




Enhancing Accountability

REPORT

	
THE NATIONAL ASSEMBLY	
P.O. BOX 10000 NAIROBI	
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OF

THE AUDITOR-GENERAL

ON

**KENYA SCHOOL OF
GOVERNMENT**

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

17 SEP 2020

RECEIVED



KENYA SCHOOL OF GOVERNMENT

ANNUAL REPORT

AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

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

KENYA SCHOOL OF GOVERNMENT
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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For the year ended 30 June 2019

1.1 KEY ENTITY INFORMATION AND MANAGEMENT

a. Establishment of the School

The Kenya School of Government (KSG) was established by the KSG Act No. 9 of 2012. It came into effect on 1st July 2012. The KSG is the successor to the former Kenya Institute of Administration (KIA), the former Kenya Development Learning Centre (KDLC), and the former Government Training Institutes (GTIs) Baringo, Embu, Matuga and Mombasa. The School therefore has four (4) Campuses.

b. Principal Activities

The principal activity of the School is transformation of the Public Service by inculcating national values and developing core skills and competencies for quality service delivery in the Public Service.

c. Key Management

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

- i. Director General/ CEO
- ii. Management

d. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were;

i Director General	Prof. Ludeki Chweya
ii. Director Finance & Administration	Prof. Nura Mohamed
iii. Director Academic Affairs	Dr. Josphine Mwanzia
iv Director-Baringo Campus	Dr. Solomon Letangule
v Director- Matuga Campus	Ms. Prisca Oluoch
vi Director- Mombasa Campus	Dr. Tom Wanyama
vii Director- Embu Campus	Dr. Anne Kangethe
viii Director - e-Learning and Development	Mr. Joseph Ndung'u

e. Fiduciary Oversight Arrangements

Kenya School of Government has established an audit committee composed of four council members and head of internal audit department being the secretary of the committee. Their role is to provide oversight responsibility in ensuring the School adheres to the statutory regulations and the approved policies and procedures of the School as well as other relevant government policies, procedures and pronouncement issued from time to time. Further, the Ministry of State for Public Service, Youth and Gender receive the performance of the School on a quarterly basis as a monitoring tool on the performance of the School.

KENYA SCHOOL OF GOVERNMENT

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For the year ended 30 June 2019

f. Headquarters

P.O.Box 23030-00604

Lower Kabete

NAIROBI, KENYA

g. Contacts

Telephone: +254-020-4015000

254-727-496698

Email: directorgeneral@ksg.ac.ke

Website: www.ksg.ac.ke

h. Bankers

Kenya Commercial Bank Ltd

P.O Box 14959-00800

Nairobi, Kenya

National Bank

P.O Box 14959-00800

Nairobi, Kenya

Central Bank of Kenya

Haile Selassie Avenue

P.O.Box 60000,00200

Nairobi, Kenya

i. Independent Auditors

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O.Box 30084-00100

Nairobi, Kenya

J Principal Legal Advisor

The Attorney General

State Law Office

Harambee Avenue

P.O.Box 40112-00200

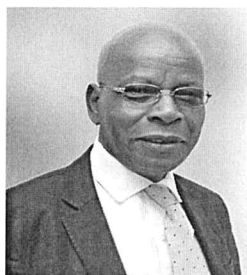
Nairobi, Kenya

KENYA SCHOOL OF GOVERNMENT

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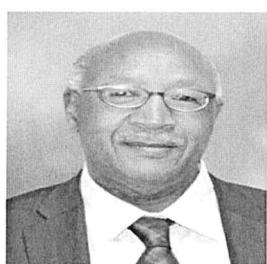
FOR THE YEAR ENDED 30 JUNE 2019

COUNCIL MEMBERS



Prof. Gituro Wainaina- Chairman effective May 3, 2019

Prof. Gituro Wainaina holds a PhD in Agricultural Economics, Master in Business Administration and Bachelor of Education. He has extensive working experience including being a Director of the Social and Political Pillars under the Vision 2030 Delivery Secretariat and board member of various institutions including Capital Market Authority. He is also a Professor at the Department of Management Science at the University of Nairobi.



Prof. Francis Kibera - Chairman of the Council until March 8, 2019

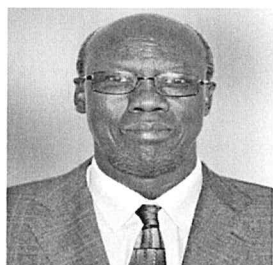
Prof. Kibera holds a Doctor of Philosophy (Ph.D.) degree in Business Administration from the University of Toronto, the Master of Business Administration degree (M.B.A) from University of Alberta and the Bachelor of Commerce (B.Com) degree from the University of East Africa (University College, Nairobi). Prof. Kibera has extensive experience in public sector administration and management, especially in the education sub-sector. He has undertaken many research and consultancy projects in strategic management, customer and employee satisfaction, marketing, and institutional development and capacity building.



Dr. Ludeki Chweya -Director General and CEO

Dr. Ludeki Chweya holds a Doctor of Philosophy (Ph.D.) degree in Political Studies from Queen's University at Kingston, Ontario, the Masters of Arts degree in Government from the University of Nairobi, and the Bachelor of Arts (BA) in Political Science and Arabic Language from the University of Nairobi. Dr. Chweya is a Senior Lecturer with vast experience in university teaching and research in International Relations and Political Economy.

Economy. Dr. Chweya has many years of experience in public sector management and policy development acquired mostly when he served as Permanent Secretary in the Government of Kenya.



Prof. Michael Lokuruka- Council Member representing Public Service Commission until January 9, 2019

Professor Michael Lokuruka is a Professor of Food Science. Prof Lokuruka holds a Doctor of Philosophy (Ph.D.) degree in Food Science from Cornell University SA, the Master of Science (MSc.) degree in Food Science from the University of Reading, the Bachelor of Food Science and Technology (BSc.) degree from the University of Nairobi, and a Postgraduate Diploma in Fish Processing Technology from the University of Trondheim. Prof. Lokuruka has vast experience in research and consultancy in food quality assurance, and has published books and journal articles in the field.

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FOR THE YEAR ENDED 30 JUNE 2019

COUNCIL MEMBERS (Continue)



Dr. Lucy Kathuri Ogola-Council Member until May 29, 2019

Dr. Lucy Kathuri Ogola holds a Doctor of Philosophy Degree (Ph.D) in Community Resource Management from Kenyatta University, Master of science (M.sc) degree from Kenyatta University, the Bachelor of Education Degree from Kenyatta University. Dr. Kathuri has a wide experience in research and consultancy.



Prof. Fred Jonyo-Council Member until October 1, 2018

Prof. Fred Jonyo, a holds a holds a Doctor of Philosophy (Ph.D) in Political Science and Public Administration from Makerere University, Masters in International Politics, Tokyo, Japan and a Bachelor of Arts Degree in Political Science from the University of Nairobi. Dr. Jonyo is a Senior Lecturer in the Department of Political Science and Public Administration, University of Nairobi. Has wide experience in Research, Consultancy and Advisory in Security and Strategic Studies, Peace Reconstruction, Governance, Social Justice and Inclusive Development.



Micah Origa - Council Member Representing Principal Secretary, National Treasury

Micah Origa holds a Master of Business Administration (MBA) degree from the University of Calicut and the Bachelor of Commerce (B.Com) degree from the same university. Mr. Origa has wide experience in public sector budget preparation, implementation and monitoring.



Joseph Musyoki Council Member-Representing Commission for University Education

Joseph Musyoki is a holder of a Master of Science Degree and a Bachelor of Education Degree



Dr. Peter Muchiri Ngatia, EBS Council Member until May 6, 2019

Dr. Peter Muchiri Ngatia holds the position of Director of Training at Amref Health Africa. He is a holder of BSC, MeD, MPH and Ph.D in Medical Education (Health Professionals) from the University of ALBERTA, Edmonton, CANADA. Dr. Ngatia has many years of experience in Training and Management in the health sector in Kenya and other African countries.

KENYA SCHOOL OF GOVERNMENT

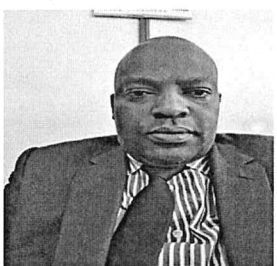
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FOR THE YEAR ENDED 30 JUNE 2019



Prof. Teresa Akenga PhD. Representing Universities

Professor Akenga holds Ph.D., in (Organic Chemistry: Synthesis) from the University of New South Wales, Australia, Masters of Business Administration (Corporate Governance) from KCA University, Nairobi – Kenya, Masters Qualifying from University of New South Wales, Australia, Masters of Science (Chemistry) from Kenyatta University and a Bachelors of Education (Sc., Chemistry major), (1st Class Hons.) from Kenyatta University. Professor Akenga has vast experience in training, research, leadership and management, having served in various capacity as an Assistant Lecturer, Lecturer and Senior Lecturer in Jomo Kenyatta University of Agriculture and Technology (JKUAT).



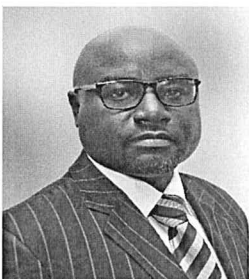
Mr. Denis M. Mutahi – Alternate to the Principal Secretary, State Department for Public Service and Youth

Mr. Mutahi holds a Master's of Science in Human Resource Planning and Development and a Bachelors of Education. He is career civil servant with over 20 years of civil service experience and currently serving as a Director of Human Resource Management and Development, State Department for Public Service and Youth.



Gatwiri Kirimi member effective February 7, 2019

Ms. Gatwiri holds a Master's of International Business Administration, Strategic Management Entrepreneurship and a bachelor of Science degree (marketing) from United States International University. Currently she is a Managing Director at Inforparts Technologies Limited.



Prof. Adams Oloo Member effective May 6, 2019

Prof. Adams Oloo, a holds a holds a Doctor of Philosophy (Ph.D) and Masters in Political Science from University of Delaware, Masters in Government from University of Nairobi and Bachelors in Business Administration and law from the University of Nairobi. He is an advocate of the High Court and currently an Associate Professor, Department of Political Science and Public Administration, University of Nairobi. He has experience public administration and public policy, political economy, global governance and international relations.

KENYA SCHOOL OF GOVERNMENT

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FOR THE YEAR ENDED 30 JUNE 2019

DIRECTORS/ SENIOR MANAGEMENT'S PROFILE



Prof. Ludeki Chweya

Director General and CEO

Dr. Ludeki Chweya holds a Doctor of Philosophy (Ph.D.) degree in Political Studies from Queen's University at Kingston, Ontario, the Masters of Arts degree in Government from the University of Nairobi, and the Bachelor of Arts (BA) in Political Science and Arabic Language from the University of Nairobi. Dr. Chweya is a Senior Lecturer with vast experience in university teaching and research in International Relations and Political Economy. Dr. Chweya has many years of experience in public sector management and policy development acquired mostly when he served as Permanent Secretary in the Government of Kenya.



Dr. Josphine Mwanzia

Director Academic Affairs

Dr. Josephine Mwanzia holds a Ph.D in Education from Victoria University of Wellington, Master of Education (Educational Management) from Universiti Brunei Darussalam and Bachelor of Education, Arts University of Nairobi.



Prof. Nura Mohamed

Director - Finance and Administration

Dr. Nura Mohamed holds a Doctor of Philosophy in Financial Economics from Central University, the Master of Business Administration (MBA) in Finance from Nairobi University and the Bachelor of Commerce in Finance from the same University. Dr. Mohamed has experience in research, review of training material and curricula development.



Dr. Solomon Letangule

Director-Baringo Campus

Dr. Solomon Letangule holds a Ph.D., in Business Administration (Strategic Management) from Jomo Kenyatta University of Agriculture and Technology (JKUAT), MBA (Strategic Management) from Kenya Methodist University (KEMU), Bachelor of Arts (Economics and Sociology) from University of Nairobi.



Ms. Priscah Mary Oluoch

Director- Matuga Campus

She holds a Master of Business Administration Degree in Human Resource Management from University of Nairobi and a Bachelor of Education-French and Economics. Ms. Prisca Oluoch is a human resources management professional and integrity with over 15 years' work experience. Her career has seen her practice in governance, strategic management and leadership in public and private sector.

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FOR THE YEAR ENDED 30 JUNE 2019

DIRECTORS/ SENIOR MANAGEMENT'S PROFILE (Continue)



Dr. Tom Oundo Wanyama

Director- Mombasa Campus

Dr. Tom Oundo Wanyama holds a Ph.D in Environmental Sociology from Kenyatta University, Master of Arts in Sociology and a Bachelor of Arts from the same University. Dr. Wanyama has experience in capacity development in the Public Sector, Training and Consultancy.



Mr. Joseph Ndung'u

Director - e-Learning and Development

Mr. Joseph Ndung'u holds the Master of Business Administration from Moi University and Bachelor of Science (Electrical Engineering) from University of Nairobi. Ndung'u has a wealth of experience in management, planning and organization of information and communication technology.



