



REPUBLIC OF KENYA
THE NATIONAL TREASURY & PLANNING

Telegraphic Address: 22921
Finance – Nairobi
FAX NO. 310833
Telephone: 2252299
When Replying Please Quote

THE NATIONAL TREASURY
P O BOX 30007 - 00100
NAIROBI

REF: AG.4/16/3 Vol. II (66)

Date: 6th July, 2022

All Accounting Officers

Ministries, Departments & Agencies

**State Corporations, Semi-Autonomous Government Agencies, TVETs, TTCs, Public
Funds & Public Secondary Schools**

County Governments & County Government Entities

**NEW AND REVISED ANNUAL FINANCIAL REPORTING TEMPLATES FOR ALL NATIONAL
AND COUNTY GOVERNMENT ENTITIES**

1.0 INTRODUCTION

Section 12 (1) (e) of the Public Finance Management Act, 2012 mandates the National Treasury to:

*'(e) design and prescribe an efficient financial management system for the national and county governments to ensure transparent financial management and **standard financial reporting** as contemplated by Article 226 of the Constitution of Kenya'.*

The Public Sector Accounting Standards Board (PSASB) was established under Sections 192 to 195 of the Public Finance Management (PFM) Act 2012 to provide, with the concurrence of Cabinet Secretary National Treasury and Planning, frameworks and set general accepted accounting standards for the development and management of accounting and financial systems and internal audit procedures by state organs and public entities.

The PSASB has now prescribed, and the National Treasury concurred, new and revised templates for reporting by all public sector entities as required by Sections 80, 81, 82, 84, 163, 164, 165, 167, and 180 of the Public Finance Management Act, 2012.

1.1 Purpose

The purpose of this Circular, therefore, is to provide guidance on new and revised annual Financial Reporting templates for National and County Government entities as prescribed by the Public Sector Accounting Standards Board (PSASB) to enable entities comply with statutory financial reporting requirements for FY 2021/22.

1.2 Reporting Requirements

1.2.1 National Government Entities

In accordance with Section 81 of the PFM Act, 2012, an Accounting Officer for a National Government entity, shall prepare financial statements at the end of each financial year in respect to the entity. The annual financial statements should,

- contain information on the financial and non-financial performance of the entity; and
- is in a form that complies with the standards prescribed and published by the Public Sector Accounting Standards Board from time to time.

The Section also requires that not later than three months after the end of each financial year, the Accounting Officer shall submit the annual financial statements to the Auditor General with a copy to National Treasury, Controller of Budget, and Commission on Revenue Allocation.

1.2.2 County Government Entities

According to Section 164 of the PFM Act, 2012, an Accounting Officer for a County Government entity shall prepare financial statements at the end of each financial year in respect of the entity. The annual financial statement should,

- contain information on the financial and non-financial performance of the entity; and
- is in a form that complies with the standards prescribed and published by the Public Sector Accounting Standards Board from time to time.

The Section also requires that not later than three months after the end of each financial year, the Accounting Officer shall submit the annual financial statements to the Auditor General with copies to County Treasury, Controller of Budget, and the Commission on Revenue Allocation.

Section 163 of the PFM Act 2012 also requires the County Treasury to consolidate the financial statements of County Government Entities within four months following the end of the year and to submit the consolidated financial statements to the Auditor General with a copy to the National Treasury, Controller of Budget, and the Commission of Revenue Allocation.

2.0 GENERAL GUIDELINES

2.1 NEW ANNUAL FINANCIAL REPORTING TEMPLATES FOR NATIONAL GOVT ENTITIES

2.1.1 Annual Financial Reporting template for Car Loan and Mortgage Funds under the National Government Entities

Section 84 of the PFM Act 2012, the Administrator of a National Public Fund established by the Constitution or an Act of Parliament shall prepare financial statements for the Fund for each

financial year in a form prescribed by the Accounting Standards Board. The law further provides that the prepared Financial Statements shall contain financial and non- financial performance of the National Public Fund. It is also statutorily mandatory for the Administrator of the Fund to submit the prepared financial statement not later than three months after the end of each financial year, to the Auditor-General and a copy to the Cabinet Secretary responsible for the Fund.

2.1.2 Applicability of the New Annual Financial Reporting Template for Car Loan and Mortgage Funds

The new financial reporting template is applicable for Car Loan and Mortgage Funds under the National Government Ministries Departments and Agencies, Constitutional and Independent Offices and State Corporations and Semi- Autonomous Government Agencies (SAGAs).

2. 2 NEW ANNUAL FINANCIAL REPORTING TEMPLATE FOR COUNTY GOVERNMENT ENTITIES

2.2.1 Annual Financial Reporting Template for the County Receivers of Revenue under the IPSAS Cash Basis of Accounting

A new template has been prepared in accordance with Section 165 (1) of the PFM Act 2012 which states that at the end of each financial year, a Receiver of Revenue appointed by a County Government, shall prepare an account in respect of the revenue collected, received, and recovered during that financial year.

