

REPUBLIC OF KENYA



*Paper laid by
leader of Majority
Party
Tuesday 7/8/2018
A.G.*

OFFICE OF THE AUDITOR-GENERAL



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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL YOUTH COUNCIL**

**FOR THE YEAR ENDED
30 JUNE 2017**



NATIONAL YOUTH COUNCIL

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2017**

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

I.	KEY ENTITY INFORMATION AND MANAGEMENT	ii
II.	THE COUNCIL MEMBERS	v
III.	MANAGEMENT TEAM:	vii
IV.	CHAIRMAN'S STATEMENT	viii
V.	REPORT OF THE CHIEF EXECUTIVE OFFICER	ix
VI.	CORPORATE GOVERNANCE STATEMENT	x
VII.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT	x
VIII.	REPORT OF THE DIRECTORS	x
IX.	STATEMENT OF DIRECTORS' RESPONSIBILITIES	xii
X.	REPORT OF THE INDEPENDENT AUDITORS ON THE NATIONAL YOUTH COUNCIL	xiii
XI.	STATEMENT OF FINANCIAL PERFORMANCE	1
XII.	STATEMENT OF FINANCIAL POSITION	2
XIII.	STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30th JUNE 2017 ..	3
XIV.	STATEMENT OF CASH FLOWS	4
XV.	STATEMENT OF COMPARISON OF BUDGET IN ACTUAL AMOUNTS	5
XVI.	NOTES TO THE FINANCIAL STATEMENTS	6
XVI.	PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	9

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The National Youth Council (NYC) is a body corporate ratified as a corporate body through the Kenya Gazette Notice No. 88 of 2010. NYC came into being through the National Youth Policy of 2006 and National Youth Council Act of 2009.

The Council was established on 11th December, 2012 with 22 members. 16 of them are youth representatives elected from the former 8 Provinces through either the Congress or the Forum. The other 5 are alternate members representing the Attorney General Office, Ministries of Education, Internal Security, Treasury and Devolution and Planning.

NYC is a noble idea that has come to fruition, at the opportune time, so as to provide leadership in championing for youth agenda. It has created the impetus for meaningful advocacy and empowerment for youth of Kenya. Indeed, NYC is poised to galvanize all efforts and interventions on youth with the aim of making those result-oriented, youth friendly and youth-targeted, hence directly impacting on youth as the actual beneficiaries.

The Council is headed by a Chairman while the Secretariat is headed by the CEO. The Secretariat has 11 Officers all deployed from the Ministry of Devolution and Planning.

1.1 Vision

To be the dynamic institution championing youth empowerment, unity and inclusion for national stability and prosperity

1.2 Mission

To enhance youth capacity and active participation in social, political and economic prosperity through strategic consultations, engagements and partnerships

1.3 Core Values

The following are institutional values of National Youth Council:

- Youth participation
- Equity and fairness
- Professionalism
- Patriotism
- Integrity and accountability
- Innovativeness and creativity among the youth
- Inclusiveness and diversity
- Volunteerism and community service

1.4 Functions of NYC

- a) Regulate and co-ordinate activities and initiatives relating to the youth being undertaken by youth groups, youth focused community based organizations, non-governmental organizations, civil society movements and other organizations;
- b) Promote and popularize the National Youth Policy and other policies that affect the youth;
- c) Facilitate the periodic review of the National Youth Policy in line with other government policy statements;
- d) Mobilize resources to support and fund youth program and initiatives;

NATIONAL YOUTH COUNCIL, Financial Statement for the year ended June 30, 2017

- e) Lobby for legislation on issues affecting the youth;
- f) Liaise with other organizations to ensure that the youth gain access to resources and services;
- g) Inspire and promote the spirit of unity, patriotism, volunteerism and service among the youth;
- h) Formulate operational guidelines that protect the youth against any form of abuse or manipulation;
- i) Mobilize and sensitize relevant stakeholders on the concept of community youth service;
- j) Act as a voice and bridge to ensure that the Government and other policy makers are kept informed of the views and aspirations of the youth;
- k) Promote research, collation and analysis of data on youth issues;
- l) Promote the inclusion of youth agenda in the formulation of policy by public institutions and organisations;
- m) Promote the inclusion of youth in decision making bodies, boards, agencies and other public institutions and organisations;
- n) Promote and popularize the Youth Enterprise Development Fund and such other devolved funds targeting the youth as may be established from time to time;
- o) Perform any other function that may directly or indirectly contribute to the attainment of the foregoing.

