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OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

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**THE AUDITOR-GENERAL**

**ON**

**STATE DEPARTMENT FOR CROP  
DEVELOPMENT**

**FOR THE YEAR ENDED  
30 JUNE, 2019**





OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
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**STATE DEPARTMENT FOR CROPS DEVELOPMENT**  
**MINISTRY OF AGRICULTURE, LIVESTOCK AND FISHERIES**  
**REVISED REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2019**

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

**THE NATIONAL ASSEMBLY  
PAPERS LAID**

**DATE:** 02 MAR 2021  DAY.

<b>TABLED BY:</b>	
<b>CLERK-AT THE-TABLE:</b>	

*Ministry of Agriculture Livestock, Fisheries and Irrigation - State Department for Crop Development  
Annual Reports and Financial Statements for The Year Ended June 30, 2019*

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## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

The entity was formed in the 2018/2019 financial year by merging the Ministry of Agriculture, Ministry of Livestock Development and the Ministry of Fisheries Development vide Executive Order No. 1 of 2018. At cabinet level, the entity is represented by the Cabinet Secretary for Agriculture, Livestock, Fisheries and Irrigation who is responsible for the general policy and strategic direction of the entity.

### **State Department for Crops Development**

The State Department has four technical directorates namely Agricultural Policy Research and Regulation; Crop Resources, Agribusiness and Market Development; Agriculture Mechanization and Technology Development and Land and Environment Management. These are supported by the Directorate of Administration and Support Services.

### **Vision**

The Vision of the State Department is: “to be the leading agent of food security for all, employment creation, income generation and poverty reduction in Kenya.”

### **Mission**

The mission of the State Department is: “to improve the livelihoods of Kenyans by promoting competitive farming as a business, through appropriate policy environment, effective support services and sustainable natural resources management.”

### **Mandate**

The mandate of the State Department is to ensure sustainable development of agriculture for food security and economic development which includes; National Agricultural Policy and Management; National Food Policy; Strategic Food Reserve; Agricultural Crops Development, Regulation and Promotion; Phytosanitary Services and International Standards Compliance; Agricultural Farmers Training; Agricultural Land Resources Inventory and Management, Agricultural Mechanization Services, Policy on Land Consolidation for Agricultural Benefits; Agriculture Insurance Policy; Services Standards; and Capacity Building Policy for Agricultural Staff.

**Core functions**

- i). Formulation, implementation and monitoring of agricultural policies, legislations, regulations and guidelines;
- ii). Supporting agricultural research and promoting technology delivery;
- iii). Facilitation and representation of agricultural state corporations in the government;
- iv). Development, implementation and co-ordination of strategies, programmes and projects in the agricultural sector;
- v). Regulation and quality control of inputs, produce and products in the agricultural sector;
- vi). Management and control of trans-boundary pests, diseases and invasive species;
- vii). Collection, maintenance and management of information on agriculture; and
- viii). Promotion of sustainable resource management and utilization.

**Strategic Objectives**

- i. Create an enabling environment for Agricultural development
- ii. Increase agricultural production and productivity
- iii. Enhance national food security
- iv. Improve market access and trade
- v. Strengthen institutional capacity
- vi. Enhance the role of youth, women and vulnerable groups in agriculture
- vii. Promote sustainable natural resources management

**Core values**

To implement this Strategic Plan, the department will be guided by the following values:

- i. Professionalism
- ii. Integrity
- iii. Efficiency and responsiveness
- iv. Partnerships
- v. Gender equity
- vi. Social inclusion

**(b) Key Management**

The entity's day-to-day management is under the following key organs:

- i. Agricultural Policy Research and Regulation;
- ii. Crop Resources, Agribusiness and Market Development;
- iii. Agriculture Mechanization and Technology Development
- iv. Land and Environment Management.
- v. Directorate of Administration and Support Services.

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Prof. Hamadi I. Boga
2.	Secretary Administration	KelloHarsama
3.	Agriculture Secretary	Anne Onyango, MBS
4.	Engineering Secretary	Eng. Richard Kanui
5.	Director of Crops	Dr. Johnson Irungu (PhD)

**(d) Fiduciary Oversight Arrangements**

**- Audit and finance committee activities**

The Ministerial Audit Committee has been active vide Treasury Circular No.16/2005 dated 4<sup>th</sup> October, 2005 before introduction of PFM Act, 2012.

**Parliamentary committee activities**

The Ministry handled various issues both the National Assembly and the Senate of Parliament:-

**National Assembly**

- Statements
- Petitions
- Motions

*Ministry of Agriculture Livestock, Fisheries and Irrigation- State Department for Crop Development  
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- Workshops/Seminars
- Meetings with Departmental Committees

The petitions and Statements were requested through Parliament on behalf of Farmers, Groups or Organizations.

**(e) Entity Headquarters**

P.O. Box 30028  
Kilimo House Building  
Cathedral Road  
Nairobi, Kenya

**Entity Contacts**

Telephone: (254) 2718870/9  
E-mail: [psagriculture@kilimo.go.ke](mailto:psagriculture@kilimo.go.ke)  
Website: [www.go.ke](http://www.go.ke)

**(f) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
  
2. Kenya Commercial Bank  
Kencom Branch  
Moi Avenue  
Nairobi, Kenya

**(g) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O.Box 30084  
GPO 00100

*Ministry of Agriculture Livestock, Fisheries and Irrigation- State Department for Crop Development  
Annual Reports and Financial Statements for The Year Ended June 30, 2019*

Nairobi, Kenya

**(h) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

## **II. FORWARD BY THE CABINET SECRETARY**

There are various policies to guide the operation of the Ministry of Agriculture, Livestock, Fisheries and Irrigation so as to ensure prudent use of available resources and implementations of programmes and projects aimed at achieving the Ministry's Mandate. However, the ministry has remained focused on the implementation of Kenya's national development agenda as stipulated in the Kenya Vision 2030. Similarly, the ministry has continued to address regional and global commitments, particularly implementation of the Comprehensive Africa Agricultural Development Programme (CAADP), Agenda 2063 of the African Union (AU) and Sustainable Development Goals (SDGs).

To create an enabling environment for Agricultural development, the Department developed several policies, bills and regulations with a view of enhancing reforms. The Agricultural Policy was finalized and submitted to cabinet for approval while Agricultural Sector Transformation and growth Strategy was finalized and launched. Also launched during the year was the climate Smart implementation framework which guide on how to respond to climate changes. Warehouse Receipt Bill was finalized and assented into Act of parliament in June 2019. Up to 12 draft regulations were developed and by close of the year, two of them had been gazetted (Potato and Coffee) and are being implemented. Rest are at their tail ends of processing.

To improve on our international trade,

- i. MoU between Ministry of Agriculture and the Ministry of Alimentary industries of the Republic of Cuba and the Ministry of Agriculture, Livestock and Fisheries of the Republic of Kenya was signed on cooperation in the agriculture and financial sector in 2018;
- ii. MoU between Ministry of Agriculture, Livestock and Fisheries of the Republic of Kenya and the General Administration of Customs of people's republic of China on SPS measures was signed in 2018;
- iii. Protocol required for the export of stevia from Kenya to China between the Central Administration of customs of people Republic of China and KEPHIS of the Republic of Kenya was signed in 2018; and
- iv. Terms of reference for cooperation between the Ministry of Agriculture, Nature and Food Quality of the Netherlands and the Ministry of Agriculture, Livestock Fisheries and Irrigation of the Republic of Kenya was signed in July 2019

Under the fertilizer cost reduction strategy flagship project, 44,250 MT of fertilizers were procured at a cost of Kshs.2, 772,580,000 and distributed at a subsidized cost to 37,314 farmers.

The Ministry enhanced the strategic food reserve to 4 million bags of 90kg through purchase of 417,000 bags from farmers at a price of Kshs.2500 per 90kg bag.

In the same year 1.7 million bags were released for human consumption and 300,000 bags for livestock feeds manufacture with the aim of stabilizing the maize flour consumer prices.

However, the Ministry has carried over pending bills from past years from maize subsidy programme for the financial year 2017/18 and this impacted negatively on the food supply chain. The state department did not get sufficient budget allocation to clear the bills and also buy sufficient stocks for the year under review. Farmers expected better price for their product.

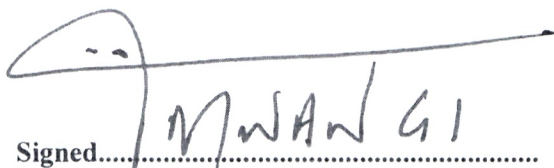
The agriculture sector continued to experience challenges particularly from the effects of climate change. Manifestation of climate change in the country are in form of frequent and severe droughts and floods that have devastating consequence on the environment, society and the wider economy. The frequency of droughts and floods has continued to increase and thus, the country has been experiencing severe food scarcity and high food prices. This calls for climate smart agriculture; insurance initiatives among other adaptation and mitigation measures that the ministry is currently undertaking.

Other key implementation challenges include low agricultural productivity; over-subdivision of agricultural land into small uneconomic units; and Pre and post-harvest loses; low technology use and innovation, agricultural research and limited youth engagement in modern agriculture. To address these challenges, the Ministry will continue to promote appropriate storage facilities; proper handling of farm produces and value addition; promote use of research and technology; and designing interventions to attract youth into agricultural activities.

The State Department will place more emphasis in achieving the big four agenda and has already set key measures towards 100% Food & Nutrition Security Commitment. Specific focus is on ensuring food affordability; increased small holder production; enhancing agriculture mechanization; increased agro-processing; SMEs establishment and jobs creation.

*Ministry of Agriculture Livestock, Fisheries and Irrigation- State Department for Crop Development  
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I wish to thank the Cabinet Secretary, The National Treasury for the cooperation and continued support. Further, I appreciate Prof. Hamadi I. Boga, the State Department for Crops Development Principal Secretary, for the leadership and hard work in handling technical and administrative matters. I am grateful to all technical and administrative staff of the State Department for Crops Development for their team work and dedication that has made it possible to realize achievements of various plans. Finally, I wish to recognize the contribution made by various Private Sector Players, Development Partners and all other sector stakeholders in supporting programmes and projects within the Ministry.



Signed.....

HON. MWANGI KIUNJURI, EGH, MGH

CABINET SECRETARY

Date..... 30/09/2019 .....