The financial statements shall include—

- a) a statement of receipts and disbursement in a form prescribed by the Accounting Standards Board from time to time; and
- b) a statement of arrears of revenue.

Not later than three months after the end of the financial year, the receiver of revenue for the county government shall—

- c) submit the accounts to the Auditor-General; and
- d) deliver a copy to the National Treasury, the Controller of Budget, County Treasury, and the Commission on Revenue Allocation

The new template for County Receivers of Revenue is presented on the basis of the IPSAS Cash accounting adjusted to disclose information required by Section 165 (2) (b) of the PFM Act, 2012.

2.2.1.1 Applicability of the New Annual Financial Reporting Template County Receivers of Revenue (CROR)

The new financial reporting template is applicable to all persons designated in writing by the County Executive Committee Member for Finance as County Receivers of Revenue to collect, receive and account for such County Government revenue in accordance with Section 157 of the PFM Act, 2012.

2.2.2 Annual Financial Reporting Template for the County Revenue Fund prepared under the IPSAS Cash Basis of Accounting

Article 207 of the Constitution of Kenya, Sections 109 and 167 of the Public Finance Management Act, 2012 states that the County Public Fund, shall prepare financial statements for each financial year in a form prescribed by the Accounting Standards Board and submit to the Auditor General and a copy to the County Executive Committee Member responsible for the Fund, Commission Revenue Allocation and the Controller of Budget.

This template is presented on the basis of the IPSAS Cash accounting.

2.2.2.1 Applicability of the New Annual Financial Reporting Template for County Revenue Fund

This financial reporting template is for application by Administrators of the County Revenue Fund appointed by the County Executive Member of Finance.

2.2.3 Annual Financial Reporting Template for Level 4 and Level 5 Hospitals prepared under the IPSAS Accrual Basis of Accounting

Section 194 (1d) of the PFM Act mandates the Public Sector Accounting Standards Board to prescribe formats for financial statements and reporting by all state organs and public entities. In line with this mandate, PSASB has prescribed this financial reporting template under IPSAS Accrual Basis of accounting.

2.2.3.1 Applicability of the New Annual Financial Reporting Template for Level 4 and 5 Hospitals

The financial reporting template is applicable to all Levels 4 and 5 hospitals under the 47 County Governments.

The Board took cognizance of Section 194 2 (b) that requires that it assesses the capacity of the relevant entity to comply with the prescribed standards. The Board shall at a later date, present different reporting templates for Levels 1, 2 and 3 hospitals as appropriate, taking into account the maturity levels of the established systems within these facilities.

2.2.4 Annual Financial Reporting Template for County Water Service Providers/ Water Companies under the IFRS Basis of Accounting

Section 194 (1) (d) of the PFM Act mandates the Public Sector Accounting Standards Board to prescribe formats for financial statements and reporting by all state organs and public entities. Currently the Water Companies apply the IFRS reporting template used by the National Government entities. The Board has revised the IFRS reporting framework for application by Water Companies.

2.2.4.1 Applicability of the New Annual Financial Reporting Template for County Water Service Providers/ Water Companies This financial reporting template is applicable to all Water Service Providers under the County Governments, regulated by Water Services Regulatory Board and as defined under the Water Act of 2016.

2.2.5 Annual Financial Reporting Template for Cities and Municipal Boards under the IPSAS Accrual Basis of Accounting

Cities and Municipalities are established by and derive authority and accountability from Urban Areas and Cities Act No. 13 of 2011. Section 180 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of the City or Municipality established by Urban Areas and Cities Act No. 13 of 2011 shall prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board and the provisions of the Urban Areas and Cities Act, 2011.

2.2.5.1 Applicability of the New Annual Financial Reporting Template for Cities and Municipal Boards

This financial reporting template is applicable to all Cities and Municipalities established under the County Governments in accordance with the Urban and Cities Act 2011 and the PFM Act 2012.

3.0 REVISED ANNUAL FINANCIAL REPORTING TEMPLATES

3.1 Rationale for Revision

The Board in undertaking revision of and updates to the issued Annual Financial Reporting templates took the following in consideration:

1. Annual changes to IPSAS and IFRS as issued by International Public Sector Accounting Standards Board and International Accounting Standards Board respectively, which are then adopted by the Board.
2. Desire to attain the stipulated level of compliance with the applicable laws, regulations and National Treasury circulars and guidelines underpinning financial reporting.
3. Feedback and recommendations from preparers and users of financial statements.
4. Issues arising from audit of the financial statements by the Office of the Auditor General.
5. Feedback and recommendations made through the Financial Reporting Excellence (FiRe) award review processes.
6. Outcomes of the quality assurance reviews undertaken by the Financial Reporting Unit of the National Treasury.
7. Any additional reporting gaps as identified by the Board in the course its monitoring activities during review of other templates.

