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REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA RURAL TRANSFORMATION
CENTERS DIGITAL PLATFORM PROJECT**

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

COOPERATIVE UNIVERSITY OF KENYA

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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**PROJECT NAME: KENYA RURAL TRANSFORMATION
CENTERS DIGITAL PLATFORM PROJECT
(FUND FOR AFRICAN PRIVATE SECTOR ASSISTANCE
PROJECT ID. NO. P-KE-AA0-022)**

**IMPLEMENTING ENTITY: THE CO-OPERATIVE
UNIVERSITY OF KENYA**

PROJECT GRANT NUMBER: 5700155003405

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

***Kenya Rural Transformation Centers Digital Platform Project
Annual Report and Financial Statements for the financial year ended June 30, 2024***

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1. Acronyms and Glossary of Terms

AfDB	African Development Bank
BSc	Bachelor of Science
CBK	Central Bank of Kenya
CS	Cabinet Secretary
CUK	The Co-operative University of Kenya
EBS	Elder of the Order of the Burning Spear
Ex. MBA	Executive Master of Business Administration
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
KRTCDP	Kenya Rural Transformation Centers Digital Platform
MBS	Moran of the Order of the Burning Spear
MSc	Master of Science
MTP	Medium Term Plan
NT	National Treasury
PFM	Public Finance Management
PhD	Doctor of Philosophy
PIU	Project Implementation Unit
PS	Principal Secretary
PSASB	Public Sector Accounting Standards Board
RASME	Remote, Appraisal, Supervision, Monitoring, and Evaluation

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is the Kenya Rural Transformation Centers Digital Platform.

Objective

The key objective of the project is to contribute to increased productivity, profitability and sustainability of agricultural cooperatives and agriculture-related business by connecting farmers with private sector and public services.

Address

The project shall be implemented by the Co-operative University of Kenya whose headquarters is:

L. R. NO. 23134/1, Karen
23134/2, Karen
Ushirika Road
P. O. Box 24814 00502
KAREN NAIROBI

The address of its registered office and contacts are:

P. O. Box 24814 – 00502
KAREN, NAIROBI
Tel. 020 8891401/3/4
Wireless: 020 2430127
020 2679456
Mobile. 0724311606
E-mail: vc@cuk.ac.ke
Website: www.cuk.ac.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	The project start date is 24/11/2020
Project End Date:	The project end date is 20/03/2025
Project Manager:	The project manager is Prof. Isaac K. Nyamongo, PhD, MBS
Project Sponsor:	The project sponsor is the African Development Bank

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Education/State Department for Higher Education and Research.
Project number	P-KE-AA0-022
Strategic goals of the project	The strategic goal of the project is to increase productivity, profitability and sustainability of agricultural cooperatives and hence the entire agriculture/ food and trade value chains, through integrating small holder farmers with all stakeholders along the agriculture value chain, by connecting farmers with private sector and public services.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: <ul style="list-style-type: none"> (i) Putting farmers at the center of a single digital "ecosystem" and connect them with value chain players such as input suppliers and agro-dealers, buyers and other service providers, among others; (ii) Facilitate streamlining of processes coupled to mobile phone-based innovations to reach small scale farmers; (iii) Enhancing linkages between upstream, midstream and downstream agriculture value chain activities

Project information and overall performance (continued)

Project Overview (continued)

Other important background information of the project	The direct beneficiaries are smallholder farmers, agricultural cooperatives (agricultural transformation centers), value chain players including agro-dealers, The indirect beneficiaries are the private sector, financial institutions including and relevant Government agencies.
Areas that the project was formed to intervene	The project was formed to intervene in the following problems/ gaps: <ul style="list-style-type: none"> i) Lack of comprehensive value chain approach to agricultural value chains ii) Technological and infrastructure gap iii) Data unavailability
Project duration	The project started on 24 th November 2020 and is expected to run until 20 th March 2025

2.4 Bankers

The following are the bankers for the project:

1. The Central Bank of Kenya
Haile Selassie Avenue
P.O Box 60000 – 00200
NAIROBI, KENYA
2. Equity Bank (Kenya) Limited
Karen Supreme Branch
P.O Box 75104 – 00200
NAIROBI, KENYA

2.5 Independent Auditor

The project is audited by:

The Auditor General
3rd Floor, Anniversary Towers,
University Way,
P.O Box 30084 – 00100
NAIROBI

Project Information and Overall Performance (Continued)

2.6 Roles and Responsibilities

The following are the key persons who will be working on the project.

Name	Title designation	Key qualification	Responsibilities	Contact Information
David Gitau	Team leader	Master of IT in Network Systems, BSc Computer Science	Consultant-Digital platform development	info@morvey.co.ke 0711986678
Wandera Ojanji	Team Leader	MA Communication Studies	Consultant-Communication Programme for the project	wanderaojanji@gmail.com business@devemerge.com 0722488471 0788194005
Prof. Kamau Ngamau, PhD, EBS	Vice Chancellor, Executing Agency	PhD, Horticultural Sciences	Accounting Officer/Member	kngamau@cuk.ac.ke 0724078816
Prof. Isaac K. Nyamongo, PhD, MBS	Deputy Vice Chancellor, Academic, Cooperative Development Research and Innovation, Executing Agency	PhD, Anthropology	Project Team Lead	inyamongo@cuk.ac.ke 0722706839
Prof. Kennedy Waweru	Director Research, Executing Agency	PhD, Finance	Coordinator	kwaweru@cuk.ac.ke 0721344475
Prof. Wycliffe Oboka	Director, Institute of Cooperative Development, Executing Agency	PhD, Disaster Management & Sustainable Development	Member	woboka@cuk.ac.ke 0727739806

Project Information and Overall Performance (Continued)

Roles and Responsibilities (Continued)

