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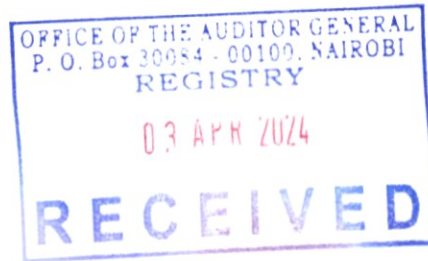

REPORT
THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: **06 JUN 2024** DAY: **Thursday**
OF
TABLED BY: **Hon. Naomi Wago, MP
Deputy Majority Whip**
CLERK-AT THE TABLE: **M. [Signature]**

THE AUDITOR-GENERAL

ON

NATIONAL YOUTH SERVICE

**FOR THE YEAR ENDED
30 JUNE, 2023**



NATIONAL YOUTH SERVICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

AG	Attorney General
BETA	Bottom-up Economic Transformation Agenda
CEO	Chief Executive Officer
CO	Commanding Officer
DG	Director General
FCCA	Fellow of the Association of Chartered Certified Accountants
FY	Financial Year
ICT	Information and Communication Technology
IPSAS	International Public Sector Accounting Standards
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KDF	Kenya Defence Forces
KPI	Key Performance Indicator
MD	Managing Director
MTB	Mechanical and Transport Branch
NS	National Service
NPS	National Police Service
TNT	The National Treasury
NYS	National Youth Service
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PMT	Paramilitary Training
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SCAC	State Corporations Advisory Committee
TVETs	Technical and Vocational Education Training

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The National Youth Service was established in 1964 under Cap 208 of the Laws of Kenya. It operated as a Department in various Government Ministries until the enactment of National Youth Service Act, 2018 which transformed it into a body corporate (*NYS Act, 2018 section 5*).

The Cabinet Secretary for Public Service, Gender and Affirmative Action is responsible for the general policy and strategic direction and represents NYS at the Cabinet level.

The Service has twenty-two (22) Branches/Field Units/Stations and seventeen (17) TVET Institutes spread across the country.

The NYS Field Units are headed by Commanding Officers. The Units include:

- | | |
|--|-----------------------------|
| 1. Nairobi Holding Unit (NHU) | 12. Lambwe Field Unit |
| 2. Mechanical and Transport Branch (MTB) | 13. Kerio Valley Field Unit |
| 3. NYS Engineering Institute (NYS EI) | 14. Yatta Field Unit |
| 4. Textile and Garment Technology Institute (TGTI) | 15. Athi River Field Unit |
| 5. NYS Vocational Training Institute (NYS VTI) | 16. Mavoloni Field Unit |
| 6. NYS College, Gilgil | 17. Turbo Field Unit |
| 7. NYS Technical Training Institute, Naivasha | 18. Tumaini Field Unit |
| 8. Garissa-Mbalambala Field Unit | 19. Kisumu Field Unit |
| 9. Tana Basin Road Project | 20. Kirimun Field Unit |
| 10. NYS Technical College, Mombasa | 21. Witu Field Unit |
| 11. Hindi Development Unit | 22. Mwatate Field Unit. |

The Field Units host Technical and Vocational Training Institutes. College Principals head the Institutes.

Key Entity Information and Management (Continued)

(b) Principal Activities

i. Mandate

NYS has mandated to undertake the following activities (NYS Act, 2018 section 7): paramilitary training of its members; national service programs; technical and vocational training, professional and personal development programmes and activities for its members; enterprise and commercial activities; leadership development programs and activities for its members; cross-cultural activities for integration of its members; and assist the KDF, the NPS and other public authorities during emergencies, disasters, war or insurrection, or in execution of the mandates of the public authorities as the Council may determine.

ii. Vision

The Service envisions itself as a centre of excellence in transforming, training and empowering Kenyan youth.

iii. Mission

The mission of the Service is to develop disciplined and empowered youth, and to instil members and staff of the Service with virtues of patriotism, loyalty, integrity and commitment to duty and service for effective participation in national development.

(c) Key Management

The day-to-day management of the National Youth Service is under the Director-General who is also the Chief Executive Officer/Accounting Officer of the Service in accordance with section 17 of the NYS Act, 2018.

The Director-General is assisted by a team of senior managers including Deputy Directors- General (DDGs), Directors and Heads of Departments (HODs).

Key Entity Information and Management (Continued)

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Director-General/CEO (From 19th April, 2023)	Mr. James K. Tembur, MBS
2.	Director-General/CEO (Until 19 th April, 2023)	Matilda P. Sakwa (Ms.), EBS
3.	Ag. Deputy Director General, PMT & NS	Mr. Jamlick M. Chabari
4.	Director, Finance and Accounts	Mr. Francis N. Ndegwa
5.	Director, Technical and Vocational Training	Mr. Peter Maina King'ori
6.	Director, Supply Chain Management Services	Dr. James Kamau Kairu
7.	Director, Strategy and Planning	Ms. Jacklyn Makanda
8.	Director, Internal Audit	Ms. Maggy N. Munyasya
9.	Director, Commercial Enterprises & Marketing (Until 9th June, 2023)	Mr. Daniel K. Kipchumba
10.	Head of Accounts	Mr. Elias Kimani Macharia
11.	Head of ICT	Mr. Abdulkadir J. Waqo

(e) Fiduciary Oversight Arrangements

NYS has the following fiduciary oversight arrangements in place:

- i. Senior Management and HODs Committee;
- ii. Budget Implementation Committee;
- iii. Human Resource Management and Advisory Committee; and
- iv. Corruption Prevention and Complaints Committee.

(f) Entity Headquarters

NATIONAL YOUTH SERVICE HEADQUARTERS

OFF THIKA SUPER HIGHWAY, RUARAKA

P. O BOX 30397 – 00100 NAIROBI, KENYA

(g) Entity Contacts

Telephone: (254) 20 8563521

E-mail: Director.General@nys.go.ke

Website: www.nys@go.ke

Key Entity Information and Management (continued)

(h) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000 - 00200
NAIROBI, KENYA

2. Kenya Commercial Bank
Moi Avenue
P. O. Box 48400 – 00100
NAIROBI, KENYA

3. Cooperative Bank of Kenya
Upper Hill
P O. Box 48231 – 00100
NAIROBI, KENYA

4. National Bank of Kenya
Harambee Avenue
P.O Box 72866 – 00200
NAIROBI, KENYA

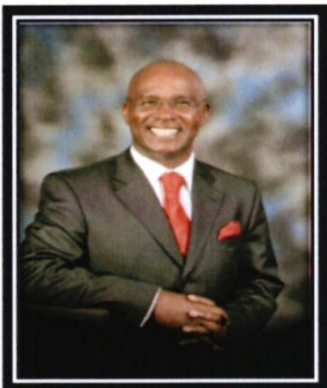

(i) Independent Auditor

Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P O. Box 30084 -00100
NAIROBI, KENYA



(j) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112 – 00200
NAIROBI, KENYA

3. Board of Directors

Ref	Directors	Details
1.	 <p>Lt Gen (Rtd) Njuki Mwaniki, MGH, CBS, OGW, ndc (K) CHAIRMAN (Re- Appointed on 7th February 2022)</p>	<p>An ardent infantry retired military Three-Star-General, Njuki Mwaniki holds a Masters of Arts in War in the Modern World (Distinction) from The King’s College, London. He holds a Diploma in International Studies from the University of Nairobi, Diploma in Military strategy from the National Defence University, Beijing and a Certificate in Scriptualizing from Harvard University Divinity School. He brings on board a wealth of experience in Management and Leadership of disciplined services spanning over 40 years.</p>
2.	 <p>Matilda P. Sakwa (Ms.), EBS DG/CEO/SECRETARY (Until 19th April, 2023)</p>	<p>Ms. Sakwa holds a Masters Degree in Development Studies from the International Institute of Social Studies at The Hāgue, The Netherlands and a Bachelor of Arts Degree from the University of Nairobi. She is an accomplished public servant with over thirty (30) years of diligent Service in the Public Service. She was a key player in setting up project delivery teams in a number of line ministries under the social pillar of the Vision 2030. She was a member of the inaugural team that conceptualized and established structures for the National Aids Control Council in Kenya and a member of the National Steering Committee that developed the National Action Plan on UNSCR 1325 on Women, Peace and Security.</p>

Board of Directors (Continued)

<p>3.</p>	 <p>Mr. James Kipsiele Tembur, MBS Ag. DG/CEO/SECRETARY (From April 19, 2023)</p>	<p>Mr. Tembur holds a BSc. in Agriculture and a MSc. in Entrepreneurship with a public service experience of over 30 years, having joined the National Youth Service in 1991 as a Training Officer Cadet. Before his appointment to the position of Director- General/ CEO in acting capacity in April, 2023 Mr. Tembur held the post of Deputy Director-General, Corporate Service for close to four (4) year. Mr. Tembur is credited for having headed teams that undertook notable assignments, including: the fabrication and installation of clinics in informal settlements under the Youth Empowerment Programme (YEP); rehabilitation of dykes to control floods in Budalangi; and the formulation of the inaugural NYS Strategic Plan (2019- 2024).</p>
<p>4.</p>	 <p>Mr. Elijah K. Wachira INDEPENDENT MEMBER (Until January 12, 2023)</p>	<p>Mr. Wachira holds an MBA in Management Information Systems and a BSc in Meteorology from the University of Nairobi and a Postgraduate Diploma in Systems Analysis and Design from Edinburgh Napier University. He is the Managing Consultant of Peak Line Consultants Limited, Nairobi. He has a wide exposure and experience in Training and Capacity Building; Performance Management Systems; and Strategic Management. Mr. Wachira has hands-on experience in corporate governance of State-owned Enterprises (GOEs) through successful formulation and implementation of corporate policies, strategy and performance management systems at the Kenya School of Government.</p>



Board of Directors (Continued)

