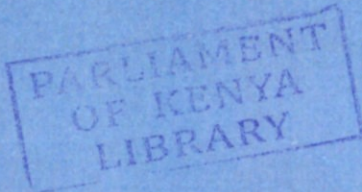


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 07 NOV 2024	DAY: THUR
TABLED BY:	L.O.M HON. KIMANI LICHUNGA
CLERK-AT THE-TABLE:	MS. MERCY CHMO

OF

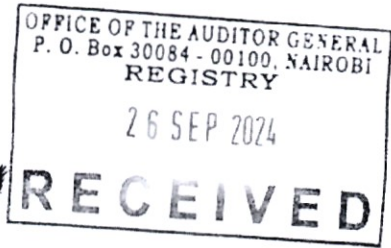
THE AUDITOR-GENERAL

ON

**STUDY AND CAPACITY BUILDING FUND
PROJECT (GRANT NOS. CKE 6015 01K,
CKE 1043 01F AND CKE 1047 01K)**

**FOR THE YEAR ENDED
30 JUNE, 2024**

THE NATIONAL TREASURY



STUDY AND CAPACITY BUILDING FUND PROJECT

**THE NATIONAL TREASURY
(RESOURCE MOBILIZATION DEPARTMENT)**

**GRANT NUMBER CKE 6015.01. K AFD FRANCE
GRANT NUMBER CKE 1047.01. K AFD FRANCE
GRANT NUMBER CKE 1043.01. F AFD FRANCE**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

Table Contents	Page
1. Acronyms and Glossary of Terms	ii
2. Project Information and Overall Performance	iii
3. Statement of Performance against Project's Predetermined Objectives.....	ix
4. Environmental and Sustainability reporting	x
5. Statement of Project Management responsibilities.....	xi
6. Report of the Auditor on Financial Statements for Study and Capacity Building Fund Project.	xiii
7. Statement of Receipts and Payments for the year ended 30 th June 2024.....	1
8. Statement of Financial Assets and Liabilities at 30 th June 2024.....	2
9. Statement of Cashflow for the year ended 30 th June 2024	3
10. Statement of Comparison of Budget and Actual amounts for year ended 30 th June 2024	4
11. Significant Accounting Policies.....	5
12. Notes to the Financial Statements (Continued)	11
13. Annexes.....	16

1. Acronyms and Glossary of Terms

AFD	Agence Française de Development
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
TNT	The National Treasury
WB	World Bank
Comparative FY	Financial year preceding the current financial year
OAG	Office of the Auditor General

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Study and Capacity Building Fund.

Objective

The key objective of the project is Financing of Feasibility studies for projects to be financed by AFD and to build capacity of implementing Ministries and Departments.

Address

The project headquarters location and contacts is as below;

The National Treasury Headquarters

P.O. Box 30007-00100

Treasury Building

Harambee Avenue

Nairobi, Kenya

Telephone: (254) 020-2252299

E-mail: info@treasury.go.ke

Website: www.treasury.go.ke

The project does not have other offices or branches.

2.2 Project Information

Project Start Date:	a) CKE6015.01.K project start date is 21.09.07 b) CKE1047.01.K project start date is 25.09.09 c) CKE1043.01.F project start date is 21.10.11
Project End Date:	a) CKE6015.01.K, End date: 30.04.12, Extension up to 30.04.14, Additional Extension 31.12.2024. b) CKE1047.01.K, End date: 31.12.14, Extension up to 30.06.19, Additional Extension 31.12.2024. c) CKE1043.01.F, End date: 31.12.16, Extension up to 30.06.20; Additional Extension to 30th June 2023.
Project Manager:	The Project Manager is Naomi Matheri Ag. Director Resource Mobilization Department/The National Treasury
Project Sponsor:	The project sponsor is Agence Française de Développement (AFD)

Project information and overall performance (continued)

