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REPORT

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 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 26 MAR 2019	DAY: TUESDAY
TABLED BY: MAJORITY LEADER	
CLERK-AT THE-TABLE:	

THE FINANCIAL STATEMENTS OF
SMALL SCALE HORTICULTURE
DEVELOPMENT PROJECT (ADF LOAN
NO.2100150014943)

FOR THE YEAR ENDED
30 JUNE 2018

MINISTRY OF AGRICULTURE, LIVESTOCK
FISHERIES AND IRRIGATION





SMALL-SCALE HORTICULTURE DEVELOPMENT PROJECT (SHDP)

**MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES AND IRRIGATION
STATE DEPARTMENT FOR CROPS DEVELOPMENT**

PROJECT GRANT/CREDIT NUMBER.2100150014943

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018**

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

Small scale Horticulture Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018

CONTENTS	PAGE
1. PROJECT INFORMATION AND OVERALL PERFORMANCE	
2. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES	v
3. REPORT OF THE INDEPENDENT AUDITORS ON THE SMALL SCALE HORTICULTURE DEVELOPMENT PROJECT	vii
4. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2018.....	
5. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2018.....	2
6. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2018.....	3
7. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS	
8. NOTES TO THE FINANCIAL STATEMENTS	5
9. OTHER IMPORTANT DISCLOSURES	23
10. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	24

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is **SMALL SCALE HORTICULTURAL DEVELOPMENT PROJECT**

Objective: The key objective of the project is **Contribute to poverty reduction and food security in rural Kenya and increase the household incomes of smallholder horticultural producers through increased production of horticultural products and marketing.**

Address: The project headquarters offices are in **Nairobi, Nairobi County, Kenya.**

The address of its registered office is:

Hill Plaza 9th Floor Ngong Road, P.O Box 30028-00100 Nairobi, Kenya.

The project also has offices/branches as follows:

- **None**

Contacts: The following are the project contacts

Telephone: **(254) 2719013/2718870**

E-mail: **npcshdp@yahoo.com**

Website: **www.kilimo.go.ke**

1.2 Project Information

Project Start Date:	The project start date is 20th May 2008
Project End Date:	The project end date is 31st December 2015
Project Manager:	The project manager is Mr Abraham Barno
Project Sponsor:	The project sponsor is African Development Bank (AfDB)

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Agriculture Livestock Fisheries and Irrigation. State Department for Crops Development.
Project number	
Strategic goals of the project	<ul style="list-style-type: none"> i. Increase household incomes for Small scale Horticultural Producers in the project areas. ii. Reduce the dependence on the famine relief in the affected

Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018

	<p>areas.</p> <p>iii. To contribute to poverty reduction and food security in Kenya.</p>
Achievement of strategic goals	<p>i. Linkage of the horticultural farmers with the markets.</p> <p>ii. Increase horticultural production through improved farming performance and efficiency.</p> <p>iii. Improved scheme management through formation and empowering of irrigation water users associations.</p>
Other important background information of the project	The project is geared towards creating wealth and women empowerment in the targeted areas.
Current situation that the project was formed to intervene	<p>i. Enhance food security in the project areas.</p> <p>ii. Reduce the poverty levels.</p>
Project duration	The project started on <i>1st July 2008</i> and is expected to run until <i>31st December 2015.</i>

1.4 Bankers

The following are the bankers for the current year:

- (i) **Cooperative Bank of Kenya A/C No. 01120064948300 – Revenue Funds**
- (ii) **Cooperative Bank of Kenya A/C No. 01120064948301 – Counterpart Funds**

1.5 Auditors

The project is audited by the **Office of the Auditor General**

1.6 Roles and Responsibilities

List the different people who will be working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

Names	Title designation	Key qualification	Responsibilities
Samson Nguta	SADA	MSc. Agriculture Economics	Project Coordinator
Jane N. Kaberia	ADA	Msc. Agriculture & Rural Development	Gender Specialist
Patricia A. Aruwa	ADA	Msc. Dev. Studies, BSc. Agri.& Home	M&E Specialist
Emmy A. Wanjohi	ADA	Msc. Gender & Agriculture	Gender Specialist

*Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018*

Haron N. Goro	PAO	Bsc. Horticulture, Diploma Agriculture	Horticulture Specialist
Atika Ombachi	PAO	Bsc. Horticulture, Diploma Agriculture	Horticulture Specialist
Daniel Odero	PAO	Msc. In Agri. & Applied Economics	M&E Specialist
Samuel J. Okati	PLPO	Msc. Agri. Resource Management Bsc. In Range Management	Livestock Specialist
Jonah Kebeney	SSE	Bsc. Agriculture	Senior Superintend Engineer
Bernard K. Wanjohi	PAO	Bsc. Agricultural Economics	Information & Communication Officer
Calvin K. Musungu	Agricultural Engineer II	Bsc. Agriculture Engineering	Project engineer
Lawrence Mbugua	SSCMO	Dip. SCM	Project Procurement Specialist
Robert M. Gwadoya	Senior Accountant	CPA(K), B.Com	Project Accountant

1.7 Funding summary

The Project is for duration of 7 years from 2008 to 2015 with an approved budget of UA 17,000,000 equivalent to KShs 1.786Billion as highlighted in the table below:

Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date – (30-06-2018)		Undrawn balance to date (30-06-2018)	
	<i>Donor currency((A)</i>	<i>KShs (A')</i>	<i>Donor currency (B)</i>	<i>KShs (B')</i>	<i>Donor currency (A)-(B)</i>	<i>KShs (A')- (B')</i>
	UA	Ksh	UA	Ksh		
(i)Loan						
African Development Bank-ADB - Revenue	16,988,045	1,785,613,409	15,463,372	2,025,723,363	0.00	0.00
(ii)Counterpart funds						
Government of Kenya	2,181,773	229,326,160	3,185,225	411,117,456	0.00	0.00
Beneficiaries	581,400	61,110,954	0.00	0.00	0.00	0.00
Total	19,751,218	2,076,050,524	18,648,598	2,436,840,819	0.00	0.00

Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018

Source of funds	Donor Commitment-		Amount received to date – (30-06-2018)		Undrawn balance to date (30-06-2018)	
	<i>Donor currency((A)</i>	<i>KShs (A')</i>	<i>Donor currency (B)</i>	<i>KShs (B')</i>	<i>Donor currency (A)-(B)</i>	<i>KShs (A')- (B')</i>

1.8 Summary of Overall Project Performance:

- Budget performance against actual amounts for current year and for cumulative to-date,
- Physical progress based on outputs, outcomes and impacts since project commencement,
- Comment on value-for-money achievements,
- List the implementation challenges and recommended way forward.

1.9 Summary of Project Compliance:

- Include significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants,
- Include consequences suffered on account of non-compliance or likely to be suffered
- Indicate mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance

2. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the **Ministry of Agriculture, Livestock, Fisheries and Irrigation** and the *Project Coordinator* for **Small scale Horticultural Development Project (SHDP)** 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, 2018. 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 (vi) making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* for the **Ministry of Agriculture, Livestock, Fisheries and Irrigation** and the *Project Coordinator* for **Small scale Horticultural Development Project (SHDP)** 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.

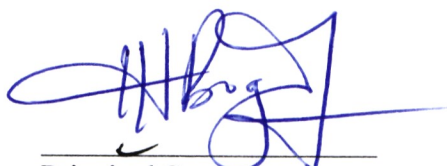
The *Principal Secretary* for the **Ministry of Agriculture, Livestock, Fisheries and Irrigation** and the *Project Coordinator* for **Small scale Horticultural Development Project (SHDP)** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2018, and of the Project's financial position as at that date. The *Principal Secretary* for **Ministry of Agriculture, Livestock, Fisheries and Irrigation** and the *Project Coordinator* for **Small scale Horticultural Development Project (SHDP)** 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 **Ministry of Agriculture, Livestock, Fisheries and Irrigation** and the *Project Coordinator* for **Small scale Horticultural Development Project (SHDP)** 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 financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Reports and Financial Statements
For the financial year ended June 30, 2018

Approval of the Project financial statements

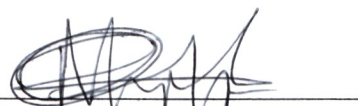
The Project financial statements were approved by the *Principal Secretary* for the **Ministry of Agriculture, Livestock, Fisheries and Irrigation** and the *Project Coordinator* for **Small scale Horticultural Development Project (SHDP)** on _____ 2018 and signed by them.



