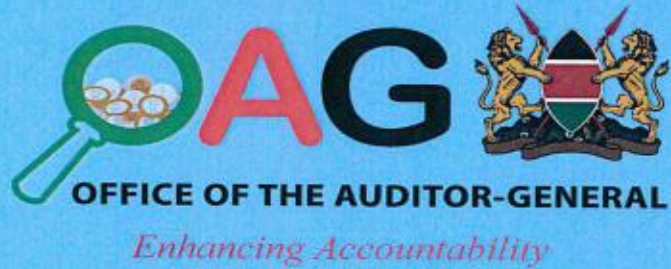


REPUBLIC OF KENYA



**REPORT**

THE NATIONAL ASSEMBLY PARLIAMENT	
DATE:	22 FEB 2023
TABLED BY:	HON OWEN BAYA, MP
CLERK-AT THE TABLE:	DEPUTY LEADER OF MAJORITY
	CHRISTINE NDIRITU

**OF**

**THE AUDITOR-GENERAL**

**ON**

**REVENUE STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

**MINISTRY OF DEFENCE**





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**RECEIVER OF REVENUE  
MINISTRY OF DEFENCE**

**REVENUE STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>th</sup> JUNE 2022**

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MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

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MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

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Table of Contents	Page
I. KEY ENTITY INFORMATION AND MANAGEMENT .....	iv
II. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES .....	vi
III. REPORT OF THE INDEPENDENT AUDITORS ON THE MINISTRY OF DEFENCE RECEIVER OF REVENUE .....	vii
IV. STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2022 .....	1
V. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 <sup>TH</sup> JUNE 2022 .....	2
VI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30 <sup>TH</sup> JUNE 2022 .....	3
VII. STATEMENT OF ARREARS OF REVENUE AS AT 30 <sup>TH</sup> JUNE 2022 .....	5
VIII. SIGNIFICANT ACCOUNTING POLICIES .....	6
IX. NOTES TO THE FINANCIAL STATEMENTS .....	8





**MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Kenya Defence Forces is under the Ministry of Defence at cabinet level, the Ministry is represented by the Cabinet Secretary for Defence who is responsible for the general policy and strategic direction of the Ministry. The Ministry was designated as a receiver on 26<sup>th</sup> July 2018 by the Cabinet Secretary, National Treasury in accordance with section 75 of the PFM Act.

**(b) Principal activities**

The receiver of revenue collects revenue from UN grants, Rent of government buildings and Housing, sale of goods and fees for services, sale of tender documents fines penalties forfeitures and other receipts not classified elsewhere. Revenue collected is remitted to the National Treasury

**(c) Key Management**

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

- Cabinet Secretary; Hon. Eugene Ludovic Wamalwa, EGH
- Receiver of Revenue; Ibrahim M Mohamed, CBS.
- Senior Management;

No.	Designation	Name	Period served
1.	Cabinet Secretary	Amb Dr Monica K. Juma CBS	1 <sup>st</sup> July 2021-10 <sup>th</sup> Sep 2021
2.	Cabinet Secretary	Hon. Eugene L. Wamalwa, EGH	11 <sup>th</sup> Sep 2021-30 <sup>th</sup> Jun 2022
3.	Principal Secretary and Accounting Officer	Dr. Ibrahim M. Mohamed, CBS	1 <sup>st</sup> July 2021-30 <sup>th</sup> Jun 2022
4.	The Chief of the Defence Forces	Gen.Robert K. Kibochi, MGH, CBS, 'ndc'(K),'PSC'(UK)	1 <sup>st</sup> July 2021-30 <sup>th</sup> Jun 2022
5.	Commander Kenya Army	Lt. Gen. Walter K. Raria CBS, OGW 'ndc' (K) 'PSC' (TZ)	1 <sup>st</sup> July 2021-30 <sup>th</sup> Jun 2022
6.	Commander Kenya Air Force	Maj. Gen. F O Ogolla MBS, HSC, 'ndc' (K) 'PSC' (FRA)	1 <sup>st</sup> July 2021-30 <sup>th</sup> Jun 2022
7.	Commander Kenya Navy	Maj. Gen. Jimson Long'iro Mutai MBS 'ndc' (K) 'PSC' (K)	1 <sup>st</sup> July 2021-30 <sup>th</sup> Jun 2022



**MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

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**(d) Ministry Headquarters**

P.O. Box 40668-00100  
Ulinzi House  
Lenana Road.  
Nairobi, KENYA

**(e) Ministry Contacts**

Telephone: (254) 020-2721100  
E-mail: [ps@mod.go.ke](mailto:ps@mod.go.ke)  
Website: [www.mod.go.ke](http://www.mod.go.ke)