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Resource Mobilization Department of The National Treasury.
Project number	The Project has three signed agreements: i. CKE6015.01.K ii. CKE1047.01.K iii. CKE1043.01.F
Strategic goals of the project	The strategic goals of the project are as follows: (i) To facilitate studies and preparation for projects that AFD intend to finance: (ii) To build capacity of the beneficiary Ministries, Departments and sometimes the communities where the project is to be implemented.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Ensuring projects are properly planned before implementation (ii) Ensuring the beneficiaries have enough capacity
Other important background information of the project	The project grant will enable to finance in priority development studies and project's feasibility studies, as well as technical assistance supports to help preparing AFD's future intervention in both the concentration sectors defined in the Partnership Framework Agreement and other sectors like urban development.
Areas that the project was formed to intervene	The project was formed to intervene in the following areas: (i) In the light of the requirements for new projects as outlined in the Treasury circular 16/2019, the project supports feasibility studies. (ii) The project has facilitated training of the Government of Kenya officers in various skills and competencies related to resource mobilization.
Project duration	The project started on various dates as follows: i. CKE6015.01.K, start date: 21 st September, 2007 ii. CKE1047.01.K, start date: 25 th September, 2009

	<p>iii. CKE1043.01.F, start date: 21st October, 2011</p> <p>To run until as indicate below:</p> <p>i. CKE6015.01.K, with an end date of 30th April, 2012, Extension up to 30th April, 2014 Additional Extension 31st December 2024.</p> <p>ii. CKE1047.01.K, with an end date of 31st December, 2014, Extension up to 30th June, 2019 Additional Extension 31st December 2024.</p> <p>iii. CKE1043.01. F, with an end date of 31st December, 2016, Extension up to 30th June, 2020: Additional Extension to 30th June 2023</p>
--	--

2.4 Bankers

The Project does not have a bank account as all payments are done directly by the donor in the form of A.I.A after approval from The National Treasury.

2.5 Auditor

The Auditor General
Office of the Auditor General-Kenya
Anniversary Towers, University way
P.O Box 30084-00100,
Nairobi Kenya

2.6 Roles and Responsibilities

Names	Designation	Key qualification	Responsibilities
Dr. Chris Kiptoo, CBS	Principal Secretary	<ul style="list-style-type: none"> ▪ Doctor of Philosophy (PHD) - Finance ▪ Master of Science (Ag Economics) ▪ Bachelor of Science (Ag Economics) 	Accounting Officer The National Treasury
Naomi Matheri	Director & Head of Europe Division	<ul style="list-style-type: none"> ▪ Masters of Economics ▪ Bachelors of Economics 	Project Manager
Christine Dambya	Project Accountant	<ul style="list-style-type: none"> ▪ CPA (K) ▪ Bachelors in Commerce (Finance) 	Project Accountant

2.7 Funding summary

The Project has three Grant Agreements as follows:

Project No.	Amount (Euro)	Project Start date	Project end date
CKE 6015.01.K	1,500,000	21 st September, 2007	31 st December, 2024
CKE 10-7.01.K	500,000	25 th September, 2009	31 st December, 2024
CKE 10+3.01.F	800,000	21 st October, 2011	30 th June, 2023
Total	2,800,000		

*Study and Capacity Building Fund Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 th June 2024)		Undrawn balance to date	
	Euro	Kshs	Euro	Kshs	Euro	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
Agence Française de Development (AFD)	2,800,000	338,800,000	1,925,116	227,630,556	874,884	111,169,444
Total	2,800,000	338,800,000	1,925,116	227,630,556	874,884	111,169,444

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2024)		Cumulative amount paid to date – (30 th June 2024)		Unutilised balance to date (30 th June 2024)	
	<i>Euro</i>	<i>Kshs</i>	<i>Euro</i>	<i>Kshs</i>	<i>Euro</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
Agence Francaise de Development (AFD)	1,925,116	227,630,556	1,925,116	227,630,556	-	-
Total	1,925,116	227,630,556	1,925,116	227,630,556	-	-

*The National Treasury
 Study and Capacity Building Fund Project
 Annual Report and Financial Statements for the financial year ended June 30, 2024*

Project	Objective	Outcome	Indicator	Performance
Study and Capacity Building Fund	To finance feasibility studies and strengthen capacities of Ministries, Department and Agencies (MDs)	Appraised projects are economically viable and demonstrate value for money.	Number of projects appraised.	A feasibility study on 'Kenya Parks Project' was undertaken in FY 2021/2022

4. Environmental and Sustainability reporting

Study and Capacity Building Fund Project did not take part in Corporate Social Responsibility activities during the year.