The functions of NYC as outlined in the National Youth Council Act (2009) can be summarized into three broad mandates, namely:

- Advocacy/lobbying
- Research
- Policy

NYC shall endeavour to work with Corporate bodies, Ministries, and Corporates in the Private Sector as well as youth and youth groups to actualize its mandate for the benefit of Kenyan youth. NYC will nurture partnerships while marshalling resources for effective youth participation and representation, to support youth initiatives, programmes and innovations.

NYC will build synergy for networking and joint programming to actualize interventions to improve conditions of youth and will align these to its Strategic Plan, functions and mandate.

NYC will embrace activities and programmes that will mainstream all segments of youth and support agenda for positive change for youth to actively participate in national and county development processes.

(b) Key Management

1. Chairperson – Non Executive
2. Chief Executive Officer
3. Head of Policy, Research, Programmes, Resource Mobilization and Partnership
4. Head of Finance, Administration and Human Resource
5. Head of Communications and Public Relations

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2015 and who had direct fiduciary responsibility were:

1. Chief Executive Officer
2. Head of Research & Development, Advocacy and Communication
3. Head of Partnership & Resource mobilisation
4. Head of Finance

NATIONAL YOUTH COUNCIL, Financial Statement for the year ended June 30, 2017

	Designation	Name
1.	Chief Executive Office	Raymond Ochieng Ouma
2.	Research & Development, Advocacy and Communication	Maureen Musyoki
3.	Partnership & Resource mobilisation	Irene Odindo
4.	Snr. Accountant	Joseph Aomo

(d) Entity Headquarters

National Youth Council
Bruce House. 8th Floor
P.O. BOX 37899-00100
NAIROBI

(e) Entity Contacts

Telephone: (254) 020-2013920
Email: info@nationalyouthcouncil.go.ke
Website: www.nationalyouthcouncil.go.ke

(f) Entity Bankers

National Bank of Kenya
Harambee Avenue
Nairobi

(g) Independent Auditors

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

(h) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II. THE COUNCIL MEMBERS



Fatuma Abubakar: Ag. Chairperson
Masters in G& Ethics, BA, DIP(BIS)



Benson Mutemi: Council Member
Bachelor of Education(Arts)



RahowAbdi Jimale: Council Member



Vallen Yiaille: Council Member



Mary Achieng: Council Member
Diploma in Community Development and
Counselling



Patrick Mbehi Stom
PS Alternate
The National Treasury

NATIONAL YOUTH COUNCIL, Financial Statement for the year ended June 30, 2017



Mr. Daniel Bolo:
PS Alternate
Ministry of Interior and Coordination of National
Government



Scholastica Ndambuki:
PS Alternate
Ministry of Public Service, Youth and
Gender Affairs



Martin Macharia
AG Alternate (Office of the AG)



Pius K. Mutisya
PS Alternate
Ministry of Education, Science And
Technology



Raymond Ouma: Chief Executive Officer.
(Secretary to the Council)

III. MANAGEMENT TEAM:



Raymond Ouma:
Chief Executive Officer



Maureen Musyoki
Head of Research & Development,
Advocacy and Communication



Irene Odindo
Head of Partnership & Resource mobilisation



Joseph Aomo
Head of Accounts

IV. CHAIRMAN'S STATEMENT

Kenya has a youthful population, with more than 60% of its population being youth aged between 15 to 35 years. This is a formidable resource that can be harnessed for greater good of the country. If a sense of responsibility and nationhood is installed in these young people, the future of the nation is definite, its prosperity assured. Indeed, young people need to belong, to feel and act Kenyan as well as be part and parcel of the development processes of the country, Kenya.

However, the youth ought to fully participate and be empowered in all national processes for them to make a mark in the footprints of prosperity. The formulation of the National Youth Policy 2007 and subsequent enactment of NYC Act 2009 were such important milestones towards championing the course for youth of Kenya.

