

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
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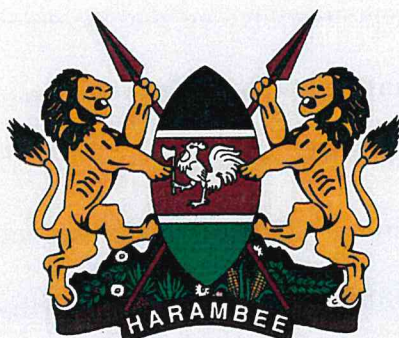
THE AUDITOR-GENERAL

ON

NATIONAL EXCHEQUER ACCOUNT

**FOR THE YEAR ENDED
30 JUNE, 2021**

THE NATIONAL TREASURY



THE NATIONAL TREASURY

National Exchequer Account Financial Statements

For the Financial Year ended 30th June 2021

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

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1. NATIONAL TREASURY INFORMATION AND MANAGEMENT

(a) Background Information

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

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

Vision

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

Mission

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

Core Values

The National Treasury is guided by the following core values: Customer Focus, Results Oriented, Stakeholder Participation, Professionalism, Accountability, Integrity and Transparency and Teamwork all geared towards excellence in service delivery.

Mandate of the National Treasury

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

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

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

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

Role of the National Treasury in the Devolved System of Government

The National Treasury is mandated by law to:

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

(b) Key Management

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

Office of the Principal Secretary

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

Organizational structure of the National Treasury

The National Treasury is organized into five (5) technical Directorates headed by Directors General and (1) Administrative and Support Services Directorate headed by a Principal Administrative Secretary. Each Director General is responsible for a Directorate comprising a cluster of Departments responsible for related policy functions. In addition, the Treasury has two independent departments namely Public Procurement and Internal Auditor General both of which are headed by Directors. The Directorates and Departments are as follows:

Directorate of Budget, Fiscal and Economic Affairs

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

- Budget Department
- Macro and Fiscal Affairs Department
- Financial and Sectoral Affairs Department
- Inter-Governmental Fiscal Relations Department

Directorate of Accounting Services and Quality Assurance

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

- Government Accounting Services
- Integrated Financial Management Information Systems (IFMIS)
- National Sub-County Treasuries
- Government Digital Payments Unit

Directorate of Portfolio Management

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

- Government Investment and Public Enterprises
- National Assets and Liabilities Management
- Pensions Department
- Public Investment Management Unit

Directorate of Public Debt Management Office

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

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

Directorate of Public Private Partnership Unit

The Directorate is headed by a Director General, reporting to the Principal Secretary on matters relating to Public Private Partnership.

Directorate of Administrative and Support Services (Common Shared Services)

The Directorate is headed by a Principal Administrative Secretary, reporting to the Principal Secretary. It is organized into twelve (12) specialized functions offering common shared services. The common shared services of the National Treasury consist of functions that offer critical support services to the National Treasury. The functions include:

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibilities were:

S/No.	Designation	Name
1.	Principal Secretary	Dr. Julius Muia, PhD, CBS
2.	Director General, Budget Fiscal & Economic Affairs	Mr. Albert Mwenda, HSC
3.	Director, Budget Department	Mr. Francis Anyona, OGW
4.	Director, Financial and Sectoral Affairs Department	Prof. Galgalo Barako
5.	Director, Intergovernmental Fiscal Relations Department	Mr. Albert Mwenda, HSC
6.	Director, Macro and Fiscal Affairs Department	Mr. Musa Gathanje
7.	Director, Public Procurement Department	Mr. Eric Korir
8.	Director General, Accounting Services & Quality Assurance	FCCA Bernard Ndung'u, MBS
9.	Ag. Director, Government Accounting Services Department	Mr. Jonah Wala
10.	Ag. Deputy Internal Auditor General	Ms. Jane Micheni
11.	Ag. Director, National Sub County Treasuries	Mr. Francis Kariuki
12.	Director, Integrated Financial Management Information System	Mr. Stanley Kamanguya
13.	Ag. Director, Government Digital Payments Unit	Mr. Nicholas Wambugu
14.	Head of Exchequer operations	Ms. Jane W N Macharia
15.	Director General, Public Investments & Portfolio Management	Eng. Stanley Kamau
16.	Director, Government Investment and Public Enterprises	Mr. Kennedy Ondieki
17.	Ag. Director, National Assets and Liability Management	Mrs. Veronica Okoth
18.	Director, Pensions Department	Mr. Michel Kagika, EBS

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19.	Director General, Public Debt Management Office	Dr. Haron Sirma, OGW
20.	Director, Resource Mobilization Department	Mr. Moses Kanagi
21.	Director, Debt Policy, Strategy and Risk Management Department	Mr. Daniel Ndolo
22.	Director, Debt Recording and Settlement Department	Mr. George Kariuki
23.	Director General, Public Private Partnerships (PPP) Directorate	Mr. Christopher Kirigua, OGW
24.	Director, Public Private Partnership Unit	Mrs. Veronica Okoth
25.	Principal Administrative Secretary	Mr. Amos Gathecha, EBS
26.	Secretary Administration	Mr. Hiram Kahiro
27.	Head, Accounts Division	Mr. Nemwel Motanya
28.	Head, Finance	Mr. Kimathi Mugambi, HSC
29.	Head, SCM	Mr. Aggrey kituyi
30.	Director, Human Resource Management and Development	Ms. Susan Mucheru
31.	Director, Information Communication and Technology	Mrs. Lynn Nyongesa
32.	Head, Central Planning and Project Monitoring Unit	Mr. Antony Muriu, HSC
33.	Head, Public Communications	Ms. Catherine Njoroge
34.	Programme Coordinator, Public Financial Management Reform Secretariat	Mr. Julius Mutua
35.	Director, Government Clearing Agency	Mr. Felix Ateng
36.	Head, Internal Audit Unit	Ms. Esther Ngeru

(d) Fiduciary Oversight Arrangements

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

Internal Audit Unit

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

Audit Committee

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

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

Project Implementation Committee

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

Parliamentary Liaison Office

In order to effectively manage the parliamentary activities relating to the Ministry, the National Treasury has established a committee and designated a liaison officer to coordinate the activities under the Office of the Cabinet Secretary in consultation with the Office of the Chief Administrative Secretary. There are also other liaison officers in the Accountant General Department who sit in fiduciary parliamentary committees as representative of The National treasury.

Development Partner Oversight

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

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

Top Management Committee and Other Committees

To monitor the implementation of the Ministry's programmes and performance, the National Treasury has appointed Top Management Committee comprising of Directors General. The Committee receives reports from departments, build consensus on National Treasury responses to emerging issues, challenges and risks and ensures that the decisions made are implemented in a timely manner. Additionally, the Treasury constituted Adhoc Committees to handle specific assignments in the Financial Year 2020/21.

Public Financial Management Sector Working Group

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

Budget Implementation Steering Committee

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

Budget Implementation Technical Committee

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

Budget Implementation Ministerial Committee

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

Monitoring and Evaluation

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

(e) The National Treasury Headquarters

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

The National Treasury Contacts

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

(f) The National Treasury Bankers

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

(g) Independent Auditors

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

(h) Principal Legal Adviser

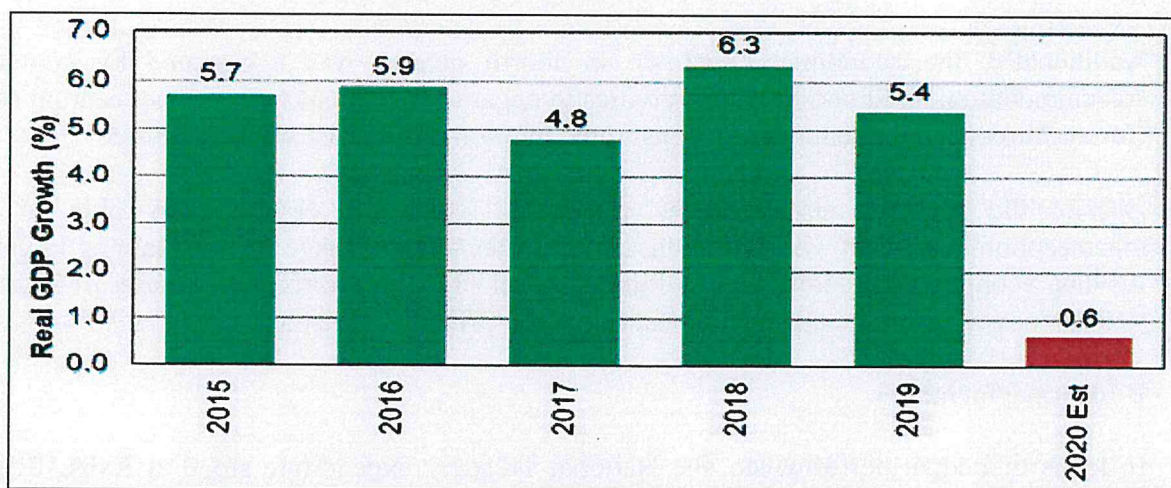
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

2. FORWARD BY THE CABINET SECRETARY

In accordance with Section 12 of the Public Finance Management Act, 2012, the National Treasury is responsible for coordinating the country's economic and financial management. Overall, the National Treasury has continued to maintain a policy environment that is conducive to economic growth and development of the country.