Dr. Anne Kangethe

Director - Embu Campus

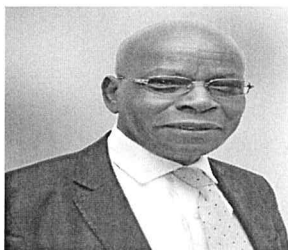
Dr. Kang'ethe holds a PhD and a Master's of Science degree in Entrepreneurship (JKUAT), and Bachelors of Education Degree (University of Nairobi). She has worked in the Public Service for over Twenty (20) years. She has a wide experience in Management Consultancy, Research and capacity building in the Public Service. She has published Articles on various topical Public Service issues in Peer Reviewed Journals and presented papers in both National and International Conferences.

KENYA SCHOOL OF GOVERNMENT

Report and Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

CHAIRMAN'S REPORT



The Kenya School of Government is a state corporation established under the Kenya School of Government Act an Act, no. 9 of 2012. The School is successor to the former Kenya Institute of Administration (KIA) and the Kenya Development Learning Centre (KDLC). The former Government Training Institutes at Baringo, Embu, Matuga and Mombasa became Campuses of the School in accordance with the KSG founding Act. The

Kenya School of Government is a strategic agency in the implementation of the country's grand, national development program titled Kenya Vision 2030: A Globally Competitive and Prosperous Kenya. The School is responsible for human resource capacity building for all public servants, from the lowest to the highest levels. This is a responsibility that is borne through training, consultancy and policy oriented research.

I am pleased to present the School's annual report and financial statement for the year ended 30th June, 2019. On behalf of the Council Members. I wish to report that the School generated a surplus of Kshs. 104M during the year 2018-2019.

I am grateful to the Government of Kenya for continued support to the School. The School received Government grants of Kshs. 316.9 million to finance salaries and recurrent operations for the former Government Training Institutes (GTIs) and a total development grant of Kshs.528.8 million to finance the completion of Ultra modern complex in Mombasa Campus and construction of tuition block in Matuga, Embu and Baringo Campuses.

I commend the Council members, Management, and staff of the School for their commitment and exemplary work. The Course participants, sponsors, and development partners were all value-adding stakeholders. I am therefore confident that the School has the potential to discharge its mandate more effectively.



Prof. Gituro Wainaina, Ph.D.

CHAIRMAN OF THE COUNCIL

September 15, 2019

Date

KENYA SCHOOL OF GOVERNMENT

Report and Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019



DIRECTOR GENERAL'S REPORT

During the period under review, the School realized revenue amounting to Kshs. 2.07 billion against a target of Kshs. 2.06 billion surpassing the target by Kshs. 14 million. The School also achieved a surplus of Kshs. 104M against a budget of Kshs. 24M thus surpassing its budget by Kshs. 80M.

Management appreciates financial support received from the Government of Kshs. 316.9 million to finance salaries and recurrent operations and also received a further Kshs. 528.8 million as development grant to complete ultra modern complex in Mombasa and construction of administration block in Embu, Baringo and Matuga campuses.

The positive financial performance of the School during the year is due to the introduction of new operational innovations; opening new fields of training, mostly to meet the needs of Counties; expansion of training and consultancy activities of the Campuses thus reaching out to a wider clientele; and introduction of effective cost-reduction measures. Residential, conferencing, and catering facilities generated supplementary revenue that augmented receipts from training and consultancy. Further more, expansion and modernization of facilities in the School has been a major attraction for business during the year under review.

Lastly, the School has invested substantially in building a strong culture of common purpose and dedication to the mission and ideals of the School through development of leadership competencies, the practice of intercampus staff exchange and sharing of ideas, and the application of integrated operating systems across the School.



Prof. Ludeki Chweya, Ph.D., CBS
DIRECTOR GENERAL AND C.E.O

15th Sept. 2020
Date

KENYA SCHOOL OF GOVERNMENT

Report and Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

CORPORATE GOVERNANCE STATEMENT

Good corporate governance is a fundamental part of the culture and practices by which an organization is operated, regulated and controlled so as to fulfill its goals and objectives in a manner that adds value and benefits all its stakeholders.

The Council of the Kenya School of Government is responsible for School's governance. Both the Council and senior management of the School are committed to the highest levels of corporate governance, which it considers critical in achieving the School's mandate. Accordingly, the School therefore fosters a culture that values and rewards the highest ethical standards and personal and corporate integrity. The Council also has a charter that is reviewed from time to time within a period not exceeding five years.

The Role of the Council

The Council's responsibilities are broadly set out in the State Corporations Act, Cap.446 Laws of Kenya as well as The Kenya School of Government Act, 2012 that constitutes the School as a state corporation. Specifically, the Council defines the School's strategies, objectives and values and ensures that its procedures and practices are in tandem to ensure effective control over strategic, financial, operational and compliance issues.

The Directors bring a wealth of experience and knowledge to the Council's deliberations. Except for direction and guidance on general policy, the Council delegates authority of its day-to-day activities to the Management through the Director General. The Council nonetheless is responsible for the overall stewardship of the School and assumes responsibility for effective direction and control.

Composition and removal of the Council

The Council comprises ten members including the Director General. Four of the Council members are independent non-executive members including the Chairman. All non-executive council members retire after a term of three (3) years from the date of appointment and are eligible for re- appointment for one more than term. With the exception of Director General, the remaining four Council members are institutional representatives bringing on Board closely-knit interests, experiences and balance from and by key School stakeholders.

The Council members above shall cease to be members if they become bankrupt, incapacitated, resigns in writing or is criminally convicted.

Council Meetings

The Council schedule of meetings is prepared annually in advance. The Council holds its regular meetings at least once every three months and special meetings may be called when necessary.

Below is the attendance of the meetings by the Council Members:

KENYA SCHOOL OF GOVERNMENT

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FOR THE YEAR ENDED 30 JUNE 2019

	Council Member	No. of meetings held in the year	No. of meetings attended	% of attendance
1	Prof. Francis Kibera	7	7	100%
2	Prof. Gituro Wainaina	7	0	0%
3	Prof. Michael Lokuruka	7	7	100%
4	Prof. Peter Ngatia	7	7	100%
5	Mr. Joseph Musyoki	7	6	86%
6	Mr. Micah Origa	7	5	71%
7	Mr. Denis Mutahi	7	5	71%
8	Prof. Fred Jonyo	7	1	14%
9	Dr. Lucy Kathuri	7	6	86%
10	Ms. Gatwiri Kirimi	7	1	14%
11	Prof. Teresa Akenga	7	6	86%

Prof. Gituro Wainaina was appointed on May 3, 2019 and as at 30th June 2019 there was no Council meeting convened hence indicated as not attended during the year.

COMMITTEES OF THE COUNCIL

The Council has the following Committees that meet under defined terms of reference set by the Council. This is intended to facilitate efficient decision-making of the Council in discharging its duties and responsibilities.

(a) Risk and Audit Committee

The Committee assists the Council in fulfilling its corporate governance responsibilities and in particular to strengthen the effectiveness of the internal audit function; maintaining oversight on internal control systems; provision of general oversight in risk and compliance matters; and ensuring quality, integrity, effectiveness and reliability of the School's risk management framework.

Below is the attendance of meetings by the Committee

	Council Member	No. of meetings held in the year	No. of meetings attended	% of attendance
1	Prof. Fred Jonyo	3	1	33%
2	Denis Mutahi	3	2	67%
3	Micah Origa	3	3	100%
4	Prof. Peter Ngatia	3	2	67%
5	Charles Tirok	3	3	100%

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(b) Learning and Development Committee

The Committee's mandate is to ensure the Learning and Development in general is functional. Specifically, the Committee's responsibilities include identifying learning service challenges and opportunities in the School and ensuring that they are resolved; review any changes on policy issues on standards, quality assurance and research; liaise with the stake holders on matters of quality of training curriculum; and undertake comprehensive quarterly evaluation of standards, quality assurance programs in the School.

Below is the attendance of the committee members in the meetings:

	Council Member	No. of meetings held in the year	No. of meetings attended	% of attendance
1	Prof. Peter Ngatia	9	9	100%
2	Dr. Lucy Kathuri	9	6	67%
3	Mr. Denis Mutahi	9	7	78%
4	Mr. Joseph Musyoki	9	7	78%
5	Prof. Teresa Akenga	9	4	44%

c) Human Resource Committee

The Committee reviews and provides recommendations on issues relating to all human resource matters including career progression, performance management, training needs, staff recruitment, staff placement, promotions, demotions, discipline, and staff welfare.

Below is the attendance of the committee members in the meetings:

	Council Member	No. of meetings held in the year	No. of meetings attended	% of attendance
1	Ms. Gatwiri Kirimi	10	7	70%
2	Prof. Peter Ngatia	10	10	100%
3	Mr. Denis Mutahi	10	7	70%
4	Prof. Lokuruka	10	9	90%
5	Prof. Teresa Akenga	10	2	20%

(d) Finance and General Purpose Committee

The Committee assists the Board to fulfill its oversight responsibilities relating to the School's finance, information and technology, procurement and related activities.

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Below is the attendance of the committee members in the meetings:

	Council Member	No. of meetings held in the year	No. of meetings attended	% of attendance
1	Mr. Joseph Musyoki	17	16	94%
2	Prof. Peter Ngatia	17	1	6%
3	Mr. Micah Origa	17	5	29%
4	Mr. Denis Mutahi	17	14	82%
5	Dr. Lucy Kathuri	17	14	82%
6	Ms. Gatwiri Kirimi	17	7	41%
7	Charles Tirok	17	6	35%

Succession Plan

In order to ensure succession planning and management in the Council, the School has a mechanism of ensuring a staggered appointment or rotation of Council members so as to ensure proper skills mix and infusion of skills and experience from time to time.

Induction and Training

The School recognizes the importance of having a well informed and fully empowered Council and Management. In this regard, relevant training and capacity development opportunities are organized to equip Council Members and staff with skills and knowledge necessary to effectively perform their responsibilities.

Conflict of Interest and Ethics

The Council Members and management are required to make disclosures of any transaction in which they have interest and which would constitute a conflict of interest and abstain from voting for the case of Council members when such matters are being considered. Further, the Council and the management are required to adhere to ethical standards that govern the School's activities.

Council Remuneration

The Council Members are entitled to a sitting and other allowances (where applicable) for every meeting attended, within the set Government guidelines. The aggregate amount of emoluments paid to the Council Members during the financial year for services rendered are disclosed in the financial statements.

Council Performance

The Council invites State Corporations Advisory Committee to carry out evaluation of the Council on an annually basis. The Council also carry's out self evaluation annually to review and audit its role and success or otherwise to meet the challenges envisaged at the beginning of each year as guided by the Council Charter.

KENYA SCHOOL OF GOVERNMENT
Report and Financial Statements
FOR THE YEAR ENDED 30 JUNE 2019

MANAGEMENT DISCUSSION AND ANALYSIS

1 Operational and financial performance

During the year 2018-2019, a few projects namely convention centre at Lower Kabete, Administration block in Embu Campus, conversion of shared rooms to self contained rooms in Mombasa and completion of cottages in Baringo Campus were completed. This led to increase in training fees from lecture halls by 12% as compared to last year and increase in accommodation fees by 38% as compared to last financial year.

The School also reviewed various strategic plans for mainly for various state corporations in order to include the big 4 agenda. This led to increase in consultancy fees by at least 25% as compared to the year 2017/2018.

Other activities that were carried out during the year were public symposium for climate change for sustainable development in Kenya, devolved system of Government promise versus reality. Also various research activities were carried such as the role of universities and TVETS in industrialisation and draft policy drafted and submitted to the Government. Training needs assessment was also carried out for state Government of Puntland Somalia following a collaboration between KSG and Somalia to enhance their capacity building in the public service.

2 Compliance with statutory requirements

The School complies with the statutory regulations and remits statutory deductions to relevant authorities in time.

3 Major risks facing the School

The School is facing various risks such as competition risk with the private sector and some Government institutions, economic risks thus increase in cost food and training materials and legal risks.

KENYA SCHOOL OF GOVERNMENT

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CORPORATE SOCIAL RESPONSIBILITY

At the Kenya School of Government, we believe in collaboration and partnership with the communities with whom we live and work. We, therefore, invest not only financially but in the support of our human resource to bring greater change to the communities. Tellingly, in a bid to give back to the society, the School engages in a number Corporate Social Responsibility (CSR) initiatives in every financial year. These include in areas such as education, environment and social welfare. Through CSR initiatives, the School supports the voluntary spirit of employees and participants across our campuses as they engage in these activities.

Promotion of Education and Social Welfare

Lower Kabete Primary School shares a fence with the School. As an immediate neighbor, the Kenya School of Government collaborates and engages in some of the activities including Prize giving day. Indeed, this year, KSG sponsored the Lower Kabete Primary School prize giving day.

Promotion of sports

The School has established football clubs, for ladies and for the men meant to engage the youth in a bid to occupy their minds and dissuade them from crime and other societal vices. The men's soccer teams span across the School's campuses with the team at Lower Kabete being innovatively christened KSG Ogopa Football Club. Ogopa was established by the Director General in January 2018 as an initiative to incorporate the well-being and development among the youth within the community to support talent, empowerment and fight drugs and substance use.

