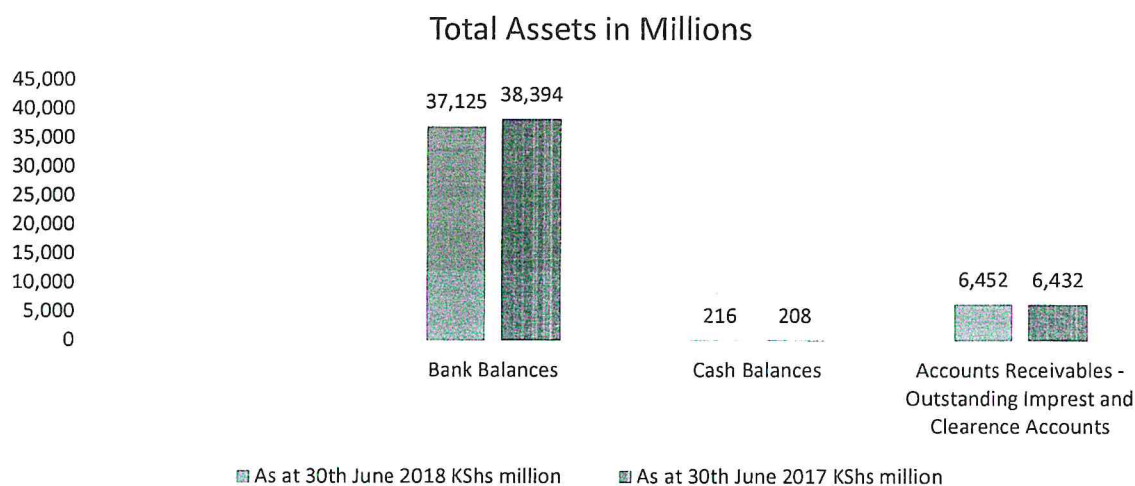
1.2.6. Total Financial Assets

The total financial assets for the MDAs as at 30th June 2018 amounted to KShs 43,793 million compared to the KShs 45,034 million as at 30th June 2017. This represents a decrease of KShs 1,241 million.

| Financial Assets | As at 30 th June 2018 | As at 30 th June 2017 | Change | % |
|-------------------------------|----------------------------------|----------------------------------|----------------|-------------|
| | KShs million | KShs million | KShs million | Change |
| Bank balances | 37,125 | 38,394 | (1,269) | (3)% |
| Cash balances | 216 | 208 | 8 | 4% |
| Accounts receivables | 6,452 | 6,432 | 20 | 0% |
| Total financial assets | 43,793 | 45,034 | (1,241) | (3)% |

Bank balances decreased by KShs 1,269 million from the previous year. Cash balances increased by 4% while accounts receivables increased by 0% from the previous year.

The diagram below shows the total assets as at 30th June 2018.



Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

1.2.7. Summary of Financial Results

Receipts

Actual performance trend for the 5-year period between 30th June 2014 and 30th June 2018 is summarised as follows:

| | 30th June 2018 | 30th June 2017 | 30th June 2016 | 30th June 2015 | 30th June 2014 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | KShs Million | KShs Million | KShs Million | KShs Million | KShs Million |
| Receipts | | | | | |
| Proceeds from Levies | 8,473 | 4,965 | 6,068 | 5,015 | 3,494 |
| Proceeds from Domestic and Foreign Grants | 31,234 | 16,018 | 21,877 | 26,304 | 64,182 |
| Transfers from National Treasury | 1,754,943 | 1,711,813 | 1,529,402 | 1,365,042 | 1,075,966 |
| Transfers from Other Government Entities | 45,353 | 58,243 | 34,281 | 23,181 | 1,943 |
| Proceeds from Domestic Borrowings | - | - | - | 20,914 | 55,989 |
| Proceeds from Foreign Borrowings | 158,346 | 194,961 | 106,830 | 208,276 | 19,416 |
| Proceeds from Sale of Assets | 32,498 | 17,248 | 21,606 | 23,062 | 20,982 |
| Reimbursements and Refunds | 4,696 | 7,657 | 4,990 | 4,427 | 6,121 |
| Other Revenues | 27,255 | 31,570 | 23,150 | 7,748 | 11,318 |
| Total Receipts | 2,062,798 | 2,042,475 | 1,748,204 | 1,683,969 | 1,259,411 |

The increase in Proceeds from levies over the years is attributable to growth in levies on income, profits and capital gains as well as taxes on goods and services. The growth was driven by an increase in funding from the Petroleum Development Levy Fund, the Railway Development Levy Fund and the Road Maintenance Levy Fund. The increase over the years has been driven by enhanced compliance and tighter enforcement measures.

Domestic and Foreign grants have overallly increased over the years due to increased budget support from development partners in form of foreign governments and international organizations. Foreign Governments include the Government of Italy, Government of Japan, Government of Denmark and Government of Sweden. International Organizations include AMISOM, DANIDA, IDA, The Global Fund and World Bank Funding.

Exchequer releases have relatively increased over the 5-year period mainly due to additional financing from the National Treasury

Proceeds from borrowing which are in form of direct payment has relatively increased over the 5-year period mainly due to commercial financing. The loans were received from, AFREXIM Bank, World Bank and IDA

Proceeds from Sale of Assets and Other Revenues have been fluctuating to varying proceeds from the disposal of idle assets by the MDAs and other receipts from interest, rent and sale of incidental goods.

Reimbursement and Refunds has been fluctuating as well due to varying proceeds from amounts due from statutory organisation related to reimbursements done by United Nations to Government of Kenya through the Ministry of Defence as a compensation for defence forces in peace keeping missions in various parts of the world.

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

Payments

Actual performance trend for the 5-year period between 30th June 2014 and 30th June 2018 is summarised as follows:

| | 30th June 2018 | 30th June 2017 | 30th June 2016 | 30th June 2015 | 30th June 2014 |
|-------------------------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| | KShs Million | KShs Million | KShs Million | KShs Million | KShs Million |
| PAYMENTS | | | | | |
| Compensation of Employees | 397,443 | 346,209 | 326,589 | 305,102 | 279,945 |
| Use of goods and services | 260,132 | 285,648 | 232,276 | 192,149 | 165,675 |
| Subsidies | 55,466 | 30,098 | 30,315 | 30,675 | 21,737 |
| Transfers to Other Government Units | 428,155 | 491,164 | 362,432 | 302,025 | 228,050 |
| Other grants and transfers | 104,457 | 57,406 | 76,002 | 66,078 | 118,058 |
| Social Security Benefits | 64,965 | 61,006 | 52,549 | 36,292 | 29,365 |
| Acquisition of Assets | 220,322 | 304,951 | 227,995 | 322,791 | 133,996 |
| Payment of Interest on borrowing | 262,069 | 215,288 | 167,982 | 152,563 | 132,385 |
| Repayment of principal on borrowing | 255,331 | 221,663 | 254,117 | 264,916 | 95,483 |
| Other Expenses | 10,062 | 16,006 | 3,794 | 22,257 | 43,178 |
| TOTAL PAYMENTS | 2,058,402 | 2,029,439 | 1,734,051 | 1,694,848 | 1,247,872 |

The increase in payments is attributable to the increase in budget allocation. Compensation of Employees and use of Goods and services has steadily increased in the year due to increase in budgetary allocation

Increase in subsidies is attributed to transfers to learning institutions made by State Department of Basic Education to Primary and Secondary schools as subsidies towards free primary and secondary education.

Transfers to other Government units and other grants and transfers has been relatively increasing due to budgetary allocation measures put in place.

Payment of Interest and Repayment of principal on borrowing and have increased due to increase in payments made by CFS Public debt and CFS salaries and allowances in payment of interest and principal earned on domestic and foreign borrowings.

1.3. Conclusion

The Government of Kenya has initiated various reforms to improve the integrity and timeliness of financial information generated for all stakeholders so as to enhance decision making for prudent allocation and control of public resources. In an attempt to increase transparency in reporting, the National Treasury adopted Cash-basis International Public Sector Accounting Standards (IPSAS) for Ministries, Departments and Agencies, and County Governments and Accrual-basis International Public Sector Accounting Standards (IPSAS) for non-commercial national government entities and International Financial Reporting Standards (IFRS) for commercial government entities.

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

For effective understanding and interpretation, the financial statements should be read in conjunction with the underlying notes and schedules.



FCPA Bernard Ndungu, MBS
Director General, Accounting Services & Quality Assurance
National Treasury
31st January, 2022

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

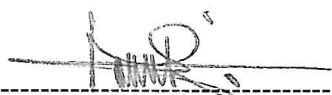
2. Statement of Responsibility

Section 80 of the Public Finance Management (PFM) Act, 2012 requires the National Treasury to prepare annual financial statements that consolidate the financial statements prepared by all National Government entities, in accordance with the accounting policies and formats prescribed by the Public Sector Accounting Standards Board. The National Treasury is required to submit these financial statements to the Auditor General and a copy to the Controller of Budget and the Commission on Revenue Allocation by 31st October 2018.

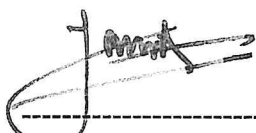
These consolidated financial statements relate to the National Government Ministries, Departments and Agencies for the financial year ended 30th June 2018 and are based on the financial statements prepared and submitted by the respective Ministries, Departments and Agencies in accordance with Section 81 of the PFM Act, 2012. The responsibility of ensuring accuracy and completeness of the financial statements rests with the Accounting Officers of the respective entities.

The consolidated financial statements have been prepared on a going concern basis and are based on accounting policies which have been consistently applied and supported by reasonable and prudent judgments and estimates.

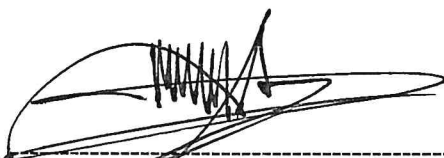
To the best of our knowledge, the overall consolidated financial statements as set out on pages 1 to 72 are complete and accurately prepared based on the financial statements submitted by the entities for the financial year ended 30th June 2018.



FCPA Bernard Ndungu, MBS
Director General, Accounting Services & Quality Assurance
National Treasury
31st January, 2022



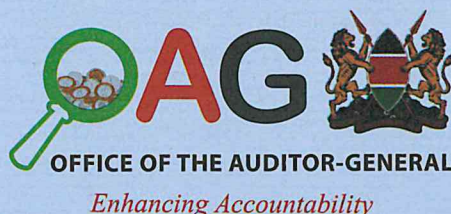
FCPA Julius Muia, PhD, CBS
Principal Secretary
National Treasury
31st January, 2022



Hon. (Amb.) Ukur Yatani, EGH
Cabinet Secretary
National Treasury & Planning
31st January, 2022

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON GOVERNMENT OF KENYA MINISTRIES, DEPARTMENTS AND AGENCIES FOR THE YEAR ENDED 30 JUNE, 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying Consolidated Financial Statements of the Government of Kenya Ministries, Departments and Agencies (MDAs) set out on pages 1 to 34, which comprise the consolidated statement of financial assets as at 30 June, 2018, and the consolidated statement of receipts and payments, consolidated statement of cash flows, consolidated recurrent and development votes, consolidated statement of comparison of budget and actual amounts and a summary of funds movements per vote for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with 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 consolidated financial statements present fairly, in all material respects, the financial position of the Government of Kenya Ministries, Departments and Agencies (MDAs) as at 30 June, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) 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 Government of Kenya Ministries, Departments and Agencies (MDAs) 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.

Emphasis of Matter

Overall Government Performance

The audit of individual Ministries, Departments, Agencies' (MDAs) and the Consolidated Fund Services' sets of financial statements for the year ended 30 June, 2018 indicates that only nineteen (19) financial statements or 27.54% out of the audited sixty-nine (69)

Report of the Auditor-General on Government of Kenya Ministries, Departments and Agencies for the year ended 30 June, 2018

comprising of sixty-five (65) (MDAs) and four (4) Consolidated Fund Services, (CFS), with an expenditure of Kshs.161,142,378,064 or 7.84% of total expenditure of Kshs.2,059,595,585,342 had unqualified opinion. Further, twenty-nine (29) financial statements or 42.03 % with an expenditure of Kshs.922,659,039,067 or 44.8% of total expenditure had a qualified audit opinion while, thirteen (13) financial statements or 18.84% with expenditure of Kshs.849,541,603,951 and representing 41.25% of total expenditure had an adverse opinion while seven (7) financial statements or 10.14% with an expenditure of Kshs.121,088,794,488 representing 5.88% of total expenditure had a disclaimer of opinion.

The financial statements of the Office of the Auditor-General with an expenditure of Kshs.4,716,506,153 representing 0.23% of the total government expenditure which is audited separately by an independent auditor appointed by Parliament had not been certified. The audit opinion summary over the last three years is as shown below:

| Audit Opinion | 2015/2016 | | 2016/2017 | | 2017/2018 | |
|-------------------|-----------|--------------|-----------|--------------|-----------|--------------|
| | No. of FS | % age | No. of FS | % age | No. of FS | % age |
| Unmodified | 10 | 18.18 | 21 | 30.44 | 19 | 27.54 |
| Qualified | 37 | 67.27 | 35 | 50.72 | 29 | 42.03 |
| Adverse | 6 | 10.91 | 11 | 15.94 | 13 | 18.84 |
| Disclaimer | 1 | 1.82 | 1 | 1.45 | 7 | 10.14 |
| Not yet Certified | 1 | 1.82 | 1 | 1.45 | 1 | 1.45 |
| Total | 55 | 100.0 | 69 | 100.0 | 69 | 100.0 |

My opinion is not qualified in respect this matter.

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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Government of Kenya Ministries, Departments and Agencies (MDAs) ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the National Government is aware of the intention to terminate the Government of Kenya Ministries, Departments and Agencies (MDAs) 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 is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Government of Kenya Ministries, Departments and Agencies (MDAs) monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministries, Departments, Agencies' (MDAs) ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Ministries, Departments, Agencies' (MDAs) to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Ministries, Departments, Agencies' (MDAs) to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

28 October, 2021



Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

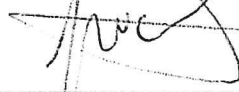
3. Consolidated Statement of Receipts and Payments for the Year Ended 30th June 2018

| | Note | Year to 30 th June 2018 | Year to 30 th June 2017 |
|---|------|---------------------------------------|---------------------------------------|
| | | KShs | KShs |
| Receipts | | | |
| Proceeds from Levies | 1 | 8,473,167,501 | 4,965,102,169 |
| Proceeds from Domestic and Foreign Grants | 2 | 31,234,103,646 | 16,017,761,686 |
| Transfers from National Treasury | 3 | 1,754,943,377,157 | 1,711,812,644,935 |
| Transfers from Other Government Entities | 4 | 45,353,275,954 | 58,243,343,523 |
| Proceeds from Foreign Borrowings | 5 | 158,345,591,781 | 194,960,909,026 |
| Proceeds from Sale of Assets | 6 | 32,497,331,971 | 17,248,208,209 |
| Reimbursements and Refunds | 7 | 4,695,516,824 | 7,656,939,471 |
| Other Receipts | 8 | 27,255,382,503 | 31,570,575,600 |
| Total receipts | | 2,062,797,747,337 | 2,042,475,484,619 |
| Payments | | | |
| Compensation of Employees | 9 | 397,442,811,292 | 346,209,329,205 |
| Use of goods and services | 10 | 260,131,508,465 | 285,647,849,859 |
| Subsidies | 11 | 55,465,920,613 | 30,097,548,957 |
| Transfers to Other Government Units | 12 | 428,155,599,889 | 491,164,161,326 |
| Other grants and transfers | 13 | 104,456,562,572 | 57,406,395,554 |
| Social Security Benefits | 14 | 64,965,127,277 | 61,005,635,801 |
| Acquisition of Assets | 15 | 220,322,302,097 | 304,950,692,943 |
| Payment of interest on borrowing | 16 | 262,069,138,705 | 215,287,902,029 |
| Repayment of principal on borrowing | 17 | 255,331,176,934 | 221,663,593,627 |
| Other payments | 18 | 10,062,025,612 | 16,005,697,578 |
| Total payments | | 2,058,402,173,456 | 2,029,438,806,879 |
| Surplus | | 4,395,573,881 | 13,036,677,740 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The report covers the twelve-month period ended 30th June 2018 and the accompanying comparatives cover the twelve-month period ended 30th June 2017.



FCPA Bernard Ndungu, MBS
 Director General, Accounting Services &
 Quality Assurance
 National Treasury
 31st January, 2022



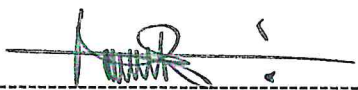
CPA Jona Wala
 Ag. Director, Accounting Services
 National Treasury
 31st January, 2022

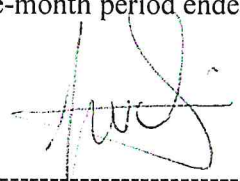
**GOVERNMENT OF KENYA
REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

4. Consolidated Statement of Financial Assets as at 30th June 2018

| | Note | As at 30 th June 2018 | As at 30 th June 2017 |
|--|------|----------------------------------|----------------------------------|
| Financial Assets | | KShs | KShs |
| Cash and Cash Equivalents | | | |
| Bank Balances | 19A | 37,125,238,909 | 38,394,071,740 |
| Cash Balances | 19B | 215,830,575 | 207,653,660 |
| Total Cash And Cash Equivalents | | 37,341,069,484 | 38,601,725,400 |
| Accounts Receivables - Outstanding Imprest and Clearance Accounts | 20 | 6,452,146,929 | 6,431,834,610 |
| Total financial assets | | 43,793,216,413 | 45,033,560,010 |
| Less: financial liabilities | | | |
| Accounts Payables – Deposits | 21 | 23,965,430,824 | 49,322,898,712 |
| Net financial assets | | 19,827,785,589 | (4,289,338,702) |
| Represented by | | | |
| Fund balance b/fwd | 22 | (4,289,338,702) | (9,925,087,296) |
| Surplus for the year | | 4,395,573,881 | 13,036,677,740 |
| Prior year adjustments | 23 | 21,250,126,874 | (11,240,635,303) |
| Accrual to cash adjustments | 24 | (1,528,576,464) | 3,839,706,157 |
| Net financial position | | 19,827,785,589 | (4,289,338,702) |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The report covers twelve-month period ended 30th June 2018 and the accompanying comparatives cover the twelve-month period ended 30th June 2017.