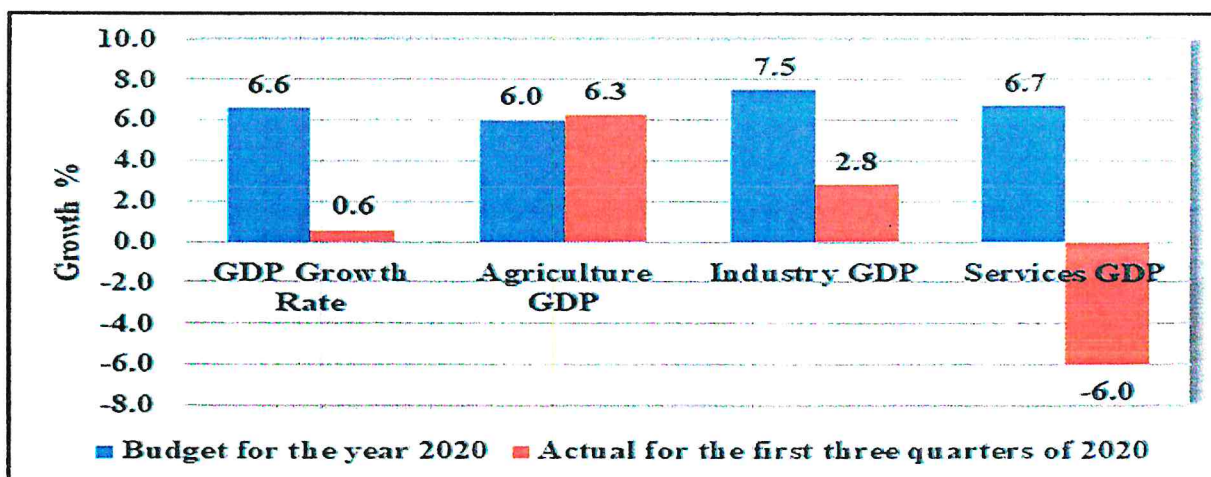
Economic growth in the first three quarters of 2020 contracted by an average of 0.4% compared to a growth of 3.6 percent in the corresponding period of 2019. In 2020, the Kenyan economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which disrupted and scaled down economic activities within the country and in most of the country's major trading partners. Additionally, Kenya faced two other shocks: the invasion of swarms of desert locusts that damaged crops and occurrence of floods following receipt of more than normal rainfall in May 2020. As a result, growth in 2020 is estimated to have contracted by 0.6 percent from a growth of 5.4 percent in 2019 (figure 1).

Figure 1: Annual Real GDP Growth rates (Percent)



The agriculture sector recorded an improved average growth of 6.4 percent in the first three quarters of 2020 compared to a growth of 3.6 percent in the corresponding period of 2019. The non-agriculture (service and industry) sectors were adversely affected by the Covid-19 pandemic. As a result, the sectors contracted by an average of 2.1 percent in the first three quarters of 2020 down from an average growth of 6.1 percent in a similar period in 2019. (Figure 2).

Figure 2: Annual Percentage Economic Growth Rates in 2020/21



Data Source: *Quarterly Economic and Budgetary Review(QEBR), MTP III*

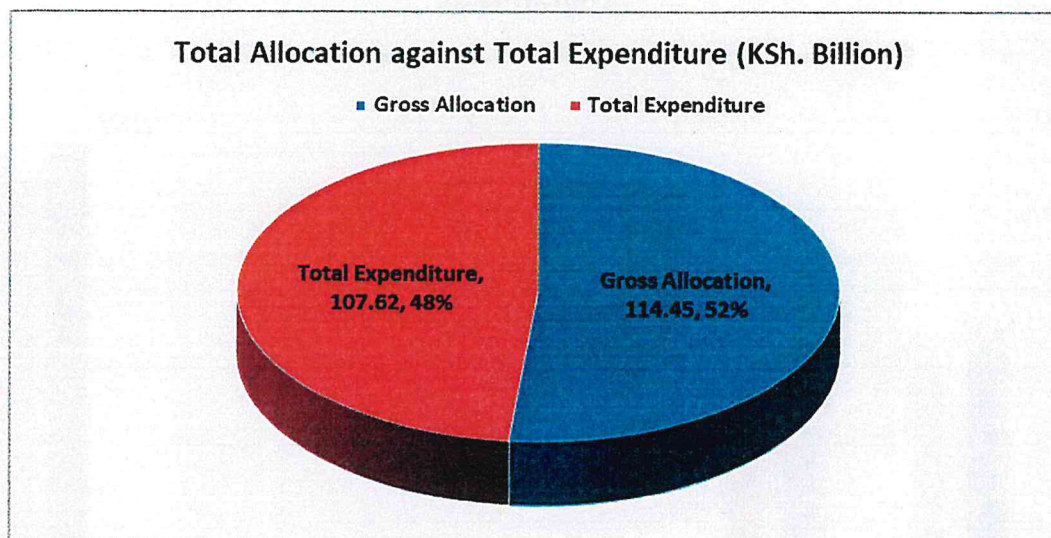
Additionally, the economic slowdown in fourth quarter was aggravated by contraction in Accommodation and Food Service activities to negative 6 per cent from 6.7 per cent on account of Corona Virus containment measures instituted in our major tourist source markets.

Despite the difficult circumstances faced last year, the country was able to preserve macroeconomic stability with inflation, interest rates and exchange rates remaining largely stable. Leading economic indicators for the fourth quarter of 2020 and the first quarter of 2021 point to strong recovery from the adverse impact of the COVID-19 pandemic.

Budget performance

In terms of budget performance, the National Treasury expenditure stood at **Kshs.107.6 Billion** against an approved budget of **Kshs.114.5 Billion** translating to an overall absorption rate of 94% as demonstrated in that pie chart below:

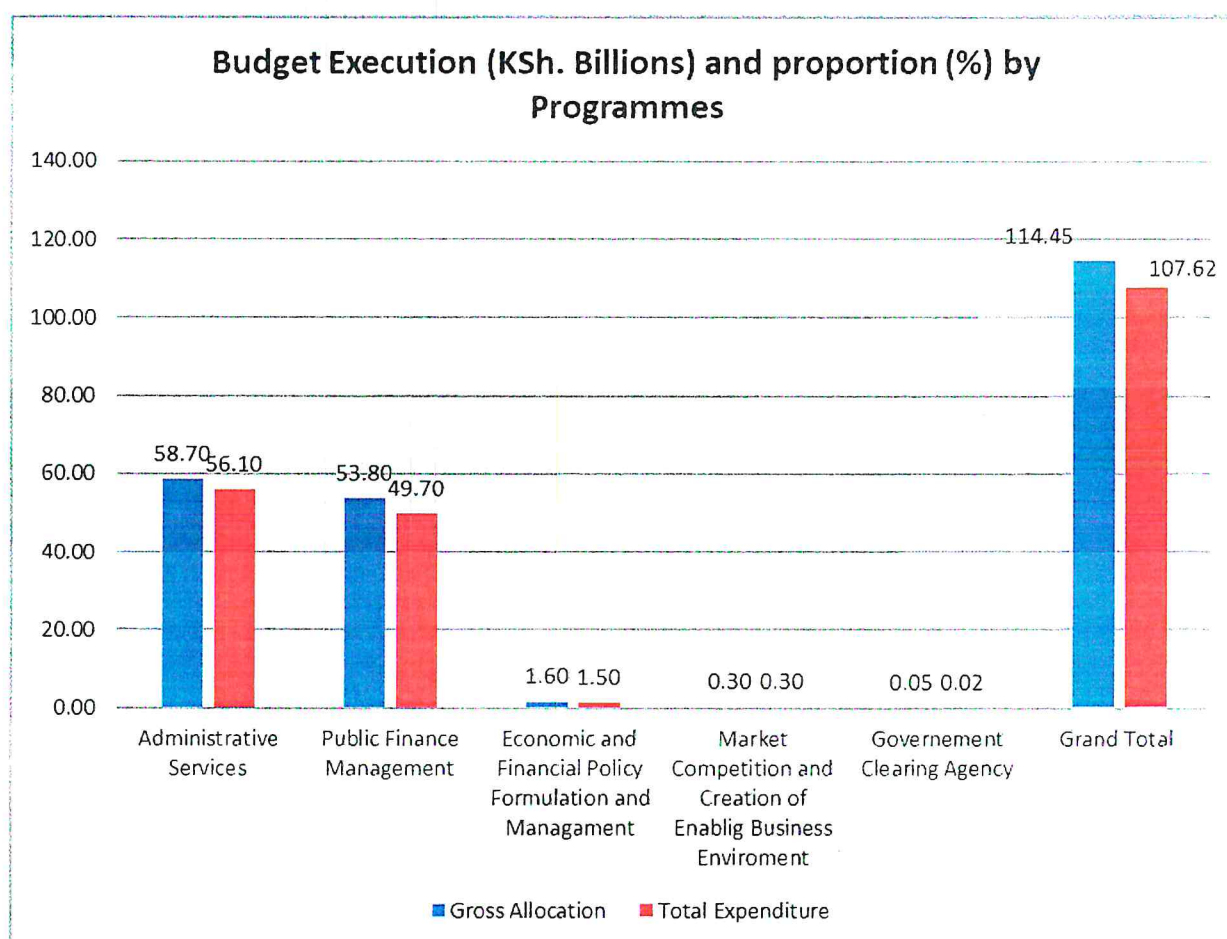
Figure 3: Total Allocation against Total Expenditure (Kshs. Billion)



The National Treasury implemented the 2020/21 budget within five economic classifications/programmes. These were General Administration, Planning and Support Services, Public Financial Management, Economic and Financial Policy Formulation and Management, Market Competition and Creation of an Enabling Business Environment, and Government Clearing Agency. As demonstrated in the bar chart below, the Market Competition Programme had the highest absorption at 100% followed by General Administration 96%, Economic and Financial Policy Formulation and Management 94%, and Public Financial Management Programme at 82% while Government Clearing Agency at 30%.

