

REPUBLIC OF KENYA



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BY:

Hon. Owen Boya, MP  
Deputy leader of Majority Party

CLERK-AT  
THE TABLE:

A. Shibus

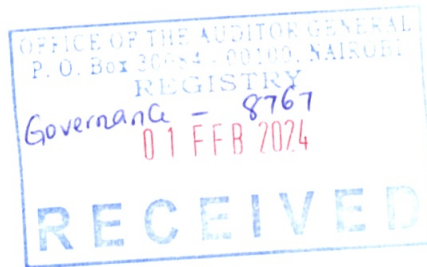
**THE AUDITOR-GENERAL**

**ON**

**ORANGE DEMOCRATIC  
MOVEMENT PARTY**

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

*Revised 30<sup>th</sup> June 2023*



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# ***ORANGE DEMOCRATIC MOVEMENT***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2023**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)**

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1. Acronyms, Abbreviations and Glossary of Terms

**A: Acronyms and Abbreviations**

MP	Member of Parliament
MCA	Member of County Assembly
ED	Executive Director
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
ODM	Orange Democratic Movement
HR	Human Resource
WB	World Bank
SG	Secretary General
FY	Financial Year
PPLC	Political Parties Liaison Committee
RPP	Registrar of Political Parties
OYL	Orange Youth League
OWL	Orange Women League
ODL	Orange Disability League
CMD	Centre for Multi Party Democracy
NEC	National Executive Committee

**B: Glossary of Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organisation

**Comparative Year-** Means the prior period.

**2. Key Party Information and Management**

**(a) Background information**

The Orange Democratic Movement was formed in 2007 as a political party after meeting the registration requirements under the newly established Registrar of Political Parties office. The National Executive Committee is responsible for the general policy and strategic direction of the Party.

**(b) Principal Activities**

The organization’s principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

**(c) Key Management**

The *Orange Democratic Movement* day-to-day management is under the following key organs:

- Secretary General.
- Executive Director
- Finance & Administration Director
- Other Directors and Managers
- Legal officers, Technical Committees and Accountants

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chairman	Hon. CPA John Mbadi
2.	Secretary General	Hon. Edwin Sifuna
4.	Executive Director	Mr. Oduor Ong’wen
5.	National Treasurer	Hon. Timothy Bosire

**(e) Fiduciary Oversight Arrangements**

**- *Audit and Finance committee***

The audit committee helps the National Executive Committee with corporate governance. It is a creation of the National Executive Committee of the party. Its membership is comprised of the Treasurer and two deputies, Internal Auditor, the chairperson of the Finance & Resource Mobilization and the chairperson of the Strategic Planning Committee. The primary role of the audit committee is to assist the National Executive Committee with its corporate governance oversight responsibilities in ensuring that:

**- Risk Management Committee**

Is in place to assure that the allocation of the party's resources is optimized and conforms to the party's goals and objectives. However, from time to time, this committee may be called upon to address specific issues that fall outside of its primary role by the National Executive Committee. The Party has a risk management policy in place which details are stated here below:

- **Risk Management Policy**

Effective risk management begins with the understanding, by everyone in the organization, that the effort is important, and that everyone is expected to uphold that effort. Orange Democratic Movement is subject to certain risks that affect our ability to operate, serve our clients, and protect assets. These include risks to employees and volunteers, liability to others, and risks to property.

Controlling these risks through a formal program is necessary for the well-being of the organization and everyone in it. The jobs and services the party provides the safety of the workplace and other benefits all depend to an extent on our ability to control risks. Management has the ultimate responsibility to control risks. Control includes making decisions regarding which risks are acceptable and how to address those that are not. Those decisions can be made only with the participation of the entire workforce, because each of us understands the risks of his or her own tasks better than anyone else in the organization. Each is responsible for reporting any unsafe conditions they see. Also, each is encouraged to suggest ways in which we can operate more safely.

We are committed to the careful consideration of everyone's suggestions, and to taking appropriate action to address risks. Accidents and other situations involving loss or near-loss will be investigated as part of the effort to manage risks. Every employee's and volunteer's performance are evaluated, in part, according to how he or she complies with this policy.

**Purpose**

The purpose of this policy is to ensure that risks to Orange Democratic Movement are identified, analysed, and managed so that they are maintained at acceptable levels. Risks to the confidentiality, integrity, and availability of both party information and assets are considered.

**ODM Risk Management Mission Statement**

The Orange Democratic Movement has a moral and legal duty to its membership, employees, and to party assets. We continue to meet our duty by ensuring that risk management plays an integral part in sound governance at both a strategic and operational level.

The National Executive Committee of the party will support the risk management efforts through setting policy and providing broad guidance on goals and objectives. However, risk management is an active process that requires cooperation by all directors, employees, and—where appropriate—the larger party membership. To that end, the National Executive Committee accepts that it must take a leadership role in seeing that appropriate measures are undertaken.

**ODM Risk Management Goals Statement**

The National Executive Committee authorizes the establishment of a Risk Management Committee, which shall consist of Five members, the party treasurer, a member trained on fire and emergency, a member trained on public works management, and two NEC Members (to be selected by the National Executive Committee for five-year terms). The Committee shall be chaired by the party treasurer, and its responsibilities shall be:

- Identifying and assessing risks
- Selecting and implementing risk control and financing measures
- Periodically reviewing risk management efforts and reporting to the National Executive Committee

These activities shall be undertaken in the service of the risk management mission statement, and to that end risk management practices are undertaken to reduce the cost of risk to Orange Democratic Movement and to maximize benefits of opportunities that the membership may encounter.

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Management has the ultimate responsibility to control risks. Control includes making decisions regarding which risks are acceptable and how to address those that are not. Those decisions can be made only with the participation of the entire workforce because each of us understands the risks of his or her own tasks better than anyone else in the organization. Each is responsible for reporting any unsafe conditions they see. Also, each is encouraged to suggest ways in which we can operate more safely. We are committed to the careful consideration of everyone's suggestions, and to taking appropriate action to address risks.

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This Risk Policy document continuously receives review and approvals from ODM Management Committees and various stake holders

***Parliamentary Oversight Committees***

There are various Parliamentary Committees drawn from our members of Parliament. Their role as Secretaries for various Committees is to scrutinise legislation, oversee Party and Government actions and to facilitate ODM Members participation. The go through Party annual reports as tabled by the Auditor-General.

**(f) Entity Headquarters**

Chungwa House  
Loiyangalani Drive, Lavington Area  
P.O. Box 42422 - 00100  
Nairobi

**(g) Entity Contacts**

Telephone: (254) 020-2053481  
E-mail: [info@odm.co.ke](mailto:info@odm.co.ke)  
Website: [www.odm.co.ke](http://www.odm.co.ke)

**(h) Entity Bankers**

1. KCB Bank Kenya Limited  
Lavington Branch  
P.O. Box 60560  
Nairobi
2. Co-operative Bank of Kenya  
Parliament Road Branch  
P.O. Box 5772 – 00200  
P.O. Box 60560  
Nairobi

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

Makori & Karimi Advocates  
Nellion Place, Block B 1<sup>st</sup>Floor Suite 2  
Rhapta Road, Westlands Nairobi  
P.O. Box 45053  
City Square 00100  
Nairobi, Kenya



**3. National Officials**

1.	Rt. Hon. Raila Amolo Odinga	Party Leader
2.	Hon. CPA John Mbadi	Chairman
3.	Hon. Edwin Sifuna	Secretary General
4.	Hon. Hamed Abdisalan Ibrahim	National Organizing Secretary
5.	Hon. Timothy Bosire	National Treasurer
6.	Mr. Oduor Ong'wen	Executive Director

**4. Key Management Team**

1.	Hon. CPA John Mbadi	Chairman
2.	Hon. Edwin Sifuna	Secretary General
3.	Hon. Timothy Bosire	National Treasurer
4.	Mr. Oduor Ong'wen	Executive Director
5.	Mike Rubia	Sec. Labour & Human Resource Development
6.	Beth Mutunga Syengo	Leader Orange Women League
7.	Hon. Hamed Abdisalan Ibrahim	National Organizing Secretary
8.	Joshua Kawino	Director, Finance & Administration
9.	CPA Charles Memba	Senior Accountant
10.	Anthony Muturi	Parliamentary Liaison & Legal Affairs Officer
11.	Philip Etale	Communication Manager
12.	Benson Musungu	Youth Co-ordinator
13.	CPA Naom Amateshe	Internal Audit

## 5. Chairman's Statement

The Financial year 2022/2023 has once again demonstrated the strength and resilience of the Orange Democratic Movement against all odds. Our national Secretariat staff in the finance department and the entire Party Treasury headed by the National Treasurer have once again, been able within the stipulated timeframe to prepare and present this annual report. The report discusses the efforts the Party made to ensure that it continues to foster democracy; that there's prudent, efficient and effective management of Public funds; it shows the supervisory role of the National Executive Committee as well as Membership activities and efforts to grow the Party and entrench democracy for better governance.