<p>5.</p>	 <p>Mr. Ali Sahal Idris INDEPENDENT MEMBER (Re-appointed on 7th February 2022)</p>	<p>Mr. Idris holds a Master of Business Administration Degree from United States International University-Africa and a Bachelor of Commerce in Finance from the University of Nairobi. He is also an alumnus of the Harvard University Kennedy School Executive Education Program and a FCCA in UK. He is a Finance and Management Consultant with over 15 years' experience in finance and business management. He has worked with PricewaterhouseCoopers (PwC) in Kenya, Hass Petroleum Group, Dahabshiil Bank (renamed East Africa Bank) and Dahabshiil FZCO based in Dubai, UAE. Mr. Idris is a finance and business management advisor to a number of companies and sits on the boards of various private companies.</p>
<p>6.</p>	 <p>Dr. Nkatha Linda Gichuyia INDEPENDENT MEMBER (Re-appointed on 7th February 2022)</p>	<p>Dr. Nkatha holds a PhD in Architecture and an MPhil in Environmental Design, both from the University of Cambridge in the UK. She is currently a Lecturer at the Architecture and Building Science Department of the UoN. Recently, was got appointed as a visiting assistant professor to the University College Dublin's School of Architecture, Planning and Environmental policy for a period of 3 years beginning 1st September 2020. Dr. Nkatha is deeply involved as well in drawing both National Government and International Policy Frameworks, in her other various capacities as a knowledge broker, Gates Cambridge Scholar, practicing Architect, and as an independent researcher and urban development consultant.</p>



Board of Directors (Continued)

<p>7.</p>	 <p>Ms. Christine Achieng Odera INDEPENDENT MEMBER (Appointed on 7th February 2022)</p>	<p>Ms. Odera holds an Executive Masters in Development Policy and Practice (DPP) and a Bachelors of Arts in International Relations (Peace and Conflict Studies). She is the Program Manager, School for International Training (SIT) and the current Pan-Commonwealth Coordinator / Commonwealth Youth Peace Ambassador. She has over 7-year wealth of experience in youth advocacy and policy development and programs.</p>
<p>8.</p>	 <p>Mr. Richard Kakunga Wambua INDEPENDENT MEMBER (Appointed on 7th February 2022)</p>	<p>Mr. Wambua holds a Bachelors of Arts in International Relations. He served as European Development Days Young Leader, CEO of MeForest Initiative, and a former Board Director at the Youth Agenda and a current Advisory Board Member of the Youth Sounding Board (Royal Danish Embassy to Kenya). He has a wealth of experience in advocacy for climate change mitigation innovations as well as youth and women empowerment. From his role as Ambassador, brings a lot of experience on youth and women empowerment in multilateral affairs in the Council and Service.</p>


Board of Directors (Continued)

<p>9.</p>	 <p>Ms. Anita Jerotich Chepseba ALTERNATE MEMBER, THE AG</p>	<p>Ms. Chepseba has over 15-year experience in legal practice, including over 10 years in Public Service. She holds a Bachelor of Laws Degree (LLB) from Moi University and a Diploma in Law from Kenya School of Law.</p>
<p>10.</p>	 <p>Mr. Thomas Edward Sakah ALTERNATE MEMBER, PS, INTERIOR</p>	<p>Mr. Sakah holds a Master’s Degree in Business Administration (Strategic Management) and Bachelor of Arts in Public Administration and Philosophy. He brings on the Board a wealth of over 30 years’ experience in public administration.</p>
<p>11.</p>	 <p>Mr. Michael Jasper Obonyo ALTERNATE MEMBER, PS, TNT</p>	<p>Mr. Obonyo holds a Masters of Arts in Communication studies (UoN, 2011) and brings on board a wealth of professional experience in public communications spanning over 27 years. He is currently the Head, Public Communications at the Pensions Department, National Treasury.</p>

Board of Directors (Continued)

<p>12.</p>	 <p>Brig. Bernard Kiprotich Jerry Korir ALTERNATE MEMBER, CDF</p>	<p>Brig. Korir holds a Bachelors of Commerce and two Diplomas in Defence and Security Studies as well as Strategic Studies. He is a career military Officer with over 32 years of experience in military command, staffing and training. He served in peace and security operations with the UNPROFOR in the former Yugoslavia and in MONUC DRC. He is the current Chief of Training Development, Establishment and Equipment Tables in the Kenya Defence Forces.</p>
<p>13.</p>	 <p>Dr. Cornelius Ombagi Mogaka ALTERNATE MEMBER, PS, YOUTH AFFAIRS</p>	<p>Dr. Ombagi (PhD) holds Bachelors and Masters Degrees in Statistics and Masters and Doctorate Degrees in Public Policy and Administration. He has an experience of over 25 years in public service in various Government entities, including KAFTEC (Department of Defence), KIBT (Ministry of Trade and Industry), Office of the Prime Minister, Office of the Deputy President and Ministry of Youth Affairs and Sports - State Department for Youth Affairs.</p> <p>Dr. Ombagi has served in various capacities including as Lecturer, Researcher, Policy Analyst and Youth Development Officer. Dr. Ombagi (PhD), is currently the Director, Youth Development at the Ministry of Youth Affairs, the Arts and Sports – State Department for Youth Affairs and the Arts.</p>

Board of Directors (Continued)

14.	 <p>Mr. David W. Kiboi ALTERNATE MEMBER, PUBLIC SERVICE</p>	<p>Mr. Kiboi holds Bachelors and Masters Degrees in Statistics from the University of Nairobi. He is currently the Director, Economic Planning in the State Department for Public Service with vast experience of over 29 years in the Public Service rising from the rank of Economist /Statistician to his current position. He has also served in the Ministries of Environment and Natural Resources; Water and Irrigation; and Planning and Devolution.</p> <p>Mr. Kiboi is the current head of the Central Planning and Projects Monitoring Department Unit with the roles of strategic planning, economic and policy analysis, and budgeting in the State Department. He previously served in the Board of Ewaso Ng'iro South Development Authority as an alternate Director to the Principal Secretary for Water and Irrigation.</p>
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4. Key Management Team

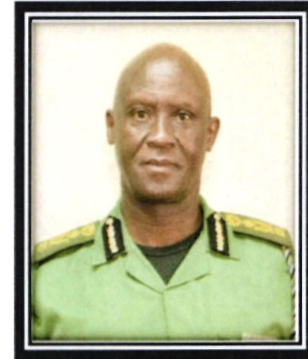
The following Officers were in charge of critical functions of the National Youth Service during the FY 2022/2023



James K. Tembur, EBS
Ag. Director-General/CEO
[From 19/04/2023]
MSc. (Entrepreneurship)



Matilda Sakwa (Ms.), EBS
Director-General/CEO
[Until 19/04/2023]
M.A (Development Studies)



Jamlick M. Chabari
Ag. DDG, PMT&NS
Bachelor in Psychology



CPA, Francis N. Ndegwa
Director, Finance & Accounts
MBA (Finance & Accounts)

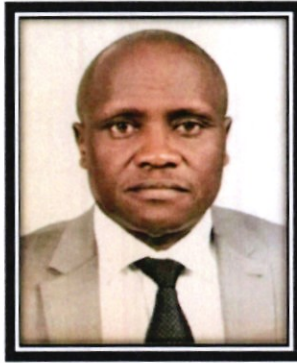


CPA, Maggy N. Munyasya
Director, Internal Audit
MSc (G&SB, IIA)



Jacklyn Makanda
Director, Strategy & Planning
MA (GD&E, PP&M)

Key Management Team (continued)



Dr. James K. Kairu
Director, SCMS
PhD (Strategic Mngt.),
KISM



Peter Maina King'ori
Director, Vocational
Training MSc. MIS



**CPA, Elias Kimani
Macharia**
Head of Accounts
MBA (Finance)



Abdulkadir J. Waqo
Head of ICT MBA,
MSc (MIS)



CPA, Daniel K. Kendagor
Director, Commercial
Enterprises
[Until June 9, 2023]
MBA (Finance)

5. Chairman's Statement

The Government established the National Youth Service (NYS) as a State Corporation following the enactment of the NYS Act, 2018 and Section 7 of the Act outlines the mandate of the Service, which I am pleased to report that the NYS Annual Report and Financial Statements for the year ended June 30, 2023 has ably executed.

During the year the Council and the Service:

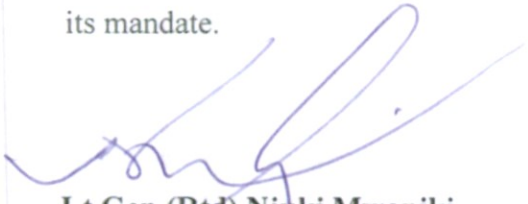
1. **Changes in the composition of the Council.** The changes included the expiry of the term of service for one (1) independent member (who was not replaced); receipt of two (2) alternate Board Members and appointment in acting capacity of a new CEO/Secretary to the Council in the last Quarter of the financial year. I therefore take this opportunity to welcome the new members to the NYS Council and to appreciate the continuing Members for their commitment. Am hopeful that with focus and devotion we will drive the Service to a brighter future;
2. **Formulation of the second (2nd) Strategic Plan.** The Service commenced the formulation of its second Strategic Plan for the periods FY 2023/2024 to FY 2027/2028. Programmes in the Strategic Plan are derived from among others; the Constitution of Kenya, 2010; NYS Act, 2018; Presidential Directives and Policy Guidance; the Kenya Vision 2030 and the Fourth Medium Term Plan 2023 -2027; the Bottom-Up Economic Transformation Agenda (BETA); Africa Agenda 2063; and Sustainable Development Goals. The Programmes focuses on the Government's goal of providing our youth with the requisite skills for playing a major role in nation building especially in implementation of the six key strategic areas of Agriculture; Micro, Small and Medium Enterprise (MSME) Economy; Environment and Climate Change; Housing; Digital Superhighway and Creative Economy; and Manufacturing; and
3. **Submissions to the National Taskforce on review of terms and conditions of service and other reforms for the National Police Service, Kenya Prisons Service and the National Youth Service.** The submissions by both the NYS Council and Management covered critical areas of Legislation, Policy and Institutional Structures, Systems and Strategies; Human Capital Management and Development Policies; Housing Policies for members of the NYS; and the Technical and Operational capability of NYS. The taskforce report and recommendations are expected to significantly affect and impact on the future budget and operations of the Service.

Chairman's Statement (Continued)

I further wish to report that the Service performed well in terms of programmes implementation and financial management. The National Youth Service remain committed to achieving its strategic targets.

I am grateful to the Government for continued support to the Service and applaud the Council Members, Management and staff of the Service for their commitment and exemplary work. I am also grateful for the support of our collaborators whose contributions were an important addition to the success of the Service.

Going forward, therefore, I am assured of the Service's capability to meritoriously discharge its mandate.