Figure 3: Budget Execution (KSh. Billions) and proportion (%) by Programmes

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



The Public Service Superannuation Scheme commenced on 1st January 2021, with the Board of Trustees having been constituted in line with the provisions of the Act that established the scheme. The scheme covers all employees below the age of 45 years of the Public Service Commission, the Teachers Service Commission and the National Police Service. This will be the largest pension fund in the country and will generate growth of capital markets and bring growth in unlocking value in real estate.

The Performance Contract Evaluation report for all Ministries, State Corporations and Tertiary Institutions released in May 2021 ranked the National Treasury and Planning as the best performing Ministry for Fiscal year 2019/2020.

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

- i. Mobilization of external resources amounting to **Kshs.622 billion** for projects and Kshs.423 billion for budget support to meet the budget deficit equivalent to 40.3% of the fiscal gap;
- ii. Facilitated the National Police Service by leasing 3,400 vehicles towards enhancing security;
- iii. Developed two Public Private Partnership (PPP) Projects Standardized Transactional Templates.

- iv. Developed Government Investment Management Information System (GIMIS);
- v. Conducted 245 value for money (VfM) audits;
- vi. Trained 1,273 Public Finance Management (PFM) users on financial reporting on IFMIS system;

Emerging Issues

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

- Covid-19 Pandemic and the containment measures led to depressed business environment hence pushing many enterprises and business to scale down operations. This negatively impacted revenue performance, thus exacerbating the pressure for resource at the Ministry level, the containment measures included but not limited to work shift plans and restriction of movements. These constrained the implementation of planned activities for the National Treasury.
- Re-allocation of resources to finance Covid-19 related expenditures thus affecting implementation of some programmes and projects.
- Leveraging on ICT innovations in the delivery of services to the citizenry.
- Change in Government Policies that led to adjustment in the implementation of planned programmes and projects.

Challenges

Some of the challenges the National Treasury faced while implementing the 2020/21 budget include:-

- Resource Constraint
- The rationalization of the budget, occasioned by underperformance of revenue collection and emerging government priorities affected the implementation of programmes on training, hospitality, transfer of conditional grants to County Governments and to semi-autonomous Agencies (SAGAs). The underperformance in revenue also caused delays in disbursement of funds by the National Treasury to MDAs. The underperformance of county governments own source revenue led to overreliance on transfers from the National Government occasioning more pressure on the exchequer.
- Shortage of Key Technical Staff
- The National Treasury experienced staff shortage across all cadres. This is attributed to natural attrition and departure of staff to the county governments and other constitutional bodies. The planned recruitment and promotion of staff by the appointing authorities has been slow hence affecting service delivery and succession management initiatives.
- Shortage of office space especially for key technical staff.
- Lack of a Project Implementation, Monitoring and Evaluation framework.

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

- Continued to implement borrowing policy that provides for domestic borrowing to plug the financing gap created by non-performing revenue,

- Undertook expenditure reduction strategies such as austerity measures and relevant re-prioritization of projects funding to those with greatest impact.
- Continued to implement succession planning towards progressively filling in staff shortage, continued training and timely promotions.
- Engaged other development partners for concessional loans and grants as well as pursued strategies to finance government projects.

Recommendations

- Increasing allocation to the sub-Sector to facilitate effective mobilization of resources to finance public expenditure particularly towards facilitation and implementation of post COVID-19 recovery programmes and strategies
- Reforms in Public Financial Management shall be sustained to enable the National Treasury to mobilize adequate financial resources and enhance absorption capacity;
- Sustained implementation of succession planning, especially with respect to recruitment of key technical staff;
- Strengthening Monitoring and Evaluation Framework and capacity.
- Leveraging on the use of ICT in the face of COVID 19 containment measures to ensure timely delivery of targets and through acquisition of modern communication equipment and systems.
- Enhancing working environment and refurbishment of offices to provide accommodation of staff.
- Prioritization of ongoing projects and fast tracking to ensure timely completion

Going forward, the National Treasury will implement a risk management strategy that will identify, monitor and control risks associated to its activities. This will include government investments and cash flows, its banking, money markets and capital market transactions as well as borrowing.



HON. (AMB.) UKUR YATANI, EGH
CABINET SECRETARY/NATIONAL TREASURY & PLANNING

3. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Introduction

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

- (a) Strengthen organization capacity for quality service delivery;
- (b) Enhance mobilization, allocation and utilization of public resources;
- (c) Ensure stable and sustainable macro-economic environment;
- (d) Ensure market structures that encourage competition and orderly conduct of business;
- (e) Progress on Attainment of Strategic Development Objectives

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

MDA Program	Strategic Objective	Outcome	Indicator	Performance
General Administration, Planning and Support Services	Strengthen organization capacity for quality service delivery	Efficient and effective service delivery	No. of vehicles	3,400 security vehicles were leased for the National Police Service towards enhancing security
			No. of systems	Developed one Government Investments Management Information System (GIMIS)
			% level of compliance to PSSS	On Boarded and maintained all Permanent and Pensionable (P&P) Public servants of age 45 years and below in the Public Service Super Annuation Scheme (PSSS)
Public Financial Management	Enhance mobilization,	Transparent and accountable	Consolidated Annual	Annual accounts prepared



MDA Program	Strategic Objective	Outcome	Indicator	Performance
	allocation and utilization of public resources.	management of public resources	Accounts	
			Annual national budget presented to Parliament by 30th April	Budget presented to parliament
			No. of standardized templates	Developed two PPP Projects Standardized Transactional Templates
			No. of Strategies	Developed one Medium Term debt strategy
			No. of VFM Audits reports	Conducted 245 Value for Money Audits due to increased requests for special audit by MDAs
			No. of Registered AGPO Enterprises	Registered 26,280 AGPO Enterprises
			No. of Policies	Developed the Assets and Liabilities Management Policy
Economic and Financial Policy Formulation and Management	Ensure stable and sustainable macro-economic environment.	Stable macroeconomic environment for economic growth	Real GDP growth rate (%)	0.6 %
			Inflation rate (%)	5.3%
			Months of import cover	4.8 months of import cover
			% of fiscal deficit	(7.7) % of GDP
			No. of Policies	Developed the Kenya Digital Finance, Policy
			County Allocation of Revenue Bill (CARB) & Division of Revenue Bill (DORB)	Prepared the County Allocation of Revenue Bill (CARB) & Division of Revenue Bill (DORB)

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MDA Program	Strategic Objective	Outcome	Indicator	Performance
Market Competition and Creation of an Enabling Business Environment	Ensure market structures that encourage competition and orderly conduct of business.	Sustained high productivity and competitive markets	Percentage of consumer complaints investigations concluded	94% of the consumer complaints investigated
			No. of guidelines and Merger Notification Forms	Developed the Joint Venture, Informant Reward and Exemption guidelines in order to cater for emerging issues in competition.



4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

4.1 Sustainability Strategy and Profile

To ensure economic sustainability, the National Treasury has put in place several measures geared towards protecting the economy and its citizens against major economic shocks. Some of them include; reduction of VAT and review of income tax to cushion citizens during the COVID 19 pandemic, reorganized the budget to reflect the realities of the current situation and to manage expenditure among others. Going forward into the medium term, the Government will continue in its fiscal consolidation path with the overall fiscal deficit being maintained broadly at the levels outlined in the Budget Policy Statement (BPS). This will ensure debt is maintained within sustainable levels. The fiscal deficit is expected to decline from 7.7 percent of GDP in FY 2020/21 to 6.3 percent by FY 2023/24. This was occasioned by COVID – 19 pandemics though the desired target is to lower it to the East African Monetary Union's (EAMU) protocol target ceiling of 3.0 percent of GDP. To achieve this target, the Government will continue to restrict growth in recurrent spending and double its effort in domestic resource mobilization. In the FY 2020/21, the Government continued to implement a raft of tax policy measures through the Budget Policy Statement, the Tax Amendment Law and the Finance Act, 2019. In addition, the modernized Income Tax Bill currently undergoing legal drafting, will also ease administrative bottlenecks, improve compliance and boost revenue collection, thereby supporting the government's fiscal consolidation efforts. Further, the establishment of Public Investment Management (PIM) Unit at the National Treasury continues to play a great role in enhancing efficiency in identification and implementation of priority social and investment projects. This takes into account the Government's efforts to increase efficiency, effectiveness, transparency, and accountability of public spending. In particular, the implementation of PIM regulations under the Public Finance Act will streamline the initiation, execution and delivery of public investment projects. It will also curtail runaway project costs, eliminate duplications and improve working synergy among implementation actors for timely delivery of development projects.

4.2. Environmental performance

The National Treasury has constituted a Committee comprising officers from the key Departments of the Ministry to oversee all matters relating to environmental sustainability. The Committee has since developed a ministerial policy on the same in line with the National Policy on environmental management.