3.2 Summary of Revisions made to all existing templates

1. Roll over of dates for all templates to reflect FY 2021/22 reporting period.
2. Renaming of various statements to align them with the standards.
3. Inclusion of new and revised standards that are applicable as issued by the International Standard Setting Bodies – IASB and IPSASB.
4. Inclusion of an appendix on Climate Change expenditures and Disaster Management expenditure interventions in pursuit of commitments under COP 26 to which Kenya is a signatory and as per Circular by the National Treasury.

3.3 Summary of Specific Revisions

3.3.1 Revisions made to the Annual Financial Reporting Template for the County Executive

The County Executive Annual Financial Reporting Template has been changed significantly owing to the introduction of the new Financial Reporting Template for the County Revenue Fund. By the introduction of the new template, all revenue items are now recorded under the CRF. To this end, income under the County Executive financial reporting template shall record transfers from the CRF akin to the format followed under the financial reporting template for County Assemblies.

4.0 REVISED FINANCIAL REPORTING TEMPLATES

The following annual financial reporting templates are issued by this Circular and are uploaded on the National Treasury and PSASB's websites.

4.1 Annual Financial Reporting Templates for National Government MDAs and Development Projects

1. Annual Financial Reporting Template for National Government MDAs - REVISED.
2. Annual Financial Reporting Template for Development Partners - REVISED.
3. Annual Financial Reporting Template for Receivers of Revenue - REVISED.

4.2 Annual Financial Reporting Templates for County Governments

1. Annual Financial Reporting Template for County Executive - REVISED
2. Annual Financial Reporting Template for County Assembly - REVISED
3. Annual Financial Reporting Template for County Consolidated Financial Statements- REVISED.
4. Annual Financial Reporting Template for County Funds and Schemes under IPSAS Accrual - REVISED.

4.3 Annual Financial Reporting Templates for State Corporations and Semi-Autonomous Government Agencies

1. Annual Financial Reporting Template for State Corporations under IFRS reporting framework - REVISED.
2. Annual Financial Reporting Template for SAGAs under the IPSAS Accrual reporting framework - REVISED
3. Annual Financial Reporting Template for TVETs and TTCs under the IPSAS Accrual reporting framework – REVISED

4.4 Annual Financial Reporting Template for Public Secondary Schools

1. Annual Financial Reporting Template for Public Secondary Schools – REVISED

5 Effective Date

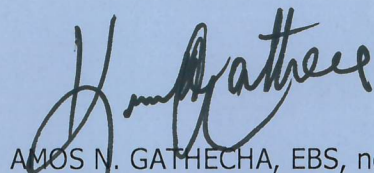
Entities shall apply the New and Revised Financial Reporting Templates for annual reporting for the financial year ending 30th June 2022. It is expected that the financial statements submitted for audit to the Office of Auditor General shall be prepared in accordance with the new and revised templates.

5.1 Access to the New and Revised Annual Financial Reporting Templates

The new and revised annual financial reporting templates as issued by the PSASB 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). On the National Treasury website, see folder titled 'Accountant General's Desk'.

5.2 Clarifications and Technical Support

Any further clarification, please contact the Director Accounting Services National Treasury on jona.wala@treasury.go.ke or the Public Sector Accounting Standards Board on acctstandards@psasb.go.ke.



AMOS N. GATHECHA, EBS, ndc, (K)
PRINCIPAL ADMINISTRATIVE SECRETARY

For: PRINCIPAL SECRETARY/NATIONAL TREASURY

cc

Hon. Amb. Ukur Yatani, EGH
Cabinet Secretary
The National Treasury and Planning
Treasury Building
NAIROBI

Dr. Julius Jwan, CBS
Principal Secretary
State Department for Early Learning and Basic Education
P. O. Box 30040-00100
Nairobi, Kenya

CPA Nancy Gathungu, CBS
Auditor-General
Office of the Auditor General
P.O Box 30084 00100
NAIROBI

**CPA Dr. Margaret Nyakang'o, CBS
Controller of Budget**

Office of the Controller of Budget
P.O Box 35616 00100

NAIROBI

**CPA James Katule
Chief Executive Officer**

Commission on Revenue Allocation
Grosvenor suite, 14 Riverside Drive
P.O Box 1310-00200

NAIROBI

**FCPA Fredrick Riaga
Chief Executive Officer**

Public Sector Accounting Standards Board
CPA Centre, Thika Road
P.O. Box 38831 -00100

NAIROBI