

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

THE NATIONAL ASSEMBLY PAPERS TAID	
DATE: 22 MAR 2023	DAY: Wed
TABLED BY:	Deputy LOM
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**THE AUDITOR-GENERAL**

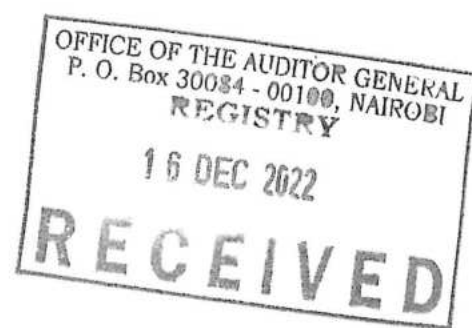
**ON**

**STATE DEPARTMENT FOR  
DEVOLUTION**

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







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**MINISTRY OF DEVOLUTION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2022**

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## **1. Key Entity Information and Management**

### **(a) Background information**

The Ministry of Devolution was established in January 2018 following the restructuring of the Government. The Ministry is in charge of the Management of Devolution Affairs.

The mandate of the Ministry is drawn from the Constitution of Kenya, the various Acts under which Devolution is implemented, the Executive Order No. 1/2018 of June 2018 and Government policy on Big Four Agenda.

The Ministry of Devolution consists of one State Departments; Devolution - with the following key institutions:

- National and County Government Coordinating Summit,
- Intergovernmental Relations Technical Committee.
- Council of Governors

### **Mandate**

The mandate of the Ministry of Devolution (MOD) is drawn from Articles 6 and Chapter 11 of the Constitution of Kenya, the Executive Order No. 1/2018 and the various Acts under which Devolution is implemented including; Intergovernmental Relations Act, 2012; County Governments Act, 2012; Urban Areas and Cities Act 2011 and Public Finance Management Act 2012.

Following the reorganisation of government by the president on 29<sup>th</sup> September 2021, the state department of ASALS was moved to the Ministry of public service and gender and senior citizen's affairs. The Ministry of Devolution remained with the following functions;

- i. Devolution Policy,
- ii. Intergovernmental Relations
- iii. Capacity Building and Technical Assistance to County Governments,
- iv. Management, Monitoring and Evaluation of Devolution Affairs

Based on the above functions, the Ministry of Devolution is expected to undertake the following specific responsibilities:

- i. Coordinate the Development and implementation of Devolution laws, policies and guidelines for socio-economic Development
- ii. Capacity building and technical assistance to counties;
- iii. Capacity building on devolved system of Government

- iv. Facilitation of intergovernmental relations between the National and County Governments;
- v. Facilitation of public participation in policy and decision-making processes;
- vi. Monitoring and Evaluating performance of Devolution;
- vii. Facilitation of transfer of functions between the national and county Governments

**Vision**

A centre of excellence in management of Devolution for high quality of life for Kenyans

**Mission**

To provide policy direction and leadership for effective management of Devolution, harmonious intergovernmental relations.

**Strategic goals/ objectives**

The sub-sector's strategic objectives are:

- To strengthen the capacity of county Governments for effective and efficient performance of their functions;
- To strengthen intergovernmental relations;
- To enhance management of Devolution affairs;

**(b) Key Management**

The Ministry's day-to-day management is under the following key organs:

Budget implementation committee-BIC

Departmental Human Resources Advisory Committee

**(c) Fiduciary Management**

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



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No.	Designation	Name
1	Cabinet Secretary	HON.EUGINE WAMALWA, EGH
2	Accounting Officer	Mr.Julius Korir,CBS
3	Senior Chief Finance Officer	CPA Sarah Kerandi
4	Deputy Accountant General.	CPA Robert Asumani
5	Ag. Secretary Devolution Affairs	Mr.Alphonso Munyali
6	Director Administration	Mr. Fred Mwei
7	Director Human Resource management and development	Mr .Leonard Ngotho Nyathira
8	Ag Director Inter Governmental Relations	Mr Patrick Karanja
9	Director Capacity Building	Mr Kennedy Nyambati
10	Head Supply Chain Management	Mr Peter Mwangi

**(d) Fiduciary Oversight Arrangements**

The Ministry of Devolution was oversighted by the Departmental Human Resources Management Advisory Committee, and Budget Implementation Committee.

**Budget Implementation Committee (BIC)**

The Ministry has a Budget Implementation Committee. The committee is charged with the responsibility of implementation of the budget and its prudent management. The duties of the committee include:

- (i) To review and consider the cash flow plan.
- (ii) To review the utilization of the cash limits and consider any changes as may be required.
- (iii) To review the utilization of the donor funds voted for the Departments.
- (iv) To advice the Accounting Officers on the challenges related to the budget implementation.
- (v) To review and recommend the reallocation of expenditures.

**The members of the Budget Implementation Committee were:**

No	Name	Designation
1.	Mr Julius Korir CBS	Accounting Officer
2.	Mr Alphonso Munyali	Ag Secretary Devolution Affairs
3.	CPA Sarah Kerandi	Senior Chief Finance Officer
4.	Mr. Fred Mwei	Director Administration
5.	Mr.Ngotho Nyathira	D/Hrm&D
6.	Mr.Nganga Mukundi	Chief Economist
7.	CPA Robert Asumani	Deputy Accountant. General
8.	Mr. Kennedy Nyambati	Director CB/TA

**Departmental Human Resources Advisory Committee**

This committee is composed of the following members drawn from various departments

No	Name	Designation
1	Mr. Julius Korir, CBS	P.S Devolution – Chairman
2	Mr. Alphonso Munyali	Ag Secretary Devolution
3	Mr. Fred Mwei	Director Administration
4	Mr. Ngotho Nyathira	D/HRM&D – Secretary
5	Mr. Nganga Mukundi	Chief Economist
6	Mr. Peter Mwangi	Head supply chain management
7	Mr. James Mwanzia	Director Policy and Research
8	Mr. Kennedy Nyambati	Director Capacity Building and Technical Assistance
9	Ms. Pauline Murithia	Chief State Counsel
10	Mr. Parick Karanja	Ag Director Intergovernmental relations

This is the committee charged with the responsibilities of human resource needs. Its duties include but not limited to:

- Review of promotions of officers in Job Group A-P
- Review of confirmations in appointment
- Review of disciplinary matters
- Review of re-designation of officers from one cadre to another and
- Confirmation of surcharge of officers found to have misused Government resources.
- Training and development of officers.
- Promotion of values and principles of public service

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

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**(e) Entity Headquarters**

P.O. Box 30004

Teleposta Building

Kenyatta Avenue

**NAIROBI, KENYA**

**Entity Contacts**

Telephone: (254) 020 2252299 Fax: 2218475

E-mail: [info@Devolution.go.ke](mailto:info@Devolution.go.ke)

Website: [www.Devolution.go.ke](http://www.Devolution.go.ke)

**(f) Entity Bankers (all banks)**

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

2. Kenya Commercial Bank(KCB)

Kipande House Branch

**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

**NAIROBI, KENYA**



## 2. Statement by the Cabinet Secretary



**HON. EUGENE WAMALWA, EGH**

The Ministry of Devolution and ASAL was established in January 2019 following the restructuring of the Government. It consists of two State Departments; Devolution and ASAL, both of which formed part of the defunct Ministry of Devolution and Planning from April 2013 to September 2021. From September 2021, the state department for ASAL was moved to the Ministry of Public Service and Gender thereby the Ministry remaining as Ministry of Devolution.

In the discharge of its mandate, the State Department has carried out several activities of which key achievements include: To strengthen Inter-Governmental Relations between the two levels of Government and among Counties, the Ministry developed The Intergovernmental Consultative Sectoral Forum regulations which are ready for validation and subsequent forwarding to the Cabinet, Summit and Parliament for adoption.

The Ministry also facilitated discussion and resolution of Sectoral Issues on common interest between the two levels of Government. The report and resolutions of the previous 17 Intergovernmental Consultative Sectoral Forums were shared with all Ministries and Counties for implementation. The Ministry also finalised and Gazetted the Intergovernmental Alternative dispute resolutions regulations, which is meant to reduce the cases being filed in Court by the two levels of Governments against each other.

The Ministry successfully together with the County of Kisumu hosted the 9<sup>th</sup> Edition of Africities Summit bringing together leaders of subnational Governments across Africa. The forum proved an opportunity for leaders of subnational Governments to share experiences and also share best practices.

