

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KENYA YOUTH EMPLOYMENT AND  
OPPORTUNITIES PROJECT (IDA CREDIT  
NO. 5812 – KE)**

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

**STATE DEPARTMENT FOR YOUTH AFFAIRS  
AND CREATIVE ECONOMY**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 05 DEC 2024

DAY:

Thursday

TABLED

Hon. Kimani Ichungwah  
(Leader of the Majority Party)

TABLE:

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OF KENYA  
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OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
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**Project Name: KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES PROJECT**

**Implementing Entity: STATE DEPARTMENT FOR YOUTH AFFAIRS AND  
CREATIVE ECONOMY**

**PROJECT CREDIT NUMBER: 5812-KE**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

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

***Kenya Youth Employment and Opportunities Project (KYEOP)***  
***Reports and Financial Statements***  
***For the financial year ended June 30, 2024***

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For the financial year ended June 30, 2024*

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**1. Acronyms and Glossary of Terms**

KYEOP	Kenya youth Employment and Opportunities Project
MOYACES	Ministry of Youth Affairs, Creative Economy and Sports
NITA	National Industrial Training Authority
MSEA	Micro and Small Enterprises Authority
MLSP	Ministry Of Labour and Social Protection
LMI	Labour Market Information
MIS	Management Information System
FY	Financial Year
IFMIS	Intergraded Financial Management Information System
CCP-K	Certified Credit Professional of Kenya
CPA-K	Certified Public Accountants of Kenya
ICR	Implementation Completion Report
PSASB	Public Sector Accounting Standard Board
SDA	Special Deposit Account
PWD	People with Disability
SMART	Specific Measurable Achievable Realistic Time-bound
USD	United States Dollar

## **2. Project Information and Overall Performance**

### **2.1 Name and registered office**

**Name:** The project's official name is Kenya Youth Employment and Opportunities Project.

**Objective:** The key objective of the project is to increase employment and earning opportunities for the targeted youth.

**Address:** The project headquarters offices are KENCOM HOUSE, 3rd Floor and Bruce House 3<sup>rd</sup> floor, North Wing, Nairobi, Kenya.

The address of its registered office is: Nairobi County, Kenya

**Contacts:** The following are the project contacts

Telephone: (254)2251674/793060444

E-mail: kyeop@psyg.go.ke

Website: [www.mis.kyeop.go.ke](http://www.mis.kyeop.go.ke)

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**Project information and overall performance (continued)**

**2.2 Project Information**

Project Start Date:	The project start date is 20 May 2016
Project End Date:	The project end date is 29 February 2024
Project Manager:	The project manager is Mr. Augustine Mayabi
Project Sponsor:	The project sponsor is GoK through a credit from World Bank IDA

**2.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the State Department for Youth Affairs and Creative economy, in Youth Affairs, Creative Economy and Sports Ministry.
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Project number	P151831
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <ul style="list-style-type: none"> <li>(i) Enhancing employability through creating jobs and expanding existing ones thus increasing earnings for youth interested in self-employment or wage employment</li> <li>(ii) Enhancing employability of vulnerable youth by providing targeted youth with training and internships in private sector</li> <li>(iii) Enhance access to labour market information</li> <li>(iv) Strengthening youth policy development and project management</li> </ul>
Project strategies for achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> <li>(i) Providing unemployed youth with relevant skills and internships in the private sector</li> <li>(ii) Enhancing capacity of the Ministry for youth policy Planning, Implementation, Monitoring and Evaluation.</li> </ul>

*Kenya Youth Employment and Opportunities Project (KYEOP)  
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<p>Other important background information of the project</p>	<p>The Kenya Youth Employment opportunities Project (KYEOP) is a five-year Safety net project for vulnerable youth funded with a USD 150 Million credit from the World Bank Group and whose development objective (PDO) is” to increase employment and earning opportunities for targeted youth”. The KYEOP is implemented through four government agencies with the Ministry of Youth Affairs, Creative Economy and Sports (MOYACES) providing overall coordination.</p> <p>The KYEOP has four components as follows:</p> <ol style="list-style-type: none"> <li>1. Component 1: <b>Improving Youth Employability</b> – being jointly implemented by the National Industrial Training Authority (NITA) and the Ministry of Youth Affairs, Creative Economy and Sports (MOYACES) – USD 75 Million. <ul style="list-style-type: none"> <li>○ This component aims to address the issue of skills mismatch by providing targeted youth with trainings and internships in the Private Sector. The objective is to enhance youth employability.</li> <li>○ The target is to reach over 70,000 youths.</li> </ul> </li> <li>2. Component 2: <b>Support for Job Creation</b> – being <b>jointly</b> implemented by the Micro and Small Enterprises Authority (MSEA) and the MOYACES – USD 41.5 million. <ul style="list-style-type: none"> <li>○ This component aims to address the issue of lack of employment opportunities. The objective is to create jobs and expand existing ones thus increasing earnings for youth interested in self-employment or wage employment.</li> <li>○ The target is to reach over 30,000 youth</li> </ul> </li> <li>3. Component 3: <b>Improving Labour Market Information</b> – being implemented by the Ministry of Labour and Social protection (MLSP) – USD 13.5 Million <ul style="list-style-type: none"> <li>○ This component aims to address the issue of lack of labour market information (LMI). The objective is to enhance access to LMI and ensure availability of quality information in a timely manner.</li> </ul> </li> <li>4. Component 4: <b>Strengthening Youth Policy Development and Project Management</b> – being implemented by the MOYACES – USD 20 Million. <ul style="list-style-type: none"> <li>○ This component aims to enhance the MOYACES’s capacity for youth policy formulation, development and monitoring and evaluation as well as support the establishment and operationalization of a project coordination unit.</li> </ul> </li> </ol> <p>Though MOYACES is the overall coordinator, each implementing agency</p>
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**Kenya Youth Employment and Opportunities Project (KYEOP)**  
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	<p>receives and accounts for funds for the KYEOP separately; with NITA and MSEA receiving/reporting through their respective line ministries i.e. Ministry of Industrialization, Trade &amp; Enterprise Development and the Ministry of Labour Social Protection respectively.</p> <p>The KYEOP activities ended on 31 August 2023 with an extension window up to 29 February 2024 to pay all invoices presented at the date of closing project activities.</p>
<p>Current situation that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> <li>(i) Unemployment amongst out-of-school youth</li> <li>(ii) Lack of quality and up-to-date labour market information</li> <li>(iii) Inadequate Institutional Capacity for Youth Policy Planning, Implementation and Monitoring and Evaluation</li> </ul>
<p>Project duration</p>	<p>The project started on 20th May 2016 with the Financing Agreement being signed on 4<sup>th</sup> July 2016. The Project became effective on 15<sup>th</sup> December 2016 and project activities ran up to 31 August 2023, with an extension window of up to 29 February 2024 to pay all invoices received by date of closing project activities.</p>