Principal Secretary
Name: **Prof. Hamadi I. Boga**



Project Coordinator
Name: **Samson Nguta**



Project Accountant:
Name: **Robert Gwadoya**
ICPAK Member Number:

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON SMALL SCALE HORTICULTURE DEVELOPMENT PROJECT (ADF LOAN NO. 2100150014943) FOR THE YEAR ENDED 30 JUNE 2018 – MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES & IRRIGATION

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Small Scale Horticulture Development Project set out on pages 1 to 30, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and statement of comparative 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 and Article 1 of the Loan Agreement No. 2100150014943 dated 26 November 2007 between the African Development Fund (ADF) and the Republic of Kenya. 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 Small Scale Horticulture Development Project as at 30 June 2018, 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 the Loan Agreement.

In addition, the special account statement presents fairly, transactions for the year, and the closing balance has been reconciled with the books of account.

Basis for Qualified Opinion

1. Cash and Cash Equivalents

1.1. The statement of financial assets and liabilities reflects a bank balance of Kshs.333,295.80 as at 30 June 2018, compared to the last year's closing balance of Kshs.670,018. Transactions in the year under review amounted to Kshs. 9,031 and were related to bank charges only, resulting in a difference of Kshs. 660,987 which ought to have been the closing balance as at 30 June 2018. However, an amount of Kshs.327,692 of the remainder of the cash difference of Kshs.660,987, has been disclosed under Note 8.16 to the financial statements as a prior year adjustment. The amount (Kshs.327,692)

Report of the Auditor-General on the Financial Statements of Small Scale Horticulture Development Project (ADF Loan No. 2100150014943) for the Year Ended 30 June 2018 – Ministry of Agriculture, Livestock, Fisheries & Irrigation

is claimed to be related to unsupported payments made for undisclosed prior year pending bills in July 2017.

1.2. The bank statement reflects a balance of Kshs.118,369.70, while the financial statements show a balance of Kshs.333,295.80 as at 30 June 2018. The resulting difference of Kshs. 214,926.10 between the financial statements and the bank statement has not been reconciled. In addition, bank reconciliation statements for the year ended 30 June 2018 and bank confirmation certificate as at that date were not provided for audit verification.

The validity, completeness and accuracy of the bank balance of Kshs.333,295.80 as at 30 June 2018 can not therefore be confirmed in the above circumstances.

2. Loan from External Development Partners

The statement of receipts and payments reflects a cumulative amount of Kshs.2,094,558,220 in respect of loan from external development partners (African Development Bank) while the funding summary, under Note 1.7. of the Project Information and Overall Performance reflects an amount of Kshs. 2,025,723,363. The resulting difference of Kshs.68,834,857 has not been explained or reconciled.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Small Scale Horticulture Development Project 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 judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, there are no key audit matters to communicate in my report.

Other Matter

1. Failure to Close the Project Upon its Completion

Note 1.2. on Project Information indicates that the project started on 20 May 2008 and ended on 31 December 2015. However, the Project has been active as evident by the special account statement balance of Kshs.18,038.76 (US\$178.69) as at 30 June 2018. However, no documentary evidence was provided to show that the project had been granted extension beyond December 2015. In addition, no Project Completion Report has been produced for audit verification.