5. Statement of Project Management responsibilities

The Principal Secretary for the National Treasury and the Project Manager for Study and Capacity Building Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2024.

This responsibility includes (i) Maintaining adequate financial management arrangement 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 project; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the project; (v) Selecting and applying appropriate accounting policies; and (v) Making accounting estimates that are reasonable in the circumstances.

The Principal Secretary for the National Treasury and the Project Manager for Study and Capacity Building Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the National Treasury and the Project Manager for Study and Capacity Building Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2024, and of the Project's financial position as at that date. The Principal Secretary for the National Treasury and the Project Manager for Study and Capacity Building Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for the National Treasury and the Project Manager for Study and Capacity Building Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during

*The National Treasury
Study and Capacity Building Fund Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

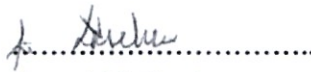
the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

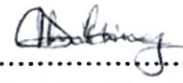
The Project financial statements were approved by The Principal Secretary for the National Treasury, the Project Manager and Project Accountant for Study and Capacity Building Fund Project on 16th September 2024 and signed by them.



.....
Dr. Chris Haptooo, CBS
Principal Secretary
The National Treasury



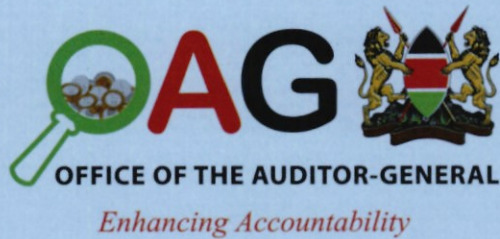
.....
Naomi Matheri
Project Manager



.....
Christine Dambya
Project Accountant
ICPAK Member No:13329

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON STUDY AND CAPACITY BUILDING FUND PROJECT (GRANT NOS. CKE 6015 01K, CKE 1043 01F AND CKE 1047 01K) FOR THE YEAR ENDED 30 JUNE, 2024 - THE NATIONAL TREASURY

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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and 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, is effective in the use of resources, or that its internal control, 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

Opinion

I have audited the accompanying financial statements of Study and Capacity Building Fund Project set out on pages 1 to 17, which comprise the statement of financial assets and liabilities as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory

Report of the Auditor-General on Study and Capacity Building Fund Project (Grant Nos. CKE 6015 01K, CKE 1043 01F and CKE 1047 01K) for the year ended 30 June, 2024 - The National Treasury

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, the financial statements present fairly, in all material respects, the financial position of Study and Capacity Building Fund Project as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Financing Agreement Nos.CKE 6015.01.K, CKE 1047.01.K and CKE 1043.01.F, dated 21 September, 2007, 25 September, 20029 and 21 October, 2011 respectively, and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Study and Capacity Building Fund Project Management in accordance with ISSAI 130 on the 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 opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report for the previous year, one issue was raised under Report on the Financial Statements and one issue on Report on Lawfulness and Effectiveness in use of Public Resources. The issues remained unresolved as at 30 June, 2024

Other Information

Conclusion

The Management is responsible for the other information set out on pages (ii) to (xii) which comprise of Acronyms and Glossary of Terms, Project Information and Overall Performance, Statement of Performance against Project's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on the Study and Capacity Building Fund Project financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If

Report of the Auditor-General on Study and Capacity Building Fund Project (Grant Nos. CKE 6015 01K, CKE 1043 01F and CKE 1047 01K) for the year ended 30 June, 2024 - The National Treasury

based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in use of Public Resources section of my report, 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

Under- Absorption of Project Funds

The Government of Kenya entered into three (3) financing agreements with Agence Française de Développement (AFD) to finance in priority through grant, prospective development studies and project's feasibility studies as well as technical assistance supports to help preparing AFD's future intervention in both the concentration sectors defined in the Partnership Framework Agreement and Other Sectors like urban development. The grant agreements were entered into as follows:

Grant No.	Amount (Euros)	Start Date	Initial End Date	Revised End Date
CKE 6015.01.K	1,500,000	21/09/2007	30/04/2012	31/12/2024
CKE 1047.01.K	500,000	25/09/2009	31/12/2014	31/12/2024
CKE 1043.01.F	800,000	21/10/2011	31/12/2016	30/06/2023
Total	2,800,000			

Review of records indicate that as at 30 June, 2024, a total of Euro.1,925,116 had been drawn and utilized under the project, representing 69% of the total project funding. The project end date for grant No. CKE 1043.01.F was 30 June, 2023. However, details of the undrawn amount (if any) under the grant as at the time of its expiry were not provided for audit. It was also noted that the project had no activities during the year under audit. With the project closing on 31 December, 2024 and with 31% (approximately Kshs.111,169,444) of the total project funding undrawn, the funds may not be fully absorbed.

