

REPUBLIC OF KENYA



Enhancing Accountability

| | |
|-----------------------|-----------------|
| THE NATIONAL ASSEMBLY | |
| DATE: 10 MAY 2022 | |
| TUESDAY | |
| TABLED BY: | MAJORITY LEADER |
| CLERK-AT-THE-TABLE: | |

REPORT

OF

THE AUDITOR-GENERAL

ON

THE NATIONAL TREASURY

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



THE NATIONAL TREASURY AND PLANNING

ANNUAL REPORT 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)**

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

Table of Contents

Page

| | |
|---|-------|
| 1. KEY ENTITY INFORMATION AND MANAGEMENT | iv |
| Vision | iv |
| Core Values | iv |
| Mandate of the National Treasury | iv |
| Role of the National Treasury in the Devolved System of Government | v |
| (b) Key Management | v |
| Office of the Principal Secretary | v |
| Organizational structure of the National Treasury | v |
| (c) Fiduciary Management | vii |
| (d) Fiduciary Oversight Arrangements | viii |
| (e) The National Treasury Headquarters | x |
| The National Treasury Contacts | x |
| (f) The National Treasury Bankers | x |
| (g) Independent Auditors | x |
| (h) Principal Legal Adviser | x |
| 2. FORWARD BY THE CABINET SECRETARY | xi |
| Emerging Issues | xv |
| Challenges | xv |
| Recommendations | xvi |
| 3. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES | xvii |
| 4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY | xix |
| REPORTING | xix |
| a) Sustainability Strategy and Profile | xix |
| b) 2. Environmental performance | xix |
| c) 3. Employee welfare | xix |
| d) 4. Market place practices | xx |
| e) 5. Community Engagements | xx |
| 5. STATEMENT OF MANAGEMENT RESPONSIBILITIES | xxi |
| 6. REPORT OF THE INDEPENDENT AUDITORS ON THE NATIONAL TREASURY | xxiii |
| 7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 TH JUNE 2021 | 1 |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

| | |
|--|----|
| 8. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 TH JUNE 2021 | 2 |
| 9. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 TH JUNE 2021 | 3 |
| 10. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED..... | 5 |
| 11. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT..... | 7 |
| 12. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT..... | 9 |
| 13. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES (Annex 1) | 11 |
| 14. SIGNIFICANT ACCOUNTING POLICIES | 12 |
| 15. NOTES TO THE FINANCIAL STATEMENTS | 18 |
| 16. PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S RECOMMENDATIONS (Annex 2)..... | 25 |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background Information

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

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

Vision

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

Mission

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

Core Values

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

Mandate of the National Treasury

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

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

- Formulate, implement and monitor macro-economic policies involving expenditure and revenue;
- Manage the level and composition of national public debt, national guarantees and other financial obligations of national government;
- Formulate, evaluate and promote economic and financial policies that facilitate social and economic development in conjunction with other national government entities;
- Mobilize domestic and external resources for financing national and county government budgetary requirements;
- Design and prescribe an efficient financial management system for the national and county governments to ensure transparent financial management and standard financial reporting.

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

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

Role of the National Treasury in the Devolved System of Government

The National Treasury is mandated by law to:

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

(b) Key Management

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

Office of the Principal Secretary

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

Organizational structure of the National Treasury

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

Directorate of Budget, Fiscal and Economic Affairs

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

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

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

Directorate of Accounting Services and Quality Assurance

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

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

Directorate of Portfolio Management

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

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

Directorate of Public Debt Management Office

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

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

Directorate of Public Private Partnership Unit

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

Directorate of Administrative and Support Services (Common Shared Services)

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

- Accounting,
- Finance,
- Human Resource Management and Development,
- Central Planning and Project Monitoring,
- Supply Chain Management,
- Legal,

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

- Public Communications,
- General Administration,
- Records Management;
- Internal Audit;
- ICT
- Government Clearing Agency

(c) Fiduciary Management

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

| S/No. | Designation | Name |
|-------|--|------------------------------|
| 1. | Principal Secretary | Dr. Julius Muia, PhD, CBS |
| 2. | Principal Administrative Secretary | Mr. Amos Gathecha, EBS |
| 3. | Director General, BFEA | Mr. Albert Mwenda, HSC |
| 4. | Director General, Accounting Services | Mr. Bernard Ndung'u, MBS |
| 5. | Director General, PIPM | Eng. Stanley Kamau |
| 6. | Director General, PDMO | Dr. Haron Sirma, OGW |
| 7. | Director General, PPP | Mr. Christopher Kirigua, OGW |
| 8. | Director, Macro and Fiscal Affairs Department | Mr. Musa Gathanje |
| 9. | Director, Budget Department | Mr. Francis Anyona, OGW |
| 10. | Director, Financial and Sectoral Affairs Department | Prof. Galgalo Barako |
| 11. | Director, Public Procurement Department | Mr. Eric Korir |
| 12. | Director, Intergovernmental Fiscal Relations Department | Mr. Albert Mwenda, HSC |
| 13. | Deputy Internal Auditor General | Ms. Jane Micheni |
| 14. | Director, Government Accounting Services Department | Mr. Jonah Wala |
| 15. | Ag Director, National Sub County Treasuries | Mr. Francis Kariuki |
| 16. | Director, Financial Management Information System | Mr. Stanley Kamanguya |
| 17. | Director, Public Private Partnership Unit | Mrs. Veronica Okoth |
| 18. | Director, National Assets and Liability Management | Mrs. Beatrice Gathirwa |
| 19. | Director, Government Investment and Public Enterprises | Mr. Kennedy Ondieki |
| 20. | Director, Pensions Department | Mr. Michel Kagika, EBS |
| 21. | Director, Resource Mobilization Department | Mr. Moses Kanagi |
| 22. | Director, Debt Policy, Strategy and Risk Management Department | Mr. Daniel Ndolo |
| 23. | Director, Debt Recording and Settlement Department | Mr. George Kariuki |
| 24. | Secretary Administration | Mr. Hiram Kahiro |
| 25. | Head, Accounts Division | Mr. Nemwel Motanya |
| 26. | Head, Finance | Mr. Kimathi Mugambi, HSC |
| 27. | Head, SCM | Mr. Aggrey Kituyi |
| 28. | Head, Internal Audit Unit | Mr. Esther Ngeru |
| 29. | Director, Human Resource Management and Development | Ms. Susan Mucheru |
| 30. | Director, Information Communication and Technology | Mrs. Lynn Nyongesa |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

| | | |
|-----|---|-----------------------|
| 31. | Head, Central Planning and Project Monitoring Unit | Mr. Antony Muriu, HSC |
| 32. | Head, Public Communications | Ms. Catherine Njoroge |
| 33. | Programme Coordinator, Public Financial Management Reform Secretariat | Mr. Julius Mutua |
| 34. | Director, Government Clearing Agency | Mr. Felix Ateng |

(d) Fiduciary Oversight Arrangements

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

Internal Audit Unit

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

Audit Committees

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

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

Project Implementation Committee

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

Parliamentary Activities

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

Development Partner Oversight

To effectively manage Official Development Assistance to the Government, the National Treasury has under the Public Debt Management a department responsible for all matters relating to

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

Development Partners. The Department has various Units that coordinate different development partner activities in the Country.

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

Top Management Committee and Other Committees

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

Public Financial Management Sector Working Group

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

Budget Implementation Steering Committee

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

Budget Implementation Technical Committee

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

Budget Implementation Ministerial Committee

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

Monitoring and Evaluation

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

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

(e) The National Treasury Headquarters

P.O. Box 30007- 00100,
Treasury Building,
Harambee, Avenue
Nairobi Kenya
The National Treasury Contacts
Telephone: (254)020-2252299
Email: info@treasury.go.ke
Website: www.treasury.go.ke

(f) The National Treasury Bankers

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

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

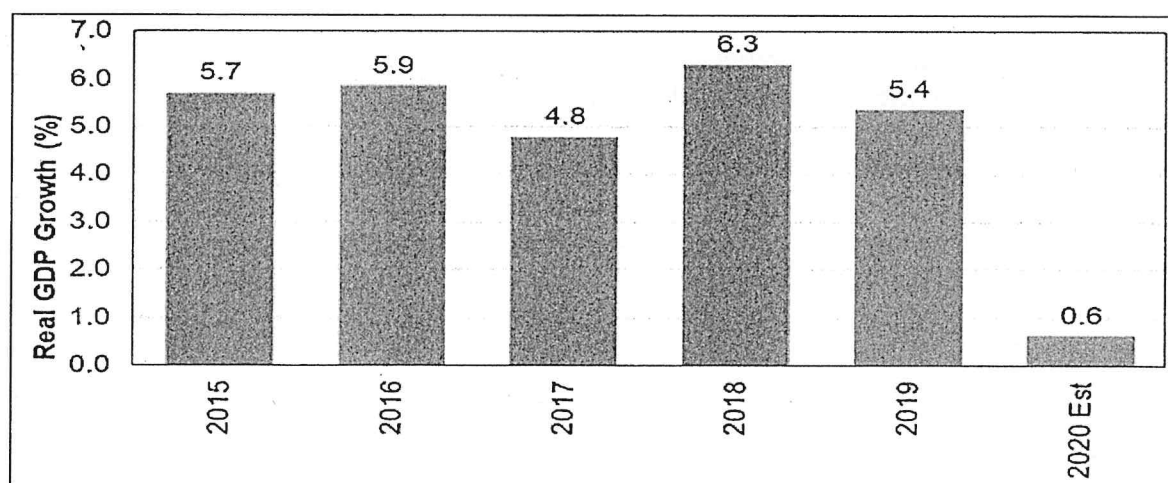
THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