Name	Title designation	Key qualification	Responsibilities	Contact Information
Mr. Maxwell Nyaga	Finance Officer, Executing Agency	MSc, Procurement & Logistics Ex. MBA, Business Administration	Member	mnyaga@cuk.ac.ke 0720418214
Mr. Micah Nyaenya	Procurement Officer, Executing Agency	MBA, Supply Chain Management	Member	snyaenya@cuk.ac.ke 0722502481
Dr. Lucy Kiganane	Senior Lecturer, Executing Agency	PhD, Entrepreneurship	Member	lkiganane@cuk.ac.ke 0721236681
Dr. Lydia Mutua	Registrar Cooperative Development Research and Innovation, Executing Agency	PhD, Disaster Management & Sustainable Development	Member	lmutua@cuk.ac.ke 0721713954
Mr. Silas Maiyo	Assistant Lecturer, Executing Agency	MSc, Computer Science	Member	smaiyo@cuk.ac.ke 0723479177
Dr. Calvince Ouko	Lecturer, Executing Agency	PhD, Climate Change & Adaptation	Member	couko@cuk.ac.ke 0726096564
Mr. Moses Kiprop	Principal ICT Officer, Executing Agency	BSc, Computer Science	Member	mkiprop@cuk.ac.ke 0726255501
Mr. David Riitho	Resource Mobilization & Partnerships Officer, Executing Agency	MSc, Finance	Member	david.riitho@cuk.ac.ke 0703289325

Project Information and Overall Performance (Continued)

2.7 Funding summary

The Project is for duration of 5 years from 2020 to 2025 with an approved budget of US\$ 815,000 equivalent to Kshs 89,275,100 as highlighted in the table below:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 th June 2024)		Undrawn balance to date	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
Grant						
African Development Bank	\$815,000	89,275,100	\$377,461	42,865,238	\$437,539	46,409,862
Total	<u>\$815,000</u>	<u>89,275,100</u>	<u>\$377,461</u>	<u>42,865,238</u>	<u>\$437,539</u>	<u>46,409,862</u>

B. Application of Funds

Source of funds	Amount received to date – (30 th June 2024)		Cumulative amount paid to date – (30 th June 2024)		Unutilised balance to date – (30 th June 2024)	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
Grant						
African Development Bank	\$377,461	42,865,238	\$309,934	33,947,863	\$67,527	8,917,375
Total	<u>\$377,461</u>	<u>42,865,238</u>	<u>\$309,934</u>	<u>33,947,863</u>	<u>\$67,527</u>	<u>8,917,375</u>

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

2.8.1 Budget performance against actual amounts

During the 2023/2024 financial year, the KRTC DP project received 46% of the projected grant receipt budget and 40% of the projected grant expenditure.

As at 30th June 2024, the KRTC DP project cumulatively realized 46% of the total projected grant receipts and 38% of the total grant expenditure.

2.8.2 Project activities and outcomes

Indicator	Targets	Cumulative achievement	Assessment whether output indicator is on track to reach target.
1.1: Agricultural farmer organizations and Stakeholders mapped	A map of all stakeholders in agricultural value chains in target zone	614 stakeholders mapped	Target reached (All key stakeholders mapped and validated)
1.2: User and System Requirements identified	All users and system Requirements identified	400 user requirements identified	Target reached (all key user requirements identified and validated)
2.1: Fully functional Core platform	Single fully functional core platform	Not done	Assessment to be done in the 1 st quarter of 2024/2025 FY when the activity is expected to be completed. At this stage we will be operating on an actual prototype using actual data.
2.2: Fully functional User interfaces, dashboards and applications comprising the requirements	Fully functional user interfaces, dashboards and applications comprising the requirements developed	Not done	Assessment to be done in the 1 st quarter of 2024/2025 FY when the activity is completed.

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Project information and overall performance (continued)

Project activities and outcomes (continued)

Indicator	Targets	Cumulative achievement	Assessment whether output indicator is on track to reach target.
3.1: Documents of Deployment scenarios, research agenda and methodology	Optimal deployment scenarios, research agenda and methodology	Not done	Assessment to be done in the 2 nd quarter 2024/2025 FY once the activity is completed. Will include migration of actual data into the production/ go live environment.
3.2: Manuals and system documents	Comprehensive user manual and system documentation	Not done.	Assessment to be done in 2 nd quarter 2024/2025 FY once the activity is completed
3.3: Number of trainings; Numbers of persons trained; number of IECs materials developed and distributed	All end Users of the platform trained	Not done.	Assessment to be done in 2 nd quarter 2024/2025 FY once the activity is completed

Project information and overall performance (continued)

Project activities and outcomes (continued)

2.8.2 Value-for-money achievements

Activity Undertaken	Associated Deliverable(s)	Date
Negotiation with successful consultants	Negotiation minutes	15 th Dec, 22 nd Dec 2022 & 11 th Jan 2023
No Objection to Award contract to successful consultants	No objection Letter	16 th February 2023
Consultative meeting on implementation zone selection- CS and PS Ministry of Cooperatives and MSMEs	Agreement on implementation Zone	8 th March 2023
Consultative meeting on implementation zone selection- PS State Department for Crop Development	Agreement on implementation Zone	15 th March 2023
Signing of contract with Successful consultants	Signed contracts	27 th March 2023
Stakeholders' engagement and project launch	Inception Reports	8 th May 2023
Stakeholder engagements and project sites visits/meetings with management of Lord Egerton AIP, County Leadership and Farmer Organizations	Project site visit report	21 st – 25 th August 2023
Development of project communication strategy.	Communication strategy report	1 st September 2023
Procurement of server	Award of contract for supply of server	26 th September 2023
Desktop research on Market demand and user requirement analysis.	Stakeholder mapping and user requirement report.	31 st October 2023
Development of stakeholder mapping and user requirements data collection tool.	Data collection tool.	15 th November 2023

**Kenya Rural Transformation Centers Digital Platform Project
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Project information and overall performance (continued)

Project activities and outcomes (continued)

2.8.2 Value-for-money achievements (continued)

Activity Undertaken	Associated Deliverable(s)	Date
Data collection tool review meeting on stakeholder mapping and user requirement by PIU.	Comment review report.	17 th November 2023.
Collection of data on stakeholder mapping and user requirements in the various project site locations.	Comprehensive field report.	Various dates.
Supervision of data collection activity by PIU in the various project sites.	Field report.	Various dates.
Progress review meeting on data collection activity.	Minutes.	24 th December 2023.
Completion of stakeholder mapping and market demand & user requirements analysis	Stakeholder mapping and market demand & user requirement reports.	12 th February 2024.
Receipt of project server and associated equipment	Inspection and Acceptance committee Minutes	23 rd February 2024.
Progress review meeting by PIU on Field monitoring, stakeholder mapping and Market demand & User Requirements analysis reports.	PIU Minutes.	5 th March 2024.
PIU training on RASME Initiative and KOBO Toolbox	Training report.	7 th to 8 th March 2024.
Stakeholder Mapping and Market demand & user requirement validation workshop.	Validation workshop Report	21 st March 2024.
PIU sensitization workshop on RASME Initiative and KOBO toolbox.	Sensitization report.	22 nd March 2024.