The Party, through the able leadership of our Party Leader succeeded in supporting Party Candidates – MCAs, Members of Parliament, Senators and Governors on campaign logistics. Amongst the Party Management and Membership, the Party has weathered enormous challenges over the course of a new regime that has continuously failed to follow rules of fair play and political competitiveness.

Besides the information on our finances, the budget and spending, I am pleased to confirm the forward-looking initiatives like picketing for rights of the citizenry due to high cost of living that the leadership of the Party undertook during this year under review. The Party continued to maintain 42 offices across the Country.

The current regime however, remains insensitive to the plight of Kenyans amidst economic and market volatility raging over the country. It is important to state that when citizens adopt the habit of breaking the law, it is always a cause for concern. But when it is the government that acquires such habits then it is a recipe for disaster. This is the case with the funding of Political Parties:

1. Non observance of the 0.3% of the annual government revenue due to Political Parties
2. Failure to respect Court of Appeal ruling with reference to ODM's Kshs 4.135 billion court award
3. Delayed Disbursements of funds to Political Parties.
4. The current regime reducing allocation to Political Parties by Kshs. 590 million without reference to Qualifying Parties – Pure impunity.
5. Destruction of Democratic Institutions – by buying off opposition members of Parliament

These government habits greatly affected our planned activities to our membership. However, with effective Leadership, loyal and supportive membership we remain optimistic to overcome these challenges in the ensuing year 2023/2024.



Hon C.P.A John Mbadi Ng'ongo, EGH  
CHAIRMAN

**6. Report of the Executive Director**

We are, once again, pleased to present the annual financial statements for the year ended June 30, 2023, along with this report that provides an overview of the key highlights and challenges faced by our Party during the past year. It has been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and captures our key mandates and responsibilities.

The fiscal year 2022/2023 was marked by significant developments and challenges, primarily due to being an election year. This brought about heavy expenditures related to mass mobilization, publicity, marketing, and campaign logistics as we endeavoured to engage with our constituents and promote our party's vision.

One notable trend was the surge in payroll spending, driven by increased staffing requirements to support our election campaign efforts and ensure smooth day-to-day operations.

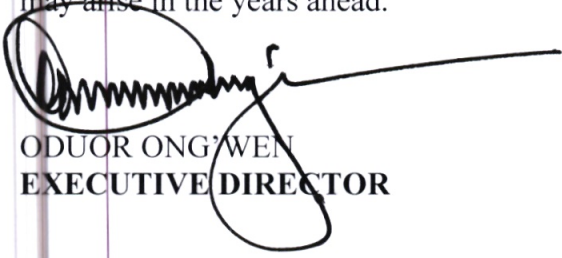
Our traditional revenue drivers remained unchanged. They include disbursements from the Political Parties Fund (PPF), membership dues, monthly remittances by elected leaders, and nomination fees paid by candidates. However, it is essential to note that, as in previous years, the government did not comply with the requirement to allocate a minimum of 0.3 percent of audited annual revenue to the PPF, breaching the Political Parties Act.

Furthermore, in September 2022, the government reduced its allocation to political parties by Kshs 590 million, exacerbating our financial challenges. These issues were further complicated when the United Democratic Alliance (UDA) initiated a judicial challenge to halt the disbursements while contesting the revenue-sharing formula.

The Independent Electoral and Boundaries Commission (IEBC) has remained without commissioners since November 2022. This has impacted adversely on the filling of vacant seats through by-elections. As elections and by-elections push membership drive as well as attract nomination fees from prospective candidates, this revenue stream has been non-performing in the year under review.

Despite these challenges, I am pleased to report that it was a good year for our Party with regard to key deliverables, notwithstanding the fact that our presidential candidate was not declared the winner. We persevered through these obstacles, maintained financial stability, and continued our mission to serve our constituents and promote our party's values.

I would like to extend my sincere appreciation to our dedicated team at the National Secretariat and the National Executive Committee, members, and supporters for their unwavering commitment to our cause. We remain optimistic about the future and are determined to navigate any challenges that may arise in the years ahead.



**ODUOR ONG'WEN  
EXECUTIVE DIRECTOR**

**7. Statement of Performance against Predetermined Objectives for FY 2022/2023**

Once again we are happy to present the annual report and financial performance of our Party for the year ended June 30<sup>th</sup> 2023. As always, we have maintained proper accounting records that disclose, with reasonable accuracy the financial position of the Party and for safeguarding the assets of the Party; and further managed within the stipulated timelines to finalize and to table the required reports today.

The period under review was partly an election and campaign year with many challenging activities including the current UDA Government’s frustrating the Political Parties funding. We however, can confirm that financial probity was observed by the Party during the year under review. Most party scheduled activities did not take place because of reduced and delayed funding following UDA’s constant non observance of the law and nuisance court cases that were dismissed with costs early this year.

While nothing has come to our attention to indicate that the Party will be insolvent in the next twelve months from the date of this statement, you as the National Executive Committee is required to take full responsibility for the financial statements, which in this case, have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates. The Party’s financial controls and checks are considered sufficient to provide a reasonable assurance of compliance with the political parties Act and the international Accounting Standards. The year under review was marked by significant developments and challenges, mainly because of campaigns towards the 2022 General election.

The tables below shows extracts of NEC approved work-plans and budgets.

STRATEGIC OBJECTIVE	ACTIVITIES	Output	Budgetary Estimates	Qtrly Time Frame July '22 – Jun '23				Performance Indicators	Means of Verification
				Q1	Q2	Q3	Q4		
<ul style="list-style-type: none"> <li>Maintaining party's relevance amongst the Membership. Approval &amp; ratification of party constitution, Voters Register</li> <li>For audit branch leadership and nominations via an informed</li> <li>Covering election &amp; Nomination expenses of the Party and the Broadening of the Policies of the Party</li> <li>Achieve credible party nominations via an informed</li> </ul>	<b>1. Conferences &amp; Meetings inclusive of 30% to promote special interest groups</b>								
	CM/NEC – Quarterly Meetings		2,000,000	?	?	?	?	<ul style="list-style-type: none"> <li>Increased community understanding of election processes and party officials</li> <li>Understanding of the requirements of the political &amp; Elections parties Act</li> <li>Successful Party Elections and Nomination exercises and the Presidential Campaigns</li> <li>Membership Growth and voter delivery</li> <li>BBB Campaigns &amp; Post Covid-19 interventions</li> </ul>	<ul style="list-style-type: none"> <li>HQ and Branch record/Registry &amp; Records</li> <li>Compliance with the law-IEBC</li> <li>Effective running of the party</li> <li>Party Manifesto and the strategic plan</li> </ul>
	National Officials Meetings & Forum		5,000,000	?	?	?	?		
	NGC – Meeting		6,000,000			?			
	Party Conferences		4,000,000		?	?	?		
	Party Leader's Meetings		5,000,000	?	?	?	?		
	County and Branch Forums		5,000,000	?	?	?	?		
	International Conferences		3,000,000			?	?		
	Ad hoc & Standing Committees		8,000,000	?	?	?	?		
	MCA's/PG Meetings		14,000,000			?	?		
	PWDs, Women & Youth League Meetings		95,000,000	?	?	?	?		
	Party Secretariat Meetings		2,000,000		?	?	?		
	<b>Total Conferences &amp; Meetings</b>		<b>149,000,000</b>						
	<b>2. Campaign &amp; Election Expenses (By-elections) inclusive of 30% to promote special interest groups</b>								
	Opinion Polls, Research & Strategy		60,000,000	?	?	?	?	<ul style="list-style-type: none"> <li>Increased community understanding of election processes and party officials</li> <li>Understanding of the requirements of the political &amp; Elections parties Act</li> <li>Successful Party Elections and Nomination exercises and the Presidential Campaigns</li> <li>Membership Growth and voter delivery</li> <li>BBB Campaigns &amp; Post Covid-19 interventions</li> </ul>	<ul style="list-style-type: none"> <li>HQ and Branch record/Registry &amp; Records</li> <li>Compliance with the law-IEBC</li> <li>Effective running of the party</li> <li>Party Manifesto and the strategic plan</li> </ul>
	Personnel Expenses – ROs, FOs, Agents		150,000,000	?	?	?	?		
	Election Material – Ballot Boxes & Papers		50,000,000	?	?	?	?		
	Campaign Promotional Material		180,000,000	?	?	?	?		
	All Media Notices & Advertisements		65,000,000	?	?	?	?		
	Transportation & logistics		275,000,000	?	?	?	?		
Vetting Expenses		15,000,000		?	?	?			
Rally & security Expenses		75,000,000	?	?	?	?			
Command Post		50,000,000	?	?	?	?			
<b>Total Campaign &amp; Election Expenses</b>		<b>920,000,000</b>							