FCPA Bernard Ndungu, MBS
Director General, Accounting Services &
Quality Assurance
National Treasury
31st January, 2022


CPA Jona Wala
Ag. Director, Accounting Services
National Treasury
31st January, 2022

GOVERNMENT OF KENYA
REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

5. Consolidated Statement of Cash Flows for the Year Ended 30th June 2018

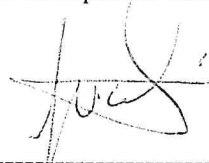
| | | Year to 30 th June 2018 | Year to 30 th June 2017 |
|--|-------|---------------------------------------|---------------------------------------|
| | Notes | KShs | KShs |
| Cash flow from operating activities | | | |
| Receipts for operating income | | | |
| Proceeds from levies | 1 | 8,473,167,501 | 4,965,102,169 |
| Proceeds from Domestic and Foreign Grants | 2 | 31,234,103,646 | 16,017,761,686 |
| Transfers from National Treasury | 3 | 1,754,943,377,157 | 1,711,812,644,935 |
| Transfers from Other Government Entities | 4 | 45,353,275,954 | 58,243,343,523 |
| Reimbursements and Refunds | 7 | 4,695,516,824 | 7,656,939,471 |
| Other receipts | 8 | 27,255,382,503 | 31,570,575,600 |
| | | 1,871,954,823,585 | 1,830,266,367,384 |
| Payments for operating expenses | | | |
| Compensation of Employees | 9 | (397,442,811,292) | (346,209,329,205) |
| Use of goods and services | 10 | (260,131,508,465) | (285,647,849,859) |
| Subsidies | 11 | (55,465,920,613) | (30,097,548,957) |
| Transfers to Other Government Units - Self Reporting SAGAs | 12 | (428,155,599,889) | (491,164,161,326) |
| Other grants and transfers | 13 | (104,456,562,572) | (57,406,395,554) |
| Social Security Benefits | 14 | (64,965,127,277) | (61,005,635,801) |
| Payment of interest on borrowing | 16 | (262,069,138,705) | (215,287,902,029) |
| Other payments | 18 | (10,062,025,612) | (16,005,697,578) |
| | | (1,582,748,694,425) | (1,502,824,520,309) |
| Adjusted for: | | | |
| Changes in receivables | | (20,312,319) | 15,212,323,456 |
| Changes in payables | | (25,357,467,888) | (1,291,812,106) |
| Accrual to cash adjustments | 24 | (1,528,576,464) | 3,839,706,157 |
| Prior year adjustments | 23 | 21,250,126,874 | (11,240,635,303) |
| Net cash flow from operating activities | | 283,549,899,363 | 333,961,429,279 |
| Cash flow from investing activities | | | |
| Proceeds from Sale of Assets | 6 | 32,497,331,971 | 17,248,208,209 |
| Acquisition of Assets | 15 | (220,322,302,097) | (304,950,692,943) |
| Net cash used in Investing Activities | | (187,824,970,126) | (287,702,484,734) |
| Cash flow from financing activities | | | |
| Proceeds from Foreign Borrowings | 5 | 158,345,591,781 | 194,960,909,026 |
| Repayment of principal on borrowing | 17 | (255,331,176,934) | (221,663,593,627) |
| Net cash flow from financing activities | | (96,985,585,153) | (26,702,684,601) |
| Net (decrease)/increase in cash and cash equivalent | | (1,260,655,916) | 19,556,259,944 |
| Cash and cash equivalent at beginning of the year | | 38,601,725,400 | 19,045,465,456 |
| Cash and cash equivalent at end of the year | | 37,341,069,484 | 38,601,725,400 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The report covers twelve months period ended 30th June 2018 and the accompanying comparatives cover the twelve month period ended 30th June 2017.



FCPA Bernard Ndungu, MBS
Director General, Accounting Services &
Quality Assurance
National Treasury
31st January, 2022



CPA Jona Wala
Ag. Director, Accounting Services
National Treasury
31st January, 2022

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

6. Budget Execution Report

6.1. Budget Execution by Economic Classification (Combined Recurrent & Development)

| Receipt/Payment Item | Original Expenditure Budget KShs | Adjustments (Supplementary 1 & 2) KShs | Final Expenditure Budget KShs | Actual on Comparable Basis KShs | Budget Utilisation Difference KShs | % of Utilisation KShs |
|--|--|---|-------------------------------------|---------------------------------------|---|-----------------------------|
| Tax Receipts | 10,065,518,000 | 5,264,000 | 10,070,782,000 | 8,473,167,501 | 1,597,614,499 | 84% |
| Proceeds from Domestic and Foreign Grants | 101,549,066,847 | (14,906,188,942) | 86,642,877,905 | 31,234,103,646 | 55,408,774,259 | 36% |
| Exchequer releases | 1,966,018,911,079 | 38,916,672,819 | 2,004,935,583,898 | 1,754,943,377,157 | 249,992,206,741 | 88% |
| Transfers from Other Government Entities | - | - | - | 45,353,275,954 | (45,353,275,954) | 100% |
| Proceeds from Domestic Borrowings | 2,506,928,396 | - | 2,506,928,396 | - | 2,506,928,396 | 0% |
| Proceeds from Foreign Borrowings | 171,589,100,427 | 15,050,355,224 | 186,639,455,651 | 158,345,591,781 | 28,293,863,870 | 85% |
| Proceeds from Sale of Assets | 44,872,340,331 | 7,589,639,019 | 52,461,979,350 | 32,497,331,971 | 19,964,647,379 | 62% |
| Reimbursements and Refunds | - | - | - | 4,695,516,824 | (4,695,516,824) | 100% |
| Other Receipts | 36,007,443,908 | 5,920,867,069 | 41,928,310,977 | 27,255,382,503 | 14,672,928,474 | 65% |
| Total Receipts | 2,332,609,308,988 | 52,576,609,189 | 2,385,185,918,177 | 2,062,797,747,337 | 322,388,170,840 | 86% |
| PAYMENTS | | | | | | |
| Compensation of Employees | 489,241,828,166 | (14,470,995,320) | 474,770,832,846 | 397,442,811,292 | 77,328,021,554 | 84% |
| Use of goods and services | 197,095,585,137 | 3,230,904,962 | 200,326,490,099 | 260,131,508,465 | (59,805,018,366) | 130% |
| Subsidies | 31,894,590,612 | 23,845,647,535 | 55,740,238,147 | 55,465,920,613 | 274,317,534 | 100% |
| Transfers to Other Government Units | 690,887,375,704 | 12,241,354,149 | 703,128,729,853 | 428,155,599,889 | 274,973,129,964 | 61% |
| Other grants and transfers | 46,851,938,495 | 11,814,541,493 | 58,666,479,988 | 104,456,562,572 | (45,790,082,584) | 178% |
| Social Security Benefits | 3,412,148,292 | (1,221,124,319) | 2,191,023,973 | 64,965,127,277 | (62,774,103,304) | >100% |
| Acquisition of Assets | 245,173,799,660 | (5,496,319,101) | 239,677,480,559 | 220,322,302,097 | 19,355,178,462 | 92% |
| Finance Costs, including Loan Interest | 280,772,322,070 | 24,342,031,711 | 305,114,353,781 | 262,069,138,705 | 43,045,215,076 | 86% |
| Repayment of principal on Domestic and Foreign borrowing | 342,279,720,852 | 3,290,568,079 | 345,570,288,931 | 255,331,176,934 | 90,239,111,997 | 74% |
| Other Expenses | 5,000,000,000 | (5,000,000,000) | - | 10,062,025,612 | (10,062,025,612) | 100% |
| Grand Total | 2,332,609,308,988 | 52,576,609,189 | 2,385,185,918,177 | 2,058,402,173,456 | 326,783,744,721 | 86% |

Notes:

- The original and revised estimates are based on approved budget as loaded in budget module of IFMIS. The actual outturn is based on un-audited financial statements submitted to the National Treasury for consolidation purposes and is bound to change once the financial statements for all voted entities are audited.
- The changes between the original budget and final budget were as a result of reallocation and additional appropriations through supplementary budgets that were duly approved by parliament during the financial year ended 30th June 2018.

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

6.2. Budget Execution by Vote

| No | Vote | Full Name of the MDA | Original Expenditure Budget | Adjustments (Supplementary & 2) | Final Budget Expenditure | Actuals on Comparable Basis | Budget Utilisation Difference | % of Utilisation |
|----|------|--|-----------------------------|---------------------------------|--------------------------|-----------------------------|-------------------------------|------------------|
| | | | KShs | KShs | KShs | KShs | KShs | |
| 1 | 1011 | The Presidency | 9,812,407,012 | 167,483,812 | 9,979,890,824 | 9,160,574,763 | 819,316,061 | 92% |
| 2 | 1021 | State Department for Interior | 124,436,089,889 | 7,153,082,951 | 131,589,172,840 | 120,861,707,973 | 10,727,464,867 | 92% |
| 3 | 1023 | State Department for Correctional Services | 22,435,369,313 | 915,523,930 | 23,350,893,243 | 23,125,625,142 | 225,268,101 | 99% |
| 4 | 1032 | State Department for Devolution | 4,647,100,000 | 4,215,193,830 | 8,862,293,830 | 5,295,048,510 | 3,567,245,320 | 60% |
| 5 | 1033 | State Department for Special Programmes | 6,672,560,000 | 2,277,310,872 | 8,949,870,872 | 8,802,051,331 | 147,819,541 | 98% |
| 6 | 1034 | State Department for Planning and Statistics | 43,193,306,000 | 572,526,439 | 43,765,832,439 | 42,230,690,276 | 1,535,142,163 | 96% |
| 7 | 1041 | Ministry of Defence | 103,619,400,000 | 10,690,979,864 | 114,310,379,864 | 106,164,140,100 | 8,146,239,764 | 93% |
| 8 | 1052 | Ministry of Foreign Affairs | 19,746,000,000 | (2,855,740,763) | 16,890,259,237 | 12,993,887,882 | 3,896,371,355 | 77% |
| 9 | 1063 | State Department for Basic Education | 66,355,730,000 | 27,332,328,581 | 93,688,058,581 | 92,585,874,566 | 1,102,184,015 | 99% |
| 10 | 1064 | State Department for Vocational and Technical Training | 8,286,500,000 | 5,106,567,901 | 13,393,067,901 | 10,681,585,027 | 2,711,482,874 | 80% |
| 11 | 1065 | State Department for University Education | 98,389,617,529 | 2,435,502,047 | 100,825,119,576 | 90,501,604,903 | 10,323,514,673 | 90% |
| 12 | 1071 | The National Treasury | 121,350,342,616 | (54,196,397,372) | 67,153,945,244 | 58,420,717,629 | 8,733,227,615 | 87% |
| 13 | 1081 | Ministry of Health | 61,700,483,571 | 16,691,140,693 | 78,391,624,264 | 52,452,003,507 | 25,939,620,757 | 67% |
| 14 | 1091 | State Department of Infrastructure | 187,645,591,571 | (38,201,508,255) | 149,444,083,316 | 117,724,539,604 | 31,719,543,712 | 79% |
| 15 | 1092 | State Department of Transport | 102,820,132,000 | 9,628,799,343 | 112,448,931,343 | 100,029,423,714 | 12,419,507,629 | 89% |
| 16 | 1093 | State Department for Maritime Affairs | 275,030,000 | (14,740,229) | 260,289,771 | 211,526,431 | 48,763,340 | 81% |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| No | Vote | Full Name of the MDA | Original Expenditure Budget | Adjustments (Supplementary & 2) | Final Budget Expenditure | Actuals on Comparable Basis | Budget Utilisation Difference | % of Utilisation |
|----|------|--|-----------------------------|---------------------------------|--------------------------|-----------------------------|-------------------------------|------------------|
| | | | KShs | KShs | KShs | KShs | KShs | |
| 17 | 1094 | State Department for Housing & Urban Development | 15,997,700,000 | 2,449,292,995 | 18,446,992,995 | 15,674,460,971 | 2,772,532,024 | 85% |
| 18 | 1095 | State Department for Public Works | 3,022,140,000 | (1,492,374,630) | 1,529,765,370 | 1,213,731,088 | 316,034,282 | 79% |
| 19 | 1103 | State Department for Water Services | 33,794,530,000 | 4,652,592,037 | 38,447,122,037 | 28,878,955,096 | 9,568,166,941 | 75% |
| 20 | 1104 | State Department for Irrigation | 13,213,600,000 | 1,343,346,593 | 14,556,946,593 | 10,528,654,112 | 4,028,292,481 | 72% |
| 21 | 1105 | State Department for Environment | 6,467,300,000 | (1,548,225,114) | 4,919,074,886 | 4,428,510,356 | 490,564,530 | 90% |
| 22 | 1106 | State Department for Natural Resources | 17,390,320,990 | (1,187,680,363) | 16,202,640,627 | 8,107,809,302 | 8,094,831,325 | 50% |
| 23 | 1112 | Ministry of Lands and Physical Planning | 6,234,000,000 | (1,107,035,665) | 5,126,964,335 | 4,707,068,205 | 419,896,130 | 92% |
| 24 | 1122 | State Department for Information Communications and Technology | 20,523,290,000 | (7,419,704,873) | 13,103,585,127 | 11,671,827,594 | 1,431,757,533 | 89% |
| 25 | 1123 | State Department for Broadcasting & Telecommunication | 2,859,700,000 | 884,174,275 | 3,743,874,275 | 2,901,823,647 | 842,050,628 | 78% |
| 26 | 1132 | State Department for Sports Development | 3,028,475,025 | 1,803,194,127 | 4,831,669,152 | 4,804,759,913 | 26,909,239 | 99% |
| 27 | 1133 | State Department for Arts and Culture | 3,985,402,906 | (404,791,783) | 3,580,611,123 | 3,543,960,313 | 36,650,810 | 99% |
| 28 | 1152 | State Department for Energy | 77,219,204,310 | (115,279,058) | 77,103,925,252 | 75,051,315,556 | 2,052,609,696 | 97% |
| 29 | 1153 | State Department for Petroleum | 5,380,510,000 | (1,235,502,260) | 4,145,007,740 | 3,034,472,729 | 1,110,535,011 | 73% |
| 30 | 1161 | State Department for Agriculture. | 16,890,400,000 | 11,430,639,488 | 28,321,039,488 | 23,341,738,759 | 4,979,300,729 | 82% |
| 31 | 1162 | State Department for Livestock. | 10,550,392,500 | 2,256,526,116 | 12,806,918,616 | 11,077,643,258 | 1,729,275,358 | 86% |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

| No | Vote | Full Name of the MDA | Original Expenditure Budget | Adjustments | | Final Budget Expenditure Budget | Actuals Comparable Basis | Budget Utilisation Difference | % of Utilisation |
|----|------|--|-----------------------------------|------------------------|------|--|--------------------------------|-------------------------------------|---------------------|
| | | | | (Supplementary & 2) | 1 | | | | |
| | | | KShs | | KShs | KShs | KShs | KShs | |
| 32 | 1164 | State Department for Fisheries and the Blue Economy | 2,970,300,000 | (734,129,087) | | 2,236,170,913 | 2,158,282,210 | 77,888,703 | 97% |
| 33 | 1172 | State Department for Investment and Industry | 7,722,462,000 | 1,184,020,265 | | 8,906,482,265 | 5,215,219,595 | 3,691,262,670 | 59% |
| 34 | 1173 | State Department for Cooperatives | 936,000,000 | 408,498,429 | | 1,344,498,429 | 1,239,596,374 | 104,902,055 | 92% |
| 35 | 1174 | State Department for International Trade | 2,741,900,000 | (475,422,750) | | 2,266,477,250 | 2,042,506,925 | 223,970,325 | 90% |
| 36 | 1183 | State Department for East African Integration | 1,616,000,000 | 97,754,559 | | 1,713,754,559 | 1,521,326,791 | 192,427,768 | 89% |
| 37 | 1184 | State Department for Labour | 3,074,000,000 | (788,919,617) | | 2,285,080,383 | 1,999,315,441 | 285,764,942 | 87% |
| 38 | 1185 | State Department for Social Protection | 24,407,050,000 | 3,784,181,369 | | 28,191,231,369 | 22,612,265,867 | 5,578,965,502 | 80% |
| 39 | 1191 | Ministry of Mining | 2,720,785,646 | (960,407,796) | | 1,760,377,850 | 1,733,914,494 | 26,463,356 | 98% |
| 40 | 1201 | Ministry of Tourism | 6,777,900,000 | (3,088,891,386) | | 3,689,008,614 | 3,014,667,932 | 674,340,682 | 82% |
| 41 | 1211 | State Department for Public Service and Youth Affairs | 26,506,650,000 | (135,640,219) | | 26,371,009,781 | 21,063,019,624 | 5,307,990,157 | 80% |
| 42 | 1212 | State Department of Gender | 5,042,700,000 | (524,964,159) | | 4,517,735,841 | 3,931,970,273 | 585,765,568 | 87% |
| 43 | 1252 | Office of the Attorney General and Department of Justice | 6,133,938,571 | (1,466,200,606) | | 4,667,737,965 | 3,440,318,523 | 1,227,419,442 | 74% |
| 44 | 1261 | The Judiciary | 17,561,435,272 | (2,909,541,544) | | 14,651,893,728 | 13,800,043,860 | 851,849,868 | 94% |
| 45 | 1271 | Ethics and Anti-Corruption Commission | 4,036,540,000 | 300,000,000 | | 4,336,540,000 | 2,990,344,365 | 1,346,195,635 | 69% |
| 46 | 1281 | National Intelligence Service | 26,604,000,000 | 5,353,500,000 | | 31,957,500,000 | 31,914,881,221 | 42,618,779 | 100% |
| 47 | 1291 | Office of the Director of Public Prosecutions | 2,332,630,000 | (333,627,038) | | 1,999,002,962 | 1,875,322,984 | 123,679,978 | 94% |
| 48 | 1311 | Office of the Registrar of Political Parties | 877,750,000 | (69,222,690) | | 808,527,310 | 760,357,426 | 48,169,884 | 94% |