**Kenya Rural Transformation Centers Digital Platform Project
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Project information and overall performance (continued)

Project activities and outcomes (continued)

2.8.2 Value-for-money achievements (continued)

Progress review meeting by PIU on Project activities	PIU Minutes.	15 th April 2024
Design of comprehensive Data Model, System architecture and implementation methodology	Data Model, System architecture and implementation methodology Report	20 th May – 30 th June 2024
GPS mapping of agricultural cooperatives (in Narok, Nakuru, Nyandarua and Baringo Counties) as focal points of KRTC DP and RASME initiative	Agricultural Cooperatives GPS Survey mapping report.	27 th May to 10 th June 2024.
Field media awareness & publicity ahead of early adopters	Media Coverage report.	11 th to 14 th June 2024.

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Project information and overall performance (continued)

Project activities and outcomes (continued)

2.8.3 Absorption rate for each project year

Financial Year	Budget	Actual	Budget Utilization Difference	% of Utilization Difference to Final Budget
	a	b	c=a-b	d=b/a %
2020/2021	-	-	-	0%
2021/2022	51,000,000	-	51,000,000	0%
2022/2023	89,803,882	1,889,354	87,914,528	2%
2023/2024	80,000,000	32,058,509	47,941,491	40%

Project information and overall performance (continued)

Project activities and outcomes (continued)

2.8.4 Implementation challenges and recommended way forward

The loan/grant qualifies for cancellation. As required by the Presidential Directive (PD) No. 01/2023, due to the delay in disbursements. The PIU was requested to provide a comprehensive report on the project status, and propose action plans (plus expected disbursement amounts) and timelines to remove the project from red flagged status and out of qualified cancellation.

2.9 Summary of Project Compliance

2.9.1 Significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants

The project is compliant with all applicable financing agreement and applicable laws

2.9.2 Consequences suffered on account of non-compliance or likely to be suffered

The University has not suffered any consequences as a result of non-compliance with any law/agreement

2.9.3 Mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance

The University has a robust technical project implementation committee that shall oversee its implementations and ensure that all agreements and laws are adhered to during implementation.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of the project plan are to:

- a) To put farmers at the center of a single digital "ecosystem" and connect them with value chain players such as input suppliers and agro-dealers, buyers and other service providers;
- b) To facilitate streamlining of processes coupled to mobile phone-based innovations to reach small scale farmers;
- c) To enhance linkages between upstream, midstream and downstream agriculture value chain activities.

Progress on attainment of strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement.

Progress on attainment of strategic development objectives (continued)

Project	Objective	Outcome	Indicator	Performance
Kenya Rural Transformation Centers Digital Platform (KRTC DP) Project	To put farmers at the center of a single digital "ecosystem" and connect them with value chain players such as input suppliers and agro-dealers, buyers and other service providers	Development of the Kenya Rural Transformation Centers Digital Platform	A fully functional digital platform	<ol style="list-style-type: none"> 1. Procurement of consulting services done; 2. Identification of implementation zones; 3. Stakeholders' engagement and project launch done; 4. All key stakeholders mapped and validated; 5. All key user requirements identified and validated; 6. Procurement of project server and associated equipment done.
	To facilitate streamlining of processes coupled to mobile phone-based innovations to reach small scale farmers			
	To enhance linkages between upstream, midstream and downstream agriculture value chain activities			

4. Environmental and Sustainability reporting

The Kenya Rural Transformation Centres Digital Platform (KRTDCP) Project, launched in May 2023, is a transformative three-year project designed to place farmers at the center of Kenya's agricultural value chain through a unified digital system. Funded by the Fund for African Private Sector Assistance (FAPA) of the African Development Bank (AfDB) and implemented by The Co-operative University of Kenya (CUK), this initiative aims to increase the productivity, profitability, and sustainability of agricultural cooperatives by integrating farmers into a cohesive digital ecosystem. By leveraging mobile phone technology, the platform seeks to streamline agricultural processes and strengthen connections across the value chain, creating a central point of convergence for all stakeholders. The project is expected to have a significant impact on Kenya's agricultural sector, bridging the gap between private and public sector efforts to better serve farmers.

The project is being implemented in four counties in Kenya, including Narok, Nakuru, Baringo and Nyandarua counties and targeting three agricultural value chains, i.e Maize, Potatoes and Dairy.

The project is concluding the prototyping phase, where a prototype has been presented to the stakeholders where views on what need to be added or removed or improved on the platform have been collected in all the counties and incorporated into the platform. The final platform is expected to be unveiled in December, 2024 before commissioning officially.

The project has established a strategy towards its sustainability and continuity in operations upon the commissioning of the platform. The project is well aligned at the center of Kenya Vision 2030 strategy on Agriculture & Food security and the current government's economic transformation agenda dubbed Bottom-up Economic Transformation Agenda (BETA), pillar 1 - Agriculture.

Noting the aspiration and strides made by the Kenyan Governments in implementing the Kenya Vision 2030 strategy, MTP I, II and III, 2008 - 2022, it is instructive to note that the great fortunes in the agricultural sector have improved into a sustained growth path. The current government is implementing a BETA, 2022 - 2027, where food security is deliberately considered. Under the 5 pillars of BETA agenda, Agriculture (especially food production, Livestock and fisheries) identifies Maize, Dairy and Sweet potatoes as some of the value chains identified and aligned to the food security pillar. In its quest to increase farmers' income and job creation, BETA is being implemented through different strategies including, organizing all

farmers and other stakeholders into cooperatives; increasing production and productivity at competitive costs; reducing post-harvest losses and providing warehousing support; and increasing value addition.

