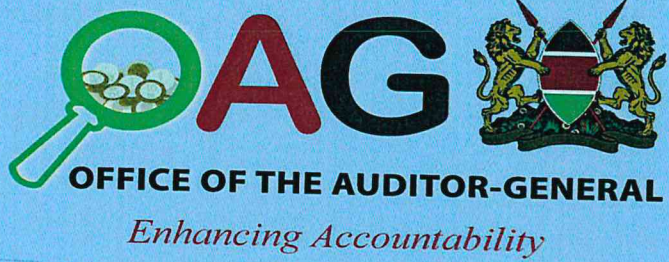


REPUBLIC OF KENYA



REPORT

OF

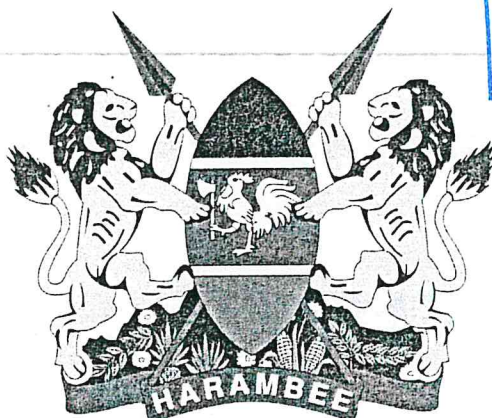
THE AUDITOR-GENERAL

ON

**STATE DEPARTMENT FOR INTERIOR AND
CITIZEN SERVICES**

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

10 MAY 2022
TUESDAY
MAJORITY LEADER
F.M.



STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES

REPORTS AND FINANCIAL STATEMENTS

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

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

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30. June 2021

Table of Contents

Page

1. KEY ENTITY INFORMATION AND MANAGEMENT	iii
(a) Key Management	iv
(b) Fiduciary Management.....	v
2. FORWARD BY THE CABINET SECRETARY	1
3. STATEMENT OF PERFORMANCE AGAINST MDA'S PREDETERMINED OBJECTIVES	15
4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	17
5. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES	19
6. REPORT OF THE INDEPENDENT AUDITORS ON THE STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES	21
7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 TH JUNE 2021	23
8. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 TH JUNE 2021	24
9. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 TH JUNE 2021	25
10. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	26
11. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT	27
12. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT	28
13. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES.....	29
14. SIGNIFICANT ACCOUNTING POLICIES.....	31
15. NOTES TO THE FINANCIAL STATEMENTS	38
14. PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S RECOMMENDATIONS	57
ANNEXES.....	58

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The State Department for Interior and Citizen Services is one of the two State Departments in the Ministry of Interior and co-ordination of National Government, the other being State Department for Correctional Services.

The Mandate of the State Department for Interior and citizen services is: Co-ordination of National Government Functions; Internal Security; Promotion of Nationhood and National Values; Oversight and Co-ordination in delivery of National Priorities and Flagship Programmes; Oversight Over Internal Security; Registration of Births and Deaths; Registration of Persons; Government Chemist Services; Government Printing Services; Development of the National Integrated Identity Management System (Huduma Namba); National Rollout of the unique personal identifier –Huduma Namba; Oversight over and Coordination of the Management of the National Primary Data Registers for Citizens and Foreign Nationals; Integrated Population Registration Systems (IPRS); National Cohesion and Integration Policy; Policy on National Values and Principles of Governance; Policy on training of Security Personnel; Border Management (Marine and Terrestrial); Disaster and Emergency Response Co-ordination; National Crime Research and Management; Public Benefits Organizations; Betting, Lotteries and Gaming; Control of Drug and Narcotic Substance; Development and Implementation of Citizenship and Immigration Policy; Development and Implementation of Refugees' and Asylum seekers' Policies; Proclamation of Public Holidays; State Functions and Government Receptionist; Security Roads and Airstrips; Small Arms and Light Weapons Management; Registration and Licensing of Motor Vehicles; Motor Vehicles Inspection and Certification; National Transport Safety; National Road Safety Management; Regulation of Public Service Vehicles (PSVS); Development and Implementation of Road Safety Strategies; Facilitation of Public Education with regard to Road Safety; Conducting Research and Audits with regard to Road Safety; Compilation of Inspection Reports and Statistics relating to Road Traffic Accidents; Establishment of Systems and Procedures for the training, testing and licensing of Motor Vehicle Drivers, Motor Cycle Riders, as well as overseeing the same; Formulate and Review the Curricula of Driving Schools; Co-coordinating the activities of persons and organizations dealing in matters of road safety and Enforcement of Axle Load Control through Weighbridges.

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30. June 2021

Principal Activities

The principal activity Mission of the State Department is “to create an enabling environment for Kenya’s growth and prosperity through provision of security and safety to people and property, maintain a credible national integrated identity system, promotion of national cohesion and coordination of national government functions.”

(b) Key Management

Cabinet Secretary

Dr. Fred Matiang’i, EGH

Chief Administrative Secretary

Kang’ethe Thuku

Principal Secretary

State Department for Interior

Dr. (Eng.) Karanja Kibicho, CBS

Director General

State Department for Immigration, Border Control and Citizen Services;

Alexander Muteshi

Principal Secretary

State Department for Correctional Services

Zeinab A. Hussein (Mrs) CBS

Inspector General of Police

Mr. Hillary Nzioki Mutyambai, MGH, (nsc) AUS

Director Criminal Investigation

George Maingi Kinoti, CBS

Secretary, Internal Security

Moffat M.Kangi, EBS

Secretary, National Administration

Arthur A. Osiya, EBS

Secretary, Civil Registration Services

Janet Mucheru

Senior Chief Finance Officer

Alice W. Gichu

Deputy Accountant General
James K. Karori

(c) Fiduciary Management

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

	Accounting Officer	Name
1.	Principal Secretary, Interior	Dr. (Eng.) Karanja Kibicho, CBS
2.	Principal Secretary, Correctional	Zeinab A. Hussein (Mrs) CBS
3.	Director General, Immigration Services	Alexander Muteshi
4.	Senior Chief Finance Officer	Alice W. Gichu
5.	Deputy Accountant General	James K. Karori

(d) Fiduciary Oversight Arrangements

1.0 Mandate and establishment of Audit Committee

Section 73(5) of the Public Finance Management Act, 2012 provides that every national government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations.

In compliance with the Public Financial Management Act, 2012 section 73(5) and Regulation 174 (1) of Public Financial Management Regulations, 2015, The Ministry of Interior and Coordination of National Government (MOICNG) established and operationalized an Audit Committee in May 2021. This marked a milestone for the Ministry in improving and strengthening its governance, Risk Management and financial processes.

1.1 Composition of the Audit Committee

The Accounting Officer appointed the following as members of the Ministry's Audit Committee for a period of three (3) years with effect from 30th March 2021. The Audit Committee is composed of a Chairperson, four (4) members, a representative from The National Treasury, and the Ministry of Interior and Coordination of National (MICONG) Government Head of Internal Unit as the secretary to the Audit Committee.

Table 1 Audit Committee members:

S/No.	Name	Position
1.	Prof. Daniel K. Tarus	Chairperson
2.	Dr. James Mwangi	Member
3.	Ms Sabina W. Maghanga	Member
5.	Mr. Paul Famba	Member
6.	Ms. Edwina O. Magoha	The National Treasury Representative
7.	Elizabeth Kiano (Mrs.)	Secretary

I. 1.3 The purpose of the Audit Committee is stipulated in the PFM Regulation 175 as follows;

- a) Support the Accounting Officer with regard to their responsibility on issues of risk control and governance and associated assurance but the responsibility over the management of risk control and governance processes remains with the management of Ministry.
- b) Follow up on the implementation of the recommendations of internal and external auditors.

1.4 The Responsibility of the Audit Committee

The duties and responsibilities Audit Committee include the following:

(i) Financial and Management Reporting

Review the adequacy, reliability and accuracy of the financial information provided by management and other providers of such information and make recommendations for improvements as required.

(ii) Risk Management

The MOICNG'S Risk Management Framework provides that the Audit Committee is responsible for the oversight of the risk management function and for its effectiveness. While Internal Audit will provide independent assurance on the effectiveness of risk management in the Ministry, risk management is to be the carried out by management.

(iii) Systems of Accounting and Internal Controls

Internal control is the process that provides reasonable assurance that the Ministry will be able to achieve its objectives in effectiveness and efficiency of operations, in reliability of financial reporting and in complying with applicable laws and regulations.

(iv) Compliance with Laws, Regulations, Ethics and Good Governance

The Audit Committee shall review the procedures put in place to ensure compliance with pertinent

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES

Annual Reports and Financial Statements

For the year ended 30, June 2021

laws and regulations. It shall also evaluate the effectiveness of controls aimed at preventing or detecting conflicts of interest and fraud.

(e) **Ministry Headquarters**

P.O. Box 30510

Harambee House

Harambee Avenue

Nairobi, KENYA

Ministry's Contacts

Telephone: (254) 020-2227411

E-mail: ps.interior@kenya.o.ke

Website: www.interior-coordination.go.ke

(f) **Ministry's 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

NAIROBI, Kenya

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30. June 2021

2. FOREWARD BY THE CABINET SECRETARY

The State Department's for Interior and Citizen services' budget intervention during the period was premised on provision of security to individuals in Kenya and their property as espoused in the Constitution of Kenya (COK) 2010 and Vision 2030 for Socio-Economic transformation.

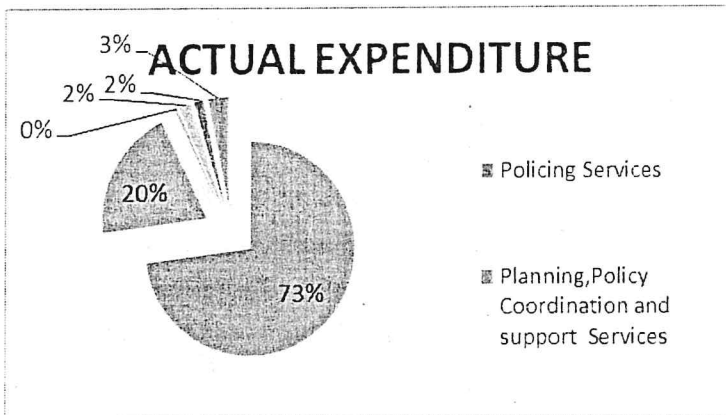
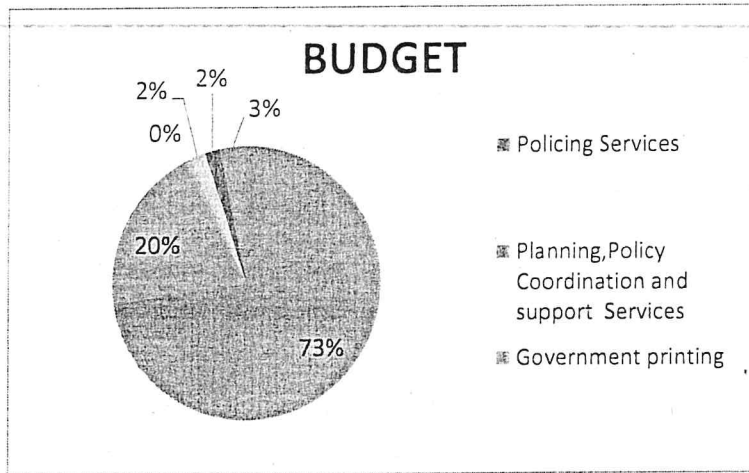
The State Department has six (6) key programmes namely: Policing Services; Planning, Policy coordination & support Services; Government printing services; Migration & Citizen Services Management; Road Safety and Population Management services. Specifically the Ministry provided services as per the objectives namely:

1. To enhance public safety and security;
2. To improve access to national government services, co-ordinate security, enhance peace building and conflict management in Kenya;
3. To enhance production and security of Government documents;
4. To develop and implement road safety transport policies for efficient, effective and safe transport system
5. To facilitate issuance of secure travel documents, proper management of foreign nationals and asylum seekers/refugees in the country and
6. To ensure timely and secure population registration while maintaining a comprehensive national integrated identity database

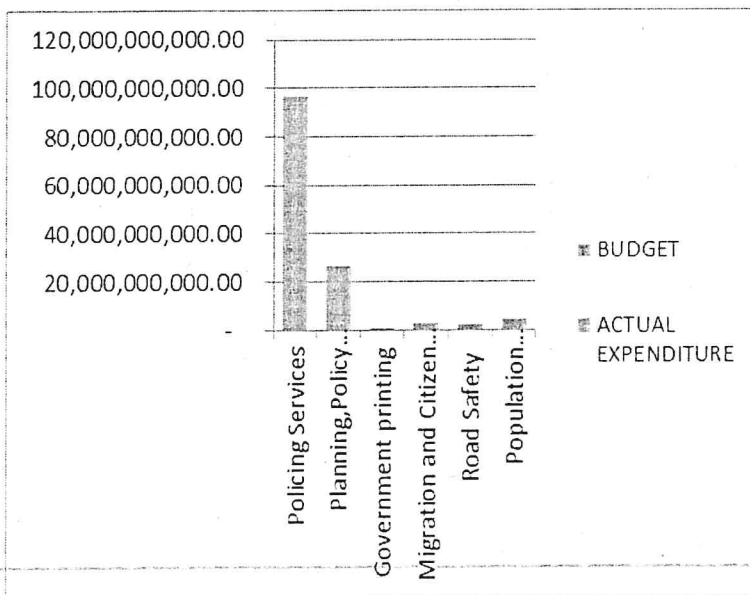
Budget Performance against Actual Amount.