**Lt Gen (Rtd) Njuki Mwaniki
CHAIRMAN, NYS COUNCIL**

6. Report of the Chief Executive Officer

This is the Fourth (4th) Annual Report and Financial Statements since the establishment of the National Youth Service (NYS) as a State Corporation.

Management remains grateful of the financial support received from Government of **Kshs. 10,157,726,672** in recurrent and development grants. In addition to this, the Service realized an AIA of **Kshs. 642,580,141**. This year, the Service incurred higher finance costs of **Kshs. 1,160,305** up from **Kshs. 52,101**. However, the Service reduced its repair and maintenance budget by over a half from **Kshs. 598,795,313** in the previous year to **Kshs. 279,223,469**. The Service did not receive any transfers from other Government Agencies during the reporting period having concluded the engagements with the Kenya Ports Authority, Kenya Railways and the Ministry of Health. No new partnerships collaborations were entered into.

The aforementioned resources were utilized on realization of the mandate of the Service which has three (3) critical programmes undertaken, namely: paramilitary training, national service and technical & vocational training of Members of the Service. To this end, the Service enlisted 24,847 youth into the Service in two cohorts out of which 22,705 successfully undertook the paramilitary training. The Service further deployed 20,953 youth on various programmes of national interest such as provision of security services to critical Government installations, crowd control during national events and celebrations, execution of Presidential Directives, and undertaking of farming (2,179.7 tons of food was produced) and general duty activities in NYS Field Units. Further, the Service enrolled 15,394 youth for technical & vocation training and trained a total of 41,106 youth.

In order to enhance financial sustainability of the Service, five (5) commercial projects were undertaken, these included; certified potato production, garment production & provision of laundry services, bakery production, mineral water production and hire of vehicles, plant and machineries. The projects enabled the Service to generate a sum of **Kshs. 642M** and imparted entrepreneurial skills to 12,154 youth who were actively involved.

To strengthen its operations and capacity to deliver on its mandate, the Service research on hydraulic knapsack spray and automated irrigation system which were shared during the KIPPRA regional conference (2023), collaborated with ten (10) public and private sector organizations on various programmes, embarked on the process of review and or development of various Management Instruments.

Report of the Chief Executive Officer (Continued)

These include amendment of the NYS Act (2018), Human Resource Management Instruments, and development of the NYS Strategic Plan for the period 2024/2025 – 2027/2028. To aid in the review of Human Resource Management Instruments and undertake other reforms within the Service. Additionally, the Service recruited twenty-four (24) and promoted 301 officers in various positions and trained 821 officers in various skills.

On infrastructure development for the Service, Rehabilitation and upgrading of the sewer line at NYS Paramilitary Academy, Gilgil and NYS Technical Training Institute, Naivasha were undertaken and are at 50% completion.

The Service has also made deliberate efforts to align its operations to the BETA economic model. To this end, the Service;

- Propagated 50 million trees under tree growing and forest restoration campaign,
- Initiated dam construction to support irrigation and increased food production and contribute to national food security.
- Embarked on a robust digitization Programme of its operations including having all servicemen and women registered biometrically and full implementation of the ERP system.
- The finance, accounts and supply chain management staff haven been trained on relevant skills for ensuring zero – audit query.

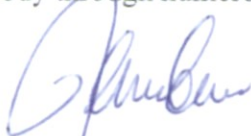
To set the agenda for the next five (5) years for the Service, H. E. The President issued the following Directives in March, 2023:

- Recruitment of One Hundred Thousand (100,000) Youth Annually,
- Upgrading of NYS assets at MTB,
- Modernization of NYS Schools,
- Recruitment of NYS Graduates into other Disciplined Services,
- Planting/Growing of One (1) billion trees to support the national efforts on management of climate change and
- Inclusion of NYS in the National Taskforce on Improvement of Terms and conditions of service and other reforms security sector agencies.

Report of the Chief Executive Officer (Continued)

As a result, the Service commenced a re-engineering programme to ensure the infrastructure and human resources are expanded to be able to deliver.

Finally, I wish to reaffirm that the Service remains steadfast in building a strong culture of unity of purpose and commitment to the mission and ideals of an effective and efficient public service body through numerous management and leadership capacity building initiatives for its members.



James K. Tembur
Ag. DIRECTOR GENERAL/CHIEF EXECUTIVE OFFICER

7. Statement of Performance against Predetermined Objectives for FY 2022/2023

The National Youth Service Strategic Objectives delineated in its Strategic Plan 2019/20 - 2023/24 are implemented through five (5) Programmes/Strategic Result Areas namely;

1. Paramilitary Training & Service Regimentation
2. National Service & Youth Resocialization
3. Technical and Vocational Training
4. Enterprise Development
5. Strengthening Strategic Operations

Performance targets and indicators in the NYS Annual Work Plan (AWP) and Performance Contract (PC) are derived from these Programmes/Strategic Result Areas. Achievements of performance targets of the Service are therefore tied to the PC and resource availability. Assessment of the performance of NYS is done on a daily, weekly, monthly and quarterly basis. The Service achieved its performance targets for the FY 2022/2023 as indicated in the diagram below:

**NATIONAL YOUTH SERVICE
Annual Report and Financial Statements
For the year ended June 30, 2023.**

Statement of Performance against Predetermined Objectives for FY 2022/2023 (Continued)

Strategic Result Area	Objective	Activities	KPI	Target (FY2022/2023)	Achievements	Remarks
1. Paramilitary Training and Service Regimentation	To enlist and train 10,000 youth in paramilitary skills	Enlist youth into NYS	No. of youth enlisted	10,000	24,847	The youth enlisted comprise of September 2022 intake of 13,942 youth (9,689 males and 4,253 females) and May 2023 intake of 10,905 youth (7,066 males and 3,839 females) from all Sub-counties across the country against a target of 30,000 youth annually. The number was downscaled due underfunding.
		Train youth in paramilitary skills	No. of youth trained	10,000	22,705	The youth comprised of two (2) cohorts of 11,800 (8,428 males and 3,372 females) and 10,905 youth (7,066 males and 3,839 females) admitted and trained. The second cohort (10,905) are continuing with paramilitary training in FY 2023/2024
	To engage Servicemen and women (SM/W) in National Service programme	Deploy SM/W to serve the nation on tasks of national importance	No. of youth engaged in national service programmes	19,649	20,953	Comprised two (2) cohorts of 9,282 SM/W (6,654 males and 2,628 females) and 11,671 SM/W (8,401 males and 3,270 females) deployed in all Field Units to provide services to the nation on tasks of national importance including but not limited to food production, tree growing and security services.
	To increase food productivity in contribution to the Country's food and nutrition security	Produce food to contribute to the county's food and nutrition security	Tons of food produced	2,160	2,179.7	The low productivity was occasioned by unfavourable weather patterns, crop diseases and inadequate farm inputs, machinery & equipment and irrigation infrastructure for large scale farming

NATIONAL YOUTH SERVICE
Annual Report and Financial Statements
For the year ended June 30, 2023.

Strategic Result Area	Objective	Activities	KPI	Target (FY2022/2023)	Achievements	Remarks																											
	To implement Presidential Directives	Implement all Presidential Directives issued to the Service	Implementation of Presidential Directives	100%	100%	a) Planted 94,330 trees and propagated 385,815 tree seedlings to contribute to Greening Kenya Initiative.																											
2. Technical and Vocational Training	To enrol and train SM/W in Technical and Vocational skills	Enrol SM/W in to undertake technical and vocational training	No. of SM/W enrolled	20,953	15,394	b) These comprised 11,235 male and 4,159 female youth enrolled in various courses																											
		Train SM/W in technical and vocational skills	No. of SM/W trained	36,225	41,106	c) These comprised 30,380 male and 10,726 female youth of which 16,373 SM/W, comprising of 11,932 males and 4,441 females graduated.																											
	To identify and develop SM/W talent	Identify and nurture SM/W talent	No. of SM/W with talents identified and developed	2,000	5,582	d) The SM/W were identified, nurtured and mentored in various talent disciplines including athletics, softball, basketball, rugby, football, music and drama, and enrolled in various national leagues, sports federations and music & drama festivals.																											
3.	To place SM/W and NYS graduates on jobs	Create linkages and seek job opportunities for SM/W and NYS graduates in public and private agencies in Kenya and abroad	No. of youth placed on jobs	-	302	The youth were placed on jobs as follows: <table border="1" data-bbox="1368 962 1975 1361"> <thead> <tr> <th>S/No</th> <th>Agency</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Huduma Kenya Secretariat</td> <td>134</td> </tr> <tr> <td>2.</td> <td>Mirema School</td> <td>7</td> </tr> <tr> <td>3.</td> <td>Upper Hill Chambers</td> <td>5</td> </tr> <tr> <td>4.</td> <td>Tribus-TSG Limited</td> <td>89</td> </tr> <tr> <td>5.</td> <td>Kenya Forest Service</td> <td>10</td> </tr> <tr> <td>6.</td> <td>Bedrock Security Company Ltd</td> <td>12</td> </tr> <tr> <td>7.</td> <td>HoPs Labour Solutions</td> <td>45</td> </tr> <tr> <td colspan="2">Total (No.)</td> <td>302</td> </tr> </tbody> </table>	S/No	Agency	Number	1.	Huduma Kenya Secretariat	134	2.	Mirema School	7	3.	Upper Hill Chambers	5	4.	Tribus-TSG Limited	89	5.	Kenya Forest Service	10	6.	Bedrock Security Company Ltd	12	7.	HoPs Labour Solutions	45	Total (No.)		302
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NATIONAL YOUTH SERVICE
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Strategic Result Area	Objective	Activities	KPI	Target (FY2022/2023)	Achievements	Remarks
4. Enterprise Development	To commercialize production activities to enhance sustainability of the Service	Undertake commercial and enterprise activities for increased revenue generation	No. of commercial and enterprise activities undertaken	4	5	The Commercial projects included: 1. Certified potato seeds production; 2. Garment production and laundry services; 3. Bakery production; 4. Mineral water processing and bottling; and 5. Vehicle, machinery and equipment hire and construction works.
	To increase SM/W in skilling, employment and wealth creation	Engage SM/W in commercial enterprises	Revenue generated (Kshs. Millions)	724	622	The principal source of A.I.A is agricultural production which was adversely affected by erratic weather patterns since it's primarily rain fed.
5. Strengthening Strategic Operations	To support research and innovation in NYS	Support research and innovation among SM/W and staff.	No. of SM/W engaged	10,000	12,154	The SM/W were engaged on various commercial activities in the Service through direct employment, on job training and internship opportunities.
	To collaborate with stakeholders for furtherance of NYS functions	Enter into collaborations and partnerships on NYS programmes and projects	No. of research and innovations supported	100%	100%	Developed two innovations on hydraulic knapsack sprayer and automated irrigation system. These were shared during the KIPPRA Regional Conference, 2023
			No. of collaborations and partnerships	3	10	MoU with Frigoken Limited on French beans production; County Governments of Elgeyo Marakwet, Kisii, Niyandarua on construction works, equipment and machinery hire, KIPPRA on among others, policy formulation, dissemination of research and innovation results and procurement of NYS products and service; Kenya Airport Authority and other MDAs on provision of security services; and Kenya National Trading Corporations Ltd for supply of goods and services to NYS.