KRTCDP project is squarely working within the lanes of the government's development strategy hence pulling in the stakeholders, objectives and resources along the country's development trajectory. This is an ingredient for sustainability and continuity beyond the project lifetime. We explain our sustainability and environment issues as follows:

- Sustainability strategy
- Environmental performance
- Employee welfare
- Marketplace practice
- Community engagement

i) Sustainability Strategy and Profile, and Environmental Performance

The project has a management structure, known as the project implementation unit (PIU) that is composed of the project PI, the University vice chancellor, deputy vice chancellor in charge of cooperative development, research and innovation, finance office, procurement officer, ICT officer and research team members. This structure provides the management, oversight and operational role for the KRTCDP project. Digital platforms have contributed greatly to the robust accountability, visibility and transparency in functional business operations.

The Kenyan government has continued to support smallholder farmers in production through enhanced extension services, farm input subsidy at production as opposed to at consumption, information and knowledge sharing through establishment of agricultural training centers, aggregation centers and marketplaces. Smart agriculture has been promoted by the government as well, where farmers in the recent past have registered their details including farms, geolocations, and have benefited from government's subsidized farm inputs through online registration & farm input disbursement platforms.

However, smallholder farmers and by extension the farmer organizations (FOs) such as cooperatives continue to be exploited in market pricing, farm input availability and quality, delayed or unresponsive extension services, lack of accurate and relevant information on value chains, exploitation from the middlemen, decision-making that is not backed up with evidence,

erratic climatic conditions, inadequate farm input subsidy, misinformation, poor farm input quality, non-mechanised farming issues among others. These issues have systematically affected sustainability priorities.

The project will provide sensitization and capacity building training to the users (farmers and cooperatives etc) on how to use the platform. A user-friendly platform incorporates a Machine Learning - enabled dashboard and marketplace where relevant information customized for specific use / users / usage will be presented in a more friendly manner. Early adopters have been mapped, identified. they will be trained to become the champions of implementing and using the platform.

The major leap for the project will be to scale three piloted value chains to the rest of the country and to scale to additional value chains after the pilot since more resources will be needed.

Environmental performance

The KRTC DP project will promote the adoption of information & knowledge sharing, communication and learning, benchmarking and exchange visits will largely happen through the digital platform. This reduces on travel by farmers seeking for services from their cooperative It reduces use of paper drastically reducing/eliminating the carbon emissions and any incidental environmental pollution.

ii) Employee Welfare

CUK, being the implementing agency of the KRTC DP project, adopts the same employee welfare practice for its projects CUK recognises that its workforce is its most significant asset and committed to drawing in the best talent in the market. To this end, it uses a competitive recruitment and selection process in addition to other employee retention strategies like competitive pay, benefits, and equity and fairness in policy implementation. The retention strategies are used to motivate and retain the current workforce.

To lessen inequality, CUK is dedicated to empowering, promoting, and levelling the playing field for all employees, regardless of their race, sex, pregnancy, marital status, health status, ethnic or social origin, colour, age, disability, religion, conscience, belief, culture, dress, language or birth. The University embraces diversity, none of the ethnic communities is beyond 33.3% of the entire population, the overall gender representation is 43.4% and 56.6% for the

female and male gender respectively, and the percentage of female leaders in the top management is 50%. The average age of the current staff population is 44.5 years.

A comprehensive workplace accessibility assessment was conducted, and the results are being implemented. In addition to providing accessible infrastructure such as parking spaces, accessible toilets, and entry ramps, CUK offers additional assistance through sign language interpreters and the use of assistive technology. The University involves all stakeholders in the development and review of the Strategic Plan and Policies. Employee engagement and well-being are among our top priorities. We have offered the inclusive, safe, and healthy work environment that the Occupational Safety and Health Act of 2007 mandates. To lower the likelihood of accidents and illnesses at work, the employer is dedicated to creating a safe working environment.

The University is registered as a workplace as provided for under the Act and promotes the well-being of staff through the provision of free protective equipment including clothing and appliances to the workers involved in hazardous work and the provision of instruction, training and supervision as is necessary to ensure health and safety at work of the workers. The university investigates occupational accidents and diseases and aims to prevent recurrence; examines and tests steam boilers, and gas cylinders among other lifting equipment as a preventive measure for workplace accidents.

We keep our workspace hygienic and well-ventilated to safeguard the health of our staff. There is enough illumination and a comfortable temperature with no exposure to hazardous materials. Further, noise exposure limits, emergency evacuation, and fire safety measures are in place, and fire drills are conducted regularly. The University maintains Accident and Life Insurance as provided for under the Work Injuries Benefits Act, 2007, the cover provides for compensation in case of accidents, death or work-related diseases. The organization has implemented a hybrid work arrangement that allows for flexible work schedules to facilitate employees' work-life balance, after the automation of operations.

Employee pay is fair and competitive; it is determined by a job analysis, and it undergoes negotiation by three parties: the Government, union representatives, and employer representatives. Additional benefits that are provided to employees include health insurance, outpatient and inpatient care, employer-funded pension plans, and scholarships for their children to attend CUK for degree programs. In addition to investing in staff training and

development, CUK has created and implemented mentorship guidelines and a training and development strategy, all of which have as their primary goal enhancing staff motivation and productivity. Workers receive a variety of benefits, including study and exam leave in addition to other non-financial benefits. During the 2023/2024 FY over 90% of the staff underwent training, CUK leverages both on-job and off-job training to improve skills. The employees are engaged and satisfied one out of the sixteen (16) exits during the period under review.

