



THE REPUBLIC OF KENYA

CONSOLIDATED FINANCIAL STATEMENTS

MINISTRIES, DEPARTMENTS AND AGENCIES

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2016**

Unaudited revised March 2017

Government of Kenya
Consolidated Financial Statements for Ministries, Departments and Agencies
For the Year Ended 30th June 2016

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ABBREVIATIONS

FY	-	Fiscal Year
AIA		Appropriations in Aid
PSASB		Public Sector Accounting Standards Board
IPSAS	-	International Public Sector Accounting Standards
PFM		Public Financial Management
KShs	-	Kenya Shillings
KRA	-	Kenya Revenue Authority
MDAs	-	Ministries, Departments and Agencies
SAGA	-	Semi-Autonomous Government Agencies
SCs	-	State Corporations
IDA		International Development Association

1. Commentary on the Consolidated Financial Statements

1.1. Introduction

The Legal Framework

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

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

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

Scope and Consolidation

Executive Order No. 2, dated 20th May 2013, on the organisation of Government saw the creation of the 51 Ministries, Department and Agencies. In addition, there are 4 votes relating to Consolidated Fund Services.

The Executive Order No. 2 coupled with Presidential Warrants: No. 1 of 2015/2016 dated 30th June 2015, No. 2 of 2015/2016 dated 6th May 2016 and No. 3 of 2015/2016 dated 30th June 2016 operationalise the votes by authorising the issuance of funds from the Consolidated Fund. The entities included in the consolidation and the disbursements from the Exchequer are included in Appendix III.

Included in Part B of this consolidation are Government Development Projects implemented by MDAs.

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1.2. Key Highlights

Below is an overview of the financial performance for the year ended 30th June 2016 as reported in the detailed consolidated financial statements together with the commentary and comparative analysis against budget and prior year for the key items in the financial statements.

1.2.1. Financial Performance Summary

Actual Performance against Budget for Year to 30th June 2016

Financial Performance	Printed Estimates	Actual	Variance	%
	KShs Million	KShs Million	KShs Million	Change
Total Receipts	1,989,275	1,741,691	(247,584)	(12%)
Total Payments	1,989,275	1,730,589	(258,686)	(13%)
Surplus for the Year	-	11,102	11,102	>100%

Actual receipts by the MDAs stood at 12% below budget while actual payments were 13% below budget. This is attributable to underutilisation of budget allocation for acquisition of assets and transfers and grants.

Current Year Performance against Prior Year

Financial Performance	Year to 30th June 2016	Year to 30th June 2015	Change	%
	KShs Million	KShs Million	KShs Million	Change
Total Receipts	1,741,691	1,683,969	57,722	3%
Total Payments	1,730,589	1,696,343	34,246	2%
Surplus/(Deficit) for the Year	11,102	(12,374)	23,476	> (100%)

Total receipts increased by 3% due to increase funding to the MDAs mainly through exchequer releases while payments increased by a lower rate leading to a surplus in the current year compared to the previous financial year.

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1.2.2. Financial Assets Summary

Financial Assets	As at 30th June 2016	As at 30th June 2015	Change	%
	KShs Million	KShs Million	KShs Million	Change
Bank Balances	18,512	14,203	4,309	30%
Cash Balances	278	75,142	(74,864)	(100%)
Accounts Receivables - Outstanding Imprest and Clearance Accounts	16,487	71,114	(54,627)	(77%)
Total Financial Assets	35,277	160,459	(125,182)	(78%)

Cash balances declined by 100% as a result of a significant decrease of KShs 74,969 Million in cash balances reported by State Department of Infrastructure. This cash balance previously reported was unsupported and is currently being reconciled in a bid to adjust the accounts through a prior year adjustment.

There is a decrease in accounts receivables as a result of a significant decrease in accounts receivables reported by Public Debt. This decrease is attributed to a write off through a prior year adjustment of exchequer provisioning account that was erroneously accrued under receivables in prior year, of KShs 91,364 Million.

Bank balances at year end generally increased across the MDAs. Specifically, National Treasury and National Land Commission both reported increased bank balances of KShs 902 Million and KShs 994 Million respectively compared to prior year.

1.2.3. Receipts

The government receipts are derived from domestic and external sources. Domestic resources mainly comprise of taxes collected by the Kenya Revenue Authority (KRA) and remitted to the consolidated fund. Other receipt sources include external loans and grants, various administrative fees and charges, capital receipts from sale of public assets and own receipts collected and used directly by government entities and certain budget agencies. Domestic and external borrowings are treated on a cash basis and are therefore, included in the government receipts.

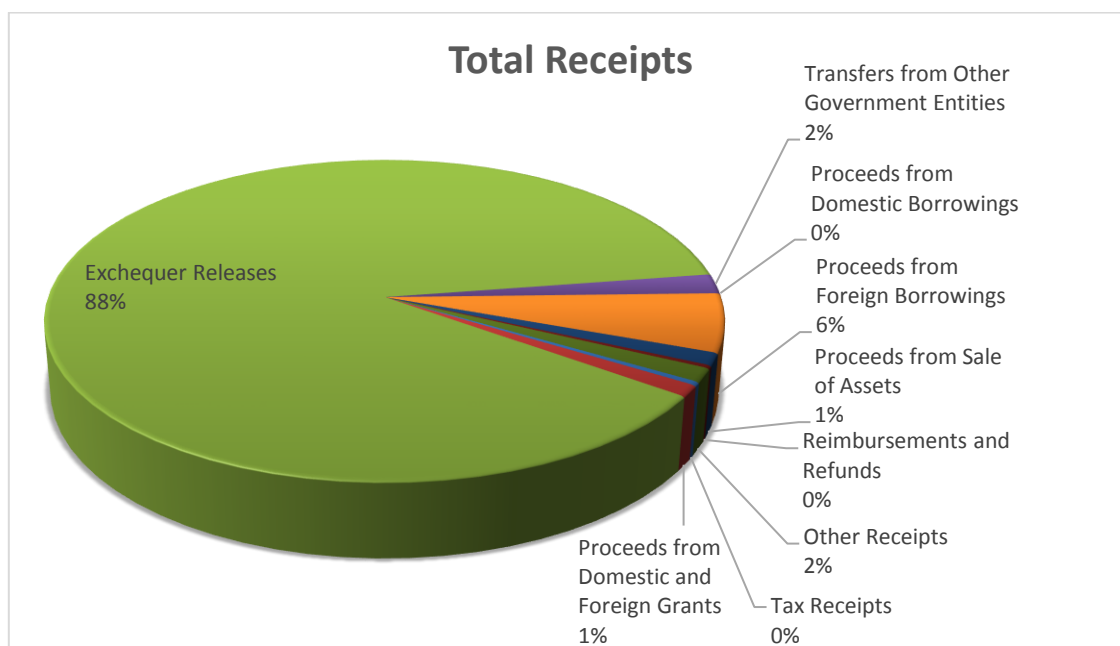
The total receipts for FY 2015/2016 stood at KShs 1,741,691 Million, representing a 3% increase from KShs 1,683,969 Million for FY 2014/2015.

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Total Receipts Breakdown

	Year to 30th June 2016	Year to 30th June 2015	Change	%
Receipts	KShs Million	KShs Million	KShs Million	Change
Tax Receipts	6,068	5,015	1,053	21%
Proceeds from Domestic and Foreign Grants	19,588	26,304	(6,716)	(26%)
Exchequer Releases	1,529,702	1,365,042	164,660	12%
Transfers from Other Government Entities	34,281	23,181	11,100	48%
Proceeds from Domestic Borrowings	-	20,914	(20,914)	(100%)
Proceeds from Foreign Borrowings	102,127	208,276	(106,149)	(51%)
Proceeds from Sale of Assets	21,291	23,062	(1,771)	(8%)
Reimbursements and Refunds	4,990	4,426	564	13%
Other Receipts	23,644	7,748	15,896	>100%
Total Receipts	1,741,691	1,683,969	57,722	3%

The increase in total receipts reported by National Government MDAs is as a result of an increase in exchequer releases from the National Treasury by KShs 164,660 Million due to increased budget allocation. This increase was offset by a decrease in the proceeds from foreign borrowings by KShs 106,149 Million reported by the MDAs in particular, State Department of Transport that reported a drop of KShs 97,027 Million from previous year.



The diagram above depicts the share of major categories of receipts for the fiscal year ended 30th June 2016. The major source of funding for the MDAs is exchequer releases that account for 88% of the total receipts.

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1.2.4. Payments

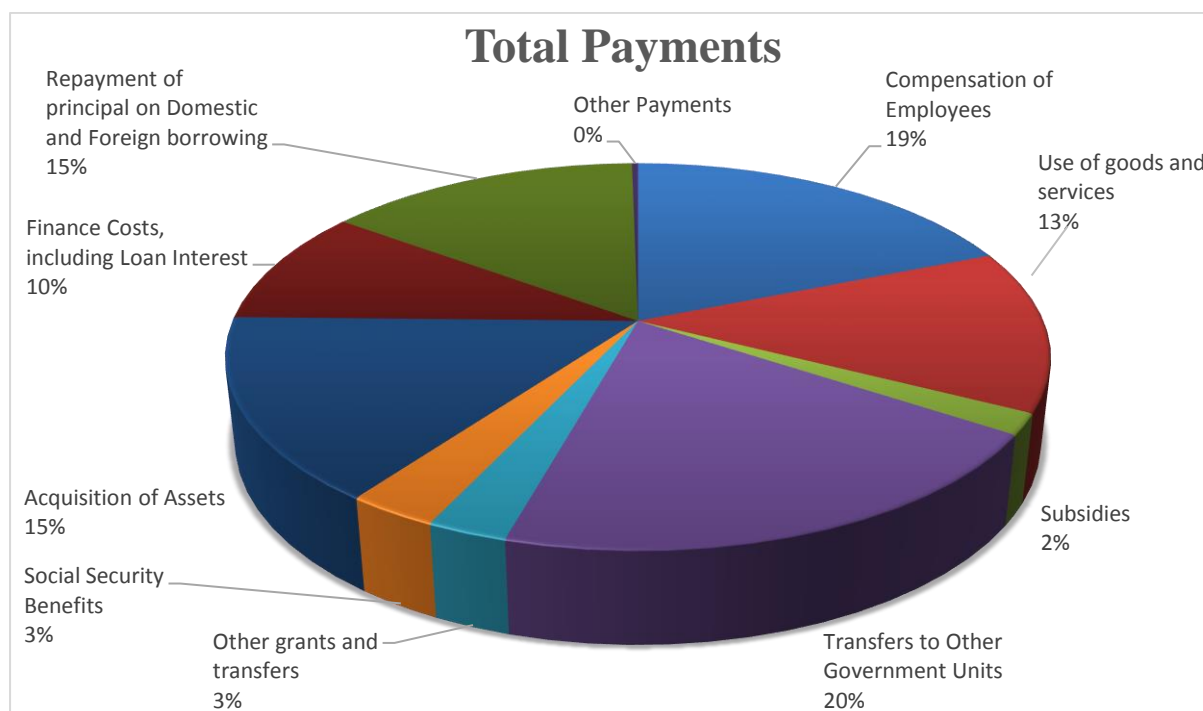
Total payments for period ended 30th June 2016 stood at KShs 1,730,589 Million, a 2% increase from KShs 1,696,343 Million reported for the year ended 30th June 2015.

	Year to 30th June 2016	Year to 30th June 2015	Change	%
Payments	KShs Million	KShs Million	KShs Million	Change
Compensation of Employees	327,061	305,102	21,959	7%
Use of Goods and Services	235,119	192,159	42,960	22%
Subsidies	30,315	30,674	(359)	(1%)
Transfers to Other Government Units	348,131	338,804	9,327	3%
Other Grants and Transfers	46,525	29,298	17,227	59%
Social Security Benefits	52,630	36,292	16,338	45%
Acquisition of Assets	263,823	322,791	(58,968)	(18%)
Finance Costs, including Loan Interest	167,981	152,563	15,418	10%
Repayment of Principal on Domestic and Foreign borrowing	254,116	264,915	(10,799)	(4%)
Other Payment	4,888	23,745	(18,857)	(79%)
Total Payments	1,730,589	1,696,343	34,246	2%

The increase in payments is attributable to a significant increase in use of goods and services as a result of increased activities within the Government. There was also a significant increase in compensation of employees and social security benefits.

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The diagram below depicts the share of major categories of payments for the fiscal year ended 30th June 2016.



It is noted that while the 32% of the National Government budget is utilised on employee compensation and payment for goods and services, 20% of the budget is transferred to other Government units including State Corporations and SAGAs and County Governments.

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1.2.5. Surplus for the Year

The surplus for the MDAs in FY 2015/2016 stood at KShs 11,102 Million compared to a deficit of KShs 12,374 Million in the previous financial year. This is attributable to the fact the total receipts in the year increased at a higher rate than payments made in the year.

Financial Performance	Year to 30th June 2016	Year to 30th June 2015	Change	%
	KShs Million	KShs Million	KShs Million	Change
Total Receipts	1,741,691	1,683,969	57,722	3%
Total Payments	1,730,589	1,696,343	34,246	2%
Surplus/(Deficit) for the Year	11,102	(12,374)	23,476	> (100%)

1.2.6. Total Financial Assets

The total financial assets for the MDAs as at 30th June 2016 amounted to KShs 35,277 Million compared to the KShs 160,459 Million as at 30th June 2015. This represents a decrease of KShs 125,182 Million.

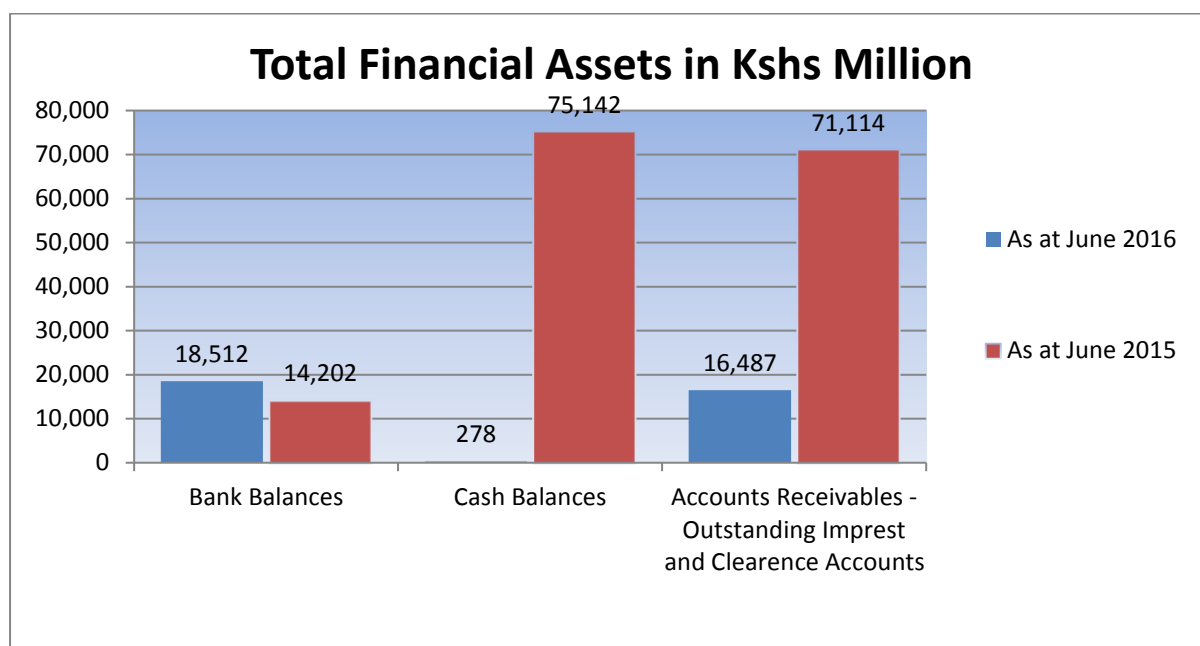
Financial Assets	As at 30th June 2016	As at 30th June 2015	Change	%
	KShs Million	KShs Million	KShs Million	Change
Bank Balances	18,512	14,203	4,309	30%
Cash Balances	278	75,142	(74,864)	(100%)
Accounts Receivables-Outstanding Imprest and Clearance Accounts	16,487	71,114	(54,627)	(77%)
Total Financial Assets	35,277	160,459	(125,182)	(78%)

The decrease in total financial assets was driven by a decrease in cash balances and accounts receivable. This was offset by the increase in bank balances by 30%.