### **III. STATEMENT OF ENTITY MANAGEMENT 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 State Department for Crops Development is responsible for the preparation and presentation of the entity'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 that ended on June 30th, 2019. 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 State Department for Crops Development 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);

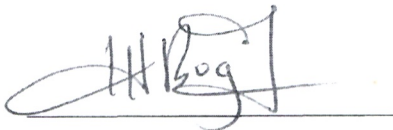
The Accounting Officer is of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019 , and of the entity's financial position as at that date. The Accounting Officer charge of the State Department for Crops Development 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 State Department for Crops Development confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing

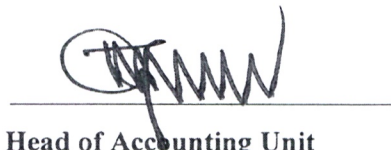
covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The entity's financial statements were approved and signed by the Accounting Officer on \_\_\_\_\_ 2019.



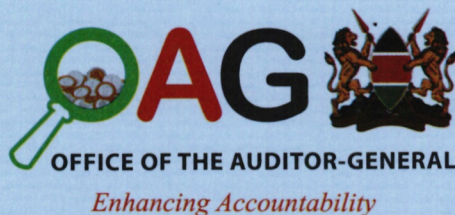
**Principal Secretary  
Prof. Hamadi I. Boga**



**Head of Accounting Unit  
CPA Charles N. Minjire  
ICPAK Member No: 4153**

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR CROP DEVELOPMENT FOR THE YEAR ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of the State Department for Crop Development set out on pages 1 to 33, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows, summary statements of appropriation – recurrent, development and combined 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **Basis for Disclaimer of Opinion**

##### **1. Unsupported Prior Year Adjustments**

The statement of assets and liabilities reflects a prior year adjustment of Kshs.514,214,380, which has been disclosed in Note 16 to the financial statements as adjustments on bank accounts and cash in hand balances. It is described as total amounts of the State Department's prior period's brought forward balances that were not rolled over to 2018/2019 financial year. However, the amount of Kshs.514,214,380 was not supported by any verifiable documents. Consequently, the validity of the amount of prior year adjustments of Kshs.514,214,380 cannot be ascertained.

##### **2. Use of Goods and Services**

###### **2.1. Unsupported Expenditure on Procurement of Subsidized Fertilizer**

As disclosed under Note 6 to the financial statements, the statement of receipts and payments reflects an expenditure of Kshs.7,380,394,463 on use of goods and services for the year ended 30 June, 2019 which includes other operating expenses amounting to Kshs.5,602,863,435. The latter balance includes the cost of procurement of subsidized fertilizer amounting to Kshs.2,773,060,000. However, details of the types of fertilizer and quantities procured in the year were not provided for audit review. In addition, the criteria

used in deciding how much fertilizer was to be procured including the type was not explained.

Further, the State Department had transferred Kshs.2,773,060,000 to the Kenya Commercial Bank where it had opened letters of credit for each of the suppliers from whom the fertilizer was ordered. Computations from the bank statements provided by the Kenya Commercial Bank for each of the suppliers showed that there were funds held in the letters of credit accounts awaiting payment upon delivery of the fertilizer by the suppliers which amounted to Kshs.896,425,265 as at 30 June, 2019.

Additionally, there was cash held at the Cooperative Bank of Kenya under letters of credit for suppliers of fertilizer amounting to Kshs.40,842,965 as at 30 June, 2018. Management explained that Kshs.40,246,500 was released to one of the suppliers but no evidence or documentation was provided to support the payment.

The certificate of bank balances as at 30 June, 2019 for the Kenya Commercial Bank and Co-operative Bank letters of credit accounts were not provided for audit review.

Under the circumstances, the validity of the expenditure of Kshs.2,773,060,000 on procurement of fertilizer cannot be confirmed.

#### **2.1.1. Delayed Delivery of Ordered Fertilizer**

The State Department for Crop Development ordered 885,000 bags of various types of blended fertilizer of 50 Kgs, each equivalent to 44,250 Metric Tons at a total cost of Kshs.2,773,060,000. The fertilizer was ordered locally from eight firms that are registered under the Access to Government Procurement Opportunities (AGPO) and was to be distributed to the farmers through various National Cereals and Produce Board depots, and sold at prices set out in the distribution guidelines provided by the State Department. By the end of the year, the Board had received 613,070 bags of fertilizer equivalent to 30,654 Metric Tons whose value was Kshs.1,876,634,735. The delivery was therefore less by 271,930 bags or 13,597 Metric Tons worth Kshs.896,425,265, which did not get to the farmers within the intended period.

#### **2.1.2. Non - Adherence to Eligibility Criteria for Farmers Under the Fertilizer Subsidy Programme**

The Ministry's issued a Circular Ref: MOALF/LCD/9/41/Vol. XVIII dated 14 March, 2019 which gave guidelines on distribution of subsidized fertilizer, under which farmers were to be vetted before being registered, to ensure that only eligible farmers accessed the subsidized fertilizer. However, no minutes were provided to confirm that vetting was carried out by the Vetting Committee as provided in the guidelines. An examination of the farmers' registers maintained at depots revealed various inconsistencies including missing national identification numbers (IDs), incorrect national ID numbers and duplication/sharing of ID numbers, farmers' telephone contacts and duplication/sharing of telephone numbers as well as missing land identification (Title Deed) numbers.

### **2.1.3. Uncollected Credit Sales**

There was no provision for sales of the subsidized fertilizer on credit terms in the agency agreement that was signed between the Ministry of Agriculture, Livestock and Fisheries - State Department for Crop Development and the National Cereals and Produce Board. However, 6,160 bags of 50 Kg each of NPK Blend 7:27:10:0 fertilizer worth Kshs.113,000,000 that were dispatched from Thika Depot between 14 June, 2019 and 21 June, 2019 were sold on credit to the County Government of Murang'a. An amount of Kshs.39,162,000 of this debt had been paid by the end of the year under review, resulting in an outstanding balance of Kshs.73,838,000. Although the Management explained that the County Government of Murang'a had given an undertaking to settle the debt, this could not be confirmed due to lack of documents and records.

### **2.2. Unsupported Insurance Costs**

As disclosed in Note 6 to the financial statements, the statement of receipts and payments reflects an expenditure of Kshs.7,380,394,463 under use of goods and services which includes insurance costs of Kshs.309,554,440. The insurance costs further include an amount of Kshs.47,802,469 that was paid to a local company for an insurance cover for 323,402 farmers under the Crop Area Yield Insurance that was taken in the 2017/18 financial year. However, the necessary procurement records including the professional opinion prepared by the Head of Procurement Unit and approval by the Accounting Officer, the letter of contract award to the winning bidder and the contract agreement, were not provided for audit review. Under the circumstances, the validity and propriety of the expenditure of Kshs.47,802,469 cannot be confirmed.

### **2.3. Unreconciled Expenditure on Use of Goods and Services**

The statement of receipts and payments reflects a total expenditure of Kshs.7,380,394,463 under use of goods and services which differs with the corresponding total expenditure of Kshs.7,381,202,613 disclosed in Note 6 to the financial statements. The resulting difference of Kshs.808,150 has not been reconciled or explained.

### **3. Misclassification of Expenses as Other Grants and Transfers**

The State Department incurred an expenditure of Kshs.94,644,539 on other grants and transfers during the year, which as disclosed under Note 9 to the financial statements includes an amount of Kshs.89,796,923 on grants to small businesses, cooperatives and self-employed persons. However, included in the amount of Kshs.89,796,923 is an ineligible expenditure of Kshs.76,474,699 relating to surrender of imprests by staff for various expenses not connected to grants to small businesses, cooperatives and self-employed persons. Consequently, the accuracy of the expenditure of Kshs.94,644,539 on other grants and transfers cannot be confirmed.

## **4. Receipts**

### **4.1. Unreconciled Proceeds from Foreign Borrowings**

The statement of receipts and payments reflects proceeds from foreign borrowing amounting to Kshs.1,117,414,844 which relate to direct payments to three donor funded projects namely; Drought Resilience and Sustainable Livelihood Programme (DRSLP), Kenya Cereal Enhancement Programme (KCEP) and Small-Scale Irrigation and Value Addition Project (SIVAP). The State Department's ledger, however, reflects proceeds amounting to Kshs.1,152,885,166 for the year ended 30 June, 2019 and thus, resulting in an unexplained variance of Kshs.35,470,322 between the financial statements and the ledger. In addition, a review of the financial statements of SIVAP showed loans from foreign borrowings amounting to Kshs.404,562,642 while the ledger reflects an amount of Kshs.332,829,072, resulting in a variance of Kshs.71,733,570 that has not been reconciled or explained.

Consequently, the accuracy and completeness of the proceeds from borrowings as disclosed in these financial statements of Kshs.1,117,414,844 cannot be confirmed.

### **4.2. Unsupported Proceeds from Sale of Assets**

As disclosed in Note 4 to the financial statements, the statement of receipts and payments reflects receipts of Kshs.3,634,883 under proceeds from sale of assets. The balance includes an amount of Kshs.3,612,883 under receipts from sales of inventories, stocks and commodities and comprised Appropriations-in-Aid (AIA) amounting to Kshs.2,931,123 received from Telkom Kenya whose purpose Management did not explain, as well as an amount of Kshs.681,760 that was unsupported. Consequently, the validity and accuracy of proceeds from sale of assets figure of Kshs.3,634,883 cannot be confirmed.

## **5. Unreconciled Transfers to Other Government Units**

The statement of receipts and payments reflects transfers to other government units totalling Kshs.5,775,206,465 which includes an amount of Kshs.371,123,286 that was transferred to Agricultural Sector Development Support Programme. However, the Programme received Kshs.391,950,999, as disclosed in its financial statements for the year ended 30 June, 2019. The resulting variance of Kshs.20,827,713 has not been supported or explained.

## **6. Cash and Cash Equivalents**

### **6.1. Unexplained Variance in Bank Balances**

The statement of assets and liabilities reflects cash and cash equivalents totalling Kshs.2,363,830,159 which includes bank balances of Kshs.2,359,845,917 as at 30 June, 2019. The bank balances in turn includes account balances of Kshs.53,985,375, Kshs.169,686,836 and Kshs.156,798 for Kenya Climate Smart Agriculture Project (KCSAP), National Agricultural and Rural Inclusive Growth Project (NARIGP) and Small-Scale Irrigation and Value Addition Project (SIVAP), respectively as disclosed under Note 12A to the financial statements. These account balances however differ with the bank

balances of Kshs.86,503,959, Kshs.202,355,397 and Kshs.90,943 reflected in the records of Kenya Climate Smart Agriculture Project (KCSAP), National Agricultural and Rural Inclusive Growth Project (NARIGP) and Small -Scale Irrigation and Value Addition Project (SIVAP) by Kshs.32,518,584, Kshs.32,668,561 and Kshs.65,855 respectively. No reconciliations or explanations have been provided for these variances.

