



KEY HIGHLIGHTS FOR FY 2014/15 – TECHNICAL ASSISTANCE

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The background of the slide features three bright, cylindrical spotlights hanging from a horizontal metal bar. The spotlights are illuminated, casting a warm glow. The background is dark, making the lights stand out prominently.

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20 June 2016

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Overview of Technical Assistance

Summary of work done

- Provided technical assistance on the preparation and consolidation of financial statements for FY 2014/2015.
- Reviewed the availed FS for compliance with the relevant reporting framework.
- Identified gaps in the FS and assisted in resolving some of the issues.

Summary of work done

- Consolidated financial statements for 340 State Corporations, SAGAs and Funds as at 30 June 2015.
- Interactive workshop with the SC, SAGAs and Funds accounting personnel to establish key learning points and challenges.
- Training and capacity building of finance personnel from State Corporations and SAGAs.

Key Observations

Key Observations

1. Continued improvement in Financial Reporting for SC and SAGAS

- Financial Statements that are in compliance with the Gazetted reporting frameworks
- Continued better Presentation and Disclosures in the financial statements.
- Similar SC & SAGAS in are able to compare performance based on the standardized reporting frameworks, eg Universities, Water companies etc
- Expected reduction on qualifications by the OAG.



Key Observations

1. Continued improvement in Financial Reporting for SC and SAGAS (continued)

- Most of the entities submitted their financial statements on time and responded to technical issues raised by the National Treasury.
- Reduced level of errors and obvious omission in the financial statements compared with the prescribed formats.

Key Observations

1. Continued improvement in Financial Reporting for SC and SAGAS (continued)

- Improved consistency in preparation and reporting of financial information.
- Improved accountability and ease of the audits of public institutions. This may translate into timely audit reports, better information to donors and countries providing external assistance, better quality and credibility of financial reports.
- More disclosure on corporate governance procedures.

Key Observations

2. Further improvement of the list of State and County Corporation Entities

Description	Number
Total entities for FY 2013/14	356
Merged entities into AFFA and KALRO	(14)
Other Consolidated entities	(2)
Additional entities in FY 2014/15	11
Total entities for FY 2014/2015	351
Entities not consolidated	(11)
Total Entities Consolidated FY 2014/2015	340

- Improved combined Financial Statements for entities where the GOK have more than 50% stake.
- *No eliminations of other interests not owned by the Government as well as inter-entity transactions and balances.*

Areas requiring further improvement

Areas for further improvement

1. Submission of reports in good time

- Some entities did not report within the 30 September statutory deadline and were therefore not amalganated in the GOE FS.

2. Financial Statements Changes

- Proposed technical assistance not taken up in the good time.



Areas for further improvement

3. Entities responsibility on FS preparation

- Misconception by some entities that the consultant's role was to prepare the financial statements on behalf of the entities whereas our role was to provide technical assistance.



Areas for further improvement

4. Non – Cooperative/responsive Entities

- Some entities were none responsive.



Specific Issues for further discussion

Areas for further discussion

1. Accounting for Government Grants and donated assets

- There are inconsistencies in accounting for government grants among the entities that are received for development purposes from the GOK and development partners.



Areas for further discussion

2. Budget vs Actual statement

- Entities reporting under the IPSAS framework are required to prepare a statement of budget and actual comparison. Most of the variances between the actual and budget were not explained in the financial statements.



Areas for further discussion

3. Ownership of land

- Some entities have recorded land where ownership cannot be ascertained since they don't have titles and court cases have been undergoing for years.

4. Assets revaluation

- Most of the entities have adopted revaluation model for accounting of Property, Plant and Equipment. However, the valuation is not up to date.

Areas for further discussion

5. Accounting for students fees and library books

- Inconsistence in accounting for students and library books. Some capitalizing them while others expensing the books.



Areas for further discussion

6. Taxation

- A number of entities hold a presumption that their income is non-taxable by virtue of being public bodies.

(Unless an entity has been formally exempted under the Income Tax Act or by the Kenya Revenue Authority its liable to corporate tax among other applicable taxes and Taxation should be provided for in the financial statements).



Areas for further discussion

7. Transfers from MDA/Inter-Entity Transfers

- Some recorded Transfers/Receipts from MDAs were not agreeing to the MDAs records and different entities recognized them differently in the financial statements. – Some under Income Statement, and some under the Statement of Changes In Net Assets/Equity.

Areas for further discussion

8. Other key financial disclosures and omissions in the financial statements

- Notes not casting and agreeing to where they are referenced in the financial statements
- Financial risk management disclosures
- Related parties disclosures
- Significant sources of estimates, judgements and uncertainty in preparing the financial statements.

Areas for further discussion

8. Other key financial disclosures and omissions in the financial statements

- Lack of key relevant accounting policies
- Material amounts in the financial statements not having notes
- Statement of Financial Position not balancing.

Q&A



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