Cash balances declined by 100% as a result of a significant decrease of KShs 74,969 Million in cash balances reported by State Department of Infrastructure. This cash balance previously reported was unsupported and is currently being reconciled in a bid to adjust the accounts through a prior year adjustment.

Bank balances at year end generally increased across the MDAs. Specifically, National Treasury and National Land Commission both reported increased bank balances of KShs 902 Million and KShs 994 Million respectively compared to prior year.

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1.2.7. Cash Flows and Cash Position

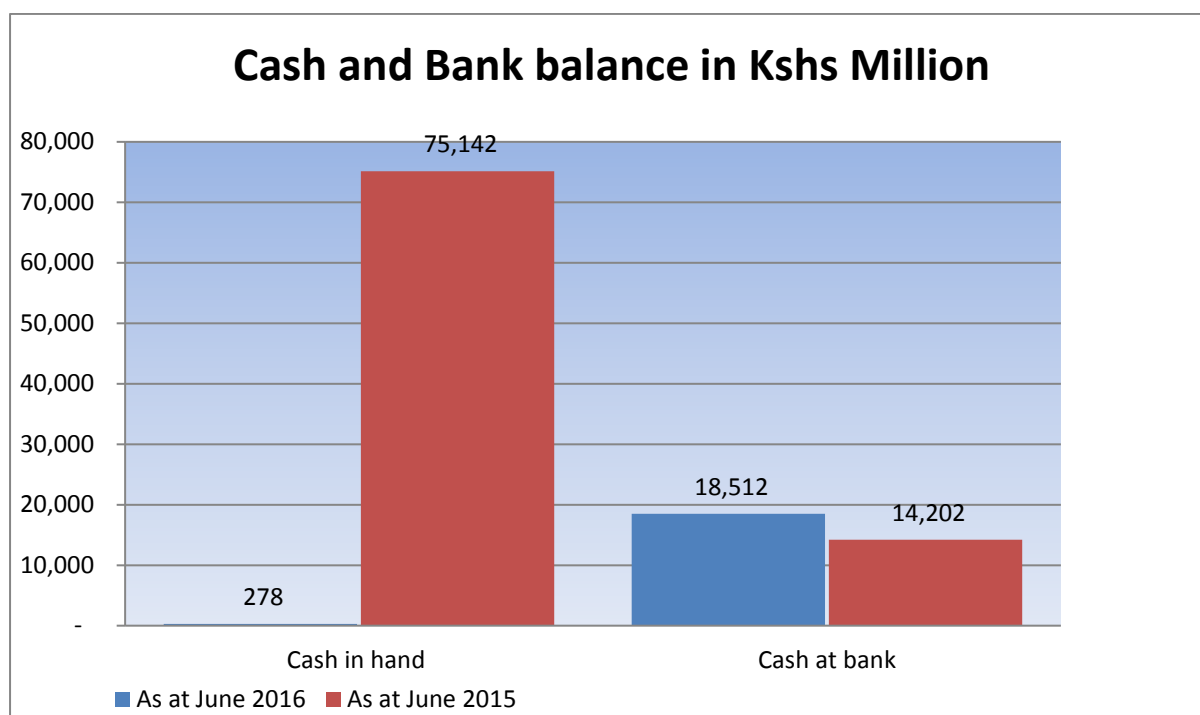
The cash and bank balances held by the MDAs as at 30th June 2016 was KShs 18,790 Million compared to KShs 89,345 Million held as at 30th June 2015. The breakdown of the cash and bank balances is as summarized in the table below.

1.2.8. Cash and Bank Balance

Cash and Bank balances	As at 30th June 2016	As at 30th June 2015	Change	%
	KShs Million	KShs Million	KShs Million	Change
Cash in Hand	278	75,142	(74,864)	(100%)
Cash at Bank	18,512	14,203	4,309	30%
Total	18,790	89,345	(70,555)	(79%)

Cash balances declined by 100% as a result of a significant decrease of KShs 74,969 Million in cash balances reported by State Department of Infrastructure. This cash balance previously reported was unsupported and is currently being reconciled in a bid to adjust the accounts through a prior year adjustment.

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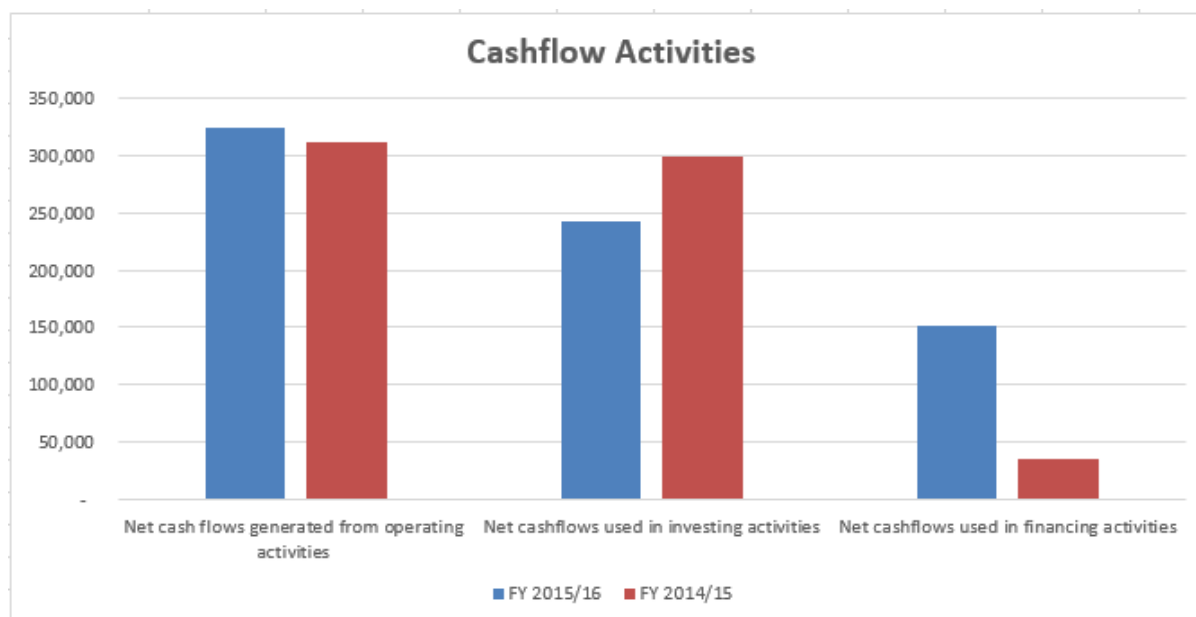


1.2.9. Cash Flow Activities

The table below summarizes cash flows generated and used from various activities.

Cash Flow Activities	Year to 30th June 2016	Year to 30th June 2015	Change	%
	KShs Million	KShs Million	KShs Million	Change
Net Cash Flows generated from Operating activities	323,967	311,490	12,476	4%
Net Cash Flows used in Investing Activities	(242,532)	(299,729)	57,197	(19%)
Net Cash Flows used in Financing Activities	(151,989)	(35,725)	(116,264)	>100%
Net Decrease in Cash and Cash Equivalents	(70,555)	(23,964)	(46,591)	>100%
Cash and Cash Equivalents at 1 July	89,345	113,309	(23,964)	(21%)
Cash and Cash Equivalents at 30 June	18,790	89,345	(70,555)	(79%)

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Net cash flows utilised in investing activities decreased due to a decline in amounts utilised in the acquisition of assets by the MDAs. Net cash flows used in financing activities increased in the current year due to a decline in proceeds from foreign borrowings received in the current year compared to prior year by KShs 106,149 Million and a decline in proceeds in domestic borrowings received in the current year compared to prior year by KShs 20,914 Million. This decline was marginally offset by a decline in repayment of principal on Domestic and Foreign borrowing by KShs 10,799 Million.

1.3. Conclusion

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

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

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

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2. Statement of Responsibility

Section 80 of the Public Finance Management (PFM) Act, 2012 requires the National Treasury to prepare annual financial statements that consolidate the financial statements prepared by all National Government entities, in accordance with the accounting policies and formats prescribed by the Public Sector Accounting Standards Board. The National Treasury is required to submit these financial statements to the Auditor General and a copy to the Controller of Budget and the Commission on Revenue Allocation by 31st October 2016.

These consolidated financial statements relate to the **National Government Ministries, Departments and Agencies** for the financial year ended 30th June 2016.

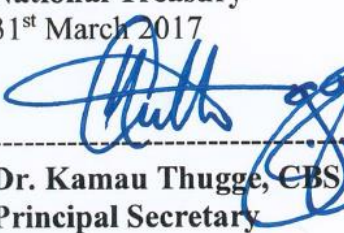
The consolidated financial statements are based on the financial statements prepared and submitted by the respective Ministries, Departments and Agencies in accordance with Section 81 of the PFM Act, 2012. The responsibility of ensuring accuracy and completeness of the financial statements rests with the Accounting Officers of the respective entities. The National Treasury is responsible for the preparation of the consolidated financial statements of the Ministries Departments and Agencies.

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

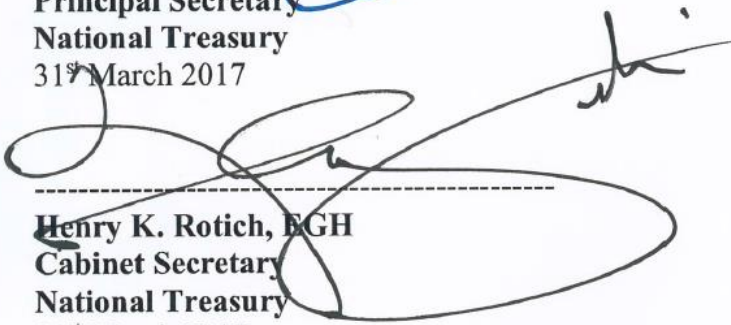
To the best of our knowledge, the overall consolidated financial statements as set out on pages 1 to 73 are complete and accurately prepared based on the financial statements submitted by the Ministries, Departments and Agencies for the financial year ended 30th June 2016.



Bernard Ndungu, MBS
Director General, Accounting Services & Quality Assurance
National Treasury
31st March 2017



Dr. Kamau Thugge, CBS
Principal Secretary
National Treasury
31st March 2017



Henry K. Rotich, BGH
Cabinet Secretary
National Treasury
31st March 2017

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3. Consolidated Statement of Receipts and Payments for the Year Ended 30th June 2016

		Year to 30th June 2016	Year to 30th June 2015
		KShs	KShs
Receipts	Note		
Tax Receipts	1	6,068,134,622	5,014,849,459
Proceeds from Domestic and Foreign Grants	2	19,587,630,227	26,303,908,792
Transfers from Exchequer	3	1,529,702,365,902	1,365,042,291,982
Transfers from Other Government Entities	4	34,281,038,027	23,181,393,052
Proceeds from Domestic Borrowings	5	-	20,914,324,645
Proceeds from Foreign Borrowings	6	102,127,174,742	208,276,399,867
Proceeds from Sale of Assets	7	21,290,979,965	23,061,532,004
Reimbursements and Refunds	8	4,989,537,405	4,425,974,000
Other Receipts	9	23,644,286,193	7,748,358,587
Total Receipts		1,741,691,147,083	1,683,969,032,388
Payments			
Compensation of Employees	10	327,060,574,904	305,102,004,615
Use of Goods and Services	11	235,119,327,017	192,158,745,527
Subsidies	12	30,314,894,767	30,674,534,330
Transfers to Other Government Units	13	348,130,527,902	338,803,854,898
Other Grants and Transfers	14	46,524,694,225	29,297,899,177
Social Security Benefits	15	52,629,552,220	36,291,935,200
Acquisition of Assets	16	263,823,183,204	322,790,948,462
Finance Costs, including Loan Interest	17	167,981,600,191	152,563,251,115
Repayment of Principal on Domestic and Foreign Borrowing	18	254,116,511,320	264,915,611,494
Other Payments	19	4,888,233,854	23,744,593,357
Total Payments		1,730,589,099,604	1,696,343,378,175
Surplus/(Deficit)		11,102,047,479	(12,374,345,787)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The report covers the twelve months period ended 30th June 2016 and the accompanying comparatives cover the twelve month period ended 30th June 2015.

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

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Consolidated Financial Statements for Ministries, Departments and Agencies
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4. Consolidated Statement of Financial Assets as at 30th June 2016

	Note	As at 30 th June 2016	As at 30 th June 2015
Financial Assets		KShs	KShs
Cash and Cash Equivalents			
Bank Balances	20A	18,512,298,143	14,203,093,217
Cash Balances	20B	277,963,998	75,141,992,906
Total Cash And Cash Equivalents		18,790,262,141	89,345,086,123
Accounts Receivables (Outstanding Imprest and Clearance Accounts)	21	16,486,814,208	71,113,507,983
Total Financial Assets		35,277,076,349	160,458,594,106
Less: Financial Liabilities			
Accounts Payables – Deposits	22	42,666,819,860	75,850,706,288
Net Financial Assets		(7,389,743,511)	84,607,887,819
Represented By			
Fund Balance Brought Forward	23	84,314,492,220	113,309,012,037
Surplus/(Deficit) for the Year		11,102,047,479	(12,374,345,787)
Prior Year Adjustments	24	(103,786,770,181)	(16,192,414,772)
Accrual to Cash Adjustments	25	687,091,373	(134,363,658)
Net Financial Position		(7,389,743,511)	84,607,887,819

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The report covers twelve months period ended 30th June 2016 and the accompanying comparatives cover the twelve month period ended 30th June 2015.