The Ministry also facilitated, in organizing and holding the 6th Annual Devolution Conference in the FY the 2021/2022. The Conference was held in Makueni County in April, 2022. The Conference provided a platform for Devolution Stakeholders to share ideas on how best to

MINISTRY OF DEVOLUTION

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

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implement the devolved system of Government. Two National and County Government co-ordinating summit meetings were held in the period under review.

The State Department developed a policy on the devolved system of Government with view to strengthening implementation of Devolution initiatives at the two levels of Government. The Review of the County Government Act (2012) and Intergovernmental Relations Act (2012) was finalised and draft amendments forwarded to the Senate for enactment.

The subsector also supported Local Economic Development (LED) by supporting Counties to develop funding proposals for support by the European Union (EU) under the Instruments for Devolution Advice and Support (IDEAS) Project. A total of sixteen capital projects in fifteen Counties were approved for funding with each County expected to receive **Ksh.115 Million**.

Identification, verification and audit of Assets and Liabilities of the Defunct Local Authorities were carried in all the Counties. The report has been forwarded to IBEC for implementation and adoption.

In terms of mitigation of the effects of drought and hunger, the Ministry in the financial year under review, distributed food and non-food items to acutely food insecure households which stood at 2.6 million across 22 Counties. The Ministry spent **Ksh.1.2 Billion** in providing food, non-food items and transport of relief food.

HON. EUGINE WAMALWA, EGH



CABINET SECRETARY  
MINISTRY OF DEVOLUTION

### 3. Statement by The Principal Secretary / Accounting Officer

#### (a) Budget Allocation

In the financial year 2021/2022 the Ministry of Devolution had a gross budget of **Ksh 4,802,396,610** which was made up of **Ksh 3,563,773,549** for Recurrent vote and **Kshs. 1,238,623,062** for Development vote.

The Recurrent budget for the year was **86%** utilised while the Development budget was **93%** utilised bringing the total utilisation to **88%** the high absorption was mainly as a result of the achievement of 100% in transfers to SAGAS.

#### Key Performance Highlights

Below is an overview of the financial performance for the year ended 30th June 2022 as reported in the detailed financial statements together with the commentary and comparative analysis against the budget for the key items in the financial statements.

Financial Performance	Printed Estimates	Actual	Variance	%
	Kshs	Kshs	Kshs	Utilisation Variance
Total Receipts	4,802,396,610	4,336,273,421	466,123,189	90%
Total Payments	4,802,396,610	4,232,727,799	569,668,811	88%
Surplus(deficit)		103,545,623		

#### Budget Utilisation

The Ministry spent KShs. **4,232,727,799** as total payments. Utilisation of the budget was carried out through various activities (economic classifications) as shown in the table below:



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	Approved Budget Allocation Ksh.	Actual Payments Ksh.	Variance Ksh.
<b>PAYMENTS</b>			
Compensation of Employees	286,103,062	279,510,950	6,592,112
Use of goods and services	2,174,891,845	1,633,266,396	541,625,449
Transfers to Other Government Units	815,735,096	932,340,894	(116,605,798)
Other grants and transfers	1,048,716,076	1,026,392,351	22,323,725
Social security benefits	18,284,324	17,201,808	1,082,516
Acquisition of Assets	458,666,210	344,015,400	114,650,810
<b>TOTAL PAYMENTS</b>	<b>4,802,396,610</b>	<b>4,332,727,799</b>	<b>469,668,811</b>

### Receipts

The Ministry total receipts summed up to kshs to 4,336,273,421 comprised of Exchequer releases and grants.

### Total Receipts Breakdown

	Year to 30th June 2022	Year to 30th June 2021	Change
	Kshs	Kshs	Kshs
Proceeds from domestic and foreign grants	131,973,713	238,383,946	(106,410,233)
Transfers from National Treasury(exchequers)	4,158,246,199	8,575,885,289	(4,417,639,090)
Other receipts	46,053,509	5,000,000	41,053,509
<b>TOTAL RECEIPTS</b>	<b>4,336,273,421</b>	<b>8,819,269,235</b>	<b>(4,482,995,814)</b>

### 1. Key Achievements for The Ministry During the Reporting Period

The Ministry achieved the following key milestone in the period under review;

1. Successfully coordinated the holding of the 9th Edition of *Africities Summit* in Kisumu City from the 17th to the 21st of May 2022.
2. The construction of Kisumu Convention Centre was implemented to approximately 60%
3. Supported 38 counties both financially and technically to initiate capital projects under the Kenya Devolution Support Programme(KDSP)

4. Completed the construction of 17 Capital projects in 15 counties under the Instruments for Devolution Advice (IDEAS) project.
5. A total of 35 counties were capacity built and technically supported on various aspects including financial management, Monitoring and Evaluation, Human resource among others
6. The review of County Government Act (2012) and Intergovernmental Relations Act (2012) were finalized. The attendant regulations were also developed.
7. Four Intergovernmental sectors forums; Health, Manufacturing, Water, public service was held.
8. Successfully closed the Kenya Devolution Support Programme(KSDP) by undertaking fiduciary review, value for Money and End of Programme Report.
9. The second National Capacity Building and Devolution Knowledge Management for devolved system frameworks were developed. The Framework was further disseminated.

**2. The Sub-Sector's Emerging Issues Include:**

- The Integration of County Governments into Regional Economic Blocs without clear policy/legal framework;
- Uncoordinated civic education and capacity building for County Governments by different players;
- Disputes between county Governments over common boundaries and shared resources; between counties and also with national Government.
- Lack of harmony in fees and charges and double taxation by county Governments.

**3. Key Risk Management Strategies**

- The Ministry is working with county governments and development partners in order to mitigate the challenges of inadequate budget for programs and activities.
- The Ministry has enhanced collaboration and cooperation with agencies within the department eg council of governors and intergovernmental relations technical committee (IGRTC) to ensure there is seamless implementation of activities and programs.
- **Challenges Faced During Programmes and Projects Implementation**
- Budget cut during supplementary: This applied mainly to the development budget especially the Kenya Devolution Support Programme (KDSP).

## **5. Environmental and Sustainability Reporting**

The Ministry of Devolution exists to transform lives. This is our purpose; the driving force behind everything we do by putting the Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of the sustainability activities conducted in the year:

### **a) Sustainability strategy and profile**

The Ministry is working and training county governments on various program in order to ensure that the programs are sustained by the county governments. the Ministry has also developed policies and guidelines to support county government in projects and program implementation.

### **b) Environmental performance /climate change/ mitigation of natural disasters**

The Ministry is working with counties in developing and implementing environmental and social safeguard programs. The Ministry through the Kenya Devolution support program-KDSP has trained a number of county officers in implementing projects taking into account environmental and social safeguards’

### **c) Employee welfare**

The Ministry hiring process is guided by the public service commission policies and guidelines. In terms of training the Ministry always ensures that at least all employees are taken through training within the year.

### **d) Operational practices**

#### **i. Responsible Supply chain and supplier relations**

The Ministry procurement process is guided by the public procurement and disposal act 2015 and public procurement and disposal regulations 2016. The procurement laws and regulations provided for all procurements done within the Ministry.

### **e) Community Engagements-**

The Ministry does not engage directly in community engagements but works with counties in providing projects beneficial to the community. The Ministry is supporting counties through IDEAS project in implementing local economic development projects.



## **6. 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 by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Ministry of Devolution 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 ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the 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 Ministry of Devolution 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 Ministry of Devolution financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Accounting Officer in charge of the Ministry of Devolution further confirms the completeness of the accounting records maintained for the Ministry of Devolution 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 Accounting Officer in charge of the Ministry of Devolution 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.

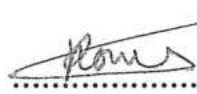
### **Approval of the financial statements**

The Ministry of Devolution financial statements were approved and signed by the Accounting Officer on

04/12/2022.



**Julius Korir, CBS**  
Principal Secretary



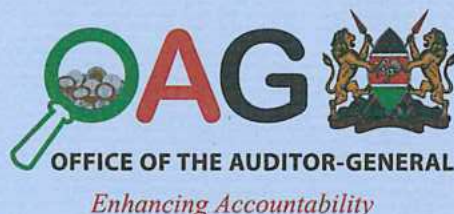
**Robert Asumani**  
Head of Accounting Unit  
ICPAK M/No:10100





# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR DEVOLUTION FOR THE YEAR ENDED 30 JUNE, 2022**

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### **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 control, 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 State Department for Devolution set out on pages 1 to 38, which comprise of the statement of assets and liabilities as at



30 June, 2022, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts 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 State Department for Devolution as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unaccounted for District Suspense**

The statement of assets and liabilities and as disclosed in Note 11 to the financial statements reflects accounts receivables-outstanding imprest and clearance accounts balance of Kshs.85,782,292 relating to district suspense. However, no documents in form of returns were provided for audit review, to explain the requisition process, evidence of receipt by the respective recipients and the usage.