NATIONAL YOUTH SERVICE
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Strategic Result Area	Objective	Activities	KPI	Target (FY2022/2023)	Achievements	Remarks
	To strengthen institutional capacity of the Service	Develop, review and implement policies, legal documents, strategies, system and regulations	Policy, strategy, system and regulations developed and reviewed	100%	100%	The Service developed the draft NYS Act Amendment Bill; commenced preparation of the NYS Strategic Plan 2023/2024 – 2027/2028; and continued to review the HRM Instruments.
		Recruit, train and promote officers in an effort to fill skill gaps identified	No. of officers recruited.	24	24	Included Supply Chain Management Officers, Accountants, Structural Engineers, Senior Inspector Roads, ICT Officers, Chaplains, Catechists, Maalim and Lecturers.
			No. of officers trained	821	821	Promoted 703 and 118 uniformed and civilian staff respectively to various cadres.
			No. of officers promoted	301	301	Inducted twenty-eight (28) newly employed officers; trained twenty-two (22) support staff in Proficiency Skills Enhancement Course; 103 officers on Pre-retirement Planning Course; fifty-three (53) on Senior Management Course; forty-two (42) on mental wellness and fifty-three (53) on Supervisory Skills.
	To Implement Capital Projects	Rehabilitation and upgrading of the sewer line at NYS TTI Naivasha	% completion	100	50	Rehabilitation and upgrading of sewer line at NYS TTI Naivasha was completed;
		Rehabilitation and upgrading of sewer line at NYS College Gilgil	% completion	100	50	Rehabilitation and upgrading of sewer line at NYS College Gilgil was not funded hence was not undertaken.

8. Corporate Governance Statement

The Council is responsible for policy formulation, strategic oversight and supervision of the Service and is accountable to stakeholders thus ensuring that NYS complies with the law and the highest standards of best practice on corporate governance and quality of service delivery.

The Council has delegated authority to the CEO to conduct the day-to-day business of the Service.

The Council, nonetheless, retains the responsibility for establishing and ensuring overall policy direction, internal controls, operational and compliance issues, as well as implementing the strategies for the success of the Service.

A. Council Business

During the period under review, the NYS Council’s membership was as summarized below:

S/No.	Name	Position	Remarks
1.	Lt. Gen (Rtd) Njuki Mwaniki, MGH, CBS, OGW, ndc (K)	Chairman	1 st term expired on 7 th Feb. 2022 and re-appointed on 13 th May, 2022
2.	Mr. Ali Sahal Idris	Independent Member	Serving 2 nd Term, re-appointed on 7 th Feb. 2022
3.	Dr. Nkatha Linda Gichuyia	Independent Member	Serving 2 nd Term, re-appointed on 7 th Feb. 2022
4.	Mr. Elijah Kimotho Wachira	Independent Member	Term of Service ended on 12 th January, 2023
5.	Mr. Richard Kakunga Wambua	Independent Member	Appointed on 7 th February, 2022; serving first term
6.	Ms. Christine Achieng Odera	Independent Member	Appointed on 7 th February, 2022; serving first term
7.	Ms. Anita J. Chepseba	Alternate Member, AG	Nominated on May 8, 2019, still serving
8.	Dr. Florence Muinde	Alternate Member, P/S	Served between March 25, 2021 and February 15, 2023
9.	Mr. Michael J. Obonyo	Alternate Member, TNT	Served between March 25, 2021 and February 15, 2023
10.	Mr. David W. Kiboi	Alternate Member, P/S	Nominated on February 15, 2023, still serving
11.	Brig. Bernard J. Korir	Alternate Member, CDF	Nominated on 28 th September, 2021, still serving

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Corporate Governance Statement (Continued)

S/No.	Name	Position	Remarks
12.	Mr. Wycliffe Ogallo	Alternate Member, PS, Youth Affairs	Served between June 14, 2022 and January 31, 2023
13.	Dr. Cornelius M. Ombagi	Alternate Member, PS, Youth Affairs	Nominated on January 31, 2023, still serving.
14.	Mr. Tomas Sakah	Alternate Member, PS, Interior	Served until February 3, 2023
15.	Ms. Josephine Onunga	Alternate Member, PS, Interior	Served between February 3, 2023 and March 31, 2023
16.	James Kipsiele Tembur, MBS	Ag. Director- General /CEO/Sec.	Appointed Acting DG/CEO on April 19, 2023
17.	Matilda P Sakwa (Ms.), EBS	Director-General /CEO/Sec.	Served until April 19, 2023

The board charter and the board code of ethics and conduct were in place and all new Directors of the Board were inducted and trained on governance matters.

The Board members were paid sitting allowances for all Full Council and Council Committee meetings attended as well as daily subsistence allowances for activities attended including board retreats and familiarization visits to NYS Field Units. The Chairman was further paid a monthly honorarium and airtime as per the Guidelines on terms and conditions of service for Chairpersons, Directors and CEOs for State Corporations.

During the period under review, the Council held six (6) meetings, including a meeting for its self-evaluation. There was no conflict of interest registered during all the meetings.

The table below summarizes Members' attendance of board meetings during the reporting period:

S/No.	Board member	Position	Att. Rate (%)
1.	Lt Gen (Rtd) Njuki Mwaniki	Chairman	100
2.	Elijah K. Wachira	Independent Member	100
3.	Ali Sahal Idris	Independent Member	83.3
4.	Dr. Nkatha Linda Gichuyia	Independent Member	100
5.	Richard Kakunga Wambua	Independent Member	100

Corporate Governance Statement (Continued)

6.	Christine Achieng Odera	Independent Member	83.3
7.	Brig. Bernard Korir	Alternate Member	66.7
8.	Anita J. Chepseba	Alternate Member	83.3
9.	Dr. Florence Muinde	Alternate Member	25.0
10.	Wycliffe Ogallo	Alternate Member	50.0
11.	Thomas Sakah	Alternate Member	33.3
12.	Josephine Onunga	Alternate Member	100
13.	Michael Obonyo	Alternate Member	66.7
14.	Cornelius Ombagi	Alternate Member	100
15.	David Kiboi	Alternate Member	100
16.	Matilda Sakwa	DG/CEO	100

B. Committees of the Council

The Council has the following four (4) committees, which meet regularly under the terms of reference set by the Council:

- a) Audit and Risk Management Committee;
- b) Finance and Enterprise Development Committee;
- c) Human Resource and Administration Committee; and
- d) Operations, Training and Programmes Committee.

In compliance with section nine (9) of the State Corporations Act, Cap 446 and the Code of Governance for State Corporations (Mwongozo) the membership to the NYS Council Committees was revised effective 15th February, 2023.

The business and members' attendance of the Council Committees during the reporting period were as follow:

1. Audit and Risk Management Committee

The Audit and Risk Management Committee meets four times a year or as necessary. It is responsible for supporting the Council and the CEO in carrying out the oversight responsibility by reviewing risk, control, performance and governance processes of the Service.

The Director of NYS Internal Audit Department is the Secretary to the committee.

NATIONAL YOUTH SERVICE
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Corporate Governance Statement (Continued)

During the period under review, the Audit and Risk Management Committee held four (4) meetings, attended as follows:

S/No.	Board member	Position	Att. Rate (%)
1.	Ali Sahal Idris	Chairman	100
2.	Michael Obonyo	Member	100
3.	Anita Chepseba	Member	80
4.	Richard K. Wambua	Member	100
5.	Dr. Florence Muinde	Member	33.3
6.	David Kiboi	Member	50
7.	Christine Odera	Member	100
8.	Maggy N. Munyasya	Director, Internal Audit/Secretary	100

2. Finance and Enterprise Development Committee

The Finance and Enterprise Development Committee oversees, determines and advises on all matters relating to the finances, enterprise, assets and liabilities (financial) of the Service.

During the period under review, the Finance and Enterprise Development Committee held six (6) Meetings, attended as follows:

S/No.	Board member	Position	Att. Rate (%)
1.	Elijah K. Wachira	Chairman	100
2.	Michael Obonyo	Member	100
3.	Christine A. Odera	Member	100
4.	Wycliffe Ogallo	Member	66.7
5.	Richard K. Wambua	Chairman	100
6.	Cornelius Ombagi	Member	100

3. Human Resource and Administration Committee

The primary responsibility of the Human Resource and Administration Committee is to oversight, review and recommend appropriate and effective human resource policies, strategies, procedures and practices in the Service.

Corporate Governance Statement (Continued)

During the period under review, the Human Resource and Administration Committee held six (6) Meetings, attended as follows:

S/No.	Board Member	Position	Att. Rate (%)
1.	Dr. Nkatha Gichuyia	Chairman	100
2.	Dr. Florence Muinde	Member	100
3.	Richard K. Wambua	Member	100
4.	Thomas Sakah	Member	80
5.	David Kiboi	Member	100
6.	Anita Chepseba	Member	100

4. Operations, Training and Programmes Committee

The Operations, Training and Programmes Committee is responsible for oversight on the core mandate of the National Youth Service (NYS) which is youth empowerment. The committee, therefore, oversees all matters relating to paramilitary training and service regimentation, national service programmes and vocational training of the service men and women. The committee oversees formulation and implementation of policies and strategies on all technical programmes and projects in the Service.