Consequently, the completeness and accuracy of the bank balances of Kshs.2,359,845,917 as at 30 June, 2019 cannot be confirmed.

## **6.2. Unexplained Variance in Cash in Hand**

The statement of assets and liabilities reflects cash balances of Kshs.3,984,242 as at 30 June, 2019 which comprises of Kshs.1,642 and Kshs.3,982,600 held at the Headquarters of the State Department, and the National Agricultural and Rural Inclusive Growth Project (NARIGP) respectively, as disclosed under Note 12B to the financial statements. However, the supporting board of survey report for NARIGP reflects a balance of Kshs.217,756, resulting in an unexplained difference of Kshs.3,764,844.

Consequently, the accuracy of the cash balances of Kshs.3,984,242 as at 30 June, 2019 cannot be confirmed.

## **7. Unsupported Account Payables – General Deposits**

As disclosed under Note 14 to the financial statements, the statement of assets and liabilities reflects a balance of Kshs.2,062,548,927 under accounts payables which includes an amount of Kshs.133,572,499 in respect of general deposits. This amount includes retention monies totalling Kshs.16,690,262 which have not been supported with a list of the contractors and retention certificates. Further, the balance of general deposits includes balances of Kshs.2,675,916, Kshs.105,189,508 and Kshs.21,066,236 under International Food Fund Demonstration Farm Fund and the 2KR Kibos/Mwea Japan Fund respectively, have also not been supported by any verifiable records and documents.

Consequently, completeness and accuracy of the general deposits balance of Kshs.133,572,499 as at 30 June, 2019 cannot be ascertained.

## **8. Pending Bills**

As disclosed under Note 28.1 to the financial statements, the State Department for Crop Development had pending bills totalling Kshs.4,092,406,664 as at 30 June, 2019 that were not settled during the year 2018/2019 but were instead carried forward to 2019/2020. Failure to settle bills during the year in which they relate to distorts the financial statements for that year and adversely affects the provisions of the subsequent year to which they have to be charged.

## **9. Differences Between the Summary Statement of Appropriation Combined and Statement of Budget Execution by Programmes and Sub-Programmes**

The summary statement of appropriation combined reflects total actual payments on comparable basis figure of Kshs.22,359,289,678 which differs with the total payments of Kshs.22,413,928,103 reflected in the statement of budget execution by programmes and sub-programmes, resulting in a difference of Kshs.54,638,430.

In addition, budget under-utilization of Kshs.9,839,233,063 reflected in the summary statement of appropriation combined differs with the figure of Kshs.9,784,594,638 shown in the statement of budget execution by programmes and sub-programmes, resulting in a variance of Kshs.54,638,425 that has not been reconciled or explained.

### **10.0 Prior Year Matters**

**The following issues raised in the audit report for 2017/2018 have not been addressed as detailed below:**

#### **10.1. Procurement of Agriculture Data and Information Management System**

The expenditure of Kshs.11,023,798,608 under acquisition of assets included an amount of Kshs.278,786,348 incurred on research, studies, project preparation, design and supervision. Included in the expenditure on research, studies, project preparation, design and supervision, was an amount of Kshs.11,659,600 paid to a company for supply, delivery, installation, testing and commissioning of a web-based Agriculture Data and Information Management System. The contract between the State Department and the company was entered into during the year 2016/2017, and the contractor had been paid Kshs.26,137,600 or 90% of the contract price as at 30 June, 2018.

The contract provided that the supplier was to receive the payment upon training, implementation, pilot rollout and commissioning of the system. Although 90% of the contract price had been paid, implementation and commissioning of the system had not been undertaken. In addition, partial training and piloting was only done in Bungoma County. The minutes and correspondences to show which other counties were to benefit were not provided for audit review.

There were no activities undertaken for the project during the year under review and the project appears abandoned.

#### **10.2. Procurement, Delivery and Distribution of Fertilizer**

The statement of receipts and payments for the year ended 30 June, 2018, reflected an expenditure of Kshs.6,244,824,717 under use of goods and services which included an amount of Kshs.4,879,592,284 in respect of operating expenses. The latter balance in turn included an amount of Kshs.3,639,979,568 incurred on the procurement of fertilizer. The State Department advertised for an open national tender for procurement of various types of fertilizer. Contracts were signed on 17 January, 2017 between a trading company

and nine firms registered under the Access to Government Procurement Opportunity (AGPO) Program, for delivery of imported and locally blended fertilizer, respectively on “as and when required” basis.

**The following irregularities were noted:**

#### **10.2.1. Irregular Revision of the Budget for the Fertilizer**

The total budget and allocation for fertilizer for 2017/2018 financial year was 168,480 metric tonnes of fertilizer worth Kshs.5,038,730,000, comprising 38,000 metric tonnes worth Kshs.1,294,500,000 for the 2017 short rains season and 130,480 metric tonnes worth Kshs.3,744,230,000 for the 2018 long rains season. The total budget was later revised upwards to Kshs.5,569,300,200. However, there was no revision in the quantity of fertilizer required. The reason given for the revision of the financial budget was that the State Department had earmarked to clear the National Cereals and Produce Board (NCPB) debts which amounted to Kshs.7.99 billion as at 30 June, 2018. However, no documentary evidence was provided to indicate that the revision of the budget upwards was related to amounts owing to NCPB.

#### **10.2.2. Fertilizer Ordered Beyond the Budget**

The State Department ordered 932,000 bags of various types of fertilizer of 50 kilograms each, with the total weight of 46,600 metric tonnes. Out of these amounts, 40,000 metric tonnes were ordered from an export trading company, while the balance of 6,600 metric tonnes were ordered from Access to Government Procurement Opportunities (AGPO) firms. The total value of fertilizer ordered by the State Department was Kshs.2,393,092,810.

In addition, the National Cereals and Produce Board (NCPB) was assigned to order 115,700 metric tonnes of various types of fertilizer by the State Department in the year. The State Department had already in the meantime entered into a contract with the Supplier, the export trading company at a cost of Kshs.5,509,776,750. However, the NCPB ordered 103,183.5 metric tonnes of fertilizer only, leaving a balance of 12,516.5 tonnes outstanding at a cost of Kshs.5,719,134,745. No reasons were given for the revision of the contract prices by Kshs.209,357,995 considering the order was less by 12,516.65 tonnes.

Further, out of the 46,600 metric tonnes procured by the State Department from the trading company, 9,991.75 metric tonnes of Diamonium Phosphate (DAP 18:46:0) fertilizer worth Kshs.562,190,809 were procured on 8 May, 2018 as per Invoice No. ML 780150. However, details of Local Purchase Orders raised by either the State Department or the National Cereals and Produce Board were not seen. It was, therefore, not clear which of the two entities was responsible for the procurement. The State Department paid for the consignment through payment voucher number 0255 dated 8 November, 2018. This amount was not included in the pending bills for the year 2017/2018.

The total fertilizer ordered by the two entities in the period amounted to 149,775.25 tonnes, all at a cost of Kshs.8,112,227,555 which was shared between the State Department - Kshs.2,393,092,810 and the National Cereals and Produce Board - Kshs.5,719,134,745, respectively. This procurement exceeded the budget amount of Kshs.5,569,300,200 by Kshs.2,542,927,355.

No reason was given for failure by the State Department to order the full amount of 168,480 tonnes of fertilizer as in the approved budget. No explanation was provided for the revised cost of the fertilizer.

### **10.2.3. Under Delivery of Fertilizer in the Year 2017/2018**

During the year 2017/2018, the State Department received 920,274 bags of various types of fertilizer, while the National Cereals and Produce Board received 1,619,178 bags. All these were handled by NCPB in Mombasa. All the bags were said to weigh 50 kilogrammes each, which translates to 126,972.60 tonnes. The delivery was therefore less by 22,802.65 metric tonnes or 456,053 bags of the order. No reasons were given for the failure to deliver the order in full. No sanctions were imposed on the suppliers for the failure to deliver the full contracted amount.

### **10.2.4. Unreconciled Amount Paid for the Fertilizer**

The State Department paid an amount of Kshs.1,491,656,363 for the delivery of 29,187.35 metric tonnes of fertilizer or 583,747 bags of fertilizer each weighing 50 kilogrammes.

Out of the fertilizer procured, ordered and delivered to the State Department of Agriculture of 46,013.70 tonnes, only 29,187.35 tonnes were paid for, while 16,826.35 tonnes had not been paid for according to the information provided for audit review.

It was explained that a bill of Kshs.175,811,328 incurred by the State Department for Agriculture procured 3171.2 metric tonnes of UREA fertilizer from the export trading company was not settled due to lack of funds and Management further explained that the payment was voided in the IFMIS on 30 June, 2018. Further, in a letter dated 18 October, 2018 another inputs trading company resubmitted an invoice No. 11025 requesting to be paid Kshs.175,811,328 for the UREA fertilizer. The State Department had no contract with the inputs trading company.

In addition, the ledgers indicate that an amount of Kshs.3,639,979,568 was paid in respect of the fertilizer delivered, while other records available shows an amount of Kshs.1,491,656,363 only as having been paid, resulting in unreconciled and unexplained difference of Kshs.2,148,323,205.

### **10.2.5. Unreconciled Distribution Records of Fertilizer to NCPB Depots**

Records provided for audit on distribution of fertilizer revealed that 1,200,000 bags of DAP, 1,014,000 bags of CAN, 100,000 bags of NPK, 50,000 bags of Blend 4 and 24,000 bags

of Blend 9 fertilizers were distributed to various counties for both the short rains in October, 2017 and long rains in February, 2018. The distribution schedule provided by the State Department, showed that 1,200,000 bags of DAP and 1,014,000 bags of CAN were delivered to NCPB and the State Department required NCPB to have the fertilizer distributed to various depots spread across the Country. Records at NCPB on the other hand shows that NCPB was required to distribute 1,400,000 bags of DAP and 1,014,000 bags of CAN of the fertilizer supplied by the export trading company. In addition, it was noted that NCPB could only account for 1,398,977 bags of DAP fertilizer as 1,013 bags had not been delivered to the NCPB. No reconciliation between the data by the State Department and the data by the NCPB in respect of the same supply of fertilizer was provided.

Further, it was not clarified how the additional 200,000 bags of DAP fertilizer were introduced into the system. It was also not clarified how the 100,000 bags of NPK, 50,000 bags of Blend 4 and 24,000 bags of Blend 9 fertilizers were distributed. In addition, the CAN fertilizer delivered by the trading company was said to be of poor quality and at some point its loading and distribution had been suspended until quality issues had to be sorted out. The fertilizer was said to be caked and attempts to make it free flowing was unsuccessful. It was not, however, clarified how the quality issue was sorted out as it was eventually distributed.