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

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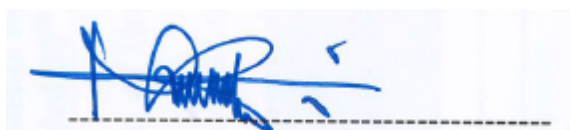
5. Consolidated Statement of Cash Flows for the Year Ended 30th June 2016

		Year to 30th June 2016	Year to 30th June 2015
	Notes	KShs	KShs
Cash Flow from Operating Activities			
Receipts for Operating Income			
Tax Receipts	1	6,068,134,622	5,014,849,459
Proceeds from Domestic and Foreign Grants	2	19,587,630,227	26,303,908,792
Transfers from Exchequer	3	1,529,702,365,902	1,365,042,291,982
Transfers from Other Government Entities	4	34,281,038,027	23,181,393,052
Reimbursements and Refunds	8	4,989,537,405	4,425,974,000
Other Receipts	9	23,644,286,193	7,748,358,587
		1,618,272,992,376	1,431,716,775,872
Payments for Operating Expenses			
Compensation of Employees	10	(327,060,574,904)	(305,102,004,615)
Use of Goods and Services	11	(235,119,327,017)	(192,158,745,527)
Subsidies	12	(30,314,894,767)	(30,674,534,330)
Transfers to Other Government Units	13	(348,130,527,902)	(338,803,854,898)
Other Grants and Transfers	14	(46,524,694,225)	(29,297,899,177)
Social Security Benefits	15	(52,629,552,220)	(36,291,935,200)
Finance Costs, including Loan Interest	17	(167,981,600,191)	(152,563,251,115)
Other Payments	19	(4,888,233,854)	(23,744,593,357)
		(1,212,649,405,080)	(1,108,636,818,219)
Adjusted for:			
Changes in Receivables		54,626,693,775	(71,113,507,983)
Changes in Payables		(33,183,886,428)	75,850,706,288
Adjustments for Non-cash		687,091,373	(134,363,658)
Adjustments during the year		(103,786,770,181)	(16,192,414,772)
Net Cash Flow from Operating activities		323,966,715,835	311,490,377,527
Cash Flow from Investing Activities			
Proceeds from Sale of Assets	7	21,290,979,965	23,061,532,004
Acquisition of Assets	16	(263,823,183,204)	(322,790,948,462)
Net cash flows used in Investing Activities		(242,532,203,239)	(299,729,416,458)
Cash Flow from Financing Activities			
Proceeds from Domestic Borrowings	5	-	20,914,324,645
Proceeds from Foreign Borrowings	6	102,127,174,742	208,276,399,867
Repayment of principal on Domestic and Foreign Borrowing	18	(254,116,511,320)	(264,915,611,494)

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		Year to 30th June 2016	Year to 30th June 2015
	Notes	KShs	KShs
Net Cash Flow used in Financing Activities		(151,989,336,578)	(35,724,886,982)
Net Decrease in Cash and Cash Equivalent		(70,554,823,982)	(23,963,925,914)
Cash and Cash Equivalents at Beginning of the Year		89,345,086,124	113,309,012,037
Cash and Cash Equivalents at End of the Year		18,790,262,141	89,345,086,124

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The report covers twelve months period ended 30th June 2016 and the accompanying comparatives cover the twelve month period ended 30th June 2015.



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

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6. Consolidated Recurrent and Development Expenditure (Budget Vs Actual)

Payment Item	Original Expenditure Budget	Adjustments (Supplementary 1 & 2)	Final Expenditure Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	KShs	KShs	KShs	KShs	KShs	KShs
	a	b	c=a+b	d	e=c-d	f=d/c %
Compensation of Employees	332,579,100,651	7,474,484,047	340,053,584,698	327,060,574,904	12,993,009,794	96%
Use of Goods and Services	157,020,743,619	107,524,744,159	264,545,487,778	235,119,327,017	29,426,160,761	89%
Subsidies	133,960,078,917	(101,948,822,820)	32,011,256,097	30,314,894,767	1,696,361,330	95%
Transfers and Grants	410,189,451,425	(87,703,938,750)	322,485,512,675	348,130,527,902	(25,645,015,227)	108%
Other Grants and Transfers	48,990,625,439	125,796,052,079	174,786,677,518	46,524,694,225	128,261,983,293	27%
Social Security Benefits	40,547,608,492	12,658,864,853	53,206,473,345	52,629,552,220	576,921,125	99%
Acquisition of Assets	388,967,077,669	(33,963,690,327)	355,003,387,342	263,823,183,204	91,180,204,138	74%
Finance Costs, including Loan Interest	185,432,323,015	30,843,589,449	216,275,912,464	167,981,600,191	48,294,312,273	78%
Repayment of principal on Domestic and Foreign Borrowing	212,547,978,386	10,241,375,000	222,789,353,386	254,116,511,320	(31,327,157,934)	114%
Other Payments	10,233,326,658	(1,501,961,599)	8,731,365,059	4,888,233,854	3,843,131,205	56%
Grand Total	1,920,468,314,271	69,420,696,091	1,989,889,010,362	1,730,589,099,604	259,299,910,758	87%

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7. Summary of Funds Movements per Vote as at 30th June 2016

Vote	Full name of the MDA	Receipts KShs	Payments KShs	Surplus/ (Deficit)	Net Financial Assets	Fund Balance
				KShs	KShs	KShs
1011	The Presidency	8,334,649,364	8,275,488,356	59,161,008	67,845,402	67,845,402
1021	State Department of Interior	107,228,323,262	107,083,005,484	145,317,778	2,178,217,563	2,178,217,563
1022	State Department for Coordination of National Government	18,190,700,000	15,287,064,034	2,903,635,966	2,968,046,619	2,968,046,619
1031	State Department of Planning	70,350,861,910	70,293,455,001	57,406,909	76,081,384	76,081,384
1032	State Department for Devolution	9,881,736,322	9,659,182,926	222,553,396	325,766,414	325,766,414
1041	Ministry of Defence	99,055,573,204	99,040,964,098	14,609,106	20,154,106	20,154,106
1051	Ministry of Foreign Affairs and International Trade	15,930,289,000	15,643,503,000	286,786,000	891,541,000	891,541,000
1061	State Department for Education	62,648,248,347	62,295,853,381	352,394,966	476,041,860	476,041,860
1062	State Department for Science & Technology	69,210,423,826	69,166,137,156	44,286,670	48,347,733	48,347,733
1071	The National Treasury	92,127,811,173	92,071,238,490	56,572,683	1,783,140,725	1,783,140,725
1081	Ministry of Health	42,552,416,596	42,579,164,033	(26,747,437)	2,763,884,413	2,763,884,413
1091	State Department of Infrastructure	109,808,886,473	109,760,384,408	48,502,065	80,322,056	80,322,056
1092	State Department of Transport	68,391,376,008	67,969,715,771	421,660,237	427,982,411	427,982,411
1101	State Department for Environment and Natural Resources	16,077,551,281	15,937,882,300	139,668,981	146,183,035	146,183,035
1102	State Department for Water & Regional Authorities	20,492,426,194	20,259,193,842	233,232,352	1,735,360,382	1,735,360,382
1111	Ministry of Land, Housing and Urban Development	24,869,623,402	24,859,744,892	9,878,510	45,658,356	45,658,356
1121	Ministry of Information, Communication and Technology	16,158,999,918	16,022,777,916	136,222,002	138,772,138	138,772,138

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Vote	Full name of the MDA	Receipts KShs	Payments KShs	Surplus/ (Deficit)	Net Financial Assets	Fund Balance
				KShs	KShs	KShs
1131	Ministry of Sports, Culture and Arts	6,561,152,030	6,529,600,724	31,551,306	58,859,574	58,859,574
1141	Ministry of Labour, Social Security and Services	19,854,385,060	19,557,132,628	297,252,432	3,285,083,823	3,285,083,823
1151	Ministry of Energy and Petroleum	73,559,559,287	73,557,938,017	1,621,270	16,453,270	16,453,270
1161	State Department for Agriculture	19,816,473,837	19,818,406,646	(1,932,809)	1,428,925	1,428,925
1162	State Department for Livestock	4,846,673,423	4,143,721,742	702,951,681	867,773,406	867,773,406
1163	State Department for Fisheries	3,159,969,844	3,143,913,721	16,056,123	16,056,123	16,056,123
1171	Ministry of Industrialization and Enterprise Development	7,820,037,050	7,814,174,686	5,862,364	46,566,806	46,566,806
1181	State Department of Commerce and Tourism	6,563,804,842	6,451,894,565	111,910,277	114,047,756	114,047,756
1182	State Department of East African Affairs	1,640,638,158	1,610,017,506	30,620,652	33,654,879	33,654,879
1191	Ministry of Mining	2,135,415,350	2,352,382,885	(216,967,535)	28,843,861	28,843,861
1251	Office of the Attorney General and Department of Justice	3,325,900,000	3,292,283,817	33,616,183	35,630,792	35,630,792
1261	The Judiciary	12,775,329,365	12,703,612,054	71,717,311	207,774,138	207,774,138
1271	Ethics and Anti-Corruption Commission	2,562,312,821	2,248,411,388	313,901,433	454,330,959	454,330,959
1281	National Intelligence Service	22,152,653,750	22,130,345,173	22,308,577	38,429,312	38,429,312
1291	Director of Public Prosecutions	2,013,844,500	2,014,180,348	(335,848)	5,561,126	5,561,126
1301	Commission for the Implementation of the Constitution	312,000,000	314,978,623	(2,978,623)	14,608,733	14,608,733
1311	Registrar of Political Parties	519,300,000	518,718,289	581,711	581,711	581,711
1321	Witness Protection Agency	375,996,803	370,678,795	5,318,008	31,675,400	31,675,400
2011	Kenya National Commission on Human Rights	566,604,601	538,543,949	28,060,652	72,524,534	72,524,534
2021	National Land Commission	1,476,090,765	1,475,793,514	297,251	7,016,064	7,016,064

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Vote	Full name of the MDA	Receipts KShs	Payments KShs	Surplus/ (Deficit)	Net Financial Assets	Fund Balance
				KShs	KShs	KShs
2031	Independent Electoral and Boundaries Commission	4,325,849,000	4,799,495,000	(473,646,000)	179,702,000	179,702,000
2041	Parliamentary Service Commission	10,821,021,542	10,754,149,269	66,872,273	131,502,364	131,502,364
2042	National Assembly	12,876,900,000	12,686,499,000	190,401,000	190,401,000	190,401,000
2051	Judicial Service Commission	405,000,000	394,411,753	10,588,247	14,025,946	14,025,946
2061	Commission on Revenue Allocation	326,163,001	336,745,108	(10,582,107)	104,704,716	104,704,716
2071	Public Service Commission	1,127,827,875	1,123,824,939	4,002,936	4,868,241	4,868,241
2081	Salaries and Remuneration Commission	970,113,156	773,729,897	196,383,259	275,177,470	275,177,470
2091	Teachers Service Commission	184,939,593,477	180,606,159,947	4,333,433,530	1,076,837,428	1,076,837,428
2101	National Police Service Commission	461,572,419	461,248,318	324,101	2,111,736	2,111,736
2111	Office of Auditor General	3,821,289,491	3,756,771,292	64,518,199	128,614,332	128,614,332
2121	Controller of Budget	496,000,000	521,532,017	(25,532,017)	10,581,123	10,581,123
2131	The Commission on Administrative Justice	443,900,000	416,662,491	27,237,509	51,149,844	51,149,844
2141	National Gender and Equality Commission	309,000,000	303,921,917	5,078,083	20,847,903	20,847,903
2151	Independent Police Oversight Authority	361,000,000	359,848,060	1,151,940	1,151,941	1,151,941
R 53	Share Subscription And Capital Contribution To International Organisations.	1,843,460	1,843,458	2	2	2
R50	Public Debt	421,849,938,287	421,457,575,047	392,363,240	(26,896,689,533)	(26,896,689,533)
R51	Pension and Gratuities	50,860,000,000	51,250,699,446	(390,699,446)	(2,606,817,962)	(2,606,817,962)
R52	Salaries, Allowances and Miscellaneous Services	3,946,097,609	3,792,498,487	153,599,122	118,445,551	118,445,551
	Total	1,741,691,147,083	1,730,589,099,604	11,102,047,479	(7,683,139,109)	(7,683,139,109)

8. Significant Accounting Policies

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

8.1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the 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 Public Sector Accounting Standards Board of Kenya.

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

8.2. Basis of consolidation

This consolidation is based on unaudited financial statements submitted by the individual MDAs to the Auditor-General by 30th September 2016 with a copy to the Controller of Budget, the National Treasury and the Commission on Revenue Allocation. A revised consolidation based on the audited financial statements will be prepared and submitted for audit purposes.

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

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

8.3. Elimination

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

Significant Accounting Policies (Continued)

8.4. Significant accounting policies

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

a. Recognition of receipts and payments

The Government recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government. In addition, the Government recognises all payments when the event occurs and the related cash has actually been paid out by the Government.

b. In-kind contributions

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

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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

d. Property, plant and equipment

The expenditure 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 capital expenditure otherwise it not recorded rather a fixed asset register which contains details of assets is maintained by each public entity.

Significant Accounting Policies (Continued)

e. Accounts receivable

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

f. Accounts payable

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

g. Pending bills

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

h. Budget

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

i. Comparative figures

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

Significant Accounting Policies (Continued)

j. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2016.

k. 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. There were no restrictions on cash during the year.

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9. Notes to the Financial Statements

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

1. Tax Receipts

This category of receipts relates to levies collected.

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Taxes on Goods and Services	6,048,472,622	5,001,288,459
Other Taxes (not elsewhere classified)	19,662,000	13,561,000
Total	6,068,134,622	5,014,849,459

2. Proceeds from Domestic and Foreign Grants

These are grants received from development partners through the exchequer.

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)	6,724,205,439	7,768,043,206
Grants Received from Multilateral Donors (International Organisations)	3,547,553,493	10,907,071,496
Grants Received from other levels of Government	9,315,871,295	7,628,794,090
Total	19,587,630,227	26,303,908,792

3. Exchequer Releases

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

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
1st quarter transfer	234,440,670,141	335,001,807,455
2nd quarter transfer	317,072,567,538	319,516,446,700
3rd quarter transfer	352,341,287,581	333,498,625,239
4th quarter transfer	625,847,840,642	377,025,412,588
Total	1,529,702,365,902	1,365,042,291,982

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Reconciliation to Exchequer

	FY 2015/2016	FY 2014/2015
Description	KShs	KShs
Exchequer Releases as recorded by MDAs as above	1,529,702,365,902	1,365,042,291,982
Funds Released to Budget Agencies (Refer to Appendix III)	1,529,702,365,902	1,365,059,458,285
Variance	-	(17,166,303)

The above variance in exchequer releases as recorded by the MDAs and by National Treasury in FY 2014/2015 are as a result of exchequer over/under issues that arose as a result of a supplementary budget revision in that year.

4. Transfers from Other Government Entities

These are amounts received from other government reporting entities including State Corporations and SAGAs and County Governments. The total transfers have been reconciled with the sending government entity.

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Transfers from Central government entities	34,281,038,027	23,181,393,052
Total	34,281,038,027	23,181,393,052

5. Proceeds from Domestic Borrowings

This category comprises of domestic deposits previously accounted for as income.