2. Late Submission of the Financial Statements

Section 47(1) of the Public Audit Act, 2015 provides that all financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other

legislation shall be submitted for audit within three months after the end of the fiscal year to which the accounts relate. However, the financial statements of Small Scale Horticulture Development Project for the year ended 30 June 2018 were submitted for audit late on 3 December 2018. Further, the financial statements submitted were not signed by the accounting officer.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and Other Matter sections 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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit so as to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and Other Matter sections 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

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the African Development Bank, I confirm that:

Report of the Auditor-General on the Financial Statements of Small Scale Horticulture Development Project (ADF Loan No. 2100150014943) for the Year Ended 30 June 2018 – Ministry of Agriculture, Livestock, Fisheries & Irrigation

- i. The Project funds have been used in accordance with the conditions of Loan Agreement with due attention to economy, efficiency and effectiveness for the purposes for which they were provided;
- ii. Counterpart funds have been provided and used in accordance with the conditions of the Loan Agreement;
- iii. Goods and services financed have been procured in accordance with the Loan Agreement and the Funds' rules and procedures;
- iv. Necessary supporting documents, records and accounts have been kept in respect of all Project activities;
- v. Adequate internal control to monitor expenditure and other financial transactions and ensure safe custody of assets exist; and
- vi. Ledgers and fixed assets register for the Project's assets are maintained as required.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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 and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the Project's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to cease the Project's 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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Project's financial reporting process, reviewing the effectiveness of how the Project 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 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 of Kenya. 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 when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in my planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of internal control would not necessary disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within timely period by employees in the normal course of performing their assigned functions.

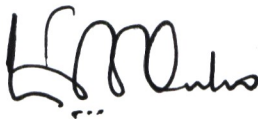
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 ability of the Project 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 Project to cease sustaining 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 Project 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

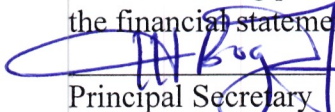
24 December 2018


Report of the Auditor-General on the Financial Statements of Small Scale Horticulture Development Project (ADF Loan No. 2100150014943) for the Year Ended 30 June 2018 – Ministry of Agriculture, Livestock, Fisheries & Irrigation


4. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED
 30TH JUNE 2018

	Note	2017/18		2016/17		Cumulative to-date
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
RECEIPTS						
Transfer from Government entities	8.3	0.00	0.00	0.00	0.00	411,117,456
Proceeds from domestic and foreign grants	8.4	0.00	0.00	0.00	0.00	0.00
Loan from external development partners	8.5	0.00	0.00	0.00	0.00	2,094,558,220
Miscellaneous receipts	8.6	0.00	0.00	0.00	0.00	0.00
TOTAL RECEIPTS		0.00	0.00	0.00	0.00	2,505,675,676
PAYMENTS						
Compensation of employees	8.7	0.00	0.00	0.00	0.00	73,963,000
Purchase of goods and services	8.8	9,031.00	0.00	24,456,168.90	0.00	418,814,386.20
Social security benefits	8.9	0.00	0.00	0.00	0.00	0.00
Acquisition of non-financial assets	8.10	0.00	0.00	0.00	0.00	1,494,597,143.30
Transfers to other government entities	8.11	0.00	0.00	0.00	0.00	127,744,076
Other grants and transfers and payments	8.12	0.00	0.00	0.00	0.00	0.00
TOTAL PAYMENTS		9,031.00	0.00	24,456,168.90	0.00	2,115,118,605.50
SURPLUS/DEFICIT		-9,031.00	0.00	-24,456,168.90	0.00	390,557,070.50

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.


 Principal Secretary
 Name:


 Project Coordinator
 Name: **Samson Ngũgũ**


 Project Accountant
 Name
 ICPAK Member Number:

(IPSAS 1.3.24 requires an entity to separately disclose third party payments separately on the statement of receipts and payments. These are payments made by development partners directly on behalf of the entity. In recognising these transactions, the receipts must be equal to the payments made and therefore there is no surplus or deficit.)

Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018

5. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2018

	Note	2017/18 KShs	2016/17 KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8.13.A	333,295.80	670,018.80
Cash Balances	8.13.B	0.00	0.00
Total Cash and Cash Equivalents	8.13.C	333,295.80	670,018.80
Accounts receivables – Imprest and Advances	8.14	0.00	0.00
TOTAL FINANCIAL ASSETS		333,295.80	670,018.80
REPRESENTED BY			
Fund balance b/fwd	8.15	670,018.80	25,126,187.70
Prior year adjustments	8.16	-327,692.00	
Surplus/Deficit for the year		-9,031.00	-24,456,168.90
NET FINANCIAL POSITION		333,295.80	670,018.80

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2018 and signed by:



Principal Secretary
Date



Project Coordinator
Date

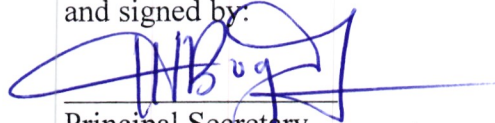


Project Accountant
Date
ICPAK Member Number:


6. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2018

		2017/18	2016/17
	Note	KShs	KShs
Receipts for operating activities			
Transfer from Government entities	8.3	0.00	0.00
Proceeds from domestic and foreign grants	8.4	0.00	0.00
Miscellaneous receipts	8.6	0.00	0.00
Payments for operating activities			
Compensation of employees	8.7	0.00	0.00
Purchase of goods and services	8.8	9,031.00	24,456,168.90
Social security benefits	8.9	0.00	0.00
Transfers to other government entities	8.11	0.00	0.00
Other grants and transfers	8.12	0.00	0.00
Adjustments during the year	8.16	327,692.00	
Net cash flow from operating activities		-336,723.00	-24,456,168.90
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8.10	0.00	0.00
Net cash flows from Investing Activities		0.00	0.00
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	8.5	0.00	0.00
Net cash flow from financing activities		0.00	0.00
NET INCREASE IN CASH AND CASH EQUIVALENT		-336,723.00	-24,456,168.90
Cash and cash equivalent at BEGINNING of the year		670,018.80	25,126,187.70
Cash and cash equivalent at END of the year		333,295.80	670,018.80

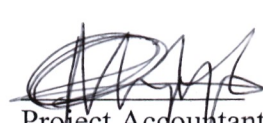
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2018 and signed by:



Principal Secretary
Date



Project Coordinator
Date




Project Accountant
Date
ICPAK Member No.

*Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018*

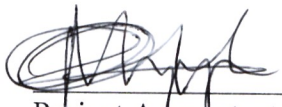
7. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

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 of employees						
Purchase of goods and services						
Social security benefits						
Acquisition of non-financial assets						
Transfers to other government entities						
Other grants and transfers						
Total Payments						

Note: The significant budget utilisation/performance differences in the last column are explained in **Annex 1** to these financial statements.


Principal Secretary
Date


Project Coordinator
Date


Project Accountant
Date
ICPAK Member No.

8. NOTES TO THE FINANCIAL STATEMENTS

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

8.1. Basis of Preparation

8.1.1. 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.

8.1.2. Reporting entity

The financial statements are for the Small scale Horticultural Development Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

8.1.3. 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.

8.2. Significant Accounting Policies

a) 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.

• 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.

• External Assistance

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Proceeds from borrowing

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

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

- **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 recognised in the financial statements the time associated cash is received.

b) Recognition of payments

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

- **Compensation of employees**

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

- **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.

- **Interest on borrowing**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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.

- **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.

c) 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.

d) 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.

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Accounts receivable

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.

f) 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 Project 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.

g) 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 to these financial statements.

h) 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.

During the year Kshs 0.00 billion being loan disbursements were received in form of direct payments from third parties.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) 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.

j) 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.

k) 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, 2018.

l) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.3. RECEIPTS FROM GOVERNMENT OF KENYA

These represent counterpart funding and other receipts from government as follows:

	2017/18 KShs	2016/17 KShs	Cumulative to-date
<i>Counterpart funding through Ministry ALF&I</i>			
Counterpart funds Quarter 1	0.00	0.00	
Counterpart funds Quarter 2	0.00	0.00	
Counterpart funds Quarter 3	0.00	0.00	
Counterpart funds Quarter 4	0.00	0.00	411,117,456
<i>Other transfers from government entities</i>			
Ministry xx	0.00	0.00	
Ministry xy	0.00	0.00	
Project zxy	0.00	0.00	
Agency xz	0.00	0.00	
Appropriations-in-Aid	0.00	0.00	
	<u>0.00</u>	<u>0.00</u>	<u>411,117,456</u>

[Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.4. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2018 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment *	Grants received in kind	Total amount in KShs	
						FY 2017/18 KShs	FY 2016/17 KShs
Grants Received from Multilateral Donors (International Organisations)							
African Development Bank		0.00	0.00	0.00	0.00	0.00	0.00
Grants Received from Local Individuals and organisations		0.00	0.00	0.00	0.00	0.00	0.00
Total						0.00	0.00

*. The direct payment grants represent payments for goods and services done directly by the donor on behalf of the project. Projects should ensure that the adequate documents and support document is requested from the donors to support this grant.

Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.5. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2018 we received funding from development partners in form of loan negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
					FY17/18	FY16/17
			KShs			
Loans Received from Bilateral Donors (Foreign Governments)						
African Development Bank			0.00	0.00	0.00	0.00
Total					0.00	0.00

8.6. MISCELLANEOUS RECEIPTS

	FY 2017/18			FY 2016/17	Cumulative to-date
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		
	KShs	KShs	KShs		
Property income	0.00	0.00	0.00	0.00	0.00
Sales of goods and services	0.00	0.00	0.00	0.00	0.00
Administrative fees and charges	0.00	0.00	0.00	0.00	0.00
Fines, penalties and forfeitures	0.00	0.00	0.00	0.00	0.00
Voluntary transfers other than grants	0.00	0.00	0.00	0.00	0.00
Other receipts not classified elsewhere	0.00	0.00	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

[Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.7. COMPENSATION OF EMPLOYEES

*Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018*

	FY 2017/18			FY 2016/17	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	0.00	0.00	0.00	0.00	0.00
Basic wages of temporary employees	0.00	0.00	0.00	0.00	0.00
Personal allowances paid as part of salary	0.00	0.00	0.00	0.00	73,963,000
Personal allowances paid as reimbursements	0.00	0.00	0.00	0.00	0.00
Personal allowances provided in kind	0.00	0.00	0.00	0.00	0.00
Pension and other social security contributions	0.00	0.00	0.00	0.00	0.00
Compulsory national social security schemes	0.00	0.00	0.00	0.00	0.00
Compulsory national health insurance schemes	0.00	0.00	0.00	0.00	0.00
Social benefit schemes outside government	0.00	0.00	0.00	0.00	0.00
Other personnel payments	0.00	0.00	0.00	0.00	0.00
Total	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>76,668,000</u>

Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.8. PURCHASE OF GOODS AND SERVICES

	FY 2017/18			FY 2016/17	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	0.00	0.00	0.00	244,380.00	28,297,571
Communication, supplies and services	0.00	0.00	0.00	0.00	3,383,416.00
Domestic travel and subsistence	0.00	0.00	0.00	22,674,482.40	106,859,194.40
Foreign travel and subsistence	0.00	0.00	0.00	341,400.00	341,400.00
Printing, advertising and – information supplies & services	0.00	0.00	0.00	0.00	13,416,809
Rentals of produced assets	0.00	0.00	0.00	0.00	0.00
Training payments	0.00	0.00	0.00	512,747.00	13,098,932
Hospitality supplies and services	0.00	0.00	0.00	0.00	2,311,661
Office & General Supplies	0.00	0.00	0.00	677,000.00	677,000
Consultancy services	0.00	0.00	0.00	0.00	226,982,465.50
Other operating payments	9,031.00	0.00	9,031.00	6,159.50	332,001.30
Routine maintenance – vehicles and other transport equipment	0.00	0.00	0.00	0.00	22,795,799
Routine maintenance – other assets	0.00	0.00	0.00	0.00	0.00
Exchange rate losses/gains (net)	0.00	0.00	0.00	0.00	0.00
Total	9,031.00	0.00	9,031.00	24,456,168.90	418,496,249.20

2,
 [Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.9. SOCIAL SECURITY BENEFITS

	FY 2017/18			FY 2016/17	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Government pension and retirement benefits	0.00	0.00	0.00	0.00	0.00
Social security benefits in cash and in kind	0.00	0.00	0.00	0.00	0.00
Employer social benefits in cash and in kind	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00