2. FORWARD BY THE CABINET SECRETARY

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

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

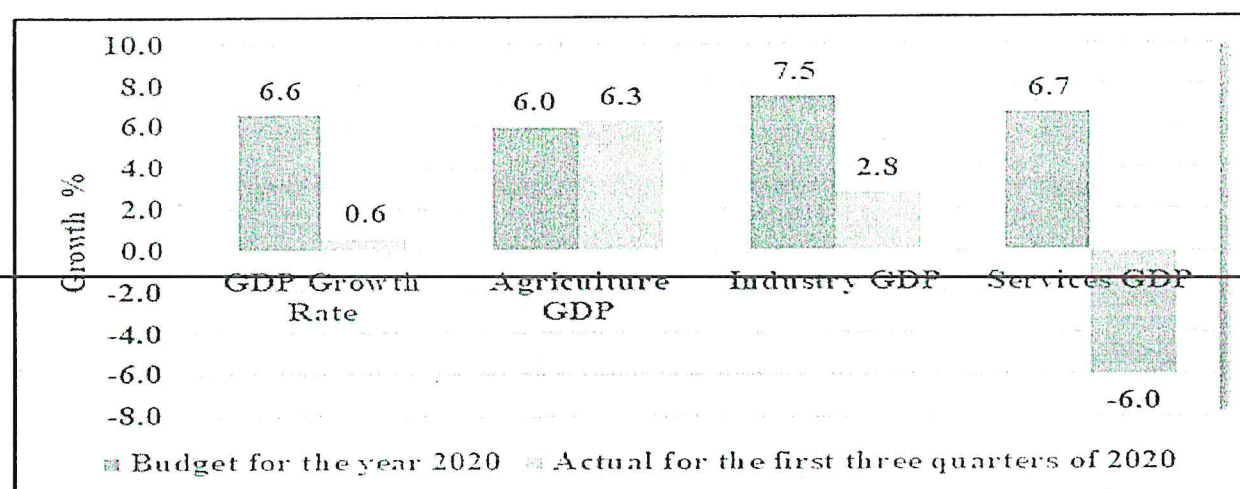
Figure 1: Annual Real GDP Growth rates (Percent)



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

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

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



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

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

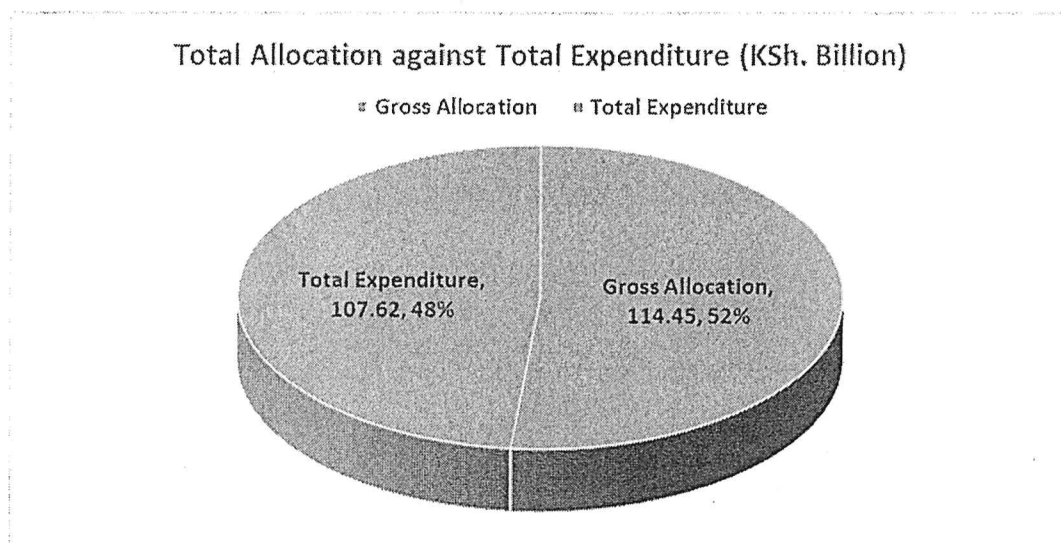
Despite the difficult circumstances faced last year, the country was able to preserve macroeconomic stability with inflation, interest rates and exchange rates remaining largely stable. Leading economic indicators for the fourth quarter of 2020 and the first quarter of 2021 point to strong recovery from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

Budget performance

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

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

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



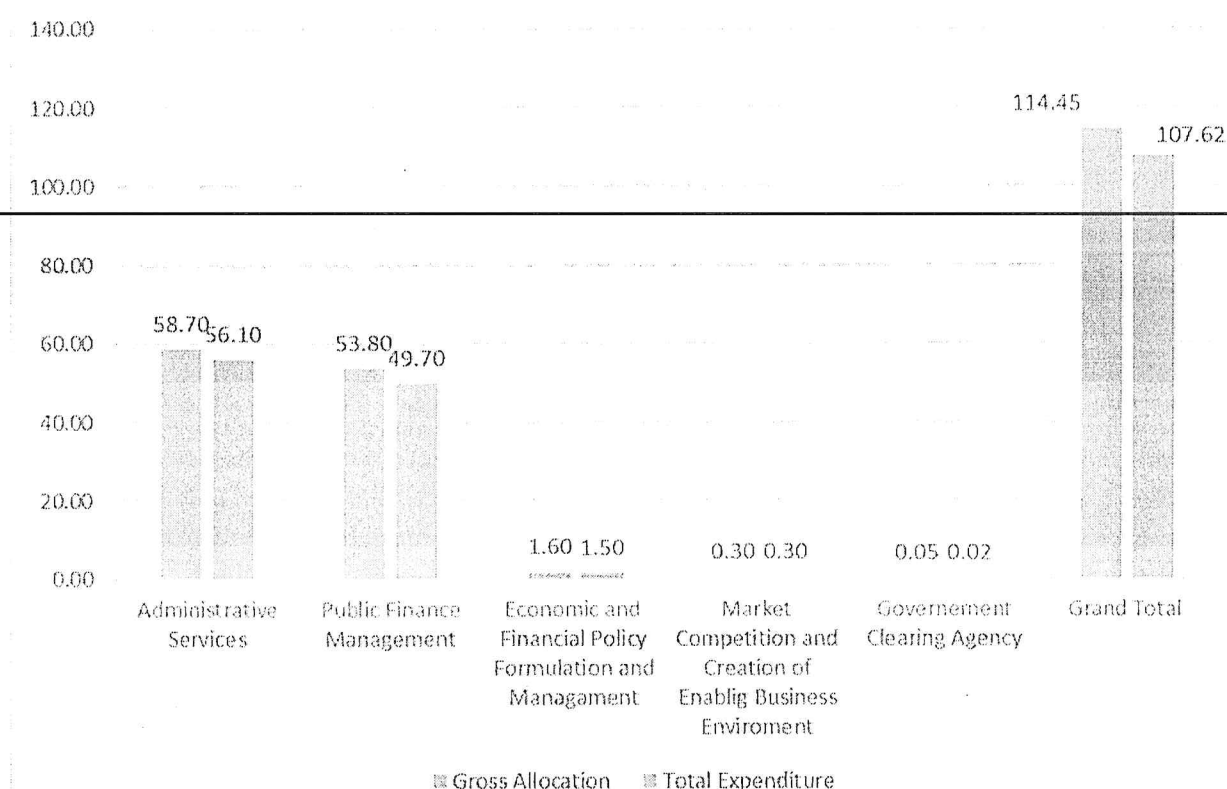
The National Treasury implemented the 2020/21 budget within five economic classifications/programmes. These were General Administration, Planning and Support Services, Public Financial Management, Economic and Financial Policy Formulation and Management, Market Competition and Creation of an Enabling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

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

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

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

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



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

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

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

- Mobilization of external resources amounting to **Kshs.622 billion** for projects and Kshs.423billion for budget support to meet the budget deficit equivalent to 40.3% of the fiscal gap;
- Facilitated the National Police Service by leasing 3,400 vehicles towards enhancing security;
- Developed two Public Private Partnership (PPP) Projects Standardized Transactional Templates.
- Developed Government Investment Management Information System (GIMIS);
- Conducted 245 value for money (VfM) audits;
- Trained 1,273 Public Finance Management (PFM) users on financial reporting on IFMIS system;

For the year ended June 30, 2021

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

Emerging Issues

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

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

Challenges

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

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

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

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


THE NATIONAL TREASURY
Reports and Financial Statements
For the year ended June 30, 2021