**Annual Report and Financial Statements  
for the year ended June 30, 2023**

STRATEGIC OBJECTIVE	ACTIVITIES	Output	Budgetary Estimates	Qtrly Time Frame July '22 – Jun '23				Performance Indicators	Means of Verification	
				Q1	Q2	Q3	Q4			
Ensuring continuous link between the people and party orgns. To grow membership base to	<b>3. Membership Recruitment &amp; Branch Coordination &amp; Support inclusive of 30% to promote special interest groups</b>							Increased community understanding of electoral processes and party officials understanding of the requirements of the political parties Act	<ul style="list-style-type: none"> <li>Branch record/ Register's Records</li> <li>Compliance with the law</li> <li>Avail the Party Membership Records.</li> </ul>	
	Branch Support & Disbursements		28,200,000	?	?	?	?			
	Branch audits & Coordination		10,000,000	?	?	?	?			
	Membership Recruitment & Retention		5,300,000	?	?	?	?			
	General Membership Expenses		5,000,000	?	?	?	?			
	Resource Mobilization Expenses		3,000,000	?	?	?	?			
	<b>Total Branch Coordination &amp; Support Expenses</b>		<b>51,500,000</b>							
	<b>4. Civic Education</b>									Mainly covering the BBI Resolutions, party legislative agenda and the Devolved Government, ToT, Youth PWDs and Women leagues.
	Seminar & Workshops		10,000,000	?	?	?	?			
	Civic Education & Retreats		15,500,000	?	?	?	?			
Voter Sensitization Forums		5,000,000	?	?	?	?				
Party to Party Co-operation		5,000,000			?	?				
Party objects		10,000,000	?	?	?	?				
Other Secretariat/ Governance Forums		10,000,000	?	?	?	?				
<b>Total Civic Education Expenses</b>		<b>55,500,000</b>								
Bringing our party to bear on the shaping BBI awareness Meetings	<b>5. Party Policy &amp; Advocacy Expenses inclusive of 30% to promote special interest groups</b>							Mainly covering the BBI Resolutions, party legislative agenda and the Devolved Government, ToT, Youth PWDs and Women leagues.		
	Advocacy Articles		5,000,000	?	?	?	?			
	Intelligence & Media Monitoring		10,000,000	?	?	?	?			
	Implementation of Strategic Plan		10,000,000	?	?	?	?			
	Radio & TV – Publicity & Advertising		10,000,000	?	?	?	?			
	General Advocacy / Campaigns/ Media		20,000,000	?	?	?	?			
	Policy Dialogue / Coalition Support		82,108,468	?	?	?	?			
<b>Total Party Policy &amp; Advocacy Expenses</b>		<b>137,108,468</b>								

STRATEGIC OBJECTIVE	ACTIVITIES	Output	Budgetary Estimates	Qtrly Time Frame July '22 – Jun '23				Performance Indicators	Means of Verification
				Q1	Q2	Q3	Q4		
Not more than 30% of the political party funding to cover administrative cost of the Party. This Percentage is calculated on the Provision of 0.3% of previous Government annual audited revenue.	<b>6. HQ &amp; Administrative Costs</b>							Effective and responsive Human Resource Policy in place	<ul style="list-style-type: none"> <li>Branch/ Register's Records</li> <li>Compliance with the law</li> <li>Effective running of the party and safety of party Assets</li> <li>Auditor General and Kenya Revenue Authority</li> </ul>
	Rates & Service Fees		262,500	?	?	?	?		
	Financial Cost & Banking Expenses		1,000,000	?	?	?	?		
	Stationery & Office Supplies		525,000	?	?	?	?		
	Internet Connectivity		367,500	?	?	?	?		
	Telephone & Cellular		525,000	?	?	?	?		
	Cleaning & Sanitation		315,000	?	?	?	?		
	Staff Welfare & Medical Cover		5,500,000	?	?	?	?		
	Printing & Reproduction		2,800,000	?	?	?	?		
	Postage & Delivery		1,000,000	?	?	?	?		
	Wages & Salaries		76,760,000	?	?	?	?		
	Hires & Rentals & Utilities		1,000,000		?	?	?		
	Newspapers & Publications		350,000	?	?	?	?		
	Repairs & Maintenance		2,000,000	?	?	?	?		
	Motor Vehicle Running Expenses		3,500,000	?	?	?	?		
	Clubs & Memberships		550,000			?	?		
	Staff Development		3,500,000	?	?	?	?		
Travel & Accommodation		6,200,000	?	?	?	?			
Admin Legal & Professional Fee		10,000,000	?	?	?	?			
<b>Total Administrative Expenses</b>		<b>116,155,000</b>							

This brought about heavy expenditures relating to court petition costs, mobilization strategies, publicity and advocacy plus logistic support to Party aspirants. Our headcount cost rose due to staffing requirements needed to support our election campaign efforts and Party operations.

**8. Corporate Governance Statement**

Orange Democratic Movement is committed to operating in accordance with best practice in political integrity and ethics and maintaining the highest standards of financial reporting and corporate governance. The National Executive Committee is delighted to report that the party has, throughout the year, complied with the provisions set out in the Code on Corporate Governance and equally applied the main principles of the Code.

Corporate governance for the Orange Democratic Movement has gone a long way to define how the party conducts its affairs in line with the objects for which it was founded. It has given the party its structure, which contains all set of rules that governs the ethical operating procedures and processes of the party by ensuring that we conform to the Kenyan Statutory requirements and the best practices in line the Political Parties Act 2011 in all political activities. Likewise, it has ensured the best interests of the public and party members are jealously protected. Responsibility for corporate governance is vested with the National Executive Committee of the Orange Democratic Movement.

Much of the details are contained in the attached party Constitution which contains the following

- Identity, Vision and Mission                      Aims, objectives and Values
- Membership, Rights and Duties                  National Officials
- Party Organs    Committees
- Stewardship    Dissolutions
- Coalitions, Dispute Settlement and Amendment
- General Provisions

**Corporate Social Responsibility Statement/Sustainability Reporting**

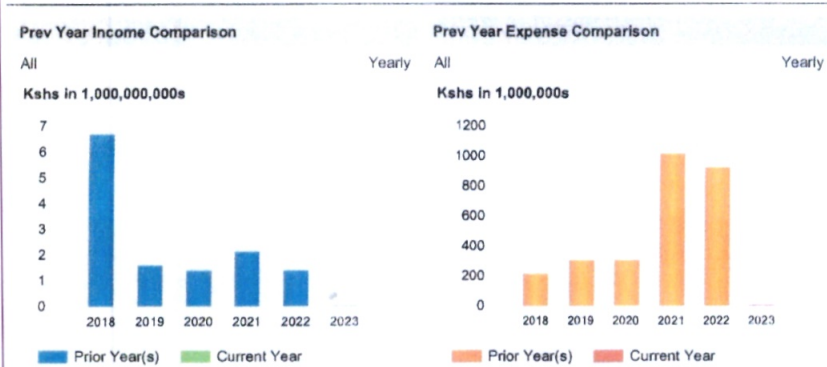
Our ambition is to gradually but visibly, establishes a prosperous, industrialized and modern nation in which citizens enjoy social, economic and democratic rights, and live in dignity. We envisage that our people will exploit their full potential. The sporting concerts and events will ensure that there is a continuous link between the people and the party organs – This program arises from a desire to ensure our contribution to society goes beyond purely political campaigns. Citizens have a duty to interact in a responsible way from a social and environmental perspective. In this context, one of the questions ODM aims to answer is: how do our activities improve living standards in our communities? In addition, it makes political sense in the long-term. When managed well this social responsibility can also facilitate achievement of strategically important goals for the party:

- Involvement in project work that tackles real challenges in our communities is a way through which we can increase **staff engagement**, member’s loyalty, and **pride**.
- Through collaboration in projects, we can improve the **dynamism of relationships** with our members and competitors
- Because of positive outcomes from our Corporate social activity, we can enhance ODM’s **reputation** among key stakeholders nationally

**9. Management Discussion and Analysis as at 30<sup>th</sup> June 2023**

We write to confirm that ODM has performed very well on all fronts. We further confirm that since inception in 2007 we have received no adverse audit queries. The Party has endeavoured to improve both human resources and other control measures as advised the management and External Auditors.