KSG Ogopa FC was registered and participated successfully in the sub-county league. The team did a commendable job by finishing in position four in the concluded sub-county league 2017/2018 season, being the team's first participation in a competitive league. The team was able to register thirteen wins, one draw and four loses while at the same time scoring an impressive fifty goals and conceding just fifteen goals in the process. The Football Kenya Federation (FKF) commended KSG Ogopa FC as one of the two most disciplined teams during the entire league campaign alongside Karura Green FC.

The School has had to equip the team with uniforms, facilitate their registration in tournament, facilitated them to play friendly matches, payment of allowances besides recruiting a coach for the team all from the CSR kitty.

Environmental Conservation

KSG embraces the importance of taking care of the environment and as such, has continued to partner with various stakeholders in environmental conservation. This year the School Council and staff participated in tree planting activities across all campuses. In late June, KSG staff and the local community in the quest to conserve the environment and in the event contribute to realization of the envisioned 10 per cent forest cover in Kenya, planted 4,000 mangrove trees in Mkupe, Miritini. This exercise was among many that had been conducted by the School to appreciate the value of environmental conservation. The initiative looped in the course participants who had been empowered on the benefits of managing and conserving the natural resources.

Indeed, the local community through the Chairman of the Community Forest Association, Mr. Douglas Nandwa, appreciated KSG for the initiative, noting that the mangrove forest will have a direct impact to the community which depends on fishing.

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CORPORATE SOCIAL RESPONSIBILITY

Health Care

The Kenya School of Government has initiated partnership with the Nairobi City County Government with an aim to rehabilitate the Lower Kabete Dispensary, which is adjacent to the School. The School management considers that instead of expanding the clinic within KSG, it would be prudent to consolidate the services at the Lower Kabete Dispensary. The dispensary, it emerged, was in dire need of a facelift to enable it to serve both the residents of the surrounding community, staff as well as KSG participants. In its current state, Lower Kabete Dispensary offers curative, preventive and rehabilitative services including maternal child health, family planning, VCT and comprehensive care clinic. The School sought to work closely with Nairobi County Government to improve the facility assuring the dispensary staff of KSG commitment in supporting the improvement of the clinic to enable it delivers better services to the public.

KENYA SCHOOL OF GOVERNMENT

Report and Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

REPORT OF THE COUNCIL

The Council present their report together with the audited financial statements of Kenya School of Government for the year ended June 30, 2019 which show the state of the School's affairs.

Principal activities

The Principal activities of the School has continued to be according to Article 5(2) of the KSG Act 2012 which is to provide training, research and consultancy services designed to inform public policy, promote national development and standards of competence and integrity in the public service.

Results

The results of the School for the year ended June 30, 2019 are set out on page 21. Below is a summary of the surplus made during the year.

	2019	2018
	kshs	kshs
Total Revenue	2,073,268,483	1,724,902,506
Total Expenditure	(1,967,215,940)	(1,739,593,799)
Other gains/ losses	(1,294,502)	(37,822,059)
Surplus for the year	104,758,041	(52,513,352)

Council Members

The Council members who served during the year are shown on page 4-6 in accordance with the Kenya School of Government Act 2012.

Auditors

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

KENYA SCHOOL OF GOVERNMENT

Report and Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

STATEMENT OF COUNCIL RESPONSIBILITIES

Under the provisions of Section 81 of the Public Finance Management Act, 2012 and Section 17 of the Kenya School of Government Act 2012, KSG Council is required to prepare financial statements of the School at the end of each financial year, giving a true and fair view of the state of affairs at the end of the financial year as well as the operating results. Council is also required to ensure that the School keeps proper accounting records which disclose with reasonable accuracy the financial position of the School and is responsible for safeguarding the assets of the School.

The Council are responsible for the preparation and presentation of the School's financial statements, which give a true and fair view of the state of affairs of the School for and as at the end of the financial year ended on June 30, 2019. The 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 School; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and ensuring that these are free from material misstatements, whether due to error or fraud; (iv) make accounting estimates that are reasonable in the circumstances (v) safe guarding the assets of the School; (vi) selecting and applying appropriate accounting policies.

The Council accepts responsibility for the School's financial statements which have been prepared using appropriate accounting policies, supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting standards (IPSAS), and in the manner required by Public Finance Management Act 2012 and the Kenya School of Government Act 2012. The Council is of the opinion that the School's financial statements give true and fair view of the state of the School's transactions during the financial year ended June 30, 2019 and of the School's financial position as at that date. The Council further, confirms the completeness of the accounting records maintained for the School which have been relied upon in the preparation of the School's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Council to indicate that the School 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 School's financial statements were approved by the Council on 30/9/2019 and signed on its behalf by:



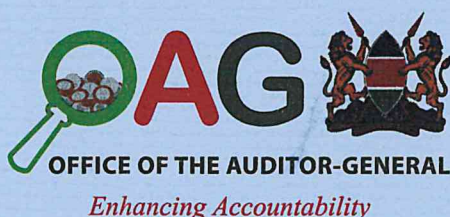
Prof. Gituro Wainaina, PhD.



Prof. Ludeki Chweya, Ph.D., CBS

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA SCHOOL OF GOVERNMENT FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya School of Government (KSG) set out on pages 21 to 60, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows, 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 audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya School of Government as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Kenya School of Government Act No. 9, 2012.

Basis for Qualified Opinion

1. Unsupported General Expenses

The statement of financial performance reflects general expenses totalling Kshs.850,997,605, as further disclosed in Note 16 to the financial statements. However, payment vouchers for expenses totalling Kshs.8,842,682 included in the balance were not submitted for audit and as a result, the occurrence and validity of the payments could not be confirmed.

2. Receivables from Exchange and Non-Exchange Transactions

The statement of financial position reflects receivables from exchange and non-exchange transactions totalling Kshs.1,369,047,064 as at 30 June, 2019, as further disclosed in Note 22 to the financial statements. However, examination of records on the balance indicated the following anomalies:

2.1 Long Outstanding Receivables

Receivables totalling Kshs.959,978,522 or 71% of the aggregate balance amounting to Kshs.1,369,047,064 had been outstanding for at least four months as at 30 June, 2019. However, Management had not made a specific provision for impairment of any of the long outstanding debts and as a result, the aggregate receivables balance totalling Kshs.1,369,047,064 may not be fairly stated.

2.2 Unsupported Receivables

Included in the exchange and non-exchange transactions balance totalling Kshs.1,369,047,064 are unexplained balances totalling Kshs.104,326,866, as indicated below:

Receivables	Particulars	Amount (Kshs)
Trade Receivables	Debtors with Credit Balances	43,778,531
	Unsupported Debtors with Debit Balances	27,127,645
Other Receivables	Unsupported Opening Balance - Embu	20,077,085
	Suppliers with Debit Balances	13,132,282
	KSG Council Members	211,323
Total		104,326,866

In the absence of supporting records for these balances, the accuracy and validity of the balances could not be confirmed.

2.3 Long Outstanding Receivables

As similarly reported in the previous year, the trade debtors totalling Kshs.1,198,090,894 reflected in Note 22 to the financial statements include receivables totalling 61,911,342 owed by non-existent or defunct institutions(Kshs.20,401,731); and private persons local (Kshs.8,746,493) and foreign(Kshs.32,763,118) as at 30 June, 2019. In spite of their recovery being doubtful, no impairment provision has been made in the financial statements for the said debts totalling Kshs.61,911,342.

Further, reasons for occurrence of the debts were not clear as the fees policy set by the School requires trainees to pay in advance and organizations that may not do so to obtain the Director's approval before their staff are enrolled for training.

3.0 Unsupported Trade and Other Payables from Exchange

The statement of financial position as at 30 June, 2019 reflects trade and other payables from exchange transactions totalling Kshs.1001,901,551, as further disclosed in Note 24 to the financial statements. However, examination of records on the balance revealed the following anomalies:

3.1 Trade Payables

Trade payables totalling Kshs.306,365,573 include suppliers accounts with debit balances totalling Kshs.7,336,287 which have, as a result, distorted the actual balance

of debts owed by the School. However, records to explain the debit balances were not provided for audit.

The trade payables balance further includes amounts related to wages, allowances and other payments totalling Kshs.33,181,077 for which no supporting documents or explanations were provided for audit verification.

As a result, the validity and accuracy of the trade payables balance totalling Kshs.306,365,573 reflected in the statement of financial position as at 30 June, 2019 could not be confirmed.

3.2 Third-Party Payments

Payments received from third-parties totalling Kshs.50,613,201 as at 30 June, 2019 included sums totalling Kshs.25,835,950 whose records were, however, not presented for audit review. As a result, the accuracy, completeness and validity of the third-party payments totalling to Kshs.50,613,201 as at 30 June, 2019 could not be confirmed.

3.3 Other Payables

Included in the other payables balance totalling Kshs.33,095,492 is Kshs.6,147,071 reflected as payments owed to resource persons, contract employees and other personnel. However, the latter balance was not analyzed and as a result, the accuracy and validity of the aggregate payables balance totalling Kshs.33,095,495 could not be confirmed.

3.4 Value-Added-Tax (VAT) Payables

Unpaid Value-Added-Tax (VAT) balance totalling Kshs.46,388,703 as at 30 June, 2019 was not supported by monthly VAT returns. In the circumstance, the accuracy of the balance could not be confirmed.

3.5 Withholding Taxes

Included in the aggregate other payables balance are Withholding VAT and Income Tax payables totalling Kshs.8,123,443. However, the respective tax return certificates were not provided for audit verification and as a result, the accuracy of the withholding taxes totalling Kshs.8,123,443 as at 30 June, 2019 could not be confirmed.

In view of these anomalies, the accuracy and validity of the other payables balance totalling Kshs.1001,901,551 reflected in the statement of financial position as at 30 June, 2019 could not be confirmed.

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

Key Audit Matters

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

Other Matter

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

1.0 Outstanding Imprests

Examination of imprests records indicated that imprests totalling Kshs.9,081,192 were overdue for surrender as at 30 June, 2019 with Kshs.8,985,302 of the amount outstanding for more than one year. Delay in surrender of the imprests contravened Regulation 93(5) of the Public Financial Management Regulations, 2012, which requires imprest holders to account for imprests within seven (7) days after returning to the duty station.

No satisfactory explanation was provided for the failure to recover the imprests from the salaries of the defaulters as provided for in Regulation 93(6) of the Regulations.

Further, as previously reported, the balance includes imprests totalling Kshs.8,488,761 (2018-19) and Kshs.66,123 (2017-18) owed by a person who is no longer in service. Despite the recovery of the imprests being doubtful, no provision for impairment has been made in the financial statements.

2.0 Long Outstanding House Rent Arrears

Included in the staff debtors balance totalling Kshs.10,429,771 reflected in Note 22 to the financial statements are rent arrears totalling Kshs.2,776,183 due from employees occupying the School's houses. A sum of Kshs.1,450,566 of the balance had been outstanding for more than one year as at 30 June, 2019.

The cause of the arrears was not clear given that Section 5 of the School's Human Resource Management Policy and Procedures Manual provides that rental payments for houses occupied by employees are to be offset against the monthly salaries payable to the respective tenants.

In addition, records at Mombasa Campus indicated that rental income totalling Kshs.210,000 from one of the School's houses occupied by a former Director had not been collected since October, 2017 when the Officer left the School to join the parent Ministry, but retained the house meant for the Campus Director. Management has not

provided a satisfactory explanation for its failure to collect the outstanding rent and secure the house for use by the School.

3.0 Pay-As-You-Earn (PAYE)

Included in the trade and other payables balance totalling Kshs.1,001,901,551 as at 30 June, 2019 are statutory deductions for Pay As You Earn (PAYE) tax totalling Kshs.14,572,646. The deductions include taxes amounting to Kshs.546,519 which had remained unremitted since 1 July, 2018. No explanation was provided for the failure to remit the statutory deductions. Failure to comply with the PAYE law attracts interest and penalties defined in the Income Tax Act and may, therefore, result in wasteful expenditure.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 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 ability of the School to continue sustaining its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of

accounting unless the Management is aware of the intention to dissolve the School 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.