In the circumstances, the accuracy, validity and completeness of the district suspense balance of Kshs.85,782,292 could not be confirmed.

#### **2. Non-payment of Pending Bills**

Note 18.1 and 18.2 to the financial statements reflects pending bills totalling Kshs.1,373,260,296 comprising of pending accounts payables of Kshs. 1,034,991,583 and other pending payables of Kshs. 338,268,713 respectively as detailed in Annex 1 and 2. Management has not explained why the bills were not settled during the year when they occurred. The State Department is at risk of incurring significant interest costs and penalties with their continued delay in payment. Further, failure to settle bills during the year in which they relate to distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

In the circumstances, completeness and accuracy of the pending accounts payables amounting to Kshs.1,373,260,296 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Devolution 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.



## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.4,802,396,610 and Kshs.4,336,273,421 respectively resulting to an under-funding of Kshs.466,123,189 or 10% of the approved budget.

The underfunding affected the planned activities and programmes of the State Department which may have impacted negatively on effective service delivery to the public.

### **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**

#### **Unresolved Prior Year Matters**

Various prior year audit issues remained unresolved as at 30 June, 2022. Management has not provided reasons for the delay in resolving prior year audit issues.

## **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**

#### **Delay in Completion of the Proposed AFRICITIES Convention Centre**

The statement of receipts and payments and as disclosed in Note 9 to the financial statements reflects acquisition of assets expenditure of Kshs.344,015,400. The expenditure includes an amount of Kshs.280,000,000 for construction of buildings which further includes Kshs.250,000,000 which was paid to a contractor being part-payment for construction of proposed AFRICITIES convention centre in Kisumu County. The contract was awarded at a contract sum of Kshs.890,829,345 for a duration of thirty-eight (38) weeks commencing on 16 July, 2021. An extension period was granted where the contract period was revised to seventy-three (73) weeks with the new completion date of 16 December, 2022.

However, physical verification carried out in the month of November, 2022 revealed that the project was only fifty five (55) percent complete. Although Management attributed the delay to lack of funding, the project was behind schedule.

In the circumstances, the regularity and value for money realized from the expenditure of Kshs.250,000,000 incurred on the delayed Project for the year ended 30 June, 2022 could not be confirmed.

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **1. Lack of a Functional Audit Committee**

The State Department does not have an active audit committee contrary to the provisions of Section 73(1) and (5) of the Public Finance Management Act, 2012 which requires every public entity to have appropriate arrangements in place for conducting internal audit for the purpose of carrying out in depth reviews of Management operations and internal controls. The Department therefore did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

In the circumstances, the existence of an effective oversight mechanism to ensure efficient system of internal controls could not be confirmed.

#### **2. Lack of Public Finance Management Standing Committee**

The State Department did not have a Public Finance Management Standing Committee as required by Regulation 18(1) of the Public Finance Management (National Government) Regulations, 2015. The Public Finance Management Standing Committee provides strategic guidance to the entity on public finance management matters.

In the circumstances, the strength of system of internal control around financial management could not be confirmed.

### **3. Lack of Approved Information Technology Security Policy**

The State Department did not have an approved Information Communication Technology (ICT) Policy for governance and management of its ICT resources. In addition, there is no ICT steering committee in place to assist in the development of ICT policy framework to enable the Department to realize long-term ICT strategic goals. Lack of an approved ICT Policy may result in an unclear direction regarding maintenance of information security across the organization and safeguarding the Department's ICT assets. Further, without a sound and approved framework, users do not have any rules and procedures to follow in order to minimize risk of errors, fraud and the loss of data confidentiality, integrity and availability.

In the circumstances, the strength of governance systems around the Information Communication Technology could not be confirmed.

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 controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

#### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

Those charged with governance are responsible for overseeing the State Department's financial reporting process, reviewing the effectiveness of how Management monitors

compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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 State Department's 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the State Department's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the State Department to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the State Department 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 December, 2022




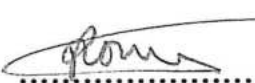


8. Statement of receipts and payments for the year ended 30<sup>th</sup> June 2022

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Receipts</b>			
Proceeds from Domestic and Foreign Grants	1	131,973,713	238,383,946
Exchequer Releases	2	4,158,246,199	8,575,885,289
Other revenues	3	46,053,509	
<b>Total Receipts</b>		<b>4,336,273,421</b>	<b>8,814,269,235</b>
<b>Payments</b>			
Compensation of Employees	4	279,510,950	291,548,254
Use of Goods and Services	5	1,633,266,396	877,989,107
Transfers to Other Government Entities	6	932,340,894	7,434,223,946
Other Grants and Transfers	7	1,026,392,351	18,608,881
Social Security Benefits	8	17,201,808	-
Acquisition of Assets	9	344,015,400	10,335,141
<b>Total Payments</b>		<b>4,232,727,799</b>	<b>8,632,705,329</b>
<b>Surplus/Deficit</b>		<b>103,545,623</b>	<b>181,563,906</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Ministry of Devolution financial statements were approved on 04/12/2022 and signed by:

  
.....  
**Julius Korir ,CBS**  
**Principal Secretary**

  
.....  
**Robert Asumani**  
**Head of Accounting Unit**  
**ICPAK M/No:10100**

MINISTRY OF DEVOLUTION

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

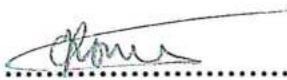
**9. Statement of assets and liabilities as at 30<sup>th</sup> June 2022**

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Financial assets</b>			
<b>Cash and cash equivalents</b>			
Bank balances	10A	147,754,170	202,959,524
Cash balances	10B	31	1,885,482
<b>Total cash and cash equivalent</b>		<b>147,754,202</b>	<b>204,845,006</b>
Accounts Receivables - Outstanding Imprest and Clearance Accounts	11	85,782,292	59,820,046
<b>Total financial assets</b>		<b>233,536,494</b>	<b>264,665,052</b>
<b>Financial liabilities</b>			
Third party deposits and retention	12	(71,044,364)	(20,985,949)
<b>Net financial assets</b>		<b>162,492,130</b>	<b>243,679,103</b>
<b>Represented by</b>			
Fund balance b/fwd.	13	243,679,103	91,983,305
Prior year adjustment	14	(184,732,595)	(29,868,108)
<b>Surplus/Deficit for the year</b>		<b>103,545,623</b>	<b>181,563,906</b>
<b>Net financial position</b>		<b>162,492,130</b>	<b>243,679,103</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Ministry of Devolution financial statements were approved on

04/12/2022 and signed by:

.....  
  
**Julius Korir, CBS**  
**Principal Secretary**

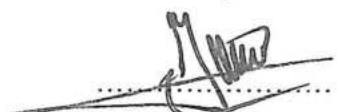
.....  
  
**Robert Asumani**  
**Head of Accounting Unit**  
**ICPAK M/No:10100**

**10. Statement of cash flows for the year ended 30th June 2022**

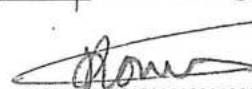
Description	Notes	2021-2022	2020 -2021
		Kshs	Kshs
<b>Receipts for Operating Income</b>			
Proceeds from domestic and foreign grants	1	131,973,713	238,383,946
Exchequer releases	2	4,158,246,199	8,575,885,289
Other revenues	3	46,053,509	-
		<b>4,336,273,421</b>	<b>8,814,269,235</b>
<b>Payments For Operating Expenses</b>			
Compensation of employees	4	279,510,950	291,548,254
Use of goods and services	5	1,633,266,396	877,989,107
Transfers to other government units	6	932,340,894	7,434,223,946
Other grants and transfers	7	1,026,392,351	18,608,881
Social security benefits	8	17,201,808	-
		<b>3,888,712,399</b>	<b>8,622,370,188</b>
<b>Adjusted For:</b>			
Adjustments during the year			
Decrease/(Increase) in accounts receivable	15	(25,962,246)	358,024
Increase/(Decrease) in deposits and retention	16	50,058,415	(1,058,966)
Prior year adjustments	14	(184,732,595)	(29,868,108)
<b>Net Cash Flow from Operating Activities</b>		<b>286,924,596</b>	<b>161,329,997</b>
<b>Cash flow From Investing Activities</b>			
Acquisition of assets	9	(344,015,400)	(10,335,141)
<b>Net Cash Flows from Investing Activities</b>		<b>(344,015,400)</b>	<b>(10,335,141)</b>
<b>Cash flow From Borrowing Activities</b>			
Net increase in cash and cash equivalent		(57,090,804)	150,994,856
<b>Cash &amp; Cash Equivalent at Start of The Year</b>	10	<b>204,845,006</b>	<b>53,850,150</b>
<b>Cash &amp; Cash Equivalent at End of The Year</b>	10	<b>147,754,202</b>	<b>204,845,006</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Ministry of Devolution financial statements were approved on 04/12/ 2022 and signed by:



**Julius Korir ,CBS**  
Principal Secretary



**Robert Asumani**  
Head of Accounting Unit  
ICPAK M/No:10100



**MINISTRY OF DEVOLUTION**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**11. Statement of Comparison of budget and Actual Amounts for FY2021/22**

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 %
Proceeds from domestic and foreign grants	230,730,934	(230,730,934)	0	131,973,713	(131,973,713)	0
Exchequer releases	3,012,820,186	1,389,576,424	4,402,396,610	4,158,246,199	244,150,411	94%
Other receipts	0	400,000,000	400,000,000	46,053,509	353,946,491	12%
<b>Total Receipts</b>	<b>3,243,551,120</b>	<b>1,558,845,490</b>	<b>4,802,396,610</b>	<b>4,336,273,421</b>	<b>466,123,189</b>	<b>90%</b>
<b>Payments</b>						
Compensation of employees	299,660,000	(13,556,938)	286,103,062	279,510,950	6,592,112	98%
Use of goods and services	1,597,691,644	577,200,201	2,174,891,845	1,633,352,523	541,539,322	75%
Transfers to other government entities	1,117,728,414	(301,993,321)	815,735,093	932,340,894	(116,605,801)	114%
Other grants and transfers	20,000,000	1,028,716,076	1,048,716,076	1,026,392,351	22,323,725	98%
Social security benefits	3,118,356	15,165,968	18,284,324	17,115,680	1,168,644	94%
Acquisition of assets	205,352,706	253,313,504	458,666,210	344,015,400	114,650,810	75%
<b>Total Payments</b>	<b>3,243,551,120</b>	<b>1,558,845,490</b>	<b>4,802,396,610</b>	<b>4,232,727,798</b>	<b>569,668,813</b>	<b>88%</b>
<b>Surplus/ Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>103,545,623</b>	<b>(103,545,623)</b>	

(a) Reallocations within the year was due to supplementary budget during the year under review.

(b) Other receipts-the ministry did not realise the expected AIA of kshs 400,000,000 for the afrcities summit.



MINISTRY OF DEVOLUTION

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

(c) Transfer to other government entities-the ministry under budgeted on the transfers to county governments under IDEAS program

The Ministry of Devolution financial statements were approved on 04/12/ 2022 and signed by:



.....  
**Julius Korir ,CBS**  
**Principal Secretary**



.....  
**Robert Asumani**  
**Head of Accounting Unit**  
**ICPAK M/No:10100**

MINISTRY OF DEVOLUTION  
Annual Report and Financial Statements for the year ended 30th June 2022

11 (a) Summary Statement of Appropriation: Recurrent for FY2021/22

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 %
<b>Receipts</b>						
Exchequer releases	1,753,862,706	1,409,910,843	3,163,773,549.00	3,078,246,199	85,527,350	97%
Other Receipts	0	400,000,000	400,000,000.00	46,053,509	353,946,491	12%
<b>Total Receipts</b>	<b>1,753,862,706</b>	<b>1,809,910,843</b>	<b>3,563,773,549</b>	<b>3,124,299,708</b>	<b>439,473,841</b>	<b>88%</b>
<b>Payments</b>						
Compensation of employees	299,660,000	(13,556,938)	286,103,062	279,510,950	(6,592,112)	98%
Use of goods and services	672,691,644	781,883,705	1,454,575,349	979,636,033	474,939,316	67%
Transfers to other Government entities	688,040,000	(927,968)	687,112,032	687,112,032	0	100%
Other grants and transfers	20,000,000	1,028,716,076	1,048,716,076	1,026,392,351	22,323,725	98%
Social security benefits	3,118,356	15,165,968	18,284,324	17,115,680	1,168,644	94%
Acquisition of assets	70,352,706	(1,370,000)	68,982,706	64,015,400	4,967,306	93%
<b>Total Payments</b>	<b>1,753,862,706</b>	<b>1,809,910,843</b>	<b>3,563,773,549</b>	<b>3,053,782,446</b>	<b>509,991,103</b>	<b>86%</b>
<b>Surplus/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>70,517,262</b>	<b>(70,517,262)</b>	

**Notes**

Reallocations within the year was due to supplementary budget during the year  
Other receipts –the ministry did not realise the 400 million under aftricitys summit fees

The Ministry of Devolution financial statements were approved on 04/12/2022 and signed by:

.....  


**Julius Korir, CBS**  
Principal Secretary

.....  


**Robert Asumani**  
Head of Accounting Unit  
ICPAK M/No:10100

## 11 (b) Summary Statement of Appropriation: Development for FY2021/22

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 %
<b>Receipts</b>						
Proceeds from domestic and foreign grants	230,730,934	(230,730,934)	0	131,973,713	(131,973,713)	
Exchequer releases	1,258,957,480	(20,334,419)	1,238,623,061.00	1,080,000,000	158,623,061	87%
<b>Total Receipts</b>	<b>1,489,688,414</b>	<b>(251,065,353)</b>	<b>1,238,623,061</b>	<b>1,211,973,713</b>	<b>26,649,348</b>	<b>98%</b>
<b>Payments</b>						
Use of goods and services	925,000,000	(204,683,504)	720,316,496.00	653,716,490	66,600,006	91%
Transfers to other Government entity	429,688,414	(301,065,353)	128,623,061.00	245,228,862	(116,605,801)	191%
Acquisition of assets	135,000,000	254,683,504	389,683,504.00	280,000,000	109,683,504	72%
<b>Total Payments</b>	<b>1,489,688,414</b>	<b>(251,065,353)</b>	<b>1,238,623,061</b>	<b>1,178,945,352</b>	<b>59,677,710</b>	<b>95%</b>
<b>Surplus/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33,028,362</b>	<b>(33,028,362)</b>	

*Reallocations within the year:* was due to supplementary budget during the year.

Under transfers to other government entities the ministry under budgeted under transfer under IDEAS program

The Ministry of Devolution financial statements were approved on 04/12/2022 and signed by:

  
.....

**Julius Korir, CBS**  
Principal Secretary

  
.....

**Robert Asumani**  
Head of Accounting Unit  
ICPAK M/No:10100



MINISTRY OF DEVOLUTION  
Annual Report and Financial Statements for the year ended 30th June 2022

11 (c) Budget Execution by Programmes and Sub-Programmes for FY2021/22

Programme/Sub-programme	Final Budget 2022 Kshs	Indicators	Outcomes	Actual on comparable basis 2022 Kshs	Budget utilization difference Kshs
<b>P 1-Devolution Services</b>	<b>3,057,068,874</b>			<b>2,529,604,200.30</b>	<b>527,464,673.70</b>
SP1-Management of Devolution Affairs	1,511,277,656.0			1,061,371,385.50	449,856,270.50
SP 2-intergovernmental relations	732,357,243.0			724,264,354.00	8,092,889.0
SP3-Capacity building	813,483,975.0			743,968,461.80	69,515,514.20
<b>Programme 2-Special Initiatives</b>	<b>1,338,215,594.0</b>			<b>1,184,698,007.00</b>	<b>153,517,587.00</b>
SP 1-relief & rehabilitation	1,338,215,594.0			1,184,698,007.00	153,517,587.00
SP2-resettlement and reconstruction	0			0	0
SP 3-drought management.	0			0	0
<b>P2-General administration, planning and support services</b>	<b>407,112,142.0</b>			<b>399,802,273.20</b>	<b>7,309,868.80</b>
SP1-human resources support services	38,864,4787.0			386,523,703.50	(1,658,916.50)
SP2-Finance mgt services	20,970,832.0			12,926,445.45	8,044,386.55
SP3-ICT	1,276,523.0			352,124.25	924,398.75
<b>GRAND TOTAL</b>	<b>4,802,396,610.0</b>			<b>4,114,104,480.50</b>	<b>688,292,129.50</b>

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

## **12. Notes to the Financial Statement**

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 Ministry of Devolution. 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:

- i. Project –Kenya Devolution Support Program-KDSP*
- ii. IDEAS-Self Reporting*

### **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 Ministry of Devolution for all the years presented.

#### **a) Recognition of Receipts**

The *Ministry of Devolution* recognises all receipts from the various sources when the event occurs, and the related cash has been received by the *Ministry of Devolution*

#### **(i) Transfers from the Exchequer**

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



**(ii) 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 30<sup>th</sup> June 2022, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

**(iii) Other receipts**

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

**b) Recognition of payments**

The Entity recognises all payments when the event occurs, and the related cash has been paid out by the Ministry for Devolution

**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) 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.

**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 Ministry of Devolution 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.

