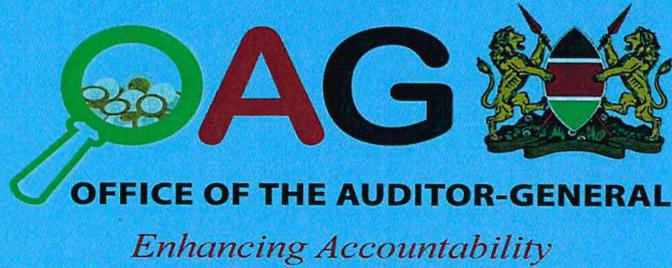


REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY	
<b>REPORT</b>	
DATE:	01 SEP 2021
	DAY: WED
TABLED BY:	LOMP
OF AT THE TABLE:	S. Kalana

**THE AUDITOR-GENERAL**

**ON**

**KENYA NATIONAL BUREAU OF STATISTICS**

**FOR THE YEAR ENDED  
30 JUNE, 2019**





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# KENYA NATIONAL BUREAU OF STATISTICS

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019

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

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## Acronyms

AfDB	-	African Development Bank
A-I-A	-	Appropriations in Aid
COMESA	-	Common Market for Eastern and Southern Africa
DfID	-	Department for International Development
DG	-	Director General
EAC	-	East African Community
FAO	-	Food and Agriculture Organization
FDR	-	Fixed Deposit Receipts
GOK	-	Government of Kenya
ICT	-	Information Communication Technology
IDA	-	International Development Agency
IFRS	-	International Financial Reporting Standards
ILO	-	International Labour Organisation
IPSAS	-	International Public Sector Accounting Standards
KCB	-	Kenya Commercial Bank
KDHS	-	Kenya Demographic Health Survey
KENINFO	-	Kenya Information
KIHBS	-	Kenya Integrated Household Budget Survey
KMIS	-	Kenya Malaria Indicator Survey
KNBS	-	Kenya National Bureau of Statistics
KPHC	-	Kenya Population and Housing Census, 2019
MICS	-	Multiple Indicator Cluster Survey
NSS	-	National Statistical System
NSSF	-	National Social Security Fund
PPRA	-	Public Procurement Regulatory Authority
SCB	-	Statistical Capacity Building
SIDA	-	Swedish International Development Cooperation Agency
UNDP	-	United Nations Development Programme
UNFPA	-	United Nations Population Fund
UNICEF	-	United Nations Children's Fund
USAID	-	United States Agency for International Development

## I. Key Information and Management

### (a) Background information

#### Overview

KNBS is a Semi-Autonomous Government Agency established by an Act of Parliament – the Statistics Act, 2006.

#### Vision

To be a global leader in the provision of quality statistical services.

#### Mission

To provide, manage and promote quality statistical services through utilization of best practices for evidence-based decision making.

#### Core Values

- **Professionalism:** Strictly abide by professional considerations, including scientific principles and ethics on methods, standards and procedures for provision of quality statistical services
- **Integrity:** Will adhere to the principles of good governance to ensure transparency and accountability in undertaking its programmes and activities.
- **Confidentiality:** The Bureau will treat all information provided by stakeholders with strict confidentiality and use exclusively for statistical purposes.
- **Customer focus:** Commits itself to align its programmes to the expectations of its stakeholders and attaining the highest standards in service delivery.
- **Innovation:** Will continuously embrace creativity and innovation for value-addition in its business processes.
- **Teamwork:** Will embrace teamwork in pursuing timely attainment of targeted results at all levels, through coordination and networking.

#### Strategic Themes / Key Result Area (KRAs)

The Bureau identified five areas of focus / key result areas, which will enable it to deliver benefits to the stakeholders and effectively realize its mandate:

- i. Production of quality statistics
- ii. Coordination of the National Statistical System (NSS)
- iii. Capacity building
- iv. Financial resource mobilization and management, and
- v. Enhance corporate image

### (b) Principal Activities

The Bureau is the principal agency of the Government for collecting, analysing and disseminating statistical data in Kenya and is the custodian of official statistical information. Specifically the Bureau is mandated with:

- (a) Planning, authorizing, co-ordinating and supervising all official statistical programmes undertaken within the National Statistical System;
- (b) Establishing standards and promoting the use of best practices and methods in the production and dissemination of statistical information across the National Statistical System;
- (c) Collecting, compiling, analyzing, abstracting and disseminating statistical information on the matters specified in the First Schedule;
- (d) Conducting the Population and Housing Census every ten years, and such other censuses and surveys as the Board may determine; and
- (e) Maintaining a comprehensive and reliable national socio-economic database.

**(c) Key Management**

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

- Director General;
- Director – Corporate Services;
- Director – Production Statistics;
- Director – Macro Economics Statistics;
- Director – Population and Social Statistics;
- Director – Statistical Co-ordination and Methods

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

- |  |                  |
|--|------------------|
| 1. Director General                                    | Zachary Mwangi   |
| 2. Director – Corporate Services                       | Ann Mburu        |
| 3. Director – Production Statistics                    | Robert Nderitu   |
| 4. Director – Macro Economics Statistics               | Collins Omondi   |
| 5. Director – Population & Social Statistics           | MacDonald Obudho |
| 6. Director – Statistical Co-ordination<br>and Methods | Mary Wanyonyi    |
| 7. Head of Procurement                                 | Fred Ayiera      |

**(e) Fiduciary Oversight Arrangements**

The key fiduciary oversight arrangements cover:

- Finance and Administration Committee activities
- Audit and Risk Management Committee activities
- Technical Committee activities

**(f) Registered Office**

Herufi House,  
Lt. Tumbo Avenue,  
P.O Box 30266 – 00100,  
NAIROBI

**(g) Contacts** Telephone:(254) 3317586 / 8  
E-mail: [directorgeneral@knbs.or.ke](mailto:directorgeneral@knbs.or.ke)  
Website: [www.knbs.or.ke](http://www.knbs.or.ke)

**(h) Bankers**

1. Kenya Commercial Bank Limited,  
Moi Avenue Branch,  
P.O. Box 30081 – 00100,  
NAIROBI.
2. Co-operative Bank of Kenya,  
Kimathi Street Branch,  
P.O. Box 7512 – 00100,  
NAIROBI.

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

**II. The Board of Directors who served during the year 2018/2019**



**Mr. Peter Nginga Kiguta – Chairman**



**Mr. Anthony Muigai Muriu**

**Alt. to the PS – The National Treasury**



**Ms Katherine Chiteri Muoki**

**Alt. to PS – Planning**



**Dr. Josephine Kibaru-Mbae**



**Dr. Mary K. Lonyangapuo**

Kenya National Bureau of Statistics - Annual Financial Statements 2018/2019



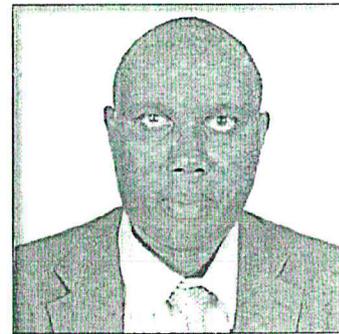
**Dr. Caxton M. Munyoki**



**Dr. Richard Oduor Okoth**



**Mr. Kenneth Ndung'u Mburu**  
Member



**Mr. Zachary Mwangi**  
Director General and Secretary to the Board



**Mr. Josiah Morara Omosa – Corporation Secretary**



**Mr. Peter Nginga Kiguta**

Mr. Peter Nginga Kiguta was appointed as the Board Chairman in May 2018. He holds an MA, Economics Policy (1985), Boston University, Massachusetts, USA and BA, Economics - Upper 2nd Class (1981), University of Nairobi, Kenya.

He was employed by the government of Kenya on 20th November 1981 as Economist I, where due to his good performance, he was promoted through five ranks in a span of 14 years (Economist II; Senior Economist; Principal Economist; Deputy Chief Economist) to the level of Chief Economist in 1995.

He was a Lecturer in Economics, Boston University, Boston - Massachusetts, USA, between January and September 1985, where he taught under graduate students in Macro and Micro economics and problems of African Economic Development.

He has authored various academic papers in economics for presentation in conferences and policy dialoguing, and also contributed papers as input in publications by World Bank. He has also published papers in respected trade journals.

He first joined the East African Community as the Macroeconomist on 28th September 1996. He was appointed on merit as the first Director General (Customs & Trade) of the East African Community on 7th December 2004, where he retired on 31st December 2016 upon reaching mandatory retirement age, having worked as the Director General for 12 years. As a Director General, customs and trade, he had the overall responsibility of ensuring that the EAC Customs union takes off and functions effectively. He led a cross functional, multinational team of customs and trade experts with an annual budget of around US\$9 million.



**Katherine Chiteri Muoki**

Katherine Chiteri Muoki is a long serving career Civil Servant who has risen through the ranks to the position of Director of Economic Planning responsible for Infrastructure, Science, Technology and Innovations. She has also held the position of Director of Gender for an intermittent period. She holds a Bachelor of Education Degree (Economic & Business Studies), 1st Class Honours from Kenyatta University and a Masters of Arts (Economics) Degree from the University of Nairobi.

Mrs. Muoki has technical expertise in a number of areas that include; Economic Policy Formulation, Development

	<p>Planning and Analysis; Strategic Planning; Project Management, Monitoring and Evaluation and Impact Analysis; Speech Writing; Participatory Poverty Assessment; Qualitative and <b>Quantitative Statistics Analysis; Human Development</b> Analysis; Research Techniques; Public Finance Management including Budgeting; and Capacity Building.</p> <p>Among the key activities that she has initiated and/ or coordinated and provided leadership include the drafting of the Poverty Reduction Paper, the Economic Recovery Paper for Wealth Creation, the Vision 2030 and the three Medium Term Plans for the implementation of the Vision 2030. Further she was a member of the think tank that initiated the Medium Term Expenditure Framework (MTEF) Budgeting Framework. She has co-convened various MTEF budget Sector Working Groups for several years. Further she has initiated development of other key policy documents such as the National Gender Policy, the Status of Women Report, and Kenya National Human Development Reports among others. She has also provided leadership in Participatory Poverty Analysis Studies.</p> <p>Over the years, Mrs. Muoki has served on several boards. These include, the pioneer boards of the National Commission for Gender and Development; Women Enterprise Fund Advisory Board; Uwezo Fund Oversight Board; Anti-Female Genital Mutilation Board and Affirmative Action Social Development Fund Board. She has also sat on the National Commission for Science and Technology and the Lake Basin Development Authority Board.</p> <p>Mrs. Muoki is the recipient of two (2) State Awards; Head of State Commendation (HSC) in 2013 and Order of the Grand Warrior (OGW) in 2016</p>
 <p><b>Dr. Josephine Kibaru-Mbae</b></p>	<p>Dr. Josephine Kibaru-Mbae is the Director General of National Council for Population and Development. Prior to joining NCPD in February 2014, Dr. Kibaru-Mbae had been the Director General at the East, Central &amp; Southern Africa Health Community (ECSA-HC; Former Commonwealth Regional Health Secretariat) since 2010. ECSA-HC is an Intergovernmental Organization whose aim is to foster regional cooperation and collaboration in health. It comprises of 10 active</p>

	<p>members; Kenya, Lesotho, Malawi, Mauritius, Seychelles, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.</p> <p>Dr. Kibaru-Mbae is a Medical Doctor, specialized in Obstetrics, Gynaecology and Public Health. She has about 30 years' experience in the public health sector, with about 20 of these years in Leadership and Management positions at different levels of the health sector in the Republic of Kenya. She started at the District level and rose through the ranks to the level of Senior Deputy Director of Medical Services in charge of Family Health Services, Ministry of Health; Kenya. Dr. Kibaru-Mbae has represented the government in various national and international fora such as the WHA, ICPD etc. During her tenure at the Division of Reproductive Health, in collaboration with other stakeholders, she successfully lobbied for the first ever budget-line for Family Planning in Kenya in 2005.</p> <p>Dr. Kibaru-Mbae has excellent networking experience working with policy makers and programme experts such as Ministers, Ambassadors, Principal Secretaries, Directors, population and health professionals, representatives of collaborating partners and donors and the media.</p>
 <p><b>Mr. Anthony Muigai Muriu</b></p>	<p>Alternate to the Principal Secretary, National Treasury, Mr. Muriu is a Chief Economist and Head of the Central Planning and Project Monitoring Unit of the National Treasury. He is a Career Civil Servant with over 20 years' experience having risen through the ranks to the current position.</p> <p>He holds a Bachelor of Arts in Economics from the University of Nairobi and Masters Degree in International Development Studies from the Graduate Institute of Policy Studies in Tokyo, Japan. He has also attended numerous short training courses both locally and abroad. Over the years, Mr. Muriu has worked in many Ministries and served in numerous Committees and Taskforces of the Government of Kenya.</p>



**Mr. Kenneth Ndung'u Mburu**

Mr. Kenneth is an Advocate of the High Court of Kenya, having been admitted to the Bar 19 years ago, and a Certified Public Secretary. He holds Degrees in Commerce and Law respectively, and a Post-graduate Diploma in Law from the Kenya School of Law. He graduated from the University of Nairobi in 2005 with a Master of Laws Degree in the thematic specialisation of Finance and Financial Services Law.