The Council is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Kenya School of Government 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 of the Financial Statements

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 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 appropriate 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 ability of the School 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 School to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 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

20 August, 2021

KENYA SCHOOL OF GOVERNMENT
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2019

	Note	2019 kshs	Restated 2018 Kshs
REVENUES			
Revenue from Non exchange			
Government grant	11	413,255,862	421,009,332
Revenue from Exchange transactions			
Training fees		646,710,192	575,178,629
Research and consultancy		120,110,851	68,718,472
Accommodation		534,004,089	331,451,661
Conferences and Workshops		223,933,580	173,916,753
Other income	12	135,253,909	154,627,659
TOTAL REVENUE		2,073,268,483	1,724,902,506
OPERATING EXPENSES			
Council expenses	13	12,944,383	10,187,318
Employee costs	14	813,666,642	751,297,713
Repairs and maintenance	15	48,295,754	46,334,479
General Expenses	16	850,997,605	685,480,534
Depreciation	17	215,865,545	208,309,612
Amortisation	18	25,446,011	37,984,143
TOTAL OPERATING EXPENSES		1,967,215,940	1,739,593,799
Loss on disposal of assets	19	(2,713,800)	(34,981,266)
Gain /(Loss) on foreign exchange transactions		1,419,298	(2,840,793)
		(1,294,502)	(37,822,059)
Surplus before tax		104,758,041	(52,513,352)
Taxation		-	-
SURPLUS/ (DEFICIT) FOR THE YEAR		104,758,041	(52,513,352)

KENYA SCHOOL OF GOVERNMENT
STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	2019 kshs	Restated 2018 Kshs
Non- current assets			
Property plant & equipment	17	6,323,400,691	6,198,804,851
Leasehold land	18	1,997,435,186	1,841,231,197
Investments	20	6,223,163	15,475,934
		<u>8,327,059,040</u>	<u>8,055,511,982</u>
Current Assets			
Inventories	21	24,845,940	33,081,618
Receivables from exchange & non exchange	22	1,369,047,064	1,119,391,333
Investments	20	21,332,183	11,172,501
Cash and cash equivalent	23	788,047,178	641,287,794
		<u>2,203,272,365</u>	<u>1,804,933,246</u>
Total Assets		<u>10,530,331,405</u>	<u>9,860,445,228</u>
Current Liabilities			
Trade and other payables from exchange	24	1,001,901,551	884,688,643
		<u>1,001,901,551</u>	<u>884,688,643</u>
Net Assets			
Revaluation reserves		4,539,728,060	4,539,728,060
Accumulated surplus		2,122,079,202	2,017,321,161
Deferred Income		2,866,622,592	2,418,707,364
		<u>9,528,429,854</u>	<u>8,975,756,585</u>
Total net assets and liabilities		<u>10,530,331,405</u>	<u>9,860,445,228</u>

The financial statements set out on pages 28 to 47 were signed on its behalf by:



Prof. Gituro Wainaina PhD.
Chairperson

September 15, 2020
Date



Prof. Ludeki Chweya, PhD, CBS.,
Director General

15th Sept. 2020
Date

KENYA SCHOOL OF GOVERNMENT

Report and Financial Statements

For the year ended 30 June 2019

STATEMENT OF CHANGES IN NET ASSETS

	Revaluation reserves Kshs	Accumulated surplus Kshs	Development Grant Kshs	Total Kshs
Balance as at 30 June 2017	4,539,728,060	2,069,834,513	2,355,039,413	8,964,601,986
Surplus for the year as restated	-	(52,513,352)	-	(52,513,352)
Additions	-	-	137,424,423	137,424,423
Amortisation	-	-	(73,756,472)	(73,756,472)
Restated Balance as at 30 June 2018	<u>4,539,728,060</u>	<u>2,017,321,161</u>	<u>2,418,707,364</u>	<u>8,975,756,585</u>
Balance as at 1 July 2018	4,539,728,060	2,017,321,161	2,418,707,364	8,975,756,585
Surplus for the year		104,758,041		104,758,041
Additions			528,772,739	528,772,739
Amortisation			(80,857,511)	(80,857,511)
Balance as at 30 June 2019	<u>4,539,728,060</u>	<u>2,122,079,202</u>	<u>2,866,622,592</u>	<u>9,528,429,854</u>

KENYA SCHOOL OF GOVERNMENT

Report and Financial Statements

For the year ended 30 June 2019

STATEMENT OF CASH FLOWS

		2019	Restated 2018
	Note	Kshs	Kshs
Operating surplus		104,758,041	(52,513,352)
Depreciation	17	215,865,545	208,309,612
Amortisation of land	18	25,446,011	23,611,163
Amortisation of deferred income		(80,857,511)	(73,756,472)
Prior year adjustment	10	-	14,372,980
Loss on disposal of assets	19	2,713,800	34,981,266
Operating surplus before working capital changes		<u>267,925,886</u>	<u>155,005,197</u>
(Increase)/ decrease in inventories		8,235,678	(5,551,754)
(Increase)/ decrease in trade and other receivables		(249,655,731)	(124,937,166)
Increase/ (decrease) in trade and other payables		<u>117,212,908</u>	<u>126,597,475</u>
Cash generated from operations		143,718,741	151,113,752
Interest accrued from Treasury bonds	20	(906,911)	(752,679)
		<u>142,811,830</u>	<u>150,361,073</u>
INVESTING ACTIVITIES			
Purchase of property, plant & equipment	17	(524,825,185)	(705,928,192)
Redemption of Treasury bond	20	-	8,311,610
		<u>(524,825,185)</u>	<u>(697,616,582)</u>
FINANCING ACTIVITIES			
Government grant		<u>528,772,739</u>	<u>137,424,423</u>
Net cash generated from financing activities		<u>528,772,739</u>	<u>137,424,423</u>
Increase/ (decrease) in cash and cash equivalent		146,759,384	(409,831,086)
Cash and cash equivalent at the beginning		641,287,794	1,051,118,880
Cash and cash equivalent at end of the year	23	<u><u>788,047,178</u></u>	<u><u>641,287,794</u></u>

KENYA SCHOOL OF GOVERNMENT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the year ended 30 June 2019

	Original Budget Kshs	Adjustments Kshs	Final Budget Kshs	Actual Ksh	Variance Kshs.	%
Revenue						
Government grant	323,343,327	-	323,343,327	316,905,862	(6,437,465)	-2%
Grant development partners	52,840,000	(10,840,000)	42,000,000	96,350,000	54,350,000	129%
Training fees	737,707,113	(40,193,500)	697,513,613	646,710,192	(50,803,421)	-7%
Research and consultancy	94,094,459	(9,900,000)	84,194,459	120,110,851	35,916,392	43%
Accommodation	572,724,116	11,678,660	584,402,775	534,004,089	(50,398,686)	-9%
Hire out of facilities	188,439,055	13,398,987	201,838,042	223,933,580	22,095,538	11%
Other income	121,664,736	1,700,000	123,364,736	135,253,909	11,889,173	10%
Other Gains/(Losses)			-	(1,294,502)	-	0%
Total Income	2,090,812,806	(34,155,853)	2,056,656,952	2,071,973,981	15,317,029	
Expenses						
Council expenses	24,500,000	-	24,500,000	13,589,203	10,910,797	45%
Compensation of employees	845,986,231	(54,528,618)	791,457,613	813,666,642	(22,209,029)	-3%
General expenses	775,792,023	106,429,426	882,221,449	850,352,785	31,868,664	4%
Depreciation and amortisation	292,686,411	(24,752,789)	267,933,621	241,311,556	26,622,065	10%
Repairs and maintenance	57,087,468	8,663,352	65,750,820	48,295,754	17,455,066	27%
Total expenditure	1,996,052,132	35,811,371	2,031,863,503	1,967,215,940	64,647,563	
Surplus for the year	94,760,674	(69,967,225)	24,793,449	104,758,041		
Capital Budget						
Funding						
GoK Development grants	528,772,739	-	528,772,739	528,772,739	-	0%
Internal	1,714,629,479	(23,315,853)	1,691,313,625	1,691,313,625	-	0%
Total Funding	2,243,402,218	(23,315,853)	2,220,086,364	2,220,086,364	-	
Capital Expenditure	2,243,402,218	(23,315,853)	2,220,086,364	524,411,261	1,695,675,103	76%
Under(Over) Utilization				1,695,675,103		

KENYA SCHOOL OF GOVERNMENT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the year ended 30 June 2019

NOTES

A. Difference between actual and budgeted amounts

- 1.) The Government grant decreased by 2% because of the austerity measures.
- 2.) Revenue from development partners increased due to KDSP program whose budget was erroneously omitted. However, the budget indicated was for EU IDEAS program where the School earned Kshs. 12.7M during the year under review out of the budgeted amount of Kshs. 42M
- 3.) Revenue from training fees reduced due to austerity measures by the Government considering that the main clients of the School is the Government.
- 4.) Research and consultancy revenue increased due to increase in consultancies assignments mostly from outreach activities for instance, performance contracting where the client is charged consultancy rates.
- 5.) Accommodation revenue reduced because Campuses had some hostels being refurbishment for instance Mombasa Campus
- 4.) Hire of facilities revenue was higher than the budget due to increased number of conference facilities in Embu and Lower Kabete as a result of completion of tuition block and convention centre in Embu and Lower Kabete respectively.
- 5.) Other income increased attributed by increase in outreach programs mainly in Embu Campus where it charges clients for activities such as transport for facilitators, hire of lecture halls, LCD projectors that are incurred on behalf of the client.
- 6.) Council expenses reduced because the Council did not undertake a benchmarking exercise outside the Country and also induction of Council members was not carried out as most Council member's term expired on various dates.
- 7.) The increase in personnel emoluments is as a result of increase in annual salaries to staff that was erroneously omitted in the budget.
- 8.) General expenses decreased due to: i.) the School utilised its staff to carry out consultancy services; ii.) The School utilised water from boreholes more than than the water that is supplied to County hence reduction in water and conservancy expense.
- 9.) Depreciation reduced as most of the capital projects anticipated to have been done within the financial year were deferred to the following financial year 2019-2020

B. Difference between original and final budget

- a.) Grant from development partners reduced because the School did not anticipate to receive grants for KDSP program of Kshs. 52M. Instead the School anticipated to receive grant from EU IDEAS of Kshs. 42M during the year.
- b.) Training, research and consultancy budget reduced attributed by austerity measures by the Government hence reduced the budget because the main client is the Government.
- c.) Accommodation's budget increased because the School anticipated to receive more guests from those who are booking conference facilities since the clients are from both public and private sector.
- d.) Other income increased because more staff houses were renovated and hence the School expected more revenue from rent collected from staff who occupies the renovated houses

KENYA SCHOOL OF GOVERNMENT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the year ended 30 June 2019

- e.) Compensation to employees budget was reduced since the School deferred recruitment of staff to the year 2019/2020.
- f.) General expenses increased because of the following: 1) inflation hence increase in food ration expense; 2) insurance of directors as they were not insured before; 3) increase in domestic travel and accommodation for staff traveling to various work station for training of ERP in preparation of rolling out as well as staff who travelled to various places to hold retreats to review policy documents and curriculums and development of new curriculums.
- g.) Depreciation and amortisation cost budget was reduced since the projects earmarked to be carried out in year 2018-2019 were deferred to year 2019-2020 due to a directive by the National Treasury that no new projects were to be carried out in year 2018-2019.
- h.) Repairs and maintenance budget increase since the School had anticipated to repair most of its buildings.

KENYA SCHOOL OF GOVERNMENT

Report and Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

Kenya School of Government is established by and derives its authority and accountability from Kenya School of Government Act 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide training, consultancy, research and advisory services to the Public Service.

2 Statement of Compliance and basis of preparation

The financial statements have been prepared on historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. 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 School'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 No. 5.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and the International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3 Adoption of new and revised standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019.

Standard	Impact
IPSAS 40: Public Sector	Applicable: 1st January 2019 The Standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS3 (applicable to acquisitions only). <i>This standard is not applicable to the School as it did not acquire any business during the year.</i>

KENYA SCHOOL OF GOVERNMENT

Report and Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019.

Standard/ Amendment to a standard	Effective date and impact
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>This standard is not applicable to the School as it does not hedge its financial instruments</i></p>
IPSAS 42: Social benefits	<p>Applicable: 1st January 2022.</p> <p>The objective of this standard is to improve the relevancy, faithful representatives and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purposes financial reports assess:</p> <ol style="list-style-type: none"> a.) The nature of such social benefits provided by the entity; b.) The key features of the operation of those social benefit schemes; c.) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

iii. Early adoption of standards

The School did not adopt early any new or amended standards in year 2018-2019.

KENYA SCHOOL OF GOVERNMENT

Report and Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Revenue recognition

i. Revenue from non-exchange transactions

The entity recognises revenues from fees when the event occurs to the extent that would give rise to a liability to repay the amount. Other non-exchange revenues are recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other Government entities

Revenues from non-exchange transactions with other Government entities are measured at fair value and recognised 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. Recurrent grants are recognised in the statement of comprehensive income. Development/ capital grants are recognised in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii. Revenue from exchange transactions

1) Rendering of services

The sale of services is recognised in the year in which the School delivers the service to the customer, the customer has accepted the service and collectability of the related receivables is reasonably assured.

2) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

3.) Interest Income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

4.) Rental Income

This is income arising from renting out the School's houses to the staff of KSG.

KENYA SCHOOL OF GOVERNMENT

Report and Financial Statements

For the year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

b. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Costs includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in surplus or deficit as incurred. Where an asset is acquired in a non exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in the profit and loss in the income statement.

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings, other civil works and installations.

Depreciation is provided on the cost/valuation of the assets on straight line basis at rates designed to write down the cost of each asset or revalued amount to its residual values over their estimated useful life. The annual rates in use are:

	Rate
Buildings	2.00%
Plant & equipment	12.50%
Furniture & fittings	12.50%
Linen & beddings	12.50%
Motor vehicles	25.00%
Computers	30.00%
Library books	5.00%
Leasehold land	Over the period of the lease

A full year's depreciation is recognised in the year of purchase and none in the year of disposal.

c. Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges and is determined on weighted average price method. Inventories are recognised as an expense when deployed for utilisation or consumption in the ordinal course of operations of the School.