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**Project Information and Overall Performance (Continued)**

**2.4 Bankers**

The following are the bankers for the current year:

- (i) Central Bank of Kenya P.O Box 60000 Nairobi
- (ii) Kenya Commercial Bank Transmission Account

**2.5 Independent Auditor**

The project is audited by the Auditor General of the Republic of Kenya

**2.6 Roles and Responsibilities**

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Hon. Onesmus Kipchumba Murkomen EGH	Cabinet Secretary	Master's in Law	Overall Policy Direction
Mr. Ismail Maalim Madey	Principal Secretary	Master's Degree in Global Business Management	Accounting Officer
Mr. Augustine Mayabi	National KYEOP Coordinator	Masters of Education in Administration and Planning	Overall Project Coordination
Mr. Peter Muthini	Deputy National Project Coordinator-Technical	Masters of Arts in Project Planning and Management	Technical Head of the Project and Coordinator of Life Skills Training
Dr. Joseph Katam	Deputy National Project Coordinator-Administration	Ph.D. in Curriculum Development	In charge of administrative issues in the project and Transport logistics
Mr. Maxwell Mutuku	Project Accountant	-Bachelor of Business Management and Administration-Accounting Option -Certified Public Accountants of Kenya(CPA-K)	In charge of finance and Accounts of the Project
Ms. Judith Nyadimo	Project Procurement Officer	Masters of Business Administration	In charge of project procurement

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**2.7 Funding summary**

The Project is for a duration of 7 years from 2016 to 2023 with an approved budget of US\$ 150 Million equivalent to KShs.15 billion for all agencies involved in the implementation of the project out of which USD 68,805,239 equivalent to Kshs.7,635,936,568 has been allocated to the State Department for Youth Affairs and Creative Economy

Below is the funding summary:

*Kenya Youth Employment and Opportunities Project (KYEOP)*  
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**Project information and overall performance (continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (30 <sup>th</sup> June, 2024)		Undrawn balance to date (30 <sup>th</sup> June, 2024)	
	<i>Donor currency USD</i>	<i>KShs</i>	<i>Donor currency (USD)</i>	<i>KShs</i>	<i>Donor currency (USD)</i>	<i>KShs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
<b>LOAN SUMMARY</b>						
World Bank(IDA)	68,805,239	7,635,936,568	64,792,828	7,107,025,280	4,012,410	528,911,288
<b>Total Loans</b>	<b>68,805,239</b>	<b>7,635,936,568</b>	<b>64,792,828</b>	<b>7,107,025,280</b>	<b>4,012,410</b>	<b>528,911,288</b>
<b>Counter Part funds</b>						
Counter Part funds Government of Kenya		72,091,894		32,176,605		39,915,289
<b>Total Funding Summary</b>	<b>68,805,239</b>	<b>7,708,028,462</b>	<b>64,792,828</b>	<b>7,139,201,885</b>	<b>4,012,410</b>	<b>568,826,577</b>

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**Project information and overall performance (continued)**

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2024)		Cumulative Amount paid to date – (30 <sup>th</sup> June 2024)		Unutilised balance to date (30 <sup>th</sup> June 2024)	
	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>		<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
<b>(i) Loan</b>						
World Bank(IDA)	64,792,828	7,107,025,280	64,792,828	7,107,025,280	-	-
Counterpart Funds		32,176,605		31,781,270		395,336
<b>Total</b>	<b>64,792,828</b>	<b>7,139,201,885</b>	<b>64,792,828</b>	<b>7,138,806,550</b>	<b>-</b>	<b>395,336</b>

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**Project information and overall performance (continued)**

**2.8 Summary of Overall Project Performance:**

**i). Budget performance against actual amounts for current year and for cumulative to-date,**

Current Year					Cumulative to Date			
Item	Budget (Kshs)	Actual (Kshs)	Variance (Kshs)	% Variance	Budget (Kshs)	Actual (Kshs)	Variance (Kshs)	% Variance
Receipts	404,877,390	253,933,148	150,944,242	37%	8,048,615,808	7,139,201,885	909,413,923	11%
Expenditure	404,877,390	353,026,038	51,851,352	13%	8,048,615,808	7,138,806,550	909,809,259	11%

**ii). Physical progress based on outputs, outcomes and impacts since project commencement**

Paid youth stipends and Master Craftsmen Exam, employment and special needs bonuses for cycles 5, 6 and 7B amounting to Ksh 98,170,775. Formal Training Providers, Tracer Studies firms, Process Evaluation firm and Monitoring and Evaluation Consultant were also paid. Finalized Project Implementation Completion Report (ICR).