DESCRIPTION	BUDGET	ACTUAL EXPENDITURE	BALANCE
Policing Services	96,784,845,615.00	96,734,488,228	50,357,387
Planning, Policy Co-ordination and Support Services	26,530,259,595.00	26,481,988,028	48,271,567
Government Printing	704,806,213.00	659,940,550	44,865,663
Migration and Citizen Services	2,580,857,554.00	2,537,335,462	43,522,092
Road Safety	2,373,267,322.00	2,120,151,896	253,115,426
Population Management services	4,450,675,553.00	4,174,396,054	276,279,499
TOTAL	133,424,711,852.00	132,708,300,218	716,411,634

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30, June 2021



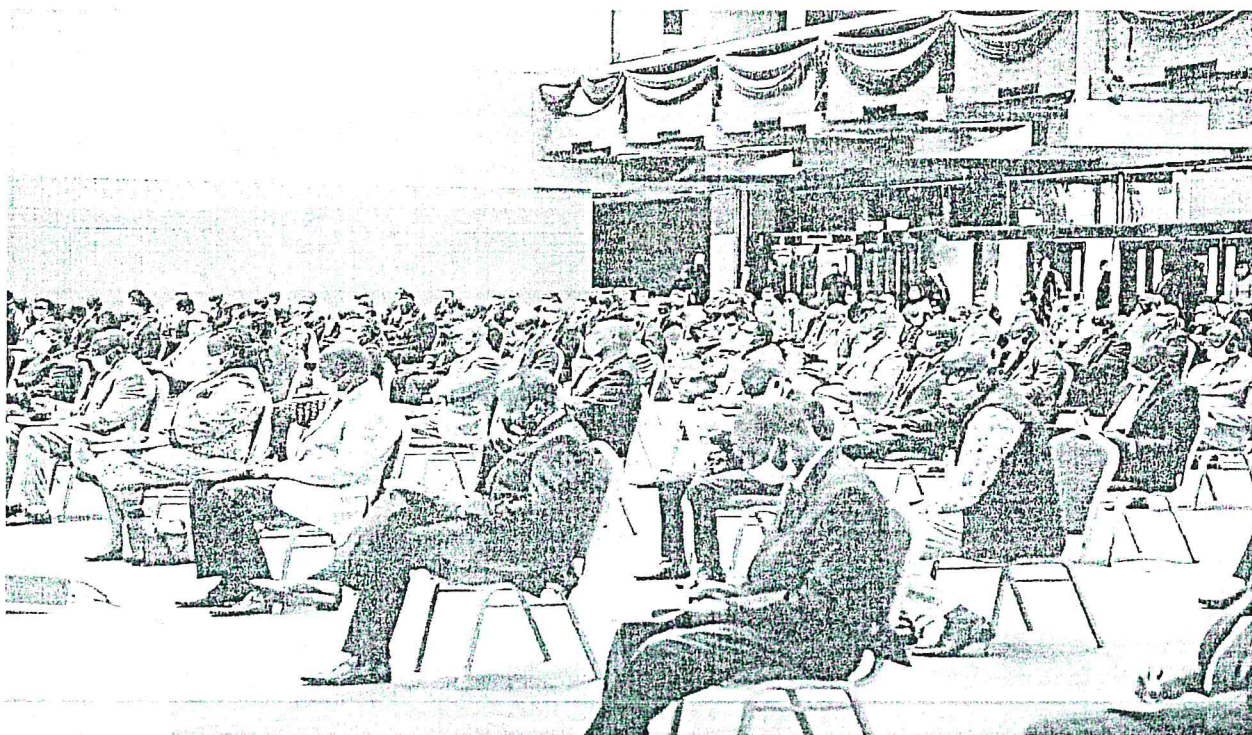
BUDGET VIZ EXPENDITURE

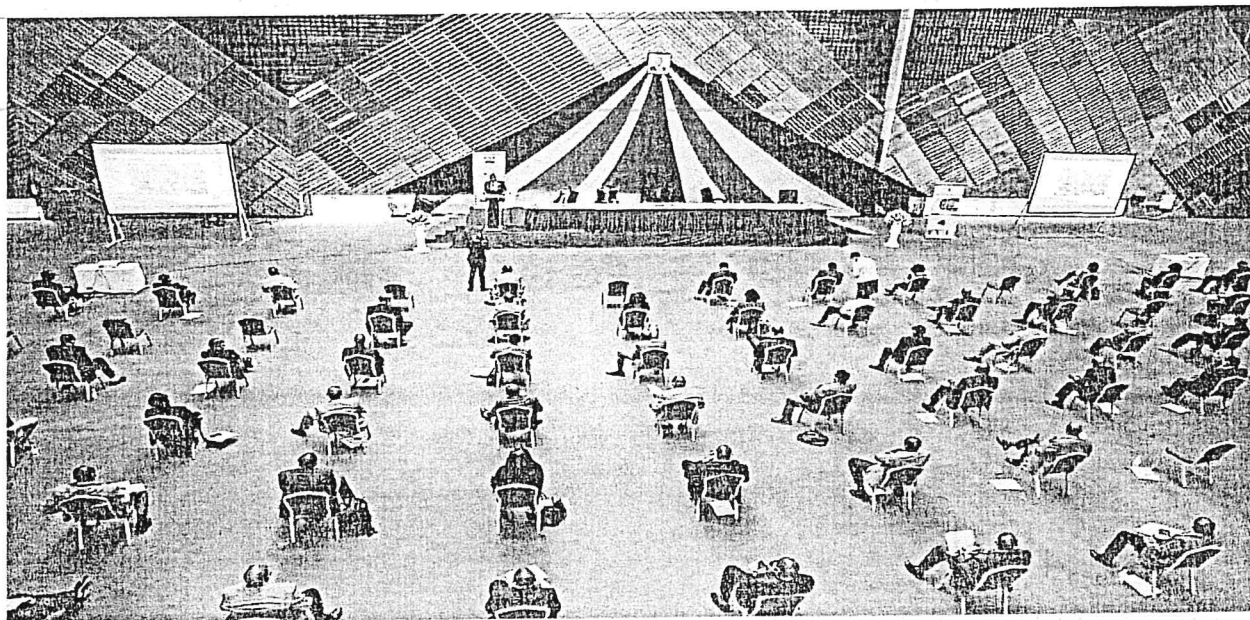


Key Achievements

Over the 2020/21 FY period, the following were the major achievements by the State Department:

- Through the NPS retrained a total of 7,131 officers on standardization courses following the redeployment of administration police officers to general duty police; the Recruits Course 1/2021 is ongoing following with the recruitment of 5,115 Constables; 2,612 APS & 2,503 GSU; Constructed the Gachoka Office Block in Embu County for the Kenya Police Service; Completed the construction of 2 barracks at the National Police College (NPC) Embakasi A campus (APS); Completed the construction of drill ground/Dias at the NPC Embakasi A campus (APS); Completed the construction of barracks and classrooms at the Border Police Training Campus (APS); Purchased of assorted security equipment through the modernization Programme; Procured medical insurance cover for NPS and Kenya Prisons Service; Procured group life cover insurance cover for NPS and Kenya Prisons Service;
- Via the National Government Administration operationalized 17 Sub-Counties, 51 Divisions, 27 Locations and 54 Sub-Locations across the country; In collaboration with the Ministry of Housing, NGAO effectively helped in recruiting and supervising youths under the National Housing Programme (NHP) christened *Kazi Mtaani*;

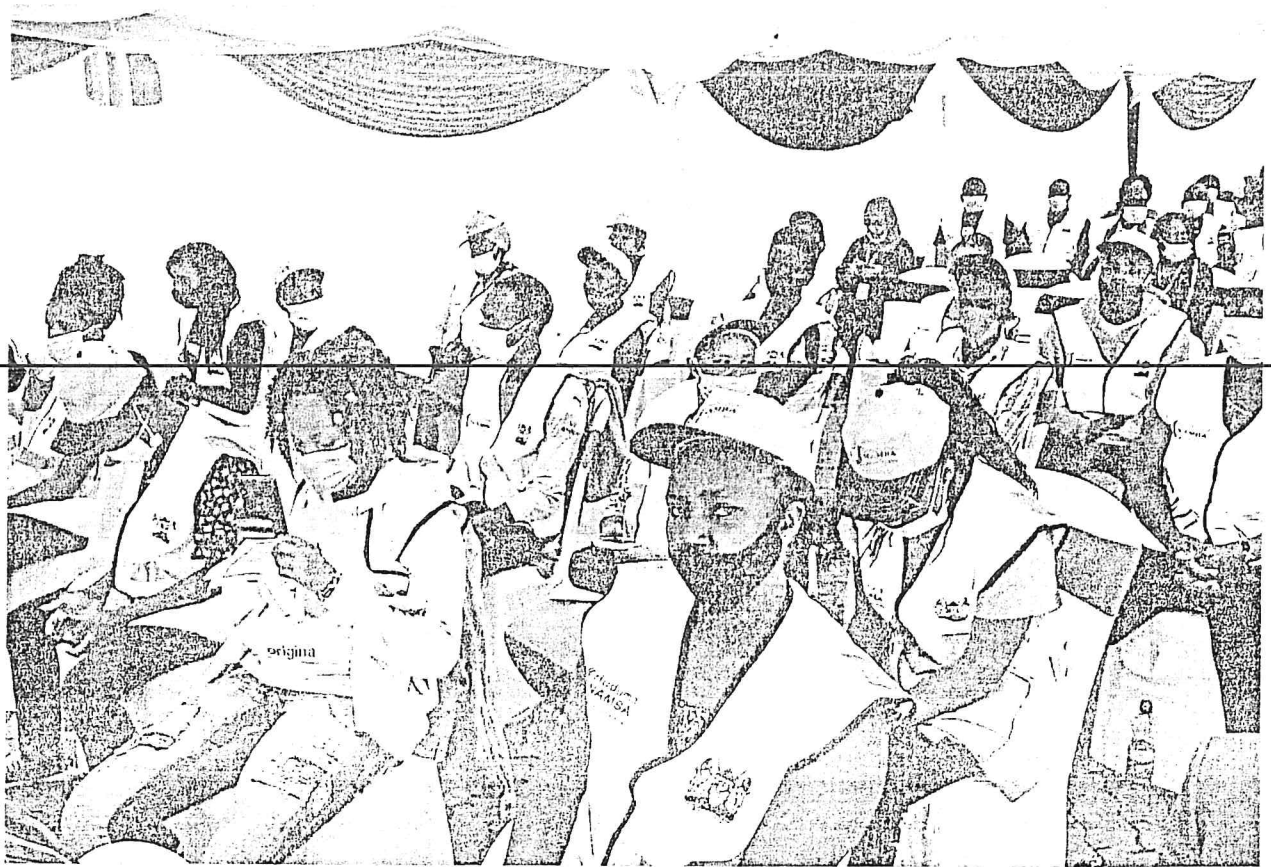




Regional and County Commissioners attending the official launch of the Kazi Mtaani programme at KICC, Nairobi

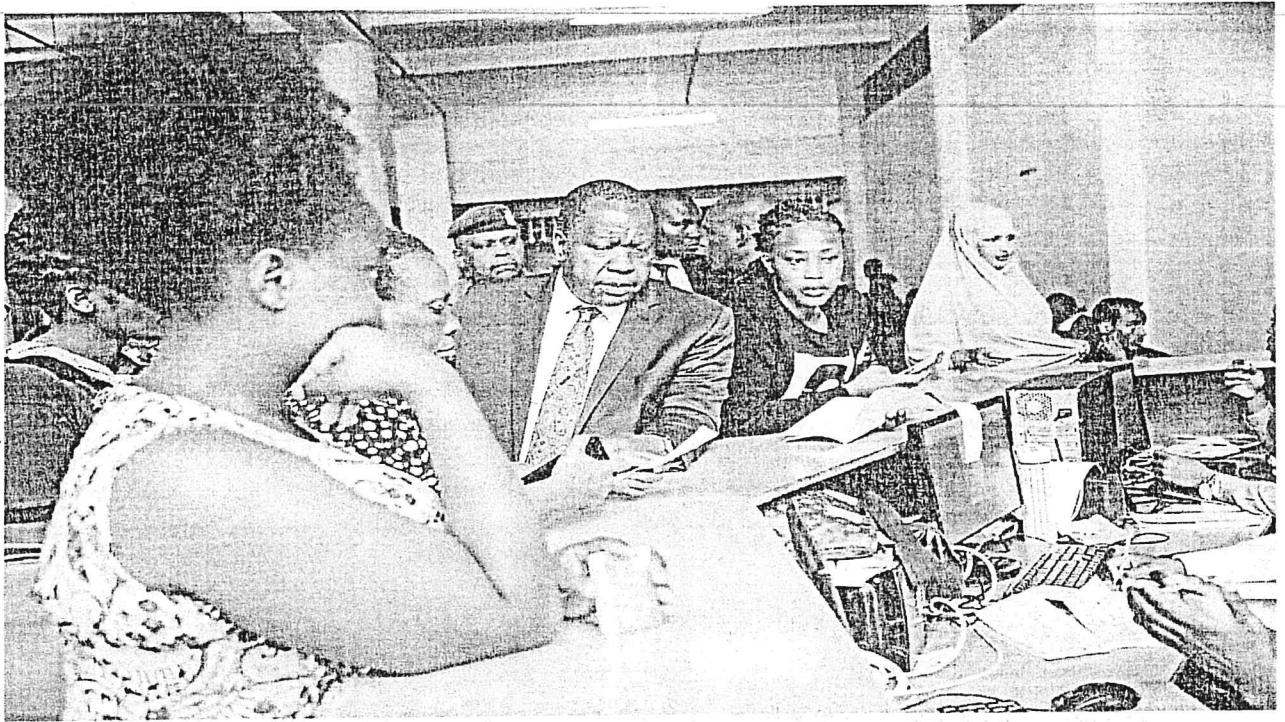
Distribution of over 4.46 million out of the 7.68 million Huduma Namba Cards, translating to 58% collection rate;





CS Mutiangi officially launching issuance of Huduma Namba Cards in Kiambu

- In an effort to manage the population register, a total of 1,459,754 ID cards translating to 73% of the set target of 2,000, 0000 were issued; Installed and operationalized 72 live capture machines at registration stations across the country to enhance efficiency in production. The machines were installed in the following regions: Central (16), Upper Eastern (10), Lower Eastern (6), Coast (14), North Eastern (4) and Nairobi (22); Registered 1,126,762 (82.9%) births and 185,385 (37%) deaths issued and 2,435,523 birth and 180,777 death certificates respectively; digitized 17 million records and uploaded to the Civil Registration and Vital statistics system (CRVSS) with the assistance from ICT Authority;



CS Dr. Matiangi on an inspection visit at CRS Offices at ACK Bishop House, Nairobi

Opened an additional 14 field stations bringing the total of operational field offices to 126 up from 112 that were operational during the same time in 2019; and achieved a 24-hour turnaround time for issuance of birth and death certificates and other services like verification of certificates.