Deferred income

This relates to grants received from the Government of Kenya and development partners for purposes of capital expenditure. This amount is amortised gradually and the amortised amount recognised in the statement of financial performance at the same rate as depreciation on an annual basis.

KENYA SCHOOL OF GOVERNMENT

Report and Financial Statements

For the year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

d. Financial Instruments

1.) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: recognition and measurements are classified as financial assets at fair value through surplus or deficit, loans and receivables, held to maturity investments or available for sale financial assets as appropriate. The School determines the classification of its financial assets at initial recognition.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Losses arising from impairment are recognized in the surplus or deficit.

Held to maturity

Non derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the School 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. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognised in surplus or deficit.

Impairment of financial assets

The School assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include the following indicators:

- i.) The debtors are experiencing significant financial difficulty;
- ii.) Default or delinquency in interest or principal payments;
- iii.) The probability that debtors will enter bankruptcy or other financial reorganisation;
- iv.) Observable data indicates a measurable decrease in estimated future cash flows.

2.) Initial recognition and measurement of financial liabilities

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit as appropriate. The School determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus directly attributable transactions costs.

KENYA SCHOOL OF GOVERNMENT

Report and Financial Statements

For the year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

e. Cash and cash equivalent

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

f. Retirement benefit obligation

The School operates a defined contribution retirement benefits plan for its employees, The assets are held in a separate trustee administered scheme managed by an insurance company. The scheme is funded by contributions from both the employees at 7.5% and employer at a rate of 15% of employees basic pay respectively.

The School and the employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. The School's contributions obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 200 per employee per month.

g. Foreign currency transactions

The accounting records are maintained in the functional currency of the primary economic environment in which the School operates, Kenya Shillings. Transactions in foreign currencies during the year/ period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

h. Budget information

The original budget for the FY 2018-2019 was approved by the Council in January 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget is presented in the statement of comparison of budget and actual amounts. The adjustments to amounts in the financial statements are made 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 on page 20 of these financial statements.

KENYA SCHOOL OF GOVERNMENT

Report and Financial Statements

For the year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

i Intangible asset

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

j Provisions

Provisions are recognised when the School has a present obligation (legal or constructive) as a result of a past event, 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.

Where the School expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

1.) Contingent liabilities

The School does not recognise a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

2.) Contingent assets

The School does not recognise a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the School in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occur.

k Subsequent events

There have been no events subsequent to the financial year with a significant impact on the financial statements for the year June 30, 2019.

l Currency

The financial statements are presented in Kenya Shillings (Kshs.).

KENYA SCHOOL OF GOVERNMENT

Report and Financial Statements

For the year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

n. Taxation

The School has not provided for taxation as it has applied for exemption under the income tax act through the Cabinet Secretary for the National Treasury.

o. Comparative figures

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

5 Significant Judgement and Sources of Estimation uncertainty

The preparation of the School's financial statements in conformity with IPSAS requires management to make judgements, 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 year. 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.

a.) Estimates and assumptions

The key assumption made during the year is reclassification of recurrent grants received from the National Government. The School received a lumpsum of Kshs. 316,905,862 from the National Government to support the Campuses to finance salaries and recurrent operations. This amount has been split in Note 11 between grant for salaries and recurrent operations and the assumption made is that the School received the same salary grant as the year 2017-2018.

The School based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the School. Such changes are reflected in the assumptions when they occur.

b.) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal;

- i.) The condition of the asset based on the assessment of experts employed by the School;
- ii.) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- iii.) The nature of the processes in which the asset is deployed;

NOTES TO THE FINANCIAL STATEMENTS (continued)

- iv.) Availability of funding to replace the asset;
- v.) Changes in the market in relation to the asset.

c.) Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. The School has made a general provision for bad debts at the rate of 11%.

6 Revaluation Reserve

The revaluation reserve relates to the revaluation of property, plant and equipment. As indicated in the Statement of Changes in Net assets, this is stated after transfer of excess depreciation to retained earnings.

7 Retained Earnings

The retained earnings represent amounts available to finance the School's activities mainly capital expenses.

8 Related party disclosures

The School 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 the School or vice versa. These related parties are:

- i. The parent Ministry- Ministry of State for Public Service, Youth & Gender Affairs
- ii. The National Treasury
- iii. County Government
- iv. Key Management

9 FINANCIAL RISK MANAGEMENT

The School's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The School's overall risk management policies are set out by the Council and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the School's performance by setting acceptable levels of risk. The School however, does not hedge any risks and that only credit is only extended to customers with an established credit history.

KENYA SCHOOL OF GOVERNMENT
Report and Financial Statements
For the year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

The School's financial risk management objectives and policies are detailed below:

i. Market risk

The Council has put in place an internal audit function to assist in assessing the risk faced by the School on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates which will affect the School's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing the risk rests with the Audit and Risk Committee.

There has been no change to the School's exposure to market risks or the manner in which it manages and measures risk.

ii. Credit Risk

The School has exposure to credit risk, which is the risk that a customer will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables.

Management assesses the credit quality of each customer taking into account its past experience and other factors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the School's management based on prior experience and their assessment of the current and economic environment. The School does not hold any collateral against the past due receivables.

The carrying amount of financial assets recorded in the financial statements representing the School's maximum exposure to credit risk is made up as follows:

	Total amount Kshs. Kshs	Fully performing Kshs. Kshs	Past due Kshs. Kshs	Impaired Kshs. Kshs
At 30 June 2019				
Receivables from exchange transactions	1,348,379,408	1,194,372,179	154,007,229	-
Receivables from non exchange transactions	10,429,771	10,429,771	-	-
Bank balances	738,047,178	738,047,178	-	-
Total	2,096,856,357	1,942,849,128	154,007,229	-
At 30 June 2018				
Receivables from exchange transactions	1,112,980,555	1,087,089,895	25,890,660	
Receivables from non exchange transactions	6,410,779	6,410,779	-	
Bank balances	641,287,794	641,287,794	-	
Total	1,760,679,127	1,734,788,467	25,890,660	-

KENYA SCHOOL OF GOVERNMENT
Report and Financial Statements
For the year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

The customers under the fully performing category are paying their debts as they continue transacting with the School. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the School has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The School has significant concentration of credit risk on amounts due from the National and County Governments.

iii. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the School's directors. The School manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the School:

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 3 months Kshs	Total Kshs
At 30 June 2019				
Trade payables			306,365,573	306,365,573
Payments received in advance	-	361,533,449	-	361,533,449
Third party payments	-	50,613,201	-	50,613,201
Retentions	-	121,535,974	-	121,535,974
VAT payable	-	45,388,703	-	45,388,703
Audit fees	5,000,000	-	-	5,000,000
Service Gratuity		39,422,329		39,422,329
Other payables	38,946,830	330,954,92		72,042,322
Total	43,946,830	651,589,148	306,365,573	1,001,901,551
At 30 June 2018				
Trade payables	66,998,926	161,856	221,710,956	288,871,739
Payments received in advance	-	293,818,699	-	293,818,699
Third party payments	-	45,796,793	-	45,796,793
Retentions	-	129,975,419	-	129,975,419
VAT payable	-	32,876,886	-	32,876,886
Audit fees	2,955,677	-	-	2,955,677
Service Gratuity		36,142,359		36,142,359
Other payables	-		54,251,072	54,251,072
Total	69,954,603	538,772,012	275,962,028	884,688,643

iv. Foreign Currency Risk

The school has transactional currency exposures which arises through purchase of goods and services that are done in currencies other than local currency. Transactions made in foreign currency are converted to Kenya Shilling at the time of payment using the prevailing exchange rate.

KENYA SCHOOL OF GOVERNMENT
Report and Financial Statements
For the year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

iv. Foreign Currency Risk

The school has transactional currency exposures which arises through purchase of goods and services that are done in currencies other than local currency. Transactions made in foreign currency are converted to Kenya Shilling at the time of payment using the prevailing exchange rate.

v. Interest rate risk

Interest rate risk is the risk that the School's financial condition may be adversely affected as a result of changes in interest rate levels. The School's interest rate risk arises from bank investments.

vi. Capital Risk Management

The objective of the School's capital risk management is to safeguard the Council's ability to continue as a going concern. The capital structure comprises of the following funds:

	2019	2018
	kshs	Kshs
Revaluation Reserve	4,539,728,060	4,539,728,060
Accumulated surplus	2,122,079,202	2,017,321,161
Deferred Income	2,866,622,592	2,418,707,364
	<u>9,528,429,854</u>	<u>8,975,756,585</u>

10 Prior Year Adjustment

- During the year 2018/2019 Embu Campus received its leasehold document for its land in Embu. The land is for 99 years commencing on September 1st, 2010. There was thus the need to provide amortisation amount for prior years.
- Baringo Campus two projects i.e. the building for water bottling plant that was completed in the year 2015 and revaluation amount for the guest house which was revalued in 2014 both erroneously recognised as work in progress. These buildings have since been transferred to completed buildings and prior year depreciations provided for as indicated below.

The financial statements for the year 2017/2018 have been restated to correct the above issues as reflected in note no. 17a and Note no. 18. The effect of the restatement on those financial statements is summarised below. There is no effect in 2018/2019.

	Effect on
	2017-2018
	Kshs
Increase in Amortisation expense (leasehold land)	14,372,980
Increase in depreciation for Baringo buildings	1,430,520
Decrease in surplus	<u>15,803,500</u>
Decrease in Netbook value for Leasehold land	14,372,980
Decrease in Netbook value for buildings	1,430,520
Decrease in net assets	<u>15,803,500</u>

KENYA SCHOOL OF GOVERNMENT
Report and Financial Statements
For the year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2019	2018
	kshs	Kshs
11 Government grants		
Recurrent- other	105,691,493	107,394,963
Recurrent grant- development partners	96,350,000	102,400,000
Recurrent- salaries (Note 5)	211,214,369	211,214,369
	<u>413,255,862</u>	<u>421,009,332</u>
12 Other Income		
Deferred Income	80,857,511	73,756,472
Rent	14,216,945	16,563,226
Interest from investments	11,743,122	44,910,475
Miscellaneous receipts	22,729,361	11,145,367
Water Bottling sales	5,706,970	8,252,119
	<u>135,253,909</u>	<u>154,627,659</u>
13 Council expenses		
Allowances	7,655,970	6,180,052
Training and retreats	5,288,413	4,007,266
	<u>12,944,383</u>	<u>10,187,318</u>
14 Employee costs		
Salaries and wages	714,421,346	643,321,077
Gratuity	29,088,727	39,927,569
Bonus	17,225,260	25,759,423
Staff training	12,151,142	9,191,401
Staff medical	26,787,554	26,294,261
Staff welfare	9,918,157	5,122,946
Staff uniform	4,074,456	1,681,036
	<u>813,666,642</u>	<u>751,297,713</u>
15 Repairs and maintenance		
Maintenance of building and grounds	29,125,457	29,067,841
Maintenance of equipment	7,926,490	7,009,108
Motor vehicle repairs	11,243,807	10,257,530
	<u>48,295,754</u>	<u>46,334,479</u>

KENYA SCHOOL OF GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

	2019 kshs	2018 Kshs
16 General expenses		
Advertising and publicity	4,881,276	5,445,280
Bank charges	1,574,188	1,520,789
Casual wages	116,962,882	102,266,608
Cleaning and sanitation	28,643,120	25,162,019
Conference committees and seminars	6,150,650	5,259,503
Domestic travel	103,240,282	62,090,575
Electricity	35,693,836	32,613,915
External travel costs	2,810,588	2,921,848
Food and ration	286,314,835	205,301,159
Gas and fuel	15,425,052	16,403,620
Field study trips	3,698,577	5,162,423
Hire of accomodation	25,650,746	22,948,300
Hire of transport	9,507,832	8,041,201
Hire of consultancy	3,279,275	5,744,176
ICT costs	25,070,082	26,897,548
Insurance	13,786,368	6,847,875
Intergration of the School costs	1,960,700	4,557,899
ISO Certification	431,200	3,395,795
Legal fees	1,326,068	1,581,894
Marketing	4,387,457	5,158,926
Performance contracting expenses	3,312,237	1,995,851
Printing & publishing	471,082	662,873
Provision for bad debts	18,189,939	11,059,589
Refined fuels	11,801,568	12,207,795
Research expenses	2,349,778	2,949,378
Security expenses	6,845,824	4,286,770
Stationery for participants	24,683,048	19,396,439
Stationery for staff	9,673,289	9,211,342
Students costs	252,773	3,270
Sundry	2,054,408	924,791
Telephone and fax	11,039,969	9,714,570
Training and consultancy	46,488,767	38,374,497
Water and conservancy	7,932,399	12,012,624
Hospitality expense	8,765,057	4,645,301
Audit fees	2,000,000	1,500,000
Water bottling costs	-	2,919,494
Corporate Social Responsibility	171,000	295,865
Other expenses	4,171,453	3,998,733
	850,997,605	685,480,534