4.3. Employee welfare

Employee welfare is critical for effective implementation of the programmes and projects of an organization. Noting the importance of human resources, the National Treasury has a Department established to handle Human Resources Management and Development. The Ministry has also established a Human Resource Management Advisory Committee that process all the promotions, discipline, training, appraisal and general employee matters in line with the Public Service guidelines and procedures. In addition, a committee on occupational safety and health has been established to follow up of the safety conditions in the work place. In order to ensure attracting and retaining competent officers, the National Treasury continued to conduct capacity and training needs assessments 2020/2021- 2021/22 as well as development and implementation of the training projections plan to fill skills gaps. In addition, the National Treasury continued to implement succession management plan by declaring the number of the posts to be filled under the delegated powers and continually implementing the provision of the guidelines on the policy on advancement to the next grade at the entry level in the scheme of service and implementation of the Authorised officers and the PSC decisions. Further, the importance of knowledge management was reinforced through: identification of data needs and data gaps; preparation of a database of sources of knowledge across all levels in the State Department, preparation of a comprehensive report on patterns, trends and attributes of the processed data and information in the State Department; preservation and sharing of knowledge as well as application of knowledge to policy and problem solving within the National Treasury. The National Treasury has continued to build the capacity on the online staff appraisal management system in collaboration with the Public Service Commission to ensure seamless implementation of the system.

4.4. Market place practices

The National Treasury is responsible for promoting fair trade practices in the economy. To ensure effective implementation of this function assigned by the Constitution, one of the programmes implemented by the Treasury is ensuring that existing market structures encourage competition and orderly conduct of business in order to support high productivity and competitive markets. In addition, the National Treasury developed the Joint Venture, Informant Reward and Exemption guidelines in order to cater for emerging issues in competition.

4.5. Community Engagements

To mitigate technological hazards, terrorism, fire and natural disasters, the National Treasury engaged a professional security services firm contracted for purposes of enhancing security in the Ministry. The National Treasury continued to improve security within the building and its environs by use of CCTV cameras installed at the Treasury Building and at the entrances and maintained firefighting facilities at the premises in collaboration with the State Department for Public Works.



5. Overview of National Exchequer Operations

5.1 Background

Article 206 of the Constitution of Kenya provides for the establishment of a Consolidated Fund into which shall be paid all money raised or received by or on behalf of the National Government. As outlined under Section 17 of the Public Finance Management (PFM) Act, 2012 the National Treasury is responsible for administration of the Consolidated Fund. The Consolidated Fund is maintained in the National Exchequer Account at the Central Bank of Kenya.

5.2 Receipts into the National Exchequer Account

Government revenue is received through appointed Receivers of Revenue by the Cabinet Secretary to the National Treasury pursuant to Article 209 (1), (2) and (4) of the Constitution. Receivers of Revenue are responsible for receiving, remitting to the Exchequer, and accounting for the National government revenue pursuant to section 82 of the PFM Act, 2012. During the FY 2020/2021, there were a total of 11 Receivers of revenue.

Section 78 of the PFM Act, 2012 has mandated the Kenya Revenue Authority (KRA), as the collector of National Government revenue. Revenue collected by KRA is received by the Principal Secretary, National Treasury who is the designated Receiver.

5.3 Issues from the National Exchequer Account

An appropriation Act and County Allocation Revenue Act (CARA) is required to authorize the withdrawal of funds from the Consolidated Fund. The National Treasury is required to seek Controller of Budget's approval before withdrawing funds from the National Exchequer Account to the respective National and County Government entities bank accounts.

Entities that receive funds from the Exchequer Account include National Government Ministries, Departments, and Agencies (MDAs) in accordance with the Appropriation Act and County Governments in accordance with the County Allocation Revenue Act. These entities are responsible for administration of their respective approved budgets.

5.4 Financial reporting requirements

Pursuant to Section 80(2) (a) of the PFM Act, 2012 the National Treasury is responsible for accounting for the all monies paid into and out of the Exchequer Account. Section 81 (1) of the PFM Act, 2012 further requires the Accounting Officer for a National Government entity to prepare and submit the financial statements to the Auditor-General and a copy of the statement to the Controller of Budget, the National Treasury and the Commission on Revenue Allocation.

This statement therefore covers the operations of the National Exchequer Account for the financial year ended 30th June 2021.

5.5 Commentary on the Statement of Receipts into and Issues from the National Exchequer Account

The total receipts into the National Exchequer amounted to KShs 2.816 trillion against a budget of Kshs 2.947 trillion. The actual revenue collected compares well with the budget as it represents 95.6% of the budget.

The budgets and actuals exclude revenue in form of Appropriations in Aid (AIA), which is received and spent directly by the respective entities.

The bulk of the revenue is collected by the Kenya Revenue Authority (KRA), being the principal tax revenue collection agent for the Government.

The funds received through the Exchequer were disbursed to the National Government voted Ministries, Departments and Agencies and County Governments. In total, Kshs 2.947 trillion was appropriated during financial year 2020/2021 against which Kshs 2.795 trillion was disbursed.

6. Statement of the Management's Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of The National Treasury is responsible for the preparation and presentation of the National Exchequer Account Financial Statements, which give a true and fair view of the state of affairs of The Exchequer account for and as at the end of the financial year (period) ended on June 30th, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the status of the Fund by the National Treasury; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the revenue report, and ensuring that they are free from material misstatements, whether due to error or fraud.

The Accounting Officer in charge of The National Treasury accepts responsibility for the National Exchequer Account Financial Statements, which has been prepared on the Cash Basis Method using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that the financial statements of the National Exchequer Account give a true and fair view of the performance of the Fund during the financial year ended June 30th, 2021. The Principal Secretary in charge of The National Treasury further confirms the completeness of the accounting records maintained for the Exchequer, which have been relied upon in the preparation of this report as well as the adequacy of the systems of internal financial control.

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

Approval of the Financial Statements

The financial statements of the National Exchequer Account were approved and signed by the Accounting Officer on 25th February 2022.



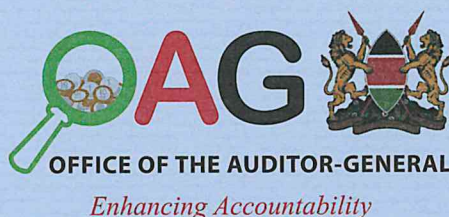
Julius Muia, PhD, CBS
Principal Secretary,
The National Treasury



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Director General, Accounting
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL EXCHEQUER ACCOUNT FOR THE YEAR ENDED 30 JUNE, 2021 – THE NATIONAL TREASURY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Exchequer Account set out on pages 1 to 18, which comprise of the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows for

Report of the Auditor-General on National Exchequer Account for the year ended 30 June, 2021 – The National Treasury

the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Exchequer Account as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with 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 National Treasury 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

Late Exchequer Releases

Attention is drawn to Note 13.6 where an amount of Kshs.165,455,973,366 is indicated as payments in the cash book not yet recorded in the bank statement (uncleared items). Examination of records indicated that the total amount of Kshs.165,455,973,366 related to Exchequer releases to Ministries, Departments and Agencies, Public Debt and County Governments disbursed between 1 July and 8 July, 2021. Although Management explained that the amount represented receipts of proceeds from Sovereign Bond and International Monetary Fund (IMF) and that approval was given by the Office of the Controller of Budget, this was against the provisions of Regulation 97(4) of the Public Finance Management (National Government) Regulations, 2015 which states, inter alia, "that an actual cash transaction taking place after the 30 June, shall not be treated as pertaining to the previous financial year." This is also in breach of Article 260 of the Constitution which states that "financial year means the period of twelve months ending on the thirtieth day of June or other day prescribed by national legislation."

Further, the practice of backdating transactions to 30 June, is against the concept of IPSAS cash accounting. The practice has also resulted in discrepancies between Exchequer disbursements reported by The National Treasury and Exchequer receipts reported by some counties in their financial statements.

My opinion is not modified with respect to the above matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, 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 governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing The National Treasury's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to abolish the National Exchequer Account 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 money is applied in an effective way.

Those charged with governance are responsible for overseeing The National Treasury's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit

the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The National Treasury's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause The National Treasury 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 National Treasury 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 March, 2022


The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2021

8. Statement of Receipts and Payments Statement for the year ended 30th June 2021

	Notes	2020/2021 Kshs	2019/2020 Kshs
Exchequer Receipts			
Tax income			
Non tax income	13.1 (a)	1,487,520,219,390.25	1,453,470,977,901.55
Grants received through National Exchequer Account	13.1 (b)	113,496,167,477.79	165,326,799,992.10
Net domestic borrowing proceeds	13.2	20,084,297,549.36	15,973,947,103.79
Proceeds from external borrowings	13.3	790,577,923,686.10	558,870,163,999.75
Total Exchequer Receipts	13.4	357,065,670,217.34	285,446,490,059.85
Transfers from the Exchequer		2,768,744,278,320.84	2,479,088,379,057.04
National Government Recurrent	13.5 (a)	1,067,686,519,134.15	1,030,018,643,022.45
National Government Development	13.5 (b)	372,485,625,697.90	385,750,148,770.65
Consolidated Fund Services	13.5 (c)	975,808,568,768.85	798,188,328,592.30
Total National Government		2,415,980,713,600.90	2,213,957,120,385.40
County Governments	13.5 (d)	379,512,183,437.60	315,970,821,168.35
Total Exchequer Transfers		2,795,492,897,038.50	2,529,927,941,553.75
(Deficit) / Surplus for the Year		(26,748,618,717.66)	(50,839,562,496.71)