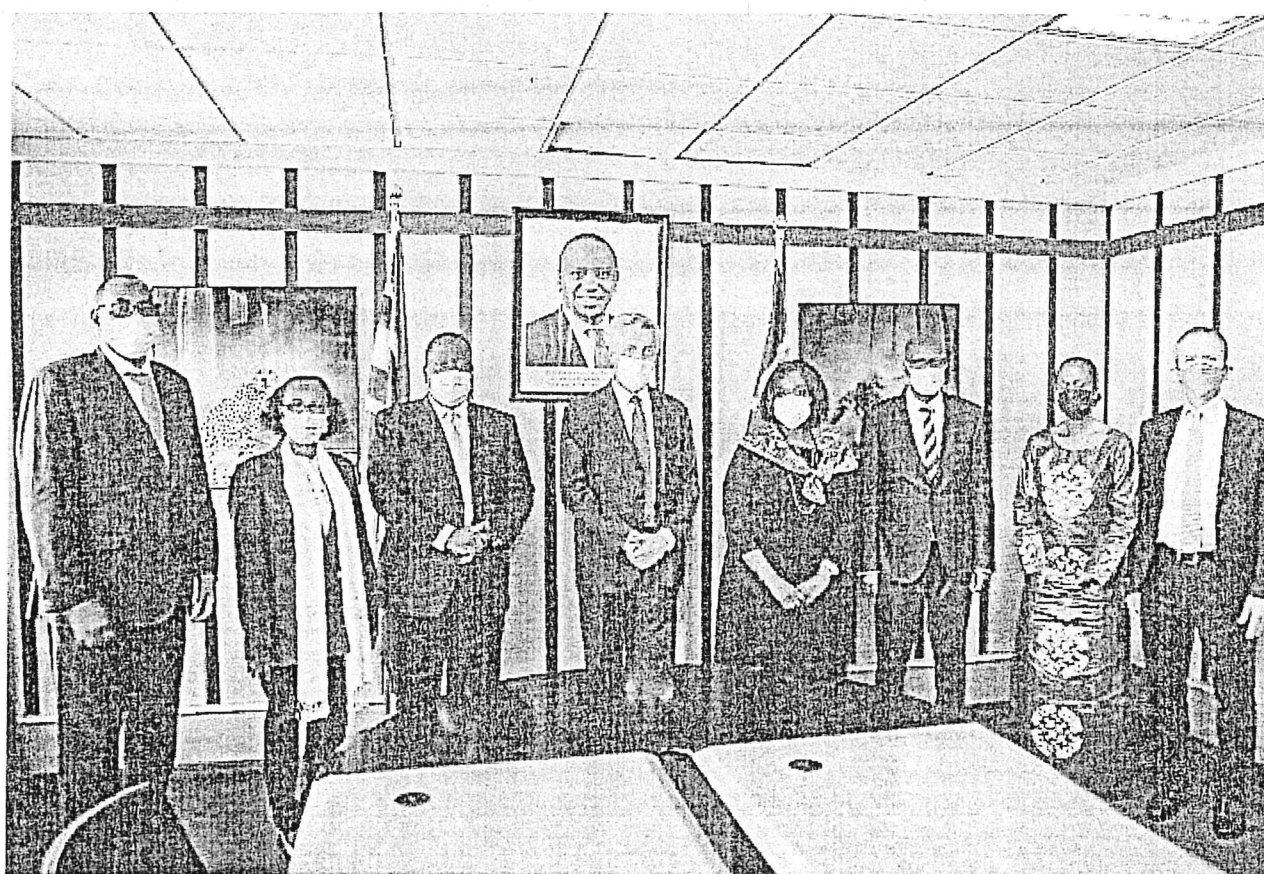
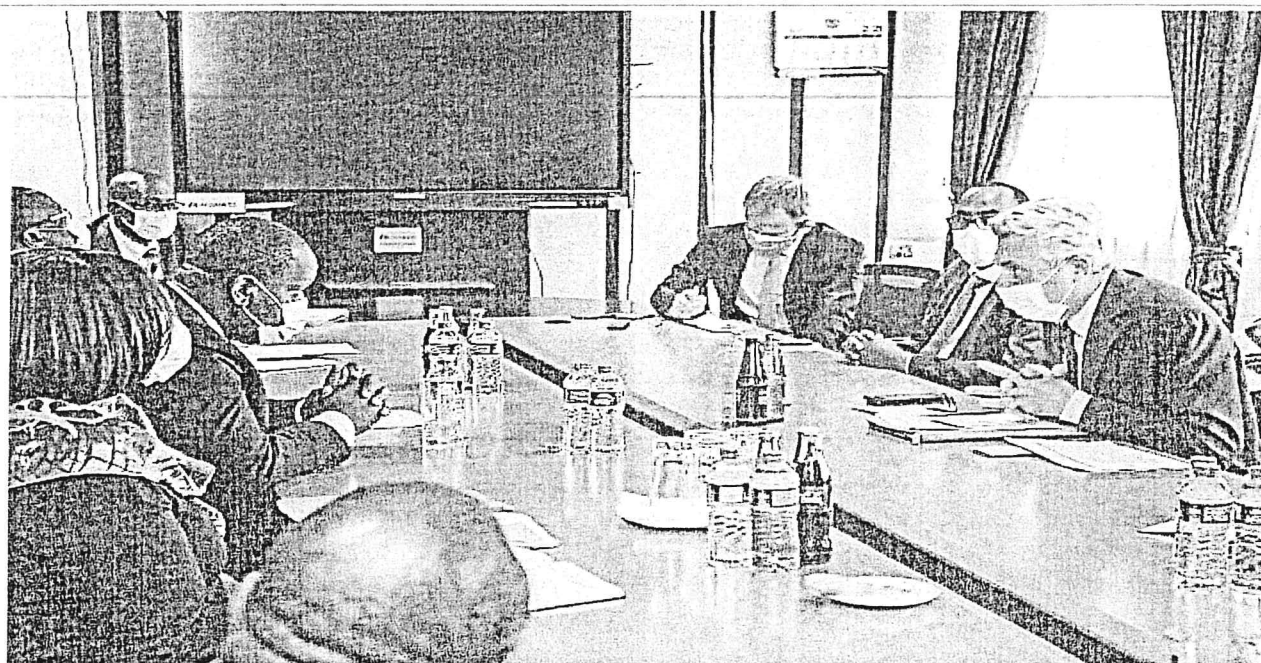
CS Dr. Matiangi interacting with kin seeking issuance of certificates

- Through the Immigration Directorate, implemented electronic filing and service by appointment across all passports processing stations within the country and in the Kenya Missions abroad which has reduced the turnaround time of passport issuance from 7 days to 24 hours for replacements, and 3 days for the new applications. In collaboration with other security agencies, developed an online vetting system for passport applicants eliminating the need for booking interviews. Applicants are now being interviewed in their home localities and can secure their passports within a month. Further, issued 221,070 e-passports and 92,372 Visa;



CS Dr. Matiangi inspecting service provision to citizens at Immigration Offices, Nairobi

Coordinated the registration of 23,535 refugees; repatriation of 1,256 refugees voluntarily to Somalia; facilitation and resettlement of refugees to third countries (1,332 refugees resettled to USA, Canada, the United Kingdom, and Sweden); and, Relocation of 300 refugees in urban centres to designated refugee camps.

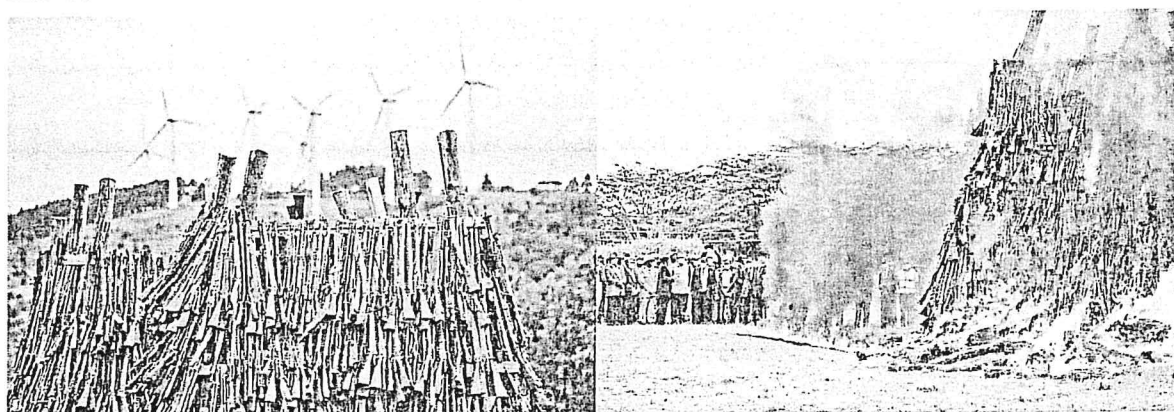


CS Dr. Matiangi leading negotiations on Refugee status in Kenya with UNHCR

- Through NACADA operationalized the Miritini Drug Rehabilitation Centre in Mombasa. The Centre has an out-patient programme serving over 250 clients and 15 clients for the in-patient and also inspected and accredited over 100 rehabilitation centres across the country, piloted a

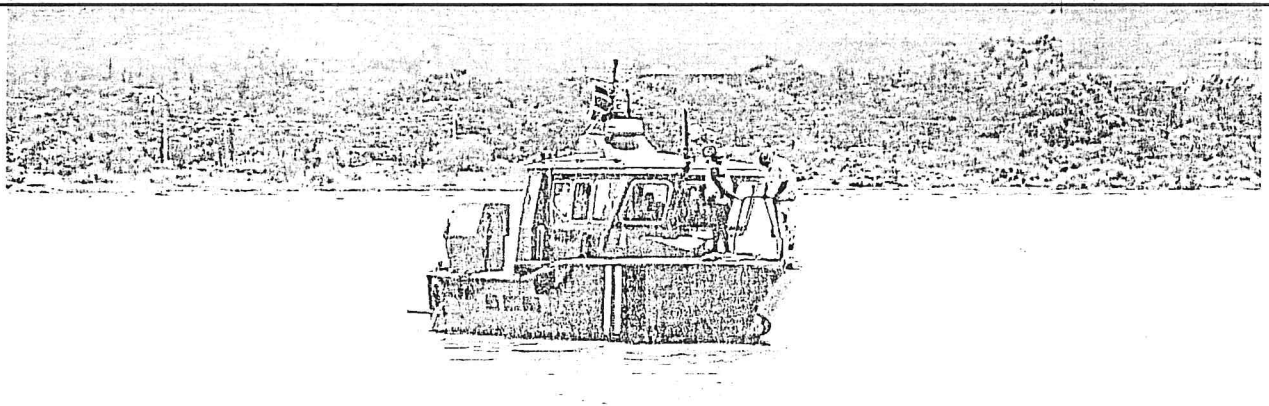
Life Skills Programme in 174 primary schools reaching over 11.984 pupils with knowledge on prevention of alcohol and drugs abuse and as trained 200 public institutions in implementing workplace drug use and prevention interventions.

- In an effort to regulate the gaming industry, the state Department Vetted 34 companies with foreign directors: Carried out 58 inspections of betting premises: 12 enforcement operations in 22 counties resulting in confiscation of 20 illegal gaming machines: Concluded due diligence on 19 public lotteries; 42 public gaming companies; and, 92 bookmakers; and, through a partnership with NGAO confiscated and destroyed a total of 2,094 illegal gaming machines across the country.
- Launched digital arms record management: Implemented the September Africa Union Amnesty Month for the voluntary surrender and collection of illegally owned SALW; Carried out regional sensitization and awareness creation workshops on September Africa Union Amnesty Month for the voluntary surrender and collection of illegally owned SALW in four counties of: Nakuru, Garissa, Isiolo and Tana River; Carried out capacity building forums for Non-Commissioned Officers (NCO) and National Police Reservists in Samburu and Laikipia Counties; Carried out an evaluation on the status of surrendered illicit arms in reciprocal to the AU Amnesty month on voluntary surrender of illegally held arms towards 'Silencing the Guns in Africa by 2020 in Kisumu, Mombasa, Uasin Gishu, Embu Counties; Conducted Weapons & Ammunition Management Training for the Border Police; Conducted Inter-County Peace Forums for Laikipia North, Samburu East and Isiolo North Sub-Counties held from 21st to 23rd October, 2020, Nanyuki, Laikipia; Community policing and gender mainstreaming in illegal arms reduction sensitization and awareness raising seminar in Mombasa and Kwale County;



President Uhuru Kenyatta in June 2021 setting on fire some 5,144 illegal weapons and obsolete state-owned small arms and light weapons

- Seized, in collaboration with the Kenya Revenue Authority contraband goods worth Ksh. 7.2 million; Carried out operations against illegal, unreported and unregulated fishing activities leading to confiscation of over 122 illegal fishing nets at Kisumu and Port Victoria stations; Continued to provide security within the Ports of Kilindini, Lamu, Shimoni and Kisumu harbours as well as a substation in Ngomeni through the establishment of the 24 hour National Maritime Information Sharing Centre (Joint Operations Centre). Consequently, KCGS was assigned the National Focal point for information sharing within the Western Indian Ocean and responsible for coordination with other centres within the Indian Ocean region; and, Helped evacuate families affected by the long rains flooding in territorial waters.