During the period under review, the Operations, Training and Programmes Committee held three (3) meetings, attended as follows:

S/No.	Board Member	Position	Att. Rate (%)
1.	Christine A. Odera	Chairman	100
2.	Elijah Wachira	Member	100
3.	Dr. Nkatha Gichuyia	Member	100
4.	Brig. Bernard Korir	Member	100
5.	Ali Idris	Member	100
6.	Cornelius Ombagi	Member	100

9. Management Discussion and Analysis

During the period under review, the National Youth Service continued with infrastructure improvement measures. As such, the construction of oxidation ponds at NYS Technical Training Institute, Naivasha was completed and commissioned. However, the upgrading of sewage system at NYS College, Gilgil stalled because of a cut and the eventual failure to release the Development allocation for NYS during the period.

The transition process from a Government Department to a body corporate is still ongoing. As part of this process, the National Youth Service made submissions to the National Taskforce on improvement of terms and conditions and other reforms of the Kenya Police, Kenya Prisons and National Youth Service. The recommendations of the Taskforce may have significant impact on the overall budget, especially on the terms and conditions of service, policy and administration, as well as the general operations of the National Youth Service going forward.

The operationalization the Enterprise Resource Planning (ERP) system was continued. The connectivity and operationalization of the system in the Field Units, and strengthening of modules for SM/W, Supply Chain and Human Resource Management prioritized. On talent development programmes for Servicemen and women, the Service modernized two (2) playing ground at Turbo and Yatta Field Units. This increased youth participation in various sporting activities at County and National Levels including athletics, soccer, rugby and taekwondo among others. This attracted sponsors for various talent programmes such as Post Bank, Kenya Commercial Bank and Kenya Power who supported a number of youths with playing kits and equipment. A key milestone on this front was the recruitment of our youth into national teams.

In order to make the NYS MTB productive, the Service commenced the restructuring of the Unit. The Restructuring Committee proposed economically viable models, organizational (management) restructuring and modernization of machineries and equipment. To this extent, management reorganization commenced during the current reporting period and the rest of the recommendations will be implemented gradually in subsequent periods subject to availability of the requisite funds.

The Service was allocated **Kshs Two (2) Billion** during the reporting period towards payment of these pending bills and claims. However, these funds were not disbursed to the Service for payment to the customers. The claims by N. K Brothers Ltd, incurred by the Service in the 1970s and which were being handled in the Court of Arbitration were approved by the NYS Council for payments upon advice by the Attorney General that the matters be settled out of court upon

Management Discussion and Analysis (Continued)

Negotiation to forestall the accruing penalties and interests. A total of **Kshs 100M** out of an estimated claim of **Kshs 1.0 Billion** was paid in the previous reporting period, posting a balance of Kshs 900M unsettled. Due to financial constraints during the current period, the Service was not able to make any further payments to the N. K Brothers. Hence the Service total verified pending bill and claims of **Kshs 5,349,350,316**.

Others significant changes are expected as the execution of the March 3, 2023 President's Directives regarding increasing the number of youths recruited into the NYS, infrastructure upgrade and the corresponding human resources to cater for the increased recruitments over the next five (5) years takes shape. Together with these changes were Directives on greening Kenya by planting and growing 1 billion trees, increasing national food and nutrition security and securitization of public and private installations by NYS.

With the good will of Government and increased partnerships and collaborations with other MDAs and the private sector, NYS is hopeful that much will be accomplished going forward.

10. Environmental and Sustainability Reporting

The National Youth Service exists to transform lives by empowering the Kenya youth through paramilitary, technical and vocational training; and engaging them in programmes of national importance and service.

Below is an outline of the organization's policies and activities that promote its sustainability.

i. Sustainability strategy and profile

The NYS boasts of a number of critical resources that spur the institution into self-reliance as well as contributing to massive national incomes. The resources include:

- a) A huge human capital of service men and women, a section (1/3) of who at any one time are undertaking the national service – the second phase of the NYS empowerment model;
- b) Massive land resources in the 22 Field Units across the country; and
- c) The plant, machinery and equipment in most of the Service's technical and vocational training institutions and at the mechanical and transport branch – the transport hub of the Service.

Further, the NYS Act, 2018 allows the Service to undertake commercial and enterprise activities [section 7, 1 (d)] to optimize these critical resources and ensure its sustainability.

Since February, 2019 NYS embarked on putting in place the relevant legislations, structures, policies and strategies to enable attainment of its mandate and to ensure her sustainability. To this end, the Service initiated a number of legislations to give effect to the NYS Act, 2018 most which were effectively completed in periods before the FY under review. In the current period, the restructuring the NYS Mechanical and Transport Fund commenced to enable undertaking of more commercial and enterprise activities and to cost effectively support the operations of the Service.

Equally, the Service continued with the formulation of a master plan and procedure manuals on commercialization and marketing of all its products and services. It is hoped that these will be fully finalized and operationalized in two or three periods ahead.

The formulation of the second (2nd) National Youth Service Strategic Plan to cover the periods, 2023/2024 – 2027/2028 was commenced. In the Plan, the Government's Bottom-Up Economic

Environmental and Sustainability Reporting (Continued)

Transformative Agenda (BETA), MTP IV Guidelines and the March 3, 2023 Presidential Directives enhancing the mandate of the Service have been prioritized. Among the President's Directives are gradual increased recruitment of youth into NYS from the current 20,000 annually to 100,000 youth in the next five (5) years, infrastructure upgrade to correspond with the increase in the volume of recruits, planting/growing of 1 billion trees with a focus on biodiversity, enhanced food security and commercialization, and enhanced agri-business and mechanization of NYS farms.

ii. Environmental performance

The Service has been steadfast on enhancement and preservation of environment, with a lot of investment in both botanical and zoological assets as reported in the report on assets. In order to ensure there is increased forest cover in all NYS Field Units and to support the achievement of the national target of planting/growing 15 billion trees by 2032 NYS committed to grow 1 billion trees. This commitment was enhanced by the President's Directive issued on 3rd March, 2023 during the recruits' pass out parade held at NYS College, Gilgil. To progress this commitment, several strategies were adopted including the growing of 50 million trees and 100 million tree seedlings across the NYS Units in the current period.

Other efforts include commencement of partnership discussions on growing of fruit trees such as avocado, mangos among others in Field Units with favourable weather conditions. The Service is further considering formulation of environmental guidelines on the ratios of trees to be planted with a special focus on indigenous, fruit and commercial trees.

iii. Employee welfare

NYS endeavours to comply with the requirements of the Constitution of Kenya, Public Service Act and Regulations, various the Human Resource Policies and Procedures Manuals, Guidelines and Circulars for Public Service, and the Public Service Diversity Guidelines, 2016. The Service therefore developed and sought approval from the SCAC of Human Resource Instruments for NYS – including the NYS Human Resource Policies and Procedures Manual, Staff Establishment, Code of Conduct, Career Guidelines and Organization Structure (2019). The review of these instruments was undertaken during the FY 2022/2023 and is expected to be finalized in the FY 2023/2024. The review aims at on boarding the emerging needs of the Service, filling the gaps noted in the previous set of Instruments and ensuring to compliance

Environmental and Sustainability Reporting (Continued)

to new Guidelines including the Public Service Commission Guidelines for Development and Review of HRM Instruments for State Corporations and Public Universities of August, 2023.

It is also important to note that the Service made submissions to the National Taskforce on review of terms and conditions of service and other reforms for the National Police Service, Kenya Prisons Service and the National Youth Service. The submissions were in critical areas that touch on the remuneration and other welfare matters of the human resources of the Service, such as housing, working environment, among other. It is hoped that the report and recommendations of the Taskforce will significantly and positively impact on the welfare and morale of the employees and members of the National Youth Service.

iv. Market place practices

a) Responsible competition practice.

Being a public agency, the costs of all products and services offered by the NYS are as per the Government approved rates. Where necessary public tenders are put out and competitive bidding is carried out during supply of goods.

b) Responsible Supply chain and supplier relations

Good relations with suppliers were ensured and the public procurement guidelines were followed to the letter.

11. Report of the Director

This report together with the audited financial statements for the year ended June 30, 2023 show the state of the affairs of National Youth Service during the period under review.

i. Principal activities

The principal activities of the NYS are paramilitary training, technical and vocational training of service men and women, research and innovation, and undertaking of national service programmes as well as commercial and enterprise activities.

ii. Results

The results of the entity for the year ended June 30, 2023, are set out on page xviii –xxiii.

iii. Directors

The members of the Board of Directors who served during the year are shown on pages viii – xii and xxiv - xxx.

During the year the term of service for one Member (Mr. Wachira) expired on 12th January, 2023. One alternate member, Ms. Josephine Onunga was nominated for a short stint by the Principal Secretary for Interior. The replacements for Ms. Onunga and Mr. Wachira are yet to be made. There were new nominations made for Members representing the Principal Secretaries for the State Departments for the Youth Affairs (Dr. Cornelius Ombagi) and the Public Service (Mr. David Kiboi).

iv. Surplus remission

Regulation 219 (2) of the Public Financial Management (National Government) Regulations, requires all entities to remit into the Consolidated Fund, ninety per cent of its surplus funds reported in the audited financial statements after the end of each financial year. The National Youth Service closed its books with a net deficit balance of **Kshs. 29,373,671** hence there will be no remission.

v. Auditors

The Auditor General is responsible for the statutory audit of the National Youth Service in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By order of the Board

Name: *James K. Tembur, MBS*
Secretary to the Board

Signature  Date

12. Statement of Directors' Responsibilities

These Financial Statements have been prepared in accordance to section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act. The Statements give a true and fair view of the state of affairs of the National Youth Service as at June 30, 2023 as well as its operating results for the FY 2022/2023. The Council, throughout the period ensured that the Service kept proper accounting records, which have disclosed with reasonable accuracy the financial position of the National Youth Service. The Service secured its assets.

The Statements here prepared and presented by the Directors of the National Youth Service Council, give a true and fair view of the state of affairs of the Service for and as at the end of the financial year ended on June 30, 2023. In doing this, the Directors put in place adequate financial management arrangements and ensured that these continued to be effective throughout the reporting period. The Directors also ensured proper keeping of accounting records. They disclosed with reasonable accuracy at any time the financial position of the entity. The Directors designed, executed and maintained internal controls relevant to the preparation and fair presentation of the financial statements, and ensured that they are free from material misstatements, whether due to error or fraud; safeguarded the assets of the Service; applied appropriate accounting policies; and made accounting estimates that are reasonable in the circumstances.

The Directors therefore are fully responsible for these Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act.

The Directors are of the opinion that the Service's financial statements give a true and fair view of the state of the transactions of NYS during the financial year ended June 30, 2023 and of the financial position of NYS as at the stated date.