In the circumstances, the Project's objectives may not be achieved.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require 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 comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective 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 the Management and those Charged with Governance

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as the 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, the Management is responsible for assessing the Project's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention to cease operations.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 October, 2024


*Study and Capacity Building Fund Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*


7. Statement of Receipts and Payments for the year ended 30th June 2024.

note	Receipts and payments controlled by the entity		Payments made by third parties		Receipts and payments controlled by the entity		Payments made by third parties		Total		Cumulative to date (From inception)
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	FY.2023-2024		FY.2022-2023								
Receipts											
Proceeds from Domestic and Foreign grants	1	-	-	-	-	-	10,540,168	10,540,168	10,540,168	10,540,168	227,630,556
Total receipts		-	-	-	-	-	10,540,168	10,540,168	10,540,168	10,540,168	227,630,556
Payments											
Purchase of Goods and Services	2	-	-	-	-	-	10,540,168	10,540,168	10,540,168	10,540,168	226,284,236
Acquisition of non-financial assets	3	-	-	-	-	-	-	-	-	-	1,346,320
Total payments		-	-	-	-	-	10,540,168	10,540,168	10,540,168	10,540,168	227,630,556
Surplus/ (deficit)		-	-	-	-	-	-	-	-	-	-

The accounting policies and explanatory notes to these Financial Statements are an integral part of the Financial Statements.


.....
Dr. Chris Kiptoo, CBS
Principal Secretary


.....
Naomi Matheri
Project Manager

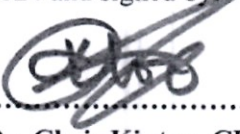

.....
Christine Dambya
Project Accountant
ICPAK Member No:13329

THE NATIONAL TREASURY

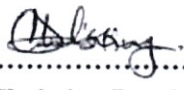
8. Statement of Financial Assets and Liabilities at 30th June 2024

Description	Note	FY.2023-2024	FY.2022-2023
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents	4		
Imprests and Advances	5		
Total Financial Assets (A)		-	-
Financial Liabilities			
Total Financial Liabilities (B)			
Net Financial Assets (A-B)		-	-
Represented By			
Fund Balance B/fwd.	6	-	-
Prior Year adjustments		-	-
Surplus/(Deficit) for the Year		-	-
Net Financial Assets		-	-

The accounting policies and explanatory notes to these Financial Statements form an integral part of the Financial Statements. The Financial Statements were approved on 16th September 2024 and signed by:


.....
Dr. Chris Kiptoo, CBS
Principal Secretary
The National Treasury


.....
Naomi Matheri
Project Manager



.....
Christine Dambya
Project Accountant
ICPAK Member No:13329


*The National Treasury
Study and Capacity Building Fund Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

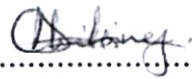
9. Statement of Cashflow for the year ended 30th June 2024

Description	Notes	FY.2023-2024		FY.2022-2023
		Kshs		Kshs
Cashflow from operating activities				
Receipts				
Proceeds from domestic and foreign grants	1	-		10,540,168
Total receipts		-		10,540,168
Payments				
Purchase of goods and services	2	-		10,540,168
Total Payments		-		10,540,168
Net receipts/(payments)		-		-
Net cash flow from operating activities		-		-
Cashflow from investing activities				
Net cash flows from investing activities		-		-
Cash flow from financing activities				
Proceeds from foreign borrowings		-		-
Net cash flow from financing activities		-		-
Net increase in cash and cash equivalents		-		-
Cash and cash equivalent at beginning of the year	4	-		-
Cash and cash equivalent at end of the year		-		-