Our well-being and mental health programs have advanced further, with ongoing staff training on mental health awareness and the addition of counselling and substance abuse treatment as benefits under medical coverage for employees struggling with drug addiction. A network of first responders in mental health has also been formed by the university. CUK upholds high standards for human rights and labour practices. We uphold ethical labour standards, forbid child labour, and guarantee the protection of workers' rights throughout the organization's operations. The staff are members of three (3) recognised trade unions. In addition to the policies on Sexual Harassment and other forms of harassment, there is a Grievance Handling procedure in place that gives guidance for handling any complaints brought by staff members. The workplace is friendly, and a room has been set aside for the breastfeeding mothers.

iii) Market Place Practices

a) Responsible Supply chain and supplier relations

The project has not been officially commercialized or commissioned for operation, it is a work in progress to be completed by December, 2024. Looking into its future operations, the PIU has established measures, has ensured that all key stakeholders and players, including the national government and relevant project county governments (Narok, Nakuru, Baringo & Nyandarua) have been carried along in the course of its development process. There is an already established good relationship and working environment between CUK and relevant government institutions and the farmer organization and private sector players in the value chains (maize, dairy, potatoes). It is expected that this relationship will continue to be mutually beneficial even when the project is commissioned. Relevant working instruments such as MOUs will be executed.

b) Responsible ethical practices

The project underwent statutory approval by the National Commission for Science, Innovation and Technology (NACOSTI) as per the STI Act of 2012. Ethical clearance by AIU-ISERC (Ref number: ISERC / EXT180 / 2024.) was provided as spelled out in the Act and subsequently Research Licence issued (License Number: NACOSTI / P / 24 / 40506) by NACOSTI as having complied with the ethical consideration to execute the project.

The project and its PIU team is subjected to the anti-corruption ethical values and practices as spelt out in the national Anti-Corruption Act, Regulations and international practices.

c) Regulatory impact assessment

In addition to the Ethical clearance and Research license for purposes of data collection from the citizens in regards to rights and their safeguards, CUK is a registered data processor in accordance with the Data Protection Act of 2019 and therefore data processed, stored and disseminated must follow and be guided by the relevant regulations and policies. All data (including voice recording, videos, photos, text etc) collected considered consented protocols guidelines.

iv) Community Engagements

The project integrated community engagement as a core component of the project activities. The project has conducted stakeholder engagements and validation workshops at every stage. of the project. Stakeholders were invited to the project launch and sanitized about the project objectives work plan and the importance of their involvement in project activities. The project conducted user and system requirements surveys. Once the platform design was done stakeholders from all the pilot countries were invited to a validation workshop and then again when the platform prototype was done, they were invited for another validation workshop. Once the platform is commissioned the end full operationalization community engagements will transition into CSR activities.

5. Statement of Project Management responsibilities

The Vice Chancellor of The Co-operative university of Kenya and the Project Manager for Kenya Rural Transformation Centers Digital Platform Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2023.

This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (vi) Making accounting estimates that are reasonable in the circumstances.

The Vice Chancellor of The Co-operative University of Kenya and the Project Manager for Kenya Rural Transformation Centers Digital Platform Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Vice Chancellor of The Co-operative University of Kenya and the Project Manager for Kenya Rural Transformation Centers Digital Platform Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2024, and of the Project's financial position as at that date. The Vice Chancellor of The Co-operative University of Kenya and the Project Manager for Kenya Rural Transformation Centers Digital Platform Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

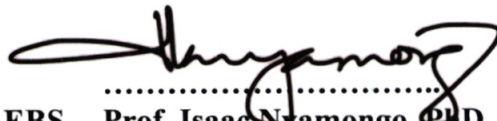
The Vice Chancellor of The Co-operative University of Kenya and the Project Manager for Kenya Rural Transformation Centers Digital Platform Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the Vice Chancellor of The Co-operative University of Kenya and the Project Manager for Kenya Rural Transformation Centers Digital Platform Project on September 27, 2024 and signed by:



.....
Prof. Kamau Ngamau, PhD, EBS
Vice Chancellor



.....
Prof. Isaac Nyamongo, PhD, MBS
Project Manager



.....
CPA Maxwell Nyaga
Project Accountant
ICPAK Member No: 11419

REPUBLIC OF KENYA



Enhancing Accountability

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

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

REPORT OF THE AUDITOR-GENERAL ON KENYA RURAL TRANSFORMATION CENTERS DIGITAL PLATFORM PROJECT FOR THE YEAR ENDED 30 JUNE, 2024 – COOPERATIVE UNIVERSITY OF KENYA

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on the Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Rural Transformation Centers Digital Platform Project set out on pages 1 to 19, which comprise of the statement

Report of the Auditor-General on Kenya Rural Transformation Centers Digital Platform Project for the year ended 30 June, 2024 – Cooperative University of Kenya

of financial assets as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Rural Transformation Centers Digital Platform Project as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis), and comply with the Financing Agreement No. 5700155003405 dated 9 November, 2020 between the Government of Kenya and the African Development Bank (AfDB), and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Rural Transformation Centers Digital Platform Project Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.80,000,000 and Kshs.36,865,238 respectively resulting to an under-funding of Kshs.43,134,762 or 54% of the budget. Similarly, the Project spent Kshs.32,058,509 against actual receipts of Kshs.36,865,238 resulting to under-utilization of Kshs.4,806,729 or 13% of actual receipts.

The under-funding and under-utilization affected the planned activities of the Project and may have impacted negatively on service delivery to the intended beneficiaries of the Project.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the other information set out on pages iii to xxv which comprise of Project Information and Overall Performance, Statement of Performance against Predetermined Objectives, Environmental and Sustainability Reporting, and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Project's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Irregular Recruitment of the Project Manager

The statement of receipts and payments reflects expenditure on purchase of goods and services totalling Kshs.22,149,594 which includes operation expenses of Kshs.5,080,753 as disclosed in Note 2 to the financial statements. The University through the Project recruited the services of a project manager vide an appointment letter dated 3 August, 2023 whose contract was to run until 20 March, 2025 at a consolidated salary rate of Kshs.110,000 per month resulting to an accumulated payment of Kshs.1,188,710 during the year under review. It was noted that Management recruited the project manager through a recommendation from the Institute of Anthropology, Gender and African Studies, University of Nairobi which was a direct selection method and based on "No objection" communication from the African Development Bank. The recruitment was contrary to Section 5(2) of the Employment Act, 2007 which requires that an employer shall promote equal opportunity in employment and strive to eliminate discrimination in any employment policy or practice. Further, progress reports detailing the deliverables of the project manager were not provided for audit verification.

In the circumstances, Management is in breach of the law.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Letter of Agreement between the African Development Bank, except for the matter under the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I report based on my audit that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

19 November, 2024

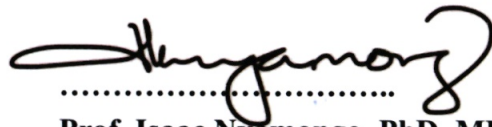
7. Statement of Receipts and Payments for the year ended 30th June 2024.