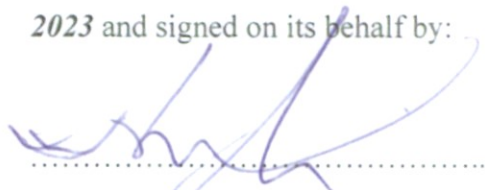
The Directors further confirm the completeness of the accounting records maintained by the NYS, which informed the preparation of these financial statements as well as the adequacy of the systems of internal financial control.

Statement of Directors' Responsibilities (Continued)

Nothing has come to the attention of the Directors to indicate that the National Youth Service will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Financial Statements

The National Youth Service Council approved these Financial Statements on *20th September, 2023* and signed on its behalf by:



Chairperson of the Council



Accounting Officer/CEO

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL YOUTH SERVICE FOR THE YEAR ENDED 30 JUNE, 2023

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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient, and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and overall governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General 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

Qualified Opinion

I have audited the accompanying financial statements of National Youth Service set out on pages 1 to 38, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual

amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Youth Service as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the National Youth Service Act, 2018 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property plant and equipment balance of Kshs.30,253,103,894 as disclosed in Note 20 to the financial statements. However as previously reported, the Service did not maintain a complete and accurate asset register with information relating to the assets on type of the asset, date of acquisition, supplier, cost, location, code, current values, remaining useful life and salvage value. Further, the assets have not been tagged for tracking and identification.

In addition, the Service has approximately two thousand two hundred and forty-seven (2,247) hectares of land in Yatta, Mavoloni, Athi River, Mombasa Technical Institute and Mwatate. However, the parcels of land have not been fenced and are encroached. Although Management has initiated the process of demarcation of the respective parcels of land, the process has not been finalized. Similarly, the NYS Engineering Unit land has been encroached by private developers who have constructed structures on it and therefore, the Service risks losing the land due to encroachment by informal settlers.

In the circumstances, the accuracy, completeness and valuation of the property, plant and equipment balance of Kshs.30,253,103,894 could not be confirmed.

2. Unsupported Refundable Deposits from Customers

The statement of financial position reflects refundable deposits from customers amounting to Kshs.1,339,515,130 as disclosed in Note 23 to the financial statements. The amount includes retention monies from contractors of Kshs.33,999,266 and other deposits-cohorts; wages, kitchen and allowances payable to servicemen and women of Kshs.344,308,974. However, the retentions from contractors of Kshs.33,999,266 were not supported with retention money register, ledgers and aging analysis. Further, as previously reported, the other deposits-cohorts; wages, kitchen, and allowances payable to servicemen and women of Kshs.344,308,974 are in respect to cohorts that were engaged during the six (6) months Youth Empowerment Programme between September, 2014 and February, 2015. Management did not provide satisfactory explanation for the delay in paying the cohorts.

In the circumstances, the accuracy and completeness of the refundable deposits from customers totalling Kshs.378,308,240 could not be confirmed.

3. Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.851,619,418 as disclosed in Note 17 to the financial statements. This balance includes Kshs.377,696,716 in respect of service, hire services of service men and women. The balance increased by Kshs.354,515,508 or 1,500% compared with the previous year balance of Kshs.23,181,208 which indicates inadequate measures on debt collection. Further, the inter-units debtors have risen by 37% from Kshs.284,936,674 in the prior year to Kshs.391,955,435. Management did not provide explanation on the failure to collect the debts. Further, no specific provisions by way of bad debt provision has been made in the financial statements to recognize the likely impairment.

In the circumstances, the recoverability and completeness of the receivables from exchange transactions balance of Kshs.851,619,418 could not be confirmed.

4. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.1,470,636,573 as disclosed in Note 22 to the financial statements. The balance includes payables totalling Kshs.740,530,463 which were not supported by a ledger and payment vouchers. Further, pending bills amounting to Kshs.15,883,987,683 which were submitted to the Pending Bills Verification Committee were not included in the financial statements. In addition, the delay in paying these bills has led to legal cases which may result to monetary losses by way of legal fees and penalties.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.1,470,636,573 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Youth Service 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 audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.12,913,132,673 and Kshs.10,540,854,163 respectively, resulting to an underfunding of Kshs.2,372,278,510 or 18% of the budget. Similarly, the Service spent Kshs.10,558,354,163 against an approved budget of Kshs.12,941,677,676 resulting to an under absorption of Kshs.2,383,323,513 or 18% of the budget. However, the underperformance in revenue collection and under-expenditure was not explained by way of notes contrary to the guidelines issued by the Public Sector

Accounting Standards Board which provides that material variances of 10% and above be explained in a note.

The underfunding and under-absorption affected the planned activities and may have impacted negatively on service delivery to the public.

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 during the year under review.

Other Matter

Unresolved Prior Year Audit Issues

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved some of the issues nor provided explanations for the failure to resolve the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on 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

1. Human Resource Management

1.1 Over-Establishment of Uniformed Staff

Review of staff establishment for Uniformed Staff revealed overstaffing in three (3) positions of; Assistant Director, Senior Superintendent and Superintendent as shown below;

Position	Approved Establishment	In-Post	Over-Establishment
Assistant Director	14	30	16
Senior Superintendent	36	52	16
Superintendent	57	62	5

Management did not provide explanation for the overstaffing in the senior management positions.

1.2 Non-Compliance with One-Third of Basic Salary Rule

Review of payroll revealed that one hundred and fifty-six (156) employees were paid a net salary of less than a third (1/3) of their basic pay in June, 2023. This was contrary to Section 19(3) of the Employment Act, 2007 which provides that the total amount of deductions which may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages. No explanation was provided for the breach of law on payment of salaries and allowances.

1.3 Payment of Salaries Outside the Integrated Personnel and Payroll Database (IPPD)

The statement of financial performance reflects use of goods and services expenditure of Kshs.8,545,833,364 as disclosed in Note 9 to the financial statements. Included in this amount is training expenses of Kshs.3,552,912,780 out of which Kshs.99,726,902 was paid to trainers and lecturers as salaries. However, the payments were processed outside the IPPD Government payroll processing system. Further, the criteria used in hiring the tutors was not provided for verification.

In the circumstances, the Service was in breach of the Public Service Policies and Procedures.

2.0 Stalled Projects

2.1 Stalled Construction of Housing Units at Vocational Training Institute - Industrial Area

As previously reported, the Service entered into a contract for the construction of a 12 units flat at Vocational Training Institute-Industrial Area at a sum of Kshs.49,105,721. However, the contractor abandoned the site after receiving the first payment of Kshs.7,111,432. Management re-advertised the works and awarded the contract for completion of the project at a cost of Kshs.61,098,319 with a timeline of fifty-two (52) weeks commencing on 26 November, 2019. However, physical inspection conducted in the month of March, 2024 revealed that the project was incomplete and the contractor had abandoned the site after receiving payments totalling Kshs.23,000,000.

In the circumstances, the Service has not realized value for money on the expenditure of Kshs.30,111,432 spent on the project.

2.2 Supply, Delivery and Installation of High-and Low-level Pressed Steel Water Tanks, Booster Pumps and Tower Works at VTI Industrial Area

As previously reported in the financial year 2020/2021, the Service entered into a contract for supply, delivery and installation of high and low-level pressed steel water tanks, booster pumps and tower works at Vocational Training Institute (VTI) Nairobi Industrial area. The contract for a sum of Kshs.11,715,396 was signed on 03 September, 2019 for a period of sixteen (16) weeks ending on 31 October, 2020. However, the contractor

abandoned the site on 23 October, 2020 due to non-payment of certified works valued at Kshs.5,770,669. Site visit carried out in the month of March, 2024, revealed that the works had stalled and efforts between the Service, Nairobi Region Works Office and the contractor revealed that no progress had been made.

In the circumstances, value for money has not been realized on the project.

2.3 Stalled Construction of Four-Storey Classrooms Block and Workshop at NYS Engineering Institute-Ruaraka

The Service entered into a contract for the construction of a four-storey classroom block and workshops at the NYS Engineering Institute in Ruaraka on 13 April, 2011 at a sum of Kshs.88,794,355. The project was to take fifty-two (52) weeks ending on 9 June, 2012 and was later extended by thirty-one (31) weeks to 12 January, 2013. However, as previously reported, the construction stalled in 2017 after payment of Kshs.81,884,550 equivalent to 92% of the contract sum against 95% of the works certified.

Review of the project in February 2024, revealed that the project is incomplete and Management did not provide measures being taken to complete the project. The incomplete works include electrical, plumbing and drainage that were originally valued at Kshs.4,778,265 as per the State Department of Public Work's appraisal report dated 5 April, 2022.

In the circumstances, value for money has not been realized twelve (12) years after the construction commenced.

2.4 Stalled Construction of Double Span Kitchen, Dining and Barracks at NYS Engineering Institute-Ruaraka

As previously reported, the Service awarded the contract for the Construction of Double Span Kitchen, Dining and Barracks at NYS Engineering Institute Ruaraka to a construction company in May, 2011 at a sum of Kshs.192,000,000. The project commenced on 13 June, 2011 with a contract duration of eighty (80) weeks. The contractor was granted an extension period up to 13 March, 2017. The contractor, however, abandoned the site after receiving payments totalling Kshs.186,248,573, or 90% of the agreed contract sum. Site visit carried out in the month of March, 2024, revealed that no construction was ongoing and the contractor had abandoned the works. Further, huge visible cracks on the walls and floors were noted which continue to deteriorate. The Management claimed that the delay in completion was mainly due to delayed payments to the main contractor and sub-contractors.

In addition, Management has not made any efforts to invoke the relevant clauses of the contract to surcharge the contractor for the delayed completion.

In the circumstances, value for money has not been realized twelve (12) years after the construction commenced.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

1.0 Weaknesses in Revenue Collection

The statements of financial performance reflects sale of goods amount of Kshs.473,555,204 as disclosed in Note 8 to the financial statements. However, the following observations were noted:

1.1 Failure to Meet Revenue Targets

The Service collected Kshs.400,627,491 against a budget of Kshs.723,550,000 resulting to an underperformance of Kshs.322,922,509 or 45% of the budget. No explanation was given for the under-collection of revenue. Further, the underperformance affected the planned activities and programmes of the Service.

1.2 Failure to Automate Revenue Management

Review of revenue management revealed that revenue from farming, security services and hire of machinery is manual as it is yet to be digitized. The benefits that would accrue with automation such as invoicing, revenue collections, reconciliations and banking have not been realized as gaps in manual system may lead to undetected loss of revenue.