**iv) 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.

**c) Cash and Cash Equivalents**

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

A bank account register is maintained and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

**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 2022, this amounted to Kshs 42,105,464 compared to Kshs 13,561,548.00 in prior period. There were no other restrictions on cash during the year.*

**d) Imprests and advances**

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 Authority to Incur Expenditure (AIE) holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**e) Third party deposits and retention**

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 for National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

**f) 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. 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.

**g) Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits and retentions, 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 in *June 2021 for the period 1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022* as required by Law and there were II number of 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 Ministry but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

**h) Comparative Figures**

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

**i) Subsequent Events**

There have been no events after the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2022.

**j) Prior Period Adjustment**

During the year, errors that have been corrected are disclosed *under note 14* explaining the nature and amounts.

**k) Related Party Transactions**

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

**l) Contingent Liabilities**

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The Ministry of Devolution 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 Ministry has no contingent liabilities in the reporting period.



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Notes to the Financial Statements (Continued)

1 Proceeds from Domestic and Foreign Grants

Name of Donor	Date received	Indicate whether it was a direct payment	Amount in foreign currency	2021-2022 Kshs	2020-2021 Kshs
<b>Grants received from Bilateral Donors (Foreign Governments)</b>					
European union-EU-IDEAS	-	DIRECT PAYMENT	-	100,438,813	238,383,946
European union-KCPF	-		-	31,534,900	-
<b>Total</b>	-		-	<b>131,973,713</b>	<b>238,383,946</b>

The grants relates to EU supported IDEAS program supporting local economic programs in 15 counties.

*Notes to the Financial Statements (Continued)*

**2 Exchequer releases**

Description	2021-2022	2020-2021
	Kshs	Kshs
Total Exchequer releases for quarter 1	314,431,750	282,885,115
Total Exchequer releases for quarter 2	1,592,677,217	409,010,016
Total Exchequer releases for quarter 3	952,329,731	191,271,203
Total Exchequer releases for quarter 4	1,298,807,502	7,692,718,955
<b>Total</b>	<b>4,158,246,199</b>	<b>8,575,885,289</b>

*(The variance in exchequer is because in the previous year the ministry received funding to disburse to counties under the KDSP program which is not applicable in the current year as the program has ended.)*

**3 Other Receipts**

Description	2021-2022	2020-2021
	Kshs	Kshs
delegates registration fee-AFRICITIES	46,053,509	-
<b>Total</b>	<b>46,053,509</b>	

**4 Compensation to Employees**

Description	2021-2022	2020-2021
	Kshs	Kshs
Basic salaries of permanent employees	174,366,935	178,484,023
Basic wages of temporary employees	-	-
Personal allowances paid as part of salary	105,144,015	113,064,231
<b>Total</b>	<b>279,510,950</b>	<b>291,548,254</b>

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**5 Use of Goods and Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Utilities, supplies and services	-	66,000
Communication, supplies and services	8,609,218	3,374,024
Domestic travel and subsistence	155,812,007	12,021,546
Foreign travel and subsistence	13,431,739	217,080
Printing, advertising and information supplies & services	35,934,312	1,155,240
Rentals of produced assets	305,739,400	81,556,333
Training expenses	3,345,372	1,777,213
Hospitality supplies and services	185,166,500	4,443,030
Specialised materials and services	2,052,083	2,404,944
Office and general supplies and services	4,047,148	2,248,019
Other operating expenses	895,004,319	760,645,302
Routine maintenance – vehicles and other transport equipment	4,253,669	3,049,735
Routine maintenance – other assets	1,789,792	1,413,500
Fuel Oil and Lubricants	18,080,837	3,617,141
<b>Total</b>	<b>1,633,266,396</b>	<b>877,989,107</b>

**6 Grants and Transfers to other Government Entities**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Transfers to National Government entities</b>		
Current grants to government agencies and other level of govt	687,112,032	480,840,000
Capital grants to government agencies and other level of govt	10,623,016	-
Other Capital transfers grants and subsidies	234,605,846	6,953,383,946
<b>Total</b>	<b>932,340,894</b>	<b>7,434,223,946</b>

**6 a: Transfers to self – reporting entities in the year**

*The above transfers were made to the following self-reporting entities in the year:*

Description	Recurrent	Development	Total- 2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs
<b>Transfers to SAGAs and SCs</b>				
Council of governors-COG	195,340,000	20,623,015	215,963,015	285,500,000
IGRTC	491,772,032	5,000,000	496,772,032	195,340,000
National youth council	-	5,000,000	5,000,000	-
Kenya school of government	-	10,000,000	10,000,000	-
County assemblies forum	-	15,000,000	15,000,000	-
<b>Transfers to County Governments</b>				
KDSP	-	-	-	6,715,000,000
IDEAS	-	100,438,813	100,438,813	238,383,946
KCDF-MOD operations		31,534,900	31,534,900	
<b>Total</b>	<b>687,112,032</b>	<b>187,956,728</b>	<b>874,708,760</b>	<b>7,434,223,946</b>

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to this financial statement.

**7 Other Grants and Transfers**

Explanation	2021-2022	2020-2021
	Kshs	Kshs
Emergency relief and refugee assistance	1,026,392,351	18,608,881
<b>Total</b>	<b>1,026,392,351</b>	<b>18,608,881</b>

*(the emergency relief assistance relates to food and non-food items provided to drought affected citizens)*



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**8 Social Security Benefits**

	2021-2022	2020-2021
	Kshs	Kshs
Social security benefits in cash and in kind	17,201,808	-
<b>Total</b>	<b>17,201,808</b>	<b>-</b>

*(The social security benefits relate to gratuity payments to ministry officers whose contract ended in the period under review.)*

**9 Acquisition of Assets**

Non -Financial Assets	2021-2022	2020-2021
	Kshs	Kshs
Construction of Buildings	280,000,000	
Refurbishment of Buildings	-	-
Purchase of Vehicles and other Transport Equipment	63,044,400	
Purchase of Office Furniture and General Equipment	-	315,700
Purchase of ICT Equipment, Software and other ICT Assets	-	-
Research, Studies, Project Preparation, Design & Supervision	971,000	10,019,441
<b>Total</b>	<b>344,015,400</b>	<b>10,335,141</b>

*(The significant change in construction of buildings is because in the period under review the ministry received funds for construction of Kisumu convention centre to host afriCities summit.)*

*Notes to the Financial Statements (Continued)*

**10 Cash and Bank Accounts**

**10A: Bank Accounts**

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit etc.	Exc rate (if in foreign currency)	2021-2022 Kshs	2020-2021 Kshs
CBK , 1000209828 ,KShs REC	KES	Recurrent		1,702,573.20	1,844,550.00
Central Bank of Kenya, 1000209763,KShs DEV	KES	Development		28,972,724.45	180,129,025.00
Central Bank of Kenya, 1000212616,KShs DEP	KES	Deposit		42,105,464	13,561,548.00
Central Bank of Kenya, 1000495316 KShs KCDF	KES	Project		21,514,499	-
Central Bank of Kenya, 1000318287,KShs IDEAS	KES	Project		7,424,401	7,424,401.00
KCB kipande house-acc no 1286547547	KES	Africities summit		39,098,379	-
KCB kipande house-acc no 1295646528	EURO	Africities summit	124.14	6,936,130	-
<b>Total</b>				<b>147,754,170</b>	<b>202,959,524.00</b>

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**10B: Cash on hand**

Description	2021-2022	2020-2021
	Kshs	Kshs
Cash in hand – Held in domestic currency	31	1,885,482
<b>Total</b>	<b>31</b>	<b>1,885,482</b>