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

Recommendations

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

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



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

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

3. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Introduction

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

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

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

| MDA Program | Strategic Objective | Outcome | Indicator | Performance |
|---|---|--|--|---|
| General Administration, Planning and Support Services | Strengthen organization capacity for quality service delivery | Efficient and effective service delivery | No. of vehicles | 3,400 security vehicles were leased for the National Police Service towards enhancing security |
| | | | No. of systems | Developed one Government Investments Management Information System (GIMIS) |
| | | | % level of compliance to PSSS | On Boarded and maintained all Permanent and Pensionable (P&P) Public servants of age 45 years and below in the Public Service Super Annuation Scheme (PSSS) |
| Public Financial Management | Enhance mobilization, allocation and utilization of public resources. | Transparent and accountable management of public resources | Consolidated Annual Accounts | Annual accounts prepared |
| | | | Annual national budget presented to Parliament by 30th April | Budget presented to parliament |
| | | | No. of standardized templates | Developed two PPP Projects Standardized Transactional Templates |
| | | | No. of Strategies | Developed one Medium Term debt strategy |
| | | | No. of VFM Audits reports | Conducted 245 Value for Money Audits due to increased requests for |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

| | | | | |
|---|--|--|--|--|
| | | | | special audit by MDAs |
| | | | No. of Registered AGPO Enterprises | Registered 26,280 AGPO Enterprises |
| | | | No. of Policies | Developed the Assets and Liabilities Management Policy |
| | Ensure stable and sustainable macro-economic environment. | Stable macroeconomic environment for economic growth | Real GDP growth rate (%) | 0.6 % |
| | | | Inflation rate (%) | 5.3% |
| | | | Months of import cover | 4.8 months of import cover |
| Economic and Financial Policy Formulation and Management | | | % of fiscal deficit | (7.7) % of GDP |
| | | | No. of Policies | Developed the Kenya Digital Finance, Policy |
| | | | County Allocation of Revenue Bill (CARB) & Division of Revenue Bill (DORB) | Prepared the County Allocation of Revenue Bill (CARB) & Division of Revenue Bill (DORB) |
| Market Competition and Creation of an Enabling Business Environment | Ensure market structures that encourage competition and orderly conduct of business. | Sustained high productivity and competitive markets | Percentage of consumer complaints investigations concluded | 94% of the consumer complaints investigated |
| | | | No. of guidelines and Merger Notification Forms | Developed the Joint Venture, Informant Reward and Exemption guidelines in order to cater for emerging issues in competition. |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

a) Sustainability Strategy and Profile

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

b) 2. Environmental performance

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

c) 3. Employee welfare

Employee welfare is critical for effective implementation of the programmes and projects of an organization. Noting the importance of human resources, the National Treasury has a Department established to handle Human Resources Management and Development. The Ministry has also established a Human Resource Management Advisory Committee that process all the promotions, discipline, training, appraisal and general employee matters in line with the Public Service guidelines and procedures. In addition, a committee on occupational safety and health has been established to follow up of the safety conditions in the workplace. In order to ensure attracting and retaining

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

competent officers, the National Treasury continued to conduct capacity and training needs assessments 2020/2021- 2021/22 as well as development and implementation of the training projections plan to fill skills gaps. In addition, the National Treasury continued to implement succession management plan by declaring the number of the posts to be filled under the delegated powers and continually implementing the provision of the guidelines on the policy on advancement to the next grade at the entry level in the scheme of service and implementation of the Authorised officers and the PSC decisions. Further, the importance of knowledge management was reinforced through: identification of data needs and data gaps; preparation of a database of sources of knowledge across all levels in the State Department, preparation of a comprehensive report on patterns, trends and attributes of the processed data and information in the State Department; preservation and sharing of knowledge as well as application of knowledge to policy and problem solving within the National Treasury. The National Treasury has continued to build the capacity on the online staff appraisal management system in collaboration with the Public Service Commission to ensure seamless implementation of the system.

d) 4. Market place practices

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

e) 5. Community Engagements

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

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

5. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the National Treasury is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity 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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

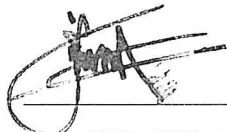
The Accounting Officer in charge of the National Treasury accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).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

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

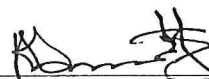
The Accounting Officer incharge of the National Treasury confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity'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 National Treasury financial statements were approved and signed by the Accounting Officer on 30th March 2022.



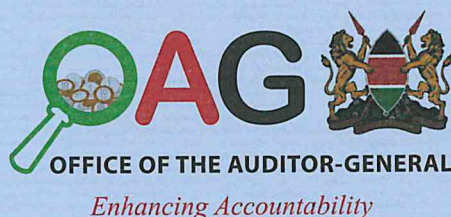
DR. JULIUS MUIA, PhD, CBS
Principal Secretary



NEMWEL M. MOTANYA
ICPAK NO. 2367
HEAD OF ACCOUNTING UNIT

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL TREASURY 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 National Treasury set out on pages 1 to 26, which comprise the statement of assets and liabilities as at

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

30 June, 2021, and the statement of receipts and payments, statement of cash flows and summary statement 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of The National Treasury as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of assets and liabilities and statement of cash flows reflect a prior year adjustment of Kshs.161,975,656 and the respective comparative balance of Kshs.956,197,623 as explained in Note 15.18. However, the respective note does not provide the details of the comparative balance. Further, the Trial Balance provided for audit showed a nil balance in respect to prior year adjustments. No schedules/ledgers in support of the prior year adjustments were provided for audit review.

Consequently, it was not possible to ascertain the validity and accuracy of the prior year adjustment in the current and prior years.

2. Acquisition of Assets

The statement of receipts and payments reflects a balance of Kshs.19,356,211,675 in respect to acquisition of assets which as disclosed in Note 15.12 to the financial statements includes a balance of Kshs.490,436,605 spent on foreign equity participation. Review of the cash book provided indicated that the Management had incurred Kshs.961,024,323 with regard to the same item resulting to an unexplained and unreconciled variance of Kshs.470,587,718.

In the circumstances, it has not been possible to ascertain the validity and accuracy of the acquisitions of assets for the current and prior years.

3. Purchase of Specialized Materials and Services

The statement of receipts and payments reflects an amount of Kshs.26,166,355,878 under use of goods and services, which as disclosed in Note 15.06 to the financial statements, includes an amount of Kshs.10,008,528,374 incurred on purchase of specialized materials and services. However, the schedule in support of the expenditure, only indicated the item code, date of payment and amount paid but omitted the fields for payee and the purpose for which the expenditure was incurred.

In the circumstances, propriety of the expenditure could therefore not be confirmed.

4. Unauthorized Utilization of Surplus

Review of the financial statements revealed that, during the year under review, the statement of receipts and payments reflects an expenditure of Kshs.96,100,506,622, against the total receipts of Kshs.95,959,362,651 resulting to an over expenditure of Kshs.141,143,971. Management has however, indicated that this was due to The National Treasury spending part of the previous year's surplus of Kshs.351,896,424 which should have been surrendered to the Exchequer. The balance was not surrendered to the Exchequer for re-voting as prescribed under Regulation 117(2) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the propriety in the utilization of Kshs.141,143,971 during the year could not be confirmed. Further, the Management was in breach of the law.

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

Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.114,525,735,724 and Kshs.95,959,362,651 respectively resulting to an under-funding of Kshs.18,566,373,073 or 16% of the budget. Similarly, The National Treasury expended Kshs.96,100,506,622 against an approved budget of Kshs.114,525,735,724 resulting to an under-expenditure of Kshs.18,425,229,102 or 16% of the budget. However, actual expenditure exceeded the receipts realised during the year by Kshs.141,143,971.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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 matter 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

Lack of Fixed Assets Register

Annex 4 reflects summary of fixed assets register with a historical cost of Kshs.5,614,749,805 (2020: Kshs.4,826,589,614) and which included assets valued at Kshs.788,160,191 as additions during the year under review. However, The National Treasury did not provide an assets' register to support the assets valued at Kshs.5,614,749,805 as required by Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, Management is in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that

might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 April, 2022



THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

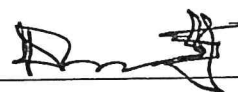
7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

| | Note | 2020-2021 | 2019-2020 |
|---|-------|-----------------------|-----------------------|
| | | Kshs | Kshs |
| RECEIPTS | | | |
| Proceeds from Domestic and Foreign Grants | 15.01 | 10,796,655,959 | 3,333,365,633 |
| Exchequer releases | 15.02 | 84,791,601,100 | 69,982,137,647 |
| Proceeds from Foreign Borrowings | 15.03 | 117,456,323 | 82,851,000 |
| Other Receipts | 15.04 | 253,649,270 | 0 |
| TOTAL RECEIPTS | | 95,959,362,652 | 73,398,354,280 |
| | | | |
| PAYMENTS | | | |
| | | | |
| Compensation of Employees | 15.05 | 2,817,958,932 | 2,442,033,350 |
| Use of goods and services | 15.06 | 26,166,355,876 | 17,058,320,841 |
| Subsidies | 15.07 | 500,000,000 | 1,200,000,000 |
| Transfers to Other Government Entities | 15.08 | 41,817,810,035 | 39,876,196,614 |
| Other grants and transfers | 15.10 | 5,417,514,306 | 4,121,811,669 |
| Social Security Benefits | 15.11 | 24,655,798 | 0 |
| Acquisition of Assets | 15.12 | 19,356,211,675 | 6,741,491,452 |
| Other Payments | 15.13 | 0 | 1,600,000,000 |
| TOTAL PAYMENTS | | 96,100,506,622 | 73,039,853,926 |
| | | | |
| SURPLUS/DEFICIT | | (141,143,970) | 358,500,353 |
| | | | |

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 March 2022 and signed by:



DR. JULIUS MUIJA, PhD, CBS
Principal Secretary



NEMWEL M. MOTANYA
ICPAK NO. 2367
HEAD OF ACCOUNTING
UNIT




THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

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

| | Note | 2020-2021 | 2019-2020 |
|---------------------------------------|--------|----------------------|----------------------|
| | | Kshs | Kshs |
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances | 15.14A | 3,603,756,274 | 670,932,773 |
| Cash Balances | 15.14B | 243,087 | 390,518 |
| Total Cash and cash equivalent | | 3,603,999,361 | 671,323,291 |
| Accounts Receivables | 15.15 | 1,165,654,971 | 889,462,258 |
| TOTAL FINANCIAL ASSETS | | 4,769,654,332 | 1,560,785,549 |
| | | | |
| FINANCIAL LIABILITIES | | | |
| | | | |
| Accounts Payables | 15.16 | 3,598,836,479 | 86,848,069 |
| NET FINANCIAL ASSETS | | 1,170,817,853 | 1,473,937,480 |
| | | | |
| REPRESENTED BY | | | |
| Fund balance b/fwd. | 15.17 | 1,473,937,480 | 2,071,634,749 |
| Prior year adjustment | 15.18 | (161,975,656) | (956,197,623) |
| Surplus/Deficit for the year | | (141,143,971) | 358,500,354 |
| | | | |
| NET FINANCIAL POSITION | | 1,170,817,853 | 1,473,937,480 |