The Consolidated Financial Statements

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

| No | Vote | Full Name of the MDA | Original Expenditure Budget | Adjustments | | Final Budget Expenditure Budget | Actuals on Comparable Basis | Budget Utilisation Difference | % of Utilisation |
|----|------|---|-----------------------------------|------------------------|-----------|--|--------------------------------------|-------------------------------------|---------------------|
| | | | | (Supplementary & 2) | 1 | | | | |
| | | | KShs | | KShs | KShs | KShs | KShs | |
| 49 | 1321 | Witness Protection Agency | 432,392,990 | | 9,987,493 | 442,380,483 | 428,040,152 | 14,340,331 | 97% |
| 50 | 2011 | Kenya National Commission on Human Rights | 450,410,000 | (51,643,700) | | 398,766,300 | 589,380,462 | (190,614,162) | >100% |
| 51 | 2021 | National Land Commission | 1,752,000,000 | (444,832,450) | | 1,307,167,550 | 9,223,376,018 | (7,916,208,468) | >100% |
| 52 | 2031 | Independent Electoral and Boundaries Commission | 21,617,687,459 | 11,755,000,000 | | 33,372,687,459 | 31,882,930,000 | 1,489,757,459 | 96% |
| 53 | 2041 | Parliamentary Service Commission | 14,876,950,001 | (2,402,381,844) | | 12,474,568,157 | 8,908,705,037 | 3,565,863,120 | 71% |
| 54 | 2042 | National Assembly | 21,166,033,200 | (1,574,984,623) | | 19,591,048,577 | 15,901,431,616 | 3,689,616,961 | 81% |
| 55 | 2051 | Judicial Service Commission | 490,160,000 | (206,622,300) | | 283,537,700 | 193,212,632 | 90,325,068 | 68% |
| 56 | 2061 | The Commission on Revenue Allocation | 365,000,000 | 26,711,063 | | 391,711,063 | 361,211,457 | 30,499,606 | 92% |
| 57 | 2071 | Public Service Commission | 1,419,000,000 | (51,013,221) | | 1,367,986,779 | 1,351,821,998 | 16,164,781 | 99% |
| 58 | 2081 | Salaries and Remuneration Commission | 546,000,000 | 82,533,000 | | 628,533,000 | 564,307,770 | 64,225,230 | 90% |
| 59 | 2091 | Teachers Service Commission | 201,955,000,000 | 16,423,457,400 | | 218,378,457,400 | 217,091,893,498 | 1,286,563,902 | 99% |
| 60 | 2101 | National Police Service Commission | 550,990,000 | (3,401,763) | | 547,588,237 | 447,263,619 | 100,324,618 | 82% |
| 61 | 2111 | Auditor General | 5,511,000,000 | (214,895,874) | | 5,296,104,126 | 4,716,506,103 | 579,598,023 | 89% |
| 62 | 2121 | Controller of Budget | 575,000,000 | (53,920,650) | | 521,079,350 | 462,125,279 | 58,954,071 | 89% |
| 63 | 2131 | The Commission on Administrative Justice | 476,500,000 | (63,710,598) | | 412,789,402 | 389,869,589 | 22,919,813 | 94% |
| 64 | 2141 | National Gender and Equality Commission | 445,870,000 | (100,345,793) | | 345,524,207 | 324,635,090 | 20,889,117 | 94% |
| 65 | 2151 | Independent Policing Oversight Authority | 750,000,000 | (54,140,000) | | 695,860,000 | 588,305,570 | 107,554,430 | 85% |
| 66 | R50 | CFS Public Debt-National Treasury | 621,764,127,455 | 27,632,599,790 | | 649,396,727,245 | 516,547,493,884 | 132,849,233,361 | 80% |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

| No | Vote | Full Name of the MDA | Original Expenditure Budget | Adjustments | | Final Budget Expenditure Budget | Actuals Comparable Basis | Budget Utilisation Difference | % of Utilisation |
|----|------|--|-----------------------------------|------------------------|-----------------------|--|--------------------------------|-------------------------------------|---------------------|
| | | | | (Supplementary & 2) | 1 | | | | |
| | | | KShs | | KShs | KShs | KShs | KShs | |
| 67 | R51 | CFS Pensions-National Treasury | 71,895,127,200 | | - | 71,895,127,200 | 63,170,121,740 | 8,725,005,460 | 88% |
| 68 | R52 | CFS Salaries and Allowances-National Treasury | 5,564,893,962 | | - | 5,564,893,962 | 3,738,455,780 | 1,826,438,182 | 67% |
| 69 | R53 | CFS Subscriptions to International Organizations-National Treasury | 500,000 | | - | 500,000 | - | 500,000 | 0% |
| | | Totals | 2,332,609,308,988 | | 52,576,609,189 | 2,385,185,918,177 | 2,058,402,173,456 | 326,783,744,721 | 86% |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

7. Summary of Funds Movements per Vote as at 30th June 2018

| No | Vote | Full name of the Ministry, Agency or Department | Receipts KShs | Payments KShs | Surplus KShs | Net Financial Assets KShs | Fund Balance C/f KShs |
|----|------|--|------------------|------------------|-----------------|---------------------------------|-----------------------------|
| 1 | 1011 | The Presidency | 9,563,311,514 | 9,160,574,763 | 402,736,751 | 428,344,664 | 428,344,664 |
| 2 | 1021 | State Department for Interior | 121,019,683,026 | 120,861,707,973 | 157,975,053 | 4,098,749,490 | 4,098,749,490 |
| 3 | 1023 | State Department for Correctional Services | 23,201,408,732 | 23,125,625,142 | 75,783,590 | 675,467,907 | 675,467,907 |
| 4 | 1032 | State Department for Devolution | 5,295,611,963 | 5,295,048,510 | 563,453 | 2,034,746 | 2,034,746 |
| 5 | 1033 | State Department for Special Programmes | 8,802,262,230 | 8,802,051,331 | 210,899 | 210,899 | 210,899 |
| 6 | 1034 | State Department for Planning and Statistics | 42,231,757,641 | 42,230,690,276 | 1,067,365 | 75,807,275 | 75,807,275 |
| 7 | 1041 | Ministry of Defence | 106,166,307,961 | 106,164,140,100 | 2,167,861 | 44,836,383 | 44,836,383 |
| 8 | 1052 | Ministry of Foreign Affairs | 13,377,377,030 | 12,993,887,882 | 383,489,148 | 2,216,177,667 | 2,216,177,667 |
| 9 | 1063 | State Department for Basic Education | 93,103,183,379 | 92,585,874,566 | 517,308,813 | 751,238,338 | 751,238,338 |
| 10 | 1064 | State Department for Vocational and Technical Training | 10,657,488,569 | 10,681,585,027 | (24,096,458) | 63,158,562 | 63,158,562 |
| 11 | 1065 | State Department for University Education | 90,501,290,471 | 90,501,604,903 | (314,432) | 723,714 | 723,714 |
| 12 | 1071 | The National Treasury | 58,588,570,259 | 58,420,717,629 | 167,852,630 | 2,056,688,153 | 2,056,688,153 |
| 13 | 1081 | Ministry of Health | 52,483,141,436 | 52,452,003,507 | 31,137,929 | 31,562,536 | 31,562,536 |
| 14 | 1091 | State Department of Infrastructure | 118,733,973,182 | 117,724,539,604 | 1,009,433,578 | 4,086,634,392 | 4,086,634,392 |
| 15 | 1092 | State Department of Transport | 100,046,920,100 | 100,029,423,714 | 17,496,386 | 17,496,386 | 17,496,386 |
| 16 | 1093 | State Department for Maritime Affairs | 211,603,493 | 211,526,431 | 77,062 | 77,062 | 77,062 |
| 17 | 1094 | State Department for Housing & Urban Development | 15,660,924,054 | 15,674,460,971 | (13,536,917) | 12,807,272 | 12,807,272 |
| 18 | 1095 | State Department for Public Works | 1,216,458,215 | 1,213,731,088 | 2,727,127 | 2,727,127 | 2,727,127 |
| 19 | 1103 | State Department for Water Services | 28,982,237,367 | 28,878,955,096 | 103,282,271 | 221,444,774 | 221,444,774 |
| 20 | 1104 | State Department for Irrigation | 10,532,514,794 | 10,528,654,112 | 3,860,682 | 3,860,682 | 3,860,682 |
| 21 | 1105 | State Department for Environment | 4,429,584,975 | 4,428,510,356 | 1,074,619 | 1,373,972 | 1,373,972 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

| No | Vote | Full name of the Ministry, Agency or Department | Receipts | Payments | Surplus | Net Financial | | Fund Balance |
|----|------|--|----------------|----------------|--------------|---------------|-------------|--------------|
| | | | KShs | KShs | KShs | Assets | | C/f |
| 22 | 1106 | State Department for Natural Resources | 8,125,269,803 | 8,107,809,302 | 17,460,501 | | 33,261,488 | 33,261,488 |
| 23 | 1112 | Ministry of Lands and Physical Planning | 4,712,444,642 | 4,707,068,205 | 5,376,437 | | 13,730,175 | 13,730,175 |
| 24 | 1122 | State Department for Information Communications and Technologies | 11,672,556,165 | 11,671,827,594 | 728,571 | | 2,722,362 | 2,722,362 |
| 25 | 1123 | State Department for Broadcasting & Telecommunication | 2,926,355,960 | 2,901,823,647 | 24,532,313 | | 90,184,869 | 90,184,869 |
| 26 | 1132 | State Department for Sports Development | 4,809,210,037 | 4,804,759,913 | 4,450,124 | | 33,132,477 | 33,132,477 |
| 27 | 1133 | State Department for Arts and Culture | 3,548,177,895 | 3,543,960,313 | 4,217,582 | | 4,217,582 | 4,217,582 |
| 28 | 1152 | State Department for Energy | 75,193,117,106 | 75,051,315,556 | 141,801,550 | | 159,051,507 | 159,051,507 |
| 29 | 1153 | State Department for Petroleum | 3,172,841,904 | 3,034,472,729 | 138,369,175 | | 138,637,513 | 138,637,513 |
| 30 | 1161 | State Department for Agriculture. | 23,708,304,262 | 23,341,738,759 | 366,565,503 | | 612,469,564 | 612,469,564 |
| 31 | 1162 | State Department for Livestock. | 11,295,816,224 | 11,077,643,258 | 218,172,966 | | 284,597,410 | 284,597,410 |
| 32 | 1164 | State Department for Fisheries and the Blue Economy | 2,169,912,905 | 2,158,282,210 | 11,630,695 | | 11,859,275 | 11,859,275 |
| 33 | 1172 | State Department for Investment and Industry | 6,155,940,079 | 5,215,219,595 | 940,720,484 | | 942,112,985 | 942,112,985 |
| 34 | 1173 | State Department for Cooperatives | 1,251,876,880 | 1,239,596,374 | 12,280,506 | | 28,084,326 | 28,084,326 |
| 35 | 1174 | State Department for International Trade | 2,040,921,433 | 2,042,506,925 | (1,585,492) | | 2,432,423 | 2,432,423 |
| 36 | 1183 | State Department for East African Integration | 1,521,825,165 | 1,521,326,791 | 498,374 | | 1,167,892 | 1,167,892 |
| 37 | 1184 | State Department for Labour | 2,024,237,952 | 1,999,315,441 | 24,922,511 | | 28,277,948 | 28,277,948 |
| 38 | 1185 | State Department for Social Protection | 22,821,553,372 | 22,612,265,867 | 209,287,505 | | 509,619,439 | 509,619,439 |
| 39 | 1191 | Ministry of Mining | 1,733,977,025 | 1,733,914,494 | 62,531 | | 62,531 | 62,531 |
| 40 | 1201 | Ministry of Tourism | 3,010,407,459 | 3,014,667,932 | (4,260,473) | | 3,381,822 | 3,381,822 |
| 41 | 1211 | State Department for Public Service and Youth Affairs | 21,020,670,673 | 21,063,019,624 | (42,348,951) | | 55,527,950 | 55,527,950 |
| 42 | 1212 | State Department of Gender | 3,935,642,817 | 3,931,970,273 | 3,672,544 | | 4,207,522 | 4,207,522 |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| No | Vote | Full name of the Ministry, Agency or Department | Receipts KShs | Payments KShs | Surplus KShs | Net Financial Assets KShs | Fund Balance C/f KShs |
|----|------|--|------------------|------------------|-----------------|---------------------------------|-----------------------------|
| 43 | 1252 | Office of the Attorney General and Department of Justice | 3,440,331,860 | 3,440,318,523 | 13,337 | 155,196,835 | 155,196,835 |
| 44 | 1261 | The Judiciary | 13,896,458,457 | 13,800,043,860 | 96,414,597 | 931,162,078 | 931,162,078 |
| 45 | 1271 | Ethics and Anti-Corruption Commission | 4,323,679,221 | 2,990,344,365 | 1,333,334,856 | 146,423,813 | 146,423,813 |
| 46 | 1281 | National Intelligence Service | 31,957,467,701 | 31,914,881,221 | 42,586,480 | 42,586,479 | 42,586,479 |
| 47 | 1291 | Office of the Director of Public Prosecutions | 1,882,527,355 | 1,875,322,984 | 7,204,371 | 7,670,300 | 7,670,300 |
| 48 | 1311 | Office of the Registrar of Political Parties | 778,003,736 | 760,357,426 | 17,646,310 | 17,646,310 | 17,646,310 |
| 49 | 1321 | Witness Protection Agency | 429,445,161 | 428,040,152 | 1,405,009 | 33,959,386 | 33,959,386 |
| 50 | 2011 | Kenya National Commission on Human Rights | 589,425,432 | 589,380,462 | 44,970 | 124,937,380 | 124,937,380 |
| 51 | 2021 | National Land Commission | 10,188,103,063 | 9,223,376,018 | 964,727,045 | 21,951,348 | 21,951,348 |
| 52 | 2031 | Independent Electoral and Boundaries Commission | 27,892,298,000 | 31,882,930,000 | (3,990,632,000) | 1,369,814,000 | 1,369,814,000 |
| 53 | 2041 | Parliamentary Service Commission | 9,317,103,481 | 8,908,705,037 | 408,398,444 | 413,975,369 | 413,975,369 |
| 54 | 2042 | National Assembly | 16,196,094,788 | 15,901,431,616 | 294,663,172 | 594,454,490 | 594,454,490 |
| 55 | 2051 | Judicial Service Commission | 196,978,268 | 193,212,632 | 3,765,636 | 2,531,925 | 2,531,925 |
| 56 | 2061 | The Commission on Revenue Allocation | 355,051,522 | 361,211,457 | (6,159,935) | 106,342,332 | 106,342,332 |
| 57 | 2071 | Public Service Commission | 1,350,669,266 | 1,351,821,998 | (1,152,732) | 5,364,757 | 5,364,757 |
| 58 | 2081 | Salaries and Remuneration Commission | 533,635,624 | 564,307,770 | (30,672,146) | 4,844,808 | 4,844,808 |
| 59 | 2091 | Teachers Service Commission | 217,426,722,545 | 217,091,893,498 | 334,829,047 | 1,513,277,187 | 1,513,277,187 |
| 60 | 2101 | National Police Service Commission | 445,334,826 | 447,263,619 | (1,928,793) | 2,572,405 | 2,572,405 |
| 61 | 2111 | Auditor General | 4,764,806,224 | 4,716,506,103 | 48,300,121 | 69,338,348 | 69,338,348 |
| 62 | 2121 | Controller of Budget | 463,466,087 | 462,125,279 | 1,340,808 | 1,060,885 | 1,060,885 |
| 63 | 2131 | The Commission on Administrative Justice | 389,297,468 | 389,869,589 | (572,121) | 17,500,228 | 17,500,228 |
| 64 | 2141 | National Gender and Equality Commission | 325,512,017 | 324,635,090 | 876,927 | 876,927 | 876,927 |
| 65 | 2151 | Independent Policing Oversight Authority | 588,324,800 | 588,305,570 | 19,230 | 19,231 | 19,231 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

| No | Vote | Full name of the Ministry, Agency or Department | Receipts | Payments | Surplus | Net Financial Assets | Fund Balance C/f |
|----|------|--|--------------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | | | KShs | KShs | KShs | | |
| 66 | R50 | Public Debt-National Treasury | 517,161,876,534 | 516,547,493,884 | 614,382,650 | 968,953,164 | 968,953,164 |
| 67 | R51 | Pensions-National Treasury | 62,413,333,600 | 63,170,121,740 | (756,788,140) | (4,633,699,481) | (4,633,699,481) |
| 68 | R52 | Salaries and Allowances-National Treasury | 3,835,130,152 | 3,738,455,780 | 96,674,372 | 158,864,022 | 158,864,022 |
| 69 | R53 | Subscriptions to International Organizations-National Treasury | - | - | - | 2 | 2 |
| | | Totals | 2,062,797,747,337 | 2,058,402,173,456 | 4,395,573,881 | 19,827,785,589 | 19,827,785,589 |

8. Notes to the Consolidated Financial Statements

8.1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

8.2. Reporting Entity

The financial statements are for the National Government Ministries, Department and Agencies. The financial statements encompass the reporting entity as specified in the relevant legislation, PFM Act 2012, and also comprises Development Projects as an annexure.