**iii). Absorption Rate for Each Year Since the Commencement of the Project**

FY	Amount Received(kshs)	Amount Utilized(kshs)	Percentage
2016/2017	121,363,550	27,923,127	23%
2017/2018	215,566,770	253,104,269	117%
2018/2019	749,846,920	563,913,315	75%
2019/2020	732,301,848	937,481,185	128%
2020/2021	1,778,621,106	1,814,319,536	102%
2021/2022	3,270,287,713	2,503,609,024	77%
2022/2023	17,280,830	685,430,055	3966%
2023/2024	253,933,148	353,026,038	105%
<b>Totals</b>	<b>7,139,201,885</b>	<b>7,138,806,550</b>	<b>100%</b>

**Project information and overall performance (continued)**

**iv). Implementation challenges and way forward**

- Firm on-boarded to carry out Process Evaluation was so busy with other assignments thus slowing down the speed at which the Client wanted the assignment completed. On-boarded firms should make a commitment at the beginning on dedicating staff for the assignment at hand.
- Unavailable youth beneficiaries on their contact and alternate cell phone numbers hence posing a challenge following up on bounced payments. Project beneficiaries' should have phone line numbers dedicated for use during project life time as well as reliable alternate contacts.
- Reduction of Project budget including commitments. Project budgets should be maintained as they are to avoid carry over in terms of pending bills unless there is a mutual agreement of all parties involved.
- Delay in clearance of Annual Work Plan and Budget thus delaying commencement of project activities. The Bank and Implementing Agencies should put in place a working formulae that ensures clearance of the Annual Work Plan and Budget at the beginning of every Financial Year.
- High turnover of Procurement officers and Complex procurement processes on on-boarding and renewal of consultancies in the Project. Procurement Officers in the Project to be bonded for a given time and Stakeholders to be continually sensitized on World Bank and GOK procurement guidelines and Laws.

**2.9 Summary of Project Compliance:**

There were no cases of non-compliance with applicable laws and regulations and essential external financing agreements/covenants. Hence no consequences were suffered or likely to be suffered on account of non-compliance.

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**3. Statement of Performance against Project’s Predetermined Objectives**

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 are to:**

- a) Increase employability through creating jobs and expanding existing ones thus increasing earnings for youth interested in self-employment or wage employment
- b) Increase employability of vulnerable youth by providing targeted youth with training and internships in private sector
- c) Increase access to labour market information
- d) Strengthen youth policy development and project management

**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: Below we provide the progress on attaining the stated objectives:

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Kenya Youth Employment and Opportunities Project	1.To increase employment and earning opportunities for targeted youths in Kenya	Increased employment and earnings among targeted youth through support for job creation and enhanced employability	% Youth completing training and an internship who hold wage employment or who are self-employed six months after the internship  Number / Percent of youth employed, including self-employed, at least 6months after receiving a startup grant.	<b>In FY 2023/24</b> Out of the total youth who went through training and /or internship, 96% are in paid wage and self-employment  77% of youth who received grants are now in either paid wage or self-employment while 46% have employed someone else.

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	2.To increase employability of vulnerable youth by providing targeted youth with training and internships in private sector	Increased employment of vulnerable youth in the private Sector	% of youth in wage and self-employment	Out of the total youth who went through training and /or internship, 86% are in paid wage and self-employment  77% of youth who received grants are now in either paid wage or self-employment while 46% have employed someone else.
	3. To increase youth access to labour market information	Increased access to labour market information	% of Labour Market information system tools developed	100% of Labour Market information tools developed and Labour market Information System now in use.
	4.To Strengthen youth policy development and project management	Strengthened youth policy development and efficient project management	% review of Kenya Youth Development Policy (2019) and efficiency level in Project management	Kenya National Youth Development Policy reviewed and youth sensitized in 290 constituencies; Efficiency of project management at 96%

#### **4. Environmental and Sustainability Reporting**

##### **4.1 Sustainability strategy and profile -**

During the period under review, the Government has enhanced ownership of the project by promoting sustainable actions in the management of the project. The Government has been instrumental in mobilizing the targeted youth who meet the inclusion criteria in the project and contributed own capacity to oversee the various components of the project. Through component 4, the project continuously trains government staff in policy development, Monitoring and Evaluation which are vital skills with potential for application in other youth empowerment projects when KYEOP comes to an end. The key staff in the Project are trained in areas that enhance their capacity in line with their assigned duties in the Project implementation. The government through KYEOP has enlisted Monitoring and Evaluation, MIS, Communication and Impact Evaluation consultants who also undertake counterpart mentorship (knowledge transfer) which leaves the government technical officers with capacity to not only deliver KYEOP tasks, but also take over specialized roles of the consultants in future. This is a sustainable initiative that enhances cost effectiveness in future projects in the State Department.