The accounting policies and explanatory notes to these financial statements form an integral part of the Financial Statements. The entity Financial Statements were approved on 10th September 2024 and signed by:


.....
Dr. Chris Kiptoo, CBS
Principal Secretary
The National Treasury


.....
Naomi Matheri
Project Manager



.....
Christine Dambya
Project Accountant
ICPAK Member No:13329

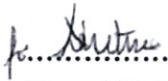
*Study and Capacity Building Fund Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

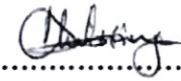
10. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2024

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	-	-	-	-	-	-
Proceeds from domestic and foreign grants	-	-	-	-	-	-
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-
Payments						
Compensation to employees	-	-	-	-	-	-
Purchase of goods and services	-	-	-	-	-	-
Total Payments	-	-	-	-	-	-
Surplus or Deficit	-	-	-	-	-	-

The Project did not have a Budget/activities during FY 2023-2024


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Dr. Chris Kiptoo, CBS
Principal Secretary
THE NATIONAL TREASURY


.....
Naomi Matheri
Project Manager


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Christine Dambya
Project Accountant
ICPAK Member No:13329

11. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

b) Reporting entity

The financial statements are for the Study and Capacity Building Fund Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

c) Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

d) Recognition of receipts

The Project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the Government.

i) Transfers from the Exchequer

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

ii) External Assistance

External assistance is monies received through grants and loans from multilateral and bilateral development partners.

Significant Accounting Policies (continued)

iii) Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements when associated cash is received.

iv) Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

v) Proceeds from borrowing.

Borrowing includes external loans acquired by the Project or any other debt the Project may take and will be treated on cash basis and recognized as a receipt during the year they were received.

vi) Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary.

e) Recognition of payments

The Project recognises all payments when the event occurs, and the related cash has been paid out by the Project.

i) Compensation to employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

ii) Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

Significant Accounting Policies (continued)

iii) Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incur and paid for.

iv) Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

g) 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.

h) Restriction on cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

i) Imprests and Advances

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

j) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships.

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.

k) Contingent Assets

Study and Capacity Building Fund Project 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.

l) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

m) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the

comparable budget for the financial year/period under review has been included in an annex 2 to these Financial Statements.

n) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments, and are disclosed in the payment to third parties' column in the statement of receipts and payments.

o) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates (Kenya Shillings). Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s).

*The National Treasury
Study and Capacity Building Fund Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

12. Notes to the Financial Statements (Continued)

1. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2024, we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	FY.2023-2024				FY.2022-2023		Cumulative to date
			Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	Total Amount	Kshs	
Grants Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-	-	-
AFD	-	-	-	-	-	-	10,540,168	227,630,556	
Total	-	-	-	-	-	-	10,540,168	227,630,556	

2. Purchase of Goods and Services

Description	FY.2023-2024			FY.2022-2023		Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	Kshs	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Consultancy Services	-	-	-	10,540,168	215,105,508	
Foreign travel and subsistence	-	-	-	-	-	
Training payments	-	-	-	-	11,178,728	
Total	=	=	=	10,540,168	226,284,236	

*The National Treasury
Study and Capacity Building Fund Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Notes to the Financial Statements (Continued)

3. Acquisition of Non-Financial Assets

Description	FY.2023-2024			FY.2022-2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments		
	Kshs.	Kshs.	Kshs	Kshs	
Purchase of office furniture & general equipment	-	-	-	-	1,346,320
Total	=	=	=	=	<u>1,346,320</u>

The National Treasury

Study and Capacity Building Fund Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

4. Cash And Cash equivalents

Description	FY 2023-2024	FY 2023-2024
	Kshs	Kshs
Bank accounts (Note 4A)	-	-
Cash in hand (Note 4B)	-	-
Cash equivalents (short-term deposits) (Note 4C)	-	-
Total	=	=

NOTE: The Project does not have a bank account since the mode of disbursement is AIA.

4. A Bank Accounts

Project Bank Accounts

Details	FY 2023-2024	FY 2023-2024
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Others (<i>specify</i>)	-	-
Total Foreign Currency balances	=	=
<u>Local Currency Accounts</u>		
Others (<i>specify</i>)	-	-
Total local currency balances	=	=
Total bank account balances	=	=

NOTE: The Project does not have a bank account since the mode of disbursement is AIA.