KCGS patrolling L.Victoria

- Established a fourth branch in Marsabit County to serve Marsabit, Wajir, Mandera, Isiolo, Samburu and Turkana counties. equally acquired the Inductively Coupled Plasma/Mass Spectrometry (ICP/MS) machine for analyzing heavy metals in water and food products, attended to 65 scenes of crime to collect evidence; and, analyzed and reported 4622 forensic cases which included murder, attempts, sexual assault, narcotic, arson, disputed paternity and explosive residues cases. During the same period the Government Chemist officers appeared in court 430 times to give expert evidence.
- Further enhanced road safety in the country by: conducting 16 road safety audits and 4 road safety campaigns: Established 6 county Transport and Safety Committees (CTSCs) and issued 383,350 Smart Driving Licenses.



CS Dr. Matiangi at the launch of NTSA Usalama Barabarani programme

- Enhanced the modernization process of the Government Press which involved automation of its services. As a result the Department printed 42,452,400 units of documents against an annual target of 42 million documents; Integrated Population Registration Services (IPRS) has been able to link to 22 more agencies, 10 of them being government organization namely; the pensions department, Ministry of cooperatives, Ministry lands, Ministry of health, National police service, Micro and small enterprises authority, Agricultural finance cooperation, Ministry of agriculture, Financial reporting Centre and Kenya copy wright board.
- Through Kenya School of Adventure and Leadership (KESAL) developed character development and functional leadership content for leadership training participants; trained over 600 in corporate team building, over 800 in Leadership Development and over 380 in survival, search & rescue and acquired a wide range of outdoor gears and safety equipment.
- Updated the National Disaster Risk database by developing hazard atlases showing information on all disaster risks in the following counties: Baringo, Garissa, Kilifi, Kwale, Laikipia, Marsabit, Tana River, Turkana, Samburu and Isiolo. The Centre, in collaboration with other

partners assisted the following eight counties to prepare County Emergency Contingency Plans: Turkana, Isiolo, Wajir, Murang'a, Kisumu, Kakamega Lamu and Nairobi.

- Launched the Private Security Training Curriculum. Currently the Authority is finalizing the vetting process of 821 private security companies in the country. The vetting process is done in liaison with security organs.

Emerging Issues

The emerging issues relating to the State Department include:

- Effects/ restrictions associated with Covid_19 pandemic;
- Youth radicalization in Nairobi and Mombasa;
- Terrorism threats and attacks in the Country;
- Re-emergence of criminal gangs especially in Nairobi and other major towns;
- Heightened inter clan clashes;
- High prevalence of illicit brews and drugs in the Country; and
- Proliferation of Small Arms and Light Weapons (SALW).

Challenges

The State Department was faced with various challenges and constraints which greatly hampered smooth delivery of services. The challenges included:

- Pending bills that have always taken up each year's allocation as it forms the first charge
- Delays in exchequer releases
- Covid_19 pandemic disruptions
- Delays in initiation of procurement processes/Incomplete documentation for payments hence pending bills
- Budget cuts that came way after funds were already spent/committed in the system

Recommendations and Way forward

There is need to critically address the issue of pending bills since they continue to rise at unprecedented rate and have a negative effect on the implementation of the current budget. Specifically the following interventions will be implemented:-

- National Treasury to provide for Audited pending bills in the subsequent budget.
- Early initiation of procurement processes and payments so as to request for exchequer in time; and
- Embracing technology in service delivery so as to comply with MoH protocols.



DR. FRED MATIANG'I, EGH
CABINET SECRETARY

MINISTRY OF INTERIOR AND CORDINATION OF NATIONAL GOVERNMENT.

3. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The key strategic objectives as per the Strategic Plan for the FY 2018-2022 are:

- To enhance security and safety of persons and property in Kenya.
- To enhance leadership and coordination of National Government functions
- To enhance the production and security of Government documents
- To improve registration services and maintain a comprehensive national population database
- To enhance management of immigration services and maintain a comprehensive database
- To ensure reliable and efficient transport services

Progress on attainment of Strategic Objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all development objectives were made specific, measurable, achievable, 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.

Program	Strategic objective	Outcome	Indicator	2020/21 Performance
Policing Services	To enhance security and safety of persons and property in Kenya	Improved security in the country and reduction of incidences of crime	No. of police officers recruited	5,000
			% equipping of the forensic lab	35%
			% Crime Surveillance via Integrated Command and Control Centre	100%
			% security deployment and coverage	100%
Planning, policy coordination and support services	To enhance leadership and coordination of National Government functions	Improved efficiency of service delivery to the people	% operationalization of the newly gazetted National Government Administrative Offices to bring services closer to citizens	100%
Government printing services	To enhance the production and security of Government documents	Improved printing services	No. of Government documents printed	43,500,000
Migration and Citizen services management	To enhance management of immigration services and maintain a comprehensive database	Secure travel documentation	No. of e-passports issued	221,070
			No. of visas issued	211,276
			No. of work permits issued	19,380

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES

Annual Reports and Financial Statements

For the year ended 30. June 2021

Road safety	To ensure reliable and efficient transport services	Reliable and efficient transport services	No. of road safety audits conducted	16
			No. of road safety campaigns conducted	4
			No. of Smart Driving Licenses issued	395,597
Population registration services	To improve registration services and maintain a comprehensive national population database	Comprehensive registration and a secure population database	No. of huduma cards produced	7.5M
			No. of ID cards issued	1,459,754
			No. of birth certificates issued	1,235,996
			No. of death certificates issued	180,777
			No. of Agencies connected to IPRS	22

4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTANABILITY REPORTING

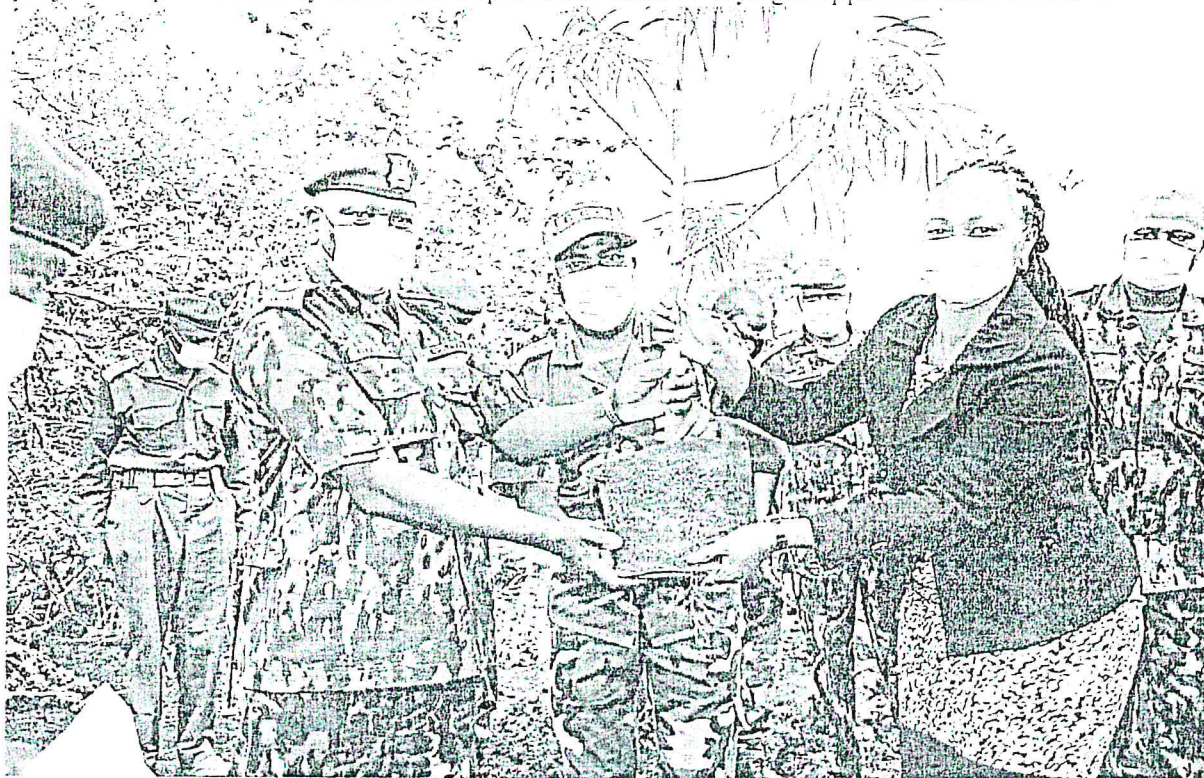
The State Department exist to transform lives. This is our purpose: the driving force behind everything we do by putting the citizen first, delivering key services and improving operational excellence. Below is a brief highlight of the sustainability activities conducted in the year:

1. Sustainability Strategy and Profile

The top management has ensured sustainability of standards of services being delivered through various initiatives such as succession management, regular training, and evaluation of the adherence and effectiveness of the service delivery charters, implementation and evaluation of departmental performance contracts, formulation of work plans and individual staff appraisal. Proper documentation of processes will also serve as bench mark for better results.

2. Environmental Performance

The State department through its role of coordinating the implementation of National Government functions has been in the forefront campaigning and championing mitters environmental conservation. This has well been performed by the National Government Administrative officers who have sensitized citizens in their monthly barazas on the importance of tree planting, and even taken part in the tree planting exercises throughout the country. Further the security officers have also taken part in tree planting in collaboration with the Kenya Forestry Service. Moreover, all projects implemented by the State Department must always get approval from NEMA.



*KFS & GSU PARTNER TO GROW 10,000 TREES AT THE RECCE TRAINING CAMP,
9/04/2021*

3. Employee Welfare

The State Department has taken into consideration the 3rd rule on gender ratio when hiring and promoting officers. During the 2020/21 FY, 5,000 police officers recruited, gender ratio and stakeholders engagements were considered. Servicing officers in the various cadres were retrained in order to improve on their performance. Further, succession management has been effected for sustainability of service delivery throughout the year.

4. Market Place Practices

a) Responsible Competition practice

The State department for Interior and Citizen Services advertise for all its procurement opportunities for all interested parties to participate. Further, tender opening is done in presence of all and evaluation is done as per laid down procedures and unsuccessful bidders are informed accordingly.

b) Responsible Supply Chain and Supplier relations

The state department maintains a database of all her suppliers and relates professionally besides processing payment for delivered, inspected and accepted stores within the prescribed timelines.

c) Responsible Marketing and Advertisement

The state departments follows the Public Procurement and Disposal Act, 2012 when acquiring and disposing off stores.

d) Product Stewardship

The State department has endeavoured to ensure supply of safe, non-defective and suitable stores for all officers and even customers.

5. Community Engagement

The State Department may not have undertaken community engagements such as charitable giving in its capacity, but the employees on personal initiatives or groups have done so.

5. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the State Department for Interior and Citizen Services is responsible for the preparation and presentation of the State Department for Interior's financial statements, which give a true and fair view of the state of affairs of the State Department for Interior for and as at the end of the financial year (period) ended on June 30, 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 financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the State Department for Interior; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for Interior accepts responsibility for the State Department for Interior financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the State Department for Interior and Citizen Service's financial statements give a true and fair view of the state of State Department for Interior and Citizen Services transactions during the financial year ended June 30, 2021, and of the State Department for Interior's financial position as at that date. The Accounting Officer in charge of the State Department for Interior's further confirms the completeness of the accounting records maintained for the State Department for Interior, which have been relied upon in the preparation of the State Department for Interior's financial statements as well as the adequacy of the systems of internal financial control.

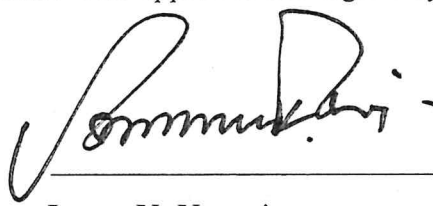
STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30, June 2021

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

Approval of the financial statements

The State Department for Interior financial statements were approved and signed by the Accounting Officer on 19th April, 2022


Dr. (Eng.) Karanja Kibicho, CBS
Principal Secretary


James K. Karori
Deputy Accountant General
ICPAK No: 3972

6. REPORT OF THE INDEPENDENT AUDITORS ON THE STATE DEPARTMENT FOR INTERIOR

We have audited the accompanying (consolidated) financial statements of State Department for Interior and Citizen Services for the year ended June 30, 2021 which comprise: (i) a statement of receipts and payments; (ii) a statement of financial assets and liabilities; (iii) a statement of comparative budget and actual amounts; (iv) a statement of pending bills as at June 30 2021; and (v) a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Ministry's Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

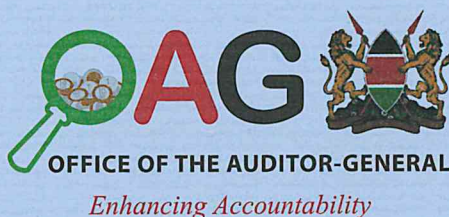
Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Ministry's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial

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REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES FOR THE YEAR ENDED 30 JUNE, 2021

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

Qualified Opinion

I have audited the accompanying financial statements of the State Department for Interior and Citizen Services set out on pages 23 to 57, which comprise the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statements of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the State Department for Interior and Citizen Services as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variances Between Balances in the Financial Statements and Trial Balance

A comparison of the financial statements and the Integrated Financial Management Information System (IFMIS) generated trial balance provided for audit revealed variances between the two sets of records on seventeen (17) account items as detailed below:

Account No.	Item Description	Balance as Per Financial Statements (Kshs.)	Balance as Per Trial Balance (Kshs.)	Variance (Kshs.)
6510000	Special Accounts	0	3,899,599,805	(3,899,599,805)
6520000	Treasury Bank Accounts	0	85,281	(85,281)
6530000	Recurrent Bank Account	509,937,446	(408,575,188,720)	409,085,126,166
6540000	Development Bank Accounts	815,847,042	(5,083,766,907)	5,899,613,949
6550000	Deposit Bank Account	533,636,762	362,819,658	170,817,104
6580000	Cash in Hand	45,164,045	473,232,332,365	(473,187,168,320)
6710000	Domestic Debtors and Advances	0	545,040	(545,040)
6720000	Domestic Debtors and Advances	0	31,285	(31,285)

Account No.	Item Description	Balance as Per Financial Statements (Kshs.)	Balance as Per Trial Balance (Kshs.)	Variance (Kshs.)
6740000	Other Debtors and Prepayments	0	(1,257,053,461)	1,257,053,461
6760000	Government Imprest	2,389,969	2,155,433,186	(2,153,043,217)
6780000	Suspense and Clearance Account	0	14,770,712,904	(14,770,712,904)
6790000	Other Current Assets	0	137,493,096	(137,493,096)
7320000	Deposits	533,636,762	10,053,228,283	(9,519,591,521)
7310000	Other Liabilities	0	3,472,192,790	(3,472,192,790)
7380000	Withholding Taxes	0	(293,312,653)	293,312,653
7390000	System Required Liabilities	0	(127,306,544,715)	127,306,544,715
9910000	Provisions	0	1,964,665,301	(1,964,665,301)

Under the circumstances, the accuracy and completeness of the account items balances reflected in the financial statements for the year ended 30 June, 2021 could not be ascertained.