The success of cost cutting strategies employed in the project has resulted into some savings over the cycles preceding Project closure. The additional resources are now available to finance project related activities such as the youth bill public participation undertaken in the F/Y 2023/2024 and increasing the number of youth to receive small grants from the original number of 30,000 to 82,000 . This addition is above the original target of 280,500 youth beneficiaries. The dual control of budgeting between the Government and World Bank has contributed to prudent use of resources which ensures that more resources are available to the youth beneficiaries.

In the last cycles the Government has employed results based contracting of service in the delivery of services by firms and individual consultancies. The Service Providers were given deliverables and payment would be pegged on their attainment. Through this, the Government has been able to retain and motivate Service Providers who deliver for the youth targeted in the project. By delivering training for the youth, the imparted skills not only help them secure employment opportunities, but sustain them in a dynamic market.

##### **4.2 Environmental performance**

Environment performance is not KYEOP area of focus. KYEOP being a capacity building project to train and upgrade skills of unemployed youth does not in any way contribute to adverse environmental risk and impact. Additionally, KYEOP does not knowingly support training areas known to degrade the environment and biodiversity. Besides, the diverse trade areas such as bee-keeping, agricultural value chains are not widespread but have micro-level effects on environmental conservation.

##### **4.3 Employee welfare**

Staff working in the Project undertake one annual international training in their line of assignment funded by the project. Secondly, where stakeholder involvement is deemed necessary an effort is made to achieve a gender ratio of 50:50 (male to female) where an effort is made to include a minimum of 5% People with disability (PWD) as per Constitution of Kenya 2010, where possible. Efforts have also been made to ensure staff work in a clean and safe environment.

##### **4.4 Market place practices-**

**a) *Responsible competition practice.***

Recruitment of Project Staff is as per World Bank guidelines and a No Objection is first sought from the Financier before the recruitment process commences. Secondly all vacant positions are declared publicly for all qualified and interested to apply and scoring criteria is also disclosed. No external pressure is accepted whether politically or otherwise and scores are also declared with different teams doing short-listing and interviewing respectively. Competitor's confidential information is never shared with third parties.

**b) *Responsible Supply chain and supplier relations***

Suppliers and Service providers are paid on delivery of their goods and services and whenever challenges are faced in relation to IFMIS, they are guided accordingly.

**c) *Responsible ethical practices***

The selection of the youths is systemized and selects youth randomly from the applied youths thus bringing fairness, Secondly all marketing is done in the leading National Electronic and print media and also published in the World Bank's website. These processes avoids corruption and political involvement.

**d) *Regulatory impact practices***

An active grievance mechanism exists to allow Suppliers, Service providers and project beneficiaries' articulate issues that affect them. Consultative fora are held to address and resolve emerging issues.

#### **4.5 Community Engagements-**

Communities in areas where project exists are given an opportunity to provide their services for example; training centers are found within communities while trainers are sourced from the communities where project exists. This happens during Life Skills and Core Business Skills Training. The youth being trained in Life Skills dedicate one day (second last of the training) to charity work where they offer free service to the community and especially to most deserving members e.g buying foodstuff for the aged; cleaning local health facilities, unblocking water channels, clearing bushes in residential areas, planting of trees etc. in the 17 Counties where the Project operates.

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**5. Statement of Project Management Responsibilities**

The Principal Secretary for the State Department for Youth Affairs and Creative Economy and the Project Coordinator for Kenya Youth Employment and Opportunities 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 period ended on June 30th 2024.

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


The Principal Secretary for the State Department for Youth Affairs and Creative Economy and the Project Coordinator for Kenya Youth Employment and Opportunities project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.


The Principal Secretary for the State Department for Youth Affairs and Creative Economy and the Project Coordinator for Kenya Youth Employment and Opportunities 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 period ended 30<sup>th</sup> June, 2024 and of the Project's financial position as at that date. The Principal Secretary for State Department for Youth affairs and Creative Economy and the Project Coordinator for Kenya Youth Employment and Opportunities project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


The Principal Secretary for the State Department for Youth Affairs and Creative Economy and the Project Coordinator for Kenya Youth Employment and Opportunities 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/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project financial Statements**

The Project financial statements were approved by the *Principal Secretary* for the State Department of Youth Affairs and Creative Economy and the *Project Coordinator* for Kenya Youth Employment and Opportunities Project on 30/10/ 2024 and signed by them.

  
Principal Secretary  
Mr Ismail Maalim Madey

  
Project Coordinator  
Mr. Augustine Mayabi

  
Project Accountant:  
Mr. Maxwell Mutuku  
ICPAK Member No: 24027

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## **REPORT OF THE AUDITOR-GENERAL ON KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES PROJECT (IDA CREDIT NO. 5812 – KE) FOR THE YEAR ENDED 30 JUNE, 2024 - STATE DEPARTMENT FOR YOUTH AFFAIRS AND CREATIVE ECONOMY**

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### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; 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 Unmodified Opinion indicates the books of accounts and underlying records agree with the financial statements and that no materials misstatements were found. The financial statements present fairly, in all material respects the operations of the entity. An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and working effectively in the financial year under review.

The Unmodified Opinion on the report on the Financial Statements should be read together with the report on the Lawfulness and Effectiveness in the Use of Public Resources, and the report on the 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 Youth Employment and Opportunities Project (IDA Credit No.5812 - KE) set out on pages 1 to 20, which comprise the statement of financial assets and liabilities as at 30 June, 2024, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory 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 Kenya Youth Employment and Opportunities Project as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Financing Agreement No.5812-KE dated 4 July, 2016 between the International Development Association (IDA) and the Republic of Kenya.