Further, NCPB had hired an independent company to carry out weights and quality survey on the fertilizer. It was not clarified why NCPB had failed to seek the services of the Kenya Bureau of Standards. It was also not explained why the independent company failed to raise the observed weaknesses of weight and quality on time.

#### **10.2.6. Unaccounted Revenue from Sale of Fertilizer**

The State Department for Agriculture did not prepare a statement of revenue for the year 2017/2018. It was indicated that the National Treasury had not appointed the Accounting Officer, State Department for Agriculture as a Receiver of Revenue. However, the National Cereals and Produce Board was to bank all revenue realized from sale of local blends of fertilizer that were procured by the State Department from AGPO firms at the Kenya Commercial Bank for onward transmission to the State Department's account at the Central Bank of Kenya.

The State Department indicated that NCPB had an accumulated sales receipt of Kshs.1,137,911,500 as at 30 June, 2018, while NCPB reported revenue amounting to over Kshs.1,400,000,000. It was indicated that the amount was used to offset debts owed to the NCPB as the State Department had failed to settle its obligations related to subsidy claims by NCPB. This however, is contrary to the requirements of Section 76 of the Public Finance Management Act, 2012 which stipulates that, "a receiver of the national government revenue may authorize a public officer employed by the national government or any of its entities to be a collector of revenue for the national government and remit it to the receiver". The State Department explained that The National Treasury had not

appointed 'a receiver of revenue' for this kind of revenue for the year, and consequently it was left to the National Cereals and Produce Board.

The State Department indicated that as at 30 June, 2018, it had 236,217 bags of various types of fertilizer outstanding in the depots of NCPB. This implies that at least 2,303,235 bags of various types of fertilizer had been sold, which would indicate that the NCPB had collected over Kshs.2.3 billion on sale of fertilizer. Under the circumstances, the total revenue collected could not be confirmed.

#### **10.2.7. No Formal Agreement Between the State Department and the National Cereals and Produce Board on Distribution of Fertilizer**

The assignment contract provided that the State Department was to refund the National Cereals and Produce Board the subsidy on imported fertilizer. The National Cereals and Produce Board sold fertilizers to farmers at subsidized prices of Kshs.1,500 for a 50kg bag for all planting fertilizer (DAP, NPK 23:23:0, NPK 17:17:17) blends and all top-dressing fertilizer (CAN, UREA); and Kshs.1,300 for a 50Kg bag of Sulphate of Ammonia (SA). Although the imported fertilizer for the short rains as well as the blended fertilizers that the State Department procured from AGPO firms were delivered directly to the depots of the National Cereals and Produce Board located in various parts of the country, it was noted that no agreement was signed between the State Department and the National Cereals and Produce Board about the handling of the fertilizer stocks as well as the sales proceeds. No evidence was provided to show that the State Department carried out any reconciliations for sales made and quantity delivered by, or outstanding from each of the suppliers as at 30 June, 2018. However, it was indicated that as at 30 June, 2018, there were 236,217 bags of various types of fertilizer in various depots.

#### **10.3. Outstanding Pending Bills**

Disclosed under Annex 1 to the financial statements for 2017/2018 were pending bills amounting to Kshs.1,013,115,765 as at 30 June, 2018 which were not settled in 2017/2018 but carried forward to 2018/2019 financial year. However, supporting documents for the pending bills, including invoices, local purchase orders and/or local service orders as well as contract agreements were not provided to support the list of the pending bills. In addition, pending bills of undetermined value, relating to procurement and receipt of various types of fertilizer in the year 2017/2018 were not disclosed in the Annex.

Further, out of an amount of Kshs.418,184,136 that was disclosed in the pending bills balance as at 30 June, 2017, payments amounting to Kshs.72,211,928 were made in the year 2017/2018 leaving an outstanding balance of Kshs.345,972,208. Management did not explain the status of the balance of Kshs.345,972,208 which was not carried forward in the list for 2017/2018. Consequently, the accuracy and validity of the disclosed pending bills balance of Kshs.1,013,115,765 as at 30 June, 2018 could not be confirmed.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

### **Basis for Conclusion**

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1) (a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and Those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the ability of the State Department for Crop Development to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the State Department or cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of the State Department for Crop Development in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.



**Nancy Gathungu**  
**AUDITOR-GENERAL**

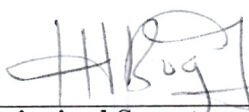
**Nairobi**


**11 December, 2020**

## II. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018/2019	2017/2018
		Kshs	Kshs
<b>RECEIPTS</b>			
Proceeds from Domestic and Foreign Grants	1	92,497,584	246,998,224
Transfers from National Treasury	2	21,348,768,414	22,727,943,174
Proceeds from Foreign Borrowings	3	1,117,414,844	731,802,784
Proceeds from Sale of Assets	4	3,634,883	1,560,080
<b>TOTAL REVENUES</b>		<b>22,562,315,725</b>	<b>23,708,304,262</b>
<b>PAYMENTS</b>			
Compensation of Employees	5	981,594,906	1,086,362,188
Use of goods and services	6	7,380,394,463	6,258,483,629
Subsidies	7	290,000,000	264,034,891
Transfers to Other Government Units	8	5,775,206,465	4,603,016,987
Other grants and transfers	9	94,644,539	106,515,009
Social Security Benefits	10	844,071	13,186,358
Acquisition of Assets	11	7,836,605,233	11,010,139,696
<b>TOTAL PAYMENTS</b>		<b>22,359,289,678</b>	<b>23,341,738,758</b>
<b>SURPLUS/DEFICIT</b>		<b>203,026,048</b>	<b>366,565,504</b>

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 24/12/2019 and signed by:

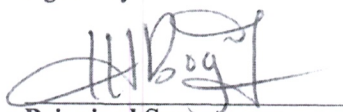
  
Principal Secretary  
Prof. Hamadi I. Boga (Phd)

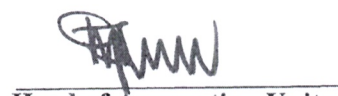
  
Head of Accounting Unit  
CPA Charles N. Minjire  
ICPAK Member No: 4153

**III. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2018/2019	2017/2018
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	12A	2,359,845,917	798,792,657
Cash Balances	12B	3,984,242	1,715
<b>Total Cash And Cash Equivalents</b>		<b>2,363,830,159</b>	<b>798,794,372</b>
Accounts Receivables	13	-	1,752,677
<b>TOTAL FINANCIAL ASSETS</b>		<b>2,363,830,159</b>	<b>800,547,049</b>
<b>LESS: FINANCIAL LIABILITIES</b>			
Accounts Payables - Deposits	14	2,062,548,927	188,077,485
<b>NET FINANCIAL ASSETS</b>		<b>301,281,232</b>	<b>612,469,564</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	15	612,469,564	245,904,061
Prior year adjustments	16	(514,214,380)	-
Surplus/Deficit for the year		203,026,048	366,565,504
<b>NET FINANCIAL POSSITION</b>		<b>301,281,232</b>	<b>612,469,565</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity's financial statements were approved on 24 Dec, 2019 and signed by:

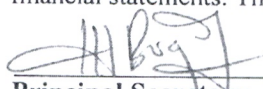
  
Principal Secretary  
Prof. Hamadi I. Boga

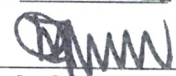
  
Head of Accounting Unit  
CPA Charles N. Minjire  
ICPAK Member No: 4153

**IV. STATEMENT OF CASHFLOWS**

	Note	2018/2019	2017/2018
		Kshs	Kshs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts for operating income</b>			
Proceeds from Domestic and Foreign Grants	1	92,497,584	246,998,224
Transfers from National Treasury	2	21,348,768,414	22,727,943,174
		<b>21,441,265,998</b>	<b>22,974,941,398</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	5	985,501,978	1,086,362,188
Use of goods and services	6	7,376,487,391	6,258,483,629
Subsidies	7	290,000,000	264,034,891
Transfers to Other Government Units	8	5,775,206,465	4,603,016,987
Other grants and transfers	9	94,644,539	106,515,009
Social Security Benefits	10	844,071	13,186,358
		<b>14,522,684,444</b>	<b>12,331,599,062</b>
<b>Adjusted for:</b>			
Changes in receivables		1,752,677	22,576,983
Changes in payables		1,874,471,442	(105,833,336)
Adjustments during the year	16	(514,214,380)	39,682,488
		8,280,591,292	
<b>Net cashflow from operating activities</b>		<b>8,280,589,650</b>	<b>10,686,916,200</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	4	3,634,883	1,560,080
Acquisition of Assets	11	(7,836,605,233)	(11,010,139,696)
<b>Net cash flows from Investing Activities</b>		<b>(7,832,970,350)</b>	<b>(11,008,579,616)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	3	1,117,414,844	731,802,784
<b>Net cash flow from financing activities</b>		<b>1,117,414,844</b>	<b>731,802,784</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
		<b>1,565,035,786</b>	<b>322,991,638</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>798,794,372</b>	<b>475,802,734</b>
<b>Cash and cash equivalent at END of the year</b>		<b>2,363,830,158</b>	<b>798,794,372</b>

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 24 Dec 2019 and signed by:

  
Principal Secretary  
Prof. Hamadi I. Boga

  
Head of Accounting Unit  
CPA Charles N. Minjire  
ICPAK Member No: 4153

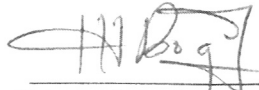
V. STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Proceeds from Domestic and Foreign Grants	1,063,507,680.00	(836,545,700.00)	226,961,980.00	92,497,583.70	134,464,396	41%
Exchequer releases	18,559,971,322.50	10,481,850,950.50	29,041,822,273.00	21,348,768,414.00	7,693,053,859.00	74%
Proceeds from Foreign Borrowings	2,264,933,900.00	657,804,588.00	2,922,738,488.00	1,117,414,844.30	1,805,323,643	38%
Proceeds from Sale of Assets	3,500,000.00	3,500,000.00	7,000,000.00	3,634,883.00	3,365,117.00	52%
<b>Total Receipts</b>	<b>21,891,912,902.50</b>	<b>10,306,609,838.50</b>	<b>32,198,522,741.00</b>	<b>22,562,315,725.00</b>	<b>9,636,207,016.00</b>	<b>70%</b>
<b>Payments</b>						
Compensation of Employees	732,809,500.00	334,702,500.00	1,067,512,000.00	985,501,977.85	82,010,022.15	92%
Use of goods and services	10,553,412,690.00	762,514,485.00	11,315,927,175.00	7,376,487,391.20	3,939,439,784	65%
Subsidies	444,000,000.00	(244,000,000.00)	200,000,000.00	290,000,000.00	(90,000,000.00)	145%
Transfers to Other Government Units	6,677,602,664.50	3,361,590,073.50	10,039,192,738.00	5,775,206,465.00	4,263,986,273.00	58%
Other grants and transfers	111,467,244.50	(913,707.50)	110,553,537.00	94,644,539.00	15,908,998.00	86%
Social Security Benefits	3,000,000.00	(1,000,000.00)	2,000,000.00	844,071.30	1,155,928	42%
Acquisition of Assets	3,369,620,803.50	6,093,716,487.50	9,463,337,291.00	7,836,605,233.15	1,626,732,057	83%
<b>Grand Total</b>	<b>21,891,912,902.50</b>	<b>10,306,609,838.50</b>	<b>32,198,522,741.00</b>	<b>22,359,289,678</b>	<b>9,839,233,063</b>	<b>69%</b>
<b>Surplus/Deficit</b>				<b>203,026,047</b>	<b>(203,026,047)</b>	

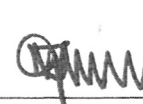
(a) The utilisation under subsidy programme of 145% was as a result of budget reduction during supplementary after expenditure had already taken place.

