

REPUBLIC OF KENYA



*Enhancing Accountability*

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**REPORT**

THE NATIONAL ASSEMBLY PAPERS I AID	
DATE: 14 SEP 2024	DAY: Wednesday
TABLED BY:	Hon. Owen Baya, MP Deputy Majority Party
CLERK-AT THE TABLE:	Finlay Muriuki

**THE AUDITOR-GENERAL**

**ON**

**SAFINA PARTY**

**FOR THE YEAR ENDED  
30 JUNE, 2023**



The Auditor General  
Kenya National Audit Office  
P.O Box 3008-00100  
Nairobi



31<sup>st</sup> August 2023

Dear Sir/Madam.

**RE: SUBMISSION OF SAFINA PARTY FINANCIAL STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

We hereby submit the attached Safina Party's Financial statements for the audited report for the year ended 30<sup>th</sup> June 2023

Thank you for your continued support

Kind regards,

Your Faithfully .

  
John Wamagata

Secretary General  
SAFINA



Cc. Register of Political Parties

P.o Box 1131-00100

**SARIT CENTRE ,NAIROBI**

SAFINA PARTY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2023



SAFINA PARTY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2023

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SAFINA PARTY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

STATEMENT OF PARTY OFFICIALS' RESPONSIBILITIES

The Political Parties Act 2007 requires the Party officials to prepare financial statements which give a true and fair view of the state of affairs of the Party as at the end of the financial year and of the results for that year. The Party officials are also required to ensure that the Party maintains proper accounting records which disclose with reasonable accuracy the financial position of the Party. The Party officials are also responsible for safeguarding the assets of the Party.

The Party officials accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with the International Financial Reporting Standards.

The Party officials are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Party as at 30th June 2023 and of the operating results for the year then ended. The Party officials further confirm the accuracy and completeness of the accounting records maintained by the Party which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

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

Approved by the Party officials and signed on their behalf on *26<sup>th</sup> August* 2023

*[Handwritten signature]*

SECRETARY GENERAL

*John Wanjau*



# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON SAFINA PARTY FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial 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 the 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 FINANCIAL STATEMENTS**

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of Safina Party set out on pages 3 to 7, which comprise of the statement of financial position as at 30 June, 2023,

and the statement of comprehensive income, statement of cash flows, 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 did not obtain all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters discussed in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

## **Basis for Disclaimer of Opinion**

### **1. Presentation and Disclosure of Financial Statements**

The Party's financial statements submitted for audit did not comply with the reporting template issued by Public Sector Accounting Standards Board. The statement of financial performance did not classify revenue into revenue from exchange and revenue from non-exchange transactions as per the template.

Further, there were no disclosure on National Executive Council (NEC's) National Chairman and National Treasurer Photos, their key profession/academic qualifications and concise descriptions of each member's personal details and work experience. Other information lacking in the financial statements includes;

- (i) Statement of the report of CEO that is signed.
- (ii) Statement of Performance against Predetermined Goals for the FY 2022/2023.
- (iii) Management Discussion and Analysis.
- (iv) Environmental and Sustainability report not included in the Financial Statement.
- (v) Statement of Directors/National Executive Committee responsibility not included in the Financial Statements.
- (vi) The pages for the Annual Report and Financial Statements presented for audit were not numbered as per the PSASB revised template and pages 5 and 6 were not indicated.
- (vii) The Statement of Comprehensive Income has not been signed by Secretary General, Treasurer and the Head of Finance.
- (viii) The Statement of Comprehensive Income was included instead of Statement of Financial Performance.
- (ix) The Financial Statements start with column of 2021/2022 instead of 2022/2023 financial year.
- (x) No Statement of Changes in Net Assets for the year ended 30 June, 2023.
- (xi) No Statement of Comparison of Budget and Actual Amounts.

- (xii) Statement of Compliance and Basis of Preparation.
- (xiii) Adoption of new and Revised Standards.
- (xiv) Summary of Significant Accounting Policies.