The notes on pages 6 to 17 form an integral part of these financial statements. This statement has been prepared, reviewed and approved on 25th February 2022 by the following:


Julius Muia, PhD, CBS
Principal Secretary,
The National Treasury


FCPA Bernard Ndungu, MBS
Director General, Accounting
Services & Quality Assurance
The National Treasury

9. Statement of Assets and Liabilities as at 30th June 2021

	Note	2020/2021 Kshs	2019/2020 Kshs
Financial Assets			
Cash and Cash Equivalents			
Bank Balances	13.6	21,280,300,708.13	48,028,919,425.79
Total Cash and Cash Equivalents		21,280,300,708.13	48,028,919,425.79
Accounts Receivables			
Outstanding Imprests		-	-
Total Financial Assets		21,280,300,708.13	48,028,919,425.79
Financial Liabilities			
Accounts Payables – Deposits And Retentions		-	-
Net Financial Assets		21,280,300,708.13	48,028,919,425.79
Represented By			
Fund Balance B/Fwd		48,028,919,425.79	98,868,481,922.50
Surplus /(Deficit) for the year		(26,748,618,717.66)	(50,839,562,496.71)
Net Financial Position		21,280,300,708.13	48,028,919,425.79

The notes on pages 6 to 17 form an integral part of these financial statements. This statement has been prepared, reviewed and approved on 25th February 2022 by the following:



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Director General, Accounting
Services & Quality Assurance
The National Treasury

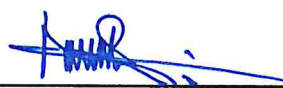
10. Statement of Cash Flow for the year ended 30th June 2021

		2020/2021	2019/2020
	Notes	Kshs	Kshs
Cash Flow from Operating Activities			
Total Exchequer Receipts		2,768,744,278,320.84	2,479,088,379,057.04
Transfers to MDAs and County Governments		(2,795,492,897,038.50)	(2,529,927,941,553.75)
Net Cash Flow from Operating Activities		(26,748,618,717.66)	(50,839,562,496.71)
Cash flow from Investing Activities		-	-
Cash flow from Borrowing Activities		-	-
Net increase/(decrease) in Cash and Cash Equivalents		(26,748,618,717.66)	(50,839,562,496.71)
Cash and Cash equivalents at the beginning of the year		48,028,919,425.79	98,868,481,922.50
Cash and Cash Equivalent at the end of the Year		21,280,300,708.13	48,028,919,425.79

The notes on pages 6 to 17 form an integral part of these financial statements. This statement has been prepared, reviewed and approved on... 25th February 2022 by the following:



Julius Muia, PhD, CBS
Principal Secretary,
The National Treasury



FCPA Bernard Ndungu, MBS
Director General, Accounting
Services & Quality Assurance
The National Treasury

The National Treasury
National Exchequer Account Financial Statements
For the Financial Year ended 30th June 2021

11. Comparison of Budget vs Actual Performance

The following statement summarizes the outturn against budget. Further details are provided under annexes to this report:

	Original Estimates	Supplementary Budget Adjustments	Revised Estimates	Adjustment for conditional grants to Counties	Revised Estimates adjusted for conditional grants to Counties	Total Actual FY 2020/21	Variances 2020/21	% Variance 2020/21
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
				Note 1				
Revenue Collections:								
Opening Balance		48,028,919,425.79	48,028,919,425.79	-	48,028,919,425.79	48,028,919,425.79	-	
Tax Revenue	1,567,632,123,908.99	(98,165,522,769.50)	1,469,466,601,139.49	-	1,469,466,601,139.49	1,487,520,219,390.25	(18,053,174,549.76)	-1%
Non tax Revenue	81,849,619,050.01	50,281,761,965.26	132,131,381,015.27	-	132,131,381,015.27	113,496,167,477.79	18,635,213,537.48	-14%
Grants received through National Exchequer Account	36,882,678,177.00	(11,843,149,043.15)	25,039,529,133.85	-	25,039,529,133.85	20,084,297,549.36	4,955,231,584.49	20%
Proceeds from external borrowings	357,415,462,506.00	39,958,397,639.00	397,373,860,145.00	-	397,373,860,145.00	357,065,670,217.34	40,308,189,927.66	10%
Domestic Borrowing	786,648,145,090.00	88,441,422,902.60	875,089,567,992.60	-	875,089,567,992.60	790,577,923,686.10	107,322,806,571.11	10%
Total Exchequer Receipts	2,830,428,028,732.00	116,701,830,120.00	2,947,129,858,852.00	-	2,947,129,858,852.00	2,816,773,197,746.63	130,356,661,105.37	-4%
Exchequer Transfers:								
National Government Recurrent	1,068,218,246,944.00	22,520,040,407.00	1,090,738,287,351.00	(5,226,000,000.00)	1,085,512,287,351.00	1,067,686,519,134.15	17,825,768,216.85	2%
National Government Development	387,929,314,017.00	52,069,241,434.00	439,998,555,451.00	(31,160,333,134.00)	408,838,222,317.00	372,485,625,697.90	36,352,596,619.10	9%
County Governments	346,216,406,550.00	-	346,216,406,550.00	36,386,333,134.00	382,602,739,684.00	379,512,183,437.60	3,090,556,246.40	1%
Consolidated Fund Services	1,028,064,061,221.00	42,112,548,279.00	1,070,176,609,500.00		1,070,176,609,500.00	975,808,568,768.85	94,368,040,731.15	9%
Total Exchequer Transfers	2,830,428,028,732.00	116,701,830,120.00	2,947,129,858,852.00	-	2,947,129,858,852.00	2,795,492,897,038.50	151,636,961,813.50	5%

Note 1. The revised estimates for National Government have been adjusted for conditional grants to County Governments as per the County Allocation of Revenue Act (CARA), since conditional grants are reflected in both National Government Appropriation Act and CARA.

Note 2. The variance of 20% relating to Grants received through exchequer indicates that the disbursement of Grants from development partners were below the estimated amount for the year.

12. Significant Accounting Policies

a) Basis of preparation

The Statement of Receipts and Payments has been prepared in accordance with the cash basis of International Public Sector Accounting Standard (IPSAS) as prescribed by the Public Sector Accounting Standard Board (PSASB) in Kenya.

b) Reporting entity

This report relates to financial operations of the Consolidated Fund held in the National Exchequer Account maintained at CBK. The reporting entity is the National Treasury.

c) Revenues

Revenues include receipts collected by the receivers of revenue and deposited in the Consolidated Fund pursuant to Article 206 of the Constitution of Kenya. This Article requires that all revenue collected by the National Government shall be deposited in the Consolidated Fund held at the National Exchequer Account maintained at the Central Bank of Kenya.

The receipts collected include tax collections by Kenya Revenue Authority (KRA), loans and grants from development partners, proceeds from domestic loans, and other miscellaneous deposits in the National Exchequer bank account.

d) Grants and loans from Development Partners

Grants and loans received from development partners are recognized as receipts when the funds are received in the National Exchequer Account.

e) Exchequer Transfers

Exchequer Transfers are based on the National Government Appropriation Acts and County Allocation of Revenue Acts. The exchequer requests are received by National Treasury, which rationalizes the requests based on available balance, consolidates the requests and forwards them to Controller of Budget (COB) for approval. Once the approval of COB is obtained, the funds are released to either the recurrent or development accounts of National Government entities as well as CFS accounts and County Revenue Fund accounts of the Counties. These accounts are maintained at CBK.

The appropriations from the National Treasury are regarded as transfers rather than expenditures. At consolidation level, these transfers are netted off against the corresponding transfers reported as having been received by the respective votes and County Governments.

f) Cash and cash equivalents

Cash and cash equivalents comprise bank balances.

g) Presentation Currency

The financial statements are reported in Kenya Shillings, being the currency of legal tender in Kenya.

13. NOTES TO THE FINANCIAL STATEMENT

13.1 Tax Income and Non Tax Income Receipts

The following is an analysis by revenue type of the receipts collected in the National Exchequer Account:

Description	2020/2021	2019/2020
	Kshs	Kshs
13.1 (a) Tax Income		
Taxes on Income, Profits and Capital Gains	696,591,128,639.15	734,622,339,628.90
Taxes on Goods and Services	751,185,681,678.40	688,854,428,618.55
Taxes in International Trade and Transactions	39,743,409,072.70	29,994,209,654.10
Total Tax Income	1,487,520,219,390.25	1,453,470,977,901.55
13.1 (b) Non Tax Income		
Licences under Traffic Act	4,599,742,383.80	3,570,366,604.60
Rents on Land	520,265,797.30	471,591,701.00
Interest Received	2,095,215,295.15	2,069,017,509.15
Other Profits & Dividends	45,106,961,951.20	72,812,289,971.30
loan to Non-Financial Institutions	6,258,788,627.10	2,928,555,759.40
Miscellaneous Revenue	1,364,569,356.50	1,018,747,935.00
Surplus Funds from Regulatory Authorities	2,777,185,000.00	10,663,259,364.35
E.A Community Tourist Visa Fees		81,633,062.75
Other land Revenue	1,017,080,733.25	1,231,757,229.80
Immigration-Work Permit Fees, visas and other fees	10,547,501,529.55	9,555,829,736.70
Interior-Hire of security services and other fees		2,366,567,211.80
Registration Services	1,295,507,602.50	1,001,100,288.05
Fishing Rights	135,402,721.50	104,429,123.85
Receipts from Royalties	1,843,684,919.35	1,691,606,904.25
Defence-sundry Revenue	920,373,146.10	817,878,333.20
Fines, Penalties and Forfeitures	2,271,132,972.70	2,202,077,767.85
Sale of Non-Capital Goods		456,662,651.80
Unspent balances surrendered	32,742,755,441.79	52,283,428,837.25
Total Non-Tax Income	113,496,167,477.79	165,326,799,992.10
Total Ordinary Revenue	1,601,016,386,868.04	1,618,797,777,893.65

