



REPUBLIC OF KENYA
THE NATIONAL TREASURY & ECONOMIC PLANNING

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

THE NATIONAL TREASURY
P O BOX 30307 - 00100
NAIROBI

REF: AG.4/16/3 Vol. III/(33)

Date: 6th July, 2023

**All Accounting Officers, Ministries, Departments and Agencies
State Corporations Semi-Autonomous Government Agencies, TVETs,
TTCs, Public Funds and Public Secondary Schools
County Governments and County Government Entities**

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

1.0 INTRODUCTION

Section 12 (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 the Cabinet Secretary National Treasury and Planning, frameworks and set general accepted accounting for the development and management of accounting and financial systems an internal audit procedure by state organs and public entities.

The PSASB has now prescribed, and the National Treasury concurred with, the revised financial reporting 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 the revised Annual and Quarterly Financial Reporting Templates for National and County Government Entities as

prescribed by the Public Sector Accounting Standards Board (PSASB) to enable entities comply with the statutory financial reporting requirements for FY 2022/23.

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 a report for each financial year in respect of the entity. Further, the section requires the Accounting Officer of a National Government entity, to ensure that the annual report: -

- contains 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 report 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 a report for each financial year in respect of the entity. Further, the section requires the Accounting Officer of County Government entity, to ensure that the quarterly report:-

- contains 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 an annual report 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 REVISED ANNUAL AND QUARTELY FINANCIAL REPORTING TEMPLATES

2.1 Rationale for Revision

The Board in undertaking revision and updates to the issued Annual Financial Reporting Templates already in application, took the following considerations and implemented changes based on the following:

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 and regulations underpinning financial reporting.
3. Feedback and recommendations from preparers of financial statements.
4. Feedback and recommendations from users including the National Treasury, Regulators, and the Development partners among other users.
5. Issues arising from audit of the financial statements by the Office of the Auditor General.
6. Feedback and recommendations made/ issues noted through the Financial Reporting Excellence (FiRe) award review processes.
7. Outcomes of the quality assurance reviews undertaken by the Financial Reporting Unit of the National Treasury.
8. Incorporation of emerging issues and issues arising as best practice.
9. Any additional reporting gaps as identified by the Board while monitoring activities and during internal review of other templates.

2.2 Summary of Key Revisions made to financial reporting templates.

1. With a view to maintaining templates for a number of years before revision, entities will now be required to insert the year/ period for which financial statements are prepared.
2. The templates have been revised to include an ageing analysis for receivables and payables in the notes to the financial statements.
3. Accrual-based financial reporting templates have been updated to include requirements of new and revised standards that are applicable. These include IPSAS 41: Financial Instruments and IPSAS 42: Social Benefits as issued by International Public Sector Accounting Standards Board (IPSASB) and IFRS 17 as issued by International Accounting Standards Board (IASB).
4. Entities will now be permitted to include or provide their logo on the front page of the annual and financial statements alongside the National Government's Court of Arms.
5. For better understanding of financial statements by users, the statements will now have a section for abbreviations and glossary of terms used in the annual report and financial statements.

6. Quarterly financial reporting templates have been revised to reflect changes made in annual financial reporting templates.
7. General formatting issues have been taken into account while revising the annual and quarterly financial reporting templates.

2.3 Summary of Specific Revisions

2.3.1 Revisions made to Financial Reporting Templates for the County Executive and County Assembly

1. The financial reporting templates will now include a governance statement. This statement will disclose the governance structures and arrangements in the county executive and county assembly.
2. Receivables have been renamed to read outstanding imprests and advances, and payables renamed to read deposits and retentions.
3. The statement of budget vs actual amounts under the county executive now includes a line for opening balance for non-refundable bank balances in special purpose deposits accounts to allow for revoting and utilization.

2.3.2 Revisions made Financial Reporting Template for the County Receivers of Revenue

1. The template now does not include the statement of performance against predetermined objectives. This statement is presented by the County Executive in line with the County Integrated Development Plan and the Annual Development Plans.
2. The template now includes a line for bank charges in the statement of receipts and disbursements to cater for direct charges from collection accounts.

2.3.3 Revisions made Financial Reporting Template for the County Revenue Fund

1. The County Revenue Fund template has been adjusted to include conditional grants as a component of transfers from other government agencies in line with new additional grants as per the County Government Additional Allocation Act, 2022.
2. An annex has been included to disclose own source revenue received/ collected per quarter.

2.3.4 Revisions made to the Financial Reporting Template for the National Government MDAs

1. Included a statement on governance disclosing information about the leadership of the entity e.g., the Cabinet Secretary, Chief Administrative Secretary, Principal Secretary, Audit Committee, risk management, compliance to laws and regulations among other governance arrangements.

2. Requirement to report on indicators and outcomes in the programmatic budget execution has been removed as its already included in statement of performance against pre- determined objectives.
3. Notes to the financial statements enhanced to provide more information required for consolidation of financial statements at the National level.

2.3.5 Revisions made to the Financial Reporting Template for the National Government Receivers of Revenue

1. The non- financial information section of the annual reports and financial statements will now include a statement on Management Discussion and Analysis.
2. The template now includes a line for bank charges in the statement of receipts and disbursements to cater for direct charges from collection accounts.