Mr. Mburu has served as Dean of the Faculty of Law at the School of Professional Studies, and as Associate Dean of Law at Catholic University of Eastern Africa (CUEA). He has presented papers on Professional Ethics to his peers at the Law Society of Kenya's Continuous Legal Education seminars. He currently lectures and supervises research students at the said CUEA, his passion being in the subjects of Law and Development, Land Law, Commercial Law, Equity and Professional Ethics. Mr. Mburu brings a wealth of knowledge in Law and Corporate Governance to the Board of the Kenya National Bureau of Statistics.



**Dr. Mary K. Lonyangapuo**

Dr. Mary K. Lonyangapuo is a holder of Bachelor of Arts in Education from Kenyatta University, a Masters Degree in Linguistics from Leeds University, UK and a PHD in Linguistics from Egerton University. She has over 15 years university teaching experience in the area of Theoretical and Applied Linguistics and has vast knowledge in humanities and social sciences

Her key research areas are in: Syntax, Sociolinguistics and Applied communication and has carried out various researches in linguistics and communicative aspects of language, has written a number of research papers in refereed journals and is a Research Assistant with CASA.

She is a member of the Editorial Board, *Jarida la Mwangi wa Lugha*, an academic journal at Moi University.

She has served as the Head of Department, Linguistics and Foreign Languages, Moi University; Dean, School of Arts and Social Sciences, Moi University and served as a Council Member, Kenyatta University.

She sits on various School Boards and is currently a Senior lecturer, Department of Linguistics and Foreign Languages, Moi University, where she is also the Patron of I Choose Peace Consortium.



**Dr. Caxton M. Munyoki**

Dr. Caxton Munyoki holds a PhD in Business Administration, a Master's in Business Administration and a Bachelor of Commerce in Business Administration, all from the University of Nairobi.

Dr. Munyoki has 20 years' experience in the private sector and seven years' experience in the Public sector. He has been a Chief Executive Officer in Kenya Broadcasting Corporation, Allan Holdings, Kenital Solar, Kenya Bunduki, and Tracker Group of Companies. He also served as a Deputy Chief Executive Officer in TARDA and Kenya Broadcasting Corporation. Dr Munyoki has worked with Bata Shoe company limited as a Marketing Manager. He has several publications under his name, among them; *'The Role of Competitive Strategies on Performance of Kenya State Corporations'* – by Dr. Caxton Munyoki (*International Journal for Innovation Education and Research – IJIER*) November 2015' and *"The Joint Influence of Organizational Autonomy, Positioning and Competitive Strategies on Performance of Kenyan State Corporations"* – by Dr. Caxton Munyoki (*International Journal of Humanities and Social Science*) Vol. 5, No. 10(1); October 2015.

He is a member of the Marketing Society of Kenya.



**Dr. Richard Oduor Okoth**

Richard has considerable experience in the field of Biotechnology, and brings to the Board extensive expertise in research and biostatics. His active research focuses on using modern biotechnologies including genetic engineering to improve local staple food crops such as maize, sweet potato, cassava and sorghum against diseases, drought, aflatoxin, and Striga. He holds a patent on a stress-inducible promoter with the World Intellectual Property Organization and Chairs the Kenya University Biotechnology Consortium; a professional body that brings together experts in Biotechnology from public and private universities to promote safe use and application of modern biotechnology in Kenya. In 2017, Richard was among the 52 African Scientists celebrated by the South African Department of Science and Technology for their outstanding contributions in advancing research in the continent. Richard has won several research grants, supervised several graduate students and published widely in the discipline. Currently he serves as a Senior Lecturer and Head of Plant Transformation Laboratory in the department of Biochemistry, Microbiology and Biotechnology at

	<p>Kenyatta University, Nairobi, Kenya. Richard holds a PhD in Molecular and Cell Biology from University of Cape Town, an MSc (Biotechnology) and BSc (Biochemistry) both from Kenyatta University, Kenya. In addition, Richard has a postdoctoral training, in drug discovery from Pfizer, UK. He also holds an Executive Master's of Science in Management and Organizational Development from United States International University, Africa; a Graduate Diploma in Forensic Sciences from Blackford Institute, UK and a Certificate in Science communication from University of Cape Town. He is currently an Honorary Visiting Fellow of the University of Leicester.</p>
 <p><b>Mr Zachary Mwangi</b> <b>Director General</b></p>	<p>Mr Zachary Mwangi has over 24 years' experience in the public service. He holds a Bachelor of Arts (First Class Honors) from University of Nairobi and a Masters of Arts in Economic Policy Management, Makerere University, Uganda. He has expertise in official statistics, strategic management, surveys and censuses implementation, public policy analysis, budgeting, and project management, among others.</p> <p>Prior to his current appointment as the Director General of the Kenya National Bureau of Statistics (KNBS), he was the Director of Macroeconomic Statistics, KNBS, from 2008 to 2012. From 1991 to 2008 he worked in the mainstream civil service rising to the position of Chief Economist in the then Ministry of Planning and National Development.</p> <p>He has coordinated the preparation of various publications including, Annual Economic Survey reports, Annual Statistical Abstract reports, Quarterly GDP reports, Socio Economic Atlas, various survey reports, Public Expenditure Review reports, Quarterly Budget Review reports and District Development Plans.</p> <p>He has attended various courses and workshops, both locally and abroad, on Regional Integration, Statistical Developments, Public Expenditure Management, Financial Programming and Policies, Risk Management, Quality Management System, Project Management, Macroeconomic analysis and modelling, among others.</p>



**Mr. Josiah Morara Omosa**

Born in 1973, Josiah is an alumni of the University of Nairobi having earned a Masters of Law Degree in 2013. He also earned a Diploma in Legal Practice from the Kenya School of Law in 1998 and a Bachelor of Law Degree (2nd Class Honors, Upper Division) from the University of Nairobi in 1997. He is a registered Certified Public Secretary of Kenya, a member of the Institute of Certified Public Secretaries of Kenya (ICPSK) Member No.R/CPSB/2214 and the Law Society of Kenya (LSK) and an Advocate of the High Court of Kenya, a Commissioner for Oaths and a Notary Public.

He has been an advocate of the High Court for the past 20 years (10 of which he has been the Legal Manager and later promoted to be a Corporation Secretary at the Bureau). He is a lawyer, with a wide spanning career in law and corporate governance. He has been responsible for driving the corporate governance agenda in the Bureau, providing guidance and support to the Board and has been the Secretary to the Board and all its Committees. Further, he has considerable experience in Commercial and Public Procurement Law having represented the Bureau before the Public Procurement Board and the Constitutional and Judicial Review Divisions of the High Court.

### III. The Senior Management Team

The KNBS structure comprises six directorates as shown below. Each Directorate is headed by a Director.

 <p><b>Mr Zachary Mwangi,</b> <b>Director General</b></p>	<p>Mr Zachary Mwangi has over 24 years' experience in the public service. He holds a Bachelor of Arts (First Class Honors) from University of Nairobi and a Masters of Arts in Economic Policy Management, Makerere University, Uganda. He has expertise in official statistics, strategic management, surveys and censuses implementation, public policy analysis, budgeting, and project management, among others.</p> <p>Prior to his current appointment as the Director General of the Kenya National Bureau of Statistics (KNBS), he was the Director of Macroeconomic Statistics, KNBS, from 2008 to 2012. From 1991 to 2008 he worked in the mainstream civil service rising to the position of Chief Economist in the then Ministry of Planning and National Development.</p> <p>He has coordinated the preparation of various publications including, Annual Economic Survey reports, Annual Statistical Abstract reports, Quarterly GDP reports, Socio Economic Atlas, various survey reports, Public Expenditure Review reports, Quarterly Budget Review reports and District Development Plans.</p> <p>He has attended various courses and workshops, both locally and abroad, on Regional Integration, Statistical Developments, Public Expenditure Management, Financial Programming and Policies, Risk Management, Quality Management System, Project Management, Macroeconomic analysis and modelling, among others.</p>
 <p><b>Mr. Robert Nderitu</b> <b>Dir., Production Statistics</b></p>	<p>Mr. Robert Nderitu is a statistician by profession and holds a Master of Science Degree (Statistics) from Kenyatta University. He has more than twenty (20) years' experience in the field of Statistics and through appropriate training and experience both locally and internationally, has been undertaking duties related to production and management of Statistics. This includes; preparing concept papers and proposals; providing economic planning, analytical, statistical, demographic and other related services; designing and maintaining of business register and sampling frames; designing data collection instruments; designing surveys and censuses; collecting and analyzing statistics on various thematic areas; monitoring living conditions by collecting, compiling and disseminating data on Consumer Price Indices (CPI) as well as income and expenditure levels;</p>

	<p>and compiling other development Indexes including Human Development Indexes.</p> <p>He is the Director in charge of Production Statistics Directorate whose mandate involves collection, analysis, generation and dissemination of statistics in the areas of Labour, Prices, Industrial, Agriculture and Livestock, Environment and Nutrition statistics. He is also a qualified quality management system internal auditor and currently heads a team of champions, implementing the ISO 9001:2015 Quality Management System in the Bureau.</p>
 <p><b>Mary Mildred Wanyonyi</b>  <b>Dir., Statistical Co-ordination &amp; Methods</b></p>	<p>Ms. Mary Wanyonyi has vast experience in designing and conducting sample surveys, compilation of official statistics, socio-economic database development and environment statistics. She has a wide range of expertise in poverty and other social statistics analyses. She is the coordinator for the National Strategy for the Development of Statistics (NSDS) and the focal person for the post 2015 Development Agenda on Sustainable Development Goals (SDGs), at KNBS.</p> <p>She is the Director in charge of Policy and Planning, Statistical Standards &amp; Methods, Research and Development, and coordination of the National Statistical System (NSS). She is also responsible for the implementation of Kenya Integrated Household Budget Surveys and Kenya Continuous Household Survey.</p>
 <p><b>Mr Macdonald George Obudho</b>  <b>Dir., Population &amp; Social Statistics</b></p>	<p>Macdonald George Obudho has worked in Kenya National Bureau of Statistics since 1995 to date. He holds a Bachelor of Science degree in Mathematics and Computer Science (Second class honours - Upper Division) from Jomo Kenyatta University of Agriculture and Technology and a Master of Science degree in Statistics from the same university. He has vast experience in conducting population and housing census, designing and carrying out sample surveys and compilation of official statistics. From the statistical background, he has experience in cartographic work, designing different types of statistical household sampling frames and maintenance of the same. He has been in management for 13 years that brings about both administrative and technical experience.</p> <p>He has coordinated the writing of very many reports like census monographs, demographic and health surveys and Multiple Cluster Surveys. He has a number of certificates under his name that arise from short courses, workshops and seminars attended both locally and internationally. Some of them are on censuses, post census enumeration surveys,</p>

	<p>Statistical Designs and Development, Sampling and weighting of data, Strategic Leadership Development Programme, Risk Management, Quality Management System, among many others</p>
 <p><b>Ms. Ann M. Mburu, HSC.</b></p> <p><b>Director, Corporate Services</b></p>	<p>Ms. Ann Mburu holds a Master of Science Degree in Human Resource Management from SALFORD University in the UK. She also holds a Bachelor's Degree in Economics and Government from the University of Nairobi in Kenya. Ann has attended various Management/Leadership courses to include: Change Management from the Royal Institute in the UK, Labour Management Course under the World Bank in Washington - USA, Strategic Management Skills from University of Connecticut USA, Strategic Planning Course from University of Wits Waterberg in South Africa, Strategic Leadership program from Kenya School of Government, Gender Mainstreaming Management from East and Southern African Management Institute, among others.</p> <p>Ms. Mburu has worked as a Management Consultant in the Management Consultancy Services under the Office of the President, Directorate of Public Service Management. She has also worked as a Director of Human Resource Management and Development, last appointment being the State Department for Planning before joining Kenya National Bureau of Statistics as a Director, Corporate Services.</p>
 <p><b>Mr Collins Omondi</b></p> <p><b>Dir., Macro Economic Statistics</b></p>	<p>Mr Collins Omondi has a vast experience in Statistics, Economics and Data Management Skills drawn from over 19 years of work experience with the statistics Institution. He holds Master of Arts in Economics (University of Nairobi) and Bachelor of Science in Statistics (University of Nairobi). He has attended and participated in various Macroeconomics statistics related forums both locally and internationally. He heads Macroeconomics Statistics Directorate responsible for coordination, collection, analyses, generation and dissemination of macroeconomic statistics in the following main areas: National Accounts, External sector statistics, Monetary and Financial statistics, Public Finance, Tourism and migration, and Transport, Storage and Communications statistics.</p>

#### **IV. The Chairman's Statement**

It is with great pleasure that I present to you the Financial Statements for Kenya National Bureau of Statistics for the year ended 30th June 2019. This is an opportunity to report on the activities and performance of the Bureau.

During the financial year, the Bureau lived to its mandate in providing users and policy-makers with timely and reliable statistics to facilitate decision-making. Various surveys as per the Director General's report were conducted and some reports on the same were released, while other reports are still under preparation. The preparatory activities for the 2019 Housing and Population Census such as sensitization and cartographic mapping were completed in readiness for the actual enumeration. Other surveys and censuses were also carried out so as to strengthen the quality of statistical information released to all stakeholders.

The Bureau continued to strengthen the National and County Statistics Offices, but still faces the challenges of office accommodation especially in the Counties, staff retention and visibility. The process of identifying a building for leasing for the headquarter offices was completed and partitioning, electrical and mechanical works have since been completed. In the long term, the Bureau requires to own a building to house its headquarters.

Finally, I wish to recognize with appreciation, the continued technical and financial support we have received from the Government, and the development partners over the years that has enabled the Bureau to come this far. The Bureau staff are also appreciated for the efforts they are putting to ensure timely and quality work.