We have complied fully with statutory requirements by the Government say for the Government’s non observance of the Political Parties Act, 2011 and perennial delay of annual funding.



*The table above show ODM's performance since 2018*

We reiterate that Political Parties form an essential part of the governance landscape. They develop policy, recruit future representatives and leaders and prepare them to take the country’s leadership. Kenyans, in their own wisdom affirmed on the need for the state to fund political parties and limit donations received from foreign and personal donations. Therefore, it is unrealistic/ punitive to imagine that parties can operate without timely and substantial state funding.

To date as we make this report, the forty-eight (48) qualifying political parties have not received the FY 2023/2024 1<sup>st</sup> Quarter funding. Even the appropriate amount was reduced by Kshs. 590 million without reference to Parties. Remember that Political parties are required to establish their head offices within Kenya - which headquarter must be accessible and secure. The said office must be conspicuous, spacious, and not in the backstreet. This requirement is applicable to the more than 24 branch offices across the country as required by law. The overheads and the running of these offices run into millions every month. Added to this are administrative costs, election and campaign expenses, conferences and meetings and party policy & advocacy. Our budgets are both activities based and time bound and therefore the delay to fund Parties has completely derailed the timed Party activities.

Besides the above challenges Orange Democratic Movement Human Resource Development has tremendously improved since 2007. The Department and other sectors have strictly been guided by the Party’s Human Resource Manual and the yearly strategic plans in place – The current one is in force for the next five years. The Manual provides a central reference to all our stakeholders including Party Members and Employees, Independent Auditor and to our County Offices.

The Department’s aim is to promote Party’s philosophy and to ensure that the mission and objectives for which ODM was founded are exhibited in all spheres of Party activities and programs. The Department continues to maintain standards of excellence by generating clear terms of employment and promoting employee development while maximizing their full potential.

**Annual Report and Financial Statements  
for the year ended June 30, 2023**

**Income Analysis**

We wish to confirm that we did not realize our budgetary income expectations from the Registrar of Political Parties during the year ended 30<sup>th</sup> June 2023. The Government through National Treasury and Parliament has continued to breach the Political Parties Act 2011. We can confirm that we are in court seeking justice for our outstanding disbursements.

We had considered Government income of Kshs. 1,344,713,468 based on the Political Parties Act, 2012. However, Parliament approved the contested Kshs 1,475,000,000 for all qualifying Parties. The said amount is not calculated based on 0.3% as provided for in law. The criterion used to arrive at this figure is not explained, neither is the rationale that informed such allocation been made known to Political Parties. Worse still Political Parties suffered a budget cut of Kshs 590 million supplementary estimates. The only amount due to all qualifying parties during the year was thus Kshs. 885 million.

The table below shows that out of our realistic provision based on law we only received the highlighted.

	<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Narration</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
<b>0018 · INCOME ACCOUNTS</b>							
<b>IN002 · Transfers From GOK - PPF</b>							
	Debit Note	01/07/2022	3	2022/2023 Budgetary Provision		1,104,130,341.80	1,104,130,341.80
	Receipt	08/07/2022	42305	Receipts During the Year		86,452,786.20	1,190,583,128.00
	Receipt	02/02/2023	42306	Receipts During the Year		77,065,170.00	1,267,648,298.00
	Receipt	03/02/2023	42307	Receipts During the Year		77,065,170.00	1,344,713,468.00
	Total IN002 · Transfers From GOK - PPF				0.00	1,344,713,468.00	1,344,713,468.00
Total 0018 · INCOME ACCOUNTS					0.00	1,344,713,468.00	1,344,713,468.00
<b>TOTAL</b>					<b>0.00</b>	<b>1,344,713,468.00</b>	<b>1,344,713,468.00</b>

We plead with our elected members in the house to interrogate and to reject any provision of the budget estimates that is inconsistent with the Laws as provided.

Likewise we could not realize our by-election nomination fees and life membership fees because IEBC is not yet constituted to oversee any by-elections.

**Expenditure Notes**

The following provides brief expense explanations.

**1. Conferences & Meetings – Kshs 108,519,452 (16% above the previous year)**

We spent on the Orange Women, PWDs and Youth Leagues aspirants during the period to the tune of Kshs. 98 million. The Party spent on NEC, Ad hoc and Standing Committee meetings about Kshs 6 million. For the maintenances of party relevance amongst the Membership and approval & ratification of party policy documents we spent on National officials close to Kshs 4 million.



**2. Campaign & Election Expenses (By-elections) Kshs. 610,584,264.00** (11% below the previous year)

In order to achieve credible campaigns and other ballot processes we spent Kshs. 610 million during the year. This covered the Party campaigns and the Broadcasting of the Policies of the Party.

**3. Membership Recruitment & Branch Coordination Kshs. 31,561,755.00**

We endeavoured to ensure that there was continuous link between the people and party organs. This is the only way to grow membership and hence to achieve credible paying Party supporters & Members. The Party will continue to support our county offices. Currently we support 42 offices.

**4. Party Policy & Advocacy Expenses Kshs. 43,197,050.00**

The Party spent Kshs 42 million to cover Advocacy Articles and media pronouncements, Media monitoring and intelligence plus Party strategic plan implementations. These are equally meant to bring our Party to bear on the shaping of Public Opinion.

**5. HQ & Administrative Costs Kshs. 127,540,363.00**

The Major cost here is the Employee Costs (Salaries & Wages, Provident Fund and Medical Insurance): Office re-currents and Utilities, Financial costs, provision of depreciation and insurance costs are captured under this expense.

The Key responsibilities for the Department during the year ended pursuant to the International Public Sector Accounting Standards during the year under review included, but were not limited to the following:

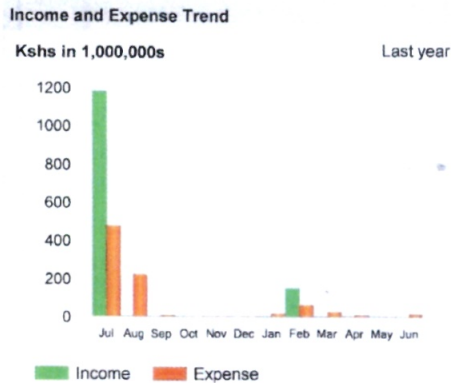
- Developing strategies for and realizing financial resource mobilization for the Party
- Ensuring the Audit of the books of the Party.
- Preparations and arrangements of the Party Grassroot Elections and the 2022 General elections
- Participation in the implementation of the Party's strategic plan by Managing all Party finances and providing expert financial guidance to the Party on all areas related to and including project financing, contract negotiations, tax strategies, regulatory compliance, and inter- Party /departmental transactions.
- Maintaining financial controls to safeguard the Party's assets and ensuring adherence to established policies, processes, procedures to achieve optimal efficiency and cost containment.
- Maintaining principles of stewardship, financial discipline, ethics and best practices to guide the Party in matters of Fiscal Planning and management.

In compliance with the relevant Public Audit Act 2015 and requirements of the Political Parties' Act 2011, we confirm accomplishing most of the above in time lest for the Government failure to comply with the provisions of funding in the Political Parties Act. We have ensured that the Party has kept proper accounting records and has disclosed with reasonable accuracy the financial position of the Party as required by all the stakeholders. For the last 15 years our performance has remained above board. The Party has consistently developed and submitted the work-plan and budgets of the Party pursuant to Regulation 6 of the Political Parties Funding Regulations to the Registrar of

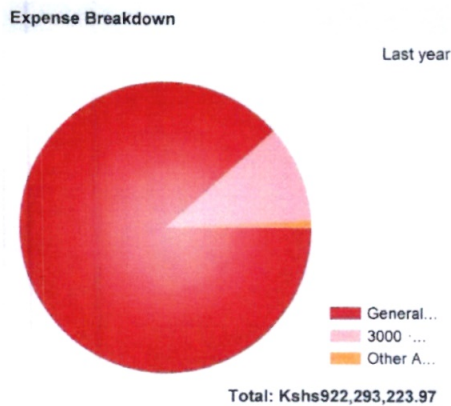
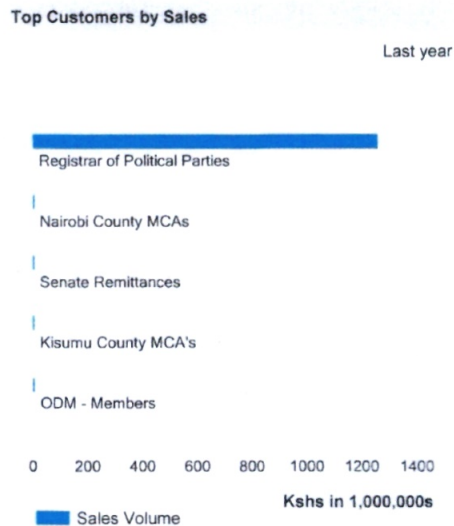
**Annual Report and Financial Statements  
for the year ended June 30, 2023**