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Domestic Currency and Domestic Deposits	-	20,914,324,645
Total	-	20,914,324,645

6. Proceeds from Foreign Borrowings

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

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Foreign Borrowing – Draw-downs through Exchequer	2,270,943,226	27,121,192,040
Foreign Borrowing - Direct Payments	99,856,231,516	181,155,207,827
Total	102,127,174,742	208,276,399,867

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7. Proceeds from Sale of Non-Financial Assets

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Receipts from the Sale of Vehicles and Transport Equipment	9,347,955	7,349,155
Receipts from the Sale Plant Machinery and Equipment	319,450	406,500
Receipts from Sale of Certified Seeds and Breeding Stock	2,898,722,888	2,329,002,269
Receipts from the Sale of Strategic Reserves Stocks	2,500,000,000	2,505,862,100
Receipts from the Sale of Inventories, Stocks and Commodities	15,882,589,672	18,216,933,430
Disposal and Sales of Non-Produced Assets	-	1,978,550
Total	21,290,979,965	23,061,532,004

8. Reimbursements and Refunds

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

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Reimbursement from Individuals and Private Organisations	4,962,759,246	4,425,974,000
Reimbursement within Central Government	26,778,159	-
Total	4,989,537,405	4,425,974,000

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9. Other Receipts

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Interest Received	9,931,714	22,457,628
Rents	504,801,768	397,290,363
Receipts from Administrative Fees and Charges	3,418,970,614	435,596,802
Receipts from Administrative Fees and Charges - Collected as AIA	2,471,340,400	1,288,551,073
Receipts from Incidental Sales by Non-Market Establishments	410,475,526	2,246,416,592
Receipts from Sales by Non-Market Establishments	996,843,239	199,000
Receipts from Sale of Incidental Goods	2,763,100	67,000
Fines Penalties and Forfeitures	22,060,323	593,005
Receipts from Voluntary transfers other than grants	-	653,681,968
Other Receipts Not Classified Elsewhere	15,807,099,509	2,703,505,156
Total	23,644,286,193	7,748,358,587

10. Compensation of Employees

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

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Basic salaries of permanent employees	188,017,166,269	181,462,758,448
Basic wages of temporary employees	19,953,828,966	13,001,925,242
Personal allowances paid as part of salary	108,203,935,471	98,712,961,218
Personal allowances paid as reimbursements	4,627,033,734	3,950,611,315
Personal allowances provided in kind	14,139,230	15,551,000
Pension and other social security contributions	996,653,437	947,872,858
Compulsory national social security schemes	76,353,441	64,022,686
Compulsory national health insurance schemes	4,520,307,749	6,118,806,290
Social benefit schemes outside government	258,220,218	177,192,000
Other personnel payments	392,936,389	650,303,558
Total	327,060,574,904	305,102,004,615

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11. Use of Goods and Services

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

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Utilities, supplies and services	4,044,569,438	3,841,712,551
Communication, supplies and services	1,613,031,336	2,030,547,243
Domestic travel and subsistence	9,485,301,946	9,311,000,947
Foreign travel and subsistence	5,873,470,603	4,807,701,976
Printing, advertising and information supplies & services	2,151,443,907	1,471,640,356
Rentals of produced assets	11,732,522,482	7,084,420,624
Training expenses	6,306,234,079	4,401,687,370
Hospitality supplies and services	5,718,924,968	4,891,451,203
Insurance costs	6,135,184,329	4,146,129,720
Specialised materials and services	34,454,948,257	31,506,264,421
Office and general supplies and services	3,473,416,040	3,271,103,071
Other operating expenses	132,206,765,673	103,760,589,002
Routine maintenance – vehicles and other transport equipment	6,056,084,763	3,938,474,551
Routine maintenance – other assets	3,163,786,756	4,112,253,354
Fuel Oil and Lubricants	2,703,642,440	3,583,769,138
Total	235,119,327,017	192,158,745,527

12. Subsidies

These comprise financial assistance provided in form of reduced price of goods and services. Tabulated below is a list of subsidies to public corporations by MDAs.

	FY 2015/2016	FY 2014/2015
Description	KShs	KShs
Subsidies to Public Corporations	30,314,894,767	30,674,534,330
TOTAL	30,314,894,767	30,674,534,330

The following is a breakdown of subsidies given various government entities

	Vote	MDA	Government Entity	KShs
1	1061	State Department for Education	Various Learning Institutions	30,258,894,767
2	1062	State Department for Science and Technology	African Institute of Capacity & Development	56,000,000
		Total		30,314,894,767

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13. Transfer to Other Government Entities

These are amounts transferred to other government reporting entities.

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Transfers to Central government entities - Self Reporting SAGAs (Appendix V)	333,775,158,136	329,990,682,358
Transfers to Central government entities - MDAs	-	34,311,958
Transfers to Central government entities - Self Reporting Projects ((Appendix 2 of Annexure)	4,142,987,886	2,556,930,968
Transfers to Central government entities – Counties (Appendix VI)	4,221,002,500	-
Transfers to Central government entities – Exchequer (Appendix VII)	5,991,379,380	6,221,929,614
Total	348,130,527,902	338,803,854,898

14. Other Grants and Other Payments

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Membership and subscriptions to international organisations	2,392,041,134	2,357,852,383
Scholarships and other educational benefits	1,218,688,821	1,281,530,636
Emergency relief and refugee assistance	3,931,908,950	3,558,797,704
Subsidies to small businesses, cooperatives, and self employed	16,010,000	1,623,268,878
*Other Payments	38,966,045,320	20,476,449,576
Total	46,524,694,225	29,297,899,177

* These mainly relate to payments made by National Intelligence Service budgeted under transfers and grants due to its nature of activities.

15. Social Security Benefits

These comprise the social contributions made by the general government unit on behalf of its employees.

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Government pension and retirement benefits	52,575,251,776	36,261,593,968
Social security benefits in cash and in kind	51,194,527	2,969,362
Employer Social Benefits in cash and in kind	3,105,917	27,371,870
Total	52,629,552,220	36,291,935,200

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16. Acquisition of Assets

These represent the payment made to acquire property plant and equipment purchased during the year which has been expensed during the year of purchase as per the accounting policy. All government entities are required to maintain a fixed asset register which will include the assets acquired.

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Non-Financial Assets		
Purchase of Buildings	720,516,000	826,014,524
Construction of Buildings	34,847,388,013	17,219,386,162
Refurbishment of Buildings	1,526,844,172	1,974,740,256
Construction of Roads	22,622,351,489	21,973,009,262
Construction and Civil Works	122,062,199,927	216,667,817,742
Overhaul and Refurbishment of Construction and Civil Works	891,375,058	3,056,565,336
Purchase of Vehicles and Other Transport Equipment	2,969,029,878	2,846,359,654
Overhaul of Vehicles and Other Transport Equipment	259,725,960	198,637,527
Purchase of Household Furniture and Institutional Equipment	73,058,501	147,924,587
Purchase of Office Furniture and General Equipment	1,607,152,768	1,420,583,691
Purchase of Specialised Plant, Equipment and Machinery	20,570,624,453	16,688,215,377
Rehabilitation and Renovation of Plant, Machinery and Equip.	285,739,322	282,073,485
Purchase of Certified Seeds, Breeding Stock and Live Animals	4,996,442,092	1,230,240,430
Research, Studies, Project Preparation, Design & Supervision	4,496,847,623	5,431,631,664
Rehabilitation of Civil Works	5,436,596,434	11,117,522,753
Acquisition of Strategic Stocks and commodities	4,000,000	366,845,603
Acquisition of Land	4,582,990,960	3,776,307,796
Acquisition of Intangible Assets	20,553,926	22,200,143
Purchase of ICT Equipment	182,179,563	666,592,330
Financial Assets		
Domestic Public Non-Financial Enterprises	22,764,262,311	2,431,570,085
Domestic Public Financial Institutions	9,153,000,000	12,638,500,000
Foreign financial Institutions operating Abroad	3,750,304,754	1,808,210,055
Total	263,823,183,204	322,790,948,462

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17. Finance Costs including Loan Interest

This relates to interest paid on domestic and foreign borrowings.

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Interest Payments on Foreign Borrowings	42,312,030,206	33,329,506,952
Interest Payments on Guaranteed Debt Taken over by Government	96,085,835	115,664,481
Interest on Domestic Borrowings (Non-Government)	124,779,531,719	118,292,973,547
Interest on Borrowings from Other Government Units	793,952,431	825,106,135
Total	167,981,600,191	152,563,251,115

18. Repayment of Principal on Domestic Lending and On Lending

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

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Repayments on Borrowings from Domestic	217,014,996,152	182,692,800,000
Principal Repayments on Guaranteed Debt Taken over by Government	954,122,778	899,285,640
Repayments on Borrowings from Other Domestic Creditors	1,110,000,000	1,110,000,000
Repayment of Principal from Foreign Lending and On – Lending	35,037,392,390	80,213,525,854
Total	254,116,511,320	264,915,611,494

19. Other Payments

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Other expenses	4,888,233,854	23,616,727,357
Domestic Accounts	-	127,866,000
Total	4,888,233,854	23,744,593,357

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20. Bank Accounts

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

20. A. Bank Accounts

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Recurrent Bank Accounts at Central Bank of Kenya	2,853,480,748	1,988,923,710
Development Bank Account Central Bank of Kenya	2,016,763,791	968,222,600
Deposit Bank Account Central Bank of Kenya	8,225,727,788	6,976,151,199
Others in Commercial Banks	5,416,325,816	4,269,795,708
Total	18,512,298,143	14,203,093,217

20. B. Cash in Hand

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Cash in Hand – Held in domestic currency	277,963,998	75,141,992,906
Total	277,963,998	75,141,992,906

Cash balances declined by 100% as a result of a significant decrease of KShs 74,969 Million in cash balances reported by State Department of Infrastructure. This cash balance previously reported was unsupported and is currently being reconciled in a bid to adjust the accounts through a prior year adjustment.

21. Accounts Receivable (Outstanding Imprests)

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

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Government Imprests	1,233,199,247	4,720,167,873
Salary Advances	47,822,309	75,022,284
District Suspense	10,502,301,131	5,046,598,651
Clearance accounts	4,703,491,521	61,271,719,175
Total	16,486,814,208	71,113,507,983

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22. Accounts Payable

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

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Deposits	12,056,852,482	8,196,965,479
**Others – Clearance Accounts	30,609,967,378	67,653,740,809
Total	42,666,819,860	75,850,706,288

** This mainly relates to an overdraft in CFS Public Debt payable to Central Bank of Kenya to settle Treasury Bonds and Treasury Bills.

23. Balances Brought Forward

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Bank accounts	14,203,093,217	17,644,324,600
Cash in hand	75,141,992,906	98,789,459
Receivables - Outstanding Imprests	71,113,507,983	103,065,494,279
Payables – Deposits	(76,144,101,886)	(7,499,596,301)
Total	84,314,492,220	113,309,012,037

There was an increase in cash in hand and payables amounts brought forward, these were mainly attributed to high cash balances and deposits amounts reported by State Department of Infrastructure in the FY 2014/15.

24. Prior Year Adjustment

These comprise of adjustments resulting from last year which have been made during the year ended 30th June 2016 which details are as following:

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Bank accounts	(9,135,339,809)	(21,656,001,950)
Cash in hand	(53,540,082)	(720)
Receivables - Outstanding Imprest	(94,599,064,802)	(1,997,190,180)
Payables – Deposits	1,174,512	7,460,778,078
Total	(103,786,770,181)	(16,192,414,772)

The prior year adjustments relate mainly to a journals made in the current year in the books of CFS Public Debt (KShs 91,364,460,886) and CFS Salaries and Allowances (KShs 8,883,205,334) to write off exchequer provisions that were erroneously accrued under receivables in the FY 2014/15.

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25. Accrual to Cash Basis Adjustment

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Depreciation	1,167,124,217	1,539,834,078
Inventory	2,341,842	(1,699,453)
Receivables	4,394,990,081	(18,680,493)
Payables	(4,888,524,767)	(1,653,817,790)
General fund	11,160,000	-
Total	687,091,373	(134,363,658)

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

No.	Vote	Full name of the MDA	FY 2015/2016	FY 2014/2015
			KShs	KShs
1	1271	Ethics and Anti-Corruption Commission	82,710,942	78,500,858
2	2031	Independent Electoral and Boundaries Commission	536,228,000	(281,573,000)
3	2061	Commission on Revenue Allocation	36,884,726	41,507,351
4	1321	Witness Protection Agency	5,777,208	2,833,584
5	2081	Salaries and Remuneration Commission	25,490,497	24,367,549
		Total	687,091,373	(134,363,658)

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Appendix I - Pending Accounts Payables

These comprise of unpaid bills that MDAs had incurred as a result of contracted goods and services as at the end of the FY 2015/2016. They consist of goods and services pending payables, pending staff payables and inter-entity pending payables.

1.1. Goods and Services Pending Payable

These comprise of unpaid bills for goods and services consumed by the MDA as at 30th June 2016.

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Construction of buildings	2,380,354,346	3,132,779,739
Construction of civil works	2,500,180,837	7,350,391,099
Supply of goods	9,005,132,775	5,026,765,800
Supply of services	31,241,225,949	8,663,954,689
Total	45,126,893,907	24,173,891,327

1.2. Pending Staff Payables

These comprise of unpaid bills relating to compensation of staff for services offered as at 30th June 2016.

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Senior management	2,428,683	5,972,102
Middle management	12,331,915	-
Others (specify)	38,689,116	219,446,841
Total	53,449,714	225,418,943

1.3. Inter-Entity Pending Payables

These comprise of pending bills due to various government entities and other bills not classified under goods and services or staff payables as at 30th June 2016.

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Amounts due to National Government entities	79,515,909	25,000,000
Amounts due to County Government entities	2,478,438,287	-
Amounts due to third parties	98,302,437	95,220,224
Others (specify)	1,437,576,486	1,301,432,000
Total	4,093,833,119	1,421,652,224

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Appendix II - Summary of Fixed Assets Register

This is a summary of the assets held by the MDAs as at 30th June 2016.

Description	FY 2015/2016	FY 2014/2015
	KShs	KShs
Asset class		
Land	710,726,392	646,780,634
Buildings and structures	70,842,294,271	5,666,240,571
Transport equipment	2,598,709,030	2,549,556,804
Office equipment, furniture and fittings	1,458,531,218	895,120,794
ICT Equipment, Software and Other ICT Assets	3,304,295,969	3,567,594,225
Other Machinery and Equipment	132,697,728,571	97,717,866,886
Heritage and cultural assets	104,543,042	34,181,948
Intangible assets	3,899,787,868	2,772,457,377
Financial Assets	36,258,118,930	9,530,076,325
Total	251,874,735,291	123,379,875,564

There was an increase of KShs 128,494,859,727 in the fixed assets reported as at 30th June 2016. This increase was attributed to increase in buildings and structures and financial assets. There was an improvement in the number of ministries that disclosed their fixed assets however not all ministries disclosed the fixed asset register.