**Peter Nginga Kiguta**

## **V. The Director General's Report**

According to the Statistics Act 2006, the Kenya National Bureau of Statistics is the principal agency of the national government for the collection, compilation, analysis and dissemination of official statistics for planning, policy making and monitoring and evaluation. It is also mandated to ensure best standards and methods in the production of statistics across the National Statistical System (NSS).

This annual financial report, therefore, highlights achievements made by KNBS.

### **Kenya Integrated Household Budget Survey (KIHBS)**

During the 2018/2019 Data cleaning and analysis of the Datasets was undertaken as well as commencement of the Basic, Poverty and Labour force report writing.

### **National Strategy for Development of Statistics**

In the Financial Year the Bureau continued with the development of the National Strategy for Development of Statistics (NSDS).

The NSDS is a framework to strengthen statistical capacity across the National Statistical System (NSS) through Strategic planning. It is therefore a national statistics master plan that provides a vision for development of all official statistics for the country. The NSDS is currently regarded as the best practice in statistical planning as it lays considerable emphasis on the entire National Statistical System (NSS) as opposed to the National Statistical Office only. This process will not only broaden and deepen the co-ordination between KNBS and the sectors, but will also streamline relations among the sectors that are involved in production of statistics, including counties.

Through the NSDS framework, producers of statistics are encouraged to prepare and implement statistical programmes within their institutions for enhancing the production of statistics. The National Strategy for the Development of Statistics will culminate in establishment of functional statistical units in sectors, enhance the statistical capacity of the National Statistical System (NSS) to develop, produce and use official quality statistics in a cost-effective manner.

### **Progress and Status**

- A joint Workshop of Inter-agency Statistics Committee (IaSC) and Sector Statistics Committee (SSC) on Development of Sector Statistics Plans (SSP) and the National Strategy for Development of Statistics (NSDS) was held in June 2018. The workshop was attended by representatives from the national government and four county governments, comprising 16 statistics sectors.
- Fourteen draft Sector Statistics Plans have been prepared
- The KNBS Sector Statics Plan (2018-2022 Strategic Plan) is being finalized.
- Consolidation of the SSPs is ongoing and the draft National Strategy for the Development of Statistics will be produced.

The NSDS is aligned to the MTP III and will cover the period 2018/19-2022/23.

### **Quality Management System**

KNBS is committed to continually improve quality of service delivery as an integral part of its business strategy. To achieve this goal, KNBS applies the framework of a Quality Management System (QMS). During the period, the KNBS Quality Management System was audited by SGS Kenya Limited, a certifying body, based on ISO 9001:2015 Standard.

### **Sustainable Development Goals**

During the Financial Year, The Bureau identified Sustainable Development Goals (SDGs) indicator framework for national monitoring.

### **Performance Contracting for FY 2018-2019**

The Bureau implemented the agreed targets as per the vetted 2018-2019 Performance Contract. Four quarterly progress reports were prepared and submitted to The National Treasury and Planning and Office of Performance Management Contracting and Coordination as guided by 15<sup>th</sup> Cycle Performance Guidelines.

### **The Kenya Statistics Program-For-Results (KSP-for-R)**

The Kenya Statistics Program for Results (KSP-for-R) is a financing agreement between the Government of Kenya and World Bank aimed at supporting statistical development in the Country from 2015/16 to 2019/20. The credit amount is SDR 35.6 Million (USD 50.0 Million equivalent) and supports selected activities of the KNBS Strategic Plan. The program commenced on 9th October 2015 and became effective on 10th February, 2016. It is a "results based" program where disbursements are largely tied to achievement of agreed "Disbursement Linked Indicators (DLIs)". Each DLI has several Disbursement Linked Results (DLRs) or milestones, which, when achieved, triggers disbursement. The National Treasury funds the KNBS budget through the exchequer releases and is reimbursed the agreed amount, upon achievement of the results by KNBS, and completion of the verification process.

The program has been rated among the best performing projects by the World Bank. KNBS has already achieved twenty two (22) Disbursement Linked Results (DLRs). These DLRs have already been verified and National Treasury has received a reimbursement of USD 33 million (66% of the total credit). In addition, there are other DLRs which are at different stages of implementation and officers are working tirelessly to ensure that all the indicators are achieved before the end of the program. Through the program, the Bureau has also been able to digitize data collection processes for most surveys/censuses and a lot of microdata have been uploaded in the KNBS website.

### **Way Forward**

- Carry out the scheduled activities with the resources available
- Undertake training to fill the skills gaps
- Comprehensive implementation of Job Evaluation reports in line with Management/Board recommendations ;
- Recruitment of staff to fill any identified vacancies and development of existing ones;

In conclusion, I laud the efforts of the Board, entire staff and other stakeholders for the support provided during the period that ensured the Bureau implemented majority of the planned activities.

Kenya National Bureau of Statistics - Annual Financial Statements 2018/2019

Sincere appreciation to our development partners who have been a great help in the development of statistics not only at the Bureau but in the country as a whole. Particular gratitude goes to AfDB, Statistics Sweden through SIDA, UNICEF, UNDP, UNFPA and World Bank for both financial and technical support that facilitated KNBS conduct key surveys to bridge some of the existing data gaps.

The Bureau greatly recognises and appreciates the invaluable support and feedback by our data producers, suppliers and users that enabled the institution achieve its mandate.



**Zachary Mwangi**

## **VI. Corporate Governance Statement**

### **Objective**

Corporate governance defines the process and structure used to direct and manage business affairs of the organization with the aim of enhancing prosperity and organizational accountability.

The Board acknowledges that it is responsible for ensuring the transparency, accountability and integrity of the financial and internal systems in the organization and hereby confirms that sufficient safeguards have been put in place and are reviewed on a regular basis.

The Board's principal responsibilities include:

- Approving the Bureau's strategy and ensuring that an effective management team and the necessary financial and human resources are in place for the Bureau to meet its objectives.
- Approving the Bureau's Budget, annual work plans, procurement plan and performance contract.
- Approving the Bureau's Annual Report and reviewing its periodic financial reports.
- Evaluation of the management's performance over the preceding year.
- Reviewing the Bureau's risk management and internal controls systems and governance framework and approving Bureau policies.

### **Board Committees and their functions**

The Board has approved the delegation of certain authority to Board Committees where applicable, as well as to the management. The Board has three committees which are guided by clear terms of reference, and are instrumental in monitoring the Bureau operations, conduct of business systems and internal controls.

The three Committees are the Finance & Administration Committee, the Audit & Risk Management Committee and the Technical Committee.

#### **a) Finance & Administration Committee**

##### **Functions**

- Review the Bureaus' annual budget before submission and after approval by the Treasury;
- Review quarterly Financial Monitoring Reports (FMR);
- Review periodic operational budgets and financial statements;
- Monitor the continuing efficacy of accounting and internal control;
- Compliance with the Government financial management regulations;
- Monitoring the performance of key finance and accounts staff against approved performance contracts;
- Review the annual procurement plans including those of external funded projects;

Kenya National Bureau of Statistics - Annual Financial Statements 2018/2019

- Monitoring and appraise the performance of senior management, review of all human resource policies, determining the remuneration of senior management and other staff.

The above responsibilities shall not prevent the committee from carrying out any other tasks that are reasonably within its mandate.

All review and recommendations by this committee will be submitted to the Board for final approval.

**b) Audit & Risk Management Committee**

**Functions**

- Monitor the implementation of the risk management policy framework;
- Monitoring and ensuring timely implementation of recommendations of various fiduciary oversight responsibilities, including internal and external auditors, Government project monitoring agencies and external funded projects (IDA and DfID) periodic review and supervision missions; Overseeing continuing efficacy of accounting and internal control standards, policies and practices
- Ensuring compliance with legal covenants of Development Partners funding agreement on projects by them
- Monitoring performance of key internal audit staff against approved performance contracts.
- The above responsibilities shall not prevent the committee from carrying out any other tasks that are reasonably within its mandate.
- All review and recommendations by this committee will be submitted to the Board for adoption.

**c) Technical Committee**

**Functions**

- To review and approve the Bureau's annual workplan to ensure that it is in line with the Strategic Plan
- To review requests from Agencies other than the Bureau who intend to undertake a census or survey at national sub-regional and local level;
- Reviewing policies on the standardization of methodology and standards for data collection, reporting and dissemination;
- Review the Quarterly report on the activities of the Bureau,
- Review collaboration activities and partnerships with other agents.

The above responsibilities shall not prevent the committee from carrying out any other tasks that are reasonably within its mandate.

All review and recommendations by this committee will be submitted to the Board for adoption.

**Directors' Remuneration**

The remuneration for the directors consists of sitting allowances in connection with attendance at Board and Committee meetings. The aggregate amount of the expense during the financial year ended 30<sup>th</sup> June 2019 are contained in Note 6 to the financial statements in this annual report

### Code of Conduct

The Bureau has a code of conduct which seeks to guide employees in ethical conduct of business. All members of the Board of Directors, management and employees are expected to observe high standards of integrity and ethical conduct when dealing with customers, staff, suppliers of data, goods and services and regulators.

### Internal Control

The effectiveness of the Bureau's internal control systems is monitored on a regular basis by the Internal Audit function, which reviews the Bureau's compliance with the laid down policies and procedures as well as assessing the effectiveness of the internal control structures. The Internal Audit function reports to the Audit and Risk Management Committee of the Board.

### Board/Board Committees Attendance

The following table gives the record of attendance of the KNBS Board and its Committee meetings for the year ended 30<sup>th</sup> June, 2019:

Name of Member	Meetings Attended
Mr. Peter Nginga Kiguta	40
Mrs. Katherine Muoki	30
Mr Anthony Muigai Muriu	30
Mr Zachary Mwangi	23
Mr Kenneth Ndung'u Mburu	20
Dr. Caxton Munyoki	14
Dr. Mary Lonyangapuo	10
Dr. Josephine K. Mbae	10
Dr. Richard Oduor	14

### Board membership status

The members' appointment and expiry dates are as follows:

1 Mr. Peter Nginga Kiguta	11th May 2018	10th May 2021
2 Mr. Zachary Mwangi	1st November 2014	31st October 2020
3 Mr. Anthony Muigai Muriu	Alternate to PS	Treasury
4 Mrs. Katherine Muoki	Alternate to PS	Planning
5 Mr. Keneth Ndung'u Mburu	21st October 2016	20th October 2019
6 Dr. Richard Oduor	21st Dec 2018	20th Dec 2021
7 Dr. Caxton Munyoki	21st Dec 2018	20th Dec 2021
8 Dr. Mary Lonyangapuo	21st Dec 2018	20th Dec 2021
9 Dr. Josephine K. Mbae	12th Feb 2019	11th Feb 2022

## **VII. Corporate Social Responsibility Statement**

During the last Financial Year the Bureau was engaged in a key Corporate Social Responsibilities (CSR) activity:

The Bureau is dedicated in developing HIV and AIDS policy to guide staff and address related issues. It embarks not only on saving its staff but also sympathizes with other Kenyans, both the affected or infected children living in homes.

Some members of staff visited Upendo Children's Home in Muranga on 11<sup>th</sup> December 2018 during the world's HIV/AIDS celebrations and supported the children with clothes and other basic necessities

The main aim of the above visit was also to celebrate World AIDS Day with the children in their home. The staff members also provided emotional support to the children and in the process also enhanced the corporate image of the Bureau. It was a memorable event having to mingle with the children through singing, dancing and inspecting their premises.

## VIII. Report of the Board of Directors

The Directors have pleasure in submitting their report together with the financial statements for the year ended June 30, 2019 which disclose the state of affairs of the Bureau.

### Principal activities

The Bureau is the principal agency of the Government for collecting, analysing and disseminating statistical data in Kenya and is the custodian of official statistical information.

### Results

The financial performance of the Bureau for the year ended June 30, 2019 are set out on page 28.

### Board of Directors

The members of the Board who served during the year and up to the date of this report are set out on page 6.

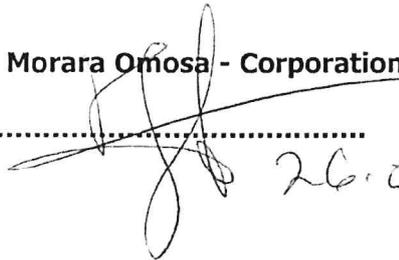
### Auditors

The Auditor General is responsible for the statutory audit of the Bureau in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2019.

By Order of the Board

**Mr. Josiah Morara Omosa - Corporation Secretary**

Date: .....

  
26.09/19

**IX. Statement of Directors' Responsibility**

Section 81 of the Public Finance Management Act, 2012 and the Statistics Act, 2006, require the Directors to prepare financial statements in respect of the Bureau, which give a true and fair view of the state of affairs at the end of the financial year and its operating results for that year. The Directors are also required to ensure that the Bureau keeps proper accounting records which disclose with reasonable accuracy its financial position. The Directors are also responsible for safeguarding of the assets.

The Directors are responsible for the preparation and presentation of the Bureau's financial statements, which give a true and fair view of its state of affairs as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Bureau; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Bureau's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act (2012) and the Statistics Act (2006). The Directors are of the opinion that the Bureau's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2019, and of its financial position as at that date. The Directors further confirm the completeness of the accounting records maintained by the Bureau, which have been relied upon in the preparation of these financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Bureau will not remain a going concern for at least the next twelve months from the date of this statement.