**(f) Independent Auditors**

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

**(g) Principal Legal Adviser**

Attorney General  
P. O. Box 40112-00100 Nairobi.  
Telephone: (254) 2227461/ 2251355  
E-mail: [communications@ag.go.ke](mailto:communications@ag.go.ke)  
Website: [www.go.ke](http://www.go.ke)

**(h) Bankers**

Central Bank Of Kenya  
P. O. Box 60000-00200 Nairobi.  
Telephone: (254) 202860000  
E-mail: [comms@centralbank.go.ke](mailto:comms@centralbank.go.ke)  
Website: [www.centralbank.go.ke](http://www.centralbank.go.ke)



**MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

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**II. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES**

Section 82 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue shall prepare an account of the revenue received and collected by that receiver during that financial year.

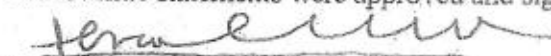
The Principal Secretary in charge of the Ministry of Defence is responsible for the preparation and presentation of the Ministry revenue account, which gives a true and fair view of the state of affairs of the Ministry for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Ministry (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Principal Secretary in charge of the Ministry of Defence accepts responsibility for the Ministry revenue accounts, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that the Ministry revenue account gives a true and fair view of the state of Ministry of Defence transactions during the financial year ended June 30, 2022, and of the Ministry's financial position as at that date. The Principal Secretary in charge of the Ministry of Defence further confirms the completeness of the accounting records maintained for the Ministry, which have been relied upon in the preparation of the Ministry account as well as the adequacy of the systems of internal financial control.

The Principal Secretary in charge of the Ministry of Defence confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Principal Secretary confirms that the Ministry revenue accounts have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the Revenue Statements**

The revenue statements were approved and signed on 11.08.2022 by:



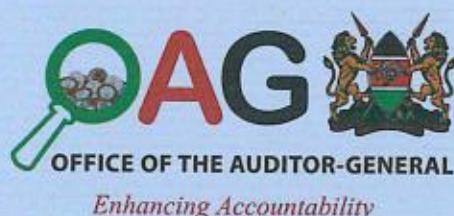
.....  
Ibrahim M. Mohamed, CBS  
Principal Secretary





# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022 - MINISTRY OF DEFENCE

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Revenue Statements that considers whether the revenue statements are fairly presented in accordance with the applicable revenue reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the revenue statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE REVENUE STATEMENTS

#### Opinion

I have audited the accompanying revenue statements of the Ministry of Defence set out on pages 1 to 13, which comprise of statement of financial assets and liabilities as at 30 June, 2022, and statement of receipts and disbursements, statement of comparison of budget and actual amounts, statement of arrears of revenue for the year then ended



and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the revenue statements present fairly, in all material respects, the financial position and arrears of revenue as at 30 June, 2022, and the revenue performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ministry of Defence 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 revenue statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, 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.

### **Basis for Conclusion**

#### **Irregular Transfer of Revenue**

The statement of receipts and disbursements reflects total tax receipts of Kshs.4,417,951,213 and disbursements of Kshs.496,791,300 and Kshs.3,921,159,913 to MOD Escrow Account and Exchequer Account, respectively for the year ended 30 June, 2022. However, the disbursement of Kshs.496,791,300 to the Escrow Account is contrary to the provisions of Article 206(1) of the Constitution of Kenya, 2010 which established a Consolidated Fund, "into which shall be paid all money raised or received by or on behalf of the National Government, except when reasonably excluded from the Fund by an Act of Parliament and payable into another public fund established for a specific purpose; or under an Act of Parliament, retained by the State organ that received it for the purpose of defraying the expenses of the State organ".



Although Management provided authorization from the National Treasury for opening and operating the escrow account at the Central Bank of Kenya, there was no enabling legislation to support the transfer of revenue into an account other than the Consolidated Fund Account.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, revenue transactions and information reflected in the revenue 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 has come to my attention to cause me to believe that internal controls, risk management and 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 overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Management is responsible for the preparation and fair presentation of these revenue statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of revenue statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

Management is also responsible for the submission of the revenue 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 revenue statements described above, Management is also responsible for ensuring that the activities, revenue transactions and information reflected in the revenue statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

In addition to the audit of the revenue statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, revenue transactions and information reflected in the revenue 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 revenue statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 controls would not necessarily disclose all matters in the internal controls 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 revenue 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 controls 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 revenue 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability 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 revenue 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 Ministry to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the revenue statements, including the disclosures and whether the revenue statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the revenue information and business activities of the Ministry to express an opinion on the revenue 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 controls 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.