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Appendix III - Details of Funds Released to Budget Agencies

1.1 Summary of Funds Released

	FY 2015/2016	FY 2014/2015
	Actual Issues	Actual Issues
	KShs	KShs
National Government Recurrent	720,283,801,226	640,352,208,883
National Government Development	333,170,357,470	270,240,838,230
National Government CFS	476,248,207,206	454,466,411,172
Net Exchequer transfers	1,529,702,365,902	1,365,059,458,285

1.2 Financial Year 2015/2016 - Recurrent Budget

No.	Vote	MDA	FY 2015/2016	FY 2014/2015
			KShs	KShs
1	1011	The Presidency	7,846,370,049	7,749,100,000
2	1021	State Department for Interior	93,853,058,857	92,848,600,000
3	1022	State Department for Coordination of National Government	17,583,464,206	17,583,389,116
4	1031	State Department for Planning	19,250,593,736	18,152,300,000
5	1032	State Department for Devolution	2,769,492,301	2,648,300,000
6	1041	Ministry of Defence	92,270,215,450	92,181,700,000
7	1051	Ministry of Foreign Affairs	14,423,795,003	14,075,000,000
8	1061	State Department for Education	56,612,804,875	56,127,980,000
9	1062	State Department for Science and Technology	43,694,441,557	42,898,900,000
10	1071	The National Treasury	40,667,213,863	38,942,735,000
11	1081	Ministry of Health	25,216,635,750	25,147,800,000
12	1091	State Department of Infrastructure	1,582,638,570	1,358,220,000
13	1092	State Department of Transport	1,406,140,590	1,388,780,000
14	1101	State Department for Environment and Natural Resources	6,225,943,027	6,223,000,000
15	1102	State Department for Water and Regional Authorities	2,067,727,033	2,053,100,000
16	1111	Ministry of Lands, Housing and Urban Development	3,767,431,392	3,765,000,000
17	1121	Ministry of Information, Communication and Technology	2,819,400,303	2,661,100,000
18	1131	Ministry of Sports, Culture and Arts	4,438,454,107	4,384,800,000
19	1141	Ministry of Labour, Social Security and Services	9,018,432,345	8,624,440,000
20	1151	Ministry of Energy and Petroleum	1,834,126,466	1,834,000,000
21	1161	State Department for Agriculture	6,266,008,403	6,089,500,000

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Financial Year 2015/2016 - Recurrent Budget (Continued)

No.	Vote	MDA	Voted Provisions	Actual Issues
			KShs	KShs
22	1162	State Department for Livestock	2,040,655,128	1,997,600,000
23	1163	State Department for Fisheries	1,330,837,823	1,330,700,000
24	1171	Ministry of Industrialization and Enterprise Development	2,946,549,455	2,933,250,000
25	1181	State Department for Commerce and Tourism	2,736,292,411	2,655,000,000
26	1182	State Department for East African Affairs	1,619,799,592	1,614,400,000
27	1191	Ministry of Mining	723,070,000	628,600,000
28	1251	Office of The Attorney General and Department of Justice	3,461,165,714	3,223,300,000
29	1261	The Judiciary	11,684,030,000	10,996,630,000
30	1271	Ethics & Anti-Corruption Commission	2,957,220,000	2,561,800,000
31	1281	National Intelligence Service	21,492,000,000	21,484,100,000
32	1291	Director of Public Prosecutions	2,384,404,002	1,991,600,000
33	1301	Commission for the Implementation of the Constitution	312,040,000	312,000,000
34	1311	Registrar of Political Parties	533,482,521	519,300,000
35	1321	Witness Protection Agency	369,705,000	369,700,000
36	2011	Kenya National Human Rights and Equality Commission	459,100,000	441,700,000
37	2021	National Land Commission	1,240,125,410	1,182,100,000
38	2031	Independent Electoral and Boundaries Commission	4,878,706,360	4,289,200,000
39	2041	Parliamentary Service Commission	9,328,416,731	9,098,000,000
40	2042	National Assembly	15,460,583,269	12,876,900,000
41	2051	Judicial Service Commission	473,200,002	405,000,000
42	2061	Commission on Revenue Allocation	324,537,110	324,537,110
43	2071	Public Service Commission	1,080,888,443	1,075,800,000
44	2081	Salaries and Remuneration Commission	970,213,417	970,000,000
45	2091	Teachers Service Commission	186,298,500,000	184,675,540,000
46	2101	National Police Service Commission	475,548,410	459,500,000
47	2111	Office of the Auditor-General	3,594,625,225	3,519,900,000
48	2121	Controller of Budget	529,094,176	496,000,000
49	2131	Commission on Administrative Justice	480,710,920	443,900,000
50	2141	National Gender and Equality Commission	309,851,440	309,000,000
51	2151	Independent Police Oversight Authority	395,893,898	361,000,000
		Sub-total National Government Recurrent	734,505,634,340	720,283,801,226

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Appendix III - Details of Funds Released to Budget Agencies (Continued)

1.3 Financial Year 2015/2016 - Development

No.	Vote	MDA	Voted Provisions	Actual Issues
			KShs	KShs
1	1011	The Presidency	1,040,129,798	542,800,000
2	1021	State Department for Interior	15,396,122,356	14,377,000,000
3	1022	State Department for Coordination of National Government	611,000,000	607,310,883
4	1031	State Department for Planning	52,565,085,436	51,763,861,565
5	1032	State Department for Devolution	5,629,067,259	4,763,131,312
6	1041	Ministry of Defence	22,949,620	-
7	1051	Ministry of Foreign Affairs	1,151,150,000	1,036,200,000
8	1061	State Department for Education	7,351,206,957	4,003,157,910
9	1062	State Department for Science and Technology	8,908,559,192	8,118,200,000
10	1071	The National Treasury	45,836,475,797	43,453,428,915
11	1081	Ministry of Health	21,525,516,777	17,019,501,618
12	1091	State Department of Infrastructure	57,814,629,334	55,200,139,357
13	1092	State Department of Transport	6,854,774,456	6,284,999,523
14	1101	State Department for Environment and Natural Resources	4,691,919,691	3,311,430,770
15	1102	State Department for Water and Regional Authorities	16,768,810,858	14,554,335,406
16	1111	Ministry of Lands, Housing and Urban Development	22,170,049,190	18,946,309,870
17	1121	Ministry of Information, communication and Technology	11,594,097,566	11,548,716,426
18	1131	Ministry of Sports Culture and Arts	2,169,500,000	2,166,400,000
19	1141	Ministry of Labour, Social Security and Services	15,276,313,290	11,152,027,940
20	1151	Ministry of Energy and Petroleum	35,604,570,454	33,318,766,855
21	1161	State Department for Agriculture	15,004,559,671	13,278,796,491
22	1162	State Department for Livestock	3,242,266,598	2,849,073,423
23	1163	State Department for Fisheries	2,332,625,853	1,808,199,900
24	1171	Ministry of Industrialization and Enterprise Development	5,128,862,658	4,808,109,940
25	1181	State Department for Commerce and Tourism	4,380,898,400	3,860,900,000
26	1191	Ministry of Mining	568,000,000	324,000,000
27	1251	Office of The Attorney General and Department of Justice	144,000,000	102,600,000
28	1261	The Judiciary	3,114,978,000	1,778,699,365
29	1291	Director of Public Prosecutions	73,000,000	22,160,000

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Financial Year 2015/2016 - Development Budget (Continued)

No.	Vote	MDA	Voted Provisions	Actual Issues
			KShs	KShs
30	2021	National Land Commission	289,200,000	288,500,000
31	2031	Independent Electoral and Boundaries Commission	27,000,000	26,500,000
32	2041	Parliamentary Service Commission	2,100,000,000	1,698,100,000
33	2071	Public Service Commission	51,831,450	49,000,000
34	2091	Teachers Service Commission	67,000,000	-
35	2111	Office of the Auditor-General	135,183,176	108,000,000
36	2141	National Gender and Equality Commission	18,217,687	-
		Sub-total National Government Development	369,659,551,524	333,170,357,470

1.4 Financial Year 2015/2016 - Consolidated Fund Services

No.	Vote	CFS	Voted Provisions	Actual Issues
1	R50	Public Debt	437,459,368,571	421,849,938,286
2	R51	Pensions	51,691,127,200	50,860,000,000
3	R52	Salaries, Allowances and Miscellaneous Services	5,523,657,719	3,536,425,460
4	R53	Subscription to International Organizations	2,243,458	1,843,460
		Total CFS	494,676,396,948	476,248,207,206

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Appendix IV - Transfers To Central Government Entities – Self Reporting SAGA/SCS/Funds

The table below compares the recurrent and development amounts disbursed by the parent MDAs to the SAGAs/SCs/Funds in FY 2015/2016. The result variances are due to timing differences. This is because MDAs apply IPSAS cash basis standard while the SCs/SAGAs/Funds either apply IFRS or IPSAS accrual basis standard.

No.	Vote	Ministry/State Department	Amounts Disbursed by MDA (KShs)	Amounts Received by SAGA/SC/Fund (KShs)	Timing Differences (KShs)
1	1011	The Presidency	293,000,000	293,000,000	-
2	1021	State Department of Interior	489,493,530	489,493,464	66
3	1031	State Department for Planning	43,899,155,212	47,845,521,818	(3,946,366,606)
4	1032	State Department for Devolution	4,587,378,049	4,587,378,049	-
5	1041	Ministry of Defence	303,672,093	303,672,093	-
6	1061	State Department for Education	6,447,367,904	5,820,213,484	627,154,420
7	1062	State Department for Science & Technology	43,701,875,628	43,966,774,878	(264,899,250)
8	1071	The National Treasury	36,489,245,579	29,368,989,240	7,120,256,339
9	1081	Ministry of Health	16,605,586,976	16,753,339,773	(147,752,797)
10	1091	State Department of Infrastructure	86,509,032,048	77,346,934,093	9,162,097,955
11	1092	State Department of Transport	4,872,708,391	4,872,708,891	(500)
12	1101	State Department for Environment and Natural Resources	6,111,263,375	5,723,296,500	387,966,875
13	1102	State Department for Water & Regional Authorities	6,449,789,924	5,341,737,976	1,108,051,949
14	1111	Ministry of Land, Housing and Urban Development	1,244,260,752	1,234,037,967	10,222,785
15	1121	Ministry of Information, Communication and Technology	11,724,264,318	11,740,776,653	(16,512,335)
16	1131	Ministry of Sports, Culture and Arts	2,722,069,725	2,724,101,552	(2,031,827)
17	1141	Ministry of Labour, Social Security and Services	3,105,703,187	2,729,474,202	376,228,985
18	1151	Ministry of Energy and Petroleum	34,050,572,128	33,815,572,128	235,000,000

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No.	Vote	Ministry/State Department	Amounts Disbursed by MDA (KShs)	Amounts Received by SAGA/SC/Fund (KShs)	Timing Differences (KShs)
19	1161	State Department for Agriculture	8,656,270,960	7,698,001,390	958,269,570
20	1162	State Department for Livestock	1,666,556,239	1,666,556,239	-
21	1163	State Department for Fisheries	1,076,655,972	966,221,000	110,434,972
22	1171	Ministry of Industrialization and Enterprise Development	6,054,324,924	6,307,959,921	(253,634,998)
23	1181	Ministry of Commerce and Tourism	4,877,424,621	5,112,424,621	(235,000,000)
24	1251	Office of the Attorney General and Department of Justice	1,196,325,601	1,196,325,601	-
25	1261	The Judiciary	273,961,000	273,961,000	-
26	1311	Registrar of Political Parties	367,200,000	367,200,000	-
		Total	333,775,158,136	318,545,672,532	15,229,485,603

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Appendix V- Transfers to Counties

In FY 2015/2016, Ministry of Health received a total of KShs 4,221,002,500 i.e. KShs 3,321,002,500 and KShs 900,000,000 from Maternal Health Care and User Fees Foregone respectively. This was then fully disbursed to 47 County Governments as per the County Allocation Revenue Act of 2015 as tabulated below.

		Maternal Health Care (Ministry of Health)	User Fees Foregone (Ministry of Health)	Total Transfers to Counties
No	County	KShs	KShs	KShs
1	Baringo	51,262,500	12,950,107	64,212,607
2	Bomet	43,192,500	16,880,750	60,073,250
3	Bungoma	145,047,500	38,017,014	183,064,514
4	Busia	69,262,500	11,377,011	80,639,511
5	Elgeyo/Marakwet	44,427,500	8,624,640	53,052,140
6	Embu	41,110,000	12,032,884	53,142,884
7	Garissa	42,080,000	14,523,506	56,603,506
8	Homa Bay	91,817,500	22,466,004	114,283,504
9	Isiolo	18,720,000	3,340,178	22,060,178
10	Kajiado	44,112,500	16,021,218	60,133,718
11	Kakamega	165,945,000	38,709,716	204,654,716
12	Kericho	83,127,500	17,676,855	100,804,355
13	Kiambu	196,955,000	37,838,646	234,793,646
14	Kilifi	132,717,500	25,867,884	158,585,384
15	Kirinyaga	53,790,000	12,308,920	66,098,920
16	Kisii	134,452,500	26,859,653	161,312,153
17	Kisumu	107,937,500	22,585,235	130,522,735
18	Kitui	50,790,000	23,606,211	74,396,211
19	Kwale	74,397,500	15,149,869	89,547,369
20	Laikipia	52,457,500	9,305,967	61,763,467
21	Lamu	12,337,500	2,366,871	14,704,371
22	Machakos	96,395,000	25,607,954	122,002,954
23	Makueni	90,900,000	20,618,293	111,518,293
24	Mandera	37,515,000	23,910,336	61,425,336
25	Marsabit	18,227,500	6,787,069	25,014,569
26	Meru	106,112,500	31,615,328	137,727,828
27	Migori	104,565,000	21,379,200	125,944,200
28	Mombasa	98,447,500	21,896,682	120,344,182
29	Murang'a	69,497,500	21,971,530	91,469,030
30	Nairobi City	233,780,000	73,155,271	306,935,271
31	Nakuru	184,362,500	37,373,449	221,735,949
32	Nandi	41,727,500	17,551,588	59,279,088
33	Narok	40,605,000	19,834,915	60,439,915

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		Maternal Health Care (Ministry of Health)	User Fees Foregone (Ministry of Health)	Total Transfers to Counties
No	County	KShs	KShs	KShs
34	Nyamira	47,342,500	13,945,233	61,287,733
35	Nyandarua	30,690,000	13,898,986	44,588,986
36	Nyeri	63,295,000	16,166,813	79,461,813
37	Samburu	13,087,500	5,220,197	18,307,697
38	Siaya	74,625,000	19,634,077	94,259,077
39	Taita/Taveta	32,507,500	6,635,345	39,142,845
40	Tana River	13,415,000	5,596,141	19,011,141
41	Tharaka - Nithi	27,767,500	8,515,829	36,283,329
42	Trans Nzoia	68,402,500	19,085,197	87,487,697
43	Turkana	23,875,000	19,939,321	43,814,321
44	Uasin Gishu	30,070,000	20,843,281	50,913,281
45	Vihiga	41,315,000	12,928,219	54,243,219
46	Wajir	38,860,000	15,429,821	54,289,821
47	West Pokot	37,675,000	11,950,787	49,625,787
	Total	3,321,002,500	900,000,000	4,221,002,500

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Appendix VI - Transfers To Exchequer

The table below shows a breakdown of the amount of money transferred by MDAs back to exchequer in FY 2015/2016.

No.	Vote	Ministry/State Department	Transfers to Exchequer
1	1041	Ministry of Defence	5,158,405,660
2	1191	Ministry of Mining	796,433,964
3	2101	National Police Service Commission	871,181
4	2121	Controller of Budget	35,668,575
		Total	5,991,379,380

**ANNEXURE: CONSOLIDATED FINANCIAL STATEMENTS OF GOVERNMENT
PROJECTS IMPLEMENTED BY MINISTRIES, DEPARTMENT AND AGENCIES**

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1. Consolidated Projects Implemented by Ministries, Departments and Agencies

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

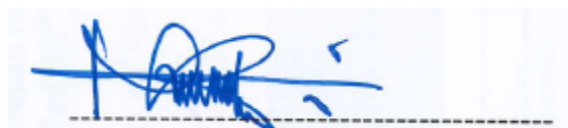
A total of 78 development projects implemented by MDAs have been included in this consolidation for financial year ended 30th June 2016 compared to the 91 projects that were consolidated in FY 2014/2015. As disclosed under Appendix 1, one project did not submit financial statements as at 30th June 2016. A further 25 projects have been consolidated under the respective MDAs, and another 15 have been reported and consolidated under other projects. This brings the total number of projects implemented and reported under MDAs to 118. Development projects implemented by State Corporations and SAGAs have been consolidated in the financial statements of State Corporations and SAGAs. Appendix 1 of these consolidated financial statements details the movement of the development projects within the year.