13.2 Grants received through National Exchequer Account

The budget support received from development partners channelled through the National Exchequer Account is summarized below:

Description	2020/2021	2019/2020
	Kshs	Kshs
Grants from other governments		
Government of Italy	48,000,000.00	
Government of Denmark	1,687,030,718.60	2,147,922,146.70
Government of Sweden	774,546,834.65	1,470,865,927.05
Sub-total	2,509,577,553.25	3,618,788,073.75
Grants from International Organizations		
African Union Mission in Somalia (AMISOM)	3,206,845,619.85	4,639,373,627.80
International Development Association (IDA)	3,955,470,317.01	4,350,450,966.35
The Global Fund	2,706,450,320.05	1,616,212,397.34
The United Nations Children's Fund (UNICEF)	100,291,931.00	31,195,028.80
International Fund for Agricultural Development (IFAD)	998,440,600.85	545,797,079.05
African Development Bank (ADB)	492,958,320.90	91,792,187.80
United Nations Development Programme (UNDP)	144,316,462.90	39,334,180.00
United Nations Environmental Programme (UNEP)	45,333,525.95	105,020,897.00
UN - Habitat		509,300.00
European Economic Community Funds	5,924,612,897.60	935,473,365.90
Sub-total	17,574,719,996.11	12,355,159,030.04
Total grants	20,084,297,549.36	15,973,947,103.79

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13.3 Net Proceeds from Domestic Borrowings

The Net proceeds from sale of Treasury Bills and Treasury Bonds during the year were as summarised below:

	2020/2021	2019/2020
	Kshs	Kshs
Treasury Bonds	790,577,923,686.10	558,870,163,999.75
Treasury Bills (net)	-	-
Net proceeds	790,577,923,686.10	558,870,163,999.75

In the last two Financial years there was net repayment of Treasury Bills.

13.4 Proceeds from External Borrowings

Borrowings from Development partners and other external lenders through the National Exchequer Account is summarised below:

Description	2020/2021	2019/2020
	Kshs	Kshs
Commercial Financing		
Sovereign Bond Proceeds	107,621,472,749.95	-
Total Commercial Financing	107,621,472,749.95	-
Borrowings from International Organisations		
International Development Association (IDA)	151,302,474,728.39	179,292,211,744.32
International Fund for Agricultural Development (IFAD)	1,453,658,057.50	984,859,987.70
Agence Francaise de Developement (AFD)	4,434,217,920.50	3,403,323,310.55
African Development Bank (ADB)	2,919,370,937.75	22,765,145,403.24
European Development Fund (EDB)	7,201,461,578.00	-
Government of Spain	4,004,512,346.15	395,084,718.10
Government of Japan	-	273,254,279.54
Financing under the Rapid Credit Facility (IMF)	76,851,367,574.90	78,332,610,616.35
Germany Development funds	900,645,540.00	-
United Nations Development Programme (UNDP)	19,165,260.00	-
United Nations Population Fund (UNFPA)	357,323,524.60	-
Total Borrowings from International Organisations	249,444,197,467.79	285,446,490,059.85
Total proceeds from External Borrowings	357,065,670,217.74	285,446,490,059.85

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13.5 Exchequer Transfers

13.5 (a) Transfer to National Government Ministries, Departments and Agencies - Recurrent FY 2020/2021

Ministries Departments and Agencies	Original Estimates Recurrent	Revised Estimates Recurrent	Actual Transfer Recurrent as at 30 th June 2021	% Issued 2020/21
	Kshs	Kshs	Kshs	Kshs
The Executive Office of the President	21,728,255,323.00	23,566,586,164.00	15,994,701,690.20	67.87%
State Department for Interior and Citizen Services	123,089,561,516.00	127,297,965,763.00	127,038,482,652.85	99.80%
State Department for Correctional Services	27,314,378,572.00	26,863,504,994.00	26,710,457,090.20	99.43%
State Department for Devolution	930,178,422.00	1,029,424,587.00	1,016,541,123.80	98.75%
State Department for Development of the ASAL	980,434,774.00	970,984,234.00	970,859,134.00	99.99%
Ministry of Defence	106,272,956,500.00	112,519,133,506.00	112,512,421,204.35	99.99%
Ministry of Foreign Affairs	13,961,704,474.00	15,625,994,469.00	13,933,278,164.25	89.17%
State Department for Vocational and Technical Training	13,945,075,327.00	13,699,100,000.00	12,740,843,250.20	93.00%
State Department for University Education	57,342,274,106.00	55,364,274,106.00	55,357,774,106.00	99.99%
State Department for Early Learning & Basic Education	87,696,382,114.00	86,791,750,000.00	86,758,201,583.80	99.96%
State Department for Post Training and Skills Development	150,940,126.00	126,070,672.00	122,818,529.35	97.42%
The National Treasury	71,250,843,586.00	48,369,410,797.00	48,369,410,797.00	100.00%
State Department for Planning	3,142,693,693.00	3,172,893,162.00	3,172,893,161.10	100.00%
Ministry of Health (Note 3)	43,742,678,516.00	46,575,489,151.00	44,903,162,036.45	96.41%
State Department for Infrastructure	1,659,476,233.00	1,338,159,688.00	1,291,623,503.35	96.52%
State Department for Transport	511,486,371.00	687,680,481.00	653,731,885.00	95.06%
State Department for shipping and Maritime.	397,605,056.00	376,757,055.00	375,832,424.70	99.75%
State Department for Housing and Urban Development	1,058,529,759.00	991,951,302.00	964,388,368.95	97.22%
State Department for Public Works	2,310,516,034.00	2,264,640,351.00	2,264,640,346.15	100.00%
State Department for Environment and Forestry	9,236,116,643.00	8,992,700,000.00	8,992,687,795.80	100.00%
Ministry of Water, Sanitation and Irrigation	4,017,406,765.00	3,861,700,000.00	3,844,943,282.40	99.57%
Ministry of Lands and Physical Planning	2,809,419,339.00	2,820,394,731.00	2,800,759,726.70	99.30%
State Department for Information Communications and Technology & Innovation	1,503,600,918.00	1,641,312,439.00	1,574,681,322.95	95.94%
State Department for Broadcasting & Telecommunications	2,998,631,616.00	5,527,263,735.00	5,525,496,185.80	99.97%
State Department for Sports	1,100,114,532.00	1,261,219,009.00	1,259,993,417.00	99.90%
State Department for Culture and Heritage	2,271,189,990.00	2,266,070,952.00	2,236,591,945.80	98.70%
Ministry of Energy	1,543,000,000.00	1,493,000,000.00	1,483,013,011.85	99.33%
State Department for Livestock.	2,606,966,406.00	2,288,066,406.00	2,287,865,522.35	99.99%
State Department for Fisheries, Aquaculture and the	1,994,874,045.00	2,436,274,045.00	2,435,170,343.15	99.95%

