

Issues that require to be addressed.

FINANCIAL STATEMENTS.

IPSAS 1-Presentation of financial statements section 27 on fair presentation and compliance with IPSASs states that financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognitions criteria for assets, liabilities, revenue, and expenses set out in IPSASs, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.

Comments

The notes to the financial statements were not properly organised: for instance, on page 24, Note 7 is segment reporting then the Note thereafter is Note 3 Recurrent Grants.

Risk

The presentation of financial statements may not be in line with the guiding principles prescribed by international Public-Sector Accounting Standard Board (IPSAB).

Grouping of Expenses

IPSAS 1-Presentation of financial statements section 113 classifies expenses according to the program or purpose for which they were made. This method can provide more relevant information to users than the classification of expenses by nature.

Comments

It was noted that the expenses relating to staff were classified as general expenses instead of staff costs. The membership professional subscriptions (Ksh. 1,319,627), Club membership (Ksh. 68,000), training expenses (Ksh. 5,679,490), Staff medical insurance (Ksh. 18,792,591), Pension administration (Ksh. 63,847) are all staff cost but were classified as general expenses.

Risk

The expenses reflected in the Financial Statements may not be organised as per the requirements of the International Public-Sector Accounting Standards.

Disposal of Motor vehicle KBZ 010D Nissan Patrol

Public Procurement and Assets Disposal Act 2015 Section 164 (3) There shall be a technical report where appropriate by an appropriate expert of the subject items for disposal that takes into account the real market price and in so doing the technical expert shall set up a reserve price which shall be the minimum acceptable price below real market value of the boarded items.

Comment

Human Resources and Administration Manager, via a memo dated 8 November 2016, to Chief Executive Officer recommended the commencement for the disposal of the vehicle. The AA of Kenya did a comprehensive vehicle inspection report and reported that the value of the vehicle as of 21.2.2017 was Ksh. 3,620,000

- I. The contract of auctioneering was awarded to Leakey's Auctioneer. No reserve price was given to the auctioneer despite a request by the Auctioneer vide a letter dated 5 April 2017
- II. The best bidder for the vehicle in the auction was Kshs. 700,000. The vehicle was sold to Mr. Richard Njoroge at a cost of Kshs. 700,000.
- III. The ministry of Transport -Chief Mechanical and Transport Engineer was not involved in the assessment.

Risk

The Agency did not give the reserve price as required by Public Procurement and Asset Disposal Act 2015. The vehicle was sold at a price far much below the value as per the Valuation Report carried by AA of Kenya hence no value for money.

GRATUITY

Gratuity is paid at the end of the contract period. The gratuity payee can only access the funds at the end the contract period. The Agency's Chief Executive Officer, in the letter of appointment is entitled to a one-off gratuity payment at 31% of annual basic pay.

Observation

It was noted from the records that an amount of Kshs. 107,450 per month was being remitted to the pension scheme on behalf of the Chief Executive Officer. This in actual sense is paying gratuity before the expiry of the contract period and is irregular.