2. Long Outstanding and Un-Reconciled Bank Balances

The statement of assets and liabilities reflects a balance of Kshs.1,904,585,295 under cash and cash equivalents which, as disclosed in Note 22A to the financial statements, includes an amount of Kshs.1,859,421,250 in respect of bank balances. However, the bank reconciliation statements reflected various unreconciled items that had been outstanding for over one year with some dating as far back as the year 2016 as indicated below:

Bank Account	Unpresented Cheques (Kshs.)	Receipts in Bank not in Cash book (Kshs.)	Payments in Bank not in Cashbook (Kshs.)	Receipts in Cashbook not in Bank (Kshs.)
Deposit	2,436,001	14,048,902	2,040,200	17,280,002
Recurrent	1,208,457,022	1,043,185,629	3,825,353,331	24,523,593
Development	310,494,059	221,937,305	1,134,328,365	396,858,807
Total	1,521,387,081	1,279,171,835	4,961,721,896	438,662,402

Under the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.1,904,585,295 as at 30 June, 2021 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Pending Bills

Records maintained by the State Department for Interior and Citizen Service indicates that bills amounting to Kshs.1,989,542,041 relating to the financial year 2020/2021 were not paid during the year under review but instead were carried forward to 2021/2022. Failure to settle bills during the year to which they relate distorts the budget implementation of the subsequent year as the outstanding bills form a first charge on resources available.

2. Unresolved Prior Year Matters

In the previous year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Although management indicated in the progress on follow-up on prior year's auditor's recommendations that the matters had been resolved, the recommendations and resolutions by the Public Accounts Committee on the matters were not provided for verification.

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, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else 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

1. Provision of Enhanced Comprehensive Group Life Cover

The National Police Service entered into a one-year contract with National Hospital Insurance Fund (NHIF) for provision of Enhanced Comprehensive Group Life Cover and Inclusion of Compensation under the Work Injury Benefits Act (WIBA) and Group Personal Accident Cover (GPA) for Members of the National Police Service and the Kenya Prisons Service from 1 January, 2021 to 31 December, 2021. The insurance policy was intended to cover the principal members if in employment and dependents at the commencement of the cover. The total agreed premium was Kshs.2,295,594,440 with a total population of 131,816. Further review of the procurement documents for the insurance contract revealed that the Service initiated a direct procurement of the group life cover from NHIF without any justification for the procurement method adopted. Analysis of the procurement process and implementation of the contract revealed the following issues:

1.1. Unsupported Reduction in the Quoted Premium

Review of the contract indicated that the NHIF had quoted an amount of Kshs.8,103,918,659 as annual premium for the cover as tabulated below:

Serial No.	Category	Total Exposure (Kshs.)	Rate Applicable	Annual Premium (Kshs.)
1.	Group Life	750,882,759,947	5.5%	4,129,855,179
2.	Last Expense(M+6)	111,830,250,000	7%	782,811,750
3.	GPA Accidental Disability and Death (Permanent /Temporary) Loss of Income up to a Maximum of 2 years	750,882,759,947	2%	1,501,765,520
4.	WIBA	750,882,759,947	2.25%	1,689,486,210
	Total Annual Premium			8,103,918,659

Negotiation minutes indicates that the two parties agreed to a total annual premium of Kshs.2,295,594,440. However, there was no agreed schedule of the adjustments made to the above schedule and rates applicable for each category and the extent of the risk exposure covered. Therefore, the basis for the reduction of the premium could not be ascertained.

1.2. Delayed Settlement of Claims on Last Expenses

Review of the claims for last (funeral) expenses covered under the Comprehensive Group Life made in the year 2021 revealed that three hundred and seventy-four (374) claims of principal members, spouses and children totalling Kshs.66,650,000 were submitted to

NHIF for settlement but had not been settled as at 31 December, 2021. It was not explained why NHIF had not settled the claims contrary to Clause 5 of the contract which provides that NHIF shall upon written notification of death of a member or dependent while the cover is in force pay to the next of kin or such other person directed in writing the amount specified for funeral expenses within two (2) days subject to provision of a duly completed claim form and copy of burial permit.

1.3. Unsubmitted quarterly Reports on Claims by NHIF

Review of the claim's records revealed that quarterly reports on claims and their status were not submitted contrary to Clause 3.1.5 of the contract which states that NHIF shall provide a comprehensive report to the National Police Service and the Kenya Prisons Service on claims under this scheme every three months. It was therefore not possible to evaluate the performance of NHIF based on the claims paid, pending claims and any outstanding claim against the premiums paid by the client.

1.4. Compensations Claims under Work Injury Benefits Act (WIBA) not Paid

The insurance contract provides eight (8) years gross compensation for death/illness /Injury as a result of occupational causes under the Work Injury Benefit Act (WIBA) which shall be as a stand-alone policy and compensation based on gross salary. The contract provides that injury assessment shall be conducted in all NHIF Accredited hospitals and be approved by Directorate of Occupational Safety and Health (DOSH).

Review of compensation process followed by the Service to prepare claims revealed that the Service sent claim forms to NHIF and also sent Form 1 to DOSH. However, there were no clear guidelines on how NHIF was to process the claims once the NHIF received approval from DOSH. As a result, during the 2021 calendar year, the Kenya Police Service had thirty-eight (38) unpaid claims resulting from accidental death. No documentary evidence was provided on the status of the unpaid accidental death claims.

Further, although the Kenya Police Service provided details of injury claims under WIBA which the Service had sent claim forms to NHIF and notified DOSH, NHIF had not paid any injury claims from January 2021 and for the 2021 calendar year resulting in seven hundred and thirty-four (734) unpaid injury claims as of 31 December, 2021.

2. Failure to Provide Documents for Ex-gratia Claims under Provision of Comprehensive Medical Cover

The contract between the National Police Service and NHIF for provision of comprehensive medical cover for the Members of the National Police Service included a clause on ex-gratia benefits premium of Kshs.200,000,000. Further, the ex-gratia claims should be approved by the standing committee of the client before any payment is made on any ex-gratia claim. The contract requires NHIF to submit to the standing committee quarterly report on all ex-gratia claims including the value, beneficiary, background and status of the claims among others. In addition, NHIF was required to submit back any unspent amount of ex-gratia at the end of the contract period.

Examination of the contract documents and payment vouchers provided for audit revealed that the State Department did not maintain a record of approved ex-gratia claims and payments for the period under review. Further, the Management did not provide NHIF quarterly reports on all ex-gratia claims incurred during the year under review.

Under the circumstances, the State Department may not have received value for money on premium paid to NHIF for comprehensive medical cover.

3. Stalled Project at Buna Police Station, Wajir County

The State Department entered into a contract for construction of Buna Police Station at a contract sum of Kshs.121,240,000 and sub-contracts for mechanical works at Kshs.5,728,824, electrical works at Kshs.18,380,699 and high, low level water tanks at Kshs.8,783,015 all totalling Kshs.154,132,538 with an expected completion date of November 2012. However, review of project records revealed that in November 2021 (9 years after the expected completion date) the project was yet to be completed.

Consequently, the value for money for the abandoned project may not have been realized.

4. Abandoned Construction Works of Laisamis Police Station

The State Department entered into a contract for erection and completion of Laisamis Police Station at a contract sum of Kshs.105,365,412. The contract was expected to take seventy-eight (78) weeks which was extended to one hundred and sixty-seven (167) weeks and the revised completion date estimated to be 26 February, 2017. However, review of project records provided revealed that the contractor had abandoned the site without completion of the project and without any handing over. Further, the project had pending works including; paving, storm water drainage, landscaping, access road and parking, fencing and borehole.

In addition, on 05 February, 2018 the contractor forwarded a claim of Kshs.59,239,669 over and above the contract sum bringing the total cost of the project to Kshs.164,605,081 representing a 56% variation of the original contract sum. Although the matter is under arbitration, the process has not been concluded and the project remains incomplete.

Consequently, the State Department may not have realized value for money from the project while the stalled building continues to deteriorate.

5. Stalled Construction of Police Station at Balambala in Garissa County

The State Department entered into a contract for the construction of Balambala Police Station at an initial contract sum of Kshs.148,562,371 which was revised to Kshs.179,719,530. The project commencement date was 14 May, 2012 with a contract period of twenty-four (24) weeks. Examination of the project records revealed that

although the project was expected to be completed within twenty-four (24) weeks, it was yet to be completed as at the time of the audit in December 2021 (nine years later).

Consequently, the incomplete building continued to deteriorate and value for money may not be realized.

6. Stalled Construction of Nyanza South Headquarters- Migori County

Audit inspection of the State Department's projects in Suna East Sub County in Migori County in the month of November, 2021 revealed a stalled project for the construction of Nyanza South Headquarters. The project stalled in 1991 and since then the office block has remained incomplete and as time passes, its structural soundness may deteriorate.

Examination of documents provided for audit indicated that the original contract sum for the project was Kshs.609,471,291 and a variation order of Kshs.92,064,030 resulting in a revised contract sum of Kshs.701,536,030. However, details of the payments made to date in respect of the stalled project and certificates issued by works officers supporting the payments were not provided for audit. It was therefore not possible to confirm the total amount paid for the project to date and no explanation was provided for the stalling of the project.

Consequently, the public may not have obtained value from the funds already spent on the project.

7. Irregular Procurement - Rehabilitation and Extension of Homabay County Commissioner's Residence

On 7 May, 2020, the State department of Interior entered into a contract for rehabilitation and extension of Homabay County Commissioner's residence at a contract sum of Kshs.11,500,000. Physical verification of the project carried out in November, 2021 revealed that the rehabilitation was completed and the project handed over. However, review of the project documents indicates that the 5% performance security bond was not secured as required by the contract conditions. Further, there was a contract variation amounting to Kshs.6,496,916 representing 56.4% of the contract sum raising the total project cost to Kshs.17,996,916. No Evaluation Committee's recommendation on the variation was provided for audit verification.

In addition, the variation was beyond the twenty five percent (25%) ceiling set under Paragraph 139(6) of the Public Procurement and Asset Disposal Act, 2015 and hence would have required a separate tendering.

8. Stalled Construction of Magunga District Headquarters – Homabay County

The State Department of Interior entered into a contract for the construction of Magunga District Headquarters offices to accommodate the District Commissioner and other government offices on 15 March, 2013 at a contract sum of Kshs.8,541,416. An interim payment certificate No.1 dated 24 April, 2013 amounting to Kshs.3,182,280 was raised and subsequently submitted by the contractor less retention money of Kshs.404,304.

However, review of the project records and physical inspection carried out in November, 2021 indicated that no works had been executed or certified for payment since 2013, with the project having stalled.

Further, no evidence of budget provision for completion of the project has been done over the years despite a request made on 17 May, 2018 by Suba Sub County Works Officer to the Deputy County Commissioner in Suba South Sub County. The letter included a cost estimate for the works amounting to Kshs.12,864,444 required to complete the construction. No explanation was provided for the stalling of the project for over eight (8) years.

Consequently, the State Department may not have realized value for money from the stalled project.

9. Un-Occupied School of Leadership in Kiganjo Police College

The State Department of Interior entered into a contract for the construction of an administration block for the School of Leadership at the National Police College Main Campus Kiganjo at a total cost of Kshs.96,589,523 but the building is yet to be occupied. Review of the project documents indicates that the contractor has not handed over the project due non-payment of an outstanding amount of Kshs.27,500,000. Further, there was no budgetary provision for the office curtains, office and auditorium furniture, office equipment, dining hall furniture and equipment and kitchen equipment which were estimated to cost Kshs.22,000,000.

Non-payment of amounts due to the contractor may attract unnecessary penalties and interest raising the cost of the project. Further, the objective of the project may not have been achieved with the continued non-occupation of the building.

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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Delay in Issuance of Passports

The Directorate of Immigration Service delivery charter indicates that issuance of a passport will require one to fourteen (1-14) days. However, audit inquiries and review of sampled applications indicated that the process was taking longer with some cases taking as long as six months after the applications and payments are made. For instance, applications done in the month of March 2022 were being booked for biometric capture in August 2022 in Nairobi - more than five months after application and payments.

Further, there were notable delays in the final printing of the passports after the biometrics had been taken with some cases lasting for more than six months. This implies that the Department took up to one year to process a passport against the fourteen days provided in the service delivery charter. Although Management explained the reasons for delay to be due to overstretched printer capacity, the actual waiting time for a passport is contrary to the Department's service charter.

2. Obsolete Visa Stickers in Store

The Directorate of Immigration started issuing e-visa in January, 2021 after a successful pilot phase. However, examination of the Department's records provided for audit indicated that several visa stickers of different types were still held in stock despite the fact that they have been rendered redundant. The details are as shown in the table below:

Item Description	Balance in Store as at 30 June, 2021	Balance in Store as at January, 2022
Single Journey Visa	667,900	667,900
Courtesy Visa Stickers	8,000	8,000
Transit Visa Stickers	46,900	46,900
Multiple Visa Stickers	346,850	346,850

No documentary evidence was provided on how the Department intends to dispose-off the visa stickers.