The consolidated financial statements include all budgetary entities controlled by the National Government. A list of these entities is shown under note 25.

8.3. Reporting Currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

8.4. Basis of Consolidation

This consolidation is based on unaudited financial statements submitted by the individual MDAs to the Auditor General on 30th September 2018 with a copy to the Controller of Budget, the National Treasury and the Commission on Revenue Allocation. A revised consolidation based on the audited financial statements will be prepared and submitted for audit purposes.

The financial statements are aggregated on a line by line basis with the inter-entity transactions of receipts and payment being eliminated at consolidation level to avoid overstatement of receipts or payments.

The entities' accounting policies have been adjusted to form a consistent basis, where their effect is deemed material to this consolidated financial statement. This is especially the case for the entities whose financial statements have been prepared on Accrual-basis IPSAS.

8.5. Elimination

Material balances between entities included in this consolidation have been eliminated. This has been informed by the inter-entity elimination template that is completed by the entities and submitted to the National Treasury.

8.6. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by all consolidated entities and for all the years presented.

a. Recognition of Receipts

The Government recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government.

- **Tax Receipts**

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

- **Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

- **External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criterion is applied for loans received in the form of a direct payment.

During the year ended 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

- **Other Receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised in the financial statements the time associated cash is received.

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

b. Recognition of Payments

The Government recognises all payments when the event occurs and the related cash has actually been paid out by the Government.

- **Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

- **Use of Goods and Services**

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

- **Interest on Borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they are incurred and paid for.

- **Repayment of Borrowing (Principal Amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

- **Acquisition of Fixed Assets**

The payment on acquisition of property, plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items, respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

c. In-kind Contributions

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

d. Third Party Payments

Included in the receipts and payments, are payments made on its behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments.

During the year, KShs 158,345,591,781 being loan disbursements were received in form of direct payments to third parties as indicated on note 5.

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

e. 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.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2018, this amounted to KShs 7.38 billion compared to KShs 12.05 billion in prior period as indicated on note 19A.

There were no other restrictions on cash during the year.

f. Accounts Receivable

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

g. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties has been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

h. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Government at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

i. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by parliament on June 2017 for the period 1st July 2017 to 30th June 2018 as required by Law and there were two supplementary adjustments to the original budget during the year.

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

i. Budget (continued)

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the consolidated financial statements.

The entities that are directly included in the printed estimates are the 69 voted entities that have been classified as Ministries, Departments and Agencies (MDAs) and include the Consolidated Fund Services (CFS). These voted entities are listed on note 25.

Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation.

j. Comparative Figures

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

k. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2018.

l. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 23 explaining the nature and amounts.

m. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

8.7. Disclosure of Entities Included in Consolidation

The National Government entities consolidated financial statements consist of a total of 69 entities consolidated for the financial year ended 30th June 2018 that are considered as budgetary entities. These include 65 MDAs and 4 CFS a listing of which is presented under note 25.

8.7.1. Disclosure of Entities Excluded from Consolidation

None of the entities eligible for consolidation under the National Government Ministry, Agencies and Departments budgetary cluster for the year ended 30th June 2018 has been excluded from consolidation.

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

9. Specific Notes to the Financial Statements

The following section provides additional information and details on the main statements.

1. Proceeds from Levies

This category of receipts relates to levies collected.

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|----------------------|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Proceeds from Levies | 8,473,167,501 | 4,965,102,169 |
| Total | 8,473,167,501 | 4,965,102,169 |

The proceeds from levies related to funds received by vote 1152 (State Department for Energy) and vote 1153 (State Department for Petroleum) from the Petroleum Development Levy Fund to supplement the development budget.

2. Proceeds from Domestic and Foreign Grants

These are grants received from multilateral and bilateral development partners either through the exchequer or in form of direct payments.

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|--|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Grants Received from Bilateral Donors (Foreign Governments) | 18,683,922,410 | 13,018,647,018 |
| Grants Received from Multilateral Donors (International Organisations) | 12,550,181,236 | 2,999,114,668 |
| Total | 31,234,103,646 | 16,017,761,686 |

3. Transfers from Exchequer

These relate to amounts transferred from the exchequer to voted entities. The amounts below have been summarised on a quarterly basis.

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|--------------------------------|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| 1st quarter Exchequer Releases | 331,123,224,502 | 327,611,716,729 |
| 2nd quarter Exchequer Releases | 417,493,978,506 | 377,949,367,360 |
| 3rd quarter Exchequer Releases | 432,043,926,776 | 359,646,575,626 |
| 4th quarter Exchequer Releases | 574,282,247,373 | 646,604,985,220 |
| Total | 1,754,943,377,157 | 1,711,812,644,935 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

4. Transfers from Other Government Entities

These are amounts received from other government reporting entities including State Corporations and SAGAs and County Governments.

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|--|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Transfers from Central government entities | 45,353,275,954 | 58,243,343,523 |
| Total | 45,353,275,954 | 58,243,343,523 |

5. Proceeds from Foreign Borrowings

These are loan amounts received from foreign bilateral and multilateral organisations.

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|-------------------------------------|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Foreign Borrowing - Direct Payments | 158,345,591,781 | 194,960,909,026 |
| Total | 158,345,591,781 | 194,960,909,026 |

There was a significant decrease in foreign borrowings in form of direct payments. This was largely attributed to State Department of Transport whose direct payments decreased by KShs 45,070,334,953 that related mostly to Standard Gauge Railway payments.

6. Proceeds from Sale of Assets

These comprise of proceeds from sale of fixed assets and inventories by budget agencies.

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|---|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Receipts from the Sale of Vehicles and Transport Equipment | 5,244,146 | 20,501,143 |
| Receipts from the Sale of Plant Machinery and Equipment | 11,945,542 | 7,118,318 |
| Receipts from Sale of Certified Seeds and Breeding Stock | 244,838,105 | - |
| Receipts from the Sale of Inventories, Stocks and Commodities | 30,091,145,617 | 17,180,552,512 |
| Disposal and Sales of Non-Produced Assets | 2,144,158,561 | 40,036,236 |
| Total | 32,497,331,971 | 17,248,208,209 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

7. Reimbursements and Refunds

These refer to reimbursements and refunds that accrue to the government entities within the financial year.

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|--|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Reimbursement from Statutory Organisations | 4,695,516,824 | 7,640,109,471 |
| Reimbursement within Central Government | - | 16,830,000 |
| Total | 4,695,516,824 | 7,656,939,471 |

Reimbursement from statutory organisation related to reimbursements done by United Nations to Government of Kenya through the Ministry of Defence as a compensation for defence forces in peace keeping missions in various parts of the world.

8. Other Receipts

These comprise of other receipts including voluntary transfers other than grants, administrative fees, miscellaneous income and unidentified receipts.

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|--|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Interest Received | 143,151,935 | 21,587,229 |
| Rents | 660,668,598 | 535,623,168 |
| Other Property Income | 10,769,766 | 34,305,797 |
| Sale of Market Establishments | 30,000,000 | - |
| Receipts from Administrative Fees and Charges | 88,195,231 | 571,212,091 |
| Receipts from Administrative Fees and Charges - Collected as AIA | 2,229,994,812 | 2,389,496,780 |
| Receipts from Incidental Sales by Non-Market Establishments | 418,765,507 | 590,584,164 |
| Receipts from Sales by Non-Market Establishments | 103,485,912 | - |
| Receipts from Sale of Incidental Goods | 49,699,935 | 47,649,991 |
| Fines, Penalties and Forfeitures | 51,844,131 | 12,201,350 |
| Other Receipts Not Classified Elsewhere | 23,468,806,676 | 27,367,915,030 |
| Total | 27,255,382,503 | 31,570,575,600 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

9. Compensation of Employees

Compensation to employees comprises of remuneration paid to employees in return for the work done. It also includes social contributions made by the government on behalf of its employees.

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|---|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Basic salaries of permanent employees | 227,988,512,573 | 203,493,873,382 |
| Basic wages of temporary employees | 22,637,226,847 | 14,242,754,439 |
| Personal allowances paid as part of salary | 128,606,091,974 | 114,238,651,491 |
| Personal allowances paid as reimbursements | 724,296,701 | 481,824,053 |
| Personal allowances provided in kind | 42,835,741 | 14,299,026 |
| Pension and other social security contributions | 1,640,690,118 | 1,389,200,416 |
| Compulsory national social security schemes | 28,017,417 | 210,490,879 |
| Compulsory national health insurance schemes | 13,642,575,672 | 11,535,337,519 |
| Social benefit schemes outside government | 237,527,743 | 54,806,119 |
| Other personnel payments | 1,895,036,506 | 548,091,881 |
| Total | 397,442,811,292 | 346,209,329,205 |

10. Use of Goods and Services

These comprises of the total value of goods and services consumed.

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|--|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Utilities, supplies and services | 4,155,371,493 | 4,152,256,322 |
| Communication, supplies and services | 4,985,281,896 | 2,014,411,043 |
| Domestic travel and subsistence | 10,304,919,896 | 11,013,381,746 |
| Foreign travel and subsistence | 4,341,188,655 | 6,218,396,380 |
| Printing, advertising and information supplies & services | 2,501,907,055 | 2,450,649,725 |
| Rentals of produced assets | 18,855,509,339 | 18,666,073,667 |
| Training expenses | 7,043,150,729 | 7,651,324,724 |
| Hospitality supplies and services | 6,451,868,981 | 7,431,411,968 |
| Insurance costs | 9,841,910,538 | 10,976,016,336 |
| Specialised materials and services | 36,430,795,565 | 33,730,052,199 |
| Office and general supplies and services | 1,748,854,369 | 2,418,401,802 |
| Other operating expenses | 145,605,546,192 | 169,239,655,573 |
| Routine maintenance – vehicles and other transport equipment | 2,250,695,572 | 2,719,774,897 |
| Routine maintenance – other assets | 1,788,636,136 | 1,898,603,387 |
| Fuel Oil and Lubricants | 3,825,872,049 | 5,067,440,090 |
| Total | 260,131,508,465 | 285,647,849,859 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

11. Subsidies

These comprise financial assistance provided to public corporations by MDAs.

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|----------------------------------|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Subsidies to Public Corporations | 55,465,920,613 | 30,097,548,957 |
| TOTAL | 55,465,920,613 | 30,097,548,957 |

The following is a breakdown of subsidies given by various government entities:

| Vote | Full name of the MDA | Government Entity | Year to 30 th June 2018 KShs | Year to 30 th June 2017 KShs |
|------|---|--|---|---|
| 1063 | State Department for Basic Education | To Various Learning Institutions | 54,008,807,387 | 28,987,667,712 |
| 1065 | State Department for University Education | African Institute of Capacity & Development | 56,000,000 | 56,000,000 |
| 1071 | The National Treasury | Agricultural Finance Corporation | 1,137,078,335 | 1,050,000,000 |
| 1161 | State Department for Agriculture | National Cereals and Produce Board | 264,034,891 | - |
| 1164 | State Department for Fisheries and the Blue Economy | Indian Ocean Tuna Commission | - | 53,289 |
| | | International Whaling Commission | - | 3,827,956 |
| | Total | | 55,465,920,613 | 30,097,548,957 |

12. Transfer to Other Government Entities

These are amounts transferred to other government reporting entities.

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|--|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Transfers to National Government entities - Self Reporting State Corporations and SAGAs | 410,030,067,080 | 431,982,068,095 |
| Transfers to Central government entities - MDAs | 8,798,375,206 | 1,968,043,813 |
| Transfers to Projects - GoK counterpart funding | 5,175,258,596 | 46,435,164,418 |
| Transfers to County Governments | 4,151,899,007 | 10,778,885,000 |
| Total | 428,155,599,889 | 491,164,161,326 |

Transfers to County Governments were made in line with the County Revenue Allocation Act for 2017/2018 and reconcile to the consolidated financial statements of the County Governments.

13. Other Grants and Transfers

Government of Kenya**Ministries, Departments and Agencies Consolidated Financial Statements****For the Year Ended 30th June 2018**

Grants and other transfer payments comprise of non-compulsory transfers made by budget agencies and include subsidies and transfers to government non-reporting entities as per below details:

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|--|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Membership dues and subscriptions to international organizations | 5,205,723,195 | 5,329,634,298 |
| Scholarships and other educational benefits | 976,622,429 | 936,872,680 |
| Emergency relief and refugee assistance | 6,211,898,002 | 10,893,538,422 |
| Grants to small businesses | 196,733,174 | 757,593,466 |
| Current transfers and capital grants | 91,865,585,772 | 39,488,756,688 |
| Total | 104,456,562,572 | 57,406,395,554 |

14. Social Security Benefits

Government pensions amounts relates to money paid to pensioners.

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|--|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Government pension and retirement benefits | 64,965,127,277 | 61,005,635,801 |
| Total | 64,965,127,277 | 61,005,635,801 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

15. Acquisition of Assets

These represent the payment made to acquire property, plant and equipment purchased during the year which has been expensed during the year of purchase as per government accounting policy. The value of property plant and equipment purchased and expensed comprise of the following:

| Description | Year to 30th June 2018 | Year to 30th June 2017 |
|---|--|--|
| | KShs | KShs |
| Non-financial assets | | |
| Purchase of Buildings | 539,829,365 | 2,109,079,045 |
| Construction of Buildings | 5,027,640,234 | 6,355,148,587 |
| Refurbishment of Buildings | 1,336,362,866 | 2,648,697,012 |
| Construction of Roads | 22,515,828,887 | 25,061,038,559 |
| Construction and Civil Works | 99,162,060,734 | 202,239,846,421 |
| Overhaul and Refurbishment of Construction and Civil Works | 36,812,610,609 | 263,084,712 |
| Purchase of Vehicles and Other Transport Equipment | 1,478,686,213 | 3,123,509,198 |
| Overhaul of Vehicles and Other Transport Equipment | 101,842,603 | 496,479,014 |
| Purchase of Household Furniture and Institutional Equipment | 50,158,171 | 123,102,781 |
| Purchase of Office Furniture and General Equipment | 735,388,602 | 1,079,412,148 |
| Purchase of ICT Equipment, Software and Other ICT Assets | 1,384,732,255 | 5,139,536,312 |
| Purchase of Specialised Plant, Equipment and Machinery | 15,013,975,550 | 25,155,596,980 |
| Rehabilitation and Renovation of Plant, Machinery and Equipment | 2,501,987,446 | 17,831,711 |
| Purchase of Certified Seeds, Breeding Stock and Live Animals | 470,019,646 | 689,679,211 |
| Research, Studies, Project Preparation, Design & Supervision | 2,976,600,493 | 5,448,056,379 |
| Rehabilitation of Civil Works | 3,232,153,193 | 2,964,167,320 |
| Acquisition of Strategic Stocks and commodities | 9,994,000,000 | 5,067,826,579 |
| Acquisition of Land | 418,619,290 | 438,067,327 |
| Acquisition of Intangible Assets | 96,823,537 | 41,018,705 |
| Financial Assets | | |
| Domestic Public Non-Financial Enterprises | 4,061,140,717 | 5,470,935,490 |
| Domestic Public Financial Institutions | 11,528,341,323 | 9,236,043,014 |
| Foreign financial Institutions operating Abroad | 883,500,363 | 1,782,536,438 |
| Total | 220,322,302,097 | 304,950,692,943 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

16. Payment of interest on borrowing

This relates to interest paid on domestic and foreign borrowings.

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|---|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Interest Payments on Foreign Borrowings | 84,357,487,111 | 58,361,190,715 |
| Interest Payments on Guaranteed Debt Taken over by government | 177,711,651,594 | 108,156,650 |
| Interest on Domestic Borrowings | - | 156,060,048,569 |
| Interest on Borrowings from Other Government Units | - | 758,506,095 |
| Total | 262,069,138,705 | 215,287,902,029 |

The above finance costs were incurred by CFS Public debt and CFS Salaries, Allowances and Miscellaneous Services.

17. Repayment of Principal on borrowing

This category comprises of repayments of foreign and domestic loans made in the financial year.

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|--|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Repayments on Borrowings from Domestic | 212,810,845,296 | 183,135,531,048 |
| Principal Repayments on Guaranteed Debt Taken over by Government | 987,806,909 | 1,335,103,114 |
| Repayments on Borrowings from Other Domestic Creditors | - | 1,263,952,368 |
| Repayment of Principal from Foreign Lending & On – Lending | 41,532,524,729 | 35,929,007,097 |
| Total | 255,331,176,934 | 221,663,593,627 |

The repayments were largely incurred under CFS Public Debt vote in repayment of domestic and foreign loans.

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

18. Other Payments

| Description | Year to 30 th June 2018 | Year to 30 th June 2017 |
|----------------|---------------------------------------|---------------------------------------|
| | KShs | KShs |
| Other expenses | 10,062,025,612 | 16,005,697,578 |
| Total | 10,062,025,612 | 16,005,697,578 |

19. Bank Accounts

Bank account balances include amounts held in central bank and other commercial banks at the end of the financial year.