In the circumstances, the Party did not comply with the reporting template issued by Public Sector Accounting Standards Board.

## **2. Unsupported Income and Expenses**

The statement of financial performance reflects income and expenses totalling Kshs.1,637,292 and Kshs.1,490,818 respectively. However, receipts, payment vouchers supporting ledger and schedules were not provided for audit review. Further, the Management was not available for audit hence no entry and exit meetings were held.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

## **3. Unsupported Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.739,368 as disclosed in Note 3 to the financial statements. However, no cash books, monthly bank reconciliation statements and certificates of bank balances for the bank accounts were provided for audit verification. Further, the Board of Survey report was also not provided to support the cash in hand.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.739,368 could not be confirmed.

## **4. Unsupported Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.146,058 for as disclosed in Note 2 to the financial statements. However, no assets register and other ownership documents were provided for audit. Further, Note 2 supporting the property, plant and equipment does not correspond with Note 2 in the financial statements.

In the circumstances, accuracy, existence and ownership of the non-current assets balance of Kshs.146,058 could not be confirmed.

## **5. Failure to Reconcile Cash Balances**

The statement of cash flows reflects cash and cash equivalent balance of Kshs.658,998 while the statement of financial position reflects a balance of Kshs.739,368 resulting to unexplained variance of Kshs.80,370. No explanation was provided for the anomaly.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance Kshs.739,368 could not be confirmed.



## **6. Failure to Establish Adequate Party Offices**

During the year under review, thirty-eight (38) counties were visited to verify the existence of County party offices as per the law. However, it was noted that the Party has one (1) office. This is contrary to Section 7(2)(f) (ii), (iii) of the Political Parties Act, 2011 which states that a political party shall be qualified to be fully registered if it has submitted to the Registrar the location and addresses of the branch offices of the political party, which shall be in more than half of the Counties.

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

### **Emphasis of Matter**

#### **Unaudited Comparative Balances**

I draw your attention to the fact that prior to 2022/2023 financial year, only the financial statements of political parties funded from public funds were being audited pursuant to Article 229(4)(f) of the Constitution of Kenya, which mandates the Auditor-General to audit political parties funded from public funds. Although the financial statements presented for audit reflects comparative balances for the year ended 30 June, 2022, 2022/2023 financial year is considered as the first year of audit and the audit procedures undertaken did not cover the prior year balances.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

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

### **Conclusion**

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matter described in the Basis for Disclaimer Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

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

### **Conclusion**

I do not express a conclusion on the effectiveness of internal controls, risk management and overall governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer Opinion

section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit 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 (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Party's ability to sustain 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 dissolve the Party or to cease operations.

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Safina Party 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.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

24 June, 2024

SAFINA PARTY  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH JUNE 2023

	Notes	2023 KSHS	2022 KSHS
<b><u>INCOME</u></b>			
Subscriptions & Fees	6	68,000.00	871,102
Interest Received		-	-
Political Parties fund		1,569,292.00	-
<b>TOTAL INCOME</b>		<b>1,637,292.00</b>	<b>871,102</b>
<b><u>EXPENSES</u></b>			
Civic Education		411,000.00	-
Marketing & Promotion		412,892.00	-
Administrative Expenses	7	666,926.00	666,926
<b>TOTAL EXPENSES</b>		<b>1,490,818.00</b>	<b>666,926</b>
<b>SURPLUS / DEFICIT</b>		<b>146,474.00</b>	<b>204,176</b>

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SAFINA PARTY  
 STATEMENT OF FINANCIAL POSITION  
 AS AT 30TH JUNE 2022

		2023	2022
<u>NON CURRENT ASSETS</u>	NOTES	KSHS	KSHS
Property, Plant & Equipments	2	146,058	184,269
<u>CURRENT ASSETS</u>			
Accounts Receivables	5	0	0
Cash & Cash Equivalents	3	739,368	428,148
Total Current Assets		<u>739,368</u>	<u>428,148</u>
<u>CURRENT LIABILITIES</u>			
Payables & Accruals	4	0	0
Total Current Liabilities		0	0
Net Current Assets		0	0
<b>TOTAL ASSETS</b>		<b><u>885,426</u></b>	<b><u>612,417</u></b>
<u>FINANCED BY</u>			
Surplus / Deficit for the year		146,474	84,121
Accumulated Funds		738,952	528,296
		<b><u>885,426</u></b>	<b><u>612,417</u></b>