NYC is a noble idea that has come to fruition, at the opportune time, so as to provide leadership in championing for youth agenda. Its gazettelement in December 2012 has created the impetus for meaningful advocacy and empowerment for youth of Kenya. Indeed, NYC is poised to galvanise all efforts and interventions on youth with the aim of making them result-oriented, youth friendly and youth-targeted, hence directly impacting on youth as the actual beneficiaries.

The council has continued to play a critical role in ensuring the youths are empowered. This has been achieved through the county sensitization workshops where youths are informed about government initiatives targeting the youths including; Youth Enterprise Development fund, Uwezo Fund and Access to Government Procurement Opportunities (AGPO). Also the council has continued to lobby for the inclusion of youths in decision making bodies, boards, agencies and other public institutions and organisations.

The Council is in the process of ensuring that it's fully operationalized in order to implement and perform its function and mandate as per the National Youth Council Act of 2009. Already the council has development the organizational structure which will assist in having the required personnel to revamp the secretariat. The implementation of the same has commenced and the process of recruiting a substantive Chief Executive Officer is in process.

Moving forward the council will ensure it fulfils its mandate fully especially on the coordination of the youth sector including to coordination of the activities and initiatives relating to the youths being undertaken by youth serving organization and any other organization dealing with youth issues. The council is also in the process of facilitating the Audit on the uptake of AGPO within the government agencies in order to ensure that the uptake is achieved as required by the law.

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

This is the second financial statement being prepared by the National Youth Council Since its establishment in 2012. The council started operating its own finances in January 2015 after opening its own bank account.

In its quest to achieve its mandate which is in advocacy/lobbying, research and policy, the council has continued with various activities geared towards empowering the Kenyan youth. The activities include;

- Mainstream youth and youth issues,
- Ensure youth participation in empowerment and leadership spheres.
- Ensure youth representation in all levels, from international, national, county to ward levels.
- Initiate and popularize programmes and interventions that seek to improve conditions of living of youth in Kenya.

The 2015/2016 Financial Year (FY) was a very dynamic year characterized by several transitions that influenced the operations of the Council. Among the key transitions were: relocation to new offices; expiry of tenure of the pioneer Council members; change of all Secretariat staff other than the Ag. CEO and change of ministries from the Ministry of Devolution and Planning to the Ministry of Public Service, Youth and Gender Affairs.

The tenure of the pioneer council members ended on 9th December 2015 while that of the Chairman expired on 1st February 2016. Consequently the Cabinet secretary reappointed some of the former members on 13th May 2016 and the Chairman on 23rd June 2016 for a period of three years or until they attain the age of thirty five years, whichever is earlier.

The operations of the Council were able to weather all these transitions and the following were achieved during the period.

1. Participated in the International Youth Day celebrations held in Machakos County golf club grounds on Wednesday 12th August, 2015 in partnership with the Machakos County Government and the Directorate of Youth Affairs. The NYC participated in the mobilization of youth to mark the events as well as holding an exhibition during the highlight event.
2. The NYC held a retreat in partnership with the Directorate of Youth Affairs and SCAC to identify and recommend areas within the NYC Act that need to be amended.
3. In liaison with DPSM the council developed the organizational structure, Salary structure, Career progression guidelines and the human resource manual.
4. Finalization of Strategic plan where a strategic plan validation workshop with Partners and other stakeholders was held as well as NYC secretariat was able to revise the goals and objectives in the draft Strategic Plan (SP) to ensure it was responsive to the needs of the youth.
5. Popularising YEDF, UWEZO and other youth devolved funds, especially youth access to government procurement and business opportunities
6. Forged working partnerships with organisations working with and for the youth by participating in exhibitions, meetings and forums organised by the partners. An MOU has been developed and adopted by the NYC and National Anti-corruption Campaign Steering Committee.

Some of the challenges the council experienced during the period include;

- Resource constraints to undertake all activities envisioned
- Understaffing and change of all Secretariat staff in the second quarter of the year
- Absence of the Council for most of the second half of the year after the expiry of the pioneer council.