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2. Consolidated Statement of Receipts and Payments for the Year Ended 30th June 2016

		Year to 30th June 2016	Year to 30th June 2015
Receipts	Note	KShs	KShs
Proceeds from Domestic and Foreign Grants	1	18,071,549,096	18,480,539,084
Transfers from Other Government Entities	2	4,126,224,399	4,366,598,641
Proceeds from Foreign Borrowings	3	18,329,748,335	20,537,943,343
Reimbursements and Refunds	4	49,311,272	50,466,561
Other Receipts	5	1,998,235,735	489,541,467
Total Receipts		42,575,068,837	43,925,089,096
Payments			
Compensation of Employees	6	1,066,064,491	1,365,810,689
Use of Goods and Services	7	22,548,917,245	21,825,278,035
Transfers to Other Government Entities	8	508,245,204	859,848,514
Other Grants and Transfers	9	3,743,087,635	5,174,562,622
Social Security Benefits	10	113,491,095	48,920,630
Acquisition of Assets	11	16,183,268,654	13,720,435,878
Other Payments	12	115,782,253	178,645,494
Total Payments		44,278,856,577	43,173,501,862
(Deficit)/Surplus		(1,703,787,740)	751,587,234

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The report covers the twelve month period ended 30th June 2016 and the accompanying comparatives cover the twelve month period ended 30th June 2015.



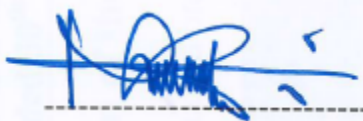
Bernard Ndungu, MBS
Director General, Accounting Services & Quality Assurance
National Treasury

**Government of Kenya
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For The Year Ended 30th June 2016**

3. Consolidated Statement of Financial Assets as at 30th June 2016

		As at 30th June 2016	As at 30th June 2015
	Note	KShs	KShs
Financial Assets			
Cash and Cash Equivalents			
Bank Balances	13	7,366,478,824	10,502,156,840
Cash Balances	14	61,866,346	22,484,724
Outstanding Imprests and Advances	15	970,054,226	999,379,520
Total Financial Assets		8,398,399,396	11,524,021,084
Represented By			
Fund Balance Brought Forward	16	11,524,021,084	10,772,433,850
Prior Year Adjustments	17	(1,421,833,948)	-
Net (Deficit)/Surplus for the Year		(1,703,787,740)	751,587,234
Net Financial Position		8,398,399,396	11,524,021,084

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The report covers the twelve month period ended 30th June 2016 and the accompanying comparatives cover the twelve month period ended 30th June 2015.



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

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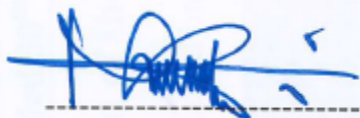
4. Consolidated Statement of Cash Flow for the Year Ended 30th June 2016

Description	Note	FY 2015/16	FY 2014/15
		KShs	KShs
Cash Flow from Operating Activities			
Receipts from operating income			
Proceeds from Domestic and Foreign Grants	1	18,071,549,096	18,480,539,084
Transfers from Other Government Entities	2	4,126,224,399	4,366,598,641
Reimbursements and Refunds	4	49,311,272	50,466,561
Other Receipts	5	1,998,235,735	489,541,467
		24,245,320,502	23,387,145,753
Payments for operating expenses			
Compensation of Employees	6	(1,066,064,491)	(1,365,810,689)
Use of Goods and Services	7	(22,548,917,245)	(21,825,278,035)
Transfers to Other Government Entities	8	(508,245,204)	(859,848,514)
Other Grants and Transfers	9	(3,743,087,635)	(5,174,562,622)
Social Security Benefits	10	(113,491,095)	(48,920,630)
Other Payments	12	(115,782,253)	(178,645,494)
		(28,095,587,923)	(29,453,065,984)
Adjusted for:			
Adjustments during the Year	17	(1,421,833,948)	-
Net cash flows used in operating activities		(5,272,101,369)	(6,065,920,231)
Cash Flow from Investing Activities			
Acquisition of Assets	11	(16,183,268,654)	(13,720,435,878)
Net cash flows used in investing activities		(16,183,268,654)	(13,720,435,878)

**Government of Kenya
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Cash Flow From Financing Activities			
Proceeds from Foreign Borrowings	3	18,329,748,335	20,537,943,343
Net cash flows from financing activities		18,329,748,335	20,537,943,343
Net (Decrease)/Increase in Cash and Cash Equivalents		(3,125,621,688)	751,587,234
Cash and cash equivalents at the beginning of the year		11,524,021,084	10,772,433,850
Cash and cash equivalents at the end of the year		8,398,399,396	11,524,021,084

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The report covers the twelve month period ended 30th June 2016 and the accompanying comparatives cover the twelve month period ended 30th June 2015.



Bernard Ndungu, MBS

Director General, Accounting Services & Quality Assurance

National Treasury

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5. Statement of Comparison of Budget and Actual Amounts

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Variance	% of Variance
	A	b	c=a+b	D	e=d-c	f=e/c %
	KShs	KShs	KShs	KShs	KShs	KShs
Receipts						
Transfer from Government Entities	9,643,096,796	165,413,059	9,808,509,855	4,126,224,399	(5,682,285,456)	(58%)
Proceeds from Domestic and Foreign Grants	18,737,931,926	(1,602,352,003)	17,135,579,923	18,071,549,096	935,969,173	5%
Proceeds from Borrowings	15,043,941,349	5,555,300,180	20,599,241,529	18,329,748,335	(2,269,493,194)	(11%)
Miscellaneous Receipts	-	10,685,218	10,685,218	2,047,547,007	2,036,861,789	>100%
Total Receipts	43,424,970,071	4,129,046,454	47,554,016,525	42,575,068,837	(4,978,947,688)	(10%)
Payments						
Compensation of Employees	10,834,981,980	(9,602,124,018)	1,232,857,962	1,066,064,491	(166,793,471)	(14%)
Purchase of Goods and Services	32,147,972,758	(10,776,108,835)	21,371,863,923	22,548,917,245	1,177,053,322	6%
Social Security Benefits	144,630,000	508,045,044	652,675,044	113,491,095	(539,183,949)	(83%)
Acquisition of Non-financial Assets	12,688,970,672	5,142,517,357	17,831,488,029	16,183,268,654	(1,648,219,375)	(9%)
Transfers to Other Government Entities	3,368,499,694	(357,749,190)	3,010,750,504	508,245,204	(2,502,505,300)	(83%)
Other Grants and Transfers	1,487,168,620	1,901,071,119	3,388,239,738	3,743,087,635	354,847,897	10%
Other Payments	1,298,166,751	(538,085,037)	760,081,715	115,782,253	(644,299,462)	(85%)
Total Payments	61,970,390,475	(13,722,433,560)	48,247,956,915	44,278,856,577	(3,969,100,338)	(8%)

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6. Summary of Fund Movement per Project as at 30th June 2016

No.	Project	Ministry	Opening Balance	Receipts	Payments	Surplus/Deficit	Prior year Adjustments	Closing Balance
			a			b	c	a+b+c
			KShs	KShs	KShs	KShs	KShs	KShs
1.	Community Empowerment & Institutional Support Project	Ministry of Devolution and Planning	88,894,872	86,282,061	174,806,308	(88,524,247)	-	370,625
2.	Kenya Youth Empowerment Project	Ministry of Devolution and Planning	52,628,230	-	9,754,528	(9,754,528)	-	42,873,702
3.	Kenya Electricity Expansion Project Credit No. 4743 KE	Ministry of Energy and Petroleum	25,928,757	149,344,232	59,853,293	89,490,939	2,441,422	117,861,118
4.	Institutional Strengthening of Ozone Depleting Substances Project	Ministry of Environment, Water and Natural Resources	941,929	-	-	-	-	941,929
5.	501066 Lake Victoria Environment Management Project (LVEMP Phase 11)	Ministry of Environment, Water and Natural Resources	140,733,348	320,807,018	259,791,274	61,015,744	-	201,749,092
6.	Kenya Water Security & Climate Resilience Project	Ministry of Environment, Water and	119,132,470	630,272,634	596,979,115	33,293,519	-	152,425,989

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No.	Project	Ministry	Opening Balance	Receipts	Payments	Surplus/Deficit	Prior year Adjustments	Closing Balance
			a			b	c	a+b+c
			KShs	KShs	KShs	KShs	KShs	KShs
		Natural Resources						
7.	Kenya Italy Debt For Development	Ministry of Environment, Water and Natural Resources	221,763,406	116,024,791	176,841,481	(60,816,690)	-	160,946,716
8.	Kimira Oluch Small Holder Farm Improvement Project – Loan No: 2100150012296	Ministry of Environment, Water and Natural Resources	84,370,848	219,728,226	274,922,740	(55,194,514)	-	29,176,334
9.	Kimira Oluch Small Holder Farm Improvement Project – Grant No: 2100155007220	Ministry of Environment, Water and Natural Resources	5,606,497	14,236,710	19,253,947	(5,017,237)	-	589,260
10.	Northern Corridor Transport Improvement Project	Ministry of Transport and Infrastructure	8,801,641	18,082,704	9,255,640	8,827,064	-	17,628,705
11.	East Africa Trade And Transport Facilitation Project (MOT Component)	Ministry of Transport and Infrastructure	9,905,342	-	1,038,255	(1,038,255)	-	8,867,087

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No.	Project	Ministry	Opening Balance	Receipts	Payments	Surplus/Deficit	Prior year Adjustments	Closing Balance
			a			b	c	a+b+c
			KShs	KShs	KShs	KShs	KShs	KShs
12.	Kenya Transport Sector Support Project	Ministry of Transport and Infrastructure	36,155,373	127,195,860	131,227,270	(4,031,410)	-	32,123,963
13.	National Urban Transport Improvement Project	Ministry of Transport and Infrastructure	20,005,485	17,606,522	26,299,981	(8,693,459)	-	11,312,026
14.	East Africa Trade And Transport Facilitation Project (MOT/KRC Component)	Ministry of Transport and Infrastructure	33,809,126	2,726,781,960	2,752,819,716	(26,037,756)	-	7,771,370
15.	National Urban Transport Improvement Project	Ministry of Transport and Infrastructure	16,228,553	56,633,072	44,307,148	12,325,924	-	28,554,477
16.	Kenya Transport Sector Support Project	Ministry of Transport and Infrastructure	1,303,212	33,268,820	34,168,025	(899,205)	1,809,079	2,213,086
17.	Kenya Cereal Enhancement Programme (KCEP)	Agriculture, Livestock and Fisheries	172,235,419	160,648,925	332,655,068	(172,006,143)	-	229,276
18.	Kenya Agricultural Productivity & Sustainable Land Management Project	Agriculture, Livestock and Fisheries	99,845,113	228,668,079	224,474,209	4,193,870	-	104,038,983

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No.	Project	Ministry	Opening Balance	Receipts	Payments	Surplus/Deficit	Prior year Adjustments	Closing Balance
			a			b	c	a+b+c
			KShs	KShs	KShs	KShs	KShs	KShs
19.	Mainstreaming Sustainable Land Management (SLM) In Agro Pastoral Production	Agriculture, Livestock and Fisheries	8,012,537	90,873,704	81,206,795	9,666,909	-	17,679,446
20.	SHDP Small-Scale Horticulture Development Project	Agriculture, Livestock and Fisheries	37,065,368	250,126,078	262,065,257	(11,939,179)	-	25,126,189
21.	Drought Resilience And Sustainable Livelihood Programme In Horn Of Africa	Agriculture, Livestock and Fisheries	10,627,382	339,242,983	303,640,619	35,602,364	-	46,229,746
22.	Eastern African Agriculture productivity Project (EAAPP)	Agriculture, Livestock and Fisheries	228,237,882	57,311,272	282,917,735	(225,606,463)	-	2,631,419
23.	Regional Pastoral Livelihood Resilience Project	Agriculture, Livestock and Fisheries	3,423,167	575,027,888	481,758,362	93,269,526	-	96,692,693
24.	Kenya Agricultural Productivity & Agribusiness Project (KAPAP)	Agriculture, Livestock and Fisheries	497,078,832	54,073,974	551,028,782	(496,954,808)	-	124,024

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No.	Project	Ministry	Opening Balance	Receipts	Payments	Surplus/Deficit	Prior year Adjustments	Closing Balance
			a			b	c	a+b+c
			KShs	KShs	KShs	KShs	KShs	KShs
25.	Smallholders Dairy Commercialisation Programme	State Department of Livestock	3,064,749	249,372,465	220,433,824	28,938,641	2,181,577	34,184,967
26.	Smallholders Horticulture Marketing Programme	State Department of Agriculture	102,085,009	267,580,508	35,987,101	231,593,407	-	333,678,416
27.	Kenya Adaptation To Climate Change In Arid And Semi-Arid	Agriculture, Livestock and Fisheries	21,036,087	162,015,854	149,907,453	12,108,401	-	33,144,488
28.	GOK/UNICEF Education and Young People Programme	Education, Science and Technology	13,727,213	101,657,047	100,433,505	1,223,542	-	14,950,755
29.	Food Assistance to Primary and Pre-Primary Schools in Semi-Arid Areas and Disadvantaged Urban Children Project	Education, Science and Technology	-	2,068,816,720	2,068,816,720	-	-	-
30.	Support for Technical, Industrial, Vocational and Entrepreneurship Training (Tivet) Project	Education, Science and Technology	21,101,204	716,094,109	754,797,348	(38,703,239)	20,956,292	3,354,257

Summary of Fund Movement per Project as at 30th June 2016

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No.	Project	Ministry	Opening Balance	Receipts	Payments	Surplus/Deficit	Prior year Adjustments	Closing Balance
			a			b	c	a+b+c
			KShs	KShs	KShs	KShs	KShs	KShs
31.	Support to enhancement of Quality and Relevance in Higher Education Science and Technology (HEST) Project	Education, Science and Technology	-	979,173,883	979,173,883	-	-	-
32.	Global Fund - Expanding HIV Prevention, Care and Treatment Services	The National Treasury	26,124,873	6,785,459,079	6,753,713,184	31,745,895	-	57,870,768
33.	Nairobi Metropolitan Services Improvement Project	Ministry of Land Housing and Urban Development	589,484,048	3,301,256,502	3,673,319,407	(372,062,905)	-	217,421,143
34.	Korogocho Slum Upgrading Program	Ministry of Land Housing and Urban Development	225,240,242	175,000,000	226,570,377	(51,570,377)	-	173,669,865
35.	Kenya Municipal Program	Ministry of Land Housing and Urban Development	662,711,565	3,069,641,631	3,270,905,398	(201,263,767)	-	461,447,798