**Detailed Cash is as follows:**

Description	2021-2022	2020-2021
	Kshs	Kshs
Location –MINISTRY HEADQUARTERS NAIROBI	31	1,885,482
<b>Total</b>	<b>31</b>	<b>1,885,482</b>

*board of survey certificate attached to the financial statement.*

**11 : Imprests and Advances**

Description	2021-2022	2020-2021
	Kshs	Kshs
Salary advance	-	165,226
District suspense	85,782,292	59,654,820
<b>Total</b>	<b>85,782,292</b>	<b>59,820,046</b>

## 12 Third party deposits and retention

Description	2021-2022	2020-2021
	Kshs	Kshs
Deposits	42,105,464	13,561,548
IDEAS	7,424,401	7,424,401
KCDF	21,514,499	-
<b>Total</b>	<b>71,044,364</b>	<b>20,985,949</b>

### Explanations

- *Deposit are funds held belonging to third parties as retention fees*
- *IDEAS is a project account held on behalf of the project by the ministry*
- *KCPF is a project account funds held on behalf of the project by the ministry*

## 13 . Fund Balance Brought Forward

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank Accounts	202,959,524	52,384,145
Cash in hand	1,885,482	1,466,005
Accounts Receivables	59,820,046	60,178,070
Accounts Payables	(20,985,949)	(22,044,915)
<b>Total</b>	<b>243,679,103</b>	<b>91,983,305</b>



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**14 Prior Year Adjustments**

	Balance b/f FY 2020/2021 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f FY 2020/2021
Description of the error	Kshs	Kshs	Kshs
Bank Account Balances	202,959,524.00	(181,872,595.45)	21,086,928.55
Cash In Hand	1,885,482		1,885,482.00
Accounts Payables	20,985,949		20,985,949.00
Receivables	59,820,046	(2,860,000)	56,960,046.00
<b>TOTAL</b>	<b>285,651,001.00</b>	<b>(184,732,595.45)</b>	<b>100,918,406.55</b>

*(the adjustments relate to bank balances recovered by the national treasury back to exchequer at the end of the financial year. 2021/2022 Adjustment on receivables relates to expenditure returns received for AIES issued to the Deputy County Commissioners in the prior years)*

**15 (Increase)/ Decrease in Advances and Imprests**

Description	2021-2022	2020-2021
	Kshs	Kshs
Receivables As At 1 <sup>st</sup> July (A)	59,820,046.00	60,178,070
Receivables As At 30 <sup>th</sup> June (B)	85,782,292	59,820,046
(Increase)/ Decrease in Receivables (C=(B-A))	<b>25,962,246.20</b>	<b>(358,024)</b>

*(Receivable as at 1<sup>st</sup> July for FY 2021/22 should be the same as receivable as at 30<sup>th</sup> June for FY 2020/21)*

*Notes to the Financial Statements (Continued)*

**16 Increase/ (Decrease) in Retention and Third-Party Deposits**

Description	2021-2022	2020-2021
	Kshs	Kshs
Payables As At 1 <sup>st</sup> July	20,985,949	22,044,915
Payables As At 30 <sup>th</sup> June	71,044,364	20,985,949.15
Increase/ (Decrease) In Payables	<b>50,058,415</b>	<b>(1,058,965.85)</b>

**17 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 Ministry of Devolution Key management personnel that include the Cabinet Secretaries and Accounting Officers

- i) Other Ministries Departments and Agencies and Development Projects;
- ii) County Governments; and
- iii) State Corporations and Semi-Autonomous Government Agencies.

**17.1 Related party transactions:**

Description	2021-2022	2020-2021
	Kshs	Kshs
Key Management Compensation	25,326,821	34,923,696.00
<b>Transfers to Related Parties</b>		
Transfers to SCs and SAGAs	712,735,047	480,840,000
Transfers to County Governments	-	6,953,383,946
<b>Total Transfers to Related Parties</b>	<b>738,061,868</b>	<b>7,434,223,946</b>
<b>Transfers from Related Parties</b>		
Transfers from the Exchequer	4,158,246,199	8,575,885,289
<b>Total Transfers from Related Parties</b>	<b>4,158,246,199</b>	<b>8,575,885,289</b>



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*Notes to the Financial Statements (Continued)*

**18 Other Important Disclosures**

**18.1: Pending Accounts Payable (See Annex 1)**

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Construction of Buildings		191,431,295.02	-	191,431,295.02
Supply of Goods	7,334,282.00	25,915,358.00	7,334,282.00	25,915,358.00
Supply of Services	40,179,685.00	817,644,929.50	40,179,685.00	817,644,930.00
<b>Total</b>	<b>47,513,967.00</b>	<b>1,034,991,583</b>	<b>47,513,967.00</b>	<b>1,034,991,583.02</b>

**18.2: Other Pending Payables (See Annex 2)**

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government Entities-kenya railways pension scheme	105,000,000	-	-	105,000,000
Amounts due to Third Parties-spencom ltd	233,268,713	-	-	233,268,713
<b>Total</b>	<b>338,268,713</b>			<b>338,268,713</b>

**18.3 External Assistance**

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
External Assistance received in Cash(chèque)	-	5,000,000
External Assistance received as Grants	131,973,713	238,383,946
<b>Total</b>	<b>131,973,713</b>	<b>243,383,946</b>

**a) External assistance relating loans and grants**

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
	-	-
External Assistance received as Grants	131,973,713	238,383,946
<b>Total</b>	<b>131,973,713</b>	<b>238,383,946</b>

**b) Classes of providers of external assistance**

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
Multilateral Donors-Chinese government		5,000,000
Bilateral Donors-European union	131,973,713	238,383,946
<b>Total</b>	<b>131,973,713</b>	<b>243,383,946</b>

*(the external assistance is for implementation of local economic development projects in the counties.)*

**c) Purpose and use of external assistance**

Description	FY 2021/2022	FY 2020/2021
	Kshs	Kshs
Transfers to other Government Units	131,973,713	238,383,946
Other Grants and Transfers		5,000,000
		-
<b>Total</b>	<b>131,973,713</b>	<b>243,383,946</b>



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

**18.4. Progress on follow up of Prior Years Auditor-General's recommendations**

The following is the summary of issues raised by the Auditor-General during the prior year and management comments that were provided.


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Compensation of employees	The compensation of employees difference between basic salary and allowances has been reconciled	Not resolved	December 2022
2.0	Use of goods and services		Not resolved	December 2022
2.1	Refund of ineligible expenditures		Not resolved	December 2022
2.2	Unsupported expenditure	The payment vouchers have been identified	Not resolved	December 2022
3	Unsupported transfers to other government agencies	the ministry has written to the beneficiary counties to submit confirmation of receipt of the grants	Not resolved	December 2022
4.0	Unsupported acquisition of assets		Not resolved	December 2022
5.0	Inaccuracies in cash and cash equivalents	The cash book and bank statement has been reconciled	Not resolved	December 2022
6.0	Unaccounted for district suspense account	The ministry has written to the ministry of interior to enable receipt of the expenditure returns	Not resolved	December 2022
7.0	Unsupported accounts balances	The balances in the deposit has been supported	Not resolved	December 2022

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
8.0	Inaccuracies in pending bills	The inaccuracies in the pending bills has been reconciled.	Not resolved	December 2022
Basis for conclusion 1.	Irregular payment of demurrage charges	The demurrage charges were obligations arising from the delay in release of containers which the ministry was required to pay.	Not resolved	December 2022
2.	Noncompliance with the public procurement and asset disposal act 2015	The ministry has streamlined the use of standing imprests	Not resolved	December 2022
Basis for conclusion 1.	Lack of fixed asset register	The ministry is in the process of developing an asset register	Not resolved	December 2022
2.	Lack of audit committee and public finance management standing committee	The ministry is in the process of constituting the audit committee	Not resolved	December 2022