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 March 2022 and signed by:


DR. JULIUS MUIA, PhD, CBS
Principal Secretary


NEMWEL M. MOTANYA
ICPAK NO. 2367
HEAD OF ACCOUNTING
UNIT


THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

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

| | | 2020-2021 | 2019-2020 |
|--|--------------|-------------------------|------------------------|
| | | Kshs | Kshs |
| Receipts for operating income | | | |
| Proceeds from Domestic and Foreign Grants | 15.01 | 10,796,655,958 | 3,333,365,633 |
| Exchequer Releases | 15.02 | 84,791,601,100 | 69,982,137,647 |
| Other Receipts | 15.04 | 253,649,270 | 0 |
| Total receipts | | 95,841,906,328 | 73,315,503,280 |
| Payments for operating expenses | | | |
| Compensation of Employees | 15.05 | 2,817,958,932 | 2,442,033,350 |
| Use of goods and services | 15.06 | 26,166,355,876 | 17,058,320,841 |
| Subsidies | 15.07 | 500,000,000 | 1,200,000,000 |
| Transfers to Other Government Units | 15.08 | 41,817,810,035 | 39,876,196,614 |
| Other grants and transfers | 15.10 | 5,417,514,306 | 4,121,811,669 |
| Social Security Benefits | 15.11 | 24,655,798 | 0 |
| Other Expenses | 15.13 | 0 | 1,600,000,000 |
| Sub totals | | 76,744,294,947 | 66,298,362,474 |
| Net cash flow before adjustments | | 19,097,611,381 | 7,017,140,806 |
| Adjusted for: | | | |
| Adjustments during the year | | | |
| Decrease/(Increase) in Accounts Receivable | 15.19 | (276,192,712) | 10,123,250 |
| Increase/(Decrease) in Accounts Payable | 15.20 | 3,511,988,410 | 6,648,005 |
| Prior Year Adjustments | 15.18 | (161,975,656) | (956,197,623) |
| Net cash flow from operating activities | | 22,171,431,421 | 6,077,714,438 |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Acquisition of Assets | 15.12 | (19,356,211,675) | (6,741,491,452) |
| Net cash flows from Investing Activities | | (19,356,211,675) | (6,741,491,452) |
| CASHFLOW FROM BORROWING ACTIVITIES | | | |
| Proceeds from Foreign Borrowings | 15.03 | 117,456,323 | 82,851,000 |
| Net cash flow from financing activities | | 117,456,323 | 82,851,000 |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | 2,932,676,070 | (580,926,014) |
| Cash and cash equivalent at BEGINNING of the year | 15.14 | 671,323,290 | 1,252,249,304 |
| Cash and cash equivalent at END of the year | 15.14 | 3,603,999,361 | 671,323,290 |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

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 March 2022 and signed by: _____


DR JULIUS MUIA, PhD, CBS
Principal Secretary


NEMWEL M. MOTANYA
ICPAK NO. 2367
HEAD OF ACCOUNTING UNIT

10. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

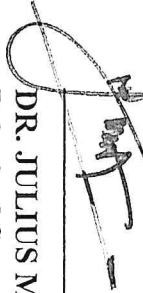
| Receipt/Expense Item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilization Difference | % of Utilization |
|---|------------------------|-----------------------|------------------------|----------------------------|-------------------------------|------------------|
| | a | b | c=a+b | d | e=c-d | f=d/c |
| RECEIPTS | | | | | | |
| Proceeds from Domestic and Foreign Grants | 11,695,401,149 | 977,452,875 | 12,672,854,024 | 10,796,655,958 | 1,876,198,066 | 85% |
| Exchequer releases | 102,334,572,344 | -8,158,504,950 | 94,176,067,394 | 84,791,601,100 | 9,384,466,294 | 90% |
| Proceeds from Foreign Borrowings | 0 | 300,000,000 | 300,000,000 | 117,456,323 | 182,543,677 | 39% |
| Other Receipts | 2,949,300,000 | 4,427,514,306 | 7,376,814,306 | 253,649,270 | 7,123,165,036 | 3% |
| TOTAL RECEIPTS | 116,979,273,493 | -2,453,537,769 | 114,525,735,724 | 95,959,362,651 | 18,566,373,073 | 84% |
| PAYMENTS | | | | | | |
| Compensation of Employees | 17,487,856,795 | -112,779,687,33 | 6,209,888,062 | 2,817,958,932 | 3,391,929,130 | 45% |
| Use of goods and services | 25,386,751,047 | 3,025,395,906 | 28,412,146,953 | 26,166,355,876 | 2,245,791,077 | 92% |
| Subsidies | 500,000,000 | 0 | 500,000,000 | 500,000,000 | 0 | 100% |
| Transfers to Other Government Units | 60,706,891,885 | -15,326,769,269 | 45,380,122,616 | 41,817,810,035 | 3,562,312,581 | 92% |
| Other grants and transfers | 4,199,514,306 | 1,218,000,000 | 5,417,514,306 | 5,417,514,306 | 0 | 100% |
| Social Security Benefits | 28,578,310 | -1,246,842 | 27,331,468 | 24,655,798 | 2,675,670.00 | 90% |
| Acquisition of Assets | 3,669,681,150 | 24,909,051,169 | 28,578,732,319 | 19,356,211,675 | 9,222,520,644 | 68% |
| Other payments | 5,000,000,000 | -5,000,000,000 | | | | |
| TOTAL PAYMENTS | 116,979,273,493 | -2,453,537,769 | 114,525,735,724 | 96,100,506,622 | 18,425,229,102 | 84% |
| Surplus/ Deficit | | | | -141,143,971 | | |


THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements

For the year ended 30, June 2021.

- (a) *Under collection in AIA-Delay in procurement of consultant services to develop a completion report of the project caused the under expenditure by the end of the financial year*
- (b) *Compensation of employees- Under expenditure was caused by delayed implementation of promotions budgeted for during the year*
- (c) *Use of goods and services - The under payment was as a result of ordered goods and services not being received by the closure of financial year hence payment could not be made.*
- (d) *Acquisition of assets-the under expenditure was as a result of austerity, measures under taken to curtail spending on equipment*

The entity financial statements were approved on 30th March 2022 and signed by:


DR. JULIUS MUIJA, PhD, CBS
Principal Secretary


NEMWEL M. MOTANYA
ICPAK NO. 2367
HEAD OF ACCOUNTING UNIT

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

11. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

| Receipt/Expense Item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilization Difference | % of Utilization |
|-------------------------------------|-----------------------|------------------------|-----------------------|----------------------------|-------------------------------|------------------|
| | a | b | c=a+b | d | e=c-d | f=d/c % |
| RECEIPTS | | | | | | |
| Exchequer releases | 71,250,843,586 | -22,881,432,789 | 48,369,410,797 | 48,369,410,797 | 0 | 100% |
| Other receipts | 2,949,300,000 | 4,427,514,306 | 7,376,814,306 | 253,649,270 | 7,123,165,036 | 3% |
| TOTAL RECEIPTS | 74,200,143,586 | -18,453,918,483 | 55,746,225,103 | 48,623,060,067 | 7,123,165,036 | 87% |
| | | | | | | |
| PAYMENTS | | | | | | |
| Compensation of Employees | 17,436,498,022 | -11,272,914,412 | 6,163,583,610 | 2,774,364,151 | 3,389,219,459 | 45% |
| Use of goods and services | 12,411,457,260 | 2,524,695,334 | 14,936,152,594 | 14,307,392,636 | 628,759,958 | 96% |
| Transfers to Other Government Units | 39,620,001,885 | -9,612,536,403 | 30,007,465,482 | 26,992,185,165 | 3,015,280,317 | 90% |
| Other grants and transfers | 4,199,514,306 | 218,000,000 | 4,417,514,306 | 4,417,514,306 | 0 | 100% |
| Social Security Benefits | 1,828,343 | | 1,828,343 | | 1,828,343 | 0% |
| Acquisition of Assets | 530,843,770 | -311,163,002 | 219,680,768 | 185,057,397 | 34,623,371 | 84% |
| TOTAL PAYMENTS | 74,200,143,586 | -18,453,918,483 | 55,746,225,103 | 48,676,513,655 | 7,069,711,448 | 87% |
| Surplus/Deficit | | | | -53,453,588 | | |

Notes


(a) Compensation of employees – Under expenditure was caused by delayed implementation of promotions budgeted for during the year

(b) Acquisition of assets – the under expenditure was as a result of austerity, measures under taken to curtail spending on equipment


THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

c) *Social security benefits – during the year under review, there was no officer qualified to enjoy pension benefits*

The entity financial statements were approved on 30th May 2022 and signed by:



DR. JULIUS MUIJA, PhD, CBS
Principal Secretary



NEMWEL M. MOTANYA
ICPAK NO. 2367
HEAD OF ACCOUNTING UNIT

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

12. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

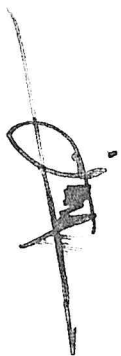
| Receipt/Expense Item | Original Budget a | Adjustments b | Final Budget c=a+b | Actual on Comparable Basis d | Budget Utilization Difference e=c-d | % of Utilization f=d/c % |
|---|-----------------------|-----------------------|-----------------------|---------------------------------|--|-----------------------------|
| RECEIPTS | | | | | | |
| Proceeds from Domestic and Foreign Grants | 11,695,401,149 | 977,452,875 | 12,672,854,024 | 10,796,655,958 | 1,876,198,066 | 85% |
| Exchequer releases | 31,083,728,758 | 14,722,927,839 | 45,806,656,597 | 36,422,190,303 | 9,384,466,294 | 80% |
| Proceeds from Foreign Borrowings | | 300,000,000 | 300,000,000 | 117,456,323 | 182,543,677 | 39% |
| TOTAL RECEIPTS | 42,779,129,907 | 16,000,380,714 | 58,779,510,621 | 47,336,302,584 | 11,443,208,037 | 81% |
| PAYMENTS | | | | | | |
| Compensation of Employees | 51,358,773 | -5,054,321 | 46,304,452 | 43,594,781 | 2,709,671 | 94% |
| Use of goods and services | 12,975,293,787 | 500,641,490 | 13,475,935,277 | 11,858,963,240 | 1,616,972,037 | 88% |
| Subsidies | 500,000,000 | 0 | 500,000,000 | 500,000,000 | 0 | 100% |
| Transfers to Other Government Units | 21,086,890,000 | -5,714,232,866 | 15,372,657,134 | 14,825,624,870 | 547,032,264 | 96% |
| Other grants and transfers | | 1,000,000,000 | 1,000,000,000 | 1,000,000,000 | 0 | 100% |
| Social Security Benefits | 26,749,967 | -1,246,842 | 25,503,125 | 24,655,798 | 847,327 | 97% |
| Acquisition of Assets | 3,138,837,380 | 25,220,273,253 | 28,359,110,633 | 19,171,154,278 | 9,187,956,355 | 68% |
| Other payments | 5,000,000,000 | -5,000,000,000 | | | | |
| TOTAL PAYMENTS | 42,779,129,907 | 16,000,380,714 | 58,779,510,621 | 47,423,992,967 | 11,355,517,654 | 81% |
| Surplus/Deficit | | | | -87,690,383 | | |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements

For the year ended 30, June 2021.

- (a) *Under collection in AIA - Delay in procurement of consultant services to develop a completion report of the project caused the under expenditure by the end of the financial year*
- (b) *Use of goods and services – The under payment was as a result of ordered goods and services not being received by the closure of financial year hence payment could not be made.*
- (c) *Acquisition of assets – The under expenditure was as a result of austerity, measures undertaken to curtail spending on equipment*

The entity financial statements were approved on 30th March-2022 and signed by:



DR. JULIUS MUIA, PhD, CBS
Principal Secretary



NEMWEL M. MOTANYA
ICPAK NO. 2367
HEAD OF ACCOUNTING
UNIT

13. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES (Annex

1)

| Programme/Sub-programme | Original Budget | Adjustments | Final Budget | Actual on comparable basis | Budget utilization difference |
|-------------------------|-----------------|-------------|--------------|----------------------------|-------------------------------|
| | 2021 | | 2021 | 2021 | |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Programme 1 | | | | | |
| Sub-programme 1 | | | | | |
| Sub-programme 2 | | | | | |
| Sub-programme 3 | | | | | |
| | | | | | |
| Programme 2 | | | | | |
| Sub-programme 1 | | | | | |
| Sub-programme 2 | | | | | |
| Sub-programme 3 | | | | | |
| Total | | | | | |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the National Treasury. 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

The accounting policies set out in this section have been consistently applied by the National Treasury for all the years presented.

a) Recognition of Receipts

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

i) Tax Receipts

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

ii) Transfers from the Exchequer

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

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

iii) External Assistance

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

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

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

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.

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 recognised in the financial statements the time associated cash is received.

b) Recognition of payments

The National Treasury recognises all payments when the event occurs, and the related cash has been paid out by the National Treasury.

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 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

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

Borrowing costs that include interest are recognized as payment in the period in which they are 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. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

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

5. In-kind contributions

In-kind contributions are donations that are made to the Entity 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 National Treasury includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

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.

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

a) Restriction on Cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2021, this amounted to Kshs 218,450,037 compared to Kshs 303,288,424 in prior period as indicated. There were no other restrictions on cash during the year.

8. Accounts Receivable

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

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 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.

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

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

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

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 earliest prior period presented. During the year, errors that have been corrected are disclosed under note 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

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

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
 - ii) potential will be required to settle the obligation; or
 - iii) 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 *National Treasury* 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.

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

15.NOTES TO THE FINANCIAL STATEMENTS

15.01:Proceeds from Domestic and Foreign Grants

| Name of Donor | Date received | Indicate whether it was a direct payment | Amount in foreign currency | 2020-2021 | 2019-2020 |
|----------------------------------|---------------|--|----------------------------|-----------------------|----------------------|
| | | | | Kshs | Kshs |
| Study and Capacity Building | | | | 9,075,750 | 2,275,350 |
| Global Fund HIV/AIDS | | | | 9,041,280,199 | 2,608,014,119 |
| Global Fund Malaria | | | | 1,627,977,187 | 270,799,405 |
| Global Fund TB | | | | 118,322,822 | 242,800,331 |
| Financial Sector Support Project | | | | | 209,476,428 |
| Total | | | | 10,796,655,958 | 3,333,365,633 |

15.02:Exchequer Releases

| Description | 2020-2021 | 2019-2020 |
|--|-----------------------|-----------------------|
| | Kshs | Kshs |
| Total Exchequer Releases for quarter 1 | 12,543,080,581 | 9,064,053,774 |
| Total Exchequer Releases for quarter 2 | 15,414,121,810 | 14,656,446,015 |
| Total Exchequer Releases for quarter 3 | 13,378,151,551 | 12,185,672,075 |
| Total Exchequer Releases for quarter 4 | 43,456,247,158 | 34,075,965,783 |
| Total | 84,791,601,100 | 69,982,137,647 |

15.03:Proceeds from Foreign Borrowings

| | 2020-2021 | 2019-2020 |
|---|--------------------|-------------------|
| | Kshs | Kshs |
| Foreign Borrowing – Drawdowns Through Exchequer | 0 | 0 |
| Foreign Borrowing - Direct Payments | 117,456,323 | 82,851,000 |
| Foreign Currency and Foreign Deposits | 0 | 0 |
| Other foreign accounts payable | 0 | 0 |
| Total | 117,456,323 | 82,851,000 |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

15.04: Other Receipts

| Description | 2020-2021 | 2019-2020 |
|------------------------|--------------------|-----------|
| | Kshs | Kshs |
| Direct receipt from AU | 253,649,270 | 0 |
| | | |
| Total | 253,649,270 | 0 |

This development vote bank balance carried forward

15.05: Compensation of Employees

| | 2020-2021 | 2019-2020 |
|--|----------------------|----------------------|
| | Kshs | Kshs |
| Basic salaries of permanent employees | 1,647,383,253 | 1,514,479,820 |
| Basic wages of temporary employees | 148,200,461 | 147,302,113 |
| Personal allowances paid as part of salary | 1,022,375,218 | 780,251,417 |
| Total | 2,817,958,932 | 2,442,033,350 |

15.06: Use of Goods and Services

| | 2020-2021 | 2019-2020 |
|--|-----------------------|-----------------------|
| | Kshs | Kshs |
| Utilities, Supplies and Services | 143,675,645 | 145,799,159 |
| Communication, supplies and services | 11,959,275 | 27,048,064 |
| Domestic travel and subsistence | 86,661,133 | 105,304,252 |
| Foreign travel and subsistence | 28,494,048 | 55,141,607 |
| Printing, advertising and information supplies & services | 22,619,877 | 14,726,483 |
| Rentals of produced assets | 38,864,345 | 53,867,806 |
| Training expenses | 53,392,949 | 232,305,822 |
| Hospitality supplies and services | 310,986,211 | 506,449,426 |
| Insurance costs | 3,002,262,873 | 771,013 |
| Specialized materials and services | 10,008,528,374 | 2,826,629,678 |
| Office and general supplies and services | 18,783,834 | 48,804,387 |
| Fuel Oil and Lubricants | 12,093,193 | 18,500,030 |
| Other operating expenses | 12,398,968,915 | 12,976,076,257 |
| Routine maintenance – vehicles and other transport equipment | 16,220,397 | 17,308,660 |
| Routine maintenance – other assets | 12,844,809 | 29,588,198 |
| Total | 26,166,355,878 | 17,058,320,842 |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

15.07:Subsidies

| Description | 2020-2021 | 2019-2020 |
|---|--------------------|----------------------|
| | Kshs | Kshs |
| Subsidies to Public Corporations/Institutions* | | |
| Agriculture Finance Corporation | 500,000,000 | 1,200,000,000 |
| TOTAL | 500,000,000 | 1,200,000,000 |

15.08:Grants and Transfers to Other Government Entities

| Description | 2020-2021 | 2019-2020 |
|---|-----------------------|-----------------------|
| | Kshs | Kshs |
| Transfers to National Government entities | | |
| Current grants to government agencies and other level of government | 26,992,185,165 | 35,134,893,772 |
| Capital grants to government agencies and other level of government | 7,410,741,716 | 1,274,873,780 |
| Other Current transfers grants and subsidies | 22,092,500 | 10,000,000 |
| Other Capital Grants and Trans | 7,392,790,654 | 3,456,729,062 |
| TOTAL | 41,817,810,035 | 39,876,496,614 |

15.09:Transfers to self – reporting entities in the year

| Description | Recurrent | Development | Total | 2020-2021 |
|---|-----------------------|----------------------|-----------------------|-----------------------|
| | Kshs | Kshs | Kshs | Kshs |
| Transfers to SAGAs and SCs | 25,381,601,166 | 172,390,000 | 25,553,991,166 | 25,553,991,166 |
| Transfers to Projects-GoK counterpart funding) | | 7,825,266,758 | 7,825,266,758 | 7,825,266,758 |
| TOTAL | 25,381,601,166 | 7,997,656,758 | 33,379,257,924 | 33,379,257,924 |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