19. A. Bank Accounts

| Description | As at 30 th June 2018 | As at 30 th June 2017 |
|--------------------------|-------------------------------------|-------------------------------------|
| | KShs | KShs |
| Recurrent Bank Accounts | 10,074,021,234 | 9,059,246,479 |
| Development Bank Account | 2,975,075,252 | 4,061,205,891 |
| Deposit Bank Account | 7,384,845,738 | 12,050,522,787 |
| Others | 16,691,296,685 | 13,223,096,583 |
| Total | 37,125,238,909 | 38,394,071,740 |

19. B. Cash in Hand

| Description | As at 30 th June 2018 | As at 30 th June 2017 |
|--|-------------------------------------|-------------------------------------|
| | KShs | KShs |
| Cash in Hand – Held in domestic currency | 215,830,575 | 203,025,742 |
| Cash in Hand – Held in foreign currency | - | 4,627,918 |
| Total | 215,830,575 | 207,653,660 |

20. Accounts Receivable (Outstanding Imprests and Clearance Accounts)

These amounts relate to imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

| Description | As at 30 th June 2018 | As at 30 th June 2017 |
|---------------------|-------------------------------------|-------------------------------------|
| | KShs | KShs |
| Government Imprests | 288,519,970 | 323,163,619 |
| Salary advances | 1,219,346,844 | 52,580,133 |
| District suspense | 2,657,776,542 | 1,958,612,506 |
| Clearance accounts | 2,286,503,573 | 4,097,478,352 |
| Total | 6,452,146,929 | 6,431,834,610 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

21. Accounts Payable

| Description | As at 30 th June 2018 | As at 30 th June 2017 |
|--------------|-------------------------------------|-------------------------------------|
| | KShs | KShs |
| Deposits | 10,690,152,951 | 18,139,076,737 |
| Others | 13,275,277,873 | 31,183,821,975 |
| Total | 23,965,430,824 | 49,322,898,712 |

Deposits relates to retention monies held from contractors pending fulfilment of obligation by the contractor and deposits held on behalf of third parties.

22. Balances Brought Forward

| Description | As at 30 th June 2018 | As at 30 th June 2017 |
|------------------------------------|-------------------------------------|-------------------------------------|
| | KShs | KShs |
| Bank accounts | 38,394,071,740 | 18,767,480,941 |
| Cash in hand | 207,653,660 | 277,984,515 |
| Receivables - Outstanding Imprests | 6,431,834,610 | 21,644,158,066 |
| Payables – Deposits | (49,322,898,712) | (50,614,710,818) |
| Total | (4,289,338,702) | (9,925,087,296) |

23. Prior Year Adjustments

These comprise of adjustments resulting from last year which have been made during the year ended 30th June 2018 whose details are as follows:

| Description | As at 30 th June 2018 | As at 30 th June 2017 |
|------------------------------------|-------------------------------------|-------------------------------------|
| | KShs | KShs |
| Bank accounts | (9,237,588,194) | (3,404,639,013) |
| Cash in hand | (12,967,525) | (630,400,874) |
| Receivables - Outstanding Imprests | (726,182,012) | (8,034,538,838) |
| Payables – Deposits | 31,709,614,654 | 874,996,027 |
| Others | (482,750,049) | (46,052,605) |
| Total | 21,250,126,874 | (11,240,635,303) |

The prior year adjustments on bank and cash accounts, relate mainly to adjustments made to the fund balance brought forward as a result of unutilised funds from the previous year swept back at the start of the current year by the National Treasury.

Prior year adjustments in payables mainly relate to a write off of KShs 27,655 million made by CFS Public Debt vote to correct interest payable on treasury bills recorded in error.

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

24. Accrual to Cash Basis Adjustment

This relates to adjustments from accrual to cash basis of accounting made to financial statements of 5 entities that have been allowed to use accrual IPSAS to prepare their financial statements.

| Description | As at 30 th June 2018 | As at 30 th June 2017 |
|-----------------------------|----------------------------------|----------------------------------|
| | KShs | KShs |
| Inventory | 1,708,034 | (5,351,703) |
| Receivables | (10,173,026) | (1,518,390,856) |
| Payables | (1,683,120,472) | 5,364,576,387 |
| Increase in deferred income | - | (1,127,671) |
| General fund | 163,009,000 | - |
| Total | (1,528,576,464) | 3,839,706,157 |

The list of entities whose statements have been adjusted from accrual to cash-basis reporting include:

| No. | Vote | Full name of the MDA | As at 30 th June 2018 | As at 30 th June 2017 |
|-----|------|---|----------------------------------|----------------------------------|
| | | | KShs | KShs |
| 1 | 1271 | Ethics and Anti-Corruption Commission | (1,256,436,053) | (511,698,776) |
| 2 | 1321 | Witness Protection Agency | 7,595,840 | (18,705,644) |
| 3 | 2031 | Independent Electoral and Boundaries Commission | (298,320,000) | 4,368,941,000 |
| 4 | 2061 | Commission on Revenue Allocation | 14,846,476 | (1,780,736) |
| 5 | 2081 | Salaries and Remuneration Commission | 3,737,273 | 2,950,313 |
| | | Total | (1,528,576,464) | 3,839,706,157 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

25. List of Consolidated Entities

| No | Vote | Name of MDA |
|----|------|--|
| 1 | 1011 | The Presidency |
| 2 | 1021 | State Department for Interior |
| 3 | 1023 | State Department for Correctional Services |
| 4 | 1032 | State Department for Devolution |
| 5 | 1033 | State Department for Special Programmes |
| 6 | 1034 | State Department for Planning and Statistics |
| 7 | 1041 | Ministry of Defence |
| 8 | 1052 | Ministry of Foreign Affairs |
| 9 | 1063 | State Department for Basic Education |
| 10 | 1064 | State Department for Vocational and Technical Training |
| 11 | 1065 | State Department for University Education |
| 12 | 1071 | The National Treasury |
| 13 | 1081 | Ministry of Health |
| 14 | 1091 | State Department of Infrastructure |
| 15 | 1092 | State Department of Transport |
| 16 | 1093 | State Department for Maritime Affairs |
| 17 | 1094 | State Department for Housing & Urban Development |
| 18 | 1095 | State Department for Public Works |
| 19 | 1103 | State Department for Water Services |
| 20 | 1104 | State Department for Irrigation |
| 21 | 1105 | State Department for Environment |
| 22 | 1106 | State Department for Natural Resources |
| 23 | 1112 | Ministry of Lands and Physical Planning |
| 24 | 1122 | State Department for Information Communications and Technologies |
| 25 | 1123 | State Department for Broadcasting & Telecommunication |
| 26 | 1132 | State Department for Sports Development |
| 27 | 1133 | State Department for Arts and Culture |
| 28 | 1152 | State Department for Energy |
| 29 | 1153 | State Department for Petroleum |
| 30 | 1161 | State Department for Agriculture. |
| 31 | 1162 | State Department for Livestock. |
| 32 | 1164 | State Department for Fisheries and the Blue Economy |
| 33 | 1172 | State Department for Investment and Industry |
| 34 | 1173 | State Department for Cooperatives |
| 35 | 1174 | State Department for International Trade |
| 36 | 1183 | State Department for East African Integration |
| 37 | 1184 | State Department for Labour |
| 38 | 1185 | State Department for Social Protection |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

| No | Vote | Name of MDA |
|-----------------------------------|------|--|
| 39 | 1191 | Ministry of Mining |
| 40 | 1201 | Ministry of Tourism |
| 41 | 1211 | State Department for Public Service and Youth Affairs |
| 42 | 1212 | State Department of Gender |
| 43 | 1252 | Office of the Attorney General and Department of Justice |
| 44 | 1261 | The Judiciary |
| 45 | 1271 | Ethics and Anti-Corruption Commission |
| 46 | 1281 | National Intelligence Service |
| 47 | 1291 | Office of the Director of Public Prosecutions |
| 48 | 1311 | Office of the Registrar of Political Parties |
| 49 | 1321 | Witness Protection Agency |
| 50 | 2011 | Kenya National Commission on Human Rights |
| 51 | 2021 | National Land Commission |
| 52 | 2031 | Independent Electoral and Boundaries Commission |
| 53 | 2041 | Parliamentary Service Commission |
| 54 | 2042 | National Assembly |
| 55 | 2051 | Judicial Service Commission |
| 56 | 2061 | The Commission on Revenue Allocation |
| 57 | 2071 | Public Service Commission |
| 58 | 2081 | Salaries and Remuneration Commission |
| 59 | 2091 | Teachers Service Commission |
| 60 | 2101 | National Police Service Commission |
| 61 | 2111 | Auditor General |
| 62 | 2121 | Controller of Budget |
| 63 | 2131 | The Commission on Administrative Justice |
| 64 | 2141 | National Gender and Equality Commission |
| 65 | 2151 | Independent Policing Oversight Authority |
| Consolidated Fund Services | | |
| 66 | R50 | CFS Public Debt-National Treasury |
| 67 | R51 | CFS Pensions-National Treasury |
| 68 | R52 | CFS Salaries and Allowances-National Treasury |
| 69 | R53 | CFS Subscriptions to International Organizations-National Treasury |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

26. IMPORTANT DISCLOSURES

28.1 Property, Plant and Equipment

The schedule of fixed assets is provided for purposes of disclosure since the financial statements are prepared on cash basis.

The fixed assets schedule is extracted from the asset registers maintained by Ministries, Department and Agencies and reported as annexures to the annual financial statements. The Government intends to develop asset management policies that will guide public entities on classification, valuation (so as to reflect the current value of assets), tagging and verification of assets.

The following is a summary of the fixed assets held by Ministries, Department and Agencies as at 30th June 2018.

| Description | Historical Cost b/f | Historical Cost c/f |
|--|--------------------------------|--------------------------------|
| | (Kshs) | (Kshs) |
| Asset Class | | |
| Land | 12,897,368,881 | 2,267,783,970 |
| Buildings and structures | 168,987,807,399 | 10,727,305,111 |
| Transport equipment | 4,511,527,846 | 5,471,190,146 |
| Office equipment, furniture and fittings | 1,545,785,873 | 1,823,238,381 |
| ICT Equipment, Software and Other ICT Assets | 7,360,941,533 | 2,211,592,156 |
| Other Machinery and Equipment | 132,930,366,603 | 177,697,955,809 |
| Heritage and cultural assets | 302,819,121 | 373,422,309 |
| Intangible assets | 4,767,328,038 | 3,735,747,269 |
| Financial assets | 36,258,118,930 | 36,258,118,930 |
| Total | 369,562,064,224 | 204,566,354,081 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

28.1 Pending Accounts Payables

These comprise of unpaid bills that MDAs had incurred as a result of contracted goods and services as at 30th June 2018. They consist of goods and services pending payables, pending staff payables and inter-entity pending payables.

28.1.1 Goods and Services Pending Payable

These comprise of unpaid bills for goods and services consumed by the MDAs as at 30th June 2018.

| Description | As at 30 th June 2018 | As at 30 th June 2017 |
|-----------------------------|----------------------------------|----------------------------------|
| | KShs | KShs |
| Construction of buildings | 1,525,702,764 | 359,486,922 |
| Construction of civil works | 502,726,921 | 379,611,410 |
| Supply of goods | 21,293,553,205 | 6,615,372,426 |
| Supply of services | 5,889,512,157 | 1,469,608,707 |
| Total | 29,211,495,047 | 8,824,079,465 |

28.1.2 Pending Staff Payables

These comprise of unpaid bills relating to compensation of staff for services offered as at 30th June 2018.

| Description | As at 30 th June 2018 | As at 30 th June 2017 |
|-----------------------|----------------------------------|----------------------------------|
| | KShs | KShs |
| Senior management | 93,834,233 | 5,114,889 |
| Middle management | 71,447,016 | 7,624,485 |
| Unionisable employees | 6,154,615 | 855,875 |
| Others | 25,134,909 | 1,068,908 |
| Total | 196,570,773 | 14,664,157 |

28.1.3 Inter-Entity Pending Payables

These comprise of pending bills due to various government entities and other bills not classified under goods and services or staff payables as at 30th June 2018.

| Description | As at 30 th June 2018 | As at 30 th June 2017 |
|---|----------------------------------|----------------------------------|
| | KShs | KShs |
| Amounts due to National Government entities | 60,216,378,059 | 725,711 |
| Amounts due to County Government entities | - | 456,440 |
| Amounts due to third parties | 73,212,486 | 167,658,220 |
| Others | 1,421,874,888 | 6,120,673,000 |
| Total | 61,711,465,433 | 6,289,513,371 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

28.2 Pension Liability

The pension arrangements for government of Kenya employees are primarily defined benefit schemes. The schemes are unfunded and non-contributory and paid out of the budget on a pay-as-you-go basis.

An actuarial study on the Public Service Superannuation Arrangement (PSSA), was commissioned by Salaries and Remuneration Commission (SRC) and finalized in June 2014. The study showed that if the stream of future pension payments were discounted for anticipated future returns on assets, the resultant pension liability in respect of Public Service employees is estimated at KShs 991.9 billion. This would be the estimated sum required if the current PSSA were to be fully funded.

However, the government desires to transit from the current defined benefit to a defined contribution through implementation of Public Service Superannuation Scheme Act, 2012. This will ease the pension burden on the exchequer thus freeing public funds for other critical national priorities while at the same time ensuring that the pension budget remains sustainable.

The pension liability is not accrued in the financial statements as they are prepared on cash basis.

Nb: This information is derived from the report on the Actuarial Valuation as at 30th June 2013 and Actuarial Costing of Discretionary Pension Increases commissioned by Salaries and Remuneration Commission (SRC).

28.3 Public Debt

The schedule of public debt is provided for purposes of disclosure since the financial statements are prepared on cash basis.

Stock of Public Debt

The following is a summary of the public debt as at 30th June 2018.

| Category | As at 30th June 2018 | As at 30th June 2017 |
|----------------------------|--|--|
| | Kshs | Kshs |
| Domestic Debt | | |
| Treasury Bills | 878,622,000,000 | 744,154,900,000 |
| Treasury bonds | 1,511,872,824,249 | 1,331,975,494,683 |
| CBK loan-Pre- 1997 loan | 23,894,000,000 | 24,449,000,000 |
| Overdraft | 56,849,237,055 | - |
| Others | 7,597,762,945 | 11,131,697,380 |
| Total Domestic Debt | 2,478,835,824,249 | 2,111,711,092,063 |
| External Debt | | |
| Multilateral | 825,299,000,000 | 839,721,000,000 |
| Bilateral | 759,017,000,000 | 669,840,000,000 |
| Suppliers Credit | 16,725,000,000 | 15,303,000,000 |
| Commercial banks | 830,652,000,000 | 634,109,000,000 |
| Total External Debt | 2,431,693,000,000 | 2,158,973,000,000 |
| Publicly Guaranteed Debt | 136,705,000,000 | 135,179,560,000 |
| Grand Total | 5,047,233,824,249 | 4,405,863,652,063 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

Publicly guaranteed debt, refers to the debt owed by National Government public entities and County Governments to both foreign and local creditors but guaranteed by national government.

The information on public debt is extracted from the annual public debt report prepared by the National Treasury and provided as a separate report to the Auditor General.

28.4 Investments

Investments represent the Government of Kenya investment in local and foreign entities. They are recognised at nominal value and where denominated in foreign currency, these are translated at closing exchange rate as at 30th June.

| Description | As at 30th June 2018 | As at 30th June 2017 |
|--------------------------------|--|--|
| | KShs | KShs |
| Investment in local entities | 29,006,167,195 | 21,314,739,522 |
| Investment in foreign entities | 450,296,568 | 484,664,885 |
| Total | 29,456,463,763 | 21,799,404,407 |

Detailed breakdown of these investments are provided under the consolidated financial statements of the Semi-Autonomous Government Agencies and State Corporation.

28.5 Waivers and variances of taxes

Section 80 (e) of the PFM Act, 2012, requires the National Treasury to include a statement of any waivers under article 210 of the Constitution in the consolidated financial statements. Waivers for the period ended 30th June 2018 amounted to KShs 95.025 billion as summarized below:

| Category | Year to 30th June 2018 | Year to 30th June 2017 |
|----------------------------|--|--|
| | Kshs | |
| VAT foregone | 9,035,096,454 | 11,624,181,817 |
| Waiver or write off of VAT | 1,832,059,389 | 1,515,710,617 |
| Customs – Remissions | 84,157,869,687 | 16,862,724,307 |
| Grand Total | 95,025,025,530 | 30,002,616,741 |

The National Treasury prepares and submits to the Auditor General an annual report of waivers explaining the reasons for each waiver. These waivers have been disclosed in National Treasury receiver of revenue.