4 B Cash in hand

Description	FY 2023-2024	FY 2023-2024
	Kshs	Kshs
Other locations (<i>specify</i>)	-	-
Total cash in hand balances	=	=

NOTE: The Project does not have a bank account since the mode of disbursement is AIA.

Notes to the Financial Statements (Continued)

4 C Cash equivalents (short-term deposits)

Description	FY 2023-2024	FY 2023-2024
	Kshs	Kshs
Others (<i>Specify</i>)	-	-
Total	=	=

NOTE: *The project did not have any short-term deposits for the Financial Year 2023/24.*

5. Imprests and Advances

<i>Description</i>	FY 2023-2024	FY 2023-2024
	Kshs	Kshs
Government Imprests	-	-
Salary advances	-	-
Total	-	-

NOTE: There were no outstanding imprests or salary advances.

6. Fund Balance Brought Forward

Description	FY 2023-2024	FY 2023-2024
	Kshs	Kshs
Bank accounts	-	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Deposits and retention	-	-
Total	-	-


13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Referen ce 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)
73	Budgetary control and performance-planned activities of the project were not achieved	The project had scheduled some trainings but due to restrictions imposed by Covid 19 pandemic the trainings could not take place	Not resolved	N/A
74	Irregular Termination of the technical assistant	The technical assistant was single sourced based on his previous assignments and experience. This contract was subsequently cancelled in January 2020 as recommended in the Audit report of FY 2018/2019 and re-advertised according to the development partners guidelines.	Resolved	N/A
1	Inaccurate payment on Goods and Services in prior years.	It is true that the Note 2 of the financial statements for year 2021-2022 was not separated in to consultancy and training this was noted and the Financial Statements were	Not Resolved	N/A

The National Treasury
Study and Capacity Building Fund Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

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)
		amended and sent to the OAG on 30th October 2023		
2	Unresolved Prior Year Matters	In the prior year reviews, all the issues were resolved no issue was raised on the Public Sector Accounting Standard Board templates.	Not Resolved	N/A



Dr. Chris Kiptoo, CBS
Principal Secretary
The National Treasury



Naomi Matheri
Project Manager



Christine Dambya
Project Accountant
ICPAK Member No:13329

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Study and Capacity Building Fund Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 2: Variance explanations - Comparative Budget and Actual amounts for Current FY

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Proceeds from domestic and foreign grants	-	-	-	-	
Total Receipts	-	-	-	-	
Payments					
Purchase of goods and services	-	-	-	-	No Expenditure incurred in the financial year 2023/24
Total payments	-	-	-	-	


The Project did not have a budget during the financial year 2023-2024, hence no expenditure was incurred.


*The National Treasury
Study and Capacity Building Fund Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 3: Reconciliation of inter-entity transfers

Project Name:			
Breakdown of transfers from the Study and Capacity Building Fund Project			
	Bank Statement Date	Amount (Kshs)	FY.2023/24
a. Government Counterpart funding			
	Bank Statement Date	Amount (Kshs)	FY.2023/24
	Total	-	
B. Direct payments			
	Bank Statement Date	Amount (Kshs)	FY.2023/24
	Total	-	
C. Others			
	Bank Statement Date	Amount (Kshs)	FY.2023/24
	Total	-	
	Total (A+B+C)	-	

NOTE: There was no inter-entity transfer during the financial year.

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 George K. Gichuru 9262
 Head of Accounting Unit
 The National Treasury

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 Naomi Matheri
 Project Manager

*The National Treasury
 Study and Capacity Building Fund Project
 Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 4: Summary of Fixed Assets Register

Asset class	Opening Cost (Kshs) 2023/24	Donations in form of assets (Kshs) 2023/24	*Purchases/ Additions in the Year (Kshs) 2023/24	**Disposals in the Year (Ksh) 2023/24	Transfers in/(out) Kshs 2023/24	Closing Cost (Kshs) 2024
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
ICT Equipment,	1,346,320	-	-	-	-	1,346,320
Total	1,346,320					1,346,320

Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Source of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	

There was no expenditure relating to climate.



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 Annual Report and Financial Statements for the financial year ended June 30, 2024*

Reporting Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

There were no expenditure relating to the Disaster Management.