3. Kenya Police Service Stores

3.1. Manual Stores Systems

Physical verification at the Kenya Police Service central stores within Nairobi indicated that items were purchased centrally from the Headquarters and delivered before being distributed to the other stations throughout the country. It was however observed that the stores system of maintaining records was manual with a lot of paper work from one section to the next. It was also observed that stock taking could be cumbersome as the items were kept in various stores and hence the basic inventory principle of 'First in First Out' may not be applicable. Considering that the stores are busy with many outlets and

dealing in different items, no explanation was provided for failure to automate the stores system in order to enhance controls and increase efficiency.

3.2. Obsolete Items in the Stores

Audit Inspection of the Kenya Police Service stores indicated that the Service had obsolete stock in the stores but did not provide the annual asset disposal plan. The inspection revealed bulky and outdated police uniform clothing material at the stores. The rolls of clothing materials were taking up a lot of storage space yet they were no longer in use.

4. Safety Concerns in Nyayo House Building

Audit review on records relating to management of Nyayo House building revealed that it does not have designated toilets and washrooms for persons with disabilities. The washrooms have half walls adjacent to the doors, which makes it difficult for persons with disabilities using wheelchairs to access services. The building also lacks accessibility ramp to make it easily accessible to persons with physical disabilities who may not be able to use the stairs especially and whenever there is power failures and lifts are not functioning.

Further, firefighting appliances available in the building have not been serviced and tested for a long time. Some of the fire exits/escape stairways have been sealed off or permanently locked making them fully inaccessible in case of an emergency. In addition, tree roots outside the building along the drainage lines have not been pruned or uprooted yet they can easily cause damage to the service lines and cause blockages.

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 governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the State Department'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 State Department to cease 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 State Department for Interior and Citizen Services 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

22 April, 2022

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30, June 2021

7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH 2021

	Note	2020/2021	2019/2020
		Kshs	Kshs
RECEIPTS			
Proceeds from Domestic and Foreign Grants	3	24,969,010	
Exchequer releases	4	130,927,923,376	131,551,004,754
Proceeds from Sale of Assets	8	11,132,847	16,000,000
Other Miscellaneous Receipt			
Other Revenues	11	1,799,124,533	1,272,681,825
TOTAL RECEIPTS		132,763,149,765	132,839,686,579
PAYMENTS			
Compensation of Employees	12	92,209,032,950	90,978,188,648
Use of goods and services	13	33,973,651,848	31,710,910,173
Transfers to Other Government Units	15	3,425,755,352	3,500,751,441
Other grants and transfers	16	28,885,244	10,614,718
Social Security Benefits	17	3,451,755	4,448,202
Acquisition of Assets	18	3,067,523,069	6,395,005,201
TOTAL PAYMENTS		132,708,300,218	132,599,918,384
SURPLUS/DEFICIT		54,849,547	239,768,195

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 19th Apr, 2022 and signed by:

Principal Secretary
Dr.Eng Karanja Kibicho, CBS

Deputy Accountant General
James K. Karori
ICPAK No: 3972

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30, June 2021

8. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE 2021

	Note	2020/2021	2019/2021
			Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	22A	1,859,421,250	1,718,711,839
Cash Balances	22B	45,164,045	76,968,204
Total Cash and cash equivalent		1,904,585,295	1,795,680,043
Accounts receivables – Outstanding Imprests	23	6,186,251	285,047,033
TOTAL FINANCIAL ASSETS		1,910,771,546	2,080,727,076
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	24	533,636,762	568,385,280
NET FINANCIAL ASSETS		1,377,134,784	1,512,341,796
REPRESENTED BY			
Fund balance b/fwd	25	1,512,341,796	3,627,664,561
Prior Year Adjustment	26	(190,056,559)	(2,355,090,961)
Surplus/Deficit for the year		54,849,547	239,768,195
NET FINANCIAL POSITION		1,377,134,784	1,512,341,796

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30th April, 2022 and signed by:

Principal Secretary
Dr. (Eng.) Karanja Kibicho, CBS

Deputy Accountant General
James K. Karori
ICPAK No: 3972

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30. June 2021

9. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2021

	Note	2020/2021	2019/2020
			Kshs
Receipts for operating income			
Proceed from Domestic and Foreign Grants	3	24,969,010	-
Exchequer Releases	4	130,927,923,376	131,551,004,754
Miscellaneous Receipt(AIA)	11	1,799,124,533	1,272,681,825
		132,752,016,918	132,823,686,579
Less :Payments for operating expenses			
Compensation of Employees	12	92,209,032,950	90,978,188,648
Use of goods and services	13	33,973,651,848	31,710,910,173
Subsidies	14	-	-
Transfer to other Government Units	15	3,425,755,352	3,500,751,441
Other grants and transfers	16	28,885,244	10,614,718
Social Security Benefits	17	3,451,755	4,448,202
		129,640,777,150	126,204,913,183
Adjusted for:			
Changes in receivables		278,860,782	(215,367,071)
Changes in payables		(34,748,518)	(43,827,711)
Adjustment during the year	26	(190,056,559)	(2,355,090,961)
Net cash flow from operating activities		3,165,295,473	4,004,487,654
CASHFLOW FROM NVESTING ACTIVITIES			
Proceeds from Sale of Assets	8	11,132,847	16,000,000
Acquisition of Assets	18	(3,067,523,069)	(6,395,005,201)
Net cash flows from Investing Activities		(3,056,390,222)	(6,379,005,201)
NET INCREASE IN CASH AND CASH EQUIVALENT		108,905,252	(2,374,517,548)
Cash and cash equivalent at BEGINNING of the year		1,795,680,043	4,170,197,592
Cash and cash equivalent at END of the year		1,904,585,295	1,795,680,044

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 19th April 2022 and signed by:

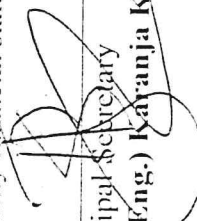
Principal Secretary
Dr. (Eng.) Karanja Kibicho, CBS

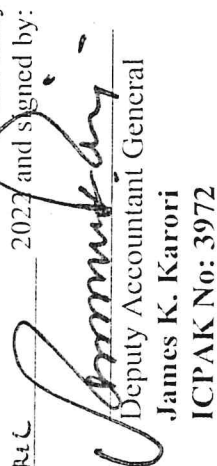
Deputy Accountant General
James K. Karori
ICPAK No: 3972

10 SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AN DEVELOPMENT COMBINED FY-2020/2021

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	127,046,637,758	4,208,404,247	131,255,042,005	130,927,923,376	327,118,629	100%
Proceeds from Domestic and foreign grants	70,000,000	-	70,000,000	24,969,010	45,030,990	36%
Proceeds from sale of Assets	5,566,424	5,566,424	11,132,847	11,132,847	-	100%
Other Receipts	1,044,268,500	1,044,268,500	2,088,537,000	1,799,124,533	289,412,467	86%
Total Receipts	128,166,472,682	5,258,239,171	133,424,711,852	132,763,149,765	661,562,087	100%
PAYMENTS						
Compensation of Employees	45,321,152,223	46,888,355,294	92,209,507,516	92,209,032,950	474,566	100%
Use of goods and services	21,118,150,001	13,444,279,029	34,562,429,029	33,973,651,848	588,777,181	98%
Transfers to Other Government Units	1,897,746,626	1,781,979,304	3,679,725,929	3,425,755,352	253,970,577	93%
Other grants and transfers	14,880,697	14,880,697	29,761,393	28,885,244	876,149	97%
Social Security Benefits	6,575,453	6,575,453	13,150,905	3,451,755	9,699,150	26%
Acquisition of Assets	2,471,591,173	458,545,907	2,930,137,080	3,067,523,069	(137,385,989)	105%
Grand Total Payments	70,830,096,171	62,594,615,682	133,424,711,852	132,708,300,218	716,411,634	99%
Surplus/ Deficit	57,336,376,511	(57,336,376,511)	-	54,849,547	(54,849,547)	

Notes i) Under collection of revenue from the donor of 64% was as a result of slowdown of activities due to covid-19 pandemic
ii) Underutilisation of social security benefits of 74% was as a result of decrease in maturity of gratuity payment.
The entity financial statements were approved on 15th April 2022 and signed by:


Principal Secretary
Dr. (Eng.) Kavanja Kibicho, CBS


Deputy Accountant General
James K. Karori
ICPAK No: 3972

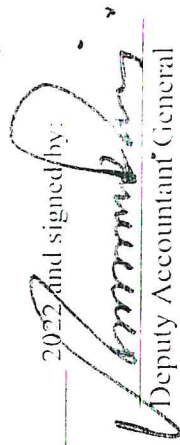
11. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT FY 2020/2021

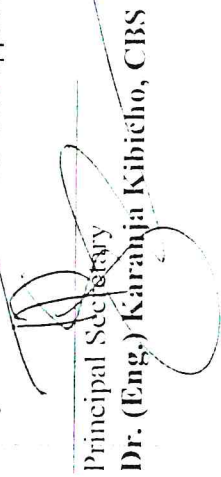
Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c = a+b	Actual on Comparable Basis d	Budget Utilization Difference e = d	% of Utilization f = d/c %
RECEIPTS						
Exchequer releases	123,089,561,516.00	4,208,404,247	127,297,965,763	127,038,482,653	259,483,110	100%
Proceeds from Domestic and Foreign grants	-	-	-	-	-	0%
Proceeds from sale of Assets	5,566,423.50	5,566,424	11,132,847	11,132,847	-	100%
Other Receipts	1,044,268,500.00	1,044,268,500	2,088,537,000	1,799,124,533	289,412,467	86%
Total Receipts	124,139,396,439.50	5,258,239,171	129,397,635,610	128,848,740,033	548,895,577	100%
PAYMENTS						
Compensation of Employees	45,321,152,222.50	46,888,355,294	92,209,507,516	92,209,032,950	474,566	100%
Use of goods and services	19,229,688,046.50	13,441,279,029	32,673,967,075	32,367,028,099	306,938,976	99%
Transfers to Other Government Units	1,747,279,303.50	1,781,979,304	3,529,258,607	3,277,227,989	252,030,618	93%
Other grants and transfers	14,880,696.50	14,880,697	29,761,393	28,885,244	876,149	97%
Social Security Benefits	6,575,452.50	6,575,453	13,150,905	3,451,755	9,699,150	26%
Acquisition of Assets	483,444,207.00	458,545,907	941,990,114	908,613,554	33,376,560	96%
Totals	66,803,019,928.50	62,594,615,682	129,397,635,610	128,794,239,592	603,396,018	100%
Surplus/Deficit	57,336,376,511.00	(57,336,376,511)	-	54,500,441	(54,500,441)	

Notes

- Under collection of revenue was due to Covid-19 Pandemic and restriction of movement.
- Underutilisation of social security benefits of 74% was as a result of decrease in maturity of gratuity payment.

The entity financial statements were approved on 19th Apr. 2022 and signed by:


Deputy Accountant General


Principal Secretary
Dr. (Eng.) Karanja Kibicho, CBS

James K. Karori - IC'PAK No: 3972

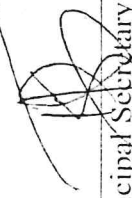
12. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT FY 2020/2021

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	3,957,076,242	-	3,957,076,242	3,889,440,723	67,635,519	98%
Transfers from Other Government Entities	-	-	-	-	-	-
Proceeds from Domestic and foreign Grants	70,000,000	-	70,000,000	24,969,010	45,030,990	36%
Total Receipts	4,027,076,242	-	4,027,076,242	3,914,409,733	112,666,509	97%
PAYMENTS						
Compensation of Employees	-	-	-	-	-	-
Use of goods and services	1,888,461,954	-	1,888,461,954	1,606,623,749	281,838,205	85 %
Transfers to Other Government Units	150,467,322	-	150,467,322	148,527,363	1,939,959	99%
Acquisition of Assets	1,988,146,966	-	1,988,146,966	2,158,909,515	(170,762,549)	109%
Total	4,027,076,242	-	4,027,076,242	3,914,060,627	113,015,615	97%
Surplus/Deficit	0	0	0	349,106	(349,106)	

Notes

- i) Under collection of revenue from the donor of 64% was as a result of slowdown of activities due to covid-19 Pandemic
 ii) Underutilisation use of goods of 15% was as a result of slowdown of activities due to Covid-19 Pandemic.

The entity financial statements were approved on 19th April 2022 and signed by:


 Principal Secretary


 Deputy Accountant General
 James K. Karori – ICPAK NO. 3972

Dr. (Eng.) Karanja Kibicho, CBS

13. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Description	Original Budget 2020/2021 Kshs	Adjustments 2020/2021 Kshs	Final Budget 2020/2021 Kshs	Actual on comparable basis 2020/20201 Kshs	Budget utilization difference 2020/2021 Kshs
0601000000	Policing services					
0601010000	Kenya police service	49,426,413,867	5,170,977,448.25	54,597,391,315.25	53,567,624,658	1,029,766,658
0601020000	Administration police	26,685,336,275	(4,259,142,869.25)	22,426,193,405.75	23,654,226,421	(1,228,033,015)
0601030000	Criminal investigation	8,014,543,653	(263,369,677.00)	7,751,173,976.00	7,654,795,346	96,378,630
0601040000	General paramilitary	11,941,395,347	68,691,571.00	12,010,086,918.00	11,857,841,803	152,245,115
	SUB TOTAL	96,067,689,142	717,156,473.00	96,784,845,615.00	96,734,488,228	50,357,387
0602000000	Administration					
0602010000	Planning and field services	23,010,869,798	1,686,389,873	24,697,259,671	24,630,918,921	66,340,750
0602020000	Betting control and lottery policy services	107,315,370	(1,136,100)	106,179,270	101,287,249	4,892,021
0602030000	Disaster risk reduction	36,370,023	(16,618)	36,353,405	35,346,645	1,006,760
0602040000	National Campaign against Drug and Substance Abuse	589,490,000	(155,000,000)	434,490,000	484,490,000	(50,000,000)
0602050000	Peace building and national cohesion	451,916,881	111,576,770	563,493,651	550,500,813	12,992,838
0602060000	Special initiatives	10,628,867	(98,349)	10,530,518	9,096,744	1,433,774
0602070000	NGO Regulatory Services	223,530,000	(30,000,000)	193,530,000	193,530,000	-
0602080000	Government Chemist Services	330,272,747	(178,274)	330,094,473	318,489,050	11,605,423
0602090000	Crime Research	162,328,607	(4,000,000)	158,328,607	158,328,606	1
	SUB TOTAL	24,922,722,293	1,607,537,302	26,530,259,595	26,481,988,028	48,271,567

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30, June 2021

Programme/Sub-programme	Description	Original Budget 2020/2021	Adjustments 2020/2021	Final Budget 2020/2021	Actual on comparable basis 2020/20201	Budget utilization difference 2020/2021
0603000000	Government Printing					
0603010000	Government printing	735,716,003	(30,909,790)	704,806,213	659,940,550	44,865,663
	SUB TOTAL	735,716,003	(30,909,790)	704,806,213	659,940,550	44,865,663
0605000000	Migration and Citizen Services					
0605020000	Immigration services	2,650,648,867	(211,917,606)	2,438,731,261	2,397,979,458	40,751,803
0605030000	Refugee Affairs	142,452,202	(325,909)	142,126,293	139,356,004	2,770,289
	SUB TOTAL	2,793,101,069	(212,243,515)	2,580,857,554	2,537,335,462	43,522,092
0625000000	Road Safety					
0625010000	Road Safety	2,393,500,000	(20,232,678)	2,373,267,322	2,120,151,896	253,115,426
	SUB TOTAL	2,393,500,000	(20,232,678)	2,373,267,322	2,120,151,896	253,115,426
0626000000	Population Management Services					
0626010000	National Registration Bureau	3,612,749,861	(73,246,113)	3,539,503,748	3,241,146,668	298,357,080
0626020000	Civil Registration Services	898,245,487	(76,843,081)	821,402,406	844,939,169	(23,536,763)
0626030000	Integrated Personal Registration Services	690,507,508	(600,738,109)	89,769,399	88,310,217	1,459,182
	SUB TOTAL	5,201,502,856	(750,827,303)	4,450,675,553	4,174,396,054	276,279,499
	GRAND TOTAL	132,114,231,363	1,310,480,489	133,424,711,852	132,708,300,218	716,411,634

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based.)

14. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The receivables and payables are disclosed in the Statement of Assets and Liabilities. The Statement of Assets and Liabilities is not mandatory statement under the IPSAS Cash basis but is encouraged in order to disclose information on assets and liabilities.

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

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

2. Reporting entity

The financial statements are for the State Department for Interior and Citizen Services. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity:

3. Reporting Currency

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

4. Significant Accounting Policies

a) Recognition of receipts

The Entity recognizes all receipts from the various sources when the event occurs and the related cash has actually been received by the entity.

i) Tax receipts

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii) Transfers from the Exchequer

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

iii) External Assistance

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

Donations and grants

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

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the Entity may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2021, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

iv) Other receipts

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

b) Recognition of payments

The entity recognizes all expenses when the event occurs and the related cash has actually been paid out by the entity.

i) Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

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

5. In-kind contributions

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

6. Third Party Payments

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

7. Cash and cash equivalents

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Restriction on cash

Restricted cash represents amounts that are limited from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2021, this amounted to **Kshs 533,636,762** compared to **Kshs 568,385,280** in prior period as indicated on note 22A. There were no other restrictions on cash during the year

8. Accounts Receivable

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

9. Accounts Payable

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

10. Pending Bills

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

are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2020 for the period 1st July 2020 to 30th June 2021 as required by Law and there were two supplementary adjustments to the original budget during the year.

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

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

12. Comparative Figures

The Comparative Figures for the previous Financial Year have been amended to incorporate figures for the former State Department for Immigration which ceased to exist and merged with the State Department for Interior.

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021.

14. Errors

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

earliest prior period presented. During the year, errors that have been corrected are disclosed under note 26 explaining the nature and amounts.

15. Related Party Transactions

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

16. Contingent Liabilities

Section 148 (9) of the PFM Act regulations 2015 requires the Accounting officer of a National Government entity to report on the payments made, or losses incurred, by the National government entity to meet contingent liabilities as a result of loans during the financial year.

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities, Letters of comfort/ support, insurance, Public Private Partnerships. The State Department of Interior and Citizen Services does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Note** 30.6 and *Annex 7* of this financial statement is a register of the contingent Liabilities in the year.

15. NOTES TO THE FINANCIAL STATEMENTS

1. TAX REVENUES

	2020/2021	2019/2020
	Kshs	Kshs
Taxes on Income, Profits and Capital Gains	-	-
Taxes on Property	-	-
Taxes on Goods and Services	-	-
Taxes on International Trade and Transactions	-	-
Other Taxes (not elsewhere classified)	-	-
Total	-	-

2. SOCIAL SECURITY CONTRIBUTIONS

	2020/2021	2019/2020
	Kshs	Kshs
Receipts for Health Insurance Contribution	-	-
Receipts to NHIF for Health Insurance Contributions	-	-
Receipts from Govt Employees to Social & Welfare Schemes in Govt	-	-
Total	-	-

3. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2020/2021	2019/2020
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
IDA	-	-	24,969,010	-
	-	-	-	-
Grants Received from Multilateral Donors (International Organisations)				
UNICEF	-	-	-	-
	-	-	-	-
TOTAL			24,969,010	-

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30. June 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. EXCHEQUER RELEASES

Description	2020/2021	2019/2020
	Kshs	Kshs
Total Exchequer Releases for quarter 1	30,419,925,660	27,107,533,411
Total Exchequer Releases for quarter 2	33,155,407,414	36,608,581,767
Total Exchequer Releases for quarter 3	28,528,592,894	33,982,551,353
Total Exchequer Releases for quarter 4	38,823,997,407	33,852,338,223
Total	130,927,923,376	131,551,004,754

5. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2020/2021	2019/2020
	Kshs	Kshs
Transfers from Central government entities	-	-
Transfers from Counties	-	-
TOTAL	-	-

5a) TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	Recurrent	Development	Total	2020/2021
	Kshs	Kshs	Kshs	Kshs
Transfers from Central government entities	-	-	-	-
Transfers from Counties	-	-	-	-
TOTAL	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. PROCEEDS FROM DOMESTIC BORROWINGS

	2020/2021	2019/2020
	Kshs	Kshs
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
Total	-	-

7. PROCEEDS FROM FOREIGN BORROWINGS

	2020/2021	2019/2020
	Kshs	Kshs
Foreign Borrowing – Draw-downs Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
Total	-	-

8. PROCEEDS FROM SALE OF ASSETS

	2020/2021	2019/2020
		Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	11,132,847	16,000,000
Disposal and Sales of Non-Produced Assets	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Total	11,132,847	16,000,000

NB: The amount collected as receipt from sale of Inventories from Government Chemist amounted to Kshs.15,866,444 but the IFMIS system allows only Kshs.11,132,847 to be captured which was the budgeted amount. The excess amount was surrendered to Exchequer account on 23rd July 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. REIMBURSEMENTS AND REFUNDS

	2020/2021	2019/2020
	Kshs	Kshs
Refund from World Food Programme (WFP)	-	-
Reimbursement of Audit Fees	-	-
Reimbursement on Messing Charges (UNICEF)	-	-
Reimbursement from World Bank – ECD	-	-
Reimbursement from Individuals and Private Organisations	-	-
Reimbursement from Local Government Authorities	-	-
Reimbursement from Statutory Organisations	-	-
Reimbursement within Central Government	-	-
Reimbursement Using Bonds	-	-
Total	-	-

10. RETURNS OF EQUITY HOLDINGS

	2020/2021	2019/2020
	Kshs	Kshs
Returns of Equity Holdings in Domestic Organisations	-	-
Returns of Equity Holdings in International Organisations	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 OTHER REVENUES

	2020/2021	2019/2020
	Kshs	Kshs
Interest Received		
Profits and Dividends		
Rents		
Other Property Income		
Sales of Market Establishments		
Receipts from Administrative Fees and Charges	35,000,000	33,431,825
Receipts from Administrative Fees and Charges - Collected as AIA	1,764,124,533	1,239,250,000
Receipts from Incidental Sales by Non-Market Establishments		
Receipts from Sales by Non-Market Establishments		
Receipts from Sale of Incidental Goods		
Fines Penalties and Forfeitures		
Receipts from Voluntary transfers other than grants		
Other Receipts Not Classified Elsewhere		
Total	1,799,124,533	1,272,681,825

NB: The amount collected as receipt from administration fee and charges from NGO Coordination board amounted to Kshs.37,035,573 but the IFMIS system allows only Kshs.35,000,000 to be captured which was the budgeted amount.

12 COMPENSATION OF EMPLOYEES

	2020/2021	2019/2020
	Kshs	Kshs
Basic salaries of permanent employees	52,204,823,144	51,386,856,191
Basic wages of temporary employees	242,632,634	106,418,706
Personal allowances paid as part of salary	39,761,577,172	39,484,913,752
Personal allowances paid as reimbursements	-	-
Employer Contributions Compulsory national health insurance schemes		
Total	92,209,032,950	90,978,188,648

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30. June 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 USE OF GOODS AND SERVICES

	2020/2021	2019/2020
	Kshs	Kshs
Utilities, supplies and services	1,222,148,248	1,355,814,574
Communication, supplies and services	153,688,269	119,156,092
Domestic travel and subsistence	1,325,987,770	1,378,739,513
Foreign travel and subsistence	23,139,191	25,770,662
Printing, advertising and information supplies & services	18,999,440	16,523,357
Rentals of produced assets	408,835,091	265,417,410
Training expenses	288,929,078	180,108,938
Hospitality supplies and services	494,529,614	1,316,203,370
Insurance costs	5,591,400,000	4,776,223,794
Specialized materials and services	6,800,009,352	7,375,006,049
Office and general supplies and services	317,521,630	351,976,218
Other operating expenses	14,968,329,678	11,910,210,130
Fuel, Oil and Lubricants	1,492,198,322	1,532,900,579
Routine maintenance – vehicles and other transport equipment	722,827,359	763,637,649
Routine maintenance – other assets	144,808,807	343,221,836
Exchange Rate losses	300,000	-
Total	33,973,651,848	31,710,910,173

14 SUBSIDIES

Description	2019/2020	2018/2019
	Kshs	Kshs
Subsidies to Public Corporations		-
<i>See list attached</i>	-	-
(insert name)	-	-
Subsidies to Private Enterprises		
<i>See list attached</i>	-	-
(insert name)	-	-
TOTAL	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2020/2021	2019/2020
	Kshs	Kshs
Transfers to National Government entities (SCOA Codes 2630100, 2630200, 2640400, 2640500, 2649900, 2820100, 2820200, 2820300)	3,277,227,989	3,069,503,133
See attached list		
Other Capital Grants and Transfers	148,527,363	431,248,308
TOTAL	3,425,755,352	3,500,751,441

15 b TRANSFER TO SELF- REPORTING ENTITIES IN THE YEAR

Description	Recurrent	Development	Total	2019/2020
	Kshs	Kshs	Kshs	Kshs
Transfer to SAGAS				
National Campaign against Drug Abuse			489,490,000.00	536,240,000
National Cohesion and Integration			450,140,000.00	382,050,250
National Crime Research Centre			158,328,606.25	151,933,400
National Transport and Safety Authority			361,527,363.00	852,248,308
NGO Co-ordination Board			158,530,000.00	267,685,700
Private Security Regulatory Authority			53,830,000.00	9,618,084
TOTAL			1,671,845,969.25	2,199,775,742

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30. June 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 OTHER GRANTS AND PAYMENTS

Explanation	2020/2021	2019/2020
	Kshs	Kshs
Membership dues and subscriptions to international organizations		
Scholarships and other educational benefits		
Emergency relief and refugee assistance	28,885,244	10,614,718
Grants to small businesses, cooperatives, and self employed		
Grants to foreign government		
Total	28,885,244	10,614,718

17 SOCIAL SECURITY BENEFITS

Explanation	2020/2021	2019/2020
	Kshs	Kshs
Government pension and retirement benefits	3,451,755	4,448,202
Social security benefits in cash and in kind		
Employer Social Benefits in cash and in kind		
Total	3,451,755	4,448,202

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 ACQUISITION OF ASSETS

Non-Financial Assets	2020/2021	2019-2020
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings	401,003,748	1,648,177,184
Refurbishment of Buildings	162,604,579	183,716,792
Construction of Roads	-	-
Construction and Civil Works	38,192,002	138,175,620
Overhaul and Refurbishment of Construction and Civil Works	15,463,581	32,934,653
Purchase of Vehicles and Other Transport Equipment	11,737,500	281,526,214
Overhaul of Vehicles and Other Transport Equipment	43,935,249	35,639,289
Purchase of Household Furniture and Institutional Equipment	4,779,641	7,517,848
Purchase of Office Furniture and General Equipment	18,225,947	48,099,363
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	2,368,275,286	4,014,650,913
Rehabilitation and Renovation of Plant, Machinery and Equip.	2,305,536	3,412,326
Purchase of Certified Seeds, Breeding Stock and Live Animals	1,000,000	1,000,000
Research, Studies, Project Preparation, Design & Supervision	-	-
Rehabilitation of Civil Works	-	155,000
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Sub-total	3,067,523,069	6,395,005,201
Financial Assets		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Foreign Payables - From Previous Years	-	-
Sub-total	-	-
Total	3,067,523,069	6,395,005,201

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30. June 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 FINANCE COSTS, INCLUDING LOAN INTEREST

Explanation	2020/2021	2019/2020
	Kshs	Kshs
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
	-	-
Total	-	-

20 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

Explanation	2020/2021	2019/2020
	Kshs	Kshs
Principal repayments on domestic loans	-	-
Principal repayments on Guaranteed Debt taken over by Government		-
Repayments on borrowings from other domestic creditors		
Repayment of Principal from Foreign Lending & On – Lending	-	-
Total	-	-

21 OTHER EXPENSES

	2020/2021	2019/2020
	Kshs	Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Other expenses	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22A: BANK ACCOUNTS

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit etc.	Exc rate (if in foreign currency)	2020/2021	2019/2020
				Kshs	Kshs
Central Bank of Kenya 1000209682	Kshs	Recurrent	1	509,937,446	87,453,249.10
Central Bank of Kenya 1000209658	Kshs	Development	1	815,847.042	1,062,873,310.25
Central Bank of Kenya 1000212543	Kshs	Deposit	1	533,636,762	568,385,280.00
Total				1,859,421,250	1,718,711,839.35

22B: CASH IN HAND

	2020/2021	2019/2020
	Kshs	Kshs
Cash in Hand – Held in domestic currency	45,164,045	76,968,204
Cash in Hand – Held in foreign currency	-	-
Total	45,164,045	76,968,204

Cash in hand should also be analyzed as follows:

	2020/2021	2019/2020
	Kshs	Kshs
Hqters. Harambee House Building, Cash Office	45,164,045	76,968,204
Total	45,164,045	76,968,204

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30. June 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2020/2021	2019/2020
	Kshs	Kshs
Government Imprests	2,389,969	338,100
General Suspense	-	119,880
Salary Advances	-	-
District suspense	3,796,282	112,183,053
Clearance accounts	-	172,406,000
Total	6,186,251	285,047,033

24. ACCOUNTS PAYABLE

Description	2020/2021	2019/2020
	Kshs	Kshs
Deposits	533,636,762	568,385,280
Total	533,636,762	568,385,280

25. FUND BALANCE BROUGHT FORWARD

Description	2020/2021	2019/2020
	Kshs	Kshs
Bank accounts	1,718,711,839	4,017,892,744
Cash in hand	76,968,204	152,304,847
Accounts Receivables- Outstanding Imprests	285,047,033	69,679,961
Accounts Payables-Deposits	(568,385,280)	(612,212,991)
Total	1,512,341,796	3,627,664,561

26. PRIOR YEAR ADJUSTMENT

Description	2020/2021	2019-2020
	Kshs	Kshs
Adjustments on bank account balances	(2,051,111)	-
Adjustments on cash in hand	(56,021)	-
Adjustments on payables	-	-
Adjustments on receivables	(187,949,427)	(2,355,090,961)
Total	(190,056,559)	(2,355,090,961)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. (INCREASE)/DECREASE IN RECEIVABLE

Description	2020/2021	2019 / 2020
	Kshs	Kshs
Receivable as at 1 st July 2020 (A)	285,047,033	22,722,169
Receivable as at 30 th June 2021 (B)	6,186,251	285,047,033
Net changes in account receivables C= B-A	278,860,781.60.60	262,324,863.60

28. (INCREASE)/(DECREASE) IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

Description of the error	2020/2021	2019 /2020
		KShs
Payable as at 1 st July 2020 (A)	568,385,280	608,404,526.25
Payable as at 30 th June 2021 (B)	533,636.762	568.385.280.00
Net changes in Payable C= B-A	34,748,517.88	40,019,246.25

29. RELATED PARTY DISCLOSURES

	2020-2021	2019-2020
	Kshs	Kshs
Key Management Compensation	49,961,750.00	46,961,747.00
<u>Transfers to related parties</u>		
Transfers to the Other Ministries Departments and Agencies	-	-
Transfers to other State Corporations and Semi-Autonomous Government Agencies	1,671,845,969.25	2,199,775,742.00
Transfers to Government Development Projects	-	-
Transfers to County Governments	-	-
Transfers from other Ministries Departments and Agencies	-	-
Transfers from Counties	-	-
Total Transfers to related parties	1,671,845,969.25	2,199,775,742.00

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES

Annual Reports and Financial Statements

For the year ended 30. June 2021

<u>Purchase of Goods and Services</u>		
Purchase of electricity from KPLC	XXX	XXX
Purchase of water from Govt service providers	XXX	XXX
Rent charges paid to govt. agencies	XXX	XXX
Training fees paid to govt agencies	XXX	XXX
Conference facilities hired from govt. agencies	XXX	XXX
Others (Specify)	XXX	XXX
Total goods and services paid to govt. agencies	XXX	XXX
<u>Transfers from related parties</u>		
Transfers from the Exchequer	XXX	XXX
Transfers from other MDAs	XXX	XXX
(Insert any other transfers received from govt.)	XXX	XXX
Total Transfers from related parties	XXX	XXX

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. OTHER IMPORTANT DISCLOSURES

30.1 PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	Balance b/f FY 2019-2020	Additions for the Period	Paid during the year	Balance c/f FY 2021/2022
	Kshs	Kshs	Kshs	Kshs
Construction of buildings				
Construction of civil works				
Supply of goods				
Supply of services				
TOTAL	3,803,126,660.37	1,362,856,396	3,075,359,128.37	2,090,623,928

30.2 PENDING STAFF PAYABLES (See Annex 2)

Description	Balance b/f FY 2019-2020	Additions for the Period	Paid during the year	Balance c/f FY 2021/2022
	Kshs	Kshs	Kshs	Kshs
Senior Management	XX	XX	XX	XX
Middle Management	XX	XX	XX	XX
Unionisable Employees	XX	XX	XX	XX
Others	XX	XX	XX	XX
TOTAL	XX	XX	XX	XX

30.3 OTHER PENDING PAYABLES (See Annex 3)

Description	Balance b/f FY 2019-2020	Additions for the Period	Paid during the year	Balance c/f FY 2021/2022
	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government Entities	XX	XX	XX	XX
Amounts due to County Government	XX	XX	XX	XX
TOTAL	XX	XX	XX	XX

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30.4 EXTERNAL ASSISTANCE

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
External Assistance received in cash	xx	xx
External assistance received as loans and grants		xx
External assistance received in kind- as payment by third parties	24,969,010	84,236,011
Total	24,969,010	84,236,011

a) External Assistance relating to loans and grants

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
External assistance received as loans		
External assistance received as grants	24,969,010	84,236,011
Total	24,969,010	84,236,011

b) Undrawn External Assistance

Description	Purpose for which the undrawn external assistance may be used	FY 2020/2021	FY 2019/2020
		Kshs	Kshs
Undrawn external assistance -loans		xx	xx
Undrawn external assistance -grants		160,396	37,133,905
TOTAL		160,396	37,133,905

c) Classes of Providers of external assistance

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Multilateral donors	24,969,010	84,236,011
Bilateral donors	xx	xx
International Assistance Organisations	xx	xx
NGOs	xx	xx
National Assistance Organizations	xx	xx
TOTAL	24,969,010	84,236,011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

d) Non-monetary external assistance

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Goods	XX	XX
Services	24,969,010	71,461,011
TOTAL	24,969,010	71,461,011

e) Purpose and use of external assistance

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Compensation of Employees	XX	XX
Use of goods and services	24,969,010	71,461,011
Subsidies	XX	XX
Transfers to other Government Units	XX	XX
Other grants and transfers	XX	XX
Social Security Benefits	XX	XX
Acquisition of Assets	XX	XX
Finance Costs, including Loan Interest	XX	XX
Repayment of principal on Domestic and Foreign borrowing	XX	XX
Other Payments	XX	XX
TOTAL	24,969,010	71,436,011

f) External Assistance Paid on behalf of the Entity by Source

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
National government		
Multilateral donors	24,969,010	71,461,011
Bilateral donors	XX	XX
International Assistance Organisations	XX	XX
NGOs	XX	XX
National Assistance Organizations	XX	XX
TOTAL	24,969,010	71,461,011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30.5 Payment by third party on behalf of the MDA

a) Classification by Source

Description	FY 2020/2021		FY 2019/2020
	Kshs		Kshs
National government			
Multilateral donors	XX		XX
Bilateral donors	XX		XX
International Assistance Organisations	XX		XX
NGOs	XX		XX
National Assistance Organizations	XX		XX
TOTAL	XX		XX

b) Classification of Payments made by Third Parties by Nature of Expenses

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Compensation of Employees	XX	XX
Use of goods and services	XX	XX
Subsidies	XX	XX
Transfers to other Government Units	XX	XX
Other grants and transfers	XX	XX
Social Security Benefits	XX	XX
Acquisition of Assets	XX	XX
Finance Costs, including Loan Interest	XX	XX
Repayment of principal on Domestic and Foreign borrowing	XX	XX
Other Payments	XX	XX
TOTAL	XX	XX

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30.6 Contingent Liabilities

Contingent Liabilities	2020/2021	2019/2020
	Kshs	Kshs
Court Cases.....Against the Entity	1,522,530,754.70	1,919,858,882.95
Bank Guarantees in favor of subsidiary		
Outstanding Balance NHIF	573,997,524.00	
Safaricom Contract No. MICNS/NPS/COMM/1/2013/2014	587,184,804.80	
Contingent Liabilities arising from PPS		
TOTAL	2,683,713,084	1,919,858,882.95

14. PROGRESS ON FOLLOW UP OF PRIOR YEARS 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)
No.					
Para: 274	Unreconciled Variance between the financial statement and the Integrated Financial Management Information system (IFMIS) Trial balance	2018/2019	HQS	Response Provided	2019/2020 Financial year
Para: 275	Unreconciled Cash and Cash Equivalent Balances	2018/2019	ALL	Response Provided	2019/2020 Financial year
Para: 276	Pending Bills	2018/2019	ALL	Response Provided	2019/2020 Financial year
Para: 277	Lack of a Fixed Assets Register	2018/2019	HQS	Response Provided	2019/2020 Financial year
Para: 278	Provision of Comprehensive Medical Cover	2018/2019	NPS	Response Provided	2019/2020 Financial year
Para: 279	Proposed Nyambarambe Police Post Residential Houses Phase II	2018/2019	KPS	Response Provided	2019/2020 Financial year
Para: 280	Completion of Kamukunji Lines Polices station	2018/2019	KPS	Response Provided	2019/2020 Financial year
Para: 281	Proposed Completion of Pangani Police Station Civil Works	2018/2019	KPS	Response Provided	2019/2020 Financial Year
Para: 282	There were no material issued relating to effectiveness of material controls, risk management and governance	2018/2019	HQS	Response Provided	2019/2020 Financial Year

Principal Secretary
Dr. (Eng.) Karanja Kibicho, CBS

Deputy Accountant General
James K. Karori- ICPAK No: 3972

ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
	A	B	c	d=a-c		
Construction of buildings						
1.						
2.						
Sub-Total						
Construction of civil works						
3.						
4.						
Sub-Total						
Supply of goods						
5.						
6.						
Sub-Total						
Supply of services						
7.						
8.						
Sub-Total						
Grand Total						

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30, June 2021

ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Senior Management		a	b	c	d=a-c		
1.							
2.							
Sub-Total							
Middle Management							
3.							
4.							
Sub-Total							
Unionisable Employees							
5.							
6.							
Sub-Total							
Others (specify)							
7.							
8.							
Sub-Total							

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30, June 2021

ANNEX 3- ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
Sub-Total							
Amounts due to County Govt Entities							
3.							
4.							
Sub-Total							
Amounts due to Third Parties							
5.							
6.							
Sub-Total							
Others (specify)							
7.							
8.							
Sub-Total							
Grand Total							

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30. June 2021

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs000) 2020-2021	Additions during the year (Kshs000)	Disposals during the year (Kshs000)	Historical Cost c/f (Kshs000) 20 21- 2022
Land				
Buildings and structures				
Transport equipment				
Office equipment, furniture and fittings				
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total				

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30, June 2021

ANNEX 5 – LIST OF PROJECTS IMPLEMENTED BY THE STATE DEPARTMENT OF INTERIOR AND CITIZEN SERVICES)

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements(yes/no)
1	XXX	XXX	XXX	Yes/NO
2	XXX	XXX	XXX	Yes/NO

ANNEX 6 – LIST OF SC's, SAGAs AND PUBLIC FUNDS UNDER THE ENTITY

Ref	SC, SAGA or Public Fund's name	Principal Activity of entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1.	National Campaign Against Drug Abuse	To coordinate multi-Sectorial Campaign to prevent control and mitigate the impact of alcohol and drug abuse.	CFO	489,490,000.00	Confirmed
2.	National Cohesion and Integrations	To Promote National identity and values, mitigate ethno-political completion and motivated violence, eliminate discrimination on ethnic, racial and religious basis and promoter and promote National Reconciliation and healing	CFO	450,140,000.00	Confirmed
3.	National Crime Research centre	To carry out research into the causes of crime and prevention and disseminate research findings to Government agencies.	CFO	158,328,606.25	Confirmed
4.	National Transport and Safety Authority	To implement policies relating to road transport and safety	CFO	361,527,363.00	confirmed
5.	NGO Co-ordination Board	To facilitate and co-ordinate the work of all national and International NGO's operating in Kenya	CFO	158,530,000.00	Confirmed
6.	Private Security Regulatory Authority	To Provide a framework for cooperation between the private security companies and national security organs.	CFO	53,830,000.00	Confirmed
	TOTAL			1,671,845,969.25	

STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES
Annual Reports and Financial Statements
For the year ended 30, June 2021

ANNEX 7 CONTINGENT LIABILITIES REGISTER

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

ANNEX 8- REPORTS GENERATED FROM IFMIS

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
 - ii. FO30 (Bank reconciliations) for all bank accounts
 - iii. GOK IFMIS Receipts and Payments Statement
-
- iv. GOK IFMIS Statement of Financial Position
 - v. GOK IFMIS Statement of Cash Flows
 - vi. GOK IFMIS Notes to the Financial Statements
 - vii. GOK IFMIS Statement of Budget Execution
 - viii. GOK IFMIS Statement of Deposits
 - ix. GOK IFMIS Budget Execution by Programme and Economic Classification
 - x. GOK IFMIS Budget Execution by Heads and Programmes