	Notes	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		2023-2024			2022-2023			
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts								
Proceeds from domestic and foreign grants	1	13,380,493	23,484,745	36,865,238	6,000,000	-	6,000,000	42,865,238
Total receipts		13,380,493	23,484,745	36,865,238	6,000,000	-	6,000,000	42,865,238
Payments								
Purchase of goods and services	2	8,573,764	13,575,830	22,149,594	1,889,354	-	1,889,354	24,038,948
Acquisition of non-financial assets	3	-	9,908,915	9,908,915	-	-	-	9,908,915
Total payments		8,573,764	23,484,745	32,058,509	1,889,354	-	1,889,354	33,947,863
Surplus/ (deficit)		4,806,729	-	4,806,729	4,110,646	-	4,110,646	8,917,375


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



Prof. Kamau Ngamau, PhD, EBS
Vice Chancellor



Prof. Isaac Nyamongo, PhD, MBS
Project Manager



CPA Maxwel Nyaga
Project Accountant
ICPAK Member No: 11419

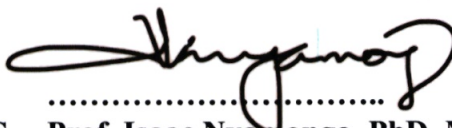
8. Statement of Financial Assets as at 30th June 2024

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	4A	8,917,375	4,110,646
Total Cash and Cash equivalents		8,917,375	4,110,646
Total Financial Assets		8,917,375	4,110,646
Net Assets		8,917,375	4,110,646
Represented By			
Fund Balance B/fwd.	5	4,110,646	-
Surplus/(Deficit) for the Year		4,806,729	4,110,646
Net Financial Position		8,917,375	4,110,646

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved September 27, 2024 and signed by:



.....
Prof. Kamau Ngamau, PhD, EBS
Vice Chancellor



.....
Prof. Isaac Nyamongo, PhD, MBS
Project Manager



.....
CPA Maxwell Nyaga
Project Accountant
ICPAK Member No: 11419

Kenya Rural Transformation Centers Digital Platform Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

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

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Proceeds from domestic and foreign grants	1	13,380,493	6,000,000
Total receipts		13,380,493	6,000,000
Payments			
Purchase of goods and services	2	8,573,764	1,889,354
Total Payments		8,573,764	1,889,354
Net receipts/(payments)		4,806,729	4,110,646
Net cash flow from operating activities		4,806,729	4,110,646
Cashflow from investing activities			
Acquisition of non-financial assets		-	-
Net cash flows from investing activities		-	-
Cash flow from financing activities			
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		4,806,729	4,110,646
Cash and cash equivalent at beginning of the year		4,110,646	-
Cash and cash equivalent at end of the year		8,917,375	4,110,646

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

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	D	e=c-d	f=d/c %
Receipts						
Proceeds from domestic and foreign grants	80,000,000	-	80,000,000	36,865,238	43,134,762	46%
Total Receipts	<u>80,000,000</u>	<u>-</u>	<u>80,000,000</u>	<u>36,865,238</u>	<u>43,134,762</u>	46%
Payments						
Purchase of goods and services	66,608,735	-	66,608,735	22,149,594	44,459,141	33%
Acquisition of non-financial assets	13,391,265	-	13,391,265	9,908,915	3,482,350	74%
Total Payments	<u>80,000,000</u>	<u>-</u>	<u>80,000,000</u>	<u>32,058,509</u>	<u>47,941,491</u>	40%
Surplus or Deficit	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,806,729</u>	-	

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.

11. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

The financial statements are for Kenya Rural Transformation Centers Digital Platform Project under the State Department of Higher Education and Research. The financial statements are for the reporting entity Kenya Rural Transformation Centers Digital Platform Project as required by Section 81 of the PFM Act, 2012 .

c) Reporting currency

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

d) Recognition of receipts

Kenya Rural Transformation Centers Digital Platform Project recognises all receipts from the various sources when the event occurs, and the related cash has been received.

Significant Accounting Policies (continued)

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing.

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

Significant Accounting Policies (continued)

vi) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation to employees

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

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

Significant Accounting Policies (continued)

v) Acquisition of fixed assets

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

f) In-kind donations

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

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to the project implementation unit staff which were not surrendered or accounted for at the end of the financial year.

Significant Accounting Policies (Continued)

h) Restriction on cash

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

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

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

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 6** of this financial statement is a register of the contingent liabilities in the year.



Significant Accounting Policies (Continued)

k) Contingent Assets

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

l) Pending bills

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

m) Budget

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

Significant Accounting Policies (Continued)

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

n) Third party payments

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

o) Exchange rate differences

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

p) Comparative figures

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

q) Subsequent events

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



Significant Accounting Policies (Continued)

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments (where applicable) are presented in these financial statements.

12. Notes to the Financial Statements

1. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2023, we received grants from donors as detailed in the table below:

Name of Donor	Date received	2023-2024					2022-2023	Cumulative to date
		Amount received in donor currency	Grants received in cash	Grants received as direct payment	Grants received in kind	Total Amount	Total Amount	
			Kshs	Kshs	Kshs	Kshs	Kshs	
African Development Bank	01.07.2022	\$61,743	-	-	-	-	6,000,000	6,000,000
African Development Bank	25.09.2023	\$26,887	-	2,945,163	-	2,945,163	-	8,945,163
African Development Bank	25.09.2023	\$14,425	-	1,580,115	-	1,580,115	-	10,525,277
African Development Bank	30.01.2024	\$28,850	-	3,160,229	-	3,160,229	-	13,685,506
African Development Bank	18.04.2024	\$101,324	13,380,493	-	-	13,380,493	-	27,065,999
African Development Bank	15.05.2024	\$53,773	-	5,890,324	-	5,890,324	-	32,956,323
African Development Bank	24.05.2024	\$90,459	-	9,908,915	-	9,908,915	-	42,865,238
Total		\$377,461	13,380,493	23,484,745	-	36,865,238	6,000,000	

Kenya Rural Transformation Centers Digital Platform Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