KENYA SCHOOL OF GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

17 a. Property, plant & Equipment

	Land Kshs	Buildings Kshs	Work in progress Kshs	Plant & equipment Kshs	Kitchen equipment Kshs	Office equipment Kshs	Motor vehicles Kshs	Furniture & fittings Kshs	Linen & beddings Kshs	Computers & networking Kshs	Library Kshs	Total Kshs
2018												
Cost/Valuation												
At 1 July 2017	965,350,000	3,914,931,489	858,320,214	126,256,386	28,067,425	49,776,402	107,678,663	145,512,708	60,415,959	186,088,668	29,555,870	6,471,953,785
Additions	-	23,643,761	543,401,396	5,852,144	9,432,910	10,760,450	34,924,517	19,947,199	18,252,350	37,793,499	1,929,964	705,938,191
Reclassification	-	15,014,680	(15,014,680)	-	-	-	-	-	-	-	-	-
Disposals	-	(33,552,000)	-	-	-	-	(8,226,852)	-	-	(130,000)	(850)	(41,909,702)
At 30 June 2018	965,350,000	3,920,037,930	1,386,706,930	132,108,531	37,500,335	60,536,853	134,376,328	165,459,907	78,668,309	223,752,167	31,484,984	7,135,982,274
Depreciation												
At 1 July 2017	-	311,753,901	-	56,069,340	10,987,099	24,354,449	78,736,522	69,407,367	22,425,361	153,035,240	9,016,969	735,786,248
Prior year adjustment (Note 14)	-	1,430,520	-	-	-	-	-	-	-	-	-	1,430,520
Disposals	-	(2,684,160)	-	-	-	-	(4,113,426)	-	-	(120,001)	(850)	(6,918,437)
Change for the year	-	78,100,465	-	16,513,566	4,687,542	7,286,771	26,241,132	20,682,488	9,304,981	42,487,899	1,574,250	206,879,092
At 30 June 2018	-	388,600,726	-	72,582,906	15,674,641	31,641,220	100,864,228	90,089,855	31,730,342	195,403,138	10,590,369	937,177,423
Net book value												
At 30th June 2018	965,350,000	3,531,437,204	1,386,706,930	59,525,624	21,825,694	28,895,633	33,512,101	75,370,052	46,937,968	28,349,029	20,894,616	6,198,804,851
At 30th June 2017	965,350,000	3,603,177,588	858,320,214	70,187,046	17,080,207	25,421,953	28,942,141	76,105,341	37,990,598	33,053,436	20,538,901	5,736,167,426

KENYA SCHOOL OF GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

17 b. Property, plant & Equipment

2018	Land Kshs	Buildings Kshs	Work in progress Kshs	Plant & equipment Kshs	Kitchen equipment Kshs	Office equipment Kshs	Motor vehicles Kshs	Furniture & fittings Kshs	Linen & beddings Kshs	Computers & networking Kshs	Library Kshs	Softwares Kshs	Total Kshs
Cost/Valuation													
At 1 July 2018	965,350,000	3,920,037,930	1,386,706,930	132,108,531	37,500,335	60,536,853	134,376,328	165,459,907	78,668,309	223,752,167	31,484,984	-	7,135,982,274
Additions	-	66,066,518	296,139,940	9,173,988	4,174,211	9,021,421	6,752,541	69,377,722	29,138,186	23,340,419	2,641,587	8,584,728	524,411,261
Reclassification	(181,650,000)	-	-	-	-	-	-	-	-	(5,901,929)	-	5,901,929	(181,650,000)
Adjustments	-	1,110,147,182	(1,110,147,182)	-	-	-	-	-	(6,724)	(1,487,069)	-	1,907,717	413,924
Transfer from W-I-P	-	(2,672,000)	(309,000)	-	-	-	-	-	-	-	-	-	(2,981,000)
Disposals	-	5,093,579,630	572,390,688	141,282,519	41,674,546	69,558,274	141,128,869	234,837,629	107,799,771	239,703,588	34,126,571	16,394,374	7,476,176,459
At 30 June 2019	783,700,000	5,093,579,630	572,390,688	141,282,519	41,674,546	69,558,274	141,128,869	234,837,629	107,799,771	239,703,588	34,126,571	16,394,374	7,476,176,459
Depreciation													
At 1 July 2018	-	388,600,726	-	72,582,906	15,674,641	31,641,220	100,864,228	90,089,855	31,730,342	195,403,138	10,590,369	-	937,177,423
Disposals	-	(267,200)	-	-	-	-	-	-	-	-	-	-	(267,200)
Adjustments	-	103,355,538	-	17,660,316	5,209,323	8,344,965	23,460,027	29,354,703	12,781,258	(11,731,520)	1,706,331	-	(13,691,070)
Charge for the year	-	491,689,064	-	90,243,222	20,883,964	39,986,185	122,364,705	119,444,558	44,511,600	211,355,772	12,296,700	-	229,556,615
At 30 June 2019	-	491,689,064	-	90,243,222	20,883,964	39,986,185	122,364,705	119,444,558	44,511,600	211,355,772	12,296,700	-	1,152,775,768
Net book value													
At 30 June 2019	783,700,000	4,601,890,566	572,390,688	51,039,296	20,790,582	29,572,089	18,764,165	115,393,071	63,288,172	28,347,816	21,829,872	16,394,374	6,323,400,691
At 30th June 2018	965,350,000	3,531,437,204	1,386,706,930	59,525,624	21,825,694	28,895,633	33,512,101	75,370,052	46,937,968	28,349,029	20,894,616	-	6,198,804,851

KENYA SCHOOL OF GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

	2019	2018 Restated
18 Leasehold land	kshs	kshs
At 1 July	1,841,231,197	1,879,215,340
Reclassification	181,650,000	-
Prior year adjustment (Note 10)	-	(14,372,980)
Amortisation charge for the year	(25,446,011)	(23,611,163)
At 30th June	<u>1,997,435,186</u>	<u>1,841,231,197</u>
The School holds pieces of land in Lower Kabete, Kabarnet effective 1/11/1997 and Embu campuses effective 1/9/2010 all for a period of 99 years.		
19 Disposal of assets		
Demolition of customer care- Mombasa campus	309,000	-
Demolition of supplies store- Lower Kabete	2,404,800	-
Demolition of lecture rooms in Embu & Lower Kabete	-	34,981,266
Total	<u>2,713,800</u>	<u>34,981,266</u>
Demolition of building in year 2018/19 was to pave way for construction of car parks both at Mombasa Campus and Lower Kabete		
20 Investments		
Treasury bond-9 years @6% P.a-Face value Kshs. 55M	22,053,277	29,612,208
Redemption	-	(8,311,610)
Treasury bond-30 years @12% P.a-Face value Kshs.5M	4,595,158	4,595,158
Discount amortisation	906,911	752,679
Fair value as at 30th June	<u>27,555,346</u>	<u>26,648,435</u>
a. Short term	21,332,183	11,172,501
b. Long term	6,223,163	15,475,934
	<u>27,555,346</u>	<u>26,648,435</u>
21 Inventories		
Nairobi	15,654,795	17,023,235
Eldi	866,603	988,887
Baringo	2,262,218	4,503,075
Embu	2,702,992	2,992,963
Matuga	193,553	1,911,877
Mombasa	3,165,779	5,661,582
	<u>24,845,940</u>	<u>33,081,619</u>
22 Receivables		
Trade debtors	1,348,379,408	1,200,897,153
Provision for bad debts	(150,288,514)	(132,098,687)
	<u>1,198,090,894</u>	<u>1,068,798,466</u>
Staff debtors	10,429,771	6,410,779
Other receivables	160,526,399	44,182,089
	<u>1,369,047,064</u>	<u>1,119,391,333</u>

KENYA SCHOOL OF GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

		2019	2018
23 Cash and cash equivalent	Note	Kshs	Kshs
Bank	23a	737,331,366	640,284,917
Cash in hand		78,789	(2)
Petty cash		637,023	1,002,879
		<u>738,047,178</u>	<u>641,287,794</u>

Detailed analysis of the cash and cash equivalent

23a Banks

Name of the bank	Bank account No.	Currency		
KCB Corporate	1145987281	Kshs	556,844,178	487,939,090
KCB Corporate	1145987184	USD	139,492,315	118,945,783
KCB Embu	1146029837	Kshs	1,604,571	649,595
KCB Kwale	1146019173	Kshs	538,011	35,852
KCB Mombasa	1145993303	Kshs	627,990	725,440
KCB Baringo	1145978851	Kshs	892,842	524,000
KCB Nairobi	1107057957	USD	10,218	10,105
KCB Eldi	1107050251	USD	9,596	9,211
KCB Nairobi	1106972732	Kshs	99,990	1,730,180
KCB Eldi	1106676823	Kshs	99,630	99,670
NBK	01003000909500	Kshs	37,112,025	29,615,991
			<u>737,331,366</u>	<u>640,284,917</u>

23b Cash deposits

Name of bank		
Kenya Commercial bank- Mortgage lien account	40,000,000	-
Kenya Commercial bank- Car lien account	10,000,000	-
	<u>50,000,000</u>	<u>-</u>

24 Trade and other payables

Trade payables	306,365,573	288,871,739
Payments received in advance	361,533,449	293,818,699
Third party payments	50,613,201	45,796,793
Retentions	121,535,974	129,975,419
VAT payable	45,388,703	32,876,886
Service Gratuity	39,422,329	36,142,359
Audit fees	5,000,000	2,955,677
PAYE	14,572,646	10,951,741
NSSF	-	3,153,910
NHIF	1,351,581	884,332
Helb	36,030	158,274
Withholding Taxes (VAT & Income)	8,123,443	7,856,325
Staff Remittances	14,863,130	13,751,611
Other payables	33,095,492	17,494,879
	<u>1,001,901,551</u>	<u>884,688,643</u>

KENYA SCHOOL OF GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

25 Contingent liabilities

- i. Julie Nyawira Mathenge sued the Institute over Plot Nos. 11509-11514 Lower Kabete Nairobi. She was allegedly allocated the said plots which stand on the School's plot. She filed a court case HCC No. 679 of 2006 at high court. The titles were revoked through a gazette notice in November 2010 by the Minister of Lands Hon. James Orengo. The School has requested Mwaniki Gachoka & Co. Advocates to pursue the matter and ensure the titles revert back to Kenya School of Government. Hearing has been ongoing on 16th July, 2018 and 6th, 10-11th June, 2019. Next hearing date to be communicated by Court.
- ii. A section of Annex Plot No. M1/XXVI/234 for Mombasa Campus was grabbed by private developers whose case HCC MBA No. 323 of 2009 and HCC No. 94 of 2012 are still pending in court. The block was illegally and irregularly subdivided into pieces 951, 1059, 1060, 1083 and 1084 without the School's consent and allocated as follows:-
 - (a) Parcels XXVI/951 and 1059 were allocated to Messrs Mohamed Baker, Hassan Ali and Hassanali Yusufali and MECAP Company. In 2009 MECAP Company filed a case in the High Court of Mombasa i.e. HCCC No.323 of 2009 against the Attorney General and the Ministry of State for Public Service. A witness statement has since been prepared by the Legal Officer in the Ministry and presented to the State Law Office.
 - (b) Parcel XXVI/1084 was allocated to Mary Wambui and Peter Rono in June 1997 trading as Mapasro Enterprises Limited, for a term of 99 years. Later in the same year, the allottees sold the plot to Kalliste Limited. In 2012, Kalliste filed a civil suit No. 94 of 2012 at the High Court of Mombasa suing the Attorney General and Tulsi Construction. Tulsi Construction has been contracted by the School to build the Ultra-Modern Complex. The A.G. has been provided with witnesses and documents (survey plans, witness statements from the Ministry of Lands, Department of Survey and KSG Mombasa) showing that the allocation to the Plaintiff was illegal. EACC has been formally requested by KSG to apply to court to be enjoined as a Defendant for better determination of the issue of fraudulent acquisition of KSG land by the Plaintiff.
- iii. Milimani NRB HCCC no. 151 of 2016 ;Fahari Building & Civil Engineering LTD. -vs- the Hon. Attorney General. The Claimant Fahari Building & Civil Engineering Ltd was awarded the contract for construction of the conference facility at the KSG Matuga campus in 2008. Claimant raised issues of re-measurement of the works in 2010 which were dealt with to the satisfaction of the contractor and the client campus in 2011. At the handing over of the building in 2012 Claimant repeated the issue of re-measurements in the hope of a more favourable finding. Remeasurements were done by the Ministry of Public Works in 2013 which Matuga Campus rejected as they were undeserved. Plaintiff claims Kshs 12,554,980 which includes the last moiety retention totaling Kshs 3,416,552 The AG entered appearance and filed a defence. The Plaintiff is seeking resolution of the case through mediation (Mediation Reference Number 115 of 2016) and progress is being followed up by the Litigation Department State Law Office Nairobi
- iv. Nairobi ELRC Petition No. 135 Of 2016; Obuya Bagaka –Vs- Kenya School Of Government - The Petitioner who was a faculty member at KSG Nairobi filed a case challenging his interdiction and termination of service in October 2016. The claim is for salary and allowances from the date of termination of employment and damages for unfair termination. All applications by the Petitioner for temporary orders were dismissed and hearing of the main Petition was due to start.