In the circumstances, the effectiveness of internal controls on revenue collection could not be confirmed.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 Management and the Council

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (Accrual 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 Service's ability to continue to sustain services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Service or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Council is responsible for overseeing the Service'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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Service's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Service to cease to continue to sustain its services.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Service to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 April, 2024

NATIONAL YOUTH SERVICE
Annual Report and Financial Statements
For the year ended June 30, 2023.

14. Statement of Financial Performance for the year Ended 30 June 2023


	Notes	2022-2023 Kshs	2021-2022 Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6 (a)	10,140,226,672.00	10,300,226,673.00
Agency Fees	6 (b)	1,685,359.00	0.00
Sub-Total for Revenue from non-exchange activities		10,141,912,031.00	10,300,226,673.00
Revenue from exchange transactions			
Rendering of services	7	169,024,937.00	143,341,313.00
Sale of goods	8	473,555,204.00	691,488,406.00
Sub-Total for Revenue from exchange activities		642,580,141.00	834,829,719.00
Total Revenue		10,784,492,172.00	11,135,056,392.00
Expenses			
Use of goods and services	9	8,545,833,364.00	8,616,776,026.00
Employee costs	10	1,447,699,035.00	1,470,776,549.00
Board Expenses	11	5,040,000.00	4,527,400.00
Depreciation and amortization expense	12	534,909,670.00	449,756,273.00
Repairs and maintenance	13	279,223,469.00	598,795,314.00
Finance Cost	14	1,160,305.00	52,101.00
Total expenses		10,813,865,843.00	11,140,683,663.00
Other gains/(losses)			
Surplus/ Deficit before tax		-29,373,671.00	- 5,627,271.00
Taxation	15	0.00	0.00
Surplus/(deficit) for the period/year		-29,373,671.00	- 5,627,271.00
Net Surplus for the year		-29,373,671.00	- 5,627,271.00

The notes set out on pages 2 to 6 form an integral part of these Financial Statements. The Financial Statements set out on pages 7 to 42 were signed on behalf of the Board of Directors by:



 Ag. DG/ CEO


Name: James K Tembur



 Head of Accounts

Elias K. Macharia ICPAK

No.: 5492



 Chairman of the Board

Lt. Gen (Rtd) Njuki Mwaniki

Date: 27/3/2024

27/3/2024


27/3/2024

NATIONAL YOUTH SERVICE
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For the year ended June 30, 2023.

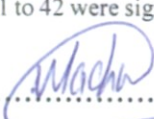
15. Statement of Financial Position as at 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
ASSETS			
Current Assets			
Cash and Cash equivalents	16	1,642,559,005.00	1,798,850,324.00
Receivables from Exchange Transactions	17	851,619,418.00	346,393,004.00
Receivable from Non-Exchange Transactions	18	11,000,000.00	0.00
Inventories	19	1,158,924,386.00	1,632,080,056.00
Total Current Assets		3,664,102,809.00	3,777,323,384.00
Non-Current Assets			
Property, Plant and Equipment	20	30,253,103,894.00	29,461,080,442.00
Intangible Assets	21	67,420,237.00	67,420,237.00
Total Non- Current Assets		30,320,524,131.00	29,528,500,679.00
Total Assets		33,984,626,940.00	33,305,824,063.00
LIABILITIES			
Current Liabilities			
Trade and Other Payables	22	1,470,636,573.00	694,768,426.00
Refundable Deposits from Customers	23	1,339,515,130.00	1,435,706,729.00
Taxation		0.00	0.00
Total Current Liabilities		2,810,151,703.00	2,130,475,155.00
Total Liabilities		2,810,151,703.00	2,130,475,155.00
NET ASSETS		31,174,475,237.00	31,175,348,908.00
Financed by			
Reserves		29,901,312,641.00	29,901,312,641.00
Accumulated Surplus		975,272,596.00	1,004,646,267.00
Capital Fund		297,890,000.00	269,390,000.00
Total Net Assets		31,174,475,237.00	31,175,348,908.00
Total Net Assets and Liabilities		0.00	0.00

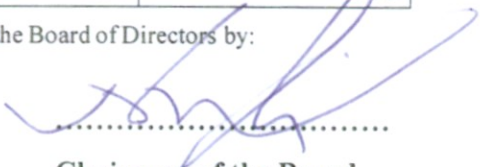
The Financial Statements set out on pages 1 to 42 were signed on behalf of the Board of Directors by:



 Ag. DG/ CEO
 Name: James K Tembur



 Head of Accounts
 Elias K. Macharia
 ICPAK No.: 5492



 Chairman of the Board
 Lt. Gen (Rtd) NJuki Mwaniki

Date: 27/3/2024

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 Date: 27/3/2024

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 Date: 27/3/2024

NATIONAL YOUTH SERVICE
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16. Statement of Changes in Net Assets for the year Ended 30 June 2023

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development/ Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2021	0.00	0.00	0.00	1,010,273,538.00	269,390,000.00	1,279,663,538.00
Issued new capital	0.00	0.00	0.00	0.00	0.00	0.00
Revaluation gain	0.00	29,901,312,641.00	0.00	0.00	0.00	29,901,312,641.00
Surplus/ deficit for the year	0.00	0.00	0.00	- 5,627,271.00	0.00	- 5,627,271.00
As at June 30, 2022	0.00	29,901,312,641.00	0.00	1,004,646,267.00	269,390,000.00	31,175,348,908.00
As at July 1, 2022	0.00	29,901,312,641.00	0.00	1,004,646,267.00	269,390,000.00	31,175,348,908.00
Issue of new share capital	0.00	0.00	0.00	0.00	0.00	0.00
Deferred tax on excess depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Surplus/ deficit for the year	0.00	0.00	0.00	-29,373,671.00	0.00	-29,373,671.00
Capital/development grants received during the year	0.00	0.00	0.00	0.00	28,500,000.00	28,500,000.00
As at June 30, 2023	0.00	29,901,312,641.00	0.00	975,272,596.00	297,890,000.00	31,174,475,237.00

Note:

1. The Prior period Surplus/Deficit has been reinstated from Kshs. 5,575,169 to Kshs. 5,627,271 to incorporate finance cost of Kshs. 52,101.00 which had been omitted from the summation of Total Expenses in the statement of Financial Performance.
2. Consequently, the opening balance of the Accumulated Surplus has been reinstated from Kshs. 1,004,698,369 to Kshs. 1,004,646,267 to incorporate the above.

NATIONAL YOUTH SERVICE
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17. Statement of Cash Flows for the Year Ended 30 June 2023

		2022-2023	2021-2022
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		10,140,226,672	10,300,226,673
Rendering of services		129,114,369	406,551,732
Sale of goods		271,513,122	120,160,105
Total receipts		10,540,854,163	10,826,938,510
Payments			
Use of goods and services		8,852,124,271	8,841,815,944
Employee costs		1,426,309,413	1,492,149,196
Board Expenses		5,040,000	4,527,400
Repairs and maintenance		250,999,072	598,795,314
Total payments		10,534,472,756	10,937,287,854
Net cash flows from/(used in) operating activities	24	6,381,407	-110,349,344
Cash flows from investing activities			
Purchase of PPE and Intangible assets		-66,481,127	-405,828,592
Net cash flows from/(used in) investing activities		-66,481,127	-405,828,592
Cash flows from financing activities			
Increase in Refundable Deposits		-96,191,599	-128,499,168
Net cash flows from financing Activities		-96,191,599	-128,499,168
Net increase/(decrease) in cash & Cash equivalents		-156,291,319	-644,677,104
Cash and cash equivalents at 1 July,2022	16	1,798,850,324	2,443,527,428
Cash and cash equivalents at 30 June, 2023	16	1,642,559,005	1,798,850,324

NATIONAL YOUTH SERVICE
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18. Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2023

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	B	C = (A+B)	D	E = C - D	F= D/C*100
Revenue						
Transfers from Other Governments entities	12,189,582,673	0.00	12,189,582,673	10,140,226,672	2,049,356,001	83.3%
Rendering of Services	475,677,602	0.00	475,677,602	129,114,369	346,563,233	27%
Sale of Goods	247,872,398	0.00	247,872,398	271,513,122	-23,640,724	109%
Total Income	12,913,132,673	0.00	12,913,132,673	10,540,854,163.00	2,372,278,510	81.7%
Expenses						
Use of Goods and Services	11,445,062,879	0.00	11,445,062,879	9,114,544,750	2,330,518,129	79.7%
Employee costs	1,468,089,794	0.00	1,468,089,794	1,426,309,413	41,780,381	97.2%
Total Expenditure	12,913,152,673	0.00	12,913,152,673	10,540,854,163	2,372,298,510	81.8%
Surplus for the period	-20,000	0.00	-20,000	0.00	0.00	
Capital Expenditure	70,000,000	41,474,997	28,525,003	17,500,000	11,025,003	61.35%
Net surplus/deficit	0.00	0.00	0.00	0.00	0.00	

The under collection of 19% was due to an allocation **Kshs. 2,049,356,001** towards payment of verified historical pending bills and claims whose funds were not released by the National Treasury resulting into an under-expenditure of an equal amount. Also capital expenditure was cut during the supplementary budget and **Kshs. 11,025,003** was not released from The National Treasury.

19. Notes to the Financial Statements

1. General Information

The National Youth Service (NYS) was established as a state corporation following the enactment of the NYS Act, 2018 vide a Kenya Gazette Supplement No. 160 (Acts No. 17).

The mandate of the Service includes paramilitary training and service regimentation; national service and youth re-socialization; technical and vocational training; commercialization and enterprise development; and research.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the National Youth Service accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the National Youth Service and rounded off to the nearest shilling.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.

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Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis</p>

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Standard	Effective date and impact:
	for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

The Service did not early – adopt any new or amended standards in the financial year 2022/2023

4. Summary of Significant Accounting Policies

A. Revenue recognition

i) Revenue from non-exchange transactions - Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Service and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

Summary of Significant Accounting Policies (Continued)

ii) Revenue from exchange transactions

a. Rendering of services

The Service recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

b. Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Service.

B. Budget Information

The original budget for the Current FY was approved by the National Assembly on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of xxx on the 20xx budget following the governing body's approval.