- The new offices occupied by the Council are inadequate for the current and anticipated staff numbers. Access to parking, sanitation services and kitchen facilities has also been difficult affecting the effective undertaking of some duties.

Note: Change of the Chief Executive Officer: This report is signed by the new CEO who took office in the new Financial Year 2017/2018.

VI. CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the long-term strategic direction and sustainable growth of the Council. It is committed to observing the highest standards of corporate governance and has set transparent and clear policies, procedures, structures and systems, which achieve effective, prudent, integrated and consistent management and oversight of the Council's activities. These enhance internal controls and effectiveness of the Council is in line with the Council's Vision, Mission and Strategic Plan.

The Council's conduct is regulated by the provisions of the National Youth Council Act 2009, which governs the parameters within which the Council exists and operates; it also set out specific responsibility of the Council Members and Committees.

The day-to-day running of the Council is delegated to the Chief Executive Officer, but the board is provided with full, appropriate and timely information so that they can maintain full and effective control over the activities of the Council.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The National Youth Council takes cognisance on the need to participate in corporate social responsibility across all the regions in the country by participating in fun fair and exhibitions, but lack of enough budgetary funding has hindered the National Youth Council to take and fully participate in its corporate social responsibility.

VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2016 which show the state of the National Youth Council affairs.

Principal activities

The functions of NYC as outlined in the National Youth Council Act (2009) can be summarized into three broad mandates, namely:

- Advocacy/lobbying
- Research
- Policy

NYC shall endeavour to work with corporate bodies, ministries, and corporates in the private sector as well as youth and youth groups to actualize its mandate for the benefit of Kenyan youth. NYC will nurture partnerships while marshalling resources for effective youth participation and representation, to support youth initiatives, programmes and innovations.

NYC will build synergy for networking and joint programming to actualize interventions to improve conditions of youth and will align these to its Strategic Plan, functions and mandate.

NYC will embrace activities and programmes that will mainstream all segments of youth and support agenda for positive change for youth to actively participate in national and county development processes.

NATIONAL YOUTH COUNCIL, Financial Statement for the year ended June 30, 2017

Results

The results of the entity for the year ended June 30, 2017 are set out on page 1

Directors

The members of the Board of Directors who served during the year are shown on page V.

Auditors

The Auditor General is responsible for the statutory audit of the National Youth Council in accordance with the National Youth Council Act 2009.

By Order of the Board

Raymond Ochieng Ouma
C.E.O / Secretary of the Board
Nairobi
Date:

IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the National Youth Council is responsible for the preparation and presentation of the National Youth Council's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2017. 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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

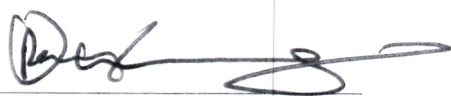
The Accounting Officer in charge of the National Youth Council accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the entity's financial statements give a true and fair view of the state of NYC's transactions during the financial year ended June 30, 2017, and of the NYC's financial position as at that date. The Accounting Officer charge of the National Youth Council further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the National Youth Council confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NYC's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

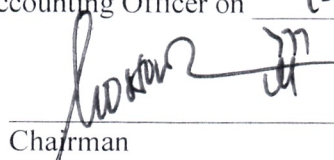
Approval of the financial statements

The NYC's financial statements were approved and signed by the Accounting Officer on

15/05/2018



Chief Executive Officer



Chairman

Note: The Chairman is facing procedures of legitimacy therefore could not sign.

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL YOUTH COUNCIL FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the National Youth Council set out on pages 1 to 8, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows 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 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 matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Youth Council as at June 30, 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis).

In addition, as required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and Other Matter Sections of my report, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Administrative/ Employees Expenses: County Youth Forums

The statement of financial performance reflects an expenditure of Kshs.17,813,558 under administrative/employees expenses. Included in this expenditure is an amount of Kshs.5,847,940 incurred on County Youth Forums. The following anomalies have been noted with regard to the expenditure incurred on the forums:

- i) Whereas the Board of the Council approved seven counties which include Kakamega, Mombasa, Mandera, Kirinyaga, Makueni, Kajiado and Nairobi, the National Youth Council conducted sensitization/engagement forums in Nyamira and Garissa without the Board's approval. As a result, expenditure totalling Kshs. 1,450,000 was incurred in respect of the two counties without the Board's

Report of the Auditor-General on the Financial Statements of National Youth Council for the year ended 30 June 2017

approval. The validity of the expenditure of Kshs. 1,450,000 cannot therefore be confirmed.