2. Purchase of Goods and Services

Description	2023-2024			2022-2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
Validation Workshops and Stakeholder Engagement Expenses	3,064,315	-	3,064,315	1,266,877	4,331,192
Assessment of User Needs & System Requirements Analysis Expenses	-	2,945,163	2,945,163	-	2,945,163
Digital platform development	-	5,890,324	5,890,324	-	5,890,324
Communication Programme	-	4,740,344	4,740,344	-	4,740,344
Operational Expenses	5,080,753	-	5,080,753	5,916	5,086,669
Evaluation & Procurement	428,696	-	428,696	616,561	1,045,257
Total	8,573,764	13,575,830	22,149,594	1,889,354	24,038,948

3. Acquisition of Non-Financial Assets

Description	2023-2024			2022-2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
Purchase of project server and associated equipment	-	9,908,915	9,908,915	-	9,908,915
Total	-	9,908,915	9,908,915	-	9,908,915

**Kenya Rural Transformation Centers Digital Platform Project
Annual Report and Financial Statements for the financial year ended June 30, 2024**

Notes to the Financial Statements (Continued)

4. Cash And Cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank accounts (Note 4A)	8,917,375	4,110,646
Total	<u>8,917,375</u>	<u>4,110,646</u>

Kenya Rural Transformation Centers Digital Platform Project has one(1) project account spread within the project implementation area and one(1) foreign currency designated account managed by the National Treasury and Economic Planning as listed below:

4. A Bank Accounts

Project Bank Accounts

Details	2023-2024	2022-2023
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No. 1000494678]	-	-
Total Foreign Currency balances	<u>-</u>	<u>-</u>
<u>Local Currency Accounts</u>		
Equity Bank [A/c No. 1630280550859]	8,917,375	4,110,646
Total local currency balances	<u>8,917,375</u>	<u>4,110,646</u>
Total bank account balances	<u>8,917,375</u>	<u>4,110,646</u>

Special Deposit Accounts

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

Special Deposit Accounts Movement Schedule

Description	2023-2024	2022-2023
	Kshs	Kshs
(i) ADB: Kenya Rural Transformation Centers Digital Platform [A/c No. 1000494678]		
Opening balance	-	-
Total amount deposited in the account	13,380,493	6,000,000
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>13,380,493</u>	<u>6,000,000</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>-</u>	<u>-</u>

Kenya Rural Transformation Centers Digital Platform Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

The Special Deposit Account reconciliation statement has been attached as Appendix 1 to support the closing balance.

5. Fund Balance Brought Forward

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank accounts	4,110,646	-
Total	<u>4,110,646</u>	<u>-</u>

Kenya Rural Transformation Centers Digital Platform Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Other Important Disclosures

1. Pending Accounts Payable (See Annex 4a)

	Balance b/f from 2022- 2023	Additions for the year	Paid during the year	Balance c/f 2023-2024
Description	Kshs	Kshs	Kshs	Kshs
Project Communication Programme Expenses	-	6,320,458	-	6,320,458
Total	<u>-</u>	<u>6,320,458</u>	<u>-</u>	<u>6,320,458</u>

2. External Assistance

	2023-2024	2022-2023
Description	Kshs	Kshs
External assistance received as grants	36,865,238	6,000,000
Total	<u>36,865,238</u>	<u>6,000,000</u>

a). External assistance relating loans and grants

	2023-2024	2022-2023
Description	Kshs	Kshs
External assistance received as grants	36,865,238	6,000,000
Total	<u>36,865,238</u>	<u>6,000,000</u>

**Kenya Rural Transformation Centers Digital Platform Project
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Other Important Disclosures (Continued)

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	2023-2024	2022-2023
Description		Kshs	Kshs
Undrawn external assistance - grants	Development of the Kenya Rural Transformation Centers Digital Platform	46,409,862	83,275,100
Total		<u>46,409,862</u>	<u>83,275,100</u>

This is a disclosure of the assistance not yet received as per donor agreement

c) Classes of providers of external assistance

	2023-2024	2022-2023
Description	Kshs	Kshs
Multilateral donors	89,275,100	89,275,100
Total	<u>89,275,100</u>	<u>89,275,100</u>

The purpose for the assistance is to develop Kenya Rural Transformation Centers Digital Platform

13. Annexes

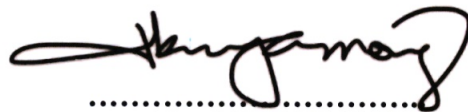
Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Budgetary Control and Performance	Under-collection of Kshs. 94,000,000 or 97% of the budget and under-expenditure of Kshs.198,110,646 or 99% of the budget.	Delays in approvals for procurement of consultants and project launch.	Not Resolved	31 st December 2024
Delay in Project Completion	Project had less than one (1) year and nine (9) months completion period yet major project milestones are yet to commence.	The project is being implemented within the revised timelines	Resolved	N/A

The Kenya Rural Transformation Centers Digital Platform Project has no prior year recommendations as this is the initial audit.



.....
Prof. Kamau Ngamau, PhD, EBS
Vice Chancellor



.....
Prof. Isaac Nyamongo, PhD, MBS
Project Manager



.....
CPA Maxwel Nyaga
Project Accountant
ICPAK Member No: 11419

**Kenya Rural Transformation Centers Digital Platform Project
Annual Report and Financial Statements for the financial year ended June 30, 2024**

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

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Proceeds from domestic and foreign grants	80,000,000	36,865,238	43,134,762	46%	Due to the revised project timelines, a majority of projects activities moved to the first half of the 2024/2025 FY
Total Receipts	<u>80,000,000</u>	<u>36,865,238</u>	<u>43,134,762</u>	46%	
Payments					
Purchase of goods and services	66,608,735	22,149,594	44,459,141	33%	Due to the revised project timelines, a majority of projects activities moved to the first half of the 2024/2025 FY
Acquisition of non-financial assets	13,391,265	9,908,915	3,482,350	74%	The budget included tax associated costs that are to be paid by the University
Total payments	<u>80,000,000</u>	<u>32,058,509</u>	<u>47,941,491</u>	40%	

Kenya Rural Transformation Centers Digital Platform Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 3: Reconciliation of inter-entity transfers