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No.	Project	Ministry	Opening Balance	Receipts	Payments	Surplus/Deficit	Prior year Adjustments	Closing Balance
			a			b	c	a+b+c
			KShs	KShs	KShs	KShs	KShs	KShs
36.	East Africa Public Health Laboratories Networking Project	Ministry of Health	11,192,507	485,322,954	284,587,614	200,735,340	-	211,927,847
37.	Global Fund HIV AIDS Single Stream Funding	Ministry of Health	716,840,541	712,111,373	739,482,495	(27,371,122)	-	689,469,419
38.	Global Fund Malaria Round 10	Ministry of Health	916,160,114	370,935,353	1,244,863,965	(873,928,612)	-	42,231,502
39.	Kenya Health Support Project (EMMS/KEMSA Component)	Ministry of Health	685,833,644	870,925,724	1,515,202,619	(644,276,895)	-	41,556,749
40.	Global Fund Single Stream Funding Tuberculosis Round 5	Ministry of Health	220,649,931	397,190,545	559,596,443	(162,405,898)	-	58,244,033
41.	Kenya Health Sector Support Project – SWAP Secretariat	Ministry of Health	212,948,642	836,395,823	920,368,941	(83,973,118)	-	128,975,524
42.	Kenya Health Sector Programme Support III	Ministry of Health	180,105,182	188,928,785	245,906,982	(56,978,197)	-	123,126,985
43.	Technical Support Programme	The National Treasury	14,397,523	32,079,264	32,081,364	(2,100)	-	14,395,423

Summary of Fund Movement per Project as at 30th June 2016

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No.	Project	Ministry	Opening Balance	Receipts	Payments	Surplus/Deficit	Prior year Adjustments	Closing Balance
			a			b	c	a+b+c
			KShs	KShs	KShs	KShs	KShs	KShs
44.	Micro Finance Sector Support Credit Project	The National Treasury	95,172,739	-	4,680,740	(4,680,740)	-	90,491,999
45.	Public Finance Management Reform (PFMR)	The National Treasury	319,212,215	749,771,397	473,812,817	275,958,580	-	595,170,795
46.	Infrastructure Finance And Public Private Partnerships (IFPPP) Project	The National Treasury	108,094,590	754,000,389	810,035,320	(56,034,931)	-	52,059,659
47.	Global Fund - Scaling up Malaria Control Interventions for Impact	The National Treasury	6,302,040	2,193,516,541	2,129,250,699	64,265,842	-	70,567,882
48.	Global Fund - TB MDG	The National Treasury	28,046,312	193,865,047	190,637,614	3,227,433	(10,402,377)	20,871,368
49.	Kenya Informal Settlement Improvement Project	Ministry of Land Housing and Urban Development	9,633,078	2,449,486,271	1,641,543,056	807,943,215	-	817,576,293
50.	Output Based Approach	Ministry of Health	35,924,219	888,112,101	902,796,209	(14,684,108)	-	21,240,111

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No.	Project	Ministry	Opening Balance	Receipts	Payments	Surplus/Deficit	Prior year Adjustments	Closing Balance
			a			b	c	a+b+c
			KShs	KShs	KShs	KShs	KShs	KShs
51.	Reproductive Health - Output Based Approach- RH-OBA	Ministry of Health	58,535,386	437,980,263	496,257,808	(58,277,545)	-	257,841
52.	Western Kenya Community Driven & Flood Mitigation Project	Ministry of Planning & Devolution	1,130,732,498	410,974,770	933,517,127	(522,542,357)	-	608,190,141
53.	Medium Term ASAL Programme (MTAP)	Ministry of Planning & Devolution	51,419,067	451,467,831	456,666,484	(5,198,653)	-	46,220,414
54.	Kenya Italy for Development Program	Ministry of Education Science and Technology	109,390,683	99,000,000	59,841,109	39,158,891	-	148,549,574
55.	Agricultural Sector development Support	State Department of Agriculture	265,984,245	1,005,925,431	1,057,155,159	(51,229,728)	-	214,754,517
56.	Kenya Petroleum Technical Assistance Project	Ministry of Energy and Petroleum	37,301,160	311,175,780	185,061,118	126,114,662	-	163,415,822
57.	Thwake Multipurpose Water Development Program	Ministry of Water and Irrigation	27,586,448	908,785,515	913,466,173	(4,680,658)	-	22,905,790

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No.	Project	Ministry	Opening Balance	Receipts	Payments	Surplus/Deficit	Prior year Adjustments	Closing Balance
			a			b	c	a+b+c
			KShs	KShs	KShs	KShs	KShs	KShs
58.	Strengthening Fertiliser Quality and Regulatory Standards in Kenya	State Department of Agriculture	-	25,132,205	14,296,774	10,835,431	-	10,835,431
59.	Kenya Petroleum Technical Assistance (KEPTAP) Project	The National Treasury	19,835,300	25,750,200	32,840,036	(7,089,836)	-	12,745,464
60.	Programme For Rural Outreach Of Financial Innovations And Technologies	Ministry of Labour Social security and services	468,433,975	992,359,840	910,494,319	81,865,521	-	550,299,496
61.	Standards and Market Access Programme (SMAP)	The National Treasury	527,714,465	143,707,649	465,585,075	(321,877,426)	-	205,837,039
62.	Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme Grant No TF097272	The National Treasury	43,229,123	20,000,000	18,816,525	1,183,475	-	44,412,598
63.	Cash Transfer for Orphans and Vulnerable Children (CT-OVC)	State Department of Livestock	14,621,587	165,533,512	123,991,677	41,541,835	-	56,163,422

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No.	Project	Ministry	Opening Balance	Receipts	Payments	Surplus/Deficit	Prior year Adjustments	Closing Balance
			a			b	c	a+b+c
			KShs	KShs	KShs	KShs	KShs	KShs
	Programme Credit No 4553 – KE							
64.	Study and Capacity Building Fund	The National Treasury	-	7,741,214	7,741,214	-	-	-
65.	Reproductive Health for Entire Country Project	Ministry of Health	5,957,817	10,000,403	9,823,116	177,287	-	6,135,104
66.	GAVI Health Systems Strengthening Project	Ministry of Health	644,993	-	-	-	-	644,993
67.	Upper Tana Natural Resources Management Project	Ministry of Water and Irrigation	122,478,853	790,572,054	788,929,583	1,642,471	-	124,121,324
68.	Project on Enhancing Gender Responsive Extension Services in Kenya	Ministry of Agriculture, Livestock & Fisheries	-	21,942,140	21,942,140	-	-	-
69.	Rice-Based Market-Oriented Agriculture Promotion Project	Ministry of Agriculture, Livestock & Fisheries	-	2,070,000	2,026,752	43,248	-	43,248
70.	Health Sector Support Project (Component 1)	Ministry of Health	1,492,332,428	534,571,590	508,245,204	26,326,386	(1,438,819,941)	79,838,873

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No.	Project	Ministry	Opening Balance	Receipts	Payments	Surplus/Deficit	Prior year Adjustments	Closing Balance
			a			b	c	a+b+c
			KShs	KShs	KShs	KShs	KShs	KShs
71.	Kenya Primary Education Development Project	Education, Science and Technology	-	605,964,960	108,989,379	496,975,581	-	496,975,581
72.	Mercury Initial Actions for Kenya	State Department of Environment	-	14,000,000	11,396,981	2,603,019	-	2,603,019
73.	East Africa's Centre of Excellence	Ministry of Health	-	58,218,752	29,545,083	28,673,669	-	28,673,669
74.	System for Land Based Emissions Estimation in Kenya	State Department of Environment	-	18,594,000	12,475,104	6,118,896	-	6,118,896
75.	Financial Sector Support project	The National Treasury	-	158,250,000	39,359,013	118,890,987	-	118,890,987
76.	Support for Responsible Land Governance and Natural Resources in Communal Lands of Kenya Project	National Land Commission	-	19,093,910	19,093,910	-	-	-
77.	Kenya Electricity Modernization Project	Ministry of Energy and Petroleum	-	45,000,000	28,974,488	16,025,512	-	16,025,512

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No.	Project	Ministry	Opening Balance	Receipts	Payments	Surplus/Deficit	Prior year Adjustments	Closing Balance
			a			b	c	a+b+c
			KShs	KShs	KShs	KShs	KShs	KShs
78.	Kenya Petroleum Technical Assistance Project (KEPTAP)	Ministry of Industrialization and Enterprise Development	-	20,309,940	2,354,600	17,955,340	-	17,955,340
	Total		11,524,021,084	42,575,068,837	44,278,856,577	(1,703,787,740)	(1,421,833,948)	8,398,399,396

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Ministries, Departments and Agencies
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Notes To The Financial Statements (Continued)

7. Significant Accounting Policies

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

a. Statement of compliance and basis of preparation

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

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

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

b. Recognition of receipts and expenses

The Government recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government. In addition, the Government recognises all expenses when the event occurs and the related cash has actually been paid out by the Government.

c. In-kind contributions

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

d. 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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7. Significant Accounting Policies (Continued)

e. Pending bills

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

f. Budget

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

g. Reporting periods

The Government of Kenya’s Fiscal Year runs from 1st July to 30th June. The financial statements cover the period 1st July 2015 to 30th June 2016. The comparative figures reflect the 12 months ended 30th June 2015. Adjustments made by budget agencies which have not been accommodated in the adjusted consolidated financial statements have been accommodated in the adjustment to opening balances.

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 subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30th 2016.

j. 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.

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Notes To The Financial Statements (Continued)

8. Notes to the Financial Statements

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

1. Proceeds from Domestic and Foreign Grants

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

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Proceeds from Domestic and Foreign Grants	18,071,549,096	18,480,539,084
Total	18,071,549,096	18,480,539,084

2. Transfers from Other Government Entities

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

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Transfers from Central Government Entities (Appendix 2)	4,126,224,399	4,366,598,641
Total	4,126,224,399	4,366,598,641

3. Proceeds from Foreign Borrowings

These relate to amounts borrowed by the Government from foreign institutions, notably International Development Association, for purposes of supporting development projects.

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Foreign Borrowing – Draw-downs through Exchequer	1,600,703,502	3,592,805,027
Foreign Borrowing - Direct Payments	13,675,401,617	15,399,813,316
Foreign Currency and Foreign Deposits	3,053,643,216	1,545,325,000
Total	18,329,748,335	20,537,943,343

4. Reimbursements and Refunds

These relate to reimbursements and refunds that accrue to the project entity within the financial year.

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Reimbursement from World Bank – ECD	39,311,272	-
Reimbursement from Local Government Authorities	10,000,000	50,466,561
Total	49,311,272	50,466,561

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Notes To The Financial Statements (Continued)

5. Other Receipts

These comprise of other receipts including voluntary transfers other than grants.

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Interest Received	26,834,015	18,846,177
Sales of Market Establishments	10,000	10,000
Receipts from Administrative Fees and Charges	-	235,000
Receipts from Voluntary Transfers other than Grants	125,638,925	128,748,925
Other Receipts Not Classified Elsewhere	1,845,752,795	341,701,365
Total	1,998,235,735	489,541,467

6. Compensation of Employees

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

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Basic Salaries of Permanent Employees	448,909,526	431,283,491
Basic Wages of Temporary Employees	297,100,745	508,316,344
Personnel Allowances paid as part of Salary	88,586,085	180,090,412
Personnel Allowances paid as Reimbursements	4,141,447	6,690,463
Personnel Allowances Provided In Kind	12,065,700	-
Pension and other Social Security Contributions	5,594,725	10,051,388
Compulsory National Social Security Schemes	838,580	808,610
Compulsory National Health Insurance Schemes	2,627,300	869,620
Other Personnel Payments	206,200,383	227,700,361
Total	1,066,064,491	1,365,810,689

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7. Use of Goods and Services

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

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Utilities, Supplies and Services	4,730,535,080	4,588,228,995
Communication, Supplies and Services	114,340,247	86,953,074
Domestic Travel and Subsistence	1,723,003,041	1,501,827,881
Foreign Travel and Subsistence	117,625,210	107,334,316
Printing, Advertising and Information Supplies and Services	438,516,313	298,939,341
Rentals of Produced Assets	50,230,611	56,580,622
Training Expenses	2,326,889,371	2,021,044,892
Hospitality Supplies and Services	386,369,192	444,094,611
Insurance Costs	12,732,485	15,888,507
Specialised Materials and Services	9,503,714,247	9,207,810,816
Office and General Supplies and Services	356,658,976	346,139,043
Other Operating Expenses	1,810,583,408	2,018,387,042
Routine Maintenance – Vehicles and Other Transport Equipment	140,713,637	133,662,100
Consultancy Services – Technical and Professional Services	791,758,891	797,680,489
Fuel Oil and Lubricants	23,049,404	20,381,218
Routine Maintenance – Other Assets	22,197,132	180,325,088
Total	22,548,917,245	21,825,278,035

8. Transfers to Other Government Entities

These relate to transfers to government reporting units. In FY 15/16, Health Sector Support Project received KShs 508,245,204 from the World Bank. This was then disbursed to 21 County Governments as per the County Allocation Revenue Act of 2015. This is disclosed in Appendix 3.

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Transfers to Central Government Entities	-	11,151,209
Transfers to Counties (Appendix 3)	508,245,204	848,697,305
Total	508,245,204	859,848,514

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Notes To The Financial Statements (Continued)

9. Other Grants and Transfers

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

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Scholarships and other educational benefits	1,002,791,258	903,736,196
Emergency Relief and Refugee Assistance	4,318,583	-
Other Current Transfers, Grants	1,512,085,181	2,039,382,327
Other Capital Grants and Transfers	9,481,698	404,845,831
Subscriptions to International Organizations	33,583,127	13,296,250
Other Payments	1,036,737,680	1,066,167,018
Community grants	144,090,108	747,135,000
Total	3,743,087,635	5,174,562,622

10. Social Security Benefits

These comprise the social contributions made by development projects on behalf of their employees.

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Government Pension and Retirement Benefits	-	900,500
Employer Social Benefits In Cash and In Kind	113,491,095	48,020,130
Total	113,491,095	48,920,630

11. Acquisition of Assets

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

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11. Acquisition of Assets (Continued)

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Non-Financial Assets		
Construction of Buildings	2,768,683,730	1,918,188,302
Refurbishment of Buildings	60,096,711	4,575,743
Construction of Roads	199,602,247	90,475,623
Construction and Civil Works	7,283,922,740	6,790,655,199
Purchase of Vehicles and Other Transport Equipment	892,748,848	1,086,469,500
Overhaul of Vehicles and Other Transport Equipment	2,819,119	3,142,190
Purchase of Household Furniture and Institutional Equipment	34,280	1,222,695
Purchase of Office Furniture and General Equipment	249,055,065	510,140,625
Purchase of Specialised Plant, Equipment and Machinery	901,298,034	1,095,573,967
Rehabilitation and Renovation of Plant, Machinery and Equipment	9,389,306	26,307,889
Purchase of Certified Seeds, Breeding Stock and Live Animals	38,514,890	35,878,787
Research, Studies, Project Preparation, Design and Supervision	2,543,218,388	1,755,380,683
Rehabilitation of Civil Works	224,842,129	343,724,408
Acquisition of Strategic Stocks and Commodities	43,490,097	18,619,017
Acquisition of Land	750,000,000	-
Acquisition of Intangible Assets	982,600	320,160
Purchase of ICT Equipment	214,570,470	39,761,090
Total	16,183,268,654	13,720,435,878

12. Other Payments

These relate to membership, subscription and procurement fees.

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Capital Transfer to Public Financial Institutions and Enterprises	10,785,100	33,162,983
Other Payments	104,997,153	145,482,511
Total	115,782,253	178,645,494

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13. Bank Balances

These comprise bank balances as at 30th June 2016 and comparatives for financial year to 30th June 2015.

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Bank Balances	7,366,478,824	10,502,156,840
Total	7,366,478,824	10,502,156,840

14. Cash Balances

These comprise of cash in hand balances as at 30th June 2016 and comparatives for financial year to 30th June 2015.

