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Ref: PSASB 1/12/Vol.1 (44)

Date: 25th June, 2019

All Accounting Officers

Ministries, Departments and Agencies,

State Corporations, Semi-Autonomous, Government Agencies and Public Funds

County Governments and County Government Entities

REVISED ANNUAL FINANCIAL REPORTING TEMPLATES FOR NATIONAL AND COUNTY GOVERNMENT ENTITIES

1.0 INTRODUCTION

The Public Sector Accounting Standards Board (PSASB) was established by the Public Finance Management Act (PFM) (2012). The Board was gazetted by the Cabinet Secretary, National Treasury on 28th February 2014.

The Board is mandated to provide frameworks and set generally accepted standards for the development and management of accounting and financial systems by all state organs and public entities as per Section 194 of the Public Finance Management Act (2012)

1.1 Purpose

The purpose of this circular, therefore, is to provide revised reporting templates for the annual financial statements as approved by the Public Sector Accounting Standards Board (PSASB) to enable entities comply with the statutory requirements for end year reporting. The revised templates are applicable for the financial year ending 30th June 2019.

2.0 GENERAL GUIDELINES

2. 1 Revision of annual financial reporting templates

The Public Sector Accounting Standards Board, in consultation with the National Treasury and other stakeholders regularly revises the annual financial reporting templates in line with the applicable international reporting standards and advises on areas of improvements by the preparers and users of the financial statements, legal reporting requirements and best practice.

2.2 Key amendments made

2.2.1 **Financial Reporting Template for National Polytechnics, Technical Vocation and Education Training (TVET) Institutions and Teacher Training Colleges:** A new template prepared in accordance with the Accrual Basis of Accounting under the International Public Sector Accounting Standards (IPSAS) has been prepared. This template provides guidance to TVETs, National Polytechnics and Teacher Training Colleges on the preparation of annual financial statements.

2.2.2 **New and revised standards applicable for FY 2018/2019:** Included in the IPSAS Accrual and IFRS templates are the new and revised standards applicable for the reporting period. This section is intended to ensure that relevant information is presented with regard to changes in the accounting policies.

2.2.3 **Reporting of exchequer as per County Revenue Allocation Act**: The County Executive and County Consolidated templates have been updated to ensure exchequer is reported as per CARA and therefore easy to reconcile the same to disbursements from exchequer. This information should be populated within note 1 and Annex 1 of the County Executive and County Consolidated financial reporting templates.

2.2.4 **Disclosures on pending bills**: The disclosure on pending bills for National and County Government Entities has been improved to show a movement in relation to balance brought forward, pending bills paid in the year, pending bills contracted during the year and balance carried over to the following financial year. This note is intended to increase transparency in management of pending bills and enable decision making in relation to long outstanding pending bills.

2.2.5 **Fixed Assets Summary**: For entities reporting under the IPSAS- Cash Basis of reporting, a disclosure on fixed assets summary is required. This disclosure has been enhanced to include fixed assets classes on biological assets, infrastructure assets, work in progress amongst others. In addition, entities are now required to disclose details on transfers of assets between public sector entities.

2.2.5 **Other amendments**: Other amendments include elaborate details under notes to the financial statements, detailed significant accounting policies and disclosure notes to the financial statements.

All changes made in the templates have been clearly explained in the revised templates and are easy to follow.

2.3 Effective date

Entities are required to apply the revised templates for annual reporting. It is expected that the financial statements for the year ended 30th June 2019 will be prepared in accordance with the revised templates.

2.4 Access to the revised annual financial reporting templates

The revised annual financial reporting templates can be downloaded from the National Treasury and the Public Sector Accounting Standards Board (PSASB) websites on (www.treasury.go.ke) and (www.psasb.go.ke).

Should you require any clarification, you may contact the Ag. Director Accounting Services CPA Jona Wala on jona.wala@treasury.go.ke.

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