KENYA SCHOOL OF GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

25 Contingent liabilities

- v. Chief Magistrate's Court Nakuru, Civil Case No. 306 Of 2019; Africa Commercial Motor Group –Vs- Kenya School Of Government & Trident Insurance Company Ltd. The Plaintiff, a motor vehicle repairs company based in Nakuru has filed a claim for payment of the cost of repairs to a KSG motor vehicle in 2017. The claim is for Kshs. 712,765.83 being the cost of repairs one of the School's official vehicles. The Attorney General entered appearance and is monitoring progress in the case.

Trident Insurance Company failed to settle the insurance claim filed by KSG due to its status as an almost insolvent company. The A.G. proposed that a Third Party Notice be issued whose effect would be to get orders of court ensuring that the insurance company bears responsibility for the unpaid claim.

- vi. Employment And Labour Relations Court Nakuru, Cause No. 109 Of 2018; June Chebet –Vs- Director General Kenya School Of Government & Anor. The Claimant June Chebet was a former employee of KSG Baringo Campus who alleges that she was unfairly terminated from employment. She is represented by Sabaya & Associates Advocates of Nakuru. The claim is for compensation for alleged wrongful termination of employment as well as damages. Hearing of the case was in August and the Baringo Campus HR Officer gave evidence for the defence. Ruling will be on notice.

- vii. Arbitration Between Teledata Technologies Ltd. –vs- Tulsi Construction Ltd, & KSG; Teledata Technologies Ltd is one of the sub-contractors engaged at the ongoing Ultra Modern Centre under construction at Mombasa Campus. The main contractor is Tulsi Construction Limited. Teledata commenced arbitration proceedings pursuant to the terms of its sub-contract with Tulsi Construction Ltd to claim payment of Kshs 14, 024,117.13 for delivery of construction items in 2014 and 2015 which the Main contractor has not paid for. The Arbitration proceedings commenced in April, 2018 with Colins Odipo as sole Arbitrator. After a challenge to jurisdiction in May, 2018, the Arbitrator withdrew. The sub-contractor has not yet communicated the proposals for appointment of another arbitrator or resumption of the proceedings.

Although there can be no assurances on the above litigations, the School believes, based on the information currently available, that the ultimate resolution of these legal proceedings would not likely have material effect on the results of its operations, financial position or liquidity.

**KENYA SCHOOL OF GOVERNMENT
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

XVI PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is a summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to resolve the issue	Status
1.1 Long Outstanding Receivables	Trade debtors as disclosed in Note 22 with a gross total of Kshs.1,200,897,153 as at 30 June 2018 (30 June 2017 - Kshs.1,077,224,754) includes an amounts of Kshs.831,317,060 or about 69% (2016/2017 – Kshs.673,185,954 or about 62.2%)that have been outstanding for over 120 days and receivables with a balance of Kshs.192,318,966 have not moved over the last two years. Any provision that would have been necessary over and above the Kshs.132,098,687 already provided in relation to this uncertainty, has not been incorporated in the financial statements. Further, included in the trade debtors are receivables from non – existent or defunct institutions and individuals who owed the School total amounts of Kshs.28,817,451 (2016/2017 - Kshs. 12,941,303). While the recovery of these receivables is doubtful, no efforts appears to have been made to recover or clear them. No provision has been created against these debts in the	A general provision of doubtful has been provided at 11% to all customers' accounts with debit balances including that of defunct institutions The school has put effort to collect outstanding debts through demand letters in a bid to collect The outstanding debts. The demand letters and visitation has enabled us collect substantive amounts and we still continue doing reminders.	Director	Partly resolved

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to resolve the issue	Status
1.2 Unexplained variance	<p>financial statements</p> <p>The receivables net balance of Kshs. 1,119,391,333 as reflected in note 22 of the financial statements includes unexplained and unsupported balances for trade receivables -Kshs.309,438,397, other receivables - Kshs.20,077,085 (Embu Campus), Prepayments(Opening balance, Nairobi Campus) - Kshs.1,716,000 and Advance payments - Kshs.13,491,690. It was also not explained why the opening balance of prepayments and the advance payments have remained unutilized for over one year or the reasons for non-recovery of the other receivables of Kshs.20,077,085 which has not changed since 2014.</p> <p>Included in the receivables are the balances of Kshs.2,470,120 and Kshs. 3,343,455 for UNDP and KESSULO programs respectively which were not supported by necessary documents to show what the programs were and why the School has not been able to recover them.</p> <p>Further, the receivables balance of Kshs. 1,200,897,153 as reflected in note 22 of the financial statements includes balances totaling Kshs.9,422,829 from National Government Affirmative Action Fund – Kshs.7,689,460, Women Enterprise Fund – Kshs.751,738, Uwezo Fund –</p>	<p>Other receivables of Kshs. 20,077,084 (Embu Campus) resulted from transition from District Treasury book keeping to the Kenya School of Government accrual basis of accounting. The schedule is attached for your review. A letter to District Treasury was done and follow up to clear the outstanding receivables is underway. Response from District has been received and being review and proper postings. Prepayment for Nairobi is yet to be actualised. Reconciliation of funds received in advance reflecting debit balances has been on –going</p> <p>Document indicating the nature of the program is provided.</p> <p>Circularisation of these debtors has been done.</p>	<p>Director General</p> <p>Heads of Accounts</p> <p>Heads of Accounts</p> <p>Director</p> <p>Director</p>	<p>Unresolved</p> <p>Resolved</p> <p>Partly resolved</p> <p>Resolved</p> <p>Resolved</p>

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to resolve the issue	Status
	Kshs.132,849 and State Department of Gender Affairs – Kshs.848,782 all of which have not been reflected in the respective entities financial records and therefore their recoverability is uncertain. The accuracy of the receivables balance of Kshs. 1,119,391,333 therefore could not be ascertained.			
1.3 Increase in Receivables	The Receivables increased from Kshs.994,454,167 in the financial year 2016/2017 to Kshs.1,119,391,333 in the year under review. This is an indication that the school is not aggressively following up on the debts and therefore increasing the credit and liquidity risks due to non-recovery.	The outstanding debt has increased as the business activities continue to grow. Periodical re – organization of government administrative structures has also contributed to this increase. However, the management is making efforts to recover all the outstanding debts	Director	Resolved
1.4 Staff Debtors	Contrary to the existing regulations, imprests amounting to Kshs.5,676,179 remained outstanding as at 30 June 2018. Further, officers were issued with multiple imprests amounting Kshs.1,374,641 before the previous ones had been surrendered contrary to the regulations. Also, included in the staff debtors balance of Kshs. 6,410,775 is the outstanding imprest balances amounting to Kshs.66,123 from five(5) employees who have since exited the School service without clearing the imprest. The recovery of these debts is doubtful and no provision has been made against the balance.	Staff are no longer issued with multiple imprests. Staff debtors who have left the School are yet to clear and hence chances of recovering the debts are high. Further provision for bad debts has also been provided.		Resolved
1.5 Provision for Bad Debts	Included in the administrative and general expenses balance of Kshs.684,047,536 is the provision for bad debts balance of Kshs.11,059,589 as shown in the statement of financial performance and note 17 of the statements. This balance has been overstated by Kshs.15,314. No explanation or reconciliation have been provided.	This balance relates to Matuga Campus debtors balances adjusted as a result of misposting of transactions		Resolved

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to resolve the issue	Status
	According to the notes to the financial statements the school finance policy provides for a general provision for doubtful debts of 11% of the total outstanding receivables. However according to the Financial Management Policy and Procedures Manual, 2013, the School operates a zero credit policy. The adoption of the rate of 11% has not been explained.	The adoption of 11% is normally reflected in the financial statements as a policy in the notes to the financial statements and financials are approved inclusive of the notes. Refer to note no. 5c of the financial statements for year 2018-2019		Resolved
2.1 Trade Payables	Included under Trade and Other Payables balance of Kshs.884,688,643 and Note 27 to the financial statements is the Trade payables balance of Kshs.288,871,739. Included in the trade payable balance were amounts totaling to Kshs.2,336,287.50 which were not explained what they relate to and no documents were provided to support them. Further, included in the trade payable balance were amounts related to wages and allowances totaling to Kshs.33,315,861.87 for which no explanation was provided why they were included in the trade payable balance. Consequently, the accuracy of the trade payables balance of Kshs.288,871,739 as at 30 June 2018 could not be ascertained.	The balances above relate to payments vouchers prepared but not paid as at 30th June 2018. Outstanding payables are normally settled in subsequent years and the reconciliation done to clear the accounts. The amount of wages of Kshs. 33,315,861.87 is a control account whose reconciliation is ongoing.	Accounts	Partly unresolved
2.2 Third Party Payments	Included under Trade and Other Payables balance of Kshs. 884,688,643 and Note 27 is third party payments balance of Kshs.45,796,793. Out of this amount, the management could not provide detailed breakdown of the depositors for Kshs.2,832,364.34 (2016/17- kshs.56,713,124) for audit review. As a result, the accuracy of the balance as at 30 June 2018 could not be ascertained.	Kenya School of Government normally receives payments from the Ministries, Departments, Agencies and Counties whose identities are not clear on the face of bank statements. These payments are posted in 3rd party account awaiting the client's details to transfer to correct individual customer accounts.	Accounts	Partly unresolved
2.3 Retentions	Trade and other payables balance of Kshs. 884,688,643 as at 30 June 2018 include retention balance of year 2018-2019.	Retention has since been posted in the		Resolved

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to resolve the issue	Status
	Kshs.129,975,419 as shown on note 27 of the financial statements. However, whereas Baringo campus undertook and paid for two (2) projects and withheld retention amounting to Kshs. 4,255,036, the School records did not show any retention withheld for the financial year 2017/2018 under the campus. Consequently, the accuracy of the balance could not be ascertained.			
2.4 Staff Remittances	Trade and other payables balance of Kshs. 884,688,643 as at 30 June 2018 include an amount of Kshs.13,751,611 for Staff Remittances as shown on note 27 of the financial statements. Included in the staff remittances balance are bank check-offs, SACCO check-offs and staff welfare balances of Kshs.6,506,953, Kshs.4,277,431 and Kshs.1,753,223 respectively which were not remitted as at 30 June 2018. No explanation was given for the non-remission of the deductions. Further the details of the entries making up the staff remittances balances were not provided.	All the June payroll transactions were remitted in July 2018. The balance is Accounts being reconciled.	Accounts	Partly Resolved
2.5 Withholding Taxes (VAT & Income)	Trade and other payables balance of Kshs. 884,688,643 as at 30 June 2018 include withholding taxes (VAT & Income) of Kshs.7,856,325 whose detailed analysis of the tax return certificates making up the balance was not provided for audit verification. Consequently, the accuracy of the balance cannot be ascertained.	Reconciliation is has been ongoing and most of the taxes have been filed subsequently	Accounts	Partly Resolved
2.6 Other Payables	Included in the trade and other payables balance of Kshs. 884,688,643 is Other payables balance of Kshs.17,494,879. Further, included in that balance of Other payables are the balances for salary control, salary advance recovery and National Treasury finance report training of Kshs.9,429,916, Kshs.288,710 and	Salary advance account has been reconciled. Salary control Accounts reconciliation is still ongoing. The amount of kshs. 7,200,000 received from the National Treasury relates to advance payments for scheduled	Accounts	Partly resolved

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to resolve the issue	Status
	Kshs.7,200,000 among others. No explanations were provided as to what these balances relate to or the supporting documents	activities. However, as at the close of the financial year in question, these amounts had not been utilised.		
2.7 Statutory Deductions	Included in the trade and other payables balance of Kshs.884,688,643 are the statutory deductions for PAYE, NSSF and NHIF of Kshs.10,951,741, Kshs.3,153,910 and Kshs.884,332 respectively. Out of these, Kshs.1,551,378, Kshs.2,512,674 and Kshs.810,962 for PAYE, NSSF and NHIF respectively were due before 30 June 2018 and are likely to attract penalties from the relevant authorities for non-remission.	The statutory deductions for the month of June 2018 was remitted in July 2018. The balance is being reconciled	Accounts	Partly resolved
3.1 Water and Conservancy	The statement of financial performance and Note 17 reflects a balance of Kshs.685,480,534 for administrative and general expenses. Included in these expenses is the amount of Kshs.12,012,624 for water and conservancy. However the payment vouchers and supporting documents for an amount of Kshs.4,904,463 were not availed for audit review. Further, expenditure amounting to Kshs.3,853,159 on water bottles were wrongly charged to this account instead of the water bottling costs account. No explanation was given for the wrong charge. Consequently, the accuracy of the balance of Kshs.685,480,534 for administrative and general expenses as at 30 June 2018 could not be ascertained.	Vouchers have been provided. Expenditure of Kshs. 3.853,159 was correctly classified	Heads of Accounts	Partly Resolved
4. Rent Revenue	Records held in Matuga campus showed that four (4) officers were living in the campus hostels on diverse dates in the year under review while there was no evidence that any rent was being charged or collected.	Payments have been made and recovery of rent has been effected in the payroll.		Resolved
5.0 Outstanding previous year audit issues				
5.1.1 Freehold Land	As reported in the previous years the Property, plant and equipment balance of Kshs. 6,200,235,371 reflected in	The School is still pursuing with the Ministry of Lands	Director General	Unresolved