15.10: Other Grants and Transfers

| Explanation | 2020-2021 | 2019-2020 |
|---|----------------------|----------------------|
| | Kshs | Kshs |
| Membership dues and subscriptions to international organizations | 4,772,514,748 | 3,407,914,748 |
| Membership dues and subscriptions to international organizations(Continued) | 644,999,558 | 713,896,921 |
| Total | 5,417,514,306 | 4,121,811,669 |

15.11: Social Security Benefits

| Explanation | 2020-2021 | 2019-2020 |
|--|-------------------|-----------|
| | Kshs | Kshs |
| Government pension and retirement benefits | 24,655,798 | 0 |
| Total | 24,655,798 | 0 |

15.12: Acquisition of Assets

| Non - Financial Assets | 2020-2021 | 2019-2020 |
|--|-----------------------|----------------------|
| | Kshs | Kshs |
| Construction of Buildings | 0 | 72,850,430 |
| Refurbishment of Buildings | 213,982,768 | 188,350,481 |
| Overhaul and Refurbishment of Construction and Civil Works | 99,999,730 | 38,535,960 |
| Purchase of Vehicles and Other Transport Equipment | 177,330,330 | 26,988,448 |
| Purchase of Household Furniture and Institutional Equipment | 0 | 627,500 |
| Purchase of Office Furniture and General Equipment | 2,939,267 | 12,920,217 |
| Purchase of Specialized Plant, Equipment and Machinery | 64,335,589 | 311,338,339 |
| Research, Studies, Project Preparation, Design & Supervision | 229,572,508 | 340,644,358 |
| Sub-total | 788,160,192 | 992,255,733 |
| Financial Assets | | |
| Domestic Public Non-Financial Enterprises | 0 | 5,150,695,820 |
| Domestic Equity Participation | 18,077,614,878 | 63,990,314 |
| Foreign Equity Participation | 490,436,605 | 534,549,586 |
| Sub-total | 18,568,051,483 | 5,749,235,720 |
| Total | 19,356,211,675 | 6,741,491,452 |

15.13: Other Expenses

| | 2020-2021 | 2019-2020 |
|--|-----------|-----------|
| | Kshs | Kshs |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

| | | |
|--|----------|----------------------|
| Capital Transfer to Public Financial Institution and Enterprises | 0 | 1,600,000,000 |
| Total | 0 | 1,600,000,000 |

The payment of Kshs.1,600,000,000 made in FY 2019-2020 was part of strategic investments in public enterprises with regards to Consolidated Bank Limited. There was no expenditure on the same in the FY 2020-2021.

15.14A: Bank Accounts

| Name of Bank, Account No. & currency | Indicate whether recurrent, Development, deposit e.t.c | 2020-2021 | 2019-2020 |
|--------------------------------------|--|----------------------|--------------------|
| | | Kshs | Kshs |
| TNT Recurrent CBK A/C No. 1000181467 | Recurrent | 631,471 | 15,747,925 |
| Development CBK A/C No. 1000181664 | Development | 4,288,324 | 351,896,424 |
| Deposit CBK A/C No. 1000182137 | Deposit | 218,450,637 | 303,288,424 |
| Deposit CBK A/C No. 1000205024 | Deposit | 3,380,385,842 | |
| Total | | 3,603,756,274 | 670,932,773 |

15.14 B: Cash in Hand

| | 2020-2021 | 2019-2020 |
|--|----------------|----------------|
| | Kshs | Kshs |
| Cash in Hand – Held in domestic currency | 243,087 | 390,518 |
| Total | 243,087 | 390,518 |

15.15: Accounts Receivable

| Description | 2020-2021 | 2019-2020 |
|------------------------------|----------------------|--------------------|
| | Kshs | Kshs |
| Advance to MDAs and Projects | 1,164,229,081 | 883,961,419 |
| Government Imprests | | 25,200 |
| Cash in transit | | |
| Salary advances | 1,385,885 | 837,674 |
| District suspense | 40,005 | 4,637,965 |
| Clearance accounts | | |
| Total | 1,165,654,971 | 889,462,258 |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

15.16: Accounts Payable

| Description | 2020-2021 | 2019-2020 |
|--------------|----------------------|-------------------|
| | Kshs | Kshs |
| Retention | 59,478,396 | 63,813,810 |
| Deposits | 3,539,358,083 | 23,034,259 |
| Total | 3,598,836,479 | 86,848,069 |

15.17: Fund Balance Brought Forward

| Description | 2020-2021 | 2019-2020 |
|----------------------|----------------------|----------------------|
| | Kshs | Kshs |
| Bank accounts | 670,932,773 | 1,251,228,388 |
| Cash in hand | 390,518 | 1,020,917 |
| Accounts Receivables | 889,462,258 | 899,585,508 |
| Accounts Payables | -86,848,069 | -80,200,064 |
| TOTAL | 1,473,937,480 | 2,071,634,748 |

15.18: Prior Year Adjustments

| | Balance b/f FY 2019/2020 as per audited financial statements | Adjustments during the year relating to prior periods | Adjusted ** Balance b/f FY 2019/2020 |
|--------------------------|--|---|--|
| Description of the error | Kshs | Kshs | Kshs |
| Bank account Balances | (15,747,925) | | |
| Accounts Payables | (216,440,355) | | |
| Receivables (AIA) | 70,212,624 | | |
| Total | (161,975,656) | | 956,196,623 |

15.19: (Increase)/ Decrease in Receivable

| | 2020-2021 | 2019-2020 |
|--|--------------------|-----------|
| | Kshs | Kshs |
| Receivables as at 1 st July 2020 | 889,462,258 | |
| Receivables as at 30 th June 2021 | 1,165,654,971 | |
| Increase)/ Decrease in Receivables (c=(b-a)) | 276,192,713 | |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

15.20: Increase/ (Decrease)in Accounts Payable

| | 2020-2021 | 2019-2020 |
|---|----------------------|-------------------|
| | Kshs | Kshs |
| Payables as at 1 st July 2020 | 86,848,069 | 899,585,508 |
| Payables as at 30 th June 2021 | 3,598,836,479 | 889,462,258 |
| Increase/ (Decrease)in payables | 3,511,988,410 | 10,123,250 |

15.21: Related Party Disclosures

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

The following comprise of related parties to the National Treasury

- i. Key management personnel that include the Cabinet Secretaries and Accounting Officers
- ii. Other Ministries Departments and Agencies and Development Projects;
- iii. State Corporations and Semi-Autonomous Government Agencies.

Related party transactions:

| | 2020-2021 | 2019-2020 |
|---|-----------------------|-----------------------|
| | Kshs | Kshs |
| Key Management Compensation | 218,287,676 | 198,443,342 |
| Sub total | 218,287,676 | 198,443,342 |
| <u>Transfers to related parties</u> | | |
| Transfers to other MDAs | 128,000,000 | 0 |
| Transfers to SCs and SAGAs | 25,553,991,166 | 39,876,496,614 |
| Transfers to Development Project | 7,825,266,758 | 1,181,027,710 |
| Transfers to other non -reporting government entities | 15,826,112,439 | |
| Total Transfers to related parties | 49,333,370,363 | 41,057,524,324 |
| <u>Purchase of Goods and Services</u> | | |
| Purchase of electricity from KPLC | 103,814,394 | 145,799,150 |
| Rent charges paid to govt. agencies | 38,864,345 | 53,867,805.75 |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

| | | |
|--|-----------------------|-----------------------|
| Training fees paid to govt agencies | 53,602,949 | 232,305,822 |
| Conference facilities hired from govt. agencies | 310,976,711 | 506,347,414 |
| Others (Specify) | | |
| Total goods and services paid to govt. agencies | 507,258,399 | 938,320,192 |
| | | |
| <u>Transfers from related parties</u> | | |
| Transfers from the Exchequer | 84,791,601,100 | 69,982,137,647 |
| Transfers from other MDAs | | |
| (Insert any other transfers received from govt.) | | |
| Total Transfers from related parties | 84,791,601,100 | 69,982,137,647 |

16. PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S RECOMMENDATIONS (Annex 2)

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

| Reference No. on the external audit report | Issue / observation from Auditors | <u>Status:</u> <u>Resolved / Unresolved</u> |
|---|---|--|
| Para 1 | Accuracy of the financial statements | Resolved |
| Para 2 | Long outstanding reconciliation items | Resolved |
| Para 3 | Pending bills | Resolved |
| Para 4 | Refurbishment of sections of the National Treasury building | Resolved |
| Para 4.1 | Refurbishment of works to budget offices | Resolved |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

| | | |
|----------|--|------------------|
| Para 4.2 | Refurbishment works at 6 th floor | Resolved |
| Para 4.3 | Payment of pending bills on contract for the supply, installation, testing and commissioning of baggage scanners, walk through scanners, hand held metal detectors and associated works. | Resolved |
| Para 5 | Assets register | Work in Progress |