28.6 RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprised of related parties:

- Key management personnel that include Cabinet Secretaries and Accounting Officers;
- Ministries Departments and Agencies and Development Projects;
- County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

The following related party transactions are disclosed:

| | Year to 30th June 2018 | Year to 30th June 2017 |
|---|--|--|
| | Kshs | Kshs |
| Key Management compensation | 6,331,487,732 | 2,741,363,521 |
| Transfers to other State Corporations and Semi-Autonomous Government Agencies | 315,373,414,455 | 431,982,068,095 |
| Transfers to Government Development Projects | 6,233,172,959 | 46,435,164,418 |
| Transfers to Counties | 4,998,000,007 | 10,778,885,000 |
| Total | 332,936,075,153 | 491,937,481,034 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

Appendix I - Details of Funds Released to Budget Agencies from the Exchequer

1.1 Summary of Funds Released

| | Year to 30 th June 2018 | Year to 30 th June 2017 |
|---------------------------------|---------------------------------------|---------------------------------------|
| | Actual Issues | Actual Issues |
| | KShs | KShs |
| National Government Recurrent | 891,287,308,499 | 819,313,905,209 |
| National Government Development | 280,448,152,451 | 394,229,440,638 |
| National Government CFS | 583,207,916,207 | 498,136,300,728 |
| Net Exchequer transfers | 1,754,943,377,157 | 1,711,679,646,575 |

1.2 Financial Year 2017/2018 - Recurrent Budget

| No. | Vote | MDA | Voted Provisions KShs | Actual Issues KShs |
|-----|------|---|--------------------------|-----------------------|
| 1 | 1011 | The Presidency | 8,894,826,220 | 8,824,046,205 |
| 2 | 1021 | State Department for Interior | 115,884,348,730 | 106,371,890,287 |
| 3 | 1023 | State Department for Correctional Services | 22,797,569,313 | 22,797,253,532 |
| 4 | 1032 | State Department for Devolution | 1,268,886,630 | 810,468,902 |
| 5 | 1033 | State Department for Special Programmes | 5,534,745,872 | 4,884,557,516 |
| 6 | 1034 | State Department for Planning and Statistics | 5,503,466,683 | 4,130,336,310 |
| 7 | 1041 | Ministry of Defence | 106,835,384,819 | 94,114,815,498 |
| 8 | 1052 | Ministry of Foreign Affairs | 15,867,586,598 | 12,445,156,146 |
| 9 | 1063 | State Department for Basic Education | 82,341,799,585 | 82,341,349,762 |
| 10 | 1064 | State Department for Vocational and Technical Training | 2,558,156,993 | 2,555,866,447 |
| 11 | 1065 | State Department for University Education | 57,895,204,284 | 56,646,247,665 |
| 12 | 1071 | The National Treasury | 42,539,648,623 | 39,465,582,903 |
| 13 | 1081 | Ministry of Health | 34,581,299,770 | 28,666,361,858 |
| 14 | 1091 | State Department of Infrastructure | 1,721,032,071 | 1,636,282,728 |
| 15 | 1092 | State Department of Transport | 1,422,131,343 | 1,404,957,971 |
| 16 | 1093 | State Department for Maritime Affairs | 260,289,771 | 211,603,493 |
| 17 | 1094 | State Department for Housing & Urban Development | 1,811,328,601 | 1,597,609,310 |
| 18 | 1095 | State Department for Public Works | 811,275,117 | 744,227,115 |
| 19 | 1103 | State Department for Water Services | 2,696,408,214 | 2,627,818,918 |
| 20 | 1104 | State Department for Irrigation | 546,323,953 | 537,665,480 |
| 21 | 1105 | State Department for Environment | 3,148,841,011 | 3,148,646,781 |
| 22 | 1106 | State Department for Natural Resources | 6,882,716,315 | 6,801,719,803 |
| 23 | 1112 | Ministry of Lands and Physical Planning | 2,319,953,851 | 2,305,627,842 |
| 24 | 1122 | State Department for Information Communications and Technology & Innovation | 1,118,566,059 | 894,894,848 |

Government of Kenya

Ministries, Departments and Agencies Consolidated Financial Statements

For the Year Ended 30th June 2018

| No. | Vote | MDA | Voted Provisions KShs | Actual Issues KShs |
|-----|------|--|--------------------------|-----------------------|
| 25 | 1123 | State Department for Broadcasting & Telecommunications | 2,154,270,837 | 2,066,458,857 |
| 26 | 1132 | State Department for Sports Development | 2,544,233,817 | 2,522,778,683 |
| 27 | 1133 | State Department for Arts and Culture | 3,020,075,296 | 2,989,531,985 |
| 28 | 1152 | State Department for Energy | 1,925,100,000 | 1,715,561,546 |
| 29 | 1153 | State Department for Petroleum | 161,945,046 | 149,538,643 |
| 30 | 1161 | State Department for Agriculture. | 16,037,898,340 | 15,459,251,391 |
| 31 | 1162 | State Department for Livestock. | 7,008,238,271 | 6,964,061,591 |
| 32 | 1164 | State Department for Fisheries and the Blue Economy | 1,922,194,109 | 1,908,468,953 |
| 33 | 1172 | State Department for Investment and Industry | 2,248,893,776 | 2,244,596,259 |
| 34 | 1173 | State Department for Cooperatives | 782,998,429 | 782,927,880 |
| 35 | 1174 | State Department for Trade | 2,194,050,293 | 1,993,292,288 |
| 36 | 1183 | State Department for East African Integration | 1,648,754,559 | 1,514,070,071 |
| 37 | 1184 | State Department for Labour | 1,818,343,512 | 1,677,987,447 |
| 38 | 1185 | State Department for Social Protection | 15,130,811,086 | 13,390,767,794 |
| 39 | 1191 | Ministry of Mining | 1,538,309,626 | 1,514,656,450 |
| 40 | 1201 | Ministry of Tourism | 1,763,758,614 | 1,550,941,924 |
| 41 | 1211 | State Department for Public Service and Youth Affairs | 14,341,067,402 | 12,747,940,420 |
| 42 | 1212 | State Department for Gender | 1,329,985,841 | 747,892,817 |
| 43 | 1252 | State Law Office and Department of Justice | 4,141,134,769 | 3,440,331,860 |
| 44 | 1261 | The Judiciary | 12,711,768,912 | 12,289,864,873 |
| 45 | 1271 | Ethics and Anti-Corruption Commission | 3,068,540,000 | 3,053,249,724 |
| 46 | 1281 | National Intelligence Service | 31,954,000,000 | 31,953,446,800 |
| 47 | 1291 | Office of the Director of Public Prosecutions | 1,994,442,462 | 1,875,851,255 |
| 48 | 1311 | Office of the Registrar of Political Parties | 808,527,310 | 778,003,736 |
| 49 | 1321 | Witness Protection Agency | 442,380,483 | 429,161,000 |
| 50 | 2011 | Kenya National Commission on Human Rights | 398,766,300 | 398,766,234 |
| 51 | 2021 | National Land Commission | 1,134,167,550 | 1,064,156,171 |
| 52 | 2031 | Independent Electoral and Boundaries Commission | 32,655,477,459 | 27,881,536,000 |
| 53 | 2041 | Parliamentary Service Commission | 10,243,068,157 | 8,432,598,906 |
| 54 | 2042 | National Assembly | 19,591,048,577 | 15,896,303,470 |
| 55 | 2051 | Judicial Service Commission | 283,537,700 | 196,978,268 |
| 56 | 2061 | The Commission on Revenue Allocation | 391,711,063 | 355,044,310 |
| 57 | 2071 | Public Service Commission | 1,358,500,000 | 1,344,822,285 |
| 58 | 2081 | Salaries and Remuneration Commission | 628,433,000 | 533,329,480 |
| 59 | 2091 | Teachers Service Commission | 217,718,457,400 | 216,767,780,551 |
| 60 | 2101 | National Police Service Commission | 547,588,237 | 445,334,826 |
| 61 | 2111 | Auditor General | 4,988,266,242 | 4,478,446,059 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

| No. | Vote | MDA | Voted Provisions | Actual Issues |
|------------|-------------|--|-------------------------|------------------------|
| | | | KShs | KShs |
| 62 | 2121 | Controller of Budget | 521,079,350 | 463,466,087 |
| 63 | 2131 | The Commission on Administrative Justice | 412,789,402 | 389,297,468 |
| 64 | 2141 | National Gender and Equality Commission | 345,524,207 | 325,512,017 |
| 65 | 2151 | Independent Policing Oversight Authority | 695,860,000 | 588,314,800 |
| | | | | |
| | | Total Recurrent Exchequer Issues | 949,847,787,860 | 891,287,308,499 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

1.3 Financial Year 2017/2018 - Development

| No. | Vote | MDA | Voted Provisions | Actual Issues |
|-----|------|--|------------------|----------------|
| | | | KShs | KShs |
| 1 | 1011 | The Presidency | 1,075,932,530 | 726,864,144 |
| 2 | 1021 | State Department for Interior | 14,895,090,221 | 14,647,792,739 |
| 3 | 1023 | State Department for Correctional Services | 553,323,930 | 404,155,200 |
| 4 | 1032 | State Department for Devolution | 7,073,000,000 | 4,435,916,608 |
| 5 | 1033 | State Department for Special Programmes | 2,776,525,000 | 2,666,158,200 |
| 6 | 1034 | State Department for Planning and Statistics | 33,345,614,656 | 33,279,866,949 |
| 7 | 1052 | Ministry of Foreign Affairs | 455,697,738 | 372,400,000 |
| 8 | 1063 | State Department for Basic Education | 7,705,928,996 | 7,520,847,760 |
| 9 | 1064 | State Department for Vocational and Technical Training | 3,824,910,908 | 1,121,536,000 |
| 10 | 1065 | State Department for University Education | 2,023,509,688 | 1,612,056,547 |
| 11 | 1071 | The National Treasury | 11,862,968,883 | 9,489,920,771 |
| 12 | 1081 | Ministry of Health | 25,419,703,364 | 15,687,561,371 |
| 13 | 1091 | State Department of Infrastructure | 53,347,859,674 | 51,237,673,853 |
| 14 | 1092 | State Department of Transport | 17,382,800,000 | 12,450,839,326 |
| 15 | 1094 | State Department for Housing & Urban Development | 10,948,664,394 | 8,879,560,635 |
| 16 | 1095 | State Department for Public Works | 714,490,253 | 472,231,100 |
| 17 | 1103 | State Department for Water Services | 15,469,167,411 | 13,992,491,516 |
| 18 | 1104 | State Department for Irrigation | 7,136,182,477 | 6,158,882,477 |
| 19 | 1105 | State Department for Environment | 1,502,723,875 | 1,061,153,385 |
| 20 | 1106 | State Department for Natural Resources | 1,634,011,312 | 1,323,550,000 |
| 21 | 1112 | Ministry of Lands and Physical Planning | 2,797,595,734 | 2,397,402,050 |
| 22 | 1122 | State Department for Information Communications and Technology | 7,517,519,068 | 7,192,341,183 |
| 23 | 1123 | State Department for Broadcasting & Telecommunication | 380,483,438 | 280,100,000 |
| 24 | 1132 | State Department for Sports Development | 2,246,899,981 | 2,246,010,000 |
| 25 | 1133 | State Department for Arts and Culture | 549,935,827 | 548,100,000 |
| 26 | 1152 | State Department for Energy | 39,918,008,795 | 38,557,997,865 |
| 27 | 1153 | State Department for Petroleum | 1,192,698,000 | 807,029,375 |
| 28 | 1161 | State Department for Agriculture. | 10,257,570,098 | 7,268,691,783 |
| 29 | 1162 | State Department for Livestock. | 4,176,567,845 | 3,223,191,723 |
| 30 | 1164 | State Department for Fisheries and the Blue Economy | 313,976,804 | 261,443,952 |

Government of Kenya

Ministries, Departments and Agencies Consolidated Financial Statements

For the Year Ended 30th June 2018

| No. | Vote | MDA | Voted Provisions | Actual Issues |
|-----|------|---|------------------------|------------------------|
| | | | KShs | KShs |
| 31 | 1172 | State Department for Investment and Industry | 3,981,088,489 | 3,890,536,150 |
| 32 | 1173 | State Department for Cooperatives | 555,000,000 | 462,449,000 |
| 33 | 1174 | State Department for International Trade | 47,566,957 | 39,863,100 |
| 34 | 1184 | State Department for Labour | 392,926,951 | 339,040,075 |
| 35 | 1185 | State Department for Social Protection | 13,017,955,283 | 9,362,648,630 |
| 36 | 1191 | Ministry of Mining | 185,746,795 | 185,746,795 |
| 37 | 1201 | Ministry of Tourism | 980,250,000 | 554,657,960 |
| 38 | 1211 | State Department for Public Service and Youth Affairs | 11,854,092,379 | 8,261,264,831 |
| 39 | 1212 | State Department of Gender | 3,187,750,000 | 3,187,750,000 |
| 40 | 1252 | State Law Office and Department of Justice | 73,174,625 | - |
| 41 | 1261 | The Judiciary | 1,567,750,089 | 1,429,124,078 |
| 42 | 1271 | Ethics and Anti-Corruption Commission | 1,268,000,000 | 1,268,000,000 |
| 43 | 1291 | Office of the Director of Public Prosecutions | 4,560,500 | - |
| 44 | 2021 | National Land Commission | 173,000,000 | 16,539,800 |
| 45 | 2041 | Parliamentary Service Commission | 2,187,500,000 | 879,483,000 |
| 46 | 2071 | Public Service Commission | 8,986,779 | 5,000,000 |
| 47 | 2091 | Teachers Service Commission | 143,000,000 | 142,282,520 |
| 48 | 2111 | Auditor General | 102,837,884 | 100,000,000 |
| | | | | |
| | | Total development Exchequer Issues | 328,230,547,631 | 280,448,152,451 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

1.4 Financial Year 2017/2018 - Consolidated Fund Services

| No. | Vote | CFS | Voted Provisions | Actual Issues |
|------------|-------------|---|-------------------------|------------------------|
| 1 | R50 | Public Debt | 649,396,727,245 | 517,161,876,534 |
| 2 | R51 | Pensions | 71,895,127,200 | 62,413,333,600 |
| 3 | R52 | Salaries, Allowances and Miscellaneous Services | 5,564,893,962 | 3,632,706,073 |
| 4 | R53 | Subscription to International Organizations | 500,000 | - |
| | | Total CFS | 726,857,248,407 | 583,207,916,207 |

Ministries, Department and Agencies consolidated
financial statements

Annexure 1: Consolidated Financial Statements of
Government Projects Implemented by Ministries,
Departments and Agencies

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

1. Consolidated Projects Implemented by Ministries, Departments and Agencies

This report relates to consolidation of the Development Projects implemented by National Government Ministries, Departments and Agencies. The consolidation is based on the individual financial statements submitted by the entities pursuant to Section 81 of the PFM Act, 2012 subject to certain adjustments necessary for consolidation purposes.

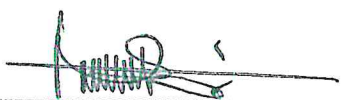
A total of 76 development projects implemented by MDAs have been included in this consolidation for financial year ended 30th June 2018 compared to the 71 projects that were consolidated in FY 2016/2017. As disclosed under Appendix 1, 34 projects have been consolidated under the respective MDAs, and another 15 have been reported and consolidated under other projects. This brings the total number of projects implemented and reported under MDAs to 125. Appendix 1 of these consolidated financial statements details the movement of the development projects within the year.

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

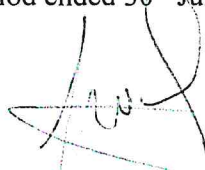
2. Consolidated Statement of Receipts and Payments for the Year Ended 30th June 2018

| | | Receipts and payments controlled by the entity | Receipts and Payments made by third parties | Year to 30 th June 2018 | Year to 30 th June 2017 |
|---|------|---|--|---------------------------------------|---------------------------------------|
| Receipts | Note | KShs | KShs | KShs | KShs |
| Receipts from Government of Kenya | 1 | 6,233,172,959 | - | 6,233,172,959 | 6,179,404,976 |
| Proceeds from Domestic and Foreign Grants | 2 | 19,728,440,134 | 2,333,143,776 | 22,061,583,910 | 17,925,512,866 |
| Loan from External Development Partners | 3 | 12,176,386,654 | 13,933,607,842 | 26,109,994,496 | 17,434,047,413 |
| Miscellaneous Receipts | 4 | 147,565,130 | - | 147,565,130 | 842,074,814 |
| Total Receipts | | 38,285,564,877 | 16,266,751,618 | 54,552,316,495 | 42,381,040,069 |
| Payments | | | | | |
| Compensation of Employees | 5 | 860,983,671 | 3,780,546 | 864,764,217 | 814,110,528 |
| Purchase of goods and services | 6 | 21,263,776,966 | 1,212,419,874 | 22,476,196,840 | 17,479,520,731 |
| Acquisition of Non-financial Assets | 7 | 7,152,673,821 | 10,765,461,020 | 17,918,134,841 | 14,472,277,028 |
| Transfers to Other Government Entities | 8 | 1,790,707,031 | 1,250,000,000 | 3,040,707,031 | 2,351,931,248 |
| Other grants and transfers and payments | 9 | 3,698,494,192 | 3,035,090,178 | 6,733,584,370 | 6,527,937,525 |
| Total Payments | | 34,766,635,681 | 16,266,751,618 | 51,033,387,299 | 41,645,777,060 |
| Surplus | | 3,518,929,196 | - | 3,518,929,196 | 735,263,009 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The report covers the twelve month period ended 30th June 2018 and the accompanying comparatives cover the twelve month period ended 30th June 2017.