Political Parties. The Snapshots for the year ended 30<sup>th</sup> June 2023 as compared to previous year's performance is as shown below

**Income & Expense Trend**



**Top Contributors**



**10. Environmental and Sustainability Reporting**

**I. Sustainability Strategy and Profile**

The Orange Democratic Movement fully accepts the obligations placed upon it by the various Acts of Parliament covering health, safety and Environment Sustainability. The Party requires its Executive Director to ensure that the policy is implemented and to report to the National Executive Committee annually on its effectiveness. The Party recognizes and accepts its responsibility as a Political Party to maintain, so far as is reasonably practicable, the safety and health of its employees, and of other persons who may be affected by its' political activities.”

The Party operates a system for recording, analysis, and presentation of information about accidents, hazard situations and untoward occurrences. Advice on systems is provided by the Security/ Safety Officer, in conjunction, where appropriate with specialist advisory bodies for example local Environmental Health Departments, and those responsible for the operation of these systems. Information obtained from the analysis of accident statistics are acted upon and, where necessary, bids for additional expenditure made to the Executive Director.

## II. Environmental Performance

The Party has in place a Secretary for Environment Affairs. We are increasing aware of sustainability risks and opportunities ranging from the fiduciary role of the National Executive Committee members and their oversight role on climate change and to the integration of sustainability and strategy on the current Kenyan landscape.

Lest for funding we're considering training our staff and members to provide the essential climate and sustainability skills needed to counter today's rapidly evolving environmental challenges.

## III. Employee Welfare

Orange Democratic Movement believes that consideration of the health, safety and welfare of staff is an integral part of the management process. The provision of the Health and Safety at the party headquarters and the branches is of paramount importance. Responsibility for health, Environment and safety matters are explicitly stated in management job descriptions.

The Party requires managers to approach health and safety in a systematic way, by identifying hazards and problems, planning improvements, taking executive action and monitoring results so that the majority of health and safety needs will be met from locally held budgets as part of day-to-day management, although many health and safety problems can be rectified at little additional cost.

## IV. Market Place Practices

We have a detailed Policy in our HR Manual from page 89 – 93

**11. Report of the National Executive Committee**

The National Executive committee submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Orange Democratic Movement affairs.

**a. Principal activities**

The organization’s principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

**b. Results**

The results of the entity for the year ended June 30, 2023, are set out on page 1-2

**c. National Executive Committee Members**

The National Executive Committee Members who served during the year are shown on page (vi)

**d. Auditors**

The Auditor General is responsible for the statutory audit of the Orange Democratic Movement in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Orange Democratic Movement for the year/period ended June 30, 2023.

By Order of the National Executive Committee

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Hon. Senator Edwin Sifuna  
Secretary General  
Nairobi  
Date: 26<sup>th</sup> September 2023

**12. STATEMENT OF NATIONAL EXECUTIVE COMMITTEE’S RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 require the National Executive Committee to prepare financial statements in respect of that Orange Democratic Movement, which give a true and fair view of the state of affairs of the Orange Democratic Movement at the end of every financial year/period and the operating results of the Orange Democratic Movement for each particular year/period. The National Executive Committee members are also required to ensure that the Orange Democratic Movement keeps proper accounting records which disclose with reasonable accuracy the financial position of the Orange Democratic Movement. The National Executive Committee members are also responsible for safeguarding the assets of the Orange Democratic Movement.

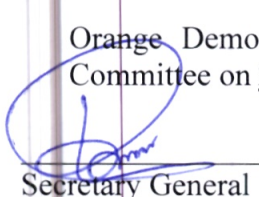
The National Executive Committee members are responsible for the preparation and presentation of Orange Democratic Movement financial statements, which give a true and fair view of the state of affairs of the Orange Democratic Movement for and as at the end of the financial year (period) ended on June 30, 2023. 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 Orange Democratic Movement; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The National Executive Committee members accept responsibility for Orange Democratic Movement financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012–). The National Executive Committee members are of the opinion that Orange Democratic Movement financial statements give a true and fair view of the state of Orange Democratic Movement transactions during the financial year ended June 30, 2023, and of Orange Democratic Movement financial position as at that date. National Executive Committee further confirm the completeness of the accounting records maintained for the Orange Democratic Movement, which have been relied upon in the preparation of Orange Democratic Movement financial statements as well as the adequacy of the systems of internal financial control.

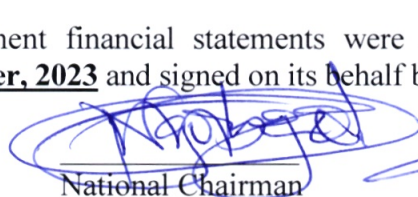
Nothing has come to the attention of the Directors to indicate that the Orange Democratic Movement will not remain solvent for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

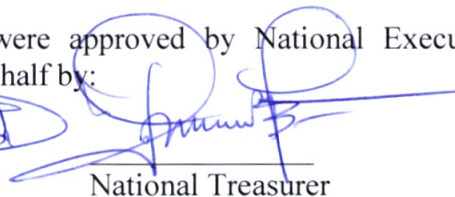
Orange Democratic Movement financial statements were approved by National Executive Committee on **26<sup>th</sup> September, 2023** and signed on its behalf by:



Secretary General



National Chairman



National Treasurer

# 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 ORANGE DEMOCRATIC MOVEMENT 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

#### Qualified Opinion

I have audited the accompanying financial statements of the Orange Democratic Movement Party set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of

changes in net assets, statement of cash flows and statement of comparison of budget and actual amount 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Orange Democratic Movement Party as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Inaccuracies in the Statement of Comparison of Budget and Actual Amounts**

The statement of comparison of budget and actual amounts reflects actual receipts and actual expenditure of Kshs.271,961,994 and Kshs.923,161,224 respectively. However, it is not clear how the resultant deficit of Kshs.651,199,230 was financed casting doubt on the accuracy of the statement.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

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

### **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.

### **Emphasis of the Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflected final revenue budget and actual on comparable basis of Kshs.1,429,563,468 and Kshs.271,961,994 respectively resulting in under-performance of Kshs.1,157,601,474 or 81% of the approved budget. Further, out of the estimated Government grants and subsidies funding of Kshs.1,344,713,468 from the Political Parties Fund, only an amount of Kshs.240,583,127 or approximately 18% of the estimated amount was received.

The under-funding may have negatively affected implementation of the planned activities of the Party.

My opinion is not modified in respect of this matter.

## 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, 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**

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, financial transactions and information reflected in the financial 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 overall 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 processes and systems of internal controls, 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 financial statements in accordance with International Public Sector Accounting Standards (Accrual 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 governance.



In preparing the financial statements, Management is responsible for assessing the Party's ability to continue 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 terminate 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 the 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**

The audit objectives are to obtain reasonable assurance about whether the financial 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 financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed 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.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 control would not necessarily disclose all matters in the internal control 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 financial 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 control 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 financial 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 Party's ability to continue 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 financial 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 Party to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Party to express an opinion on the financial 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 control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships concurred and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

26 June, 2024

**Annual Report and Financial Statements  
for the year ended June 30, 2023**

**14. Statement of Financial Performance for the year ended 30 June 2023**

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments –Gifts and Survive in kind	6	1,344,713,468	1,842,653,043
Public contributions and donations	7	29,536,360	62,296,764
		<b>1,374,249,828</b>	<b>1,904,949,807</b>
<b>Revenue from exchange transactions</b>			
Other Income	9	1,842,507	259,805,170
<b>Total revenue</b>		<b>1,376,092,335</b>	<b>2,164,754,977</b>
<b>Expenses</b>			
Employee costs	10	98,597,400	92,196,543
Depreciation and amortization expense	11	6,335,915	7,570,326
Repairs and maintenance	12	1,018,680	677,850
General Expenses	13	815,729,490	910,809,181
Finance costs	14	611,739	681,892
<b>Total expenses</b>		<b>922,293,224</b>	<b>1,011,935,792</b>
Gain on sale of assets		-	-
<b>Surplus before tax</b>		<b>453,799,111</b>	<b>1,152,819,185</b>
<b>Transfers to NASA Partners</b>		<b>-</b>	<b>(47,482,892)</b>
<b>Surplus/(deficit) for the period/year</b>		<b>453,799,111</b>	<b>1,105,336,293</b>
<b>Net Surplus for the year</b>		<b>453,799,111</b>	<b>1,105,336,293</b>

The notes set out on pages 6 to 27 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of National Executive Committee by:

  
Secretary General

Name: Hon. Edwin Sifuna

Date.....