- ii) The Council engaged various service providers through direct procurement without justification contrary to Section 103 (2) of the Public Procurement and Assets Disposal Act 2015.
- iii) The Council paid for the services in cash instead of cheques or through electronic transfers as expected.

2. General Expenses

The statement of financial performance also reflects general expenses totalling Kshs.3,891,124.85. Included in these expenses is an amount of Kshs.1,449,080 paid for goods and services procured through direct procurement contrary to Section 103 of the Public Procurement and Asset Disposal Act 2015. The validity of the expenditure of Kshs.1,449,080 cannot also be confirmed under the circumstances.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Youth Council in accordance with ISSAI 30 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 judgement, are of most significance to the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

Financial Statements not Signed by the Chairman

The financial statements of the Council have not been signed by the Board's Chairman as required. It was explained by the management that the seat has been vacant because of the procedures of legitimacy facing the previous Chairman. Nevertheless, the Board Members are required to approve the financial statements in a meeting that has a sessional Chair, who should in turn sign the financial statements on behalf of the substantive Chairman. This was apparently not done. Due to this omission, the statement of directors' responsibilities on page xii is incomplete and can not be confirmed as valid.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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 such 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.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the council or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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.

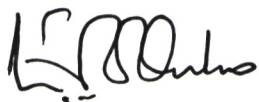
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern 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 Council'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 Council to cease to continue 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 Council to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the 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 and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

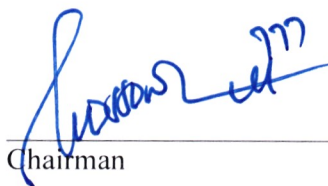
Nairobi

03 July 2018

XI. STATEMENT OF FINANCIAL PERFORMANCE			
FOR THE PERIOD ENDED 30th JUNE 2017			
	Note	2016-2017	2015-2016
			6 months
		KSHS	KSHS
Revenue from non-exchange transactions			
Income from Government	1	34,200,000.00	32,917,500.00
TOTAL REVENUE		34,200,000.00	32,917,500.00
EXPENDITURE			
Board expenses	2	19,546,030.00	13,332,496.75
Administrative /Employees expenses	3	17,813,558.00	10,620,437.25
General expenses	4	3,891,124.85	2,268,520.50
TOTAL PAYMENTS		41,250,712.85	26,221,454.50
SURPLUS/DEFICIT		(7,050,712.85)	6,696,045.50



Chief Executive Officer



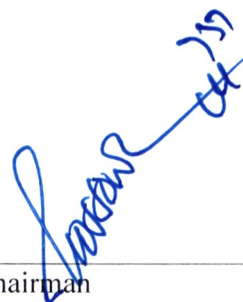
Chairman

NATIONAL YOUTH COUNCIL, Financial Statement for the year ended June 30, 2017

XII. STATEMENT OF FINANCIAL POSITION			
FOR THE PERIOD ENDED 30th JUNE 2017			
	Note	2016-2017	2015-2016
		KSHS	KSHS
CURRENT ASSETS			
Cash and Cash Equivalents			
Cash at Bank		22,195.75	7,072,908.60
Cash in Hand			-
TOTAL ASSETS		22,195.75	7,072,908.60
REPRESENTED BY			
Fund balance b/f		7,072,908.60	376,863.10
Surplus/Deficit for the year		(7,050,712.85)	6,696,045.50
Prior year adjustments			-
NET FINANCIAL POSITION		22,195.75	7,072,908.60



Chief Executive Officer



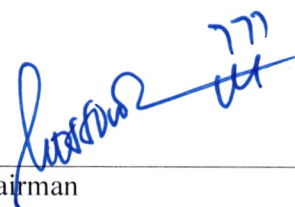
Chairman

XIII. STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30TH JUNE 2017.

	Capital Reserve	General Reserve	Total
	KSHS	KSHS	KSHS
At the beginning of the year 1 st July 2016	-	7,072,908.60	7,072,908.60
Capital Grant	-	-	-
Prior Year Adjustment	-	-	-
Surplus/ (Deficit) for the period	-	(7,050,712.85)	(7,050,712.85)
At the end of the year 30 th June 2017	-	22,195.75	22,195.75