  
Principal Secretary

  
Principal Accounts Controller

### 13. annexes

#### Annex 1 - Analysis of Pending Accounts Payable

	Supplier of Goods or Services	Original Amount	Date Contracted - FY	Amount Paid To-Date	Outstanding Balance		Comments
					2021/22	2020/21	
	<b>Purchase of services</b>	<b>Amount</b>	<b>2021/2022</b>	<b>NIL</b>	<b>Amount</b>	<b>NIL</b>	
1	M/s Kayleaf Tours	155,520.00	2021/2022	NIL	155,520.00	NIL	
2	M/s Geotide Safaris	35,000.00	2021/2022	NIL	35,000.00	NIL	
3	M/s Geotide Safaris	39,750.00	2021/2022	NIL	39,750.00	NIL	
4	M/s Kayleaf Tours	118,150.00	2021/2022	NIL	118,150.00	NIL	
5	M/s Attic Tours & Travel	99,250.00	2021/2022	NIL	99,250.00	NIL	
6	M/s Kayleaf Tours & Travel	459,470.00	2021/2022	NIL	459,470.00	NIL	
7	M/s Stewaki Agencies	195,130.00	2021/2022	NIL	195,130.00	NIL	
8	M/s Stewaki Agencies	43,340.00	2021/2022	NIL	43,340.00	NIL	
9	M/s Ragwa Travels Ltd	820,800.00	2021/2022	NIL	820,800.00	NIL	
10	M/s Ragwa Travels Ltd	295,920.00	2021/2022	NIL	295,920.00	NIL	
11	M/s FD Global Limited	658,820.00	2021/2022	NIL	658,820.00	NIL	
12	M/s FD Global Limited	526,500.00	2021/2022	NIL	526,500.00	NIL	
13	M/s FD Global Limited	258,650.00	2021/2022	NIL	258,650.00	NIL	
14	M/s FD Global Limited	96,695.00	2021/2022	NIL	96,695.00	NIL	
15	M/s Interflights Ventures	39,990.00	2021/2022	NIL	39,990.00	NIL	
16	M/s FD Global Limited	60,925.00	2021/2022	NIL	60,925.00	NIL	
17	M/s Geotide Safaris	39,200.00	2021/2022	NIL	39,200.00	NIL	
18	M/s Attic Tours & Travel	45,100.00	2021/2022	NIL	45,100.00	NIL	
19	M/s Worldbay Agencies	586,050.00	2021/2022	NIL	586,050.00	NIL	



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20	Pago Airways Travel Services Ltd	70,380.00	2021/2022	Nil	Nil	70,380.00	Nil	
21	Attic Tours And Travel Ltd	34,700.00	2021/2022	Nil	Nil	34,700.00	Nil	
22	Pago Airways Travel Services Ltd	203,400.00	2021/2022	Nil	Nil	203,400.00	Nil	
23	Pago Airways Travel Services Ltd	270,400.00	2021/2022	Nil	Nil	270,400.00	Nil	
24	M/s Geotide Safaris	72,800.00	2021/2022	NIL	NIL	72,800.00	NIL	
25	M/s Geotide Safaris	79,980.00	2021/2022	NIL	NIL	79,980.00	NIL	
26	M/s Dawin Tours and Travel	24,155.00	2021/2022	NIL	NIL	24,155.00	NIL	
27	M/s Geotide Safaris	48,570.00	2021/2022	NIL	NIL	48,570.00	NIL	
28	M/s Attic Tours & Travel	281,500.00	2021/2022	NIL	NIL	281,500.00	NIL	
29	M/s Njekin Agencies	72,820.00	2021/2022	NIL	NIL	72,820.00	NIL	
30	M/s Ragwa Travels Ltd	27,300.00	2021/2022	NIL	NIL	27,300.00	NIL	
31	M/s Ragwa Travels Ltd	43,970.00	2021/2022	NIL	NIL	43,970.00	NIL	
32	M/s Worldbay Agencies	36,650.00	2021/2022	NIL	NIL	36,650.00	NIL	
33	M/s Primate Tours	35,400.00	2021/2022	NIL	NIL	35,400.00	NIL	
34	M/s Primate Tours	35,750.00	2021/2022	NIL	NIL	35,750.00	NIL	
35	M/s Attic Tours & Travel	45,100.00	2021/2022	NIL	NIL	45,100.00	NIL	
36	M/S Attic Tours & Travel	32,665.00	2021/2022	NIL	NIL	32,665.00	NIL	
37	Primate Tours	196,000.00	2021/2022	NIL	NIL	196,000.00	NIL	
38	Zip Joe Agencies	81,770.00	2021/2022	NIL	NIL	81,770.00	NIL	
39	Njekin Agencies	37,850.00	2021/2022	NIL	NIL	37,850.00	NIL	
40	Pago Airways	91,800.00	2021/2022	NIL	NIL	91,800.00	NIL	
41	Pago Airways	61,000.00	2021/2022	NIL	NIL	61,000.00	NIL	



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42	Pro Flight Ltd	1,204,022.40	2021/2022	NIL	1,204,022.40	NIL	
43	Pro Flight Ltd	1,046,976.00	2021/2022	NIL	1,046,976.00	NIL	
44	Attic Tours&Travel Ltd	403,480.00	2021/2022	NIL	403,480.00	NIL	
45	Pago Airways	644,900.00	2021/2022	NIL	644,900.00	NIL	
46	Pago Airways	116,060.00	Jun-22	NIL	116,060.00	NIL	
47	Pago Airways	69,000.00	Jun-22	NIL	69,000.00	NIL	
48	M/s Waterbuck Limited	554,400.00	Jun-22	NIL	554,400.00	NIL	
49	M/s Pridelinn Flamingo	198,000.00	2021/2022	NIL	198,000.00	NIL	
50	M/s Hotel Waterbuck Ltd	308,000.00	2021/2022	NIL	308,000.00	NIL	
51	M/s Lake Nakuru Lodge	2,548,800.00	2021/2022	NIL	2,548,800.00	NIL	
52	M/s Waterbuck Limited	372,900	2021/2022	NIL	372,900	NIL	
53	M/s Naivasha Country Resort	621,000.00	2021/2022	NIL	621,000.00	NIL	
54	M/s Kyaka Hotel Ltd	756,000.00	2021/2022	NIL	756,000.00	NIL	
55	M/s Ciala Resort	1,600,000.00	2021/2022	NIL	1,600,000.00	NIL	
56	M/s Lake Naivasha Resort	2,025,000.00	2021/2022	NIL	2,025,000.00	NIL	
57	M/s Lake Naivasha Crescent Camp	300,000.00	2021/2022	NIL	300,000.00	NIL	
58	M/s Pride Paradise	575,000.00	2021/2022	NIL	575,000.00	NIL	
59	M/s Lake Naivasha Crescent Camp	800,000.00	2021/2022	NIL	800,000.00	NIL	
60	M/s Maanzoni Lodge	443,000.00	2021/2022	NIL	443,000.00	NIL	
61	M/s Naivasha Country Resort	1,100,250.00	2021/2022	NIL	1,100,250.00	NIL	
62	M/s Waterbuck Limited	198,000.00	2021/2022	NIL	198,000.00	NIL	
63	M/s Great Rift Valley Lodge	2,911,000.00	2021/2022	NIL	2,911,000.00	NIL	
64	M/s Sarova Panafric	220,400.00	2021/2022	NIL	220,400.00	NIL	
65	M/s Langata Hotel	424,000.00	2021/2022	NIL	424,000.00	NIL	

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66	M/s Safari Park Hotel	322,980.00	2021/2022	NIL	322,980.00	NIL	
67	M/s Wanderjoy World Ltd	5,621,840.00	2021/2022	NIL	5,621,840.00	NIL	
68	M/s Ragwa Travels Ltd	170,950.00	2021/2022	NIL	170,950.00	NIL	
69	M/s Ragwa Travels Ltd	46,900.00	2021/2022	NIL	46,900.00	NIL	
70	M/s Seasonal Hotel Narok	93,000.00	2021/2022	NIL	93,000.00	NIL	
71	M/s Maanzoni Lodge	240,000.00	2021/2022	NIL	240,000.00	NIL	
72	M/s Lukenya Getaway	192,000.00	2021/2022	NIL	192,000.00	NIL	
73	Bonito Hotels Ltd	78,500.00	2021/2022	NIL	78,500.00	NIL	
74	Kisumu Kotel	684,000.00	2021/2022	NIL	684,000.00	NIL	
75	Burchs Resort Naivasha Ltd	1,243,200.00	2021/2022	NIL	1,243,200.00	NIL	
76	Sunset Hotel	1,800,000.00	2021/2022	NIL	1,800,000.00	NIL	
77	Mweru Hotel Holdings Ltd	70,000.00	2021/2022	NIL	70,000.00	NIL	
78	The Baobab Lodge	150,000.00	2021/2022	NIL	150,000.00	NIL	
79	M/s John Mutakha Kangu	1,760,000.00	2021/2022	NIL	1,760,000.00	NIL	
80	M/s Horizon Business Solution	2,327,769.68	2021/2022	NIL	2,327,769.68	NIL	
81	M/s University of Nairobi Enterprise Ltd(UNES)	3,000,000.00	2021/2022	NIL	3,000,000.00	NIL	
82	M/s Alpex Consulting Africa Limited	14,341,200.00	2021/2022	NIL	14,341,200.00	NIL	
83	M/s Institute for Research and Policy Alternatives	1,153,566.00	2021/2022	NIL	1,153,566.00	NIL	
84	M/s Prefix Research Limited	7,695,000.00	2021/2022	NIL	7,695,000.00	NIL	
85	M/s Esada Insights	11,403,960.00	2021/2022	NIL	11,403,960.00	NIL	
86	Prefix Research Limited	3,847,500.00	2021/2022	NIL	3,847,500.00	NIL	
87	M/s Ochieng Simon Joseph	1,684,214.52	2021/2022	NIL	1,684,214.52	NIL	