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to resolve the issue	Status
	the statement of financial position include freehold parcels of land owned by Mombasa and Matuga campuses valued at Kshs.736,200,000 and Kshs.47,500,000 respectively whose original title deeds have, however, not been provided for audit verification. Consequently, the ownership of these properties by the school could not be confirmed.			
5.1.2 Leasehold land	The leasehold land balance of Kshs. 1,879,215,340 as reflected in the financial statements included land valued at Kshs. 1,743,260,804 located in Lower Kabete, Nairobi where six plots (L.R Nos. 11509 – 11514) had been illegally hived off and allocated. Although available information indicated that these allocations have since been revoked by a court of law, the School is yet to obtain ownership documents to the six plots even though the School has taken possession of the land.	Title deeds are still pursued with the Ministry of Lands.	Director General	Unresolved
5.1.3 Fixed Assets Register	The school does not maintain a comprehensive fixed assets register showing details such as costs, dates of acquisition, depreciation charge for the year, accumulated depreciation and net book values. It has, therefore, not been possible to verify and confirm the existence and location of property, plant and equipment with the net book value of Kshs. 5,736,167,426 as reflected in the financial statements for the year under review	After Operationalization of Kenya School of Government Act, 2012, the School engaged a professional valuer in 2013 to identify and value all assets existing in the newly established School of Government. The valuation report developed by the consultant has since been used by the School as the baseline and treated as asset register. The School is however, intending to carry out revaluation of assets as it migrates the system to the newly acquired ERP	Director Finance	Unresolved
5.1.4 Work-in-Progress	The property plant & equipment balance of Kshs. 5,736,167,426 as at 30 June 2017 included an amount of Kshs. 858,320,214 in respect of capital work in progress			

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to resolve the issue	Status
	<p>as disclosed in Note 21b to the financial statements. The amount of capital work in progress includes a balance of Kshs. 434,899,817 brought forward from the previous years in respect of several capital projects. The following anomalies had been noted with regard to these capital projects:</p> <p>(i) Customer care building in Mombasa has a cost of Kshs. 309,000 attached to it and has remained as work in progress for over four years and at the same value. Documentation to support this balance or the reason for non-completion and/ or transfer to the respective class of assets had not been provided.</p> <p>(ii) Baringo Campus has three projects works in progress totaling to Kshs.26,148,334 all of which have not moved for the last four years. No project details in form of contracts and progress status had been provided for audit verification. In addition, no explanation has been provided for audit verification. In addition, no explanation has been given for non-completion of the projects.</p> <p>(iii) Embu Campus has a brought forward figure of Kshs. 222,790,366 that has remained the same for over four years and no explanation had also been given for non-completion. Further, no project details in form of contracts and progress status have been provided for audit verification.</p>	<p>This building has been demolished to pave way for car park and amount written off in the income statement. Ref note no. 17b and 19 of financial statements for year 2018-2019</p> <p>Work in progress for Guest house and water bottling plant has been transferred to completed projects and prior year adjustments made in the financial statements for the year 2018/2019. Refer to note no.10. The Deputy Director's house is still incomplete hence remains as work in progress.</p> <p>The Embu administration block was completed in the year 2018-2019 and amount transferred to work in progress. Refer to note no. 17b of the financial statements for year 2018-2019</p>		Resolved
5.2 Receivables from Exchange & Non-Exchange transactions- staff debtors	The staff debtors of Kshs.3,619,921 as disclosed in Note 25 to the financial statements included outstanding imprests amounting to Kshs.571,304 owed by officers who have since left the service of the School. The	A general provision of 11% for staff debtors was made during the year. The officers who have left have not cleared with the School and hence the		Resolved

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to resolve the issue	Status
	recovery of these debts is doubtful and no provision has been made against the balance. Under the circumstances, the receivables from exchange and non-exchange transactions balance of Kshs. 994,454,167 as at 30 June 2017 is not fairly stated	debts are not doubtful since they are expected to refund before they are cleared.		
5.3.1 VAT Payable	Trade and other payables balance of Kshs. 753,613,168 as at 30 June 2017 included an amount of Kshs.47,102,212 for the VAT payable as disclosed in Note 27 to the financial statements. However, an amount of Kshs. 7,707,829 only was supported by VAT returns as at 30 June 2017 resulting in an unexplained variance of Kshs. 39,394,383. Under the circumstances, the accuracy of the VAT payable balance could not be confirmed.	Reconciliation of unpaid VAT is being done to enable the School make payments for any unpaid tax to KRA	Heads of Accounts	unresolved
5.3.2 Other Payables	Included under other payables balance of Kshs. 33,754,351 as at 30 June 2017 are statutory deductions for PAYE, NSSF and NHIF. However, no relevant supporting information and breakdown of were provided in respect of the deductions and in relation to specific periods. In addition, the other payables balance of Kshs. 33,754,351 as at 30 June 2017 is net of balances totaling Kshs. 7,520,376 whose origin or composition had not been adequately explained. Further, the other payables balance of Kshs. 33,754,351 as at 30 June 2017 include withholding VAT of Kshs. 11,888,069 whose composition or detailed analysis of the VAT retention certificates was not provided for audit verification	Reconciliation has been ongoing and it is expected to be finalised in the year 2019-2020	Heads of Accounts	
5.4 Motor Vehicle Insurance Compensation	A School motor vehicle worth Kshs.8,226,852 was involved in accident on 3 September 2017 and as result it was written off. As at the time of the internal audit review on 24 November 2017, the school was yet to be	The School received a discharge voucher from the Insurance accepting to settle in full the claim in respect of the motor vehicle to the sum of Ksh,	Director General	Partly resolved

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to resolve the issue	Status
	<p>compensated by the insurer yet the vehicle was fully insured.</p> <p>Under the circumstances the School has lost the motor vehicle and the premiums paid on its insurance leading understated property, plant and equipment</p>	8,000,000.00. This amount has been accrued as receivable and amount has been net off against the outstanding premium payable by the School to the Company		
OTHER MATTERS				
1. Unbudgeted Expenditure	Under Note 17, Administrative expenses, expenditure on water bottling costs of Kshs. 2,919,494 was incurred by Baringo campus. However, the submitted approved budget did not include an estimate for these costs. Further, the payment vouchers to account for the expenditure were not availed for audit review. In the absence of an approved budget estimate, vouchers and supporting documents, it was not possible to confirm the regularity of the expenditure of Kshs. 2,919,494	Water bottling costs are now budgeted separately and net of costs posted in note no. 12 of the financial statements.		
2. Employee costs	Analysis of the payroll showed that in six hundred and sixty-six (666) instances the School paid employees their net pays below a third of their basic pay contrary to the Public Service Commission Human Resource Policies and Procedures Manual, 2016.	Staff have since cleared their outstanding loans and hence their pays is within one third as per KSG HR terms and conditions of service.	Human Manager	Resolved
3. Casual wages	During the year under review the School paid casual wages amounting to Kshs.102,266,608. However, it was observed that contrary to the School terms and conditions of service, the casuals were engaged for more than 90 days continuously. Further, no evidence was availed to show that the Director General reported on the casual employment to the Council as required by the KSG Act.	Casuals are employed on a 3 months contract and renewed where necessary. Recruitment of casuals is reported on a quarterly basis when reporting on performance of the School.	Director General	Resolved
4. Capital Projects	The second phase of the contract for the completion of the Deputy Director's residence, Baringo Campus was	The project is undergoing an appraisal		

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to designated to resolve the issue	Status
	<p>awarded at a contract sum of Kshs.4,400,000 and with a commencement date of 5th February 2015. Site inspection showed that the contractor appears to have abandoned the site. Although no payment has been made in the year under review, a request for payment of</p> <p>Due to fundamental breach of contract by the contractor, the contract for the Extension of VIP Guest Wing, Matuga Campus, worth Kshs. 4,871,370 was terminated by the client on 21 January, 2019 based on conditions of the contract agreement. A site visit established that the work was incomplete and the contractor had abandoned the site. Records held by the campus indicate that the contractor had requested for payment of Kshs.3,029,630 (or 62% of the contract sum) on 12 December 2018. However, no evidence of work done during the year was availed for audit.</p> <p>Further, minutes of the site visit meeting held on 24 April 2018 indicated the works physically done was at 36% and yet another site visit meeting held on 6 June 2018, indicated the status of work done was at 60%. While it appears that there was no work being carried out between the two site meetings, it was not explained how the status of the physical work done moved from 36% to 60%.</p>	<p>The contract was terminated by the School.</p>		

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to resolve the issue	Status
5. Financial Performance	The School's financial performance deteriorated during the year from a surplus of Kshs.190,428,903 in 2016/2017 to a loss of Kshs.36,709,852 in 2017/2018 and its accumulated surplus showed a downward trend from Kshs.2,069,834,513 in 2016/17 to Kshs.2,033,124,661 in 2017/18. The management has not indicated what measures are being taken to address the issue.	Deficit in surplus for the financial year was mainly caused by loss on demolitions at both Embu and Lower Kabete Campuses as reported in the financial statements. However, management took measures of ensuring that financial performance improved during the financial year 2018/19		
Report on Internal Controls Effectiveness, Governance and Risk Management Systems				
1. Allowances	A staff deployed from one office with effect from 7th September 2015 continued to enjoy extraneous allowance entitled to the former office even after deployment for a period of two (2) years up to August 2017. An officer was overpaid on house allowance for ten (10) months totaling to Kshs.40,000, without evidence of approval of the variance. No explanation was provided and no recoveries had been made			
2. Receivables	The School, in Mombasa campus, had debts amounting to Kshs.783,528 advanced to self-sponsored participants and thus posing a higher risk of default. Further, four (4) employees exited the School service without clearing	Out of Kshs. 783,528 of self sponsored participants who had not paid their fees, Kshs. 115,368 has been received as at 30th June 2019. Certificates have been held for participants who have not paid their	Director Campus	Partly resolved

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to resolve the issue	Status
3. Housing and Rent	Four (4) members of staff who had left the School service were noted to be still occupying staff houses and even had their rent in arrears amounting to Kshs.503,736 as at 30th September 2017. Further, seven (7) non-staffmembers renting School shops and houses had rent in arrears amounting to Kshs.427,541 as at 30th September 2017.	Out of Ksh. 503,736 rent arrears from those who had left, Kshs. 144,658 was paid out. The non staff tenants who had arrears of Kshs. 427,541, Kshs. 35,000 was paid out. Demand letters have been issued out.	Director Finance	Partly resolved
4. Statutory Deductions	Baringo Campus did not withhold the 3% income tax of Ksh.16, 980 on project and thus resulting in overpayment to the contractor. Further, in five (5) instances the campus paid gross amount to suppliers on vatable items without withholding the 6% VAT amounting to Kshs. 36,368.	We have since introduced controls to ensure that it does not recur We have since introduced controls to ensure that it does not recur	Director Finance Director Finance	Resolved Resolved

Prof. Gituro Wainaina PhD.
CHAIRPERSON

Date

Ludeki Chweya, CBS,PhD.,
CEO/ DIRECTOR GENERAL

Date

KENYA SCHOOL OF GOVERNMENT

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XVII Status of Projects completion

	Project	Total project cost Kshs.	Total expended to date Kshs.	Completi on % to date	Budget Kshs.	Actual Kshs	Sources of funds
1	Embu Administration block	383,771,745	383,771,745	100%	383,771,745	383,771,745	G.O.K
2	Ultra modern complex- Mombasa	830,210,663	453,970,744	55%	400,000,000	453,970,744	G.O.K
3	Construction of the Auditorium- Nairobi	689,429,949	689,429,949	100%	689,429,949	689,429,949	Revenue
4	Construction of tuition block- Matuga	443,250,000	30,902,739	7%	30,902,739	30,902,739	G.O.K
5	Construction of tuition block- Baringo	433,250,000	49,000,000	11%	49,000,000	49,000,000	G.O.K
6	Construction of convention centre- Embu	572,663,000	47,000,000	8%	47,000,000	47,000,000	G.O.K
		3,352,575,357	1,654,075,177		1,600,104,433	1,654,075,177	

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XVIII INTER-ENTITY TRANSFERS

TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Break down of Transfers from the State Department of Public Service Youth & Gender Affairs			
FY 18/19			
a. Recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
	9/5/2018	80,843,332	2018-2019
	1/8/2019	80,843,331	2018-2019
	4/15/2019	96,203,565	2018-2019
	5/14/2019	59,015,634	2018-2019
	Total	316,905,862	
b. Development Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
	2/18/2019	257,136,370	2018-2019
	2/27/2019	136,717,500	2018-2019
	Total	393,853,870	
c. Direct Payments			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
NONE	-	-	
		-	
		-	
	Total	-	
d. Donor Receipts			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
European Union	3/19/2019	46,382,000	
	Total	46,382,000	

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XIX RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Recurrent/D evelopment/ Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others
Ministry of State for Public Service Youth & Gender Affairs	2018-2019	Recurrent	316,905,862	316,905,862	-	-	-	-
Ministry of State for Public Service Youth & Gender Affairs	2018-2019	Development	528,772,739	-	-	528,772,739	134,918,869	-
Total			845,678,601	316,905,862	-	528,772,739	134,918,869	-
								845,678,601.00