The Financial Statements were approved by the National Executive Committee (NEC)

On 26<sup>th</sup> August 2023 and signed on their behalf by:

Secretary General *[Signature]*

Treasurer *[Signature]*



SAFINA PARTY  
STATEMENT OF CASHFLOW  
FOR THE YEAR ENDED 30TH JUNE 2023

2023                      2022

**CASHFLOWS FROM OPERATING ACTIVITIES**

SURPLUS/ (DEFICIT) FOR THE YEAR	146,474	84,121
DEPRECIATION	38,211	51,103
	<b>184,685</b>	<b>135,224</b>

**WORKING CAPITAL CHANGES**

(INCREASE)/ DECREASE IN RECEIVABLES	0	-
INCREASE/ (DECREASE ) IN PAYABLES	0	-
NET CHANGE IN WORKING CAPITAL	0	-
NET CASHFLOW FROM OPERATING ACTIVITIES	<b>184,685</b>	<b>135,224</b>

**CASHFLOWS FROM INVESTING ACTIVITIES**

PURCHASE OF LAPTOPS-2	-	112,500
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**CASHFLOWS FROM FINANCING ACTIVITIES**

NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENT	311,220	407,338
CASH & CASH EQUIVALENT AS AT 30TH JUNE 2022	347,778	(59,560)
CASH & CASH EQUIVALENT AS AT 30TH JUNE 2023	<b>658,998</b>	<b>347,778</b>



**SAFINA PARTY**  
**PROPERTY, PLANT & EQUIPMENTS MOVEMENT SCHEDULE**  
**AS AT 30 TH JUNE 2023**

<u>COST</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Total</u>
As At 1st July 2022	683,934	461,295	1,145,229
Additions	-	-	-
As At 30th June 2023	683,934	461,295	1,145,229
<b>Depreciation</b>			
As At 1st July 2022	597,206	363,754	960,960
Charge for the year	26,018	12,193	38,211
	623,224	375,947	999,171
<b>NET BOOK VALUE</b>			
As At 30th June 2023	60,710	85,348	146,058
As At 30th June 2022	86,728	97,541	184,269



SAFINA PARTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30TH JUNE 2022

1 a. ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards.

b. BASIS OF ACCOUNTING

The Party prepares its financial statements on accrual basis using the historical cost accounting convention.

c. REVENUE RECOGNITION

Revenues of the Party includes members subscriptions, donations and transfers from the political parties funds.

Income is recognised when earned.

2. DEPRECIATION OF NON CURRENT ASSETS

The Party's policy is to provide Depreciation on a reducing balance even at the year of purchase but nothing in the year of disposal

Computers and accessories	30%
Furnitures and equipments	12.50%

3. CASH AND CASH EQUIVALENT

KSHS

Cash at bank and in hand	597,585
NCBA Bank political parties fund	<u>141,783</u>
	<u><b>739,368</b></u>

4. PAYABLES AND ACCRUALS

Creditors	-
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5. RECEIVABLES

Rent deposits	-
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6. INCOME

Founder members Subscriptions	-
Nomination fees	68,000
Political parties funds	1,569,292
	<u><b>1,637,292</b></u>

7. CIVIC EDUCATION

**411,000**

8. MARKETING AND ADVERTISEMENT

**412,892**

7. ADMINISTRATIVE COSTS

Office Running expenses	17,555
Computer Purchase	-
Rent	240,000
Salaries & wages	269,130
Website expenses	35,000
Subscriptions	-
Accountancy	60,000
security	-
Electricity and water	-
Depreciation	38,211
Bank charges	7,030
	<u><b>666,926</b></u>