The entity financial statements were approved on .....2019 and signed by:

*Ministry of Agriculture Livestock, Fisheries and Irrigation- State Department for Crop Development  
Annual Reports and Financial Statements for The Year Ended June 30, 2019*



Principal Secretary  
Prof. Hamadi I. Boga



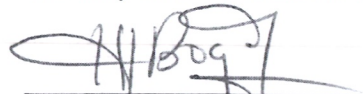
Head of Accounting Unit  
CPA Charles N. Minjire  
ICPAK Member 4153

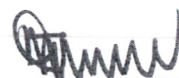
**VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT**

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
<b>RECEIPTS</b>			0			
Exchequer releases	1,672,983,667	10,578,483,593	12,251,467,259	11,897,056,314	354,410,945	97%
Proceeds from Sales of Assets	3,500,000	3,500,000	7,000,000	3,634,883	3,365,117	52%
<b>Total Receipts</b>	<b>1,676,483,667</b>	<b>10,581,983,593</b>	<b>12,258,467,259</b>	<b>11,900,691,197</b>	<b>357,776,062</b>	<b>97%</b>
<b>PAYMENTS</b>						
Compensation of Employees	485,950,000	466,950,000	952,900,000	859,297,946	93,602,054	90%
Use of goods and Services	119,041,168	356,335,477	475,376,645	261,764,929	213,611,716	55%
Transfers to Other Government Units	1,058,130,478	3,537,287,074	4,595,417,551	4,599,003,047	(3,585,496)	100%
Other Grants and Transfers	5,276,769	5,276,769	10,553,537	4,847,616	5,705,921	46%
Social Security Benefits	3,000,000	(1,000,000)	2,000,000	844,071	1,155,929	42%
Acquisition of Assets	5,085,253	6,217,134,274	6,222,219,526	6,195,752,463	26,467,063	100%
<b>Grand Total</b>	<b>1,676,483,667</b>	<b>10,581,983,593</b>	<b>12,258,467,259</b>	<b>11,921,510,073</b>	<b>336,957,186</b>	<b>97%</b>
<b>Surplus/Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,818,876)</b>	<b>20,818,876</b>	

1. There were low proceeds from sale of assets as the process of indentifying idle and absolute assets for disposal did not materialize in time hence auction was not done in the year.
2. The low absorption on goods and services was as a result of exchequer under-issues
3. The under utilization on other Grants and transfers was hampered by getting supplementary allocation when the year was ending and hence became difficult to secure exchequer funding,
4. Under- utilization on social security funds was as a result of over-budgeting. There was low employment of staff in the lower cadres as all employment are being organized and carried by public service.

The entity financial statements were approved on 24 Dec, 2019 and signed by:

  
 Principal Secretary  
 Prof. Hamad I. Boga (Phd)

  
 Head of Accounting Unit  
 CPA Charles N. Minjire  
 ICPAK Member:4153

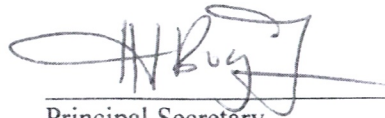
**VII. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT**

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Proceeds from Domestic and Foreign Grants	1,063,507,680.00	(836,545,700.00)	226,961,980.00	92,497,583.70	134,464,396.30	41%
Exchequer releases	16,886,987,656.00	(96,632,642.00)	16,790,355,014.00	9,451,712,100	7,338,642,914.00	56%
Proceeds from Foreign Borrowings	2,264,933,900.00	657,804,588.00	2,922,738,488.00	1,117,414,844.30	1,805,323,643.70	38%
<b>Total Receipts</b>	<b>20,215,429,236.00</b>	<b>(275,373,754.00)</b>	<b>19,940,055,482.00</b>	<b>10,661,624,528.00</b>	<b>9,278,430,954.00</b>	<b>53%</b>
<b>Payments</b>						
Compensation of Employees	246,859,500.00	(132,247,500.00)	114,612,000.00	126,204,032.00	(11,592,032.00)	110%
Use of goods and Services	10,434,371,522.00	406,179,008.00	10,840,550,530.00	7,114,722,462	3,725,824,0678	66%
Subsidies	444,000,000.00	(244,000,000.00)	200,000,000.00	290,000,000.00	(90,000,000.00)	145%
Transfers to Other Government Units	5,619,472,187.00	(175,697,000.00)	5,443,775,187.00	1,176,203,417.55	4,267,571,769.45	22%
Other Grants and Transfers	106,190,476.00	(6,190,476.00)	100,000,000.00	89,796,923.00	10,203,077.00	90%
Acquisition of Assets	3,364,535,551.00	(123,417,786.00)	3,241,117,765.00	1,640,852,769.90	1,600,264,995.10	51%
<b>Grand Total</b>	<b>20,215,429,236.00</b>	<b>(275,373,754.00)</b>	<b>19,940,055,482.00</b>	<b>10,437,779,605</b>	<b>9,502,275,877</b>	<b>52%</b>
<b>Surplus/Deficit</b>	-	-	-	<b>223,844,923.40</b>	<b>(223,844,923.40)</b>	

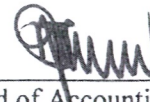
- (a) The utilisation under subsidy programme of 145% was as a result of budget reduction during supplementary after expenditure had already taken place.
- (b) The utilisation under employees' compensation of 110% was as a result of budget reduction during supplementary after expenditure had already taken place.
- (c) There were low receipts of proceeds from domestic and foreign grants and proceeds from foreign borrowings because, the projects were not able to absorb funds in time so that new withdrawal applications can be done.

- (d) There was little absorption of funds in transfer to other government units as request for funding are made on bases of work done. Legal opinion, obtaining of no objection, slow procurement processes due to objections and appeals, and putting in management structures in some of these projects are some of the many hurdles that slowed the absorption of funds.

The entity financial statements were approved on 24 Dec 2019 and signed by:



Principal Secretary  
Prof. Hamad I. Boga



Head of Accounting Unit  
CPA Charles N. Minjire  
ICPAK Member 4153

**VIII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019		2019	June-19	
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>General Administration Planning and Support Services</b>	5,321,054,771		5,321,054,771	5,117,759,767	203,295,004
Agricultural Policy, Legal and Regulatory Frameworks	5,282,451,696		5,282,451,696	5,081,118,672	201,333,024
Agricultural Planning and Financial Management	38,603,075		38,603,075	36,641,095	1,961,980
<b>Crop Development and Management</b>	<b>26,175,709,658</b>		<b>26,175,709,658</b>	<b>16,712,923,838</b>	<b>9,462,785,820</b>
Land and Crops Development	8,561,914,043		8,561,914,043	1,521,289,763	7,040,624,280
Food Security Initiatives	15,741,149,251		15,741,149,251	13,923,689,445	1,817,459,806
Quality Assurance and Monitoring of Outreach Services	1,872,646,364		1,872,646,364	1,267,944,631	604,701,733
<b>Agribusiness and Information Management</b>	<b>701,758,312</b>		<b>701,758,312</b>	<b>583,244,497</b>	<b>118,513,815</b>
Agribusiness and Market Development	659,961,570		659,961,570	556,701,430	103,260,140
Agricultural Information Management	41,796,742		41,796,742	26,543,068	15,253,674
<b>TOTAL</b>	<b>32,198,522,741</b>	-	<b>32,198,522,741</b>	<b>22,413,928,103</b>	<b>9,784,594,638</b>

## **IX. SIGNIFICANT ACCOUNTING POLICIES**

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

### **1. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (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.

### **2. Reporting Entity**

The financial statements are for the State Department For Crop Development. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

### **3. Reporting Currency**

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

### **4. Significant Accounting Policies**

The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

#### **a) Recognition of Receipts**

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

## **SIGNIFICANT ACCOUNTING POLICIES**

- **Transfers from the Exchequer**

Transfers from the exchequer are 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.

Grants and loans 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/loan 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. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30<sup>th</sup> June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

- **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 Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

- **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 paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

- **Interest on Borrowing**

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

## SIGNIFICANT ACCOUNTING POLICIES

- **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.
- **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 financial statements.

### 5. In-kind contributions

In-kind contributions are donations that are made to the Entity 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 Entity 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.

### 6. Third Party Payments

Included in the receipts and payments, are payments made on its behalf 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 in the statement of receipts and payments as proceeds from foreign borrowings.

### 7. Cash and Cash Equivalent

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.

#### 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 party deposits. As at 30th June 2019, this amounted to Kshs.133,572,499 compared to Kshs. 188,077,485 in prior period as indicated on note 14.

There were no other restrictions on cash during the year.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **8. 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 are 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.

### **9. Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

### **10. 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 Entity 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.

### **11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2018 for the period 1<sup>st</sup> July 2018 to 30<sup>th</sup> June 2019 as required by Law and there were two supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

Government 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.

### **12. Comparative Figures**

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

## **SIGNIFICANT ACCOUNTING POLICIES**

### **13. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2019.

### **14. 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.

During the year, errors that have been corrected are disclosed under note 26 explaining the nature and amounts.