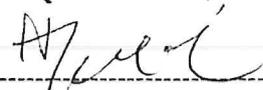
**Approval of the financial statements**

The Bureau's financial statements were approved by the Board of Directors on 26<sup>th</sup> September 2019 and signed on its behalf by:

  
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**Zachary Mwangi**  
Director General

Date..... 26/09/2019

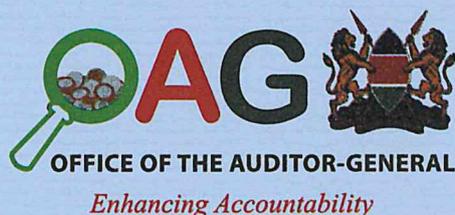
  
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**Mr. Peter Nginga Kiguta**  
Board Chairman

Date..... 26/09/2019

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## **REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL BUREAU OF STATISTICS FOR THE YEAR ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Adverse Opinion**

I have audited the accompanying financial statements of Kenya National Bureau of Statistics set out on pages 29 to 62, which comprise the statement of financial position as at 30 June, 2019, and the statement financial performance, the statement of cash flows, the statement of changes in net assets and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis).

#### **Basis for Adverse Opinion**

##### **1. Variances Between the Trial Balances and Financial Statements**

The Management submitted a Trial Balance as at 30 June, 2019 in support of the financial statements which reflected balances against Office and General Supplies of Kshs.22,978,515.06 which differed from corresponding balances reflected in the financial statements of Kshs.4,660,615.06 by Kshs.18,317,900 for the year then ended.

The financial statements were subsequently amended and a final trial balance in support of the revised set of financial statement generated. However, the movement of the figures in the trial balances and the ledger balances as stated above were not supported.

As such, the accuracy and correctness of the financial statements for the year ended 30 June, 2019 could not be confirmed.

## **2. Project Expenses**

### **2.1 Mobile Devices and Related Accessories**

The statement of financial performance and as disclosed under Note 4 to the financial statements reflects project expenses amount of Kshs.2,454,685,602. This includes population census preparation cost amount of Kshs.1,805,207,409. Included in the population census preparation figure of Kshs.1,805,207,409 are payments of Kshs.32,033,022 in respect of creation charges of the Letter of Credit representing 20% advance payment.

However, the following anomalies were noted in respect of the creation of Letters of Credits and payment made:

- i. The Letters of Credits were fully funded upfront through payment of equivalent sums to the bank amounting to Kshs.2,689,557,543.69. However, the Bureau went ahead to pay an amount of Kshs.32,033,022.20 as Letters of Credit creation charges by the bank.
- ii. The Letters of Credit created were in favour of two local institutions funded by government which had been single sourced on the basis that the transaction was Government to Government. This implied that The National Treasury /Central Bank of Kenya guarantee would have been adequate to guarantee the payment thereby making the transaction costs of Kshs.32,033,022 an unnecessary charge to public funds.

Under the circumstances, it was not possible to ascertain the accuracy and legality of the project expenses amount of Kshs.2,454,685,602.

### **2.2 Doubtful Payments to Village Elders**

The population census preparation figure of Kshs.1,805,207,409 includes an amount of Kshs.18,509,600 paid out to Village Elders who were involved in the 2019 Kenya Population and Housing Census Cartographic Mapping exercise in all the forty-seven (47) Counties. However, it was observed that there was no official list of the number and names of the officers who participated in the exercise with full details like name, identification number, the division, location, sub-location and the village they represented prior to the beginning of the exercise. It was also noted that the attached payment schedules included names and signatures that could not be validated in any way. Similarly, there was no evidence of attendance for the 3 days they were indicated as paid for.

Consequently, the accuracy, completeness and validity of Kshs.18,509,600. payment could not be confirmed.

## **3. Other Operating Expenses - Training Expenses**

The statement of financial performance and as disclosed under Note 10 of financial statements reflects other operating expenses amount of Kshs.441,281,295 which

includes an amount of Kshs.54,031,907 in respect of training expenses. Included in training expense amount of Ksh.54,031,907 are cash payments in the form of imprest to staff amounting to Ksh.30,091,300 which accounts for 60% of the total training expenditure. Management did not provide explanations on why the institutions including hotels used for training were paid through imprests and not directly under normal procurement processes.

Further, examination of vouchers on hire of conference facilities, revealed that payment was made for the number of people booked as opposed to the number of attendees. A closer examination of the attendance registers revealed that the number of people who attended the conferences were less than those who were booked resulting to overpayment of Kshs.1,369,800 for hire of conference facilities.

Consequently, the accuracy, completeness and validity of the payments of Kshs.54,031,907 in respect of training expenses could not be confirmed.

#### **4. Cash and Cash Equivalents**

##### **4.1 County Bank Accounts**

The statement of financial position and as disclosed under Note 12 of the accounts reflects cash and cash equivalents of Kshs.4,622,304,050. Included in this amount is cash amounting to Kshs.6,017,635.35 in respect of cash recalled from the 47 County bank accounts to the KCB Development Bank account. No bank reconciliations and cash book from all the 47 County accounts were provided for audit verification.

Consequently, the accountability and utilization of the funds disbursed to the 47 Counties could not be confirmed.

##### **4.2 Non-Disclosure of Special Census Bank Accounts Balances**

The statement of financial position and as disclosed under Note 12 to the financial statements reflects cash and cash equivalents balance of Kshs.4,622,304,050 which excludes Kshs.47,605,315 special census bank accounts in 47 counties wrongly classified as debtors. Consequently, the bank balance of Kshs.4,622,304,050 is understated by Kshs.47,605,315 while debtors are overstated by the same amount.

Under the circumstances, the accuracy of cash and cash equivalents balance of Kshs.4,622,304,050 as at 30 June, 2019 could not be ascertained.

#### **5. Imprest Management**

##### **5.1 Long Outstanding Staff Debtors**

The statement of financial position reflects an amount of Kshs.4,506,252,401 under receivables. This includes Kshs.493,856,282 in respect of staff debtors in form of staff imprests. A review of staff imprest aging analysis revealed that imprest advanced to staff amounting to Kshs.471,057,210.08 had remained outstanding beyond the statutory surrender date.

Management has not provided explanations for to the non-recovery of the outstanding imprests.

## **5.2 Multiple Imprest**

The staff debtors balance of Kshs.493,856,282 and as disclosed under Note 14 to the financial statements includes an amount of Kshs.388,954,579.08 advanced to three hundred and eight (308) staff all of whom had multiple imprests contrary to Regulation 93(4)(b) which provides that before issuing temporary imprests under Paragraph (2), the Accounting Officer shall ensure that the applicant has no outstanding imprests. Further, outstanding imprests of Kshs.252,774,748 was held by thirty-nine (39) staff all of whom held multiple imprests raging from Kshs.1.4 million to Kshs.13.4 million. Management has not provided explanations for failure to recover the outstanding imprests.

## **5.3 Outstanding Census Imprests**

The statement of financial position and as disclosed under Note 14 to the financial statements reflects a balance of Kshs.4,506,252,401 in respect of the receivables. Included in this amount is Kshs.4,438,906 in respect of the 2009 Census exercise that has remain outstanding to date. The recovery of this debt is doubtful and no provision has been made for the debt in the financial statements.

## **6. Provisions for Bad Debts**

The statement of financial position and as disclosed under Note 14 to the financial statements reflects a balance of Kshs.4,506,252,401 in respect of the receivables. This included sundry debtors amount of Kshs.23,855,025 out of which Kshs.23,433,873 was in respect of an Enterprise Resource Planning System (ERPS) development debtor which was the subject of court case. The debt has remained outstanding for a period of over five years. Management has not made provisions in the financial statements in respect of this amount whose recovery is uncertain.

## **7. Prior Year Matters**

In the audit report of the previous year, a number of issues were raised under the Report on Financial Statements. However, Management has not resolved the issues nor disclosed all the prior year matter as provided by the Public Sector Accounting Standards Board templates.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Bureau of Statistics Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

## **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Adverse Opinion sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Lack of Competitive Bidding in Procurement**

The Bureau procured consumables amounting to Kshs.104,519,803.20 to facilitate implementation of the preparatory activities and actual enumeration of 2019 Kenya Population and 2019 Housing Census Cartographic Mapping Exercise without a competitive bidding process during the year under review. Management has not provided explanations on why single sourcing was used in the procurement.

#### **2. Office Partition Space at Real Towers - Upper Hill Nairobi**

The Bureau contracted various service providers for air conditioning and plumbing, cabling, electrical and partitioning all costing Kshs.259,016,232. However, the Bureau paid Kshs.301,555,495 being Kshs.194,625,991 for works, Kshs.105,300,000 rent and Kshs.1,629,500 as taskforce allowances for leased offices resulting in overpayment of Kshs.42,539,263. Further, the Bureau had budgeted an amount of Kshs.120,000,000 for the office partition. The payment of Kshs.301,555,495 resulted in an over expenditure of Kshs.181,55,491. Management has not provided approvals or explanation for the over expenditure on the budget.

Consequently, Management was in breach of law.

#### **3. Irregular Expenditure on Car Hire Services**

The Management contracted a car hire services firm to provide services to the Bureau on 27 April, 2017 for a period of one year. The contract was extended for a further one year upon expiry without following due process. This was notwithstanding the supplier's own admission for lack of capacity to deliver the service on 13 June, 2018. To bridge the supplier's capacity gap, Management informally agreed with the contracted supplier for the car hire services to be subcontracted to other service providers. However, although the subcontractor was to prove ownership of the vehicles, the logbooks provided were in the names of other individuals other than the subcontractor. It was therefore not possible

to ascertain that the service delivery and the payments of Kshs.33,953,672 were made to the right and bonafide subcontractor.

#### **4. Irregular Procurement of Rental Space**

The Bureau leased office space at a total rent of Kshs.105,300,000 inclusive of service charges per year from January, 2018. The landlord offered a 90-day grace period from the signing of letter of offer to allow for preparations of the space prior to occupation. The 90-day grace period was not sufficient for procurement process for the Contractor and completion of the works to ready the building for occupation. As result of a lease agreement that was skewed in favour of the landlord. The Bureau paid rent for the period between October, 2017 to June, 2019 of Kshs.163, 083,000 while the building remained unoccupied with no value for money achieved hence misuse of public resources.

Consequently, value for money was not realised on the payment lease amount of Kshs.163,083,000 between October, 2017 and June, 2019 when the premises had not been occupied and the Bureau was in breach of law.

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

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

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and overall governance were not effective.

#### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in

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

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

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

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

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

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



**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**16 August, 2021**



## XI. Statement of Financial Performance For the Year Ended 30<sup>th</sup> June 2019

	Notes	2018/2019	REVISED 2017/2018	AUDITED 2017/2018
		KShs.	KShs.	KShs.
<b>Revenue</b>				
<b>Revenue from non-exchange transactions</b>				
GOK Grants	2-a	8,559,238,030	2,410,805,540	2,410,805,540
Donor Funds	2-b	45,814,390	34,404,416	34,404,416
Revenue from other donors	2-c	8,945,226	6,468,137	6,468,137
		<b>8,613,997,646</b>	<b>2,451,678,093</b>	<b>2,451,678,093</b>
<b>Revenue from exchange transactions</b>				
Income from AIA	3-a	279,195,885	287,985,947	288,345,947
		<b>279,195,885</b>	<b>287,985,947</b>	<b>288,345,947</b>
<b>Total Revenue</b>		<b>8,893,193,531</b>	<b>2,739,664,040</b>	<b>2,740,024,040</b>
<b>Expenses</b>				
Project Expenses	4	2,454,685,602	1,581,963,837	1,577,790,637
Employee costs	5	742,214,197	752,669,184	752,669,184
Directors' expenses	6	14,654,566	1,532,923	1,532,923
Depreciation and Amortisation	7	128,860,624	99,287,540	99,287,540
Repairs and Maintenance	8	15,957,652	14,399,634	14,399,634
Insurance Costs	9	81,884,781	81,849,557	81,849,557
Other Operating Expenses	10	441,281,295	195,709,166	195,709,166
Bank charges	11	1,015,544	510,297	510,297
<b>Total Expenses</b>		<b>3,880,554,261</b>	<b>2,727,922,138</b>	<b>2,723,748,938</b>
<b>Surplus before tax</b>		<b>5,012,639,270</b>	<b>11,741,902</b>	<b>16,275,102</b>
Provision for tax	3-b	(82,045,119)	(85,420,854)	(85,420,854)
<b>Surplus for the period</b>		<b>4,930,594,151</b>	<b>(73,678,952)</b>	<b>(69,145,752)</b>

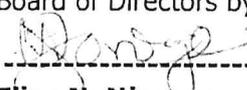
The notes set out from page 29 form an integral part of the Financial Statements.