Breakdown of transfers from the State Department for Higher Education and Research				
A.	Direct payments			
		Bank Statement Date	Amount (Kshs)	FY to which the amounts relate
		25.09.2023	2,945,163	2023/2024
		25.09.2023	1,580,115	2023/2024
		28.02.2024	3,160,229	2023/2024
		15.05.2024	5,890,324	2023/2024
		24.05.2024	9,908,915	2023/2024
		Total	23,484,745	
B.	Others			
		Bank Statement Date	Amount (Kshs)	FY to which the amounts relate
		18.04.2024	13,380,493	2023/2024
		Total	13,380,493	
		Total (A+B)	36,865,238	

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

**Kenya Rural Transformation Centers Digital Platform Project
Annual Report and Financial Statements for the financial year ended June 30, 2024**

Annex 4a: Analysis of Pending Bills

Supplier of Goods or Services	Date Contracted/ invoiced.	Original Amount	Amount Paid To- Date	Outstanding Balance 2023-2024 FY	Outstanding Balance 2023-2023 FY	Comments
		a	b	c=a-b		
Project Communication Programme Expenses						
DevEmerge Global Consultants Private Limited	04.04.2024	3,160,229	-	3,160,229	-	Payment submitted to the State Department for Higher Education and Research for processing
DevEmerge Global Consultants Private Limited	13.06.2024	3,160,229	-	3,160,229	-	Payment submitted to the State Department for Higher Education and Research for processing
Sub-Total		<u>6,320,458</u>	=	<u>6,320,458</u>	=	
Grand Total		<u>6,320,458</u>	=	<u>6,320,458</u>	=	

Appendix I - Special Deposit Account Reconciliation Statement

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KENYA RURAL TRANSFORMATION CENTER DIGITAL PLATFORM
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30TH JUNE 2024
PART B: ACCOUNT RECONCILIATION STATEMENT

PROJECT No. 57001550003405
Bank Account No.1000494678 Held with Central Bank of Kenya

	NOTES	AMOUNT	AMOUNT
		USD	USD
			163,067.00
1 Amount advanced by ADB			36,693.72
Less			
2 Total amount justified to ADB			126,373.28
3 Outstanding amount advanced to Designated Account			
Represented by:			
4 Ending Designated Account Balance at 30.06.2024			
5 Amount claimed but not credited at 30.06.2024			126,373.28
6 Amount withdrawn and not claimed as at 30.06.2024			
7 Service charges (if not included in 5 & 6 above)			
Less			
8 Interest earning (if included in Designated Account)			126,373.28
9 Total advance to Designated Account year ended 30.06.2024			

Discrepancy between total appearing on lines 3 and 9

Notes:

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by ADB and provide reasons for not claiming the expenditures

The amount appearing on line 6 is eligible for financing by ADB and shall be documented in subsequent IFRs/SOEs

[Signature]
AUTHORIZED REPRESENTATIVE
RESOURCES MOBILIZATION DEPARTMENT - TREASURY DATE: 02-08-2024



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SPECIAL ACCOUNT STATEMENT

For period ending	30th JUNE, 2024
Account No.	1000494678
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	KE. RURAL TRANSF.CENT.DIG. PLATFORM
Credit Agreement	
Currency	USD
Part A - Account Activity	
Beginning balance of 1st July, 2023 as per C.B.K. Ledger Account	0.00
Add:	
Total Amount deposited by World Bank	101,324.00
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	101,324.00
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2024	0.00
AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA	SIGNATURE: <i>[Signature]</i>
	DATE: 01.08.2024
AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY	SIGNATURE: <i>[Signature]</i>
	DATE: 02-08-2024

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2024 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Ran Date: 06/08/2024 Run Time: 09:46:43
CENTRAL BANK OF KENYA
BANKI KUU YA KENYA
P.O.BOX 40000-0100
NAIROBI

STATEMENT OF ACCOUNT

ACCOUNT NUMBER : 1000494678

ACCOUNT TITLE : KE. RURAL TRANSF.CENT.DIG. PLATFORM
30/06/2024

STATEMENT PERIOD: From 01/07/2023 To

DEBIT CREDIT BALANCE

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
	OPENING BAL :			0.00	Balance
					101324
NO.	Value Date	Reference.No	Details	Debit	Credit
1	29/02/2024	FT240609GH4B	FUNDING	0.00	101,324.00
2	27/03/2024	FT2408771K2B	PA133075	-101,324.00	0.00
				CLOSING BALANCE : 0	

END OF ACCOUNT STATEMENT

Favourites TAM.E.STMT.OF.ACCT.EPRM [More Options](#) [Clear Selection](#) [Find](#)

Account equals ✓ 1000494678

Statement From equals ✓ 20230701

Statement To equals ✓ 20240630

TAM.E.STMT.OF.ACCT.EPRM



Printing Date : 03.07.2024
 Page : PRD / 400
 System :
 Loan Contract Currency : USD
 Closing Date : 20.03.2025
 Commitment Capital : 815,000.00
 Available Balance : 0.00

Prd for Afr Priv Sec Asst
 Summary of Revolving Funds By Loan (In Paid Currency)
 Public sector : 5700155003405
 Loan Number : 5700155003405
 Project ID : P-RE-ASD-022
 Project Title : KENYA RURAL TRANSFORMATION CENTRES
 Borrower : GOVERNMENT OF KENYA (MULTINATIONAL)

LDW Number	Reference	Curr	Amount Approved Approval Currency	Amount Justified Approval Currency	Balance to Justify Approval Currency	Amount Disbursed USD	Amount Justified USD	Balance to Justify USD	Unjustified Value Date	Disburs. Value Date	Last Just. Date
5700155003405											
1 All activities		USD	61,743.00	36,693.72	25,049.28	61,743.00	36,693.72	25,049.28	58.43	25.05.2022	30.11.2023
1/RE/2022/07018	RF N00001			0.00	101,324.00	101,324.00	0.00	101,324.00	0.00	28.02.2024	00.00.0000
1/RE/2024/41322	RF N00005	USD	101,324.00	0.00	101,324.00	163,067.00	36,693.72	126,373.28	22.50		
Total 5700155003405 All activities						163,067.00	36,693.72	126,373.28	22.50		
	5700155003405										

126,373.28

163,067