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88	M/s GAA	292,106.25	2021/2022	NIL	292,106.25	NIL	
89	M/s Standard Group	107,316.00	2021/2022	NIL	107,316.00	NIL	
90	M/s Kenya School of Government	9,010,680.15	2021/2022	NIL	9,010,680.15	NIL	
91	M/s Hale Pest Control Services Ltd	600,000.00	2021/2022	NIL	600,000.00	NIL	
92	Gap Management Institute	350,000.00	2021/2022	NIL	350,000.00	NIL	
93	Telkom Kenya	10,398.00	2021/2022	NIL	10,398.00	NIL	
94	M/s Mavuno(K) Automaster	419,920.00	2021/2022	NIL	419,920.00	NIL	
95	M/s Mavuno(K) Automaster	145,000.00	2021/2022	NIL	145,000.00	NIL	
96	M/s CFAO Motor Kenya	467,555.00	2021/2022	NIL	467,555.00	NIL	
97	M/S Welma Agencies Limited	348,000.00	2021/2022	NIL	348,000.00	NIL	
98	Samo Agencies	440,000.00	2021/2022	NIL	440,000.00	NIL	
99	Mavuno Automasters Ltd	545,200.00	2021/2022	NIL	545,200.00	NIL	
100	M/S Ultimate Events Management Services	210,973,164.00	2021/2022	NIL	210,973,164.00	NIL	
101	M/S Homeland Events	286,505,740.00	2021/2022	NIL	229,066,340.00	NIL	
102	M/S Sarova Stanley Group Hotels	127,656,500.00	2021/2022	NIL	127,656,500.00	NIL	
103	M/S Jumeirah	14,280,300.00	2021/2022	NIL	14,280,300.00	NIL	
104	M/S Homeboyz Entertainment	131,771,634.00	2021/2022	NIL	131,771,634.00	NIL	
105	Jepco Services & Renovators Ltd	1,058,163.00	2021/2022	NIL	1,058,163.00	NIL	
106	Rex Kiosk	454,624.00	2021/2022	NIL	454,624.00	NIL	
107	Impact Point Training Group	644,394.50	2021/2022	NIL	644,394.50	NIL	
108	Diverse Ecosaefty Consultants	2,875,000.00	2021/2022	NIL	2,875,000.00	NIL	
109	Telkom Kenya	215,146.00	2021/2022	NIL	215,146.00	NIL	
110	Go On Enterprises	598,500.00	2021/2022	NIL	598,500.00	NIL	



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111	M/S First Option Ventures	1,490,000.00	2021/2022	NIL	1,490,000.00	NIL	
	<b>Total</b>	<b>875,084,329.50</b>			<b>817,644,929.50</b>		
	<b>Purchase Of Goods</b>						
1	M/S Druwan Enterprises	1,919,000.00	2021/2022	NIL	1,919,000.00	NIL	
2	M/S Specicom Technologies Ltd	3,048,000.00	2021/2022	NIL	3,048,000.00	NIL	
3	Glaadian Investment	138,000.00	2021/2022	NIL	138,000.00	NIL	
4	Jubryant Limited	902,300.00	2021/2022	NIL	902,300.00	NIL	
5	Waterfall Agencies Ltd	2,974,500.00	2021/2022	NIL	2,974,500.00	NIL	
6	M/S Skydrop Merchant	2,940,000.00	2021/2022	NIL	2,940,000.00	NIL	
7	M/s Coxintel Limited	1,057,000.00	2021/2022	NIL	1,057,000.00	NIL	
8	M/s Water Falls Agencies Ltd	2,988,000.00	2021/2022	NIL	2,988,000.00	NIL	
9	M/s Firsttrade Ventures	1,408,000.00	2021/2022	NIL	1,408,000.00	NIL	
10	M/s Lexxy Technologies	226,200.00	2021/2022	NIL	226,200.00	NIL	
11	M/s Quickmode Traders	1,168,000.00	2021/2022	NIL	1,168,000.00	NIL	
12	M/s Majibu Supplies Investment	256,000.00	2021/2022	NIL	256,000.00	NIL	
13	Snavem Enterprises	930,758.00	2021/2022	NIL	930,758.00	NIL	
14	Ngistel General Supplies	298,000.00	2021/2022	NIL	298,000.00	NIL	
15	Rh Devani	1,300,000.00	2021/2022	NIL	1,300,000.00	NIL	
16	Skydrop Merchant	2,983,500.00	2021/2022	NIL	2,983,500.00	NIL	
17	UNES University Bookstore	350,100.00	2021/2022	NIL	350,100.00	NIL	
18	AI Point Venture	1,028,000.00	2021/2022	NIL	1,028,000.00	NIL	
	<b>TOTAL</b>	<b>25,915,358.00</b>			<b>25,915,358.00</b>		
	<b>CONSTRUCTION OF BUILDINGS</b>						



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	M/s China Jiangxi International Kenya Limited	129,461,444.98	2021/2022	NIL	129,461,444.98		
	M/s China Jiangxi International Kenya Limited	61,969,850.04	2021/2022	NIL	61,969,850.04		
		<b>191,431,295.02</b>					
	<b>GRAND TOTAL</b>	<b>1,034,991,582.52</b>					

# Annex 2 - Analysis of Other Pending Payables

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2022	Outstanding Balance 2021	Comments
		a	b	c	d=a-c		
<b>Amounts due to National Govt Entities</b>							
1. kenya railways pension scheme	Purchase of land for muthurwa market	105,000,000			105,000,000		
<b>Amounts due to Third Parties</b>							
2. Spenco limited	Sewerage construction in Mombasa town	233,268,713			233,268,713		
<b>Grand Total</b>		<b>338,268,713</b>			<b>338,268,713</b>		

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Annex 3 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2020/2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) 2021/22
Construction of Buildings	0	280,000,000			280,000,000
Buildings and structures	90,380				90,380
Transport equipment	4,915,000				4,915,000
Office equipment, furniture and fittings	33,041,499				33,041,499
ICT Equipment	16,050,000				16,050,000
Purchase of vehicle and transport equipment		63,044,400			63,044,400
Research studies, project preparation, design & supervision	10,019,441	971,000			10,990,441
Work in Progress					
<b>Total</b>	<b>64,116,320</b>	<b>344,015,400</b>			<b>408,131,720</b>

(NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete and covers all the entity's assets. Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No. 23/2020 of The National Treasury)

## Annex 4 – List of Projects implemented by Ministry of Devolution

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements (yes/no)
1	Kenya Devolution Support Program-KDSP	Capacity Building To The Counties	Mr. Julius Korir, CBS	Yes
	Instrument For Devolution Support -IDEAS	Local Economic Development	Mr. Julius Korir, CBS	NO

## Annex 5 – List of SCs, Sagas and Public Funds Under Ministry of Devolution

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	Council Of Governors	Coordination of council of governors	C.E.O	215,963,015	Yes
2	Intergovernmental Relations Technical Committee-IGTRC	Intergovernmental coordination	C.E.O	496,772,032	Yes
	<b>TOTAL</b>			<b>712,735,047.00</b>	



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**Annex 6: Disaster Expenditure Reporting Template**

Date:		Entity		Year 2021/2022		Quarter	
Period to which this report refers (FY)		Principal secretary					
Name of Reporting Officer		Principal secretary					
Contact details of the reporting officer:		Email info@devolution.go.ke		Telephone 020-22050645			
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII	
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments	
Special Initiatives	relief & rehabilitation	drought	Disaster response		1,026,392,351		

**Annex 7- Reports Generated from IFMIS**

The following financial reports generated from IFMIS should be attached as appendices to these financial statements.

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