Chief Executive Officer

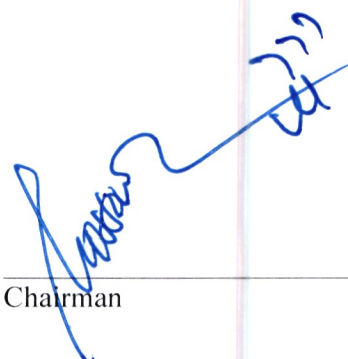


Chairman

XIV. STATEMENT OF CASH FLOWS			
FOR THE PERIOD ENDED 30th JUNE 2017			
	Note	2016-2017	2015-2016
		KSHS	KSHS
Net Cash Flow from Operating Activities			
Operating Surplus / (Deficit)		(7,050,712.85)	6,696,045.50
Net Cash Flow from Operating Activities		(7,050,712.85)	6,696,045.50
Cash flow From Investing Activities			
Proceeds from Sale of Assets			-
Acquisition of Assets			-
Net cash flows from Investing Activities			-
Cash flow From Borrowing Activities			
Proceeds from Domestic Borrowings			-
Domestic Currency and Domestic Deposits			-
Proceeds from Foreign Borrowings			-
Repayment of principal on Domestic and Foreign borrowing			-
Net cash flow from financing activities			-
NET INCREASE IN CASH AND CASH EQUIVALENT		(7,050,712.85)	6,696,045.50
Cash and cash equivalent at BEGINNING of the year		7,072,908.60	376,863.10
Cash and cash equivalent at END of the year		22,195.75	7,072,908.60



Chief Executive Officer

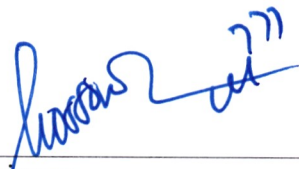


Chairman

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Revenue	Budget	Adjustment	Final Budget	Actual Expenditure	Performance Difference
Details	2016/2017	2016/2017	2016/2017	2016/2017	2016/2017
	KSHS	KSHS	KSHS	KSHS	KSHS
Government Grants	34,200,000.00	0.00	34,200,000	34,200,000.00	
Expenditure					
Compensation of Employees	0.00	0.00	0.00	0.00	0.00
Utilities, Supplies & Services	235,000.00	0.00	235,000	240,534.00	(5,534.00)
Communication, supplies & Services	300,200.00	0.00	300,200	390,000.00	(89,800.00)
Domestic travel & subsistence	4,250,000.00	0.00	4,250,000	8,741,370.00	(4,491,370.00)
Foreign travel & Subsistence	1,898,000.00	0.00	1,898,000	1,305,637.00	592,363.00
Printing, advertising and information	730,000.00	0.00	730,000	1,174,040.00	(444,040.00)
Rental & Transport Services	6,200,000.00	0.00	6,200,000	330,000.00	5,870,000.00
Training expenses	925,000.00	0.00	925,000	1,279,150.00	(354,150.00)
Board Expenses Hospitality, Supplies and Services	18,200,000	0.00	18,200,000	25,823,914.05	(7,623,914.05)
Office and General Supplies	250,000.00	0.00	250,000	442,078.00	(192,078.00)
Other operating expenses	300,000.00	0.00	300,000.00	1,390,389.80	(1,090,389.80)
Repair & Maintenance	50,800.00	0.00	50,800.00	102,500.00	(51,700.00)
Fuel, oil & lubricants	100,000.00	0.00	100,000.00	31,100.00	68,900.00
Purchase of office furniture & general equipment	700,360.00			0.00	700,360.00
Purchase of specialise plant, equip & Mach.	60,640.00			0.00	60,640.00
TOTAL	34,200,000.00	0.00	34,200,000	41,250,712.85	(7,050,712.85)


Chief Executive Officer


Chairman

XVI. NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

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

A. Statement of compliance and basis of preparation – IPSAS 1

The National Youth Council financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya Shillings which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented. This is the second time adoption of IPSAS. Accounts were previously prepared using the International Financial Reporting Standards.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the National Youth Council.