FCPA Bernard Ndungu, MBS
Director General, Accounting Services &
Quality Assurance
National Treasury
31st January, 2022



CPA Jona Wala
Ag. Director, Accounting Services
National Treasury
31st January, 2022

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

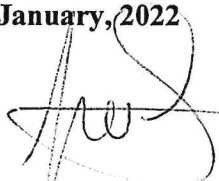
3. Consolidated Statement of Financial Assets as at 30th June 2018

| | | As at 30 th June 2018 | As at 30 th June 2017 |
|--|------|----------------------------------|----------------------------------|
| | Note | KShs | KShs |
| Financial Assets | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances | 10 | 9,154,026,447 | 7,010,517,668 |
| Cash Balances | 10 | 13,662,569 | 18,396,992 |
| Total Cash and cash equivalents | | 9,167,689,016 | 7,028,914,660 |
| Outstanding Imprests & Advances | 11 | 2,001,638,871 | 726,152,106 |
| Total Financial Assets | | 11,169,327,887 | 7,755,066,766 |
| Represented By | | | |
| Fund Balance Brought Forward | 12 | 7,755,066,766 | 7,696,441,047 |
| Surplus for the Year | | 3,518,929,196 | 735,263,009 |
| Prior Year Adjustments | 13 | (104,668,075) | (676,637,290) |
| Net Financial Position | | 11,169,327,887 | 7,755,066,766 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The report covers the twelve month period ended 30th June 2018 and the accompanying comparatives cover the twelve month period ended 30th June 2017



FCPA Bernard Ndungu, MBS
 Director General, Accounting Services & Quality Assurance
 National Treasury
 31st January, 2022



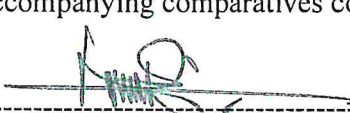
CPA Jona Wala
 Ag. Director, Accounting Services
 National Treasury
 31st January, 2022

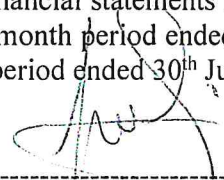
Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

4. Consolidated Statement of Cash Flow for the Year Ended 30th June 2018

| | Not e | Year to 30 th June 2018 | Year to 30 th June 2018 |
|--|----------|---------------------------------------|---------------------------------------|
| Description | | KShs | KShs |
| Cash flow from operating activities | | | |
| Receipts for operating income | | | |
| Receipts from Government of Kenya | 1 | 6,233,172,959 | 6,179,404,976 |
| Proceeds from Domestic and Foreign Grants | 2 | 19,728,440,134 | 17,925,512,866 |
| Miscellaneous Receipts | 4 | 147,565,130 | 842,074,814 |
| | | 26,109,178,223 | 24,946,992,656 |
| Payments for operating expenses | | | |
| Compensation of Employees | 5 | (860,983,671) | (814,110,528) |
| Use of goods and services | 6 | (21,263,776,966) | (17,479,520,731) |
| Transfers to Other Government Units | 8 | (1,790,707,031) | (2,351,931,248) |
| Other Grants and Other Payments | 9 | (3,698,494,192) | (6,527,937,525) |
| | | (27,613,961,860) | (27,173,500,032) |
| Adjusted for: | | | |
| Change in receivables | | (1,275,486,765) | (224,993,509) |
| Prior year adjustments | 13 | (104,668,075) | (676,637,290) |
| Net cash flow used in operating activities | | (2,884,938,477) | (3,128,138,175) |
| Cash flow from investing activities | | | |
| Acquisition of Non-financial Assets | 7 | (7,152,673,821) | (14,472,277,028) |
| Net cash flow used in Investing Activities | | (7,152,673,821) | (14,472,277,028) |
| Cash flow from borrowing activities | | | |
| Loan from External Development Partners | 3 | 12,176,386,654 | 17,434,047,413 |
| Net cash flow from financing activities | | 12,176,386,654 | 17,434,047,413 |
| Net increase/(decrease)in cash and cash equivalents | | 2,138,774,356 | (166,367,790) |
| Cash and cash equivalents at beginning of the year | | 7,028,914,660 | 7,195,282,450 |
| Cash and cash equivalents at end of the year | 10 | 9,167,689,016 | 7,028,914,660 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The report covers the twelve month period ended 30th June 2018 and the accompanying comparatives cover the twelve month period ended 30th June 2017.


FCPA Bernard Ndungu, MBS
Director General, Accounting Services &
Quality Assurance
National Treasury
31st January, 2022


CPA Jona Wala
Ag. Director, Accounting Services
National Treasury
31st January, 2022

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

5. Consolidated Statement of Comparison of Budget and Actual Amounts

| | Original Budget Kshs | Adjustments Kshs | Final Budget Kshs | Actual on Comparable Basis Kshs | Utilisation Variance Kshs | % of Utilisation |
|--|----------------------------|----------------------|-----------------------|---------------------------------------|---------------------------------|---------------------|
| | A | B | C=a+b | D | e=d-c | f=d/c % |
| Receipts/Payments Item | | | | | | |
| Receipts | | | | | | |
| Receipts from Government of Kenya | 7,471,732,510 | (145,354,633) | 7,326,377,877 | 6,233,172,959 | (1,093,204,918) | 85% |
| Proceeds from Domestic and Foreign Grants | 29,984,120,774 | (6,383,040,245) | 23,601,080,529 | 22,061,583,910 | (1,539,496,619) | 93% |
| Loan from External Development Partners | 17,136,492,935 | 10,917,334,643 | 28,053,827,578 | 26,109,994,496 | (1,943,833,082) | 93% |
| Miscellaneous Receipts | 545,921,688 | (490,876,835) | 55,044,853 | 147,565,130 | 92,520,277 | >100% |
| Total Receipts | 55,138,267,907 | 3,898,062,930 | 59,036,330,837 | 54,552,316,495 | (4,484,014,342) | |
| Payments | | | | | | |
| Compensation of Employees | 1,618,803,602 | (599,872,007) | 1,018,931,595 | 864,764,217 | (154,167,378) | 85% |
| Purchase of goods and services | 29,394,409,485 | 1,416,148,350 | 30,810,557,835 | 22,476,196,840 | (8,334,360,995) | 74% |
| Acquisition of Non-financial Assets | 16,638,627,404 | 4,088,226,665 | 20,726,854,069 | 17,918,134,841 | (2,808,719,228) | 86% |
| Transfers to Other Government Entities | 3,817,314,176 | 709,724,766 | 4,527,038,942 | 3,040,707,031 | (1,520,959,046) | 68% |
| Other grants and transfers and payments | 2,588,358,030 | 568,252,500 | 3,156,610,530 | 6,733,584,370 | 3,611,600,975 | >100% |
| Total Payments | 54,057,512,697 | 6,182,480,274 | 60,239,992,971 | 51,033,387,299 | (9,206,605,672) | |

Notes:

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

- The original and revised estimates are based on approved budget as loaded in budget module of IFMIS. The actual outturn is based on un-audited financial statements submitted to the National Treasury for consolidation purposes and is bound to change once the financial statements for all voted entities are audited.
- The changes between the original budget and final budget were as a result of reallocation and additional appropriations through supplementary budgets that were duly approved by parliament during the financial year ended 30th June 2018

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

6. Summary of Fund Movement per Project as at 30th June 2018

| N o. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|---------|--|---|------------------|------------------|-------------------------------|-----------------------------------|---|
| | | | | | | | |
| 1 | Global Fund - Expanding HIV Prevention, Care and Treatment Services | The National Treasury | 6,551,820,212 | 6,569,543,810 | (17,723,598) | 58,515,928 | 58,515,928 |
| 2 | Nairobi Metropolita n Services Improvement Project | State Department for Housing and Urban Development | 6,723,363,996 | 5,958,322,224 | 765,041,772 | 769,843,057 | 769,843,057 |
| 3 | Thwake Multipurpos e Water Development Program | State Department for Irrigation | 4,926,717,779 | 4,939,830,865 | (13,113,086) | 87,522 | 87,522 |
| 4 | Food Assistance to Primary and Pre- Primary Schools in Semi-Arid Areas and Disadvantag ed Urban | State Department for Basic Education | 3,804,429,468 | 3,804,429,468 | - | - | - |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| N o. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|---------|---|---|------------------|------------------|-------------------------------|-----------------------------------|---|
| | | | | | | | |
| | Children Project | | | | | | |
| 5 | Global Fund - Scaling up Malaria Control Intervention s for Impact | The National Treasury | 3,566,394,052 | 3,577,787,925 | (11,393,873) | 41,708,915 | 41,708,915 |
| 6 | Kenya Informal Settlement Improvement Project | State Department for Housing and Urban Development | | | (106,611,110) | 656,289,681 | |
| 7 | Kenya Water Security & Climate Resilience Project | State Department for Water Services | 3,155,169,576 | 3,261,780,686 | | | |
| | | | 2,377,912,757 | 2,367,165,821 | 10,746,936 | 420,277,457 | 420,277,457 |
| 8 | Kenya Health Sector Support Project SWAP Secretariat | Ministry of Health | | | | | |
| | | | 2,178,406,290 | 2,361,015,915 | (182,609,625) | 240,109,004 | 240,109,004 |
| 9 | Kenya Primary Education Development Project | State Department for Basic Education | | | | | |
| | | | 2,564,174,282 | 2,268,863,747 | 295,310,535 | 429,408,245 | 429,408,245 |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| No. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|-----|--|-------------------------------------|------------------|------------------|-------------------------------|-----------------------------------|---|
| | | | | | | | |
| 10 | Transforming Health Projects for Universal Care projects | Ministry of Health | 1,568,928,525 | 1,707,964,078 | (139,035,553) | 221,759,500 | 221,759,500 |
| 11 | Global Fund Malaria Round 10 | Ministry of Health | 1,622,936,519 | 1,593,522,335 | 29,414,184 | 112,303,604 | 112,303,604 |
| 12 | Kenya Health Support Project (EMMS/KE MSA Component) | Ministry of Health | 832,041,720 | 1,256,142,004 | (424,100,284) | 365,626,247 | 365,626,247 |
| 13 | Upper Tana Natural Resources Management Project | State Department for Water Services | 969,581,289 | 920,217,899 | 49,363,390 | 106,389,660 | 106,389,660 |
| 14 | Kenya Petroleum Technical Assistance Project (KEPTAP) | State Department for Petroleum | 758,184,569 | 782,787,727 | (24,603,158) | 118,674,868 | 118,674,868 |
| 15 | Global Fund Single Stream Funding | Ministry of Health | 748,788,281 | 647,536,312 | 101,251,969 | 188,041,673 | 188,041,673 |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| N o. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|---------|---|---------------------------------|------------------|------------------|-------------------------------|-----------------------------------|---|
| | | | | | | | |
| | Tuberculosis Round 5 | | | | | | |
| 16 | Kenya Cereal Enhancemen t Programme (KCEP) | State Department of Agriculture | 920,526,870 | 645,060,690 | 275,466,180 | 489,938,512 | 489,938,512 |
| 17 | Infrastructur e Finance And Public Private Partnerships (IFPPP) Project | The National Treasury | | | | | |
| | Global Fund HIV AIDS Single Stream Funding | Ministry of Health | 805,636,092 | 621,643,103 | 183,992,989 | 198,854,313 | 198,854,313 |
| 18 | Kenya Health Sector Programme Support III | Ministry of Health | 491,416,027 | 615,726,698 | (124,310,671) | 73,237,549 | 73,237,549 |
| 19 | Programme For Rural Outreach Of Financial Innovations And | The National Treasury | 332,574,700 | 597,039,960 | (264,465,260) | 1,029,248,879 | 1,029,248,879 |
| 20 | | | 455,041,007 | 500,331,577 | (45,290,570) | 15,438,549 | 15,438,549 |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| N o. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|---------|--|--|------------------|------------------|-------------------------------|-----------------------------------|---|
| | | | | | | | |
| | Technologies | | | | | | |
| 21 | Drought Resilience and Sustainable Livelihood Programme | State Department of Agriculture | 465,483,554 | 481,705,113 | (16,221,559) | 49,309,411 | 49,309,411 |
| 22 | Coastal Region Water Security and Climate Resilience Project | State Department for water Services | | | | | |
| | | | 278,284,836 | 392,267,635 | (113,982,799) | 157,384,094 | 157,384,094 |
| 23 | Financial Sector Support project | The National Treasury | 362,361,000 | 327,830,548 | 34,530,452 | 121,531,252 | 121,531,252 |
| 24 | Small Scale Irrigation and Value Addition Project (SIVAP) | State Department of Agriculture | | | | | |
| | | | 356,485,372 | 323,641,945 | 32,843,427 | 82,410,319 | 82,410,319 |
| 25 | Cash Transfer for Orphans and Vulnerable Children (CT-OVC) | State Department for Social Protection | 392,537,200 | 310,294,337 | 82,242,863 | 102,522,733 | 102,522,733 |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| N o. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|---------|--|---|------------------|------------------|-------------------------------|-----------------------------------|---|
| | | | | | | | |
| | Programme Grant | | | | | | |
| 26 | To Steer the country towards achievement of TB Millennium Development Goals in Line with the Global stop TB Strategy | National Treasury | 295,028,938 | 299,250,102 | (4,221,164) | 15,046,153 | 15,046,153 |
| 27 | Kenya Climate Smart Agricultural Project (KCSAP) | State Department for Agriculture | | | | | |
| | | | 311,104,474 | 281,548,720 | 29,555,754 | 29,555,754 | 29,555,754 |
| 28 | 501066 Lake Victoria Environment Management Project (LVEMP Phase 11) | State Department for Environment | | | | | |
| | | | 87,672,302 | 268,045,810 | (180,373,508) | 1,398,114 | 1,398,114 |
| 29 | Kenya Youth Employment and | State Department for Public Service and Youth Affairs | | | | | |
| | | | 215,566,770 | 253,104,269 | (37,537,499) | 55,902,924 | 55,902,924 |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| N o. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|---------|---|--|------------------|------------------|-------------------------------|-----------------------------------|---|
| | | | | | | | |
| | Opportunities Project | | | | | | |
| 30 | Kenya Transport Sector Support Project | State Department of Transport | | | | | |
| | Global Fund TB-New Grant | Ministry of Health | 245,072,259 | 250,521,247 | (5,448,988) | 3,774,484 | 3,774,484 |
| 31 | Public Finance Management Reform (PFMR) | The National Treasury | 331,175,873 | 240,960,007 | 90,215,866 | 90,215,866 | 90,215,866 |
| 32 | East Africa's Centre of Excellence | Ministry of Health | 1,149,997,875 | 226,949,388 | 923,048,487 | 1,435,674,512 | 1,435,674,512 |
| 33 | Kenya Municipal Program | State Department for Housing and Urban Development | 203,570,252 | 207,864,499 | (4,294,247) | 4,909,518 | 4,909,518 |
| 34 | East Africa Public Health Laboratories Networking Project | Ministry of Health | 99,735,658 | 198,051,316 | (98,315,658) | 420,296 | 420,296 |
| 35 | GOK/UNICEF Education and Young | State Department for Basic Education | 190,701,017 | 148,242,520 | 42,458,497 | 152,188,398 | 152,188,398 |
| 36 | | | 137,724,724 | 134,826,524 | 2,898,200 | 5,482,012 | 5,482,012 |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| N o. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|---------|--|--|------------------|------------------|-------------------------------|-----------------------------------|---|
| | | | | | | | |
| | People Programme | | | | | | |
| 37 | Global Fund HIV AIDS | Ministry of Health | 319,129,215 | 123,895,471 | 195,233,744 | 195,233,744 | 195,233,744 |
| 38 | National Urban Transport Improvement Project | State Department of Transport | 82,253,546 | 111,421,405 | (29,167,859) | 8,009,498 | 8,009,498 |
| 39 | Kenya Electricity Expansion Project Credit No. 4743 KE | State Department for Energy | 111,815,830 | 110,759,214 | 1,056,616 | 6,027,478 | 6,027,478 |
| 40 | Kenya Italy Debt For Development t | State Department for Water Services | 124,389,558 | 110,031,848 | 14,357,710 | 127,277,692 | 127,277,692 |
| 41 | National Agriculture and Rural Inclusive growth Project (NARIGP) | State Department for Agriculture | 1,319,976,934 | 106,533,457 | 1,213,443,477 | 1,213,443,477 | 1,213,443,477 |
| 42 | Kenya Urban Support Programme | State Department of Housing and Urban Development | 415,697,300 | 90,424,980 | 325,272,320 | 427,837,192 | 427,837,192 |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| N o. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|---------|--|--|------------------|------------------|-------------------------------|-----------------------------------|---|
| | | | | | | | |
| 43 | Kenya Electricity Modernization Project | State Department for Energy | | | | | |
| 44 | Korogocho Slum Upgrading Program | State Department for Housing and Urban Development | 104,629,562 | 88,971,545 | 15,658,017 | 22,194,077 | 22,194,077 |
| 45 | Agricultural Sector development Support Programme I | State Department of Agriculture | 12,000,000 | 82,545,414 | (70,545,414) | 53,077,917 | 53,077,917 |
| 46 | Secondary Education Quality Improvement Project (SEQUIP) | State department for basic education | 8,345,665 | 76,391,711 | (68,046,046) | 1,233,505 | 1,233,505 |
| 47 | Agricultural Sector development Support Programme II | State Department of Agriculture | 558,676,453 | 68,214,033 | 490,462,420 | 527,798,237 | 527,798,237 |
| 48 | Kenya Petroleum Technical Assistance (KEPTAP) Project | The National Treasury | 104,969,636 | 67,023,392 | 37,946,244 | 37,946,244 | 37,946,244 |
| | | | 62,832,279 | 65,820,129 | (2,987,850) | 11,572,271 | 11,572,271 |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| N o. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|---------|---|----------------------------------|------------------|------------------|-------------------------------|-----------------------------------|---|
| | | | | | | | |
| 49 | Technical Support Programme | The National Treasury | 48,832,274 | 62,089,775 | (13,257,501) | 1,137,262 | 1,137,262 |
| 50 | Kenya Youth Employment and Opportunities Project | State Department for Labour | | | | | |
| 51 | Instrument for Devolution | State Department of Devolution | 129,990,741 | 58,557,680 | 71,433,061 | 92,876,763 | 92,876,763 |
| 52 | Output Based Approach | Ministry of Health | 66,307,652 | 56,804,137 | 9,503,515 | 9,503,515 | 9,503,515 |
| 53 | Reproductive Health for Entire Country Project | Ministry of Health | 55,071,129 | 54,619,861 | 451,268 | 20,432,354 | 20,432,354 |
| 54 | Sound Chemicals Management Mainstreaming & UPOPs Reduction in Kenya | State Department for Environment | 6,541,018 | 46,614,224 | (40,073,206) | 3,303,228 | 3,303,228 |
| | | | 44,034,401 | 44,032,354 | 2,047 | 2,047 | 2,047 |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| N o. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|---------|---|---|------------------|------------------|-------------------------------|-----------------------------------|---|
| | | | | | | | |
| 55 | Kenya Italy for Developme nt Program | State Department for Vocational and Technical Training | - | 41,772,947 | (41,772,947) | 66,134,753 | 66,134,753 |
| 56 | Kenya Petroleum Technical Assistance Project (KEPTAP) | State Department for Investment and Industry | | | | | |
| | | | 54,825,400 | 40,658,001 | 14,167,399 | 14,344,631 | 14,344,631 |
| 57 | National Urban Transport Improveme nt Project | State Department of Infrastructure | | | | | |
| | | | 10,576,784 | 30,855,297 | (20,278,513) | 19,274,974 | 19,274,974 |
| 58 | Kenya Italy for Debt | Ministry of Health | 22,277,106 | 30,823,562 | (8,546,456) | 29,189,907 | 29,189,907 |
| 59 | East Africa regional transport trade & developme nt facilitation programme | State Department of Infrastructure | | | | | |
| | | | 32,373,931 | 28,064,835 | 4,309,097 | 24,255,660 | 24,255,660 |
| 60 | Kenya Transport Sector | State Department of Infrastructure | 25,747,445 | 26,122,945 | (375,500) | -2,012,582 | -2,012,582 |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| N o. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|---------|--|-----------------------|------------------|------------------|-------------------------------|-----------------------------------|---|
| | | | | | | | |
| | Support Project | | | | | | |
| 61 | To contribute to achieving vision 2030 through universal access to comprehen sive HIV prevention, treatment and care | The National Treasury | 28,750,578 | 24,464,030 | 4,286,548 | 4,286,548 | 4,286,548 |
| | | | | | | | |
| 62 | Global Fund -To reduce morbidity and mortality caused by malaria in various epidemiolog ical zones by two thirds of the 2015 level by 2020-KEN- | The National Treasury | 10,802,061 | 7,674,547 | 3,127,514 | 3,127,514 | 3,127,514 |
| | | | | | | | |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| N o. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|---------|--|---|------------------|------------------|-------------------------------|-----------------------------------|---|
| | | | | | | | |
| | M-TNT, GA 1546 | | | | | | |
| 63 | Strengthening Fertiliser Quality and Regulatory Standards in Kenya | State Department of Agriculture | 13,084,658 | 7,596,271 | 5,488,387 | 7,315,322 | 7,315,322 |
| 64 | Kenya Off Grid Solar Access Project (IDA CR 6135) | State Department of Energy | | | | | |
| | | | 275,654,611 | 6,733,349 | 268,921,262 | 268,921,262 | 268,921,262 |
| 65 | System for Land Based Emissions Estimation in Kenya | State Department of Environment | | | | | |
| | | | 6,754,306 | 6,659,076 | 95,230 | 1,770,552 | 1,770,552 |
| 66 | Institutional Strengthening of Ozone Depleting Substances Project | State Department for Environment | | | | | |
| | | | 6,800,000 | 6,071,416 | 728,584 | 775,603 | 775,603 |
| 67 | Study and Capacity Building Fund | The National Treasury | | | | | |
| | | | 4,472,100 | 4,472,100 | - | - | - |
| 68 | Eastern and Southern Africa | State Department for University Education | | | | | |
| | | | 1,328,600 | 2,106,100 | (777,500) | - | - |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| N o. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|---------|---|---------------------------------|------------------|------------------|-------------------------------|-----------------------------------|---|
| | Higher Education Centres of Excellence (ACEII) Project | | | | | | |
| 69 | Global Fund-To accelerate the reduction of TB, Leprosy and lung disease burden through provision of people centred, universally accessible, acceptable and affordable quality services in Kenya | The National Treasury | 3,069,708 | 1,957,380 | 1,112,326 | 1,112,328 | 1,112,328 |
| 70 | Rice-Based Market-Oriented Agriculture | State Department of Agriculture | 750,000 | 749,930 | 70 | 139 | 139 |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| N o. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|---------|--|-------------------------------|------------------|------------------|-------------------------------|-----------------------------------|---|
| | | | | | | | |
| | Promotion Project | | | | | | |
| 71 | Northern Corridor Transport Improvement Project | State Department of Transport | | 14,520 | (14,520) | 18,347,715 | 18,347,715 |
| 72 | East Africa Trade And Transport Facilitation Project - KRC Component | State Department of Transport | | | | | |
| 73 | East Africa Trade And Transport Facilitation Project - MOT Component | State Department of Transport | | 12,870 | (12,870) | 11,141,389 | 11,141,389 |
| 74 | Micro Finance Sector Support Credit Project | The National Treasury | | 10,669 | (10,669) | 5,445,699 | 5,445,699 |
| 75 | Support to the National Land Commission | National Land Commission | 3,009,900 | - | - | 90,491,999 | 90,491,999 |
| | | | 3,009,900 | - | 3,009,900 | 3,018,970 | 3,018,970 |

**Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018**

| N o. | Project | Implementing entity | Receipts KShs | Payments KShs | Surplus/ (Deficit) KShs | Total Financial Assets KShs | Fund Balance Carried forward KShs |
|---------|--|---------------------|------------------|------------------|-------------------------------|-----------------------------------|---|
| | in the delivery of its land reform mandate | | | | | | |
| 76 | *Infrastructure Finance and Public Private Partnerships Project Additional Financing | National Treasury | | | | | |
| | Totals | | 54,552,316,496 | 51,033,387,299 | 3,518,929,196 | 11,169,327,887 | 11,169,327,887 |

*The project is new and did not receive any funding therefore no expenditure was incurred

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

7. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

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

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

b. Recognition of receipts

The receipts from various sources are recognized when the event occurs and the related cash has actually been received by the Government. These include:

- **Transfers from the Exchequer**

Transfers from the Exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when a payment instruction is issued to the bank and notified to the receiving entity.

- **External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Projects, where conditions have been satisfied or their ongoing satisfaction is highly likely and the Projects are anticipated to continue to completion.

- **Other receipts**

These include Appropriations-in-Aid, proceeds from disposal of assets and sale of tender documents. These are recognised in the financial statements when the associated cash is received.

7. Significant Accounting Policies (Continued)

c. Recognition of payments

Payments are recognized when the event occurs and the related cash has actually been paid out by the Project. These include:

- **Compensation of employees**

Salaries and wages, allowances and statutory contributions for employees are recognized in the period when the compensation is paid.

- **Use of goods and services**

Goods and services are recognized as payments in the period when the goods/services are paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

- **Acquisition of assets**

The payment on acquisition of property, machinery and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

d. Third party payments

Included in the receipts and payments, are payments made on behalf of the projects, by third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the Payments by Third Parties column in the Statement of Receipts and Payments.

e. In-kind contributions

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

f. 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.

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

7. Significant Accounting Policies (Continued)

g. Accounts receivable

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

h. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Government at the end of the year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

i. Budget

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

j. Reporting periods

The Government of Kenya's Fiscal Year runs from 1st July to 30th June. The financial statements cover the period 1st July 2017 to 30th June 2018. The comparative figures reflect the 12 months ended 30th June 2017.

k. Comparative figures

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

l. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30th 2018.

m. Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

The following section provides additional information and details on the main statements.

1. Receipts from Government of Kenya

These relate to amounts received from National Government Ministries, Departments and Agencies for purposes of supporting project activities undertaken on their behalf.

| | Amount controlled by the entity | Amount controlled by third parties | Year to 30 th June 2018 | Year to 30 th June 2017 |
|---|---------------------------------------|--|---------------------------------------|---------------------------------------|
| | KShs | KShs | KShs | KShs |
| Counterpart funds Quarter 1 | 237,915,300 | - | 237,915,300 | 450,043,215 |
| Counterpart funds Quarter 2 | 1,064,674,550 | - | 1,064,674,550 | 1,857,942,287 |
| Counterpart funds Quarter 3 | 737,938,711 | - | 737,938,711 | 445,635,048 |
| Counterpart funds Quarter 4 | 1,697,235,814 | - | 1,697,235,814 | 814,603,835 |
| Sub-total | 3,737,764,375 | - | 3,737,764,375 | 3,568,224,385 |
| Other transfers from government entities | 2,495,408,584 | - | 2,495,408,584 | 2,611,180,591 |
| Total | 6,233,172,959 | - | 6,233,172,959 | 6,179,404,976 |

An analysis of the counterpart funds received in the year has been attached as **Appendix 2** to these financial statements. Other transfers from government entities comprise grants received from the parent ministries.

Amounts controlled by third parties relate to payments made by development partners directly on behalf of the Project. In recognising these transactions, the receipts must be equal to the payments made. Therefore, neither a surplus nor deficit is recorded.

2. Proceeds from Domestic and Foreign Grants

These are grants received from development partners notably Global Fund and World Food Programme through the Exchequer then disbursed to the parent MDAs for onward distribution to the projects.

| | Grants received in cash | Grants received as direct payments and in kind | Year to 30 th June 2018 | Year to 30 th June 2017 |
|---|-------------------------------|---|---------------------------------------|---------------------------------------|
| | KShs | KShs | KShs | KShs |
| Grants Received from Bilateral Donors (Foreign Governments) | 2,711,492,637 | 283,260,599 | 2,994,753,236 | 857,594,523 |
| Grants Received from Multilateral Donors (International Organisations) | 17,016,947,497 | 2,049,883,177 | 19,066,830,674 | 17,067,918,343 |
| Total | 19,728,440,134 | 2,333,143,776 | 22,061,583,910 | 17,925,512,866 |

3. Loan from External Development Partners

These relate to amounts borrowed by the Government from foreign institutions, notably International Development Association (IDA - World Bank), African Development Bank (ADB)

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

and International Fund for Agricultural Development (IFAD) for purposes of supporting development projects.

| | Loans received in cash | Loans received as direct payments | Year to 30 th June 2018 | Year to 30 th June 2017 |
|---|------------------------|-----------------------------------|------------------------------------|------------------------------------|
| | KShs | KShs | KShs | KShs |
| Loans Received from Bilateral Donors (Foreign Governments) | 1,556,823,025 | 713,164,229 | 2,269,987,254 | 666,172,336 |
| Loans Received from Multilateral Donors (International Organisations) | 10,619,563,629 | 13,220,443,613 | 23,840,007,242 | 16,767,875,077 |
| Total | 12,176,386,654 | 13,933,607,842 | 26,109,994,496 | 17,434,047,413 |

4. Miscellaneous Receipts

These comprise other receipts including voluntary transfers other than grants.

| | Amount controlled by the entity | Amount controlled by third parties | Year to 30 th June 2018 | Year to 30 th June 2017 |
|---|---------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | KShs | KShs | KShs | KShs |
| Sales of goods and services | 22,000 | - | 22,000 | - |
| Other receipts not classified elsewhere | 147,543,130 | - | 147,543,130 | 842,074,814 |
| Total | 147,565,130 | - | 147,565,130 | 842,074,814 |

Other receipts not classified elsewhere relates mainly to refunds received by the projects as a result of unspent money from regional projects' offices.

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

5. Compensation of Employees

Compensation to employees comprises remuneration paid to employees for the work done. It also includes social contributions made by the development projects on behalf of their employees.

| | Amount controlled by the entity | Amount controlled by third parties | Year to 30th June 2018 | Year to 30th June 2017 |
|---|--|---|--|--|
| | KShs | KShs | KShs | KShs |
| Basic salaries of permanent employees | 420,452,749 | 7,600 | 420,460,349 | 416,312,587 |
| Basic wages of temporary employees | 339,936,296 | 3,772,946 | 343,709,242 | 249,293,864 |
| Personal allowances paid as part of salary | 32,296,039 | | 32,296,039 | 79,066,278 |
| Personal allowances paid as reimbursements | 2,648,772 | - | 2,648,772 | 141,500 |
| Pension and other social security contributions | 2,825,107 | - | 2,825,107 | 3,585,179 |
| Compulsory national social security schemes | 649,700 | - | 649,700 | 152,530 |
| Compulsory national health insurance schemes | 4,567,050 | - | 4,567,050 | 2,736,150 |
| Other personnel payments | 57,607,958 | - | 57,607,958 | 62,822,440 |
| Total | 860,983,671 | 3,780,546 | 864,764,217 | 814,110,528 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

6. Purchase of goods and services

These comprise the total value of goods and services consumed.

| | Amount controlled by the entity | Amount controlled by third parties | Year to 30 th June 2018 | Year to 30 th June 2017 |
|--|---------------------------------------|--|---------------------------------------|---------------------------------------|
| | KShs | KShs | KShs | KShs |
| Utilities, supplies and services | 322,369,114 | 204,398,930 | 526,768,044 | 357,129,126 |
| Communication, supplies and services | 69,379,891 | - | 69,379,891 | 46,775,474 |
| Domestic travel and subsistence | 2,869,909,431 | 8,479,900 | 2,878,389,331 | 1,440,708,042 |
| Foreign travel and subsistence | 190,203,208 | 252,000 | 190,455,208 | 209,295,515 |
| Printing, advertising and information supplies & services | 567,565,954 | 240,713,168 | 808,279,122 | 382,136,078 |
| Rentals of produced assets | 68,298,852 | - | 68,298,852 | 128,139,354 |
| Training expenses | 2,229,242,763 | 4,734,800 | 2,233,977,563 | 2,000,740,943 |
| Hospitality supplies and services | 371,495,446 | 140,372 | 371,635,818 | 173,575,412 |
| Insurance costs | 44,547,814 | - | 44,547,814 | 15,988,647 |
| Specialised materials and services | 4,807,235,464 | 53,799,700 | 4,861,035,164 | 2,177,151,885 |
| Office and general supplies and services | 41,222,846 | 293,400 | 41,516,246 | 44,583,769 |
| Other operating expenses | 8,154,306,996 | 111,401,981 | 8,265,708,977 | 9,078,156,663 |
| Routine maintenance – vehicles and other transport equipment | 61,479,175 | 1,000,000 | 62,479,175 | 61,028,415 |
| Consultancy services | 1,466,520,012 | 587,205,623 | 2,053,725,635 | 1,364,111,408 |
| Total | 21,263,776,966 | 1,212,419,874 | 22,476,196,840 | 17,479,520,731 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

7. Acquisition of Non-financial Assets

This represents the payment made to acquire property, plant and equipment during the year which has been expensed during the year of purchase as per the government accounting policy and the IPSAS cash basis standard. The value of property, plant and equipment purchased and paid for comprises the following:

| | Amount controlled by the entity | Amount controlled by third parties | Year to 30 th June 2018 | Year to 30 th June 2017 |
|--|---------------------------------------|--|---------------------------------------|---------------------------------------|
| | KShs | KShs | KShs | KShs |
| Purchase of buildings | - | - | - | 1,907,058,528 |
| Construction of buildings | 67,273,888 | - | 67,273,888 | 204,520,239 |
| Refurbishment of buildings | 30,535,815 | - | 30,535,815 | 50,417,865 |
| Construction of roads | 296,323,426 | 2,546,085,303 | 2,842,408,729 | 3,024,660,792 |
| Construction of civil works | 2,738,465,926 | 6,736,929,546 | 9,475,395,472 | 5,020,117,774 |
| Overhaul & refurbishment of construction and civil works | 31,687,071 | - | 31,687,071 | - |
| Purchase of vehicles & other transport equipment | 263,819,815 | 63,875,468 | 327,695,283 | 460,751,315 |
| Overhaul of vehicles & other transport equipment | - | - | - | 32,518,352 |
| Purchase of household furniture & institutional equipment | 2,638,107 | - | 2,638,107 | 20,167,361 |
| Purchase of office furniture & general equipment | 304,125,102 | 185,283,435 | 489,408,537 | 245,471,793 |
| Purchase of specialised plant, equipment and machinery | 87,909,882 | 376,362,848 | 464,272,730 | 423,227,954 |
| Purchase of certified seeds, breeding stock and live animals | 7,416,610 | 92,251,453 | 99,668,063 | 32,107,135 |
| Research, studies, project preparation, design & supervision | 1,647,557,327 | 764,672,967 | 2,412,230,294 | 2,179,442,987 |
| Rehabilitation of civil works | 148,515,603 | - | 148,515,603 | 118,814,933 |
| Acquisition of strategic stocks | 2,188 | - | 2,188 | - |
| Acquisition of land | 1,526,403,061 | - | 1,526,403,061 | 753,000,000 |
| Total | 7,152,673,821 | 10,765,461,020 | 17,918,134,841 | 14,472,277,028 |

Government of Kenya
Ministries, Departments and Agencies Consolidated Financial Statements
For the Year Ended 30th June 2018

8. Transfers to Other Government Entities

These relate to transfers to government reporting units in FY 2017/18.

| | Amount controlled by the entity | Amount controlled by third parties | Year to 30 th June 2018 | Year to 30 th June 2017 |
|---|---------------------------------------|--|---------------------------------------|---------------------------------------|
| | KShs | KShs | KShs | KShs |
| Transfers to National Government entities | 1,159,039,936 | - | 1,159,039,936 | 1,795,931,248 |
| Transfers to Counties | 631,667,095 | 1,250,000,000 | 1,881,667,095 | 556,000,000 |
| Total | 1,790,707,031 | 1,250,000,000 | 3,040,707,031 | 2,351,931,248 |

Analyses of these transfers to national government entities and counties have been included as **Appendices 3 and 4** to these financial statements.

9. Other grants, transfers and payments

Other grants and transfers relate to scholarships and other educational benefits.

| | Amount controlled by the entity | Amount controlled by third parties | Year to 30 th June 2018 | Year to 30 th June 2017 |
|--|---------------------------------------|--|---------------------------------------|---------------------------------------|
| | KShs | KShs | KShs | KShs |
| Grants for scholarships | 227,827,200 | - | 227,827,200 | - |
| Transfers to lower levels of government including schools | 3,147,186,105 | 2,099,266,312 | 5,246,452,417 | 4,390,215,776 |
| Transfers to various community levels and projects implementing partners | 323,480,887 | 935,823,866 | 1,259,304,753 | 2,137,721,749 |
| Total | 3,698,494,192 | 3,035,090,178 | 6,733,584,370 | 6,527,937,525 |