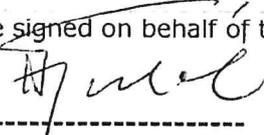
**XII. Statement of Financial Position  
 As at 30th June 2019**

	Notes	2018/2019 Kshs.	REVISED 2017/2018 Kshs.	AUDITED 2017/2018 Kshs.
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	12	4,622,304,050	1,318,343,729	1,318,343,729
Investments in Treasury Bills	13	-	2,322,926,211	2,322,926,211
Receivables	14	4,506,252,401	302,975,769	302,975,769
		<b>9,128,556,451</b>	<b>3,944,245,709</b>	<b>3,944,245,709</b>
<b>Non-current assets</b>				
Property, Plant & Equipment	15	278,121,446	363,236,410	363,596,410
Intangible Assets	16	13,291,304	28,849,280	28,849,280
		<b>291,412,750</b>	<b>392,085,690</b>	<b>392,445,690</b>
<b>TOTAL ASSETS</b>		<b>9,419,969,201</b>	<b>4,336,331,399</b>	<b>4,336,691,399</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	17	228,956,075	30,679,138	26,505,939
Refundable Deposits	19	18,467,729	1,089,470	1,089,470
Provisions	20	26,487,098	27,621,347	27,621,347
Taxation	21	6,042,166	54,921,761	54,921,761
Unutilised Grants	22	2,228,596	4,682,323	4,682,323
		<b>282,181,664</b>	<b>118,994,039</b>	<b>114,820,840</b>
<b>Non-current Liabilities</b>				
Staff Gratuity	18	9,148,786	19,292,760	19,292,760
<b>TOTAL LIABILITIES</b>		<b>291,330,450</b>	<b>138,286,799</b>	<b>134,113,600</b>
<b>NET ASSETS</b>		<b>9,128,638,751</b>	<b>4,198,044,600</b>	<b>4,202,577,799</b>
<b>RESERVES</b>				
Revenue Reserve		8,727,438,641	3,796,844,490	3,801,377,690
Capital Reserve		401,200,110	401,200,110	401,200,110
<b>TOTAL RESERVES</b>		<b>9,128,638,751</b>	<b>4,198,044,600</b>	<b>4,202,577,800</b>

The Financial Statements set out on pages 24 to 50 were signed on behalf of the Board of Directors by:

  
 -----  
**Elias N. Njoroge**  
 Head of Finance  
 ICPAK No. 3030

  
 -----  
**Zachary Mwangi**  
 Director General

  
 -----  
**Mr. Peter N. Kiguta**  
 Board Chairman

Date 26/09/2019

Date 26/09/2019

Date 26/09/2019

### XIII. Statement of Changes in Net Assets For the Year Ended 30th June 2019

	REVENUE RESERVE	REVALUATION RESERVE	CAPITAL RESERVE	TOTAL
AUDITED	KShs.	KShs.	KShs.	KShs.
At 01.07.2017	3,870,523,442	59,726,058	341,474,052	4,271,723,552
Deficit for the Year	(69,145,752)			(69,145,752)
Balance 30.06.2018	3,801,377,690	59,726,058	341,474,052	4,202,577,800
REVISED				
At 01.07.2018	3,801,377,690	59,726,058	341,474,052	4,202,577,800
Prior Year Adjustment	(4,533,200)			(4,533,200)
Revised bal. 30.06.2018	3,796,844,490	59,726,058	341,474,052	4,198,044,600
Surplus for the Year	4,930,594,151			4,930,594,151
Balance 30.06.2019	8,727,438,641	59,726,058	341,474,052	9,128,638,751

The prior year adjustment relates to:

- payment of KShs. 4,173,200 to Kisumu Hotel for hosting a training in May 2018, and the amount had not been accrued for year 2017/2018. The omission has been adjusted as a prior year item.
- Sh.360,000 relates to loss on two vehicles – KBB027S and KBB029S which were erroneously included in the Bureau records, but had been disposed by The National Treasury.

The Statement of Changes in Net Assets is to be read in conjunction with the Notes to, and forming part of the Financial Statements set out from Pages 29.

#### XIV. Statement of Cash Flows For the Year Ended 30th June 2019

	Notes	2018/2019 KShs	REVISED 2017/2018 KShs.	AUDITED 2017/2018 KShs.
<b>(Deficit) / Surplus for the Year</b>		<b>4,930,594,151</b>	<b>(73,678,952)</b>	<b>(69,145,752)</b>
Adjusted for:				
Depreciation & Amortisation	7	128,860,624	99,287,540	99,287,540
Contribution to Provisions	20	(1,134,249)	1,890,600	1,890,600
Taxation	21	(48,879,595)	7,665,497	7,665,497
Prior Year Payment		(4,173,200)		
Loss on vehicle disposal	15	-	360,000	-
<b>Working Capital Adjustments</b>				
Decrease (Increase) in Receivables	14	(4,203,276,633)	(144,796,416)	(144,796,416)
(Decrease) Increase in payments received in Advance	19	17,378,259	(53,442)	(53,442)
Increase (Decrease) in Payables	17/18/22	189,852,437	(193,726,505)	(197,899,705)
<b>Net Cash Flows from Operating Activities</b>		<b>1,009,221,794</b>	<b>(303,051,678)</b>	<b>(303,051,678)</b>
<b>Cash Flow From Investing Activities</b>				
Purchase of Fixed Assets	15/16	(28,187,684)	(143,288,962)	(143,288,962)
Investments	13	2,322,926,211	(2,322,926,211)	(2,322,926,211)
<b>Net cash flows from investing activities</b>		<b>2,294,738,527</b>	<b>(2,466,215,173)</b>	<b>(2,466,215,173)</b>
<b>Net Changes in Cash &amp; Cash Equivalents</b>				
At Start of Year		1,318,343,729	4,087,610,580	4,087,610,580
<b>At End of Year</b>		<b>4,622,304,050</b>	<b>1,318,343,729</b>	<b>1,318,343,729</b>

The Cash Flow Statement is to be read in conjunction with the notes from page 29, and forms part of the Financial Statements set out on Pages 24 to 26.

## XV. Statement of Comparison of Budget and Actual Amounts

For the Year ended 30 June 2019

A reconciliation of the period's surplus is on Note 23.

	Original Budget		Adjustments		Final Budget		Actual Amount		Performance	
	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.	Difference	%Variance
<b>Revenues</b>										
GOK Grants	8,887,568,288	563,608,634			9,451,176,922	8,559,238,030	(891,938,892)	-9.44		
Donor Funds	22,700,000	(6,200,000)			16,500,000	45,814,390	29,314,390	177.66		
Other Donor Funds	-	-			-	8,945,226	8,945,226			
A-I-A	71,000,000	-			71,000,000	279,195,885	208,195,885	293.23		
<b>Total Income</b>	<b>8,981,268,288</b>	<b>557,408,634</b>			<b>9,538,676,922</b>	<b>8,893,193,531</b>	<b>(645,483,391)</b>	<b>-6.77</b>		
<b>Expenses</b>										
Project Expenses	6,676,800,000	1,246,663,930			7,923,463,930	2,454,685,602	(5,468,778,328)	-69.02		
Employee Costs	1,157,495,288	(173,482,296)			984,012,992	742,214,197	(241,798,795)	-24.57		
Directors' Expenses	18,000,000	(3,000,000)			15,000,000	14,654,566	(345,434)	-2.30		
Repairs and Maintenance	260,000,000	(235,000,000)			25,000,000	15,957,652	(9,042,348)	-36.17		
Insurance Costs	110,000,000	(20,000,000)			90,000,000	81,884,781	(8,115,219)	-9.02		
Other Operating Expenses	758,433,000	(258,433,000)			500,000,000	441,281,295	(58,718,705)	-11.74		
Bank Charges	540,000	660,000			1,200,000	1,015,544	(184,456)			
<b>Total Expenses</b>	<b>8,981,268,288</b>	<b>557,408,634</b>			<b>9,538,676,922</b>	<b>3,751,693,637</b>	<b>(5,786,983,285)</b>	<b>-60.67</b>		
<b>Surplus Before Tax</b>						<b>5,141,499,894</b>				

The Bureau did not receive all its exchequer releases for the period. Donor funds were amounts received during the period to facilitate some Bureau activities, some on adhoc basis. The Bureau received increased AIA due to investment of funds awaiting the undertaking of the census. The variance on project expenses relates to timing differences of the implementation of the various surveys and the census. The Phase I on the implementation of the staff structure did not commence. Some of the proposed repairs and renovations in the Counties were awaiting finalisation of bill of quantities. Some operational expenses, such as printing and advertisements were taken up by the projects and surveys. The Bureau under took mechanical, electrical and other works in the acquired new office block. The works, budgeted under operations were continuing by year end.

## **XVI. Notes to the Financial Statements For the Year Ended 30<sup>th</sup> June 2019**

### **1. A. GENERAL INFORMATION**

Kenya National Bureau of Statistics is a Semi-Autonomous Government Agency established by, and derives its authority and accountability from an Act of Parliament – the Statistics Act, 2006.

It is the principal agency of the Government for collecting, analysing and disseminating statistical data in Kenya and is the custodian of official statistical information.

### **B. STATEMENT OF COMPLIANCE AND BASIS OF ACCOUNTING**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Bureau's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note D.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared in accordance with the PFM Act, the Statistics Act, and International Public Sector Accounting Standards (IPSAS).

The accounting policies adopted have been consistently applied to all the years presented.

### **C. ADOPTION OF NEW AND REVISED STANDARDS**

The Bureau did not adopt any new or amended standards during the year.

### **D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **I. REVENUE RECOGNITION**

##### **i. Revenue from non-exchange transactions**

- **Transfers from other government entities**

Revenues from non-exchange transactions with government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions

and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

- **Donor funds**

Grants received and not utilised within the period are treated as liabilities and credited to the statement of financial performance when the activities for which they were provided for have been undertaken.

- ii. **Revenue from exchange transactions**

- Sale of goods/services**

- Bureau's revenue include sale of maps, publications, tenders, library user fees and AIA from surveys. It is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods.

- Interest income**

- Interest income is generated from investments in fixed deposits of any surplus funds held in commercial banks and in Treasury Bills. It is accrued using the straight line method, by estimating future cash receipts through the expected life of the fixed deposit. The method applies to the principal outstanding to determine interest income for each period.

## **II. CORPORATE TAX**

Current income tax liability is measured at the amount expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Management has evaluated the appropriate income and established provisions as appropriate.

The net amount of income tax payable to the taxation authority is included as part of provisions in the statement of financial position.

## **III. PROPERTY, PLANT AND EQUIPMENT**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Under the Bureau's depreciation policy all items of Property, Plant and Equipment are recorded at cost less accumulated depreciation. Subsequent costs are also included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bureau and the cost of the item can be measured reliably.

No depreciation is made in the year of purchase but a full year's depreciation is charged in the year of disposal. No depreciation is provided on freehold land.

Repairs and maintenance costs are charged to the income and expenditure statement during the period in which they are incurred.

The assets are categorized and depreciated on a straight line basis as follows:

Item	Rate
• Computer System	33.3%
• Furniture & Fittings, Equipment & Library Books	12.5%
• Motor Vehicles	20.0%
• Buildings	2.5%
• Plant and machinery	12.5%

All the Bureau assets were revalued during year 2015/2016 by M/s Njihia Muoka Rashid Co. Ltd, a registered firm of valuers and the new values were incorporated in the statements.

#### IV. INTANGIBLE ASSETS

Intangible assets consist of various computer software purchased for use in the Bureau. The Bureau recognizes Intangible Assets and are stated separately at cost less accumulated amortization.

Amortization is charged on a straight-line basis over their useful lives as estimated by management from time to time. The rate of amortization has been set at 33.3% pa.

#### V. ACCOUNTING FOR ASSETS DONATED TO THE BUREAU

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, it is initially measured at its fair value.

It is subsequently revalued by a professional valuer and recorded at that value. If the transfer value is not known, it is recorded at management's valuation pending professional valuation.

#### VI. EMPLOYEE BENEFITS

##### i. Pension Scheme

The KNBS Retirement Benefits Scheme became operational from November 2011. The members of the scheme, who stood at 472 at the end of the period, contribute 10% of their basic pay, while the employer contributes 20%, to the scheme.

The Bureau also contributes to the National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Bureau's obligation under the scheme is limited to specific monthly contributions legislated from time to time and are currently fixed at KSh.200 per employee, per month.

The Bureau's contributions to the retirements benefit scheme and to the NSSF in respect of current service have been charged to the income and expenditure account for the year.

**ii. Staff Gratuity**

The Bureau has six Management Staff, employed on a 5-year, renewable contract basis, who are eligible to gratuity upon expiry of their respective contracts.

The Bureau therefore operates a separate Gratuity Account for them, where amounts equivalent to 31% of the employee's monthly basic salary are remitted. Movements in this account are clearly tabulated and accounted for in the statements.

**iii. Staff Annual Leave Accrual**

Employee entitlements to annual leave are recognized when they accrue. A provision is made for the estimated liability for annual leave as a result of services rendered by the employee up to the balance sheet date.

The Bureau's policy on staff annual leave is that it cannot be commuted for cash. However, the Director General may approve commutation of leave depending on the circumstances which made it impossible for the employee to utilize the leave days.

**VII. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash on hand and cash at bank, short term and on call deposits, 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 with commercial banks at the end of the financial year.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

**VIII. INVENTORIES**

All consumable stocks held for use in operations are expensed on purchase.

**IX. FINANCIAL INSTRUMENTS**

**Financial Assets**

**Initial recognition and measurement**

Financial assets are classified at fair value through surplus or deficit, and held-to-maturity investments, as appropriate. The Bureau determines the classification of its financial assets at initial recognition.

**Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Bureau has the positive

intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. The losses that may arise from impairment are recognized in surplus or deficit.

### **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified at fair value through surplus or deficit, and the Bureau determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

## **X. PROVISIONS**

Provisions are recognized when the Bureau has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### **Contingent liabilities**

The Bureau did not recognize a contingent liability, but has disclosed details in the notes to the financial statements, as the possibility of an outflow of resources embodying economic benefits or service potential is remote.

## **XI. LEASES – OPERATING**

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Bureau. Leased premises are contracted for the periods of between one and five years, with renewal options available in certain instances.

Operating lease payments are the rental expenses, and are recognized as an operating expense in the statement of financial performance.

## **XII. NATURE AND PURPOSE OF RESERVES**

#### **Revaluation Reserve**

An asset valuation and tagging exercise by M/s Njihia Muoka Rashid Co. Ltd was undertaken during the year 2015/2016 and the appropriate entries made in the financial statements. The revaluation reserve arose from an asset valuation exercise undertaken during the year 2009/2010, by M/s. Metrocosmo Limited, Registered Valuers. The reserve has been adjusted accordingly, with the new valuations.

#### **Capital Reserve**

This represents the values of Assets previously owned by the former Central Bureau of Statistics (CBS) but transferred to the KNBS by the then Ministry of Planning and Devolution, and also assets bought through donor funded projects.

### **XIII. CHANGES IN ACCOUNTING POLICIES**

The Bureau recognizes the effects of changes in accounting policy. The effects of changes in accounting policy have been applied prospectively since retrospective application is impractical.

### **XIV. RELATED PARTIES**

The Bureau regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over it, or vice versa.

Nature of related party relationships:

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions.

#### **Government of Kenya**

The Government of Kenya is the principal shareholder of the Bureau. Other related parties include:

- i) The National Treasury and Planning
- ii) Key management
- iii) Board of directors

### **XV. SEGMENT REPORTING**

The Bureau does not have any branches or reporting segments. All the operations of the Bureau are managed from the headquarters. The core business of the Bureau is as stipulated in the Statistics Act, 2006.

### **XVI. SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION AND UNCERTAINTIES**

The preparation of the Bureau's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### **Judgements**

In the process of applying the Bureau's accounting policies, management has made judgments, which have the most significant effect on the amounts recognized in the financial statements.

#### **Allowances for Bad Debts**

The Bureau maintains provisions for bad and doubtful debts at a level considered adequate to provide for potential liabilities. The adequacy of the allowance is constantly reviewed by management taking into account past experiences, current economic conditions and evaluations of specific debts.

**Going concern**

The Bureau's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Bureau's ability to continue as a going concern. Therefore, the financial statement continues to be prepared on the going concern basis.

**XVII. BUDGET INFORMATION**

The original budget for FY 2018-2019 was approved by The National Treasury and Planning on 29th June 2018. Subsequent revisions were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The Bureau's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Note 23 of these financial statements.

**XVIII. COMPARATIVES**

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

**XIX. 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 30, 2019.

**E. FINANCIAL RISK MANAGEMENT**

The Bureau's activities expose it to a variety of financial risks including credit risk, liquidity risks, interest rate risk and operational risk. The Board of Directors has the overall responsibility for the establishment and oversight of the Bureau's risk management framework. Risk Management is carried out by the management under policies approved by the Board of Directors. Management identifies,

evaluates and manages financial risk in close co-operation with various divisional and unit heads.

### Credit risk

The Bureau's credit risk is primarily attributable to its receivables. However, it is limited because the customers are staff members with whom the Bureau has legal enforceable right for the recovery of the outstanding amounts.

The credit risk on liquid funds with financial institutions is low. This is because the bank balances are held with regulated financial institutions and are fully performing.

The amount that best represents the company's maximum exposure to credit risk as at 30 June 2019 and 30 June 2018 is made up as follows:

	Fully Performing KShs.	Past Dues KShs.	Impaired KShs.	Total KShs.
<b>At 30.06.2019</b>				
Cash & Cash Equivalents	4,622,304,050			4,622,304,050
Receivables	4,506,252,401			4,506,252,401
<b>Total</b>	<b>9,128,556,451</b>	<b>-</b>	<b>-</b>	<b>9,128,556,451</b>
<b>At 30.06.2018</b>				
Cash & Cash Equivalents	1,318,343,729			1,318,343,729
Receivables	302,975,769			302,975,769
<b>Total</b>	<b>1,621,319,498</b>	<b>-</b>	<b>-</b>	<b>1,621,319,498</b>

### Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash to meet our obligations. The Bureau manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flows.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	2018/2019 KShs	2017/2018 Kshs
<b>Financial Assets</b>		
Receivables	4,506,252,401	302,975,769
Cash & Cash Equivalents	4,622,304,050	1,318,343,729
	<b>9,128,556,451</b>	<b>1,621,319,498</b>
<b>Financial Liabilities</b>		
Payables	228,956,075	26,505,939
<b>Net Liquidity Gap</b>	<b>9,357,512,526</b>	<b>1,647,825,437</b>

### Interest rate risk

The interest rate risk exposure arises mainly from interest rate movements on the Bureau's cash balances.

At 30th June 2019, if the interest rates on the bank balances had decreased/increased by 5 percentage points with all other variables held constant, the impact on surplus for the year would have been higher/lower as hereunder:

	2018/2018	2017/2018
	KShs	KShs
Interest Income	273,483,716	284,736,191
Change In Interest Rates		
5%	13,674,186	14,236,810
-5%	(13,674,186)	(14,236,810)

### Operational risk

This is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bureau's processes, personnel, technology and infrastructure and from external factors other than credit, interest and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The Bureau has put in place various measures to manage operational risk.

## 2. Revenue from non-exchange transactions

These are made up of the following:

(a) GOK grants are the exchequer releases.

	REVISED		AUDITED
	2018/2019	2017/2018	2017/2018
	KShs	KShs	KShs
Recurrent	7,241,238,030	1,411,805,540	1,411,805,540
Development	1,318,000,000	999,000,000	999,000,000
	<b>8,559,238,030</b>	<b>2,410,805,540</b>	<b>2,410,805,540</b>
<b>Total</b>	<b>8,559,238,030</b>	<b>2,410,805,540</b>	<b>2,410,805,540</b>

The transfers from the State Department for Planning, as shown above, were received as per Appendix I and II.

The World Bank, through The National Treasury, is supporting some of the Bureau's activities under the Kenya Statistics Programme For Results (KSP4R).

(b) Donor Funds are from development partners that came directly to the Bureau.

	2018/2019	REVISED	AUDITED
		2017/2018	2017/2018
	KShs	KShs	KShs
COMESA -CIP Funds	1,207,834	3,676,346	3,676,346
World Bank Consulting Service:	22,232,056	-	-
UNFPA/UNICEF	-	(259,030)	(259,030)
National Treasury -Regional Integration Implementation Programme	5,000,000	18,000,000	18,000,000
Statistics Sweden	2,159,400	-	-
PPRA - Market Prices Survey	15,215,100	12,987,100	12,987,100
<b>Total</b>	<b>45,814,390</b>	<b>34,404,416</b>	<b>34,404,416</b>

COMESA and PPRA funds market price surveys for comparative purposes. COMESA also funds the regional integration programme through The National Treasury. The World Bank Consulting Services funded the preparation of County Gross Domestic Product (CGDP). These amounts were received per Appendix II.

Statistics Sweden meets the salary dues for 8 interns, attached within the Bureau, for a period of one year. The expense amount is on a reimbursement basis, and Sh.2,159,400 was received during the year.

- c. Revenue from other donors are funds from development partners and donors for specific on-going projects. The projects have independent bank accounts. Their actual amounts have been adjusted by the unutilized grants as at the year end, per Note 21.

	2018/2019	REVISED	AUDITED
		2017/2018	2017/2018
	KShs	KShs	KShs
UNFPA	4,260	3,960	3,960
UNICEF - MICS	8,940,966	6,464,177	6,464,177
<b>Total</b>	<b>8,945,226</b>	<b>6,468,137</b>	<b>6,468,137</b>

The status of the project funded by UNICEF is as per Appendix IV.

**3. Revenue from exchange transactions**

a. These are made up of the following:

	2018/2019	REVISED 2017/2018	AUDITED 2017/2018
Income form AIA	KShs	KShs	KShs
Interest on Deposits	273,483,715	284,736,191	284,736,191
Library Usage	42,200	67,589	67,589
Sale of Publications	2,168,689	1,646,569	1,646,569
AIA From Surveys	1,173,510	1,124,710	1,124,710
Sale of Maps	1,920,640	561,460	561,460
Sale of Tenders	3,000	1,000	1,000
Commissions	221,731	208,428	208,428
Sale of Assorted Items	158,400	-	-
2009 Census Refunds	24,000	-	-
Loss on vehicle disposals		(360,000)	-
<b>Total</b>	<b>279,195,885</b>	<b>287,985,947</b>	<b>288,345,947</b>

b. Interest Income is received from earnings made on bank deposits.

The income tax provision, based on the gross interest earned during the year, has been arrived at as follows:

	2018/2019	2017/2018
	KShs	KShs
<b>Gross Interest Earned</b>	<b>273,483,715</b>	<b>284,736,191</b>
30% Corporate Tax Charge	82,045,115	85,420,857
Relating to original and reversal of temporary differences.	4	-
<b>Tax Expense as Reported in the Statement of Financial Performance</b>	<b>82,045,119</b>	<b>85,420,857</b>

#### 4. Project Expenses

These are the expenses incurred on various surveys and censuses under the various funding schemes:

	2018/2019	REVISED 2017/2018	AUDITED 2017/2018
	KShs	KShs	KShs
Population Census preparation	1,805,207,409	1,016,853,105	1,016,853,105
Prefeasibility Expenses	432,151,311	453,354,143	449,180,943
KCHB Survey	84,915,554	-	-
KDHS Expenses	-	774,554	774,554
KIBHS Survey	5,859,321	10,597,810	10,597,810
National Strategy for Dvpt of Statistics	9,411,928	23,742,149	23,742,149
System Support and Data Dissemination	106,035,453	70,173,939	70,173,939
Statistics Sweden interns	2,159,400		
UNFPA Expenses	4,260	3,960	3,960
UNICEF/UNFPA Expenses	8,940,966	6,464,177	6,464,177
	<b>2,454,685,602</b>	<b>1,581,963,837</b>	<b>1,577,790,637</b>

The prior year adjustment relates to a payment to Kisumu Hotel for hosting a training in May 2018, and the amount had not been accrued for year 2017/2018. The training was for Foreign Investment Survey, chargeable under Prefeasibility Studies.

## 5. Employee Costs

These include payments to members of staff and comprise of basic pay, house allowances and other benefits. The staff complement of the Bureau as at 30.06.2019 was 458 as compared to 474 as at 30.06.2018.

	REVISED		AUDITED
	2018/2019	2017/2018	2017/2018
	KShs	KShs	KShs
Basic Salaries	473,874,656	478,221,682	478,221,682
Casual Labour	1,236,684	1,482,746	1,482,746
House Allowance	82,399,047	85,076,529	85,076,529
Acting Allowance	444,120	1,504,856	1,504,856
Transfer/Baggage Allowance	837,467	2,396,488	2,396,488
Interns' payments	1,499,003	1,313,992	1,313,992
Commuting Allowance	58,405,746	61,629,532	61,629,532
Hardship Allowance	4,534,703	5,145,288	5,145,288
Special Duty Allowance		101,050	101,050
Leave Allowance	3,173,108	5,318,600	5,318,600
Extraneous Duty Allowance	19,555,871	20,147,365	20,147,365
NSSF - Employer's Contribution	1,109,800	1,189,733	1,189,733
Pension-Employer's Contribution	89,482,038	82,194,042	82,194,042
Gratuity Contribution	5,661,954	6,947,281	6,947,281
<b>Total</b>	<b>742,214,197</b>	<b>752,669,184</b>	<b>752,669,184</b>

## 6. Directors' Expenses

These are the expenses incurred by the members of the Board of Directors:

	REVISED		AUDITED
	2018/2019	2017/2018	2017/2018
	KSh.	Ksh	Ksh
Board and Committees expenses	8,475,091	1,532,923	1,532,923
Sitting allowances for board members	4,012,200	-	-
Conferences and Training	1,154,275	-	-
Honoraria	1,013,000	-	-
<b>Total</b>	<b>14,654,566</b>	<b>1,532,923</b>	<b>1,532,923</b>

The Board was fully constituted during the period.

## 7. Depreciation and Amortisation

These are made up of:

	REVISED		AUDITED
	2018/2019	2017/2018	2017/2018
	KSh.	Ksh.	Ksh.
<b>Depreciation</b>			
Motor Vehicles	71,087,188	46,732,028	46,732,028
Furniture & Fittings	3,584,008	3,018,940	3,018,940
Computers	36,436,128	31,462,232	31,462,232
Buildings	50,000	50,000	50,000
Plant, Machinery and Equipment	2,145,324	1,888,324	1,888,324
<b>Amortisation</b>			
Software	15,557,976	16,136,016	16,136,016
<b>Total</b>	<b>128,860,624</b>	<b>99,287,540</b>	<b>99,287,540</b>

## 8. Repairs and Maintenance

These comprise of:

	REVISED		AUDITED
	2018/2019	2017/2018	2017/2018
	KSh.	Ksh.	Ksh.
<b>Routine Maintenance</b>			
Motor Vehicles	3,643,159	4,190,677	4,190,677
Plant Machinery and Equipment	1,880,074	414,892	414,892
Office Furniture and Fittings	7,200	-	-
Buildings maintenance and Refurbishing	9,470,240	9,343,166	9,343,166
Computers and Servers	956,979	450,900	450,900
<b>Total</b>	<b>15,957,652</b>	<b>14,399,635</b>	<b>14,399,635</b>

## 9. Insurance Expenses

These are made up of:

	REVISED		AUDITED
	2018/2019	2017/2018	2017/2018
	KSh.	Ksh	Ksh
Staff Insurance	72,961,660	76,425,393	76,425,393
Fixed assets Insurance	8,923,121	5,424,164	5,424,164
<b>Total</b>	<b>81,884,781</b>	<b>81,849,557</b>	<b>81,849,557</b>

Staff insurance relates to group personal accident, inpatient and outpatient medical cover and group life cover.

## 10. Other Operating Expenses

The other operating expenses comprised of the following items:

	2018/2019	REVISED 2017/2018	AUDITED 2017/2018
	KShs	KShs	KShs
Auditor's Fees	1,740,000	1,740,000	1,740,000
Utilities Supplies and Services	1,573,755	745,681	745,681
Telephone and Communication	5,608,448	5,427,472	5,427,472
Travelling Expenses	11,173,192	12,098,376	12,098,376
Publishing and Printing	1,347,200	523,010	523,010
Library Expenses	854,631	717,978	717,978
Advertising and Awareness	7,662,479	8,749,179	8,749,179
Training Expenses	54,031,907	66,103,595	66,103,595
External Travel	16,113,474	9,480,919	9,480,919
Stationery	3,910,615	4,416,060	4,416,060
Purchase of Uniforms	750,000	195,788	195,788
Contracted Professional Services	1,498,000	5,683,720	5,683,720
Rent and Rates	4,004,937	3,338,239	3,338,239
New Office Block Expenses	301,555,495	62,517,010	62,517,010
Risk & Quality Management Expenses	13,223,326	4,507,241	4,507,241
Corporate Image	325,600	1,548,000	1,548,000
Staff Welfare Expenses	15,908,236	7,916,898	7,916,898
<b>TOTAL</b>	<b>441,281,295</b>	<b>195,709,166</b>	<b>195,709,166</b>

The Bureau is in the process of shifting to a new office block. Partitioning, electrical and mechanical works are ongoing.

## 11. Bank Charges

These are made up of:

	2018/2019	REVISED 2017/2018	AUDITED 2017/2018
	KShs.	Ksh	Ksh
KCB GOK - RECURRENT	1,002,570	495,608	495,608
KCB DEVELOPMENT	12,974	14,689	14,689
<b>Total</b>	<b>1,015,544</b>	<b>510,297</b>	<b>510,297</b>

## 12. Cash and Cash Equivalents

For purposes of the cash flow statement, cash and cash equivalents represent cash in bank and short-term deposits.

	2018 / 2019	2017/2018
	KSh.	Ksh
Bank	4,622,304,050	1,318,343,729
Short Term Deposits	-	-
<b>Total</b>	<b>4,622,304,050</b>	<b>1,318,343,729</b>

The detailed analysis of the cash and cash equivalents is as follows:

### Banks

Name of Bank	Account Number	2018 /2019	2017 /2018
		KSh.	Ksh
KCB -Main Account	1107086183	4,560,583,558	1,269,232,531
KCB- Development	1116027593	59,483,790	44,428,875
KCB- County Accounts	47 County Accounts	8,106	-
<b>Project Accounts - Coop Bank</b>			
UNICEF - MICS	01120081528600	61,938	2,511,405
UNFPA	01120081857000	2,166,658	2,170,918
<b>Total</b>		<b>4,622,304,050</b>	<b>1,318,343,729</b>

The details of the 47 County Accounts are as per Appendix III, and all funds in them had been recalled to the main account at year end, apart from Migori County account, which had Sh.8,106.

## 13. Investments in Treasury Bills

The following were the investments in treasury bills with Central Bank of Kenya:

Issue Number	2018/2019	2017/2018
	KSh.	Ksh
2240/182	-	1,821,866,300
2219/182	-	501,059,911
<b>Total</b>	<b>-</b>	<b>2,322,926,211</b>

All the investments had matured within the period.

**14. Receivables**

These are made up of:

	2018/2019	REVISED 2017/2008	AUDITED 2017/2008
	KSh.	Ksh	Ksh
Staff Debtors	493,856,282	161,642,529	161,642,529
Census Imprests	4,438,906	4,438,906	4,438,906
2019 KPHC Imprest	64,799,799	-	-
Sundry Debtors	23,855,025	23,433,873	23,433,873
Prepayments	3,918,028,025	75,034,956	75,034,956
Deposits	344,241	344,241	344,241
	<b>4,505,322,278</b>	<b>264,894,505</b>	<b>264,894,505</b>
Interest Income	930,123	38,081,264	38,081,264
<b>TOTAL RECEIVABLES</b>	<b>4,506,252,401</b>	<b>302,975,769</b>	<b>302,975,769</b>

- Staff debtors represent outstanding imprests, medical expenses recoverable and salary advances as at end of June 2019.
- Census imprests were amounts advanced to the various District Census Committees, to facilitate various activities in the 2009 Population and Housing Census exercise, but still remains un-surrendered. The Bureau sought authority for write-off of these amounts, and this is still awaited.
- An ERP development debtor's amount relates to payments made to Mareba Computers, the subject of a court case per Note 25 (c).
- Prepayments represent the proportion of various insurance and service contracts paid in 2018/2019, a proportion of which was for the period beginning 01.07.2019
- Letters of Credit for the 2019 KPHC were issued in advance, for the facilitation of mobile gadgets, solar chargers and power banks for use during the 2019 KPHC enumeration exercise.
- Included in the prepayments is rent paid in advance for a new office block for the period between June and December 2019.
- Interest income represents the accrued interest earnings on the amounts held in Treasury Bills with Central Bank of Kenya.
- Deposits are refundable amounts paid against staff parking fees with Kenya Railways, and rent deposit with Kenya Re for the KNBS Kisumu office.

**15. Non-Current Assets Movement Schedule**

<b>AT 1ST JULY 2017</b>	8,494,071	24,151,530	15,106,600	233,660,133	94,481,180	375,893,514
Additions	-	4,520,540	2,055,995	121,775,803	14,936,624	143,288,962
<b>AT 30th JUNE 2018</b>	<b>8,494,071</b>	<b>28,672,070</b>	<b>17,162,595</b>	<b>355,435,936</b>	<b>109,417,804</b>	<b>519,182,476</b>
Revised Cost Valuation						
At 1st July 2017	8,494,071	28,672,070	17,162,595	355,435,936	109,417,804	519,182,476
Adjustments on Disposal			(600,000)			(600,000)
<b>AT 30th June 2018</b>	<b>8,494,071</b>	<b>28,672,070</b>	<b>17,162,595</b>	<b>354,835,936</b>	<b>109,417,804</b>	<b>518,582,476</b>
Additions	5,107,884	25,500	741,500	-	22,312,800	28,187,684
<b>AT 30th June 2019</b>	<b>13,601,955</b>	<b>28,697,570</b>	<b>17,904,095</b>	<b>354,835,936</b>	<b>131,730,604</b>	<b>546,770,160</b>
<b>DEPRECIATION</b>						
At 1st July 2017	350,000	2,843,696	1,882,073	46,732,027	20,626,746	72,434,542
Charge for the Year	50,000	3,018,940	1,888,324	46,732,028	31,462,232	83,151,524
<b>AT 30th JUNE 2018</b>	<b>400,000</b>	<b>5,862,636</b>	<b>3,770,397</b>	<b>93,464,055</b>	<b>52,088,978</b>	<b>155,586,066</b>
REVISED DEPRECIATION						
At 1st July 2018	400,000	5,862,636	3,770,397	93,464,055	52,088,978	155,586,066
On Disposal / Valuation			(240,000)			(240,000)
at 30th June 2018	400,000	5,862,636	3,770,397	93,224,055	52,088,978	155,346,066
Charge for the Year	50,000	3,584,008	2,145,324	71,087,188	36,436,128	113,302,648
<b>AT 30th June 2019</b>	<b>450,000</b>	<b>9,446,644</b>	<b>5,915,721</b>	<b>164,311,243</b>	<b>88,525,106</b>	<b>268,648,714</b>
<b>NET BOOK VALUE</b>						
At 30th June 2018	8,094,071	22,809,434	13,392,198	261,971,881	57,328,826	363,596,410
Revised 30th June 2018	8,094,071	22,809,434	13,392,198	261,611,881	57,328,826	363,236,410
<b>AT 30th June 2019</b>	<b>13,151,955</b>	<b>19,250,926</b>	<b>11,988,374</b>	<b>190,524,693</b>	<b>43,205,498</b>	<b>278,121,446</b>

**16. Intangible Assets**

These include the values of Networks and Software.

	2018/2019	REVISED 2017/2018	AUDITED 2017/2018
	Kshs.	Kshs.	Kshs.
<b>COST/Valuation</b>			
At beginning of year	156,702,548	119,855,047	119,855,047
Additions	-	36,847,501	36,847,501
<b>At year end</b>	<b>156,702,548</b>	<b>156,702,548</b>	<b>156,702,548</b>
<b>AMORTISATION</b>			
At beginning of year	127,853,268	111,717,252	111,717,252
Charge for Year	15,557,976	16,136,016	16,136,016
<b>At year end</b>	<b>143,411,244</b>	<b>127,853,268</b>	<b>127,853,268</b>
<b>Net Book Value</b>	<b>13,291,304</b>	<b>28,849,280</b>	<b>28,849,280</b>

**17. Payables**

These comprise of amounts outstanding arising from dealings with both internal and external customers, and are due to them, but had not been settled by year end.

	2018/2019	Revised 2017/2018	Audited 2017/2018
	KSh.	Ksh.	Ksh.
Creditors and Accruals	224,181,089	22,566,396	22,566,396
Prior year adjustment	-	4,173,200	-
Staff Salary Accruals	4,364,194	1,820,618	1,820,618
Staff and Insurance dues	410,792	2,118,924	2,118,924
<b>TOTAL</b>	<b>228,956,075</b>	<b>30,679,138</b>	<b>26,505,938</b>

The prior year adjustment relates to a payment to Kisumu Hotel for hosting a training in May 2018, and the amount had not been accrued for year 2017/2018. The training was for Foreign Investment Survey, chargeable under Prefeasibility Studies.

Staff salary accruals for the previous period related to the effects of the re-categorization of the Bureau and implementation of a new salary scales.

Staff and insurance dues are mainly amounts received as insurance compensation on behalf of deceased staff members, and awaiting payment to the next of kin. There are also amounts that relate to payroll recoveries.

**18. Staff Gratuity**

Staff Gratuity amount is calculated on a monthly basis at the rate of 31% of the basic salaries of the staff on contract. It is made up of:

	REVISED		AUDITED
	2018/2019	2017/2018	2017/2018
	KSh.	Ksh.	Ksh.
Staff Gratuity	9,148,786	19,292,759	19,292,759
<b>TOTAL</b>	<b>9,148,786</b>	<b>19,292,759</b>	<b>19,292,759</b>

These are long-term liabilities that fall due when the contract terms are completed successfully

**19. Refundable Deposits**

These are amounts that are awaiting to be refunded to the respective payees after unsuccessful bidding for boarded items as well as monies retained on tender biddings:

	REVISED		AUDITED
	2018/2019	2017/2018	2017/2018
	KSh.	Ksh.	Ksh.
Bid Bonds/ Retention Monies	18,027,469	649,210	649,210
Deposit for boarded items	440,260	440,260	440,260
<b>TOTAL</b>	<b>18,467,729</b>	<b>1,089,470</b>	<b>1,089,470</b>

**20. Provisions**

These are made up of:

	REVISED		AUDITED
	2018/2019	2017/2018	2017/2018
	Ksh.	Ksh.	Ksh.
Audit Fees	1,740,000	1,740,000	1,740,000
Staff Leave Provision	24,747,098	25,881,347	25,881,347
<b>TOTAL</b>	<b>26,487,098</b>	<b>27,621,347</b>	<b>27,621,347</b>

The audit fees are the provisions for the audit expense for the financial statements for the year.

The staff leave accrual is the equivalent of the unutilized leave days as at the end of the year.

**21. Taxation**

The appropriate provisions for income tax for the period have been made as follows:

	2018/2019	2017/2018
	KShs.	KShs.
At Beginning of the Year	54,921,761	47,256,264
Tax Charge for the Year (Note 3(b))	82,045,115	85,420,857
Under / (Over) Provision in Prior Year	4	(3)
Tax paid during the Year:		-
Amount Withheld at Source	(46,734,747)	(43,497,385)
Amount Paid to KRA	(84,189,967)	(34,257,972)
<b>At Year End</b>	<b>6,042,166</b>	<b>54,921,761</b>

**22. Unutilised Grants**

These are grants received during the financial year for on-going activities. However, some of the activities were not undertaken due to timing differences of the financial years of the donors and the Bureau.

	UNFPA	MICS	Total
	Kshs.	Kshs.	Kshs.
<b>As at 01.07.2018</b>	2,170,918	2,511,405	4,682,323
Receipts	-	8,000,000	8,000,000
Refunds		(1,508,501)	(1,508,501)
Less: Project Expenses	(4,260)	(8,940,966)	(8,945,226)
<b>As at 30.06.2019</b>	<b>2,166,658</b>	<b>61,938</b>	<b>2,228,596</b>

### 23. Reconciliation of Comparison of Budget and Actual Amounts

The Bureau's budget is prepared on an accrual basis. As such, the budget and the financial statements are already on the same basis and further adjustments are not required to align the financial statements to the budget. The following is a reconciliation of the period's deficit.

	Amount Ksh.
Surplus for the Year	<u>4,930,594,151</u>
Surplus per budget/actual comparison	5,141,499,894
Provision for Income Tax	(82,045,119)
Depreciation/Amortisation charges	<u>(128,860,624)</u>
	<u><u>4,930,594,151</u></u>

The actual amounts received exceeded the final budget due to some activities being funded by donors on an ad hoc basis, through collaboration. The amounts received are as per Note 2(b) and (c).

### 24. Related Party

- a. The Bureau received grants from the Government per Note 2(a) and other grants per Note 2 (b) and (c) above.
  - b. The expenses incurred and remuneration of the Chairman to the Board and the Board members are as per Note 6.
  - c. The aggregate remuneration for the Director General and Heads of Directorates was Sh.33,134,501, and is included as part of Note 5.
- There were no other transactions that involved these parties and the Bureau.

### 25. Pending Court Cases

The Bureau has following pending legal cases:

#### a. HCCC No 79 OF 2010 BM Logistics VS KNBS (Godown case)

This case involved the godown where the 2009 Population and Census materials were being stored. The claimant is claiming KShs.43 million for loss of business and rent. The Legal Unit is handling the case and is still pending in court.

#### b. Nakuru HCCC NO 115 OF 2008 Attorney General (KNBS) VS The Standard Newspapers Limited

This case concerned an accident that occurred near Gilgil involving the Bureau's vehicle and another one owned by Standard Newspapers Limited. The Bureau is claiming KShs.1.5 million, being the value of the vehicle that had an accident. The matter is still pending in court.

**c. NAIROBI CHIEF MAGISTRATES CIVIL CASE NO 244 OF 2015 AT MILIMANI COMMERCIAL COURTS.  
MAREBA COMPUTERS VS KNBS**

The plaintiff claims a sum of KShs.5,948,468 from the Bureau. A counterclaim for a sum of KShs.23,433,873 was put forward by the Bureau as plaintiff did not and has not installed the ERP that the plaintiff procured. The matter is still pending in court and is scheduled for hearing in October 2019.

**d. MILIMANI CMCC NO. 1421 OF 2005  
BEATRICE KOSKEY VS THE HONOURABLE ATTORNEY  
GENERAL**

Motor vehicle **GK A839** was involved in an accident in the year 2004. It belonged to the then Central Bureau of Statistics. The driver died and another person died. Wife of the other person has sued, seeking compensation. The matter is pending in court.

The Management, having taken appropriate legal advice, does not anticipate that material liabilities will arise from the pending litigation against the Bureau.

## Appendix III: Inter - Entity Transfers

## Breakdown of Transfers from The State Department for Planning

	Bank Statement Date	Amount (KShs.)
a. Recurrent Grants	Date Received	Recurrent
	06.07.2018	87,500,000
	06.07.2018	59,361,108
	13.08.2018	96,730,690
	13.08.2018	87,500,000
	17.08.2018	504,900,000
	30.08.2018	96,730,690
	30.08.2018	87,500,000
	05.09.2018	504,900,000
	27.09.2018	96,730,690
	27.09.2018	87,500,000
	01.10.2018	504,900,000
	31.10.2018	87,500,000
	31.10.2018	96,730,691
	03.12.2018	93,828,770
	03.12.2018	84,875,000
	10.01.2019	74,375,000
	10.01.2019	82,221,088
	29.01.2019	96,730,690
	29.01.2019	87,500,000
	27.02.2019	504,900,000
	06.03.2019	96,730,691
	06.03.2019	87,500,000
	28.03.2019	90,926,850
	28.03.2019	82,250,000
	02.05.2019	96,730,690
	09.05.2019	87,500,000
	20.05.2019	504,900,000
	20.05.2019	429,165,000
	20.05.2019	474,606,000
	20.05.2019	504,900,000
	20.05.2019	504,900,000
06.06.2019	87,500,000	
06.06.2019	96,730,691	
20.05.2019	489,753,000	
27.06.2019	87,500,000	
27.06.2019	96,730,691	
	Subtotal	<b>7,241,238,030</b>
b. Development Grants	23.10.2018	7,250,000
	23.10.2018	347,250,000
	12.04.2019	347,250,000
	25.04.2019	361,750,000
	17.06.2019	247,250,000
	17.06.2019	7,250,000
		Subtotal
	<b>TOTAL GOK GRANTS</b>	<b>8,559,238,030</b>

## Appendix II: Recording of Transfers from Other Entities

Name of Entity Transferring Funds	Nature	Date Received per Bank Statement	Total	Where Recorded	
				Statement of Financial Statement	Receivables
1. Ministry of Planning	Exchequer Releases	Various dates per Appendix III	8,559,238,030	Revenue from Non-Exchange Transactions	Note 2(a)
		<b>Subtotal</b>	<b>8,559,238,030</b>		
<b>2. Development Partners</b>					
a. COMESA	Market Prices Surveys	03.08.2018	1,207,834	Revenue from Non-Exchange Transactions	Note 2 (b)
		<b>Subtotal</b>	<b>1,207,834</b>		
b. The National Treasury	Regional Integration Implementation Project	24.09.2018	3,000,000		
		25.02.2019	2,000,000		
		<b>Subtotal</b>	<b>5,000,000</b>		
c. Public Procurement Regulatory Authority	Market Price surveys	17.09.2018	5,651,700		
		17.01.2019	3,911,700		
		07.06.2019	5,651,700		
		<b>Subtotal</b>	<b>15,215,100</b>		
d. World Bank		11.02.2019	22,232,056		
		<b>Subtotal</b>	<b>22,232,056</b>		
			<b>43,654,990</b>		
<b>3. Other Donor Funds</b>					
a. UNICEF	Project funds	Utilised funds	-	Revenue from Non-Exchange	Note 2 (C)
b. UNFPA			-		
		<b>Subtotal</b>	<b>-</b>		
<b>TOTAL TRANSFERS</b>			<b>8,602,893,020</b>		

**Appendix III: County Bank Account as at 30.06.2019**

S/NO.	REFERENCE	BRANCH NAME	ACCOUNT NUMBER
1	Baringo	KCB Kabarnet	1108009875
2	Bomet	KCB Litein	1105682595
3	Bungoma	KCB Bungoma	1102068675
4	Busia	KCB Busia	1105253384
5	Elgeyo Marakwet	KCB Iten	1103240242
6	Embu	KCB Embu	1102969087
7	Garissa	KCB Garissa	1107852897
8	Homabay	KCB Homabay	1106831063
9	Isiolo	KCB Meru	1103336606
10	Kajiado	KCB Kajiado	1107696070
11	Kakamega	KCB Kakamega	1101951575
12	Kericho	KCB Kericho	1103619896
13	Kiambu	KCB Thika	1102292338
14	Kilifi	KCB Kilifi	1102302929
15	Kirinyaga	KCB Kerugoya	1104080575
16	Kisii Central	KCB Kisii	1102028681
17	Kisumu	KCB Kisumu	1103870858
18	Kitui	KCB Kitui	1106060881
19	Kwale	KCB Kwale	1142411796
20	Laikipia	KCB Nanyuki	1103191586
21	Lamu	KCB Lamu	1104814412
22	Machakos	KCB Machakos	1106383516
23	Makueni	KCB Wote	1105353532
24	Mandera	KCB Mandera	1103998161
25	Marsabit	KCB Marsabit	1102671533
26	Meru County	KCB Meru	1103335766
27	Migori	KCB Migori	1106362446
28	Mombasa	KCB Treasury Sq.	1107642051
29	Muranga	KCB Muranga	1108577466
30	Nairobi	KCB Moi Avenue	1174202351
31	Nakuru	KCB Nakuru	1101858354
32	Nandi	KCB Kapsabet	1102099309
33	Narok	KCB Narok	1102026964
34	Nyamira	KCB Nyamira	1103337181
35	Nyandarua	KCB Nyahururu	1102175196

36	Nyeri	KCB Nyeri	1102000361
37	Samburu	KCB Maralal	1108193749
38	Siaya	KCB Siaya	1115339982
39	Taita Taveta	KCB Wundanyi	1103865854
40	Tana River	KCB Hola	1104619156
41	Tharaka	KCB Chuka	1103757067
42	Trans Nzoia	KCB Kitale	1105205592
43	Turkana	KCB Lodwar	1107328861
44	Uasin Gishu	KCB Eldoret	1102545864
45	Vihiga	KCB Mbale	1104078856
46	Wajir	KCB Wajir	1105259927
47	West Pokot	KCB Kitale	1105205770

#### Appendix IV : Projects Implementation

The projects implemented by the Bureau funded by development partners are as follows:

Project Title	Donor	Period	Separate Donor Reporting Required per Agreement	Consolidated in these Financial Statements
2019 Population and Housing Census	UNICEF	2018/2019	Yes	Yes

#### Status of Project Completion

Name	Project	Project Cost	Total Expended to date	Completion %	Budget	Actual Receipt
2019 Population and Housing Census	Enumeration Area Maps Verification	KShs.5.937 million	KShs.3.341million	Ongoing	KShs.5.937 Million	KShs.5.075 million

**Appendix V: Quality Review Checklist**

<b>Quality Review Checklist for MDAs</b>				
<b>The National Treasury – Directorate of Accounting Services and Quality Assurance</b>				
<b>Quality Review Areas</b>	<b>Y</b>	<b>N</b>	<b>N/A</b>	<b>Comment</b>
<b>A) Non-Financial Information</b>				
Review that:				
1) The correct template has been adopted and recommended reporting framework adopted as provided through the National Treasury Website: <a href="http://www.treasury.go.ke/downloads/category/38-financial-reporting-templates.html">http://www.treasury.go.ke/downloads/category/38-financial-reporting-templates.html</a>	Y			
2) The financial statements are well-formatted and aligned				
3) The financial statement line items including their respective notes that are not applicable in the template are removed/deleted. The numbering in the revised template has also been realigned.	Y			
4) The financial statements are duly approved by the Accounting Officer and the Principal Accounts Controller and signed off in the: <ul style="list-style-type: none"> <li>• Statement of Entity Management Responsibilities</li> <li>• Statement of Receipts and Payments</li> <li>• Statements of Assets and Liabilities</li> <li>• Statement of Cash Flows</li> <li>• Summary Statement of Appropriation: Recurrent and Development Combined</li> <li>• Summary Statement of Appropriation: Recurrent</li> <li>• Summary Statement of Appropriation: Development</li> <li>• Progress on the Follow-up of Auditor Recommendations</li> </ul>				Ongoing activities
<b>B) Entity Information and Overall Performance</b>				
1) The key entity information and entity management has been completed.	Y			
2) The forward by the Cabinet Secretary of the parent Ministry has been included and signed off			N/A	
3) The statement of management responsibilities has been populated.	Y			
<b>C) Statement of Receipts and Payments</b>				
Review that:				
1) The prior period balances agree to the audited financial statements.	Y			
2) A breakdown listing the Transfers to and from other Government Agencies has been provided.	Y			
3) The Transfers to and from Other Government Agencies have been fully reconciled with the recipient/disbursing entity and the duly acknowledged (stamped)				

confirmations have been attached to the financial statements as an annex.			
4) The statement of receipts and payments is in agreement to the GOK IFMIS Receipts and Payments Statement generated from IFMIS.			
5) Exchequer releases recognized in the financial statements are in agreement to the summary from the National Treasury's Exchequer Release Report.	Y		
6) The balances tie to the notes.	Y		
7) Casting has been done.	Y		
<b>D) Statement of Assets &amp; Liabilities</b>			
Review that:			
1) The prior period balances agree to the audited financial statements	Y		
2) The statement of asset and liabilities is in agreement to the GOK IFMIS Statement of Financial Position generated from IFMIS			N/A
3) The balances tie to the notes.	Y		
4) Casting has been done.	Y		
5) The net assets balance carried forward from prior financial year agrees to the fund balance brought forward in the current financial year	Y		
6) The net assets balance brought forward is supported by the assets and liabilities in the prior financial year.	Y		
7) If the expense returns relating to prior years have been made in the current year, a prior year adjustment has been introduced to the Statement of Assets and Liabilities (in the "REPRESENTED BY" category) to capture these adjustments. Consequently, the fund balance brought forward in the current financial year will remain unchanged and will be the same as the fund balance carried forward from prior financial year.			N/A
8) Correction of errors in the prior years has been captured through a prior year adjustment. This adjustment should be adequately supported and explained in the notes to the financial statements.			N/A
9) The Net Financial Assets equals the Net Financial Position	Y		
<b>E) Statement of Cash flows</b>			
Review that:			
1) The opening balances agree to the audited accounts	Y		
2) The prior period balances agree to the audited financial statements	Y		
3) The statement of cash flow is in agreement to the GOK IFMIS Statement of Cash Flows generated from IFMIS			N/A
4) Casting has been done.	Y		
5) Cash and cash equivalent balance at END of the year agrees to the cash and cash equivalent balance in the Statement of Assets and Liabilities.	Y		

<b>F) Summary Statement of Appropriation: Recurrent and Development Combined</b>			
Review that:			N/A
1) Casting has been done.			N/A
2) The summation of the totals in the respective recurrent and development appropriations agree to the combined appropriation.			N/A
3) A commentary has been provided for any significant underutilization (below 90% of utilization) and any overutilization (above 100%)			N/A
4) The "Actual on comparable basis column in the Combined Statement of Appropriation agrees to the Statement of Receipts and Payments.			N/A
<b>G) Summary Statement of Appropriation: Recurrent</b>			
Review that:			
1) Casting has been done.			N/A
2) A commentary has been provided for any significant underutilization (below 90% of utilization) and any overutilization (above 100%)			N/A

**Additional review comments:**

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**Name of Head of Accounting Unit:**

E. N. NJOROGE

**Sign:** 

**Date of review:** 26 09 2019