B. Summary of significant accounting policies

i. Revenue Recognition - IPSAS 23

This is in respect of grants received from government through the Ministry of Devolution and Planning. It is recognised as revenue when received. Where the funds received on official commitment from the government or timing differences occur between the time government send the fund and actual receipt, grants are accrued.

C. Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

D. Related parties – IPSAS 20

The Entity regards a related party as a persons or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the senior managers.

E. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the National Bank of Kenya at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests which were surrendered at the end of the financial year.

F. Comparative figures

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

G. Significant judgements and sources of estimation uncertainty – IPSAS 1

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgements, 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 the future period.

H. 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

I. 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' items to provide a sense of the overall net cash position of the National Youth Council at the end of the year. 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.

J. Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

NATIONAL YOUTH COUNCIL, Financial Statement for the year ended June 30, 2017

NOTE 1: REVENUE FROM NON-EXCHANGE TRANSACTION

INCOME FROM GOK	2016/2017	2015/2016
		6 months
	KSHS	(KSHS)
Recurrent Grants	34,200,000.00	32,917,500.00
Development Grants	-	NIL
TOTAL REVENUE	34,200,000.00	32,917,500.00

NOTE 2: BOARD EXPENSES

ITEM	2016/2017	2015/2016
		6 months
	KSHS	KSHS
Allowances and transport	9,157,250.00	10,858,134.45
Chairman Honoraria	1,382,933.00	465,000.00
Board Training	522,250.00	0.00
Domestic travel and subsistence	5,182,160.00	0.00
Foreign travel and subsistence	1,305,637.00	595,362.30
Commissioner - DIT	1,995,800.00	1,414,000.00
TOTAL	19,546,030.00	13,332,496.75

NOTE 3: ADMINISTRATIVE / EMPLOYEES EXPENSES

ITEM	2016/2017	2015/2016
		6 months
	KSHS	KSHS
Domestic travel and subsistence	5,372,670.00	5,422,641.00
Stipend paid to volunteers	330,000.00	259,032.30
Hospitality/catering	1,429,998.00	951,783.95
Secretariat staff benefits	4,685,000.00	3,276,800.00
Staff training	147,950.00	532,280.00
Staff retreat	-	177,900.00
County Youth foras	5,847,940.00	-
TOTAL	17,813,558.00	10,620,437.25

NOTE 4: GENERAL EXPENSES

ITEM	2016/2017	2015/2016
		6 months
	KSHS	KSHS
Strategic Plan Validation	-	931,420.00
Office stationery	294,378.00	113,840.00
Newspaper/magazines	70,640.00	68,080.00
Telephone costs	351,000.00	276,450.00
Trade and exhibition	1,107,800.00	430,400.00
Office utilities	240,534.00	305,353.00
Staff uniform	194,880.00	83,000.00
Bank charges	63,182.85	40,977.50
Courier/postal services	-	0.00
Fuel and Oil	31,100.00	0.00
Subscription	11,200.00	19,000.00
Other operating expenses	1,196,410.00	0.00
Hire of transport	330,000.00	0.00
TOTAL	3,891,124.85	2,268,520.50

XVI. 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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Contribution from Ministries (Staff Compensation)	The staffs are deployed to assist the council in the operationalization of its functions and mandate.	HR	Not resolved	
2	Board Expenses	The Members of the council are representative of various regions of the country, are compensated for travel while attending meetings and other activities of the council.	CEO	Not resolved	
3	Employees Expenses	These payments were paid on the approval of the Board and a circular Ref:MSPS 18/2A dated 12 th November,2009.	CEO	Resolved, the council stop payments to the deployed staff.	

Guidance Notes:

- Use the same reference numbers as contained in the external audit report;
- Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

NATIONAL YOUTH COUNCIL, Financial Statement for the year ended June 30, 2017

- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Director General/C.E.O/M.D

Date... 15/05/2018

Chairman of the Board

Date... 15/05/2018