DR. JULIUS MUIA, PhD, CBS
Principal Secretary



NEMWEL M. MOTANYA
ICPAK NO. 2367
HEAD OF ACCOUNTING
UNIT

ANNEX 4 a – SUMMARY OF FIXED ASSET REGISTER

| Asset class | Historical Cost b/f (Kshs) 2019/2020 | Additions during the year (Kshs) | Disposals during the year (Kshs) | Transfers in/(out) during the year | Historical Cost c/f (Kshs) 2020/21 |
|---|--------------------------------------|----------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Buildings and structures | 1,004,215,259 | 0 | | | 1,004,215,259 |
| Refurbishment of buildings | | 213,982,767 | | | 213,982,767 |
| Transport equipment | 159,762,550 | | | | 159,762,550 |
| Office equipment, furniture and fittings | 407,626,283 | 2,939,267 | | | 410,565,267 |
| Overhaul of construction and civil work | 38,535,960 | 99,999,730 | | | 138,535,690 |
| Household furniture and institutional equipment | 627,500 | | | | 627,500 |
| Other machinery and equipment | 2,366,544,107 | 64,335,589 | | | 2,430,879,696 |
| Research, studies, project preparation, design | 759,289,507 | 229,572,508 | | | 988,862,015 |
| Purchase of motor vehicles | 89,988,448 | 177,330,330 | | | 267,318,778 |
| Sub-Total | 4,826,589,614 | 788,160,191 | | | 5,614,749,805 |
| FINANCIAL ASSETS | | | | | |
| Domestic equity participation | 2,318,632,788 | 18,077,614,878 | | | 20,396,247,666 |
| Foreign equity participation | 7,770,892,038 | 490,436,605 | | | 7,770,892,038 |
| Domestic Lending and on Lending | 33,090,542,610 | | | | 33,090,542,610 |
| Sub-Total | 43,180,067,436 | 18,568,051,483 | | | 43,180,067,403 |
| Total | 48,006,657,050 | 19,356,211,674 | | | 67,362,868,724 |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

ANNEX 5 – LIST OF PROJECTS IMPLEMENTED BY THE ENTITY

| Ref | Project Name | Principal activity of the project | Accounting Officer | Project consolidated in these financial statements (yes/no) |
|-----|-------------------------------------|---|---------------------|---|
| 1 | Global Fund HIV/AIDS | Control of Mobility and Mortality attributable to Malaria in the epidemiological zones | Principal Secretary | Prepared their Accounts |
| 2 | Global Fund TB | To expand the physical infrastructure for the delivery of TB/HIV service by strengthen primary health care facilities | Principal Secretary | Prepared their Accounts |
| 3 | Global Fund Malaria | To have 100% diagnosed Malaria patient receiving effective treatment by 2019 | Principal Secretary | Prepared their Accounts |
| 4 | Public Financial Management Reforms | To strengthen public financial management system to enhance Transparency, Accountability and Responsiveness of expenditure to policy priorities and improved service delivery | Principal Secretary | Prepared their Accounts |
| 5 | Profit Programme | The rural finance outreach and innovation | Principal Secretary | Prepared their Accounts |
| 6 | KEPTAP | To strengthen the capacity of GOK to manage its Petroleum Sector and Wealth for Sustainable Development Impacts | Principal Secretary | Prepared their Accounts |
| 7 | Micro Finance | Promote the Financial Deepening in the Banking Sector in order to ensure the access to credit by the non banking population of Kenya | Principal Secretary | Prepared their Accounts |
| 8 | Infrastructure FPP Project | To increase Private Investments in the Kenya Infrastructure market | Principal Secretary | Prepared their Accounts |
| 9 | Financial Sector Support Project | To strengthen the Legal Regulatory & Institution Environment for improved financial stability, access to and provision of affordable and long- | Principal Secretary | Prepared their Accounts |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

| Ref | Project Name | Principal activity of the project | Accounting Officer | Project consolidated in these financial statements (yes/no) |
|-----|--|---|---------------------|---|
| | | term financing | | |
| 10 | Technical Support Programme | Financing of feasibility studies for project to be financed by AFD | Principal Secretary | Prepared their Accounts |
| 11 | Study & Capacity Building | To strengthen health professionals existing clinical expertise | Principal Secretary | Prepared their Accounts |
| 12 | Financing Locally led Climate Action Programme | To finance locally led climate action program | Principal Secretary | Prepared their Accounts |
| 13 | Green Climate Fund Readiness Programme | Provides grants and technical assistance to National Designated Authorities | Principal Secretary | Prepared their Accounts |
| 14 | EA Regional Trade & Transport Facilitation Programme | To improve the movement of goods and people between Kenya and South Sudan, in general | Principal Secretary | Prepared their Accounts |
| 15 | Horn of Africa Gateway Development Project | To improve the movement of people and goods and digital connectivity and access to social services | Principal Secretary | Prepared their Accounts |
| 16 | Public Debt Management Support Project | To finance technical assistance and capacity building activities to address capacity and knowledge | Principal Secretary | Prepared their Accounts |
| 17 | Kenya Affordable Housing Project | To provide a wide array of financial products and technical assistance | Principal Secretary | Prepared their Accounts |
| 18 | Single Widow Support Project | A vision enabling solution | Principal Secretary | Prepared their Accounts |
| 19 | Regional Integration Implementation Programme | To enhance Uganda's capacity to integrate and harness regional economic opportunities presented by COMESA | Principal Secretary | Prepared their Accounts |
| 20 | | | | |

THE NATIONAL TREASURY AND PLANNING
Annual Report and Financial Statements
For the year ended 30, June 2021.

ANNEX 6 – LIST OF SCs, 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 | Kenya Revenue Authority | Revenue Collection | | 23,491,678,810 | N/A |
| 2 | Competition Authority of Kenya | To control monopoly power and dominance in the Specific Market | | 276,100,000 | |
| 3 | Unclaimed Asset Authority | Management of Unclaimed Financial Assets | | 112,425,000 | |
| 4 | Pension Fund | Managing Pension Fund | | 906,532,979 | |
| 5 | Public Procurement Oversight Authority | Regulatory role in Public Procurement | | 356,987,152 | |
| 6 | Kenya Institute of Supplies Management | Conducting training for Supplies Officers | | 54,174,204 | |
| 7 | Kenya Trade Network | | | 373,300,000 | |
| 8 | Public Privatization Commission | Regulatory Body | | 170,250,000 | |

PENDING BILLS F/Y 2020/2021

| S/ NO | PAYEE | Purpose | Amount (KSH) | Date of Account ing Officer Approval | Number & Date of LSO/LPO/Co ntract Approval | Date of Acceptanc e & inspection certificate | Invoice no & Date | Delivery Date | Observations | AUDIT REMARK |
|----------|----------------------------|---|---------------|--|---|--|-----------------------------|------------------|---|--|
| 1 | Toyota Kenya Limited | Payment for repair services for motorvehicle GKB984E Toyota corolla | 117,410.00 | 17/05/20 21 | 11078 of 17/6/2021 | 30/06/2021 | 91562452 of 29/6/21 | | Required documents attached | verified as per supporting documents |
| 2 | URYSIA LIMITED | Payment for repair and servicing of motorvehicle GKB 490S & 508 Peugeot | 41,262.00 | 14/03/20 21 | 10677 of 17/3/2021 | 30/06/2021 | PSI-31140 Of 30/6/21 | | Required documents attached | verified as per supporting documents |
| 3 | Commission er of VAT | Payment of VAT recovered from KEMSA | 762,544.00 | | | | | | Required documents attached | verified |
| 4 | Toyota Kenya Limited | Payment for supply and delivery of Toyota Landcruiser prado turbo GD150R- GKTEY, 2.8L Diesel for official use by public service commission | 48,000,000.00 | 10/05/20 21 | SB/015/012/2 020-2021 | 30/06/2021 | 91562514 of 29/6/2021 | 30/06/20 21 | All supporting documents attached | verified as per supporting documents |

| S/ NO . | PAYEE | Purpose | Amount (KSH) | Date of Accounting Officer Approval | Number & Date of LSO/LPO/Contract Approval | Date of Acceptance & inspection certificate | Invoice no & Date | Delivery Date | Observations | AUDIT REMARK |
|---------|------------------------|---|---------------|-------------------------------------|--|---|------------------------------------|---------------|--|--------------------------------------|
| 5 | URYSLA LIMITED | Payment for the supply and delivery of station wagon motor vehicles peugeot 3008 Allure MTD | 10,998,000.00 | 25/02/2021 | SB//5/0040/19-21 | 27/04/2021 | TNT/PONO 10700/001 10 OF 21/4/2021 | 27/04/2021 | All supporting documents attached | verified as per supporting documents |
| 6 | Toyota Kenya Limited | Payment for the supply and delivery of Landcruiser prado turbo GDJ150R-GKTEY, 2.8L Diesel. | 64,000,000.00 | 25/02/2021 | 10873 of 21/5/21 | 30/06/2021 | 91562089 of 28/6/21 | 29/06/2021 | All supporting documents attached | verified as per supporting documents |
| 7 | Willkim Enterprises | Supply of ladies scarfs for drivers and security officers | 32,120.00 | 44349 | 11002-07/06/2021 | | 161-19/06/2021 | 44365 | Invoice not stamped to show when it was received at The National Treasury. | |
| 8 | Resjos Enterprises Ltd | Proposed construction & erection of gymnasium | 4,131,437.46 | 17/04/2020 | 11233-06/07/2021 | | | | Historical debt of 2019/20 | verified |

| S/ NO | PAYEE | Purpose | Amount (KSH) | Date of Accounting Officer Approval | Number & Date of LSO/LPO/Contract Approval | Date of Acceptance & inspection certificate | Invoice no & Date | Delivery Date | Observations | AUDIT REMARK |
|-------|----------------------------------|---|--------------|-------------------------------------|--|---|----------------------------------|---------------|--|---|
| 9 | Urysia Limited | Supply & delivery of MTD-941-043-18, 1501-1700 Peugeot 3008 active | 9,998,000.00 | 44270 | 10819-29/04/2021 | | MOP/P010 819/00113 - N17/06/2021 | 44370 | Pre-delivery inspection report and contract agreement attached. | Verified as per the attached documents. |
| 10 | Marks of Excellence Ventures Ltd | 10% of provision of consultancy services for mental psychosocial support for Covid 19 | 1,070,000.00 | 17/02/2021 | 11075-17/06/2021 | 17/02/2021 | | | Inception report on covid-19 psychosocial support attached. Contract agreement attached. | Verified as per the attached documents. |
| 11 | Marks of Excellence Ventures Ltd | 30% of provision of consultancy services for mental psychosocial support for Covid 19 | 3,210,000.00 | 17/02/2021 | 11076-17/06/2021 | 17/02/2021 | 10-03/05/2021 | | Final report on covid-19 psychosocial support attached. Contract agreement attached. | Verified as per the attached documents. |