  
National Treasurer

Name: Hon. Timothy Bosire

Date.....

  
National Chairman

Name: Hon. CPA John Mbadi

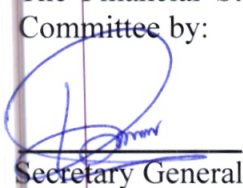
Date.....

**Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**15. Statement of Financial Position as at 30 June 2023**

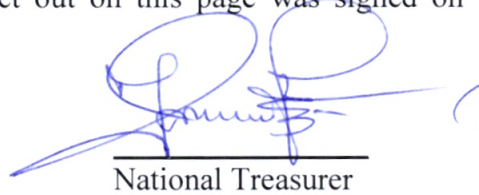
	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	15	(6,390,265)	156,743,385
Receivables from non-exchange transactions	17	6,899,908	9,994,847
Accrued Receivable from Government	17	10,254,950,304	9,622,963,296
<b>Total Current Assets</b>		<b>10,255,459,947</b>	<b>9,789,701,528</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	18	247,437,020	252,904,935
<b>Total Non- Current Assets</b>		<b>247,437,020</b>	<b>252,904,935</b>
<b>Total Assets</b>		<b>10,502,896,967</b>	<b>10,042,606,463</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from Exchange Transactions	19	8,273,326	1,781,933
<b>Total Current Liabilities</b>		<b>8,273,326</b>	<b>1,781,933</b>
<b>Total Liabilities</b>		<b>8,273,326</b>	<b>1,781,933</b>
<b>Net Assets</b>			
Reserves		2,356,176	2,356,176
Accumulated surplus		10,492,267,465	10,038,468,354
<b>Total Net Assets</b>		<b>10,494,623,641</b>	<b>10,040,824,530</b>
<b>Total Net Assets and Liabilities</b>		<b>10,502,896,967</b>	<b>10,042,606,463</b>

The Financial Statements set out on this page was signed on behalf of the National Executive Committee by:

  
Secretary General

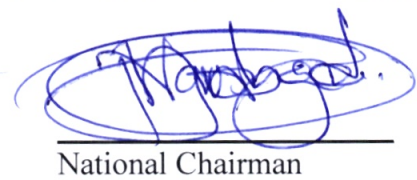
Name: Hon. Edwin Sifuna

Date.....

  
National Treasurer

Name: Hon. Timothy Bosire

Date.....

  
National Chairman

Name: Hon. CPA John Mbadi

Date.....

**Annual Report and Financial Statements  
for the year ended June 30, 2023.**
**16. Statement of Changes in Net Assets for The Year Ended 30 June 2023**

	notes	Reserve	Fair value adjustment reserve	Accumulated Reserves	Net Surplus/Deficit	Capital/ Development Grants/Fund	Total
<b>As at June 30, 2021</b>		<b>2,356,176</b>	-	<b>(3,638,482)</b>	<b>8,936,770,544</b>	-	<b>8,935,488,238</b>
Surplus/ Deficit for the year		-	-	-	1,105,336,293	-	<b>1,105,336,293</b>
<b>As at June 30, 2022</b>		<b>2,356,176</b>	-	<b>(3,638,482)</b>	<b>10,042,106,837</b>	-	<b>10,040,824,530</b>
Surplus/ Deficit for the year				-	453,799,111	-	<b>453,799,111</b>
<b>As at June 30, 2023</b>		<b>2,356,176</b>	-	<b>(3,638,482)</b>	<b>10,495,905,948</b>	-	<b>10,494,623,641</b>

**Annual Report and Financial Statements  
 for the year ended June 30, 2023.**
**17. Statement of Cash Flows for the Year Ended 30 June 2023**

		2022-2023	2021-2022
	Notes	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments –Gifts and Survive in kind	6	1,344,713,468	1,842,653,042
Public contributions and donations	7	29,536,360	62,296,765
Other income	9	1,842,507	259,805,170
<b>Total Receipts</b>		<b>1,376,092,335</b>	<b>2,164,754,977</b>
<b>Payments</b>			
Employee costs	10	98,597,400	92,196,543
Depreciation and amortization expense	11	6,335,915	7,570,326
Repairs and maintenance	12	1,018,680	677,850
General Expenses	13	815,729,490	910,809,181
Finance costs	14	611,739	681,892
Grants and Subsidies Paid		-	47,482,892
<b>Total Payments</b>		<b>922,293,224</b>	<b>1,059,418,684</b>
<b>Net cash flows from/ (used in) operating activities</b>		<b>453,799,111</b>	<b>1,105,336,293</b>
<b>Adjusted for</b>			
Depreciation Written back		6,335,915	7,570,326
<b>Total cash flow from operating activities</b>		<b>460,135,026</b>	<b>1,112,906,619</b>
<b>Cash flows from investing activities</b>			
Purchase of Assets		(868,000)	(17,346,489)
Purchase of property, (Land \$ Buildings)		-	1,762,249
<b>Net cash flows from/ (used in) investing activities</b>		<b>(868,000)</b>	<b>(15,584,240)</b>
<b>Cash flows from financing activities</b>			
Increase/(Decrease) in Payables	19	6,491,395	(14,360,144)
Decrease / (Increase) in Receivables	17	(628,892,071)	(1,042,896,184)
<b>Net cash flow from financing activities</b>		<b>(622,400,676)</b>	<b>(1,057,256,328)</b>
Increase in capital funds			
<b>Net cash flows from / (used in) financing activities</b>		<b>(623,268,676)</b>	<b>(1,072,840,568)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(163,133,650)</b>	<b>40,066,051</b>
Cash and cash equivalents at 1 JULY 22	15	156,743,385	116,677,334
<b>Cash and cash equivalents at 30 JUNE 23</b>	15	<b>(6,390,265)</b>	<b>156,743,385</b>

**Annual Report and Financial Statements  
 for the year ended June 30, 2023.**
**18. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2023**

	Original budget	Adjustments	Final budget	Actual on	Performance	Over/Under
	2022-2023	2022-2023	2022-2023	comparable basis	difference	
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	
	Kshs	Kshs	Kshs	Kshs	Kshs	%
<b>Revenue</b>						
Public contributions and donations	69,310,000	-	69,310,000	29,536,360	39,773,640	57%
Government grants and subsidies	1,344,713,468	-	1,344,713,468	240,583,127	1,104,130,341	82%
Other income	15,540,000	-	15,540,000	1,842,507	13,697,493	88%
<b>Total income</b>	<b>1,429,563,468</b>	<b>-</b>	<b>1,429,563,468</b>	<b>271,961,994</b>	<b>1,157,601,474</b>	<b>81%</b>
<b>Expenses</b>						
Compensation of employees	91,632,886	-	91,632,886	98,616,000	(6,983,114)	-8%
Depreciation	5,500,000	-	5,500,000	6,335,915	(835,915)	-15%
Finance cost	392,114	-	392,114	611,739	(219,625)	-56%
Capex Costs	29,480,000	-	29,480,000	868,000	28,612,000	97%
Repairs	900,000	-	900,000	1,018,680	(118,680)	-13%
Other payments	1,301,658,468	-	1,301,658,468	815,710,890	485,947,578	37%
Transfer NASA Partners	-	-	-	-	-	-
<b>Total expenditure</b>	<b>1,429,563,468</b>	<b>-</b>	<b>1,429,563,468</b>	<b>923,161,224</b>	<b>506,402,244</b>	<b>35%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(651,199,230)</b>	<b>651,199,230</b>	

Budget notes

The differences are mainly attributed to the 2022 General Election Campaigns.

We had legitimate expectation of Government honouring the court ruling with regard to funding; unfortunately, the Government remained in breach of the court ruling and went further to reduce the appropriated allocation due to Political Parties by over Kshs. 590 million.