The NYS budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the

Summary of Significant Accounting Policies (Continued)

statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

C. Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Service operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow

Summary of Significant Accounting Policies (Continued)

the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the Service and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

D. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

E. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs,

Summary of Significant Accounting Policies (Continued)

are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

F. Research and development costs

The Service expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Service can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

G. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories

are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Service.

H. Provisions

Provisions are recognized when the Service has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Service expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

I. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

J. Contingent liabilities

The Service 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.

K. Contingent assets

The Service 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.

Summary of Significant Accounting Policies (Continued)

L. Changes in accounting policies and estimates

The Service recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

M. Employee benefits

Retirement benefit plans

The Service provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

N. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

O. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

Summary of Significant Accounting Policies (Continued)

P. Related parties

The Service regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the Service, or vice versa. Members of key management are regarded as related parties and comprise of 11 Council Member, the Director General/CEO, other the directors and senior managers

Q. Cash and cash equivalents

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

R. Comparative figures

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

S. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the NYS' financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

i. Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of

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assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

ii. Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

iii. Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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6. Revenue from Non-Exchange Transactions

a) Transfers from Other Government entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional Grants		
Operational Grant	10,140,226,672.00	10,300,226,673.00
Unconditional Development Grant	28,500,000.00	0.00
Total Unconditional Grants	10,168,726,672.00	10,300,226,673.00
Total Government Grants And Subsidies	10,168,726,672.00	10,300,226,673.00

The unconditional development grant of Kshs. 28,500,000.00 has not been included in the Statement of financial performance but has been included in the capital fund.

b) Agency Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Agency Fees		
Agency Fees	1,685,359.00	0.00
Total Revenue from Agency Fees	1,685,359.00	0.00

7. Rendering of Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Security Services	104,024,937.00	115,322,313.00
Other services-KEMSA	65,000,000.00	27,992,600.00
Hire of facilities	0.00	26,400.00
Total Revenue from The Rendering Of Services	169,024,937.00	143,341,313.00

The amount generated from security services are shared out as follows:

- 👉 40% - Revenue to the Service
- 👉 40% - Allowances to Servicemen/women
- 👉 20% - To Servicemen/women welfare account

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Notes to the Financial Statements (Continued)

8. Sale of Goods

Description	2022-2023	2021-2022
	Kshs	Kshs
Sale of Uniform (stitching of uniforms)	64,077,324.00	474,456,860.00
Sale of Agricultural Products	409,477,880.00	217,031,546.00
Total revenue from the sale of goods	473,555,204.00	691,488,406.00

The revenue is generated from stitching services of uniforms for disciplined forces, sale of agricultural products from Field Units' farming activities/projects and mineral water.

9. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Electricity	125,600,263	139,460,062
Water and sewer	73,537,133	51,004,033
Gas	22,051,123	34,844,259
Communication	27,096,466	20,275,999
Traveling and Accommodations	191,058,850	124,913,201.10
Printing, Advertising & Information Supplies & Services	34,738,149	51,644,206
Rental of Produced Assets	0.00	3,352,747
Training Expenses	3,552,912,780	3,079,980,541
Hospitality Supplies and Services	89,605,496	99,445,159
Veterinarian Supplies and Materials	16,677,516	15,261,320
Fungicides, Insecticides and Sprays	48,861,410	54,962,910
Dressing and other non-pharmaceutical medical items	7,639,810	54,021,384.02
Chemicals and Industrial Gases	1,800,000	42,000
Purchase of Workshop Tools, Spares and Small Equipment	70,941,424	274,259,606
Agricultural Materials, Supplies and Small Equipment	40,077,688	41,847,679
Education and Library Supplies	17,139,295	73,955,750
Purchase/Production of Photographic and Audio-Visual Materials	2,880,000	7,209,181
Purchase of Police, Prisons, and NYS Small Equipment and Supplies	34,558,875	95,538,165
Foods and Rations	3,335,493,976	2,757,557,334
Purchase of Uniforms and Clothing - Staff	14,266,645	4,242,504
Purchase of Uniforms and Clothing - Trainees	16,203,640	384,801,665
Purchase of Bedding and Linen	8,434,366	226,700,850
Supplies for Production	192,279,205	299,615,211
Purchase of safety gear	867,264	2,565,000

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Description	2022-2023	2021-2022
	Kshs	Kshs
Supplies for Women Trainees	0.00	32,411,030
Office and General Supplies and Services	17,457,875	146,278,144
Fuel, Oil and Lubricants	371,763,750	271,524,231
Transport cost (Freight, loading/ unloading clearing and shipping charges)	59,000	150,000
School Exam. & Invigilation Fees	84,579,323	93,438,199
Medical Expenses	82,282,564	111,822,135
Contracted guards and cleaning services	2,400,747	2,444,099
Membership fees, dues and subscription to professional bodies	1,911,640	1,408,565
Contracted professional services	55,511,871	1,237,900
Contracted technical services	3,987,520	5,109,797
Laundry expenses	701,700	914,290
Registration of lands	456,000	0.00
Tax arrears	0.00	52,536,869
Use of Goods and Services	8,545,377,364	8,616,776,026

10. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	1,433,465,799.00	1,470,776,549.00
Gratuity – Civil Service	14,233,236.00	0.00
Employee costs	1,447,699,035.00	1,470,776,549.00

11. Board Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman's Honoraria	1,020,000.00	1,020,000.00
Directors' emoluments	2,256,200.00	3,507,400.00
Other allowances	1,763,800.00	0.00
Total	5,040,000.00	4,527,400.00

The Service has 12 Council Members who are entitled to Sitting Allowances when they attend to Council business and the Chairman receives a monthly Honorarium and Airtime of Kshs 80,000.00 and Kshs 5,000.00 respectively.

Notes to the Financial Statements (Continued)

12. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	534,909,670.00	449,756,273.00
Intangible assets	0.00	0.00
Investment property carried at cost	0.00	0.00
Total depreciation and amortization	534,909,670.00	449,756,273.00

The Service has received the valuation report of parcels of land and buildings where the values has been obtained and the depreciation calculated using the approved rates.

13. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Property	0.00	0.00
Plant, Machinery and Equipment	2,940,511.00	4,458,840.00
Vehicles	111,913,434.00	289,455,918.00
Office Furniture and fittings	109,500.00	422,440.00
Computers and accessories	3,896,499.00	8,628,670.00
Maintenance of Building-Residential	11,365,696.00	2,586,660.00
Maintenance of Building- Non-Residential	1,098,240.00	2,680,890.00
Other minor alteration of building and civil works	147,899,589.00	290,561,895.00
Total Repairs and Maintenance	279,223,469.00	598,795,313.00

14. Finance Cost

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank charges on transactions	1,160,305.00	52,101.00
Total Finance Cost	1,160,305.00	52,101.00

NB:

The change of operations from the central bank based IFMIS to the commercial Enterprise Resource Planning System occasioned the increase the bank charges. However, the transition enhanced efficiency in carrying out customer transactions.

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Notes to the Financial Statements (Continued)

15. Taxation

Description	2022-2023	2021-2022
	Kshs	Kshs
Current income tax charge	0.00	0.00
Income tax expense reported in the statement of financial performance	0.00	0.00

16. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current account	641,831,432.00	683,117,772.00
On - call deposits	995,206,156.00	1,114,336,667.00
Others (Imprests)	5,521,417.00	1,395,885.00
Total Cash And Cash Equivalents	1,642,559,005.00	1,798,850,324.00

Detailed Analysis of the Cash and Cash Equivalents

		2022-2023	2021-2022
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Central Bank - Recurrent	1000427914	0.00	538,338.00
Central Bank - Development	1000427922	0.00	214,932,873.00
KCB – NYS Recurrent	1303772248	1,070,475.00	0.00
KCB – NYS Revenue	1262609798	0.00	0.00
KCB – NYS Development	1303779595	225,188,415.00	0.00
KCB – Cohort Saving Account	1178058158	130,275,851.00	147,617,919.00
KCB – Cohort Payments	1178056929	370,721.00	371,986.00

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		2022-2023	2021-2022
Financial Institution	Account number	Kshs	Kshs
NBK – Director General	01001000909300	44,161,346.00	63,513,716.00
NBK – Huduma Cohort Account	01020078734700	109,001,873.00	109,001,873.00
NBK – SM/W Welfare Account	01071227287600	60,499,183.00	60,739,928.00
NBK -Boda-Boda Riders Train.	01071000909303	15,756,264.00	13,457,838.00
Sub- Total		586,324,128.00	610,174,471.00
b) Field Units Accounts			
KCB – Garissa Mbala Mbala	1265083452	7,841,841.00	0.00
KCB – Hindi Development Unit	1265043647	2,710.00	0.00
KCB – Tana Basin Road Project	1265030243	13,260,243.00	13,860,718.00
KCB – Tumaini Field Unit	1264943083	1,420,965.00	10,944,588.00
KCB – NYSTTI – Naivasha	1265041105	4,915,354.00	5,104,776.00
KCB – NYS College - Gilgil	1264982534	11,132,200.00	16,616,722.00
KCB – Athi River Field Unit	1264972482	1,531,874.00	0.00
KCB – Mavoloni Field Unit	1264949413	2,719.00	204,050.00
KCB – Yatta Field Unit	1264952775	5,908.00	1,055,500.00
KCB – Witu Field Unit	1265041091	1,476,935.00	0.00
KCB – Kerio Valley	1265015481	333.00	1,388,659.00
KCB – Kirimun Field Unit	1265040257	0.00	1,256,925.00
KCB – Mwatate Field Unit	1265326037	5,072.00	84,623.00
KCB – Kisumu Field Unit	1264937482	120,020.00	90,420.00
KCB – Turbo	1265032637	13,777,749.00	21,854,023.00
CO-OP – NYSTC – Mombasa	1141628706800	12,362.00	18.00
CO-OP – Lambwe Dev. Unit	1141332009500	1,019.00	482,279.00
Sub- Total		55,507,304.00	72,943,301.00
c) Deposits (SM/W Savings)			
Central Bank – Deposit	1000427938	0.00	1,114,336,667.00
KCB – NYS Deposit	1303780011	995,206,156.00	0.00
Sub- Total		995,206,156.00	1,114,336,667.00
d) Others (Imprests)		5,521,417.00	1,395,885.00
Grand Total		1,642,559,005.00	1,798,850,324.00

Notes to the Financial Statements (Continued)

17. Receivables from Exchange Transactions

	2022-2023	2021