### **15. Related Party Transactions**

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**1 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

Item Description	Current Period Kshs	Previous Period Kshs
Grants from Foreign Governments	30,000,000	45,175,304
Grants from International Organisations	62,497,584	201,822,920
<b>TOTAL</b>	<b>92,497,584</b>	<b>246,998,224</b>

**2 EXCHEQUER RELEASES**

Item Description	Current Period Kshs	Previous Period Kshs
Total Exchequer Releases for quarter 1	1,260,672,874	1,976,875,706
Total Exchequer Releases for quarter 2	5,535,316,783	6,516,425,910
Total Exchequer Releases for quarter 3	10,470,572,005	10,460,967,067
Total Exchequer Releases for quarter 4	4,082,185,742	3,773,674,491
<b>TOTAL</b>	<b>21,348,768,414</b>	<b>22,727,943,174</b>

The State Department for Crop Development received total exchequer of Ksh. 21,348,750,414 against an approved Budget of Ksh. 29,041,822,273 resulting to exchequer under issues of Ksh. 7,693,071,859.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3 PROCEEDS FROM FOREIGN BORROWINGS**

Item Description	Current Period	Previous Period
Foreign Borrowing-Direct Payments	1,117,414,844	731,802,784
<b>TOTAL</b>	<b>1,117,414,844</b>	<b>731,802,784</b>

**4 PROCEEDS FROM SALE OF ASSETS**

Item Description	Current Period	Previous Period
Receipts from the Sale of Vehicles and Transport Equipment	-	1,560,080
Receipts from the Sale Plant Machinery and Equipment	22,000	-
Receipts from the Sale of Inventories, Stocks and Commodities	3,612,883	-
<b>TOTAL</b>	<b>3,634,883</b>	<b>1,560,080</b>

**5 COMPENSATION OF EMPLOYEES**

Item Description	Current Period	Previous Period
Basic Salaries - Permanent Employees	501,805,152.40	527,108,037
Basic Wages - Temporary Employees	130,909,723.50	159,527,956
Personal Allowances paid as part of Salary	345,511,530.95	396,625,820
Personal Allowances paid as Reimbursements	1,942,499.00	1,850,000
Employer Contributions to Compulsory Health Insurance Schemes	1,426,000.00	1,250,375
<b>TOTAL</b>	<b>981,594,905.85</b>	<b>1,086,362,188</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6 USE OF GOODS AND SERVICES**

Item Description	Current Period	Previous Period
	Kshs	Kshs
Utilities, Supplies and Services	34,671,577	31,639,769
Communication, Supplies and Services	21,865,865	37,651,917
Domestic Travel and Subsistence, and Other Transportation Costs	637,254,966	462,403,081
Foreign Travel and Subsistence, and other transportation costs	52,513,338	77,183,582
Printing , Advertising and Information Supplies and Services	34,633,658	36,203,937
Rentals of Produced Assets	69,651,680	31,953,470
Training Expenses	180,126,036	253,687,338
Hospitality Supplies and Services	86,058,474	146,463,822
Insurance Costs	309,554,440	117,852,419
Specialised Materials and Supplies	206,260,491	119,740,943
Office and General Supplies	62,632,756	25,464,633
Fuel Oil and Lubricants	58,489,870	13,555,593
Other Operating Expenses	5,602,863,435	4,883,928,284
Routine Maintenance - Vehicles	12,683,488	16,451,002
Routine Maintenance - Other Assets	11,134,390	4,303,839
<b>TOTAL</b>	<b>7,381,202,613</b>	<b>6,258,483,629</b>

**7 SUBSIDIES**

Item Description	Current Period	Previous Period
	Kshs	Kshs
Subsidies to Private Enterprises	290,000,000	264,034,891
<b>TOTAL</b>	<b>290,000,000</b>	<b>264,034,891</b>

The expenditure of Ksh. 290,000,000 was a transfer to equity and co-operative Banks by Kenya cereals and enhancement programme(KCEP) in respect of farmers' subsidies.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**8 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES**

Item Description	Current Year KSh	2018/19 KSh
Current Grants to Government Agencies and other Levels of Government	4,597,947,547	4,217,533,779
Capital Grants to Government Agencies and other Levels of Government	1,176,203,418	388,499,938
Other Current Transfers, Grants and Subsidies	1,055,500	-
<b>TOTAL</b>	<b>5,775,206,465</b>	<b>4,603,016,987</b>

The above transfers were made to the following self-reporting entities in the year:

NO.	INSTITUTION	KSHS.
1	Pest Control and Product Board	98,200,000
2	Mau Buffer Zone	20,000,000
3	Bukura Agricultural College	199,990,880
4	Pyrethrum Industry Recovery	20,000,000
5	Agricultural Sector Development Support Programme	371,123,286
6	Kenya Climate Smart Agricultural Projec	170,000,000
7	Kenya School of Agriculture Campus	69,832,258
8	Mechanisation of Agricultural Development Project	400,000,000
9	Cotton Industry Revitalization	50,000,000
10	National Produce Cereals Board	300,000,000
11	Agricultural Food Authority	4,054,756,671
12	<b>Support to improvement of coffee</b>	<b>10,000,000</b>
13	<b>Sugar reforms support program</b>	<b>10,247,874</b>
14	<b>National potato council of Kenya</b>	<b>1,055,500</b>

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to this financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9 OTHER GRANTS AND TRANSFERS**

Item Description	Current Period Kshs	Previous Period Kshs
Membership Fees and Dues and Subscriptions to International Organizations	-	40,000,000
Scholarships and other Educational Benefits	4,847,616	10,553,535
Grants to Small Businesses, Cooperatives, and Self Employed	89,796,923	55,961,474
<b>TOTAL</b>	<b>94,644,539</b>	<b>106,515,009</b>

**10 SOCIAL SECURITY BENEFITS**

Item Description	Current Period Kshs	Previous Period Kshs
Government Pension and Retirement Benefits	844,071.30	13,186,358
<b>TOTAL</b>	<b>844,071.30</b>	<b>13,186,358</b>

**11 ACQUISITION OF ASSETS**

Item Description	Current Period Kshs	Previous Period Kshs
Construction of Building	3,460,000	
Refurbishment of Buildings	32,081,144	74,642,761
Construction and Civil Works	637,970,161	312,920,670
Purchase of Vehicles and Other Transport Equipment	10,677,668	
Overhaul of Vehicles and Other Transport Equipment	3,655,239	2,671,177
Purchase of Household Furniture and Institutional Equipment	369,300	
Purchase of Office Furniture and General Equipment	88,131,669	772,528
Purchase of Specialised Plant, Equipment and Machinery	6,831,972	10,214,737
Rehabilitation and Renovation of Plant, Machinery and Equipment	223,561	4,814
Purchase of Certified Seeds, Breeding Stock and Live Animals	459,974,021	190,074,682
Research, Feasibility Studies, Project Preparation and Design, Project Supervision	115,932,480	146,051,979
Rehabilitation of Civil Works	326,479,154	278,786,348
Acquisition of Strategic Stocks	6,150,818,866	9,994,000,000
<b>TOTAL</b>	<b>7,836,605,233</b>	<b>11,010,139,696</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**12A: Bank Accounts**

Bank Name and No.	Item Code	Current Period	Previous Period
		Kshs	Kshs
CBK 1000384034	Recurrent	14,296	47,851
CBK 1000384042	Development	9,547	113,953
CBK 1000384058	Deposit	133,572,499	188,077,485
CBK 1000387645	KSCAP	53,985,375	24,035,595
CBK 1000387653	NARIGP	169,686,836	74,217,947
KCB 1136778322	ADSP I GOK	-	46,849
KCB 1136778708	ADSP I DONOR	-	386,569
KCB 1229967206	ADSP II GOK	-	51,465
KCB 1229965076	ADSP II DONOR	-	37,894,799
EQUITY 1510263657085	KCEP Nairobi CRAL	-	205,301,068
CO-OPERATIVE 01141587171901	KCEP Nairobi ASAP	-	9,709,849
CO-OPERATIVE 011411587177900	KCEP Nairobi EU	-	235,692,009
EQUITY 1510264926255	KCEP Western	-	4,781,492
EQUITY 1510263657085	KCEP Eastern GRANT	-	5,257,280
EQUITY 1510263657085	KCEP Eastern CRAL	-	6,177,709
CO-OPERATIVE 01141587177902	KCEP Coast	-	7,000,737
CBK 1000387831	Small Scale Irrig.	30,943	-
CBK 1000387618	Small Scale Val Addition	125,855	-
CBK 1000387588	SGR	1,928,976,428	-
CBK 1000387564	DROUGHT RES SUS LIV PROJ	47,362,768	-
CBK 1000407875	Enable Youth Kenya	16,447,105	-
CBK 1000387602	Strengthening fertilizer	7,315,322	-
CBK 1000387599	Kenya Adapt to Climate	2,318,943	-
<b>TOTAL</b>		<b>2,359,845,917</b>	<b>798,792,657</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**12B: CASH IN HAND**

Item Description	Current Period	Previous Period
	Kshs	Kshs
Cash in Hand	3,982,600	1,715
	1,642	-
<b>TOTAL</b>	<b>3,984,242</b>	<b>1,715</b>

Cash in hand should also be analysed as follows:

	2018-2019	2017-2018
	Kshs	Kshs
Headquarters, Kilimo House, Cashoffice	1,642	1,715
NARIGP	3,982,600	-
<b>Total</b>	<b>3,984,242</b>	<b>1,715</b>

Cash on hand for NARIGP was occasioned by duplication of a payment which was returned back after the closure of the financial year.