**19. Notes to the Financial Statements****1. General Information**

Orange Democratic Movement is established by and derives its authority and accountability from the Constitution and the Political Parties Act 2011. The Party is wholly Kenyan and is domiciled in Kenya. The Party's principal activity is to strive to establish a Government of Kenya based on democratic and good governance and constitutional principles of a pluralistic democracy whilst promoting rule of law.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Entity*.

The financial statements have been prepared in accordance with the PFM Act, the Political Parties Act 2011 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**Notes to the Financial Statements (Continued)**

**3. Adoption of New and Revised Standards**

*i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held.</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness, and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes;</li> </ol>

Standard	Effective date and impact:
	and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that</p>

Standard	Effective date and impact:
	<p>lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash-flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**ii. Early adoption of standards**

Orange Democratic Movement has adopted these new standards as at 1<sup>st</sup> January, 2023. We will adopt the Standards falling due in 1<sup>st</sup> January 2025.

#### 4. Summary of Significant Accounting Policies

##### a) Revenue recognition

##### i) Revenue from non-exchange transactions

###### **Fees, taxes and fines**

The Entity recognizes revenues from fees, taxes and fines when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

###### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

###### **Rendering of services**

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Notes to the Financial Statements (Continued)****Summary of Significant Accounting Policies (Continued)****Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.

**b) Budget information**

The original budget for FY 2022-2023 was approved by the National Assembly on 29<sup>th</sup> July 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals to conclude the final budget.

The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts as per the statement of financial performance has been presented on page 5 of these financial statements.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

***Sales tax***

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included
  - The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. After initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant, and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Party recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Other significant accounting principles adopted by the Party are as follows:

**Depreciation**

Depreciation is provided for on fixed assets using the reducing balance method.

The following are the rates currently in use:

- Lease Hold Structure 10%
- Office Furniture and Fittings 12.5%
- Office Equipment 12.5%
- Computers and Printers 30%
- Motor Vehicles 25%
- Building at 2.5%

**f) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.



**Notes to the Financial Statements (Continued)****Summary of Significant Accounting Policies (Continued)****Impairment of financial assets**

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an Entity of financial assets is impaired. A financial asset or an Entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an Entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

**a) Financial liabilities****Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs

**Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**g) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is

**Notes to the Financial Statements (Continued)****Summary of Significant Accounting Policies (Continued)**

its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of ODM.

**h) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**i) Contingent liabilities**

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**Notes to the Financial Statements (Continued)****Summary of Significant Accounting Policies (Continued)****j) Contingent assets**

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs

**. k) Employee Benefits****Retirement benefit plans**

The Party provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Party pays fixed contributions into a separate Provident Fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

**k) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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**Notes to the Financial Statements (Continued)  
Summary of Significant Accounting Policies (Continued)****l) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant, and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance

**m) Related parties**

The Party regards the National Executive Committee as a person or a body with the ability to exert control individually or jointly with other Party Organs, or to exercise significant influence over the Party Management, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO, and senior managers.

**n) Service concession arrangements**

ODM analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. Where a private party contributes an asset to the arrangement, the Party recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Party also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**o) 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 and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**Notes to the Financial Statements (Continued)**
**Summary of Significant Accounting Policies (Continued)**
**p) Comparative figures**

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

**q) Subsequent events**

There have been no events after the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made e.g.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual value**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Annual Reports and Financial Statements  
for the year ended June 30, 2023**
**Notes to the Financial Statements (Continued)**
**6. Transfers from Other Government Entities**

Description	2022-2023	2021-2022
	KShs	KShs
<b>Unconditional grants</b>		
Government Political Fund	240,583,127	294,939,407
Accrued Transfers owing from Government	1,104,130,341	1,547,713,636
<b>Total Unconditional Grants</b>	<b>1,344,713,468</b>	<b>1,842,653,043</b>

**7. Public Contributions and Donations**

Description	2022-2023	2021-2022
	KShs	KShs
Governors Contributions	5,180,000	3,600,000
Deputy Governors Contributions	-	1,420,500
MP's and senators Contribution	14,445,500	27,715,500
Members Contribution	737,400	9,424,732
MCAs Contributions	9,173,460	20,136,032
<b>Total transfers and sponsorships</b>	<b>29,536,360</b>	<b>62,296,764</b>

**8. Finance Income**

Description	2022-2023	2021-2022
	KShs	KShs
Interest income from Fixed Deposit	-	12,263,579
<b>Total finance income</b>	<b>-</b>	<b>12,263,579</b>

**Annual Reports and Financial Statements  
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**Notes to the Financial Statements (Continued)**

**9. Other Income**

Description	2022-2023	2021-2022
	KShs	KShs
Life Membership Fees	1,198,307	102,837,831
Nomination Fees	620,000	144,647,760
Tender Purchase	19,000	56,000
Assets Disposals	5,200	-
<b>Total other income</b>	<b>1,842,507</b>	<b>247,541,591</b>

**10. Employee Costs**

	2022-2023	2021-2022
	KShs	KShs
Salaries and wages	81,579,592	75,601,358
Employee Provident Fund	5,127,944	5,490,613
Employer Provident Fund	5,127,944	5,490,613
Staff Medical Insurance	6,369,116	5,506,719
NSSF Employer Liability	196,402	53,620
NSSF Employee Liability	196,402	53,620
<b>Employee costs</b>	<b>98,597,400</b>	<b>92,196,543</b>

**11. Depreciation and Amortization Expense**

Description	2022-2023	2021-2022
	KShs	KShs
Property, plant, and equipment	6,335,915	7,570,326
<b>Total depreciation and amortization</b>	<b>6,335,915</b>	<b>7,570,326</b>

**12. Repairs and Maintenance**

Description	2022-2023	2021-2022
	KShs	KShs
Property-Leasehold	49,280	365,850
Equipment and machinery	969,400	312,000
<b>Total repairs and maintenance</b>	<b>1,018,680</b>	<b>677,850</b>

**Annual Reports and Financial Statements  
for the year ended June 30, 2023**
**Notes to the Financial Statements (Continued)**
**13. General Expenses (Use of Goods and Services)**

Description	2022-2023	2021-2022
	KShs	KShs
Advertising	362,584	942,214
Legal and profession fees	-	1,446,000
Software Expenses	-	100,000
Audit fees	200,000	200,000
Electricity (Utilities)	190,287	241,405
NITA	18,600	14,400
Communication and Internet	4,622,428	3,485,324
Branch Training –Coordination and support	31,561,755	65,774,495
Campaign Expenses	594,485,684	673,227,060
Civic Education Expenses	60,000	2,363,580
Regional Conferences	108,519,452	93,114,567
Party Policy and advocacy	43,197,050	32,872,471
Legal Expenses	16,098,580	15,542,464
Staff Welfare	160,028	1,232,850
Postage and delivery	1,783,305	2,232,075
Office stationery	302,040	667,410
Printing and reproduction	564,240	1,495,690
Newspapers and publication	96,660	151,200
Travel and accommodation	1,774,150	6,073,488
Security Costs	2,465,604	2,503,350
Transportation and Motor Expenses	9,108,643	6,666,378
Staff Skills Development	-	150,000
Clubs and membership	89,400	198,760
Fines and Penalties	-	45,000
Service Charge	69,000	69,000
<b>Total General Expenses</b>	<b>815,729,490</b>	<b>910,809,181</b>

**14. Finance Costs**

Description	2022-2023	2021-2022
	KShs	KShs
Bank Charges	611,739	681,892
<b>Total finance costs</b>	<b>611,739</b>	<b>681,892</b>



**Annual Reports and Financial Statements  
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**Notes to the Financial Statements (Continued)**

**15. Cash and Cash Equivalents**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>KShs</b>	<b>KShs</b>
Bank Balances	(6,410,836)	156,697,208
Cash on hand and in transit	20,571	46,177
<b>Total cash and cash equivalents</b>	<b>(6,390,265)</b>	<b>156,743,385</b>

**16. Detailed Analysis of the Cash and Cash Equivalents**

		<b>2022-2023</b>	<b>2021-2022</b>
<b>Financial institution</b>	<b>Account number</b>	<b>KShs</b>	<b>KShs</b>
<b>a) Current account</b>			
Cooperative Bank of Kenya (MA)	01120006511100	822,162	2,213,570
Cooperative Bank of Kenya (FR)	01120006511101	8,864	751,699
Cooperative Bank of Kenya (PCF)	01120006511102	-	(4)
Cooperative Bank of Kenya (PF)	01120198448800	-	247,695
KCB Bank Kenya Ltd (FR)	1257184989	(152)	20,488
KCB Bank Kenya Ltd (MA)	12571884717	47,177	3,860,180
KCB Bank Kenya Ltd (PF)	1255338423	(7,288,889)	149,603,580
<b>Sub- total</b>		<b>(6,410,836)</b>	<b>156,697,208</b>
<b>b) Cash-on-hand and in transit</b>			
Cash in hand		-	869
Cash holding		571	708
M-mpesa Paybill		20,000	44,600
<b>Sub- total</b>		<b>20,571</b>	<b>46,177</b>
<b>Grand total</b>		<b>(6,390,265)</b>	<b>156,743,385</b>