### Basis for Opinion

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Youth Employment and Opportunities Project Management 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. 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 indicates that the Project's receipts budget for the year under review amounted to Kshs.404,877,390 and actual receipts amounted to Kshs.253,933,148 resulting in underfunding of Kshs.150,944,242 (37%). Further, the Project had budgeted to spend Kshs.404,877,390 against the actual expenditure of Kshs.353,026,038 resulting to an under expenditure of Kshs.51,851,352 (13%).

In the circumstances, the underfunding and under -expenditure is likely to result in the Project being unable to achieve its strategic goals and objectives.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

### **Prior Year Audit Matters**

In the audit report of the previous years, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues as at 30 June, 2024.

### **Other Information**

The Management are responsible for the other information set out on page iii to xvii which comprise of Project Information and Overall Performance, Statement of Performance against Project's Predetermined Objectives, Environment 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 LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

The audit was conducted in accordance with 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 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.

### **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 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 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**

**13 November, 2024**

*Kenya Youth Employment and Opportunities Project (KYEOP)*  
*Reports and Financial Statements*  
*For the financial year ended June 30, 2024*

**7. Statement of Receipts and Payments for The Year Ended 30<sup>th</sup> June 2024.**

	Note	FY 2023/24		FY 2022/23		Cumulative to Date
		Receipts and payments controlled by the entity	Receipts and Payments made by third parties	Receipts and payments controlled by the entity	Payments made by third parties	
		Kshs	Kshs	Kshs	Kshs	Kshs
<b>RECEIPTS</b>						
Loan from External Development Partners	1	253,933,148	-	17,280,830	-	7,139,201,886
<b>TOTAL REVENUES</b>		<b>253,933,148</b>	<b>-</b>	<b>17,280,830</b>	<b>-</b>	<b>7,139,201,886</b>
<b>PAYMENTS</b>						
Purchase of goods and services	2	349,037,178	-	596,691,162	-	6,770,446,427
Acquisition of Non-financial Assets	3	3,988,860	-	88,738,893	-	368,360,124
<b>TOTAL PAYMENTS</b>		<b>353,026,038</b>	<b>-</b>	<b>685,430,055</b>	<b>-</b>	<b>7,138,806,550</b>
<b>SURPLUS/DEFICIT</b>		<b>(99,092,890)</b>	<b>-</b>	<b>( 668,149,225)</b>	<b>-</b>	<b>395,336</b>

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



Principal Secretary  
**Mr Ismail Maalim Madey**



Project Coordinator  
**Mr Augustine Mayabi**



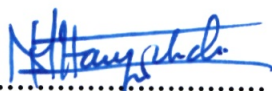
Project Accountant  
**Mr Maxwell Mutuku**  
 ICPAK Member Number: 24027


*Kenya Youth Employment and Opportunities Project (KYEOP)  
Reports and Financial Statements  
For the financial year ended June 30, 2024*


**8. Statement of Financial Assets and Liabilities as at 30<sup>th</sup> June 2024**

	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
Bank Balances	4A	396,402	107,570,593
Cash Balances	4B	-	-
Cash Equivalents (Short term deposits)	4C	-	-
<b>Total Cash and Cash equivalents</b>		<b>396,402</b>	<b>107,570,593</b>
Outstanding Imprests & Advances	4D	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>396,402</b>	<b>107,570,593</b>
<b>FINANCIAL LIABILITIES</b>			
<b>Deposits</b>	7	<b>8,081,302</b>	<b>12,671,006</b>
<b>NET ASSETS</b>		<b>8,477,704</b>	<b>120,241,598</b>
Fund balance b/fwd	5	107,570,593	788,390,824
Surplus / (deficit) for the year		(99,092,890)	(668,149,225)
Prior Year Adjustment	6	-	-
<b>NET FINANCIAL POSITION</b>		<b>8,477,704</b>	<b>120,241,598</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30/10/2024 and signed by:

  
.....  
**Mr Ismail Maalim Madey**  
Principal Secretary

  
.....  
**Mr Augustine Mayabi**  
Project Coordinator

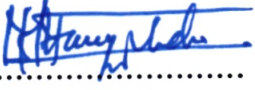
  
.....  
**Mr Maxwell Mutuku**  
Project Accountant  
ICPAK Member No:24027


*Kenya Youth Employment and Opportunities Project (KYEOP)  
Reports and Financial Statements  
For the financial year ended June 30, 2024*

**9. Statement of Cash flow for the Year Ended 30<sup>th</sup> June 2024**

	Note	2023- 2024	2022- 2023
		Kshs	Kshs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Payments for operating expenses</b>			
Use of goods and services	2	(349,037,178)	(596,691,162)
		<b>(349,037,178)</b>	<b>(596,691,162)</b>
<b>Adjusted for:</b>			
Change in Imprests & Advances		-	-
Increase/(decrease) in Accounts payable	7	(8,081,302)	(12,671,006)
Adjustments during the year	6	-	-
<b>Net cashflow from operating activities</b>		<b>( 357,118,480 )</b>	<b>(609,362,168)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Non-financial Assets	3	(3,988,860)	(88,738,893)
<b>Net cash flows from Investing Activities</b>		<b>(3,988,860)</b>	<b>(88,738,893)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Loan from External Development Partners	1	253,933,148	17,280,830
<b>Net cash flow from financing activities</b>		<b>253,933,148</b>	<b>17,280,830</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
		<b>(107,174,191)</b>	<b>(680,820,231)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>107,570,593</b>	<b>788,390,824</b>
<b>Cash and cash equivalent at END of the year</b>		<b>396,402</b>	<b>107,570,593</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 30/10/ 2024 and signed by:

  
.....  
**Mr Ismail Maalim Madey**  
Principal Secretary

  
.....  
**Mr Augustine Mayabi**  
Project Coordinator

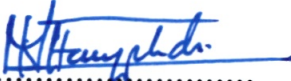
  
.....  
**Mr Maxwell Mutuku**  
Project Accountant  
ICPAK Member No:24027


*Kenya Youth Employment and Opportunities Project (KYEOP)*  
*Reports and Financial Statements*  
*For the financial year ended June 30, 2024*


**10. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30<sup>th</sup> June 2024**

<b>Consolidated</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Utilisation Variance</b>	<b>% of Utilisation</b>
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts/Payments Item</b>						
<b>Receipts</b>						
Loan from External Development Partners	150,149,490	254,727,900	404,877,390	253,933,148	150,944,242	63%
<b>Total Receipts</b>	<b>150,149,490</b>	<b>254,727,900</b>	<b>404,877,390</b>	<b>253,933,148</b>	<b>150,944,242</b>	<b>63%</b>
<b>Payments</b>						
Use of goods and services	143,604,000	257,195,900	400,799,900	349,037,178	51,762,722	87%
Acquisition of Non-financial Assets	6,545,490	(2,468,000)	4,077,490	3,988,860	88,630	98%
<b>Total Payments</b>	<b>150,149,490</b>	<b>254,727,900</b>	<b>404,877,390</b>	<b>353,026,038</b>	<b>51,851,352</b>	<b>87%</b>

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

  
 .....  
**Mr Ismail Maalim Madey**  
 Principal Secretary

  
 .....  
**Mr Augustine Mayabi**  
 Project Coordinator

  
 .....  
**Mr Maxwell Mutuku**  
 Project Accountant  
 ICPAK Member No:24027

## **11. Significant Accounting Policies**

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

### **11.1 Statement of compliance and basis of preparation**

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

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

### **11.2 Reporting entity**

The financial statements are for the Kenya Youth Employment and Opportunities Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

### **11.3 Reporting currency**

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

### **11.4 Recognition of receipts**

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

#### **i) Transfers from the Exchequer**

Transfer from Exchequer is be 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 received through grants and loans from multilateral and bilateral development partners.

**Significant Accounting Policies (Continued)**

**iii) Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements 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 Treasury bill, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the Project or any other debt the Project may take on will be treated on cash basis and recognized as a receipt during the year they were received.

**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

**11.5 Recognition of Payments**

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

**i) Compensation of employees**

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

**Significant Accounting Policies (Continued)**

**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 incurred and paid for.

**iv) Repayment of borrowing (principal amount)**

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

**v) Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

**11.6 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.

**Significant Accounting Policies (Continued)**

**11.7 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**11.8 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.

**11.9 Imprests and Advances**

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

**11.10 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:

**Significant Accounting Policies (Continued)**

- 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.

**11.11 Contingent Assets**

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

**11.12 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.

**Significant Accounting Policies (Continued)**

**11.13 Budget**

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

**11.14 Third Party Payments**

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

And are disclosed in the payment to third parties' column in the statement of receipts and payments.

During the year no funds being loan disbursements were received in form of direct payments from third parties.

**11.15 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 recognized in the statements of receipts and payments.

**Significant Accounting Policies (Continued)**

**11.16 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.

**11.17 Subsequent events**

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

**11.18 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 are presented *in note 6 of these financial statements*

*Kenya Youth Employment and Opportunities Project (KYEOP)*  
*Reports and Financial Statements*  
*For the financial year ended June 30, 2024*

**12. Notes To the Financial Statements**

**1. Loan From External Development Partners**

During the 12 months to 30 June 2024, we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in	
					KShs	KShs
		USD	KShs	KShs	KShs	KShs
<b>Loans Received from Bilateral Donors (Foreign Governments)</b>						
ADB - USD						
<b>Loans Received from Multilateral Donors (International Organisations)</b>						
Worldbank(IDA)	19/10/2023		322,661,773		322,661,773	
	12/6/2024		( 83,624,400)		( 83,624,400)	
<b>Total Loan</b>			<b>239,037,373</b>	<b>-</b>	<b>239,037,373</b>	<b>-</b>
<b>Counterpart Funds</b>						
	27/09/2023		10,000,000		10,000,000	2,200,000
	25/03/2024		600,000		600,000	6,900,000
	25/03/2024		4,295,775		4,295,775	8,180,830
<b>Total Counterpart Funds</b>			<b>14,895,775</b>	<b>-</b>	<b>14,895,775</b>	<b>17,280,830</b>
<b>Total</b>		<b>-</b>	<b>253,933,148</b>	<b>-</b>	<b>253,933,148</b>	<b>17,280,830</b>