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Cash in Hand	61,866,346	22,484,724
Total	61,866,346	22,484,724

15. Outstanding Imprest and Advances

These comprise of imprest taken by staff but not yet retired as at 30th June 2016 and comparatives for financial year to 30th June 2015.

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Outstanding Imprests and Advances	970,054,226	999,379,520
Total	970,054,226	999,379,520

16. Fund Balance Brought Forward

These comprise of opening fund balance brought forward as at the beginning of the financial year.

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Bank Accounts	10,515,148,730	9,647,018,076
Cash in Hand	22,484,724	20,736,902
Imprest	986,387,630	1,091,622,156
Amounts in Special Accounts	-	13,056,716
Total	11,524,021,084	10,772,433,850

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Notes To The Financial Statements (Continued)

17. Prior Year Adjustments

These comprise of adjustments resulting from previous years which have been made in the year ended 30th June 2016 and whose details are as follows:

Description	FY 2015/16	FY 2014/15
	KShs	KShs
Bank Accounts	(1,424,275,370)	-
Cash in Hand	2,441,422	-
Total	(1,421,833,948)	-

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Appendix 1 - Movement of Development Projects Within the Year

A total of 78 projects have been included in fiscal year ended 30th June 2016, consolidated financial statements for development projects compared to 91 projects that were consolidated in FY 2014/2015. A further 25 projects have been consolidated under the respective MDA and another 15 have been reported and consolidated into 2 umbrella project accounts. This brings the total number of projects implemented and reported under MDAs to 118.

Detail		Tally
Projects consolidated in FY 2014/15		91
Changes in FY 2015/16		
Projects that were closed as at 30 th June 2015	Appendix 1.1	12
Projects reported under SAGAs/Counties	Appendix 1.2	6
Projects that have been amalgamated in the year	Appendix 1.3	3
Total Change		(21)
No of projects that had been included in FY 2014/15 consolidation, that are also expected to be included in FY 2015/16 Consolidation		70
Projects that did not submit financial statements as at 30 June 2016	Appendix 1.4	(1)
New projects identified in FY 2015/16 but that were not consolidated in FY 2014/15	Appendix 1.5	8
Amalgamated project that has been replaced in the year	Appendix 1.6	(1)
Self-reporting projects that have replaced an amalgamated project	Appendix 1.6	2
Total no. of projects consolidated with individual reports for FY 2015/16		78
Projects that have been consolidated under respective MDAs*	Appendix 1.7	25
Multiple projects that have reported in one consolidated set	Appendix 1.8	15
Total		118

* Projects that have been consolidated under the respective MDAs do not form part of this consolidation. They have been effectively consolidated under the consolidated financial statements of the MDAs for the period ended 30 June 2016.

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Appendix 1.1

The tables below provide details of projects closed as at 30 June 2015.

No	Name of the project	Implementing entity
1.	GoK/OPEC Basic Education Improvement Project	Ministry of Education, Science and Technology
2.	Kenya Education Sector Support Programme	Ministry of Education, Science and Technology
3.	Integrated Land & Water Shade Management For Kibuon & Tende Catchment Project Grant No: 5600155001501	Ministry of Environment, Water and Natural Resources
4.	Technical Support and Capacity Building for Fiscal Decentralization (PFMR)	The National Treasury
5.	The National Gender & Equality Commission, Norwegian Fund Project	National Gender & Equality Commission.
6.	Education III Project - Strengthening and Expanding Access to Appropriate Secondary Education and Skills Acquisition	Ministry of Education, Science and Technology
7.	Global Fund Malaria Round 4	Ministry of Health
8.	East African Trade and Transport Facilitation Project	The National Treasury
9.	Aid Effectiveness Program (USAID)	The National Treasury
10.	Capacity Development Programme (CDP)	State Department of Planning
11.	Italian Commodity Aid Program	The National Treasury
12.	Global Fund - Malaria Round 4	The National Treasury

Appendix 1.2

The table below provides details of projects whose implementing entity is either a Semi-Autonomous Government Agencies (SAGAs) or the Counties.

No	Name of the project	Implementing entity
1	Transparency and Communication Infrastructure Project (TCIP)	Information and Communication Technology Authority
2	Natural Resource Management Programme	National Environment Management Authority
3	Green Zones Development Support Project	Kenya Forestry Research Institute
4	Kisumu Urban Project - Cash Expenditure Fund	County Government of Kisumu
5	Support to Community Based Farm Forestry Enterprises in Semi-Arid Areas in Kenya	Kenya Forestry Research Institute
6	The Investment Climate Facility for Africa Trust (ICF)	Kenya Trade Network Agency

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Appendix 1.3

The table below provides details of projects that were consolidated in FY 2014/15 but have been merged under respective Ministries in FY 2015/16:

No	Name of the project	Implementing entity
1	Judicial Performance Improvement Project (JPIP)	Judiciary
2	Capacity Development for the Supreme Court of Kenya	Judiciary
3	Judiciary Transformation Support Project	Judiciary

Appendix 1.4

The table below provides details of projects whose financial statements were not submitted:

No	Name of the project	Implementing entity
1	Rural Health Project III	Ministry of Health

Appendix 1.5

The table below provides details of new projects started in FY 2015/2016:

No	Name of the project	Implementing entity
1	Kenya Primary Education Development Project	State Department of Basic Education
2	Mercury Initial Actions for Kenya	State Department of Environment and Natural Resources
3	East Africa's Centre of Excellence	Ministry of Health
4	System for Land Based Emissions Estimation in Kenya (SLEEK)	State Department of Environment and Natural Resources
5	Financial Sector Support project (FSSP)	The National Treasury
6	Support for Responsible Land Governance and Natural Resources in Communal Lands of Kenya Project	National Land Commission
7	Kenya Electricity Modernization Project	Ministry of Energy and Petroleum
8	Kenya Petroleum Technical Assistance Project	Ministry of Industrialization and Enterprise Development - State Department for Investment and Industry

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Appendix 1.6

The table below provides details of the projects that have now replaced Kenya Safety Net Program in FY 2015/2016.

No	Name of the project	Implementing entity
1	Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme Grant No TF097272	Ministry of Labour, Social Security and Services
2	Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme Credit No 4553 - KE	Ministry of Labour, Social Security and Services

Appendix 1.7

The table below provides details of projects whose financial results for FY 2015/2016 were reported in the implementing entity's financial statements for the FY 2015/2016.

No	Name of the project	Implementing entity
1	Trade Mark East Africa Programme	State Department of East African Affairs
2	Extractive Industries for Sustainable Development in Kenya	Ministry of Mining
3	NOFBI and e-Government Expansion Project	Ministry of Information, Communication and Technology
4	Deepening Foundation For Peace Building And Community Security	State Department of Interior
5	Standards and Labelling Programme	Ministry of Industrialization and Enterprise Development
6	Ministry Of Health Reproductive and Maternal Services	Ministry of Health
7	Training of Health Personnel	Ministry of Health
8	Rehabilitation of Ahero, Tharaka and Nyambeni Hospitals	Ministry of Health
9	Rehabilitation of Ngong Sub-District Hospital	Ministry of Health
10	Rehabilitation of Muhoroni Sub-District Hospital	Ministry of Health
11	Rehabilitation of Likoni Sub-District Hospital	Ministry of Health
12	Communication for Development	Ministry of Health
13	Nutrition	Ministry of Health
14	Environmental Health Services	Ministry of Health
15	Food and Nutrition Support to Vulnerable Population affected by HIV	Ministry of Health
16	Procurement for Equipment for NYS	State Department of Planning
17	Small Holder Horticulture Empowerment Project	State Department of Agriculture

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No	Name of the project	Implementing entity
18	Integrated Protective Services	Ministry of Labour, Social Security and Services
19	Family Based Care for Vulnerable Children	Ministry of Labour, Social Security and Services
20	Judiciary Transformation Support Project	The Judiciary
21	Social Policy and Research	State Department of Planning
22	Economic Empowerment Programme	State Department of Planning
23	Judicial Performance Improvement Project (JPIP)	Judiciary
24	Capacity Development for the Supreme Court of Kenya	Judiciary
25	Judiciary Transformation Support Project	Judiciary

Appendix 1.8

The table below provides details of projects whose financial results have been reported and consolidated under two umbrella projects namely, **Kenya Italy Development Program** (implemented by State Department for Water & Regional Authorities) and **Kenya Italy Development Program** (implemented by State Department of Science and Technology).

No	Name	Implementing Entity
	Kenya Italy Development Program (KIDDP)	
1	Tigania Water Supply	State Department for Water and Regional Authorities
2	PCO Facilitation (MWIHE)	State Department for Water and Regional Authorities
3	Migwani Water Supply Project	State Department for Water and Regional Authorities
4	Additional Water Works Under KIDDP	State Department for Water and Regional Authorities
5	Sigor Wei Consultancy	State Department for Water and Regional Authorities
6	Sirisia Water Project	State Department for Water and Regional Authorities
7	Khangacini Water Supply	State Department for Water and Regional Authorities
8	Additional Water Works Under KIDDP	State Department for Water and Regional Authorities
	Kenya Italy Development Program (KIDDP)	
1	Revitalization of MBAA-INI Youth Polytechnic	State Department of Science and Technology
2	Revitalization of Lereshwa Youth Polytechnic	State Department of Science and Technology

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No	Name	Implementing Entity
3	Provision of Tools, Equipment and Furniture for Completed Polytechnics	State Department of Science and Technology
4	Lucy Onono Kinda Umala Youth Polytechnic	State Department of Science and Technology
5	Rehabilitation Dormitories in Six YPS	State Department of Science and Technology
6	Capacity Building in 18 YPS	State Department of Science and Technology
7	Scholarships for Students in 18YPS	State Department of Science and Technology

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Appendix 2 – Transfers to Self-Reporting Projects

The table below compares the Government of Kenya counter-part funding disbursed by the parent MDAs to the projects in FY 15/16 for purposes of supporting project activities undertaken on their behalf. The result variances are due to timing differences.

No.	Ministry/State Department	Project Name	Amounts Disbursed by MDA (KShs)	Amounts Received by Project (KShs)	Timing Differences (KShs)
1	State Department for Planning	Community Empowerment & Institutional Support Project	22,130,678	22,130,678	-
2	State Department for Environment and Natural Resources	501066 Lake Victoria Environment Management Project (LVEMP Phase 11)	14,553,800	14,553,800	-
3	State Department for Water and Regional Authorities	Kenya Water Security & Climate Resilience Project	150,000,000	150,000,000	-
4	State Department of Transport	East Africa Trade And Facilitation Project	1,365,580,301	1,365,580,301	-
5	State Department of Infrastructure	Kenya Transport Sector Support Project	10,700,000	10,700,000	-
6	State Department for Agriculture	Kenya Cereal Enhancement Programme(KCEP)	70,000,000	35,000,000	35,000,000
7	State Department for Agriculture	Kenya Agricultural Productivity & Sustainable Land Management Project	12,000,000	31,726,450	19,726,450
8	State Department of Livestock	Mainstreaming Sustainable Land Management (SLM) In Agro pastoral Production	36,000,000	36,000,000	-
9	State Department for Agriculture	SHDP Small-Scale Horticulture Development Project - Loan No: 2100150014943	50,000,000	50,000,000	-

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No.	Ministry/State Department	Project Name	Amounts Disbursed by MDA (KShs)	Amounts Received by Project (KShs)	Timing Differences (KShs)
10	State Department for Agriculture	Drought Resilience And Sustainable Livelihood Programme In Horn Of Africa	20,000,000	20,000,000	-
11	State Department for Agriculture	Eastern African Agriculture productivity Project(EAAPP)	18,000,000	18,000,000	-
12	State Department of Livestock	Smallholders Dairy Commercialisation Programme	22,500,000	22,500,000	-
13	State Department for Agriculture	Kenya Adaptation To Climate Change In Arid And Semi-Arid (KACCAL)	12,980,000	6,490,000	6,490,000
14	State Department for Basic Education	Food Assistance to Primary and Pre-Primary Schools in Semi-Arid Areas and Disadvantaged Urban Children Project	924,813,682	924,813,682	-
15	State Department for Science and Technology	Support for Technical, Industrial, Vocational and Entrepreneurship Training (Tivet) Project	78,427,169	78,427,169	-
16	State Department for Science and Technology	Support to enhancement of Quality and Relevance in Higher education science and technology(HEST) Project	24,934,603	24,934,603	-
17	Ministry of Land Housing and Urban Development	Nairobi Metropolitan Services Improvement Project	291,852,554	291,852,554	-
18	Ministry of Land Housing and Urban Development	Kenya Municipal Program	100,000,000	100,000,000	-
19	The National Treasury	Public Finance Management Reform (PFMR)	210,000,000	210,000,000	-

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No.	Ministry/State Department	Project Name	Amounts Disbursed by MDA (KShs)	Amounts Received by Project (KShs)	Timing Differences (KShs)
20	Ministry of Land Housing and Urban Development	Kenya Informal Settlement Improvement Project	115,000,000	115,000,000	-
21	State Department for Devolution	Western Kenya Community Driven & Flood Mitigation Project	78,960,000	78,960,000	-
22	State Department for Devolution	Medium Term ASAL Programme (MTAP)	7,738,520	7,738,520	-
23	State Department for Agriculture	Agricultural Sector development Support	200,000,000	200,000,000	-
24	The National Treasury	Programme For Rural Outreach Of Financial Innovations And Technologies (Profit)	15,000,000	20,000,000	5,000,000
25	State Department of Livestock	Standards and Market Access Programme (SMAP)	26,516,409	26,516,409	-
26	State Department for Water and Regional Authorities	Upper Tana Natural Resources Management Project	100,000,000	100,000,000	-
27	State Department for Agriculture	Project on Enhancing Gender Responsive Extension Services in Kenya	7,999,937	8,000,000	63
28	State Department for Agriculture	Rice-Based Market-Oriented Agriculture Promotion Project	2,070,000	2,070,000	-
29	State Department for Basic Education	Kenya Primary Education Development Project	13,504,210	13,504,210	-
30	State Department for Environment and Natural Resources	Kimira Oluch Small Holder Farm Improvement Project – Loan No: 2100150012296	141,726,023	141,726,023	-
	Total		4,142,987,886	4,126,224,399	16,763,487

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Appendix 3 – World Bank Health Funds Transferred to County Governments

In FY 15/16, Health Sector Support Project received KShs 508,245,204 from the World Bank. This was then fully disbursed to 21 County Governments as per the County Allocation Revenue Act of 2015 as tabulated below.

No.	County	Amounts Disbursed in FY 15/16 (KShs)
1	Baringo	17,224,300
2	Elgeyo/Marakwet	20,179,116
3	Garissa	15,088,268
4	Isiolo	8,728,052
5	Kajiado	31,643,654
6	Kilifi	66,776,764
7	Kitui	46,995,266
8	Kwale	45,759,322
9	Laikipia	18,845,096
10	Lamu	7,132,526
11	Mandera	13,686,168
12	Marsabit	10,086,676
13	Migori	67,012,156
14	Narok	38,137,350
15	Samburu	8,669,898
16	Taita	17,242,898
17	Tana River	8,481,988
18	Tharaka Nithi	13,899,808
19	Turkana	20,486,700
20	Wajir	16,369,300
21	West Pokot	15,799,898
	Total	508,245,204