**Notes to the Financial Statements (Continued)**
**17. Receivables from Exchange Transactions**

	<b>2022-2023</b>	<b>2021-2022</b>
	<b>KShs</b>	<b>KShs</b>
<b>Current receivables</b>		
Staff Advances		240,557
Prepaid Legal Fees	2,000,000	2,000,000
Prepaid Medical Staff /Motor Insurance	4,899,908	5,302,045
Prepaid Digital Registration	-	372,800
Refundable Deposit	-	1,360,000
Prepaid Rent	-	960,000
Total receivables	<b>6,899,908</b>	<b>10,235,402</b>
Accrued transfers owing from Government	<b>10,254,950,304</b>	<b>9,622,722,739</b>
<b>Total Current Receivables 30-6-2022</b>	<b>10,261,850,212</b>	<b>9,632,958,141</b>

**18. Property, Plant and Equipment**

	Land	Buildings	Leasehold Structure	Computers & Printers	Office Equipment	Furniture and fittings	Motor vehicles	Total
Cost	KShs	Kshs	KShs	KShs	KShs	KShs	KShs	KShs
<b>At 30<sup>th</sup> June 2021</b>	<b>203,572,182</b>	<b>20,418,540</b>	<b>1,379,506</b>	<b>7,208,438</b>	<b>8,191,854</b>	<b>10,147,213</b>	<b>19,939,500</b>	<b>270,857,232</b>
Additions	(1,762,249)	-	-	3,631,139	10,976,600	2,738,750	-	15,584,240
Disposals	-	-	(1,379,506)	-	-	-	-	(1,379,506)
<b>At 30<sup>th</sup> June 2022</b>	<b>201,809,933</b>	<b>20,418,540</b>	<b>-</b>	<b>10,839,577</b>	<b>19,168,453</b>	<b>12,885,963</b>	<b>19,939,500</b>	<b>285,061,966</b>
Additions	-	-	-	868,000	-	-	-	868,000
Disposals	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	<b>201,809,933</b>	<b>20,418,540</b>	<b>-</b>	<b>11,707,577</b>	<b>19,168,453</b>	<b>12,885,963</b>	<b>19,939,500</b>	<b>285,929,966</b>
<b>Depreciation and impairment</b>								
<b>At 30<sup>th</sup> June 2021</b>	<b>-</b>	<b>510,464</b>	<b>1,379,506</b>	<b>6,119,741</b>	<b>4,290,060</b>	<b>4,942,910</b>	<b>8,723,530</b>	<b>25,966,211</b>
Depreciation	-	497,702	-	1,415,951	1,859,799	992,882	2,803,992	7,570,326
Disposals	-	-	(1,379,506)	-	-	-	-	(1,379,506)
<b>At 30<sup>th</sup> June 2022</b>	<b>-</b>	<b>1,008,166</b>	<b>-</b>	<b>7,535,692</b>	<b>6,149,859</b>	<b>5,935,792</b>	<b>11,527,522</b>	<b>32,157,031</b>
Depreciation	-	485,259	-	1,251,566	1,627,324	868,771	2,102,994	6,335,915
Disposals	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	<b>-</b>	<b>1,493,425</b>	<b>-</b>	<b>8,787,258</b>	<b>7,777,183</b>	<b>6,804,563</b>	<b>13,630,516</b>	<b>38,492,946</b>
<b>Net book values</b>								
At 30th June 2022	201,809,933	19,410,374	-	3,303,885	13,018,594	6,950,171	8,411,978	252,904,935
At 30th June 2023	201,809,933	18,925,115	-	2,920,319	11,391,270	6,081,400	6,308,984	247,437,020

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**Notes to the Financial Statements (Continued)**

**(a) Valuation**

Land and buildings were valued by the ministry of lands and Interlink Real Estate independent valuer on 06/05/2019 on Depreciated Replacement Costs on Improvement basis of valuation. These amounts were adopted on 07/05/2019. The Book balance of Land and Building currently standing at Kshs 221 Million includes the cost of purchase plus interest charged, cost of improvement on building less 2.5% Depreciation on the building.

Given that the Government valuation figure was a block Kshs 180,000,000, the management adopted the actual cost and the Interlink valuation of the building at Kshs 7,000,000.

**(b) Property, Plant and Equipment at Cost**

If the Leasehold, buildings, and other assets were stated on the historical cost basis the amounts would be as follows:

	<b>Cost</b>	<b>Improvements</b>	<b>Totals</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	163,000,000	38,809,933	201,809,933	-	201,809,933
Buildings	7,000,000	13,418,540	20,418,540	1,493,425	18,925,115
Motor vehicles, including motorcycles	19,939,500	-	19,939,500	13,630,516	6,308,984
Leasehold Structure	1,379,506	-	1,379,506	1,379,506	-
Computers and related equipment	7,208,438	4,499,140	11,707,577	8,787,258	2,920,318
Office equipment, furniture, and fittings	18,339,067	13,715,349	32,054,416	14,581,746	17,472,670
	<b>216,866,511</b>	<b>69,574,961</b>	<b>287,309,472</b>	<b>39,872,451</b>	<b>247,437,020</b>

Property plant and Equipment includes the following assets that are fully depreciated:

**Notes to the Financial Statements (Continued)**

**19. Trade and Other Payables from Exchange transactions**

Description	2022-2023	2021-2022
	KShs	KShs
Auditor General	400,000	200,000
Kenya Revenue Authority	1,979,079	1,581,933
Payroll Liability – R. Kariuki	2,574,928	-
NHIF	138,300	-
NSSF	319,464	-
Britam	2,461,555	-
Hon. Timothy Bosire	400,000	-
<b>Total trade and other payables</b>	<b>8,273,326</b>	<b>1,781,933</b>

**20. Employee Benefit Obligations**

**Retirement benefit Asset/ Liability**

The entity operates a defined benefit scheme for all full-time employees from July 1, 2019. The scheme is administered by Britam Life Assurance Company (K) Limited while Kingsland Court Trustee Services Limited are the custodians of the scheme. The scheme is based on 7.5 percentage of salary of an employee at the time of retirement. The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 200 per employee per month.

**21. Borrowings**

Description	2022-2023	2021-2022
	KShs	KShs
<b>a) Domestic Borrowings</b>		
Balance at beginning of the year	-	22,215,172.54
Repayments during the year	-	22,215,172.54
<b>Balance at end of the year</b>		-
<b>Balance at end of the period- Domestic borrowings</b>		-

**22. Cash Generated from Operations**

	2022-2023	2021-2022
	KShs	KShs
<b>Surplus for the year before tax</b>	<b>453,799,111</b>	<b>1,105,336,293</b>
<b>Adjusted for:</b>		
Depreciation	6,335,915	7,570,326
<b>Working Capital adjustments</b>		
Purchase of assets (Land and buildings/Motor Vehicles)	(868,000)	(15,584,241)
Increase in payables	6,491,395	(14,360,142)
Increase in receivables	(628,892,071)	(1,042,896,184)
<b>Net cash flow from operating activities</b>	<b>(163,133,650)</b>	<b>40,066,051</b>

**Notes to the Financial Statements (Continued)**

**23. Financial Risk Management**

The entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

**i) Credit risk**

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

**iii) Market risk**

Orange Democratic Movement has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of

**Notes to the Financial Statements (Continued)**

financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Party's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

**iii. Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**Sensitivity analysis**

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on Surplus or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase.

**Fair value of financial assets and liabilities**

**iv. Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Party considers relevant and observable market prices in its valuations where possible.

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**Notes to the Financial Statements (Continued)**

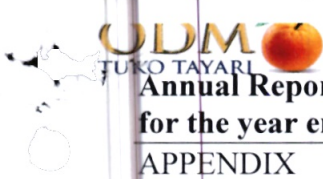
**24. Events after the Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

**25. Currency**

The financial statements are presented in Kenya Shillings (Kshs).





APPENDIX

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

National Treasurer

ORANGE DEMOCRATIC MOVEMENT

Date.....