**Notes To The Financial Statements (Continued)**

**2. Purchase Of Goods And Services**

			Total Payments		Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	FY 2023/24	FY 2022/23	
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services			0	0	0
Communication, supplies and services	8,870,000		8,870,000	3,008,067	29,057,085
Domestic travel and subsistence	17,084,906		17,084,906	34,977,931	264,449,555
Foreign travel and subsistence	2,190,686		2,190,686	12,171,531	41,439,434
Printing, advertising and information supplies & services	723,382		723,382	817,882	41,298,768
Rentals of produced assets	5,163,902		5,163,902	2,375,000	42,042,741
Training expenses	77,686,814		77,686,814	67,446,057	2,062,508,789
Hospitality supplies and services	8,523,395		8,523,395	26,583,610	1,190,491,343
Routine maintenance-other assets	0		0	0	530,217
Office and general supplies and services	2,721,570		2,721,570	4,030,800	26,543,425
Fuel and other Lubricants	8,460,000		8,460,000	15,650,000	67,230,100
Other operating expenses	209,685,761		209,685,761	414,584,339	2,957,519,723
Routine maintenance – vehicles and other transport equipment	7,926,762		7,926,762	14,445,747	44,029,856
Insurance costs			0	600,200	3,305,391
<b>Total</b>	<b><u>349,037,178</u></b>	<b><u>0</u></b>	<b><u>349,037,178</u></b>	<b><u>596,691,162</u></b>	<b><u>6,770,446,427</u></b>

**Notes To The Financial Statements (Continued)**

**3. Acquisition Of Non-Financial Assets**

	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		Cumulative to-date
			FY 2023/24	FY 2022/23	
	KShs	KShs	KShs	KShs	KShs
Overhaul & refurbishment of construction and civil works			-		-
Purchase of vehicles & other transport equipment			-		176,222,591
Purchase of Computers, printers and other ICT Equipment			-	777,500	45,969,667
Pre-feasibility, feasibility And appraisal studies	3,988,860		3,988,860	87,961,393	146,167,866
<b>Total</b>	<b><u>3,988,860</u></b>	<b>=</b>	<b><u>3,988,860</u></b>	<b><u>88,738,893</u></b>	<b><u>368,360,124</u></b>

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**Notes To The Financial Statements (Continued)**

**4. Cash And Cash Equivalents**

<b>CASH AND CASH EQUIVALENTS C/FWD</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts (Note 4A)	396,402	107,570,593
Cash in hand (Note 4B)	-	-
Cash equivalents (short-term deposits) (Note 4C)	-	-
Outstanding imprests and advances (Note 4D)	-	-
<b>Total</b>	<b><u>396,402</u></b>	<b><u>107,570,593</u></b>

The project has one project account spread within the project implementation area, one transmission local bank account and one foreign currency designated account managed by the National Treasury as listed below:

**4. A Bank Accounts**

**Project Bank Accounts**

<b>Foreign Currency Accounts</b>	<b>USD</b>	<b>USD</b>
Central Bank of Kenya [A/c NO: 1000308672]	-	3,977
<b>Total Foreign Currency balances</b>	<b>=</b>	<b><u>3,977</u></b>
<b>Local Currency Accounts</b>	<b>KShs</b>	<b>KShs</b>
Central Bank of Kenya [A/c 1000397788]	395,337	99,488,226
Kenya Commercial Bank	1,065	8,082,367
<b>Total local currency balances</b>	<b><u>396,402</u></b>	<b><u>107,570,593</u></b>

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**Notes To The Financial Statements (Continued)**

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30<sup>th</sup> June 2024 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

**Special Deposit Accounts Movement Schedule**

	<b>2023/24</b>	<b>2022/23</b>
	<b>KShs</b>	<b>KShs</b>
<b>(i) A/C Name [A/c No.....]</b>		
Opening balance	3,977	3,977
Total amount deposited in the account	2,178,675	
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>2,182,652</u>	-
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>=</b>	<b><u>3,977</u></b>

*(The special Deposit Account reconciliation statement has been attached as Annex 5.iii support these closing balance.*

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**Notes To The Financial Statements (Continued)**

**4 B Cash in Hand**

	FY 2023/24	FY 2022/23
	KShs	KShs
Location 1		
Location 2	-	-
Location 3	-	-
Other locations ( <i>specify</i> )	-	-
<b>Total cash balances</b>	<b>-</b>	<b>-</b>

**4 C Cash equivalents (short-term deposits)**

	FY 2023/24	FY 2022/23
	KShs	KShs
Kenya Commercial Bank [A/C No.....]		
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	<b>=</b>	<b>=</b>

**4 D Outstanding Imprests and Advances**

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2024</i>	<i>Balance 2023</i>
	<i>Kshs</i>		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
	<i>a</i>		<i>b</i>	<i>c=a-b</i>	
			-	-	
			-	-	
	-		-	-	-

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Notes To The Financial Statements (Continued)

5. Fund Balance Brought Forward

<b>CASH AND CASH EQUIVALENTS B/FWD</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	107,570,593	788,390,824
Cash in hand	-	
Cash equivalents (short-term deposits)	-	
Outstanding imprests and advances	-	
<b>Total</b>	<b>107,570,593</b>	<b>788,390,824</b>

6. Prior Year Adjustment

<b>PRIOR YEAR ADJUSTMENT</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	-	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Receivables - Outstanding Imprest	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

7. Deposits

<b>Deposits and Retentions</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>KShs</b>	<b>KShs</b>
Deposits	8,081,302	12,671,006
<b>Total</b>	<b>8,081,302</b>	<b>12,671,006</b>

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13. Other Important Disclosures

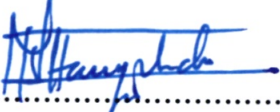
1. Pending Accounts Payable (See Annex 3)