| S/ NO . | PAYEE | Purpose | Amount (KSH) | Date of Accounting Officer Approval | Number & Date of LSO/LPO/Contract Approval | Date of Acceptance & inspection certificate | Invoice no & Date | Delivery Date | Observations | AUDIT REMARK |
|---------|----------------------------------|---|--------------|-------------------------------------|--|---|-------------------|---------------|---|---|
| 12 | Marks of Excellence Ventures Ltd | 20% of provision of consultancy services for mental psychosocial support for Covid 19 | 2,140,000.00 | 17/02/2021 | 11077-17/06/2021 | 17/02/2021 | 8-03/05/2021 | | First status report on covid-19 psychosocial support attached. Contract agreement attached. | Verified as per the attached documents. |
| 13 | Marks of Excellence Ventures Ltd | 40% of provision of consultancy services for mental psychosocial support for Covid 19 | 4,280,000.00 | 17/02/2021 | 11072-17/06/2021 | 17/02/2021 | 9-03/05/2021 | | Draft report on covid-19 psychosocial support attached. Contract agreement attached. | Verified as per the attached documents. |

| S/ NO . | PAYEE | Purpose | Amount (KSH) | Date of Accounting Officer Approval | Number & Date of LSO/LPO/Contract Approval | Date of Acceptance & inspection certificate | Invoice no & Date | Delivery Date | Observations | AUDIT REMARK |
|---------|---|--|--------------|-------------------------------------|--|---|-------------------|---------------|---|---|
| 14 | Fly High Agency Ltd | Return airticket for officer to dubai | 94,680.00 | 08/06/2021 | 11189-02/07/2021 | 18/06/2021 | 4044-30/06/2021 | | Inspection & acceptance committee certificate attached. Copies of quotations by travel agents attached. | Verified as per the attached documents. |
| 15 | PS State Department of Broadcasting & Telecommunication | Provision of advertising space | 233,669.00 | | 11132-25/06/2021 | | 2885-15/06/2021 | | | Verified as per the attached documents. |
| 16 | Joybell Ventures Limited | Supply of men's suits for support staff | 1,256,624.00 | 03/06/2021 | 11011-07/06/2021 | | 216-22/06/2021 | 22/06/2021 | | Verified as per the attached documents. |
| 17 | Naivasha County Hotel Limited | Provision of venue and conference facilitation | 760,500.00 | 31/05/2021 | 11156-26/06/2021 | | 29852-21/06/2021 | | | Verified as per the attached documents. |

| S/ NO | PAYEE | Purpose | Amount (KSH) | Date of Account ing Officer Approv al | Number & Date of LSO/LPO/Co ntract Approval | Date of Acceptanc e & inspection certificate | Invoice no & Date | Delivery Date | Observations | AUDIT REMARK |
|----------|---|--|-----------------------|--|---|--|----------------------------------|------------------|-------------------------------|---|
| 18 | Toyota Kenya Limited | Repair services for GKB 789S | 37,722.00 | 09/06/20 21 | 11029- 16/06/2021 | | 9158988- 21/06/202 1 | | | Verified as per the attached documents. |
| 19 | Lordstown Travel Group Limited | Provision of return air ticket for an officer | 29,880.00 | 26/05/20 21 | 10893- 04/06/2021 | 31/05/2021 | INV-1572- 14/06/202 1 | | | Verified as per the attached documents. |
| 20 | Toyota Kenya Limited | Repair services for GKB 890S | 14,801.00 | 22/03/20 21 | 10717- 23/03/2021 | | 91526994 3- 27/03/202 1 | | | Verified as per the attached documents. |
| 21 | Resjos Enterprises Ltd | Proposed electrical installation and mechanical works | 6,088,445.60 | 11/08/20 20 | 11232- 06/07/2021 | | | | Historical debt of 2019/20 | Verified as per the attached documents. |
| | Total Verified | | 157,297,095.06 | | | | | | | |

| S/ NO | PAYEE | Purpose | Amount (KSH) | Date of Account ing Officer Approv al | Number & Date of LSO/LPO/Co ntract Approval | Date of Acceptanc e & inspection certificate | Invoice no & Date | Delivery Date | Observations | AUDIT REMARK |
|-------------------------|--------------------------|---|----------------|--|---|--|-------------------------|------------------|---|-----------------|
| UNVERIFIED BILLS | | | | | | | | | | |
| 22 | M/S Isuzu East Africa | Payment of lease of 295 units of Isuzu vehicle to National Police Service | 200,655,176.00 | 43240 | TNT/037/2016 -2017 | 44328 | 44286 | 0 | Vehicle Model NQR 66R Allocated to Kenya Prisons as per Isuzu East Africa communication to PS Treasury is not supported by detailed schedule of vehicles(invoice d) and attached. The cost of 4 units at Ksh. 1,956,752.00 is not supported. certificate not signed | unverified |

| S/ NO . | PAYEE | Purpose | Amount (KSH) | Date of Accounting Officer Approval | Number & Date of LSO/LPO/Contract Approval | Date of Acceptance & inspection certificate | Invoice no & Date | Delivery Date | Observations | AUDIT REMARK |
|---------|-----------------------------|---|---------------|-------------------------------------|--|---|-------------------|----------------|---|--------------|
| 23 | M/s Toyota Kenya Limited | Payment of lease for vehicles | 85,358,457.00 | 18/06/2020 | | 16/06/2021 | 03/02/2021 | | copy of lease agreement attached is not signed/approved | unverified |
| 24 | Ginard Construction Limited | Payment for refurbishment of public/private partnership offices at Kenya Re | 1,975,712.00 | 30/06/2021 | 11185 | 0 | 131 | | inspection and acceptance certificate not attached. Professional opinion not attached. LSO attached is a copy | unverified |
| 25 | National Oil corporation | procurement of fuel for National Treasury | 5,000,000.00 | 30/06/2021 | 11126 of 25/6/2021 | 0 | | | invoice not attached. Original LPO not attached | unverified |
| 26 | M/S Jossnad Agencies | payment for supply of 3ply Surgical masks | 2,890,000.00 | 08/04/2021 | 11012 of 7/6/2021 | 17/06/2021 | 192 of 14/6/21 | 346 of 14/6/21 | original professional opinion not attached. | unverified |

| S/ NO | PAYEE | Purpose | Amount (KSH) | Date of Account ing Officer Approval | Number & Date of LSO/LPO/Co ntract Approval | Date of Acceptanc e & inspection certificate | Invoice no & Date | Delivery Date | Observations | AUDIT REMARK |
|----------|---------------------------------------|--|---------------|--|---|--|-------------------------|------------------|--|-----------------|
| 27 | Naivas Limited | Procurement of office equipment | 95,965.00 | | 10976- 04/06/2021 | | | | Invoice not attached. Requisition from user department not attached. | unverified |
| 28 | M/S Vanguard Engineering Ltd | Rehabilitation of Plumbing, Drainage, and sanitary appliances. | 34,408,621.00 | 16/06/20 21 | 11201 of 30/3/2021 | 24/06/2021 | 0 | | Invoice not attached. | Unverified |
| 29 | Villa Rosa Kempinski | Provision of venue and conference facilitation | 321,992.00 | 20/04/20 21 | 11153- 26/06/2021 | 20/04/2021 | 23/04/202 1 | 23/04/20 21 | The invoice lacks invoice number and not stamped to show when it was received at The National Treasury. | unverified |

| S/ NO . | PAYEE | Purpose | Amount (KSH) | Date of Accounting Officer Approval | Number & Date of LSO/LPO/Contract Approval | Date of Acceptance & inspection certificate | Invoice no & Date | Delivery Date | Observations | AUDIT REMARK |
|---------|---------------------|---|--------------|-------------------------------------|--|---|---|---------------|---|--------------|
| 30 | Safaricom Limited | Provision of connectivity and cloud services for eCitizen | 7,035,766.00 | 12/05/2021 | 10877-21/05/2021 | | B1-20069247 280-01/04/2021 B1-20069325 116-01/05/2021 B1-20069401 513-01/06/2021 | | Invoices not stamped to show when they were received at The National Treasury. Examination section of the voucher not signed. | unverified |
| 31 | M/S Broadvision LTD | 1st payment certificate | 2,831,760.00 | 24/02/2021 | 10629 of 3/3/21 | 0 | BVL005/21 of 23/6/21 | | original professional opinion not attached. Inspection and acceptance committee report not attached | unverified |

| S/ NO | PAYEE | Purpose | Amount (KSH) | Date of Account ing Officer Approval | Number & Date of LSO/LPO/Co ntract Approval | Date of Acceptanc e & inspection certificate | Invoice no & Date | Delivery Date | Observations | AUDIT REMARK |
|----------|--|--|-----------------------|--|---|--|--------------------------|------------------|--|-----------------|
| 32 | Kenya Reinsurance Corporation Ltd | Office rent for re- insurance plaza | 14,489,349.00 | 02/06/20 21 | 11033- 17/06/2021 | | 31487- 01/01/202 1 | | Lease agreement not attached. Original LPO not attached but a copy. | unverified |
| | Total Unverified bills | | 355,062,798.00 | | | | | | | |
| | Grand total | | 512,359,893.06 | | | | | | | |