[Provide explanation as necessary]

8.10. ACQUISITION OF NON-FINANCIAL ASSETS

	FY 2017/18			FY 2016/17	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Purchase of buildings	0.00	0.00	0.00	0.00	0.00
Construction of buildings	0.00	0.00	0.00	0.00	0.00
Refurbishment of buildings	0.00	0.00	0.00	0.00	0.00
Construction of roads	0.00	0.00	0.00	0.00	0.00
Construction of civil works	0.00	0.00	0.00	0.00	1,423,746,120.30
Overhaul & refurbishment of construction and civil works	0.00	0.00	0.00	0.00	0.00
Purchase of vehicles & other transport equipment	0.00	0.00	0.00	0.00	0.00
Overhaul of vehicles & other transport equipment	0.00	0.00	0.00	0.00	0.00

Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018

Purchase of household furniture & institutional equipment	0.00	0.00	0.00	0.00	0.00
Purchase of office furniture & general equipment	0.00	0.00	0.00	0.00	70,851,023
Purchase of specialised plant, equipment and machinery	0.00	0.00	0.00	0.00	0.00
Rehabilitation & renovation of plant, equipment & machinery	0.00	0.00	0.00	0.00	0.00
Purchase of certified seeds, breeding stock and live animals	0.00	0.00	0.00	0.00	0.00
Research, studies, project preparation, design & supervision	0.00	0.00	0.00	0.00	0.00
Rehabilitation of civil works	0.00	0.00	0.00	0.00	0.00
Acquisition of strategic stocks	0.00	0.00	0.00	0.00	0.00
Acquisition of land	0.00	0.00	0.00	0.00	0.00
Acquisition of other intangible assets	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	1,494,597,143.30

[Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.11. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2018, we transferred funds to reporting government entities as shown below:

	FY 2017/18			FY 2016/17	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Transfers to National Government entities					
KARI	0.00	0.00	0.00	0.00	20,747,150
HCDA	0.00	0.00	0.00	0.00	41,133,106
LBBWRUA	0.00	0.00	0.00	0.00	7,950,000
	0.00	0.00	0.00	0.00	69,830,256
Transfers to County Government					
Implementing S/County	0.00	0.00	0.00	0.00	57,913,820
County XYZ	0.00	0.00	0.00	0.00	
	0.00	0.00	0.00	0.00	57,913,820
TOTAL	0.00	0.00	0.00	0.00	127,744,076

We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix to the financial statements.

Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.12. OTHER GRANTS AND TRANSFERS AND PAYMENTS

	FY 2017/18			FY 2016/17	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Grants for scholarships	0.00	0.00	0.00	0.00	0.00
Transfers to lower levels of government e.g schools	0.00	0.00	0.00	0.00	0.00
Miscellaneous payments	0.00	0.00	0.00	0.00	0.00
Total	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.13. CASH AND CASH EQUIVALENTS CARRIED FORWARD

	2017/18	2016/17
	KShs	KShs
Bank accounts (Note 8.13A)	333,295.80	670,018.00
Cash in hand (Note 8. 13B)	0.00	0.00
Cash equivalents (short-term deposits) (Note 8.13C)	0.00	0.00
Total	<u>333,295.80</u>	<u>670,018.00</u>

The project has 2 number of project accounts spread within the project implementation area and 0 number of foreign currency designated accounts managed by the National Treasury as listed below:

8.13. A Bank Accounts

Project Bank Accounts

	2017/18	2016/17
	KShs	KShs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]		
Kenya Commercial Bank [A/c No.....]		
Co-operative Bank of Kenya [A/c No.....]		
Others (<i>specify</i>)		
Total Foreign Currency balances		
<u>Local Currency Accounts</u>		
Cooperative Bank of Kenya [A/c No.01120064948300]	114,331.20	126,187.70
Cooperative Bank of Kenya [A/c No.01120064948301]	218,964.60	543,831.10
Others (<i>specify</i>)		
Total local currency balances	<u>333,295.80</u>	<u>670,018.80</u>
Total bank account balances	<u>333,295.80</u>	<u>670,018.80</u>

*Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2018 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

	2017/18	2016/17
	KShs	KShs
(i) A/C Name [A/c No.....]		
Opening balance		
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)		
Closing balance (as per SDA bank account reconciliation attached)		
(ii) A/c Name [A/c No.....]		
Opening balance (as per the SDA reconciliation)		
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)		
Closing balance (as per SDA bank account reconciliation attached)		

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as *Appendix xx* support these closing balances.