	Balance b/f FY 2023/2024	Additions for the period	Paid during the year	Balance c/f FY 2023/2024
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	-	-	-	-
Supply of services	26,091,836	-	26,091,836	-
<b>Total</b>	<b>26,091,836</b>	<b>-</b>	<b>26,091,836</b>	<b>-</b>

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**14. Progress on Follow up of Prior Year Auditor’s Recommendations**

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: <i>(Resolved / Not Resolved)</i></b>	<b>Timeframe: <i>(Put a date when you expect the issue to be resolved)</i></b>
2021/2022	Unresolved Prior year audit issues	Response given and also appeared to National Assembly public accounts committee	Not resolved	Awaiting Public accounts committee recommendations for implementation
2022/2023	Budgetary Control and performance	Response given	Not resolved	Awaiting to appear before the Public accounts committee
2022/2023	Amount withdrawn and not claimed	Response given	Not resolved	Awaiting to appear before the Public accounts committee

  
 .....  
**Mr Ismail Maalim Madey**  
**Principal Secretary**

  
 .....  
**Name: Mr Augustine Mayabi**  
**Project Coordinator**

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**15. Annexes**

**Annex1 - Variance Explanations - Comparative Budget and Actual Amounts for FY 2023-2024**

<b>Consolidated</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Utilisation Variance</b>	<b>% of Utilisation</b>
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts/Payments Item</b>	-					
<b>Receipts</b>						
Loan from External Development Partners	150,149,490	254,727,900	404,877,390	253,933,148	150,944,242	63%
<b>Total Receipts</b>	<b>150,149,490</b>	<b>254,727,900</b>	<b>404,877,390</b>	<b>253,933,148</b>	<b>150,944,242</b>	63%
<b>Payments</b>						
Use of goods and services	143,604,000	257,195,900	400,799,900	349,037,178	51,762,722	87%
Acquisition of Non-financial Assets	6,545,490	(2,468,000)	4,077,490	3,988,860	88,630	98%
<b>Total Payments</b>	<b>150,149,490</b>	<b>254,727,900</b>	<b>404,877,390</b>	<b>353,026,038</b>	<b>51,851,352</b>	87%

Comments on variance below 90% absorption

The project had a closing balance of the receipts from FY 2022/23 of Kshs 99,488,226 from the donor which rolled over. This financial year we received the funds amounting to Ksh 253,933,148. The project also refunded ksh 83,624,400 to the World Bank as unutilized funds at its closure.

The project was in its completion stage thus there was no new commitments but only clearing the outstanding commitments from previous financial year resulting to low absorption rate of funds allocated to the project that financial year.

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**Annex 2: Reconciliation of Inter-Entity Transfers**

<b>PROJECT NAME:</b>				
<b>Break down of Transfers from the State Department of Youth Affairs</b>				
<b>a.</b>	<b>Government Counterpart Funding</b>			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		27/09/2023	10,000,000	FY 2023/2024
		25/03/2024	600,000	FY 2023/2024
		25/03/2024	4,295,775	FY 2023/2024
		<b>Total</b>	<b>14,895,775</b>	
<b>b.</b>	<b>Direct Payments</b>			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
		<b>Total</b>	<b>0</b>	
<b>c.</b>	<b>Others</b>			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>	<b>0</b>	
		<b>TOTAL(a+b+c)</b>	<b>14,895,775</b>	

The Above Amounts have been Communicated to and Reconciled with the Parent Ministry/ State Department

Project Coordinator  
 Kenya Youth Employment  
 And Opportunities project

Sign 

Head of Accounting Unit  
 Ministry of Youth Affairs, Creative Economy and sports

Sign 

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**Annex 3 Analysis of Pending Bills**

<b>Supplier of Goods or Services</b>	<b>Original Amount</b>	<b>Date Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2024</b>	<b>Outstanding Balance 2024</b>	<b>Comments</b>
	<b>a</b>	<b>b</b>	<b>c</b>	<b>d=a-c</b>		
<b>Sub-Total</b>	-		-	-	-	
<b>Supply of goods</b>	-		-	-	-	
<b>Sub-Total</b>	-		-	-	-	
<b>Supply of services</b>	-		-	-	-	
<b>Sub-Total</b>	-		-	-	-	
<b>Grand Total</b>	-		-	-	-	

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**Annex 4 – Summary of Fixed Assets Register**

<b>Asset class</b>	<b>Opening Cost (KShs) 2023/24</b>	<b>*Purchases/Additions in the Year (KShs) 2023/24</b>	<b>**Disposals in the Year (KShs) 2023/24</b>	<b>Closing Cost (KShs) 2023/24</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)= (a)+ (b)-(c)</b>
Land				-
Buildings and structures				-
Transport equipment	176,222,591	-		176,222,591
Office equipment, furniture and fittings	11,917,110			11,917,110
ICT Equipment, Software and Other ICT Assets	33,275,057	-		33,275,057
Other Machinery and Equipment				-
Heritage and cultural assets				-
Intangible assets				-
<b>Total</b>	<b>221,414,758</b>	<b>-</b>	<b>-</b>	<b>221,414,758</b>

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**Annex 5: Other Support Documents**

- i. Bank Reconciliations statement as at 30<sup>th</sup> June 2024
- ii. Board of Survey Report
- iii. Special Deposit Account(s) reconciliation statement(s)
- iv. GOK IFMIS comparison Trial Balance