  
**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**29 November, 2022**



**MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

**IV. STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>NON -TAX RECEIPTS</b>			
Rent of Government Buildings	1	496,791,300	481,922,272
Sale of Goods and Services	2	143,287,853	115,643,354
Fines, Penalties and Forfeitures	3	34,657,019	27,101,734
Other receipts	4	140,510,864	238,301,910
Proceeds from foreign grants	5	3,602,704,177	3,206,845,620
<b>TOTAL NON -TAX RECEIPTS</b>		<b>4,417,951,213</b>	<b>4,069,814,890</b>
<b>TOTAL RECEIPTS</b>		<b>4,417,951,213</b>	<b>4,069,814,890</b>
<b>TRANSFER TO MOD ESCROW ACCOUNT</b>		<b>(496,791,300)</b>	<b>NIL</b>
<b>DISBURSEMENTS TO EXCHEQUER ACCOUNT</b>		<b>(3,921,159,913)</b>	<b>(4,069,814,890)</b>
<b>BALANCE DUE FOR DISBURSEMENT</b>		<b>NIL</b>	<b>NIL</b>

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 11.06.2022 and signed by:



**Ibrahim M. Mohamed, CBS**  
Principal Secretary  
(Ref: PFM ACT section 82,2(a))



**Electina W. Wanyonyi**  
Head of Accounting Unit  
ICPAK NO: 3674.

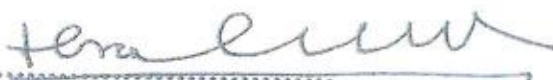


MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

V. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30<sup>TH</sup> JUNE 2022

	Note	2021-2022 Kshs	2020-2021 Kshs
<b>Financial Assets</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	6	0	0
<b>Total Financial Assets</b>		0	0
<b>Total Financial Assets</b>		0	0
<b>Financial Liabilities</b>			
Payables-Due to Exchequer	7	0	0
<b>Total Financial Liabilities</b>		0	0

The revenue statements were approved on 11.06.2022 2022, and signed by:



Ibrahim M. Mohamed, CBS  
Principal Secretary  
(Ref: PFM ACT section 82,2(a))



Electina W. Wanyonyi  
Head of Accounting Unit  
ICPAK NO: 3674.






MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

VI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30<sup>TH</sup> JUNE 2022

	Original Estimates Kshs	Adjustments Kshs	Final Estimates Kshs	Actual Kshs	% Realized
<b>NON -TAX RECEIPTS</b>					
Rent of Government Buildings and Housing	398,247,593	-	398,247,593	496,791,300	124.74%
Sale of Goods and Services	14,537,263	-	14,537,263	143,237,853	985%
Sale of Tender Documents	5,843,371		5,843,371	50,000	0.86%
Fines, Penalties and Forfeitures	20,310,448	-	20,310,448	34,657,019	171%
Other receipts	496,200,109	-	496,200,109	140,510,864	28%
Proceeds from foreign grants	2,500,000,000	-	2,500,000,000	3,602,704,177	144%
<b>TOTAL NON -TAX RECEIPTS</b>	<b>3,435,138,784</b>	<b>-</b>	<b>3,435,138,784</b>	<b>4,417,951,213</b>	
<b>TOTAL RECEIPTS</b>	<b>3,435,138,784</b>	<b>-</b>	<b>3,435,138,784</b>	<b>4,417,951,213</b>	<b>128%</b>

The revenue statements were approved on 11<sup>th</sup> of 2022, and signed by:

  
Ibrahim M. Mohamed, CBS  
Principal Secretary  
(Ref: PFM ACT section 82,2(a))

  
Electina W. Wanyonyi  
Head of Accounting Unit  
ICPAK NO: 3674.

Budget Notes:



MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

Budget Notes:

Provide explanations to Significant variances.

REVENUE	EXPLANATION
Rent of Government Buildings and Housing	The revenue increased due enlisting of new personnel and promotions of the existing officers.
Sale of Goods and Services	The revenue increased due to Increase in admission in military institutions hence significant increase in tuition fee.
Sale of Tender Documents	Direct procurement and Restricted tendering due to security issues, covid 19 and International Tenders hence reducing the number of firms invited.
Fines, Penalties and Forfeitures	Increase in the number of personnel.
Proceeds from foreign grants	Mission support and rate of foreign exchange.



**REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

**VII. STATEMENT OF ARREARS OF REVENUE AS AT 30<sup>TH</sup> JUNE 2022**

Classification of Receipts	Balance as at 1 <sup>st</sup> July 2021	Arrears received during the year	Additions in arrears for the current year to 30 <sup>th</sup> June 2022	Total arrears as at 30 <sup>th</sup> June 2022	Measures taken to recover the arrears	Assessment to the recoverability of arrears
	Kshs	Kshs	Kshs	Kshs		
<b>Non- Tax Receipts</b>	0	0	0	0		
Fees on Use of Goods and services	0	0	0	0		
Social security contributions	0	0	0	0		
Property Income	0	0	0	0		
Fines, penalties, and Forfeitures	0	0	0	0		
Receipts from sale of non -financial assets	0	0	0	0		
<b>Total arrears</b>	0	0	0	0		

The revenue statements were approved on  
10.08.2022, and signed by:



**Ibrahim M. Mohamed, CBS**  
 Principal Secretary  
 (Ref: PFM ACT section 82.2(a))



**Electina W. Wanyonyi**  
 Head of Accounting Unit  
 ICPAK NO: 3674.





**VIII. SIGNIFICANT ACCOUNTING POLICIES**

The key accounting policies adopted in the preparation of these revenue statements are set out below:

**1. Statement of Compliance and Basis of Preparation**

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Ministry of Defence. The accounting policies adopted have been consistently applied to all the years presented.

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

**2. Recognition of Receipts**

The Ministry of Defence recognises all receipts from the various sources when the related cash has been received by the Ministry of Defence.

**3. Budget**

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





**MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

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**4. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya.

**5. Revenue in Arrears**

This relates to revenue earned and is yet to be received or collected by the receiver of revenue. These arrears are disclosed under the statement of arrears as required under the PFM Act, 2012 which is a memorandum statement.

**6. Disbursements to the Exchequer**

The Receiver of Revenue has a (daily, weekly, monthly) arrangement for sweeping of funds from its bank account to the Exchequer account. Total disbursements to the exchequer are as a result of the sweeping arrangement during the year.

**7. Comparative Figures**

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

**8. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30,2022



MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

IX. NOTES TO THE FINANCIAL STATEMENTS

1. RENT OF GOVERNMENT BUILDINGS AND HOUSING

Description	2021-2022	2020-2021
	Kshs	Kshs
Rent of Government Buildings and Housing	496,791,300	481,922,272
<b>Total Revenue</b>	<b>496,791,300</b>	<b>481,922,272</b>
Balance brought forward	0	0
Transfers to the Exchequer account	0	(481,922,272)
Transfer to the Escrow Account-MOD housing project	(496,791,300)	NIL
<b>Balance carried forward</b>	<b>0</b>	<b>0</b>



MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

2. SALE OF GOODS AND SERVICES

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of goods and fees for services	143,237,853	115,643,354
Sale of Tender Documents	50,000	0
<b>Total Revenue</b>	<b>143,287,853</b>	<b>115,643,354</b>
<b>Balance brought forward</b>	<b>0</b>	<b>0</b>
Transfers to the Exchequer account	(143,287,853)	(115,643,354)
<b>Balance carried forward</b>	<b>0</b>	<b>0</b>





MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

3. FINES, PENALTIES AND FORFEITURES

Description	2021-2022	2020-2021
	Kshs	Kshs
Other Fines, Penalties Forfeitures, and other Charges	34,657,019	27,101,734
Total Income	34,657,019	27,101,734
Balance brought forward	0	0
Transfers to the Exchequer account	(34,657,019)	(27,101,734)
Balance carried forward	0	0



MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

4. OTHER RECEIPTS NOT CLASSIFIED ELSEWHERE

Description	2021-2022	2020-2021
	Kshs	Kshs
Sundry Revenue	140,510,864	238,301,910
<b>Total Revenue</b>	<b>140,510,864</b>	<b>238,301,910</b>
Balance brought forward	0	0
Transfers to the Exchequer account	(140,510,864)	(238,301,910)
Balance carried forward	0	0





MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

5. PROCEEDS FROM FOREIGN GRANTS

Description	2021-2022	2020-2021
	Kshs	Kshs
Program Grants AMISOM	3,602,704,177	3,206,845,620
Total proceeds from grants	3,602,704,177	3,206,845,620
Balance brought forward	0	0
Transfers to the Exchequer account	(3,602,704,177)	(3,206,845,620)
Balance carried forward	0	0



**MINISTRY OF DEFENCE  
REVENUE STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

**6. BANK BALANCES**

Name of Bank, Account No. & currency	Amount in bank account currency	Exc. rate (if in foreign currency)	2021-2022 Kshs	2020-2021 Kshs
Ministry of Defence Revenue Account	0	0	0	0
<b>Total</b>			0	0

6 (a) Balance carried forward as at 30<sup>th</sup> June 2022 and subsequently transferred

Ref	Amount (Kshs)	Date subsequently transferred
1	0	N/A
2	0	N/A
<b>Total</b>	0	

**7. PAYABLES- DUE TO EXCHEQUER**

Payables	2021-2022 Kshs	2020-2021 Kshs
Balance b/f at the beginning of the year	0	0
Amounts disbursed to Exchequer during the year	0	0
Balance c/d at the end of the year	0	0
<b>Total</b>	0	0