**13: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS**

Item Description	Current Period	Previous Period
	Kshs	Kshs
Government Imprests		1,752,677
<b>TOTAL</b>	<b>-</b>	<b>1,752,677</b>

**14. ACCOUNTS PAYABLE**

Item Description	Current Period	Previous Period
	Kshs	Kshs
General Deposits	133,572,499	188,077,485
Strategic Food Reserve	1,928,976,428	0
<b>TOTAL</b>	<b>2,062,548,927</b>	<b>188,077,485</b>

The amount of Kshs.133,572,499 represents third parties deposits in form of retention monies and other miscellaneous receipts, while Ksh.1,928,976,428 is the unspent balance for Strategic Food Reserve Trust Fund.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**15. FUND BALANCE BROUGHT FORWARD**

Description	2018-2019	
	RSB	RSB
Bank accounts	798,792,657	515,483,046
Cash in hand	1,715	2,175
Accounts Receivables	1,752,677	24,329,660
Accounts Payables	(188,077,485)	(293,910,820)
<b>Total</b>	<b>612,469,564</b>	<b>245,904,061</b>

**16. PRIOR YEAR ADJUSTMENTS**

Description of the error	2018-2019	
	RSB	RSB
Adjustments on bank account balances	512,461,630	-
Adjustments on cash in hand	73	-
Adjustments on Receivables	1,752,677	-
	<b>(514,214,380)</b>	<b>-</b>

This represents total amounts of the state departments prior period's brought forward balances that were not rolled over to 2018/2019 financial year.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**27. RELATED PARTY DISCLOSURES**

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the State Department for Crop Development

- Key management, personnel that include the Cabinet Secretaries and Accounting Officers
- Other Ministries Departments and Agencies and Development Projects;
- County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

**Related party transactions:**

	2018-2019	
	RSB	RSB
Key Management Compensation		
<b>Transfers to related parties</b>		
<b>Transfers to SCs and SAGAs</b>		
Pest Control Board	98,200,000	127,800,000

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Mau Buffer Zone	20,000,000	-
Bukura Agricultural college	199,990,880	92,000,000
Pyrethrum Industry Recovery	20,000,000	25, 000,000
Sugar Reforms Project	17,314,255	-
KSA Campuses	69,832,258	55,000,00
Support for improvement of added value to coffee	10,000,000	-
Mechanization of Agricultural Development Project	400,000,000	-
Cotton Industry Revitalization Project	50,000,000	-
National Produce and Cereals Board	300,000.000	
Agriculture Food Authority	4,054,756,667	
Support to improvement coffee	10,000,000	
Sugar reforms	10,247,874	
National Potato Council of Kenya	1,055,500	
<b>Transfers to Development Project</b>		
ASDSP	371,123,286	
KSCAP	170,000,000	
<b>Transfers from related parties</b>		
Transfers from the Exchequer	21,348,768,414	22,727,943,174
<b>Other Disclosures</b>		
Fertilizer proceeds-Central Bank A/c 1000217162	456,662,652	

**AIE FROM DEVOLUTION TO STRATEGIC FOOD RESERVE (SFR)**

	AIE NO.	FTI 82644M756	1,419,479,759.00
	AIE NO.	FTI 8327C3QLW	96,032,144.00
	AIE NO.	FTI 8341N3Q4T	118,454,919

Note: All AIE's has been acknowledged by SFR

**28. OTHER IMPORTANT DISCLOSURES**

**28.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance FY 2018/2019 Kshs
Supply of goods	5,762,511,574	124,347,268	1,800,000,000	4,086,858,842
Supply of services	-	5,547,822		5,547,822
<b>Total</b>	<b>5,762,511,574</b>	<b>129,895,090</b>	<b>1,800,000,000</b>	<b>4,092,406,664</b>

The pending bills disclosed are only for those amounts validated by the internal auditors.

## 29. 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.

### IMPLEMENTATION OF PUBLIC ACCOUNTS COMMITTEE RECOMMENDATIONS ON THE GOVERNMENT OF KENYA ACCOUNTS FOR THE FINANCIAL YEAR 2015/2016

FINANCIAL YEAR	PARAGRAPH NO. AND TITLE	RECOMMENDATIONS BY PAC	ACTION TAKEN
2015/2016	411. Unsupported Expenditure  411.1 Procurement of Seed Potato	1. Accounting Officers must, at all times, ensure that all requisite information is submitted to the Auditor-General for review in a timely manner.  2. The DCI and EACC should, within three months after adoption of this report, investigate the use of restricted tendering contrary to the provisions of Section 29(3) of the Public Procurement and Disposal Act 2005 and allow for prosecution, if evidence permits.	<ul style="list-style-type: none"> <li>- The Accounting officer directed all officers to comply with Auditors request and avail documents and information as requested on timely basis.</li> <li>- Documents and information relating to the matter were submitted to the Auditor.</li> <li>- The matter is being investigated by DCI.</li> </ul>
	411.2 Purchase of Certified Seeds	1. Accounting Officers must, at all times, ensure that all requisite information is submitted to the Auditor-General for review in a timely manner. 2. The EACC and DCI should, within three (3) months of adoption of this report, investigate the payment of Ksh. 400 million which was paid to Kenya Seed Company Ltd purportedly to subsidize sale of seeds by the company to farmers during the period.	<ul style="list-style-type: none"> <li>- The Accounting officer directed all officers to comply with Auditors request as provided in the Law and provide information and documents on timely basis.</li> <li>- Information and documents were availed to the Auditor and have been scrutinized.</li> <li>- The investigations are yet to commence.</li> </ul>
	411.3 Purchase and Transportation of Subsidized Fertilizer	1. Accounting Officers must, at all times, ensure that all requisite information is submitted to the Auditor-General for review in a timely manner.  2. The DCI and EACC should, within three (3) months of tabling of this report, investigate the payment of Ksh. 2,129,128,557.70 to National Cereals and Produce Board	<ul style="list-style-type: none"> <li>- The relevant information and documentation has been provided to the Auditors</li> <li>- The EACC and DCI has not yet contacted us and hence not sure whether the matter is under investigation.</li> </ul>

		(NCPB) to determine if need public money was utilized for the intended purpose and the total money realized from the purported sale of subsidized fertilizer to farmers by the government and allow for prosecution, if evidence permits.	
	412. Bulking of Traditional High Value (Orphaned) Crops	Accounting Officers must, at all times, ensure that all requisite information is submitted to the Auditor-General for review in a timely manner.	- The Accounting officer has directed compliance with the Auditor requests for information and documents as provided in the Law and in a timely manner.
	413. Purchase of Tecno S9 Tablets	Accounting Officers must, at all times, ensure that all requisite information is submitted to the Auditor-General for review in a timely manner.	<ul style="list-style-type: none"> <li>- Information and documents have been availed to the auditor.</li> <li>- The Accounting officer has directed compliance with the Auditor requests for information and documents as provided in the Law and in a timely manner.</li> <li>- Documents were provided and the matter resolved.</li> </ul>
	414. Procurement of Fertilizer	The DCI and EACC should, within three months after adoption of this report, investigate the award of this contract to the second lowest evaluated bidder resulting into loss of Ksh.126,850,000.00, being the difference between the amount paid to the second lowest evaluated bidder and the amount that would have been paid to the lowest evaluated bidder, and allow for prosecution, if evidence permits.	<ul style="list-style-type: none"> <li>- Information and documentation has been provided to the Auditor in support of the award to the second lowest bidder after lowest bidder failed to sign performance agreement.</li> <li>- The DCI and EACC has already initiated investigations.</li> </ul>
	415. Funds Disbursed to Establish Revolving Funds	The EACC should within three (3) months of tabling this report investigate Dr.Eliud K. Kireger, the Director-General, KALRO for failure to manage public funds in a prudent and responsible manner pursuant to Article 201(d) of the Constitution of Kenya, 2010 and particularly for non-achievement of targets and timelines despite KALRO having received a total Ksh. 27,889,325 for 34,000 in vitro plantlets, 472,220 mini tubers, 12,400 (50 Kg) bags of basic seeds which were never realized and no Revolving Fund	<ul style="list-style-type: none"> <li>- The office has not been contacted by EACC and it is not clear whether investigations are being carried out.</li> <li>- The matter of setting a revolving fund is being followed up with Treasury which has the full mandate of this function</li> </ul>

		established in line with the MoU.	
	416. Cash and Bank Balance	The Accounting Officer should ensure that the entity keeps complete financial and accounting records devoid of anomalies in compliance with the provisions of Section 68(2) of the PFM Act 2012 and that the correct financial and accounting records are presented within three (3) after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	<ul style="list-style-type: none"> <li>- In compliance with the provision of section 68 (2) of the PFM Act 2012, complete financial and accounting records are being maintained.</li> <li>- Information and records have been availed to the auditor.</li> </ul>
	417. Pending bills	The Accounting Officers should at all cost avoid incurring pending bills in any financial year since any pending bill forms a first charge in the subsequent financial year's budget thereby impeding smooth implementation of the subsequent budget.	<ul style="list-style-type: none"> <li>- Every effort has been made towards pending bills by spending only within the budget.</li> <li>- However, there is limitation due to inadequate exchequer funding</li> </ul>
	418. Transfers to Other Government Units	The Accounting Officer should ensure that the entity keeps complete financial and accounting records devoid of anomalies in compliance with the provisions of Section 68(2) of the PFM Act 2012 and that the correct financial and accounting records are presented within three (3) after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	<ul style="list-style-type: none"> <li>- The Accounting officer has ensured complete financial and accounting records are being maintained.</li> <li>- The officer has complied with financial reporting timelines and financial statements were submitted for audit on or before 31st September after closure of the financial year on 30th June as per the provision of article 229 of the constitution of Kenya 2010 and PFM Act 2012.</li> </ul>
	419. Outstanding Imprest	The Accounting Officer should ensure that imprests are managed and surrendered in time in line with the provisions of the PFM Act 2012 and Regulation 93 of the PFM (National Government) Regulations 2015.	<ul style="list-style-type: none"> <li>- The finance officer has ensured that the management of imprest is in accordance with the provision of the PFM Act 2012</li> </ul>
	420. Unapproved Airtime	The Accounting Officer should within three (3) months of tabling this report recover an amount totalling Ksh. 815,000.00 from officers in Job Group L and below who	<ul style="list-style-type: none"> <li>- A recovery letter has been initiated to HRMD to institute recoveries on un approved</li> </ul>

		received the payment contrary to the provisions of Government Circular Ref: OP/CAB/15 dated 5th March 2010 allowing officers in Job Group M and above to receive as benefit airtime ranging from Ksh.3,000 to Ksh.47,000.	<ul style="list-style-type: none"> <li>- Airtime from affected officers</li> <li>- The Accounting officer had also given Authority for air time allowance to deserving cases due to their nature of duty. This includes drivers and front office managers who keep diaries of their bosses e.g. Cs and PS office. This is in line with government regulations.</li> </ul>
	421. Non-Submission of Financial Statements and Failure to Account for Funds by Agricultural Sector Coordination Unit (ASCU)	Accounting Officers must at all times ensure that all donor funds are accounted and reported in accordance with the guidelines set out in the PFM Act, 2012.	<ul style="list-style-type: none"> <li>- The Accounting officer has ensured that all donor projects have been accounted for and financial statements prepared and submitted before 30th September as per the constitution and PFM Act 2012</li> </ul>
	422. Agricultural Information Resource Centre	The Accounting Officer should ensure that all debts owed to Agricultural Resource Information Centre is fully recovered in line with Regulation 83(2g) of the PFM (National Government) Regulations 2015 that requires Accounting to pursue debtors with appropriate sensitivity and rigor to ensure that amounts receivable by the government are collected and banked promptly.	<ul style="list-style-type: none"> <li>- The Accounting officer has requested the Heads of Departments to ensure all debts are received and accounted for.</li> <li>- Demand invoices have been sent and some funds have already been recovered and the balance is expected to be received.</li> </ul>
	Demonstration Farms Fund	<ol style="list-style-type: none"> <li>1. The Cabinet Secretary for the National Treasury should immediately commence the winding up process of this Fund pursuant to Regulation 209 of the PFM (National Government) Regulations 2015.</li> <li>2. The Cabinet Secretary for the National Treasury should within six (6) months after adoption of this report submit a report to Parliament and the Auditor-General for audit in line with Regulation 209(3) of the PFM (National Government) Regulations 2015.</li> </ol>	<ul style="list-style-type: none"> <li>- The winding up process is ongoing. The Status report from the Natural Asset and liability management (NALM) is awaited that will guide effective valuation and transfer of Assets and Liabilities to counties.</li> </ul>
	Strategic Grain Reserve Fund Basis for Adverse Opinion	The Accounting Officer and the Oversight Board of the Fund should ensure that the Fund achieve its strategic objectives particularly stabilization of the food supply and prices in the	<ul style="list-style-type: none"> <li>- The accounting Officer has advised the board to ensure that they remain focused on</li> </ul>