2.3.6 Revisions made to the Financial Reporting Template for Public Secondary Schools

1. The statement of receipts and payments now includes a requirement to report on grants for infrastructure and payments related to infrastructure. This will allow schools to report on government transfers / funds for infrastructural development.
2. The non- financial section now requires the schools to report or disclose information about the status of the development projects being carried out by the school by way of a table.
3. Inclusion of loans/borrowings under other receipts for the school fund account.
4. Inclusion of status of bank accounts (whether dormant or active) in the cash and bank note.
5. Inclusion of unpaid salaries and statutory deductions under payables.
6. The accounting policy on receivables has been enhanced to clarify that these receivables include fees receivable from parents.

2.3.7 Revisions made to the Financial Reporting Templates under IPSAS Accrual and IFRS for State Corporations and SAGAs

1. Removal of signature requirement for cash flow statement, the signing is now required for the Statement of Financial Performance or Statement of Profit or Loss and Financial Position.
2. Updated the note for new and revised standards applicable in the current financial year and those issued but not yet applicable.
3. Update of accounting policies and notes to the financial statements to take care of the effect of the new applicable standards.

3.0 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.

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

1. Annual Financial Reporting Template for National Government MDAs
2. Annual Financial Reporting Template for Development Projects
3. Annual Financial Reporting Template for Receivers of Revenue
4. Annual Financial Reporting Template for Car Loan and Mortgage Schemes/ Funds under IPSAS Accrual

3.2 Quarterly Financial Reporting Templates for National Government MDAs and Development Projects

1. Quarterly Financial Reporting Template for National Government MDAs
2. Quarterly Financial Reporting Template for Development Projects
3. Quarterly Financial Reporting Template for Receivers of Revenue
4. Quarterly Financial Reporting Template for Car Loan and Mortgage Schemes/ Funds under IPSAS Accrual

3.3 Annual Financial Reporting Templates for County Governments

1. Annual Financial Reporting Template for County Executive
2. Annual Financial Reporting Template for County Assembly
3. Annual Financial Reporting Template for County Consolidated Financial Statements
4. Annual Financial Reporting Template for County Funds and Schemes under IPSAS Accrual
5. Annual Financial Reporting Template for the County Receivers of Revenue under IPSAS Cash Basis of Accounting
6. Annual Financial Reporting Template for the County Revenue Fund under IPSAS Cash Basis of Accounting
7. Annual Financial Reporting Template for the Level 4 and Level 5 Hospitals under the IPSAS Accrual Basis of Accounting
8. Annual Financial Reporting Template for the County Water Service Providers under the IFRS Basis of Accounting

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

3.4 Quarterly Financial Reporting Templates for County Governments

1. Quarterly Financial Reporting Template for County Executive
2. Quarterly Financial Reporting Template for County Assembly
3. Quarterly Financial Reporting Template for County Consolidated Financial Statements
4. Quarterly Financial Reporting Template for County Funds and Schemes under IPSAS Accrual
5. Quarterly Financial Reporting Template for the County Receivers of Revenue under IPSAS Cash Basis of Accounting
6. Quarterly Financial Reporting Template for the County Revenue Fund under IPSAS Cash Basis of Accounting
7. Quarterly Financial Reporting Template for the Level 4 and Level 5 Hospitals under the IPSAS Accrual Basis of Accounting
8. Quarterly Financial Reporting Template for the County Water Service Providers under the IFRS Basis of Accounting
9. Quarterly Financial Reporting Template for the Cities and Municipal Boards under the IPSAS Accrual Basis of Accounting

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

1. Annual Financial Reporting Template for State Corporations under IFRS reporting framework.
2. Annual Financial Reporting Template for SAGAs under the IPSAS Accrual reporting framework.
3. Annual Financial Reporting Template for TVETs and TTCs under the IPSAS Accrual reporting framework.
4. Financial Reporting Template for Car Loan and Mortgage Schemes/ Funds under IPSAS Accrual.

3.6 Quarterly Financial Reporting Templates for State Corporations and Semi-Autonomous Government Agencies

1. Quarterly Financial Reporting Template for State Corporations under IFRS reporting framework.
2. Quarterly Financial Reporting Template for SAGAs under the IPSAS Accrual reporting framework.
3. Quarterly Financial Reporting Template for TVETs and TTCs under the IPSAS Accrual reporting framework.
4. Quarterly Reporting Template for Car Loan and Mortgage Schemes/ Funds under IPSAS Accrual.

3.7 Annual Financial Reporting Template for Public Secondary Schools

1. Annual Financial Reporting Template for Public Secondary Schools

4.0 Effective Date

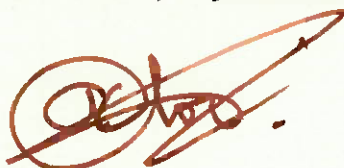
Entities shall apply the Revised Financial Reporting Templates for annual and quarterly reporting for the Financial Year ending 30th June 2023 and subsequent periods. It is expected that the financial statements submitted for audit to the office of Auditor General shall be prepared in accordance with the revised templates.

4.1 Access to the New and Revised Annual Financial Reporting Templates

The 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.pasab.go.ke).

4.2 Clarifications and Technical Support

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



DR. CHRIS KIPTOO, CBS
PRINCIPAL SECRETARY/NATIONAL TREASURY

cc

Njuguna Ndung'u, CBS
Cabinet Secretary
The National Treasury and Economic Planning
Treasury Building
NAIROBI

Dr. Belio R. Kipsang, CBS
Principal Secretary
State Department for 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