8.13. B Cash In Hand

	2017/18	2016/17
	KShs	KShs
Location 1		
Location 2		
Location 3		
Other locations (<i>specify</i>)		
Total cash balances		

[Provide a cash count certificate for each location above]

Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.16. PRIOR YEAR ADJUSTMENT

	2017/18	2016/17
	KShs	KShs
Bank accounts	327,692.00	0.00
Cash in hand	0.00	0.00
Cash equivalents (short-term deposits)	0.00	0.00
Receivables - Outstanding Imprests	0.00	0.00
Total	<u>327,692.00</u>	<u>0.00</u>

[]

9. OTHER IMPORTANT DISCLOSURES

9.1 PENDING ACCOUNTS PAYABLE (See Annex 2A)

	2017/18	2016/17
	KShs	KShs
Construction of buildings		
Construction of civil works		
Supply of goods		
Supply of services		

9.2 PENDING STAFF PAYABLES (See Annex 2B)

	2017/18	2016/17
	KShs	KShs
Permanent employees - management		
Permanent employees - others		
Temporary employees		
Others (<i>specify</i>)		

9.3 OTHER PENDING PAYABLES (See Annex 2C)

	2017/18	2016/17
	KShs	KShs
Amounts due to National Government entities		
Amounts due to County Government entities		
Amounts due to third parties		
Others (<i>specify</i>)		

*Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018*

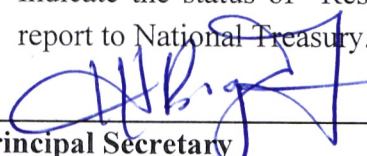
10. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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: (Resolve d / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

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



Principal Secretary



Project Coordinator

Date

Date

Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities					
Proceeds from domestic and foreign grants					
Proceeds from borrowings					
Miscellaneous receipts					
Total Receipts					
Payments					
Compensation of employees					
Purchase of goods and services					
Social security benefits					
Acquisition of non-financial assets					
Transfers to other government entities					
Other grants and transfers					
Total payments					

Explain all variance below 90% and above 100%

- (i) Xxx
- (ii) Xxx
- (iii) Xxx

*Small scale Horticultural Development Project (SHDP)
Reports and Financial Statements
For the financial year ended June 30, 2018*

ANNEX 2A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

*Small scale Horticultural Development Project (SHDP)
 Reports and Financial Statements
 For the financial year ended June 30, 2018*

ANNEX 2B - ANALYSIS OF PENDING STAFF BILLS

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Permanent Employees - Management							
1.							
2.							
3.							
Sub-Total							
Permanent Employees - Others							
4.							
5.							
6.							
Sub-Total							
Temporary employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

*Small scale Horticultural Development Project (SHDP)
 Reports and Financial Statements
 For the financial year ended June 30, 2018*

ANNEX 2C - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 20xx	Outstanding Balance 20xx	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

*Small scale Horticultural Development Project (SHDP)
Statement of Budget Performance
For the year ended June 30, 2018*

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost (KShs) 20xx/xx (a)	*Purchases/Additions in the Year (KShs) 20xx/xx (b)	**Disposals in the Year (KShs) 20xx/xx (c)	Closing Cost (KShs) 20xx (d)= (a)+ (b)-(c)
Land				
Buildings and structures				
Transport equipment				
Office equipment, furniture and fittings				
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total				

Notes

* Purchases/Additions in the year reconciled to the amount in Statement of Receipts and Payments

** The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold.

*Small scale Horticultural Development Project (SHDP)
Statement of Budget Performance
For the year ended June 30, 2018*

APPENDICES

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations
- iii. Cash Count Certificate
- iv. Special Deposit Account(s) reconciliation statement(s)