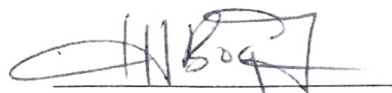
	423. Financial Performance	country and maintaining adequate strategic food reserves in physical stock to ensure value for annual money appropriated by Parliament.	<p>their core functions</p> <ul style="list-style-type: none"> <li>- The NCPB has been directed to release funds on grains sold on behalf of SFR within the shortest period possible after sale.</li> <li>- The SFR has been directed to ensure sufficient grain reserve are available at any time to cushion against low supply and ensure stabilization of prices.</li> </ul>
	424. Agency Agreement	The Accounting Officers should ensure that agency agreements are signed in time and that the existing agreements provides for a transition clause to protect contractual agreements entered into during new agency agreement negotiations.	<ul style="list-style-type: none"> <li>- PAC recommendations were noted and every effort will be taken to ensure that contractual obligation in form of agreement are signed without delay in any future engagement.</li> </ul>
	425. Receivables	The Accounting Officer should ensure that the entity keeps complete financial and accounting records devoid of anomalies in compliance with the provisions of Section 68(2) of the PFM Act 2012 and that the correct financial and accounting records are within three (3) after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	<ul style="list-style-type: none"> <li>- The Accounting officer has directed all officers to comply with auditors requests within the confines of various laws governing audit engagement</li> <li>- Financial statements have been submitted within statutory deadlines and books of accounts and records maintained properly</li> </ul>
	426. Inventories  426.1 Obsolete and Unfit Stock of Maize	The SGR/SFR Trustees who served during the period should be held jointly liable for their failure/slow action to grant authority to the management to sale off the maize which were in stores in time leading to loss of public funds to the tune of approximately Ksh.1.77 billion.	<ul style="list-style-type: none"> <li>- The Accounting officer has since directed that prudent management of maize reserves and sales be enforced to ensure optimal value for money</li> <li>- Close monitoring and observation should be regular to ensure grains are not stored beyond their usable date. First in, first out policy will be enhanced to ensure old stocks is offloaded when the grains are</li> </ul>

			still good for human consumption.
426.2 Unsupported Balance	<p>1. The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012; and</p> <p>2. The Accounting Officer should at all times in line with Section 9 of the Public Audit Act 2015 provide unrestricted access to all books, records, returns, reports, electronic or otherwise and other documents of entities and any property or premises used or held by State Organs or public entities covered by Article 229 (4) of the Constitution of Kenya 2010</p>	<ul style="list-style-type: none"> <li>- The Accounting Officer has directed all officers to comply with auditors requests as provided in law.</li> <li>- Financial statements have been submitted within the stipulated time frame.</li> <li>- Auditor has been facilitated to access all books, records, returns and all reports in which ever form</li> </ul>	
427. Trade and Other Payables 427.1 Accuracy of the Balance	The Accounting Officer and the Management of the NCPB should reconcile their books and settled the disputed figure of Ksh.65,710,365.00 attributed to a disputed balance between the Ministry and National Cereals and Produce Board.	<ul style="list-style-type: none"> <li>- Books were reconciled between the Ministry and NCPB and common balances adopted</li> </ul>	
427.2 Disputed Balances	The Accounting Officer should within three (3) months of tabling of this report follow up on the final report of the Committee and ensure that there is implementation of the recommendations.	<ul style="list-style-type: none"> <li>- The committee report was forwarded and adopted. The dispute was resolved and figures harmonized.</li> </ul>	
428. Accuracy of the Financial Statements	The Accounting Officer should ensure that the entity keeps complete and reconciled financial and accounting records devoid of errors and in compliance with provisions of Section	<ul style="list-style-type: none"> <li>- The Accounting Officer has directed staff to ensure complete and accurate books of accounts and records are</li> </ul>	

		68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012.	<p>maintained.</p> <ul style="list-style-type: none"> <li>- The state department has complied with the Law and financial statements have been submitted within the stipulated time frame in the Law.</li> </ul>
	429. Records maintained by the project indicate that various ICT items belonging to the Project valued at Kshs. 4,967,895.00 were stolen as a result of break-ins in several County offices, as follows:	<ol style="list-style-type: none"> <li>1. The Accounting Officer should ensure that the county offices are fully protected and security enhanced to protect public assets; and</li> <li>2. The Director, Criminal Investigation (DCI) should within three (3) months after tabling of this report take over this matter and report back to National Assembly on its progress.</li> </ol>	<ul style="list-style-type: none"> <li>- The Matters were reported in police stations and complaints recorded in the occurrence books.</li> </ul>
	<p>KENYA CEREAL ENHANCEMENT PROGRAMME - GRANT NUMBER 2000000623</p> <p>Basis for Qualified Opinion</p> <p>430. Low Absorption and Utilization of Funds</p>	The Accounting Officer should ensure that the programme fully takes off and funds utilized in accordance with the laws.	<ul style="list-style-type: none"> <li>- The Accounting officer has directed all project staff to fully implement their work plan in time and ensure meeting their performance targets hence absorbing funds as had been budgeted and agreed in their performance contracting.</li> </ul>
	431. Compensation of Employees	The Accounting Officer should ensure that the programme fully takes off and funds utilized in accordance with the laws.	<ul style="list-style-type: none"> <li>- Full implementation of the programme is ongoing and value for money is being obtained. The funds are being applied within the confines of the Law</li> </ul>
	<p>Rice-Based Market-Oriented Agriculture Promotion Project</p> <p>Basis for Disclaimer of Opinion</p>	The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2) of the PFM Act 2012 and that the financial and accounting records are presented within three (3) after the close of the financial year pursuant to the provisions of Article 229 of	<ul style="list-style-type: none"> <li>- The financial statement was provided. The project closed down on 16th November 2016. and the donor provided all expenditures as per technical cooperation agreement in the joint terminal evaluation report.</li> </ul>

	432. Late Submission of Project Financial Statements	the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2012;	The matter has been resolved.
	433. Slow Pace of Project Implementation and Low Absorption of Funds	The Accounting Officers should ensure that projects implementations are commenced at the stipulated dates to avoid cost and time overruns which distorts the achievement of the desired projects objectives and leads wastage of public resources.	- The Accounting officer has directed all project coordinators to ensure full implementation of their work plans with an aim to meeting their performance targets and hence absorbing funds as had been budgeted and as per the targets.
	434. Ineligible Expenditure	The Accounting Officer should within three (3) of tabling this report avail for audit review all records of procurement transactions for the construction of project office at the Ministry's Headquarters.	- The project was delivered by funds from JICA. The payments voucher and procurement documents have since been provided to the auditors and the matter settled.
	435. Unconfirmed Receipts	1. The erstwhile Accounting, Ms. Sicilly Kariuki be held responsible for failure to ensure that proper books of accounts for the projects are maintained pursuant to the provisions of Section 68 of the PFM 2012 and Regulation 100 of the PFM (National Government) Regulations 2015 by the Public Audit Act, 2003 and the Public Finance Management Act, 2012; and  2. The Accounting ensures that proper books of accounts for the projects since its inception to date are prepared and submitted to the Auditor-General within three (3) of tabling of this report.	- The financial statements have been prepared and forwarded to the office of the Auditor General. (OAG) - Information has been availed as well as the supporting documents. - The project was directly being implemented by JICA within the provision of technical cooperation agreement between the Government of Japan and the Republic of Kenya. - All supporting documents including the final joint terminal evaluation report were submitted to the Auditor General and the matter resolved
	438. Other Grants, Transfers and Payments	The Accounting Officer should ensure that the entity keeps complete financial and accounting records including up to date cashbook that comply with provisions of Section 68(2)	- The Accounting Officer has directed staff to ensure complete and accurate books of accounts and records are

		of the PFM Act 2012 and that the financial and accounting records are presented within three (3) after the close of the financial year pursuant to the provisions of Article 229 of the Constitution of Kenya 2010 and Section 68(2k) of the PFM Act 2	maintained. - The state department has complied with the Law and financial statements have been submitted within the stipulated time frame in the Law.
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Principal Secretary  
Prof. Hamad I. Boga



Head of Accounting Unit  
CPA Charles N. Minjire  
ICPAK Member 4153

**ANNEX 4—SUMMARY OF FIXED ASSET REGISTER**

Assets	Historical Cost (KSh)	Additions during the year (KSh)	Disposal during the year (KSh)	Transfers in/out during the year	Historical Cost of (KSh)
	2018/2019	2019	2019		2018/2019
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment					
Machinery and Equipment					
Biological assets					
Infrastructure Assets- Roads, Rails					
Heritage and cultural assets					
Intangible assets					
Work in Progress					
<b>Total</b>					

*NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets)*

**ANNEX 5-LIST OF PROJECTS IMPLEMENTED BY THE ENTITY**

**LIST Attached.**

**ANNEX 6–LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE ENTITY**

**Attached as an annex.**

**ANNEX 7- REPORTS GENERATED FROM IFMIS**

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK
- ii. IFMIS Comparison Trial Balance
- iii. FO30 (Bank reconciliations) for all bank accounts
- iv. GOK IFMIS Receipts and Payments Statement
- v. GOK IFMIS Statement of Financial Position
- vi. GOK IFMIS Statement of Cash Flows
- vii. GOK IFMIS Notes to the Financial Statements
- viii. GOK IFMIS Statement of Budget Execution
- ix. GOK IFMIS Statement of Deposits
- x. GOK IFMIS Budget Execution by Programme and Economic Classification
- xi. GOK IFMIS Budget Execution by Heads and Programmes
- xii. GOK IFMIS Budget Execution by Programmes and Sub-programmes