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Ministries Departments and Agencies	Original Estimates Recurrent	Revised Estimates Recurrent	Actual Transfer Recurrent as at 30 th June 2021	% Issued 2020/21
	Kshs	Kshs	Kshs	Kshs
Blue Economy				
State Department for Crop Development and Agricultural Research	8,124,470,415.00	20,724,238,557.00	20,701,311,690.55	99.89%
State Department for Cooperatives	351,329,701.00	373,106,482.00	373,106,481.70	100.00%
State Department for Trade	1,880,064,227.00	2,123,188,727.00	2,121,573,911.85	99.92%
State Department for Industrialization	2,098,021,955.00	2,180,634,733.00	2,180,624,735.80	100.00%
State Department for Labour	1,870,907,034.00	1,742,041,069.00	1,736,774,965.35	99.70%
State Department for Social Protection, Pensions & senior citizens Affairs	31,014,249,554.00	30,394,639,025.00	30,289,454,782.60	99.65%
State Department for Mining	537,139,810.00	488,200,000.00	488,200,000.00	100.00%
State Department for Petroleum	196,510,778.00	192,510,049.00	186,259,430.15	96.75%
State Department for Tourism	1,244,172,182.00	2,508,947,445.00	2,508,947,445.00	100.00%
State Department for Wildlife	5,490,077,510.00	8,039,955,954.00	8,039,094,490.00	99.99%
State Department for Gender	842,986,478.00	949,158,205.00	928,842,275.80	97.86%
State Department for Public Service	14,753,370,879.00	12,980,160,000.00	12,862,097,024.60	99.09%
State Department for Youth	1,309,361,869.00	1,304,565,705.00	1,304,565,704.95	100.00%
State Department for East African Community	608,015,519.00	511,325,519.00	502,981,964.20	98.37%
State Department for Regional and Northern Corridor Development	1,818,244,036.00	1,908,299,295.00	1,903,168,004.00	99.73%
State Law Office and Department of Justice	4,053,326,847.00	4,260,626,847.00	4,048,970,317.00	95.03%
The Judiciary	14,722,436,279.00	14,575,278,582.00	14,575,278,582.00	100.00%
Ethics and Anti-Corruption Commission	3,072,200,000.00	3,272,200,000.00	3,258,902,565.65	99.59%
National Intelligence Service	39,051,000,000.00	45,551,000,000.00	45,160,410,752.00	99.14%
Office of the Director of Public Prosecutions	2,957,003,322.00	3,281,941,454.00	3,184,542,334.60	97.03%
Office of the Registrar of Political Parties	1,345,791,991.00	1,306,121,991.00	1,295,102,124.75	99.16%
Witness Protection Agency	472,787,500.00	462,487,500.00	462,441,638.00	99.99%
Kenya National Commission on Human Rights	400,704,556.00	373,657,280.00	365,921,675.45	97.93%
National Land Commission	1,233,325,815.00	1,112,325,815.00	1,111,509,326.20	99.93%
Independent Electoral and Boundaries Commission	4,322,884,842.00	5,308,633,456.00	4,920,449,044.95	92.69%
Parliamentary Service Commission	6,436,543,470.00	6,271,543,470.00	5,414,700,215.05	86.34%
National Assembly	23,205,499,775.00	21,615,499,775.00	19,728,162,686.25	91.27%
Parliamentary Joint Services	5,584,359,101.00	5,584,359,101.00	4,676,846,859.45	83.75%
Judicial Service Commission	576,400,000.00	531,000,000.00	511,706,404.65	96.37%
The Commission on Revenue Allocation	371,975,630.00	318,954,005.00	314,593,439.55	98.63%
Public Service Commission	2,105,240,000.00	2,175,233,432.00	2,162,453,654.45	99.41%
Salaries and Remuneration Commission	459,730,000.00	459,730,000.00	442,889,228.40	96.34%
Teachers Service Commission	264,975,584,137.00	274,402,784,137.00	274,402,784,137.00	100.00%
National Police Service Commission	606,327,710.00	645,240,228.00	624,120,102.60	96.73%
Auditor General	4,927,965,380.00	5,147,909,480.00	5,147,909,480.00	100.00%

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Ministries Departments and Agencies	Original Estimates Recurrent	Revised Estimates Recurrent	Actual Transfer Recurrent as at 30 th June 2021	% Issued 2020/21
	Kshs	Kshs	Kshs	Kshs
Officer of the Controller of Budget	622,982,206.00	565,796,771.00	563,215,749.45	99.54%
The Commission on Administrative Justice	494,680,726.00	474,480,726.00	464,880,613.30	97.98%
National Gender and Equality Commission	424,656,952.00	372,012,737.00	353,439,706.70	95.01%
Independent Policing Oversight Authority	862,628,000.00	802,728,000.00	775,021,984.65	96.55%
Total National Government Recurrent	1,062,992,246,942.00	1,085,512,287,351.00	1,067,686,519,134.15	98.36%

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**13.5 (b) Transfer to National Government Ministries, Departments and Agencies-
Development FY 2020/2021**

Ministries Departments and Agencies	Original Estimates Development	Revised Estimates Development	Actual Development Transfers as at 30 th June 2021	% Issued 2020/2021
	Kshs	Kshs	kshs	
Executive Office of President	4,961,171,015.00	7,527,900,095.00	4,277,069,239.95	56.82%
State Department for Interior and Citizen Services	6,874,000,000.00	3,957,076,242.00	3,889,440,723.00	98.29%
State Department for Correctional Services	784,100,000.00	257,579,844.00	55,348,693.15	21.49%
State Department for Devolution (Note 3)	2,248,959,760.00	5,675,103,924.00	5,444,344,164.45	95.93%
State Department for Development for the ASAL	8,702,290,786.00	7,643,189,352.00	6,826,942,641.35	89.32%
Ministry of Defence	3,000,000,000.00	3,000,000,000.00	2,999,371,195.10	99.98%
Ministry of Foreign Affairs	1,201,400,000.00	1,016,400,000.00	972,890,943.00	95.72%
State Department for Vocational and Technical Training (Note 3)	1,468,000,000.00	1,409,006,515.00	1,372,031,818.10	97.38%
State Department for University Education	4,601,600,000.00	2,717,623,070.00	2,566,125,476.65	94.43%
State Department for Early Learning & Basic Education	11,390,000,000.00	8,830,356,800.00	8,412,673,930.20	95.27%
The National Treasury	31,083,728,758.00	45,806,656,597.00	36,422,190,303.30	79.51%
State Department of Planning	42,402,820,416.00	55,886,765,706.00	55,721,310,415.50	99.70%
Ministry of Health (Note 3)	38,346,282,456.00	37,956,991,692.00	27,494,277,056.45	72.44%
State Department of Infrastructure	61,601,464,000.00	66,659,318,268.00	64,886,394,739.40	97.34%
State Department of Transport	11,272,800,000.00	21,827,800,000.00	21,600,570,545.15	98.96%
State Department for shipping and Maritime.	5,000,000.00	5,000,000.00	-	0.00%
State Department for Housing & Urban Development (Note 3)	8,577,721,087.00	19,058,555,338.00	17,812,148,031.00	93.46%
State Department for Public Works	1,016,973,000.00	659,473,000.00	659,471,999.70	100.00%
Ministry of Environment and Forestry	3,839,590,900.00	3,258,019,369.00	2,366,986,552.05	72.65%
State Department for Water ,Sanitation and Irrigation	32,860,506,797.00	35,035,400,000.00	35,209,485,477.40	100.50%
Ministry of Lands and Physical Planning	2,799,000,000.00	3,299,000,000.00	3,295,172,353.15	99.88%
State Department for Information Communications and Technology & Innovation	4,371,202,512.00	4,596,102,512.00	3,844,387,679.20	83.64%
State Department for Broadcasting & Telecommunications	698,000,000.00	282,255,000.00	277,599,221.00	98.35%
State Department for Sports	155,570,000.00	77,785,000.00	77,785,000.00	100.00%
State Department for Heritage	43,100,000.00	32,365,560.00	32,350,500.00	99.95%
State Department for Energy	21,455,677,322.00	31,943,471,578.00	29,517,522,949.45	92.41%
State Department for Livestock.	2,721,428,667.00	1,636,123,115.00	1,545,549,938.20	94.46%
State Department for Fisheries, Aquaculture and the Blue Economy	4,614,000,000.00	2,797,074,468.00	1,999,648,734.65	71.49%
State Department for Crop Development & Agricultural Research (Note 3)	14,550,008,092.00	11,962,497,156.00	11,906,435,690.35	99.53%
State Department for Cooperatives	825,220,000.00	761,825,432.00	760,769,203.00	99.86%
State Department for Trade	1,095,593,397.00	1,285,549,005.00	1,241,628,851.90	96.58%

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Ministries Departments and Agencies	Original Estimates Development	Revised Estimates Development	Actual Development Transfers as at 30 th June 2021	% Issued 2020/2021
	Kshs	Kshs	kshs	
State Department for Industrialization	3,753,141,936.00	2,624,761,252.00	2,228,994,334.10	84.92%
State Department for Labour	2,444,400,000.00	1,231,973,937.00	938,848,550.95	76.21%
State Department for Social Protection	2,186,130,000.00	1,917,900,000.00	836,914,694.00	43.64%
State Department for Mining	312,000,000.00	80,559,140.00	80,559,140.00	100.00%
State Department for Petroleum	700,000,000.00	805,710,000.00	804,332,283.60	99.83%
State Department for Tourism	4,310,800,000.00	3,464,164,050.00	3,412,845,038.75	98.52%
State Department for Wildlife	635,000,000.00	444,250,000.00	416,347,330.20	93.72%
State Department for Gender	2,374,000,000.00	2,258,000,000.00	2,246,000,000.00	99.47%
State Department for Public Service	1,254,060,000.00	997,554,400.00	997,554,400.00	100.00%
State Department for Youth	2,352,490,000.00	2,098,322,000.00	1,836,206,305.90	87.51%
State Department for Regional and Northern Corridor Development	837,450,000.00	1,071,899,900.00	1,071,899,900.00	100.00%
State Law Office and Department of Justice	185,000,000.00	80,000,000.00	79,082,741.65	98.85%
The Judiciary	2,701,000,000.00	1,451,689,000.00	1,275,621,344.30	87.87%
Ethics and Anti-Corruption Commission	40,800,000.00	40,800,000.00	14,167,795.00	34.72%
Office of the Director of Public Prosecutions	129,000,000.00	49,000,000.00	22,926,593.00	46.79%
Independent Electoral and Boundaries Commission	150,000,000.00	75,000,000.00	70,879,951.70	94.51%
Parliamentary Joint Services	2,065,550,000.00	2,865,550,000.00	2,448,571,230.50	85.45%
Public Service Commission	19,280,000.00	19,280,000.00	19,279,998.60	100.00%
Teachers Service Commission	600,000,000.00	200,000,000.00	-	0.00%
Auditor General	146,670,000.00	196,670,000.00	196,669,999.85	100.00%
National Gender and Equality Commission	5,000,000.00	2,874,000.00	-	0.00%
Sub-total National Government Development	356,768,980,901.00	408,838,222,317.00	372,485,625,697.90	91.11%

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13.5 (c) Transfer to Consolidated Fund Services (CFS)

Consolidated Fund Services	Original Estimates	Revised Estimates	Total Actual Transfers as at 30 th June 2021	% Issued FY 2020/2021
	Kshs	Kshs	kshs	
Public Debt	904,703,671,211.00	954,866,219,489.85	862,833,158,921.65	90.36%
Pension & Gratuities	119,192,481,232.00	111,142,481,232.15	110,355,251,543.75	99.29%
Salaries , Allowances and Miscellaneous Services	4,167,408,778.00	4,167,408,778.00	2,620,158,303.45	62.87%
Subscription to international organisations	500,000.00	500,000.00	0	0.00%
Total CFS	1,028,064,061,221.00	1,070,176,609,500.00	975,808,568,768.85	91.18%

13.5(d) Transfers to County Governments

County Governments	CARA Estimates	CARA Estimates	Total Actual Transfers as at 30 th June 2021	% Issued FY 2020/21
	Kshs	Kshs	kshs	%
Baringo County	6,015,514,234.10	6,015,514,234.10	6,012,752,519.85	99.95%
Bomet County	6,609,206,782.75	6,609,206,782.75	6,582,759,928.45	99.60%
Bungoma County	10,247,987,778.90	10,247,987,778.90	10,230,051,742.75	99.82%
Busia County	7,088,055,026.55	7,088,055,026.55	7,030,612,148.40	99.19%
Elgeyo/Marakwet County	4,661,908,414.20	4,661,908,414.20	4,630,606,215.05	99.33%
Embu County	5,470,740,264.10	5,470,740,264.10	5,467,978,438.85	99.95%
Garissa County	9,053,573,733.50	9,053,573,733.50	8,863,348,258.20	97.90%
Homa Bay County	7,758,891,860.35	7,758,891,860.35	7,747,883,300.60	99.86%
Isiolo County	5,243,635,312.50	5,243,635,312.50	4,994,190,204.34	95.24%
Kajiado County	7,728,050,301.40	7,728,050,301.40	7,692,100,456.10	99.53%
Kakamega County	12,530,980,101.20	12,530,980,101.20	12,494,783,841.85	99.71%
Kericho County	6,468,361,579.15	6,468,361,579.15	6,446,566,531.30	99.66%
Kiambu County	12,262,742,657.00	12,262,742,657.00	12,256,273,943.95	99.95%
Kilifi County	12,882,445,207.55	12,882,445,207.55	12,861,116,270.35	99.83%
Kirinyaga County	4,977,670,837.20	4,977,670,837.20	4,854,562,033.75	97.53%
Kisii County	9,408,306,817.05	9,408,306,817.05	9,404,359,964.80	99.96%
Kisumu County	8,655,962,561.05	8,655,962,561.05	8,641,655,246.15	99.83%
Kitui County	10,153,854,652.85	10,153,854,652.85	10,149,907,897.60	99.96%
Kwale County	9,270,370,276.95	9,270,370,276.95	9,081,860,579.35	97.97%
Laikipia County	4,989,847,242.55	4,989,847,242.55	4,977,664,537.15	99.76%
Lamu County	3,349,969,613.35	3,349,969,613.35	3,293,903,872.05	98.33%
Machakos County	9,851,314,718.35	9,851,314,718.35	9,821,054,183.65	99.69%
Makueni County	8,583,610,748.65	8,583,610,748.65	8,580,849,110.40	99.97%
Mandera County	11,920,235,344.40	11,920,235,344.40	11,710,624,699.85	98.24%
Marsabit County	7,899,707,613.65	7,899,707,613.65	7,793,494,800.85	98.66%
Meru County	9,579,178,221.45	9,579,178,221.45	9,573,822,729.20	99.94%
Migori County	8,013,866,444.00	8,013,866,444.00	8,006,164,498.25	99.90%
Mombasa County	8,780,649,582.00	8,780,649,582.00	8,062,714,762.75	91.82%
Murang'a County	7,416,101,094.25	7,416,101,094.25	7,413,339,317.00	99.96%
Nairobi City County	20,655,609,418.00	20,655,609,418.00	20,547,407,020.00	99.48%
Nakuru County	12,773,419,099.60	12,773,419,099.60	12,767,916,454.35	99.96%
Nandi County	6,325,109,469.85	6,325,109,469.85	6,322,347,699.60	99.96%
Narok County	9,213,038,823.75	9,213,038,823.75	9,206,141,414.50	99.93%
Nyamira County	5,910,419,024.30	5,910,419,024.30	5,884,830,880.20	99.57%
Nyandarua County	5,883,544,655.70	5,883,544,655.70	5,880,782,859.45	99.95%
Nyeri County	6,890,120,781.15	6,890,120,781.15	6,856,338,194.30	99.51%
Samburu County	5,426,055,363.00	5,426,055,363.00	5,369,997,777.65	98.97%
Siaya County	6,827,489,344.25	6,827,489,344.25	6,748,967,772.90	98.85%
Taita/Taveta County	5,475,265,869.55	5,475,265,869.55	5,420,856,135.65	99.01%
Tana River County	6,977,279,666.70	6,977,279,666.70	6,894,584,661.95	98.81%
Tharaka - Nithi County	4,848,877,104.55	4,848,877,104.55	4,792,803,253.36	98.84%

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County Governments	CARA Estimates	CARA Estimates	Total Actual Transfers as at 30 th June 2021	% Issued FY 2020/21
	Kshs	Kshs	kshs	%
Trans Nzoia County	6,801,669,979.30	6,801,669,979.30	6,792,755,590.10	99.87%
Turkana County	12,146,541,750.65	12,146,541,750.65	12,100,883,435.05	99.62%
Uasin Gishu County	7,708,684,131.95	7,708,684,131.95	7,701,702,515.70	99.91%
Vihiga County	5,634,311,783.75	5,634,311,783.75	5,610,438,269.75	99.58%
Wajir County	10,257,387,106.20	10,257,387,106.20	10,073,525,756.15	98.21%
West Pokot County	5,924,145,413.55	5,924,145,413.55	5,862,901,714.10	98.97%
Unallocated :IDA-Urban Development Grant (UDG)	51,031,875.20	51,031,875.20	0	0.00%
Total County Governments	382,602,739,682.00	382,602,739,682.00	379,512,183,437.60	99.19%

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13.6 Bank Balances

Exchequer Bank Reconciliation as at 30 th June 2021			
		<u>Kshs</u>	<u>Kshs</u>
Exchequer CBK Statement as at 30th June 2021			5,331,253,669.38
Add:	Exchequer Revenue (Revenue in transit)		
	KRA Revenue	4,737,069,849.95	
	KRA Revenue	250,000.00	
	KRA Revenue	13,523,470,081.70	
	KRA Revenue	1,209,989,881.20	
	Sovereign Bond Funds	86,859,651,262.65	
	IMF Funds- EFF&ECF Account	33,698,575,998.55	
	Donor Funds-Conditional grants to Counties	9,897,878,369.45	
	Donor Funds-Budget Support	600,907,455.95	
	Donor Funds-MDAs	3,886,045,678.75	
	Miscellaneous Revenue	5,846,551,309.55	
	Recovery From Counties-Conditional grants.	382,809,030.05	
	Total		160,643,198,917.80
Less:	Payments in cashbook not yet recorded		
	in Bank statement(uncleared items)		
	Recurrent Exchequer issues RE: 183/FY 2020/2021	5,491,521,238.45	
	Recurrent Exchequer issues RE: 184/FY 2020/2021	29,705,582,152.00	
	Recurrent Exchequer issues RE: 185/FY 2020/2021	18,158,971,684.65	
	Recurrent Exchequer issues RE: 186/FY 2020/2021	1,726,904,450.40	
	Recurrent Exchequer issues RE: 187/FY 2020/2021	11,235,477,855.40	
	Recurrent Exchequer issues RE: 188/FY 2020/2021	39,041,160.00	
	Recurrent Exchequer issues RE: 189/FY 2020/2021	13,139,780.40	
	Development Exchequer issues DE: 149FY2020-2021	639,682,391.30	
	Development Exchequer issues DE: 150FY2020-2021	30,134,297,179.70	
	Development Exchequer issues DE: 151FY2020-2021	120,951,111.60	
	Development Exchequer issues DE: 152FY2020-2021	9,830,201,847.90	
	Development Exchequer issues DE: 153FY2020-2021	6,886,831,874.70	
	Development Exchequer issues DE: 154FY2020-2021	1,256,800,334.85	
	Pensions Department Issue PG:29FY/2020-2021	15,973,626,828.50	
	Public Debt PD:79/2020/2021	367,584,701.55	
	County Governments C/REQ: 56/20/21	1,839,959,618.95	
	County Governments C/REQ: 57/20/21	26,902,500,000.00	
	County Governments C/REQ: 58/20/21	1,218,916,458.45	
	County Governments C/REQ: 59/20/21	3,913,982,697.55	
	Total		(165,455,973,366.35)
Exchequer Cash Book Balance as at 30th June 2021			518,479,220.83
Sovereign Bond Account Balance as at 30th June 2021			20,761,821,487.30
Total Balance as at 30th June 2021			21,280,300,708.13

13.7 Progress on Follow up of Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)

There were no audit issues raised in the previous Financial statements for the National Exchequer Account.

Julius Muia, PhD, CBS
Principal Secretary,
The National Treasury

FCPA Bernard Ndungu, MBS
Director General, Accounting
Services & Quality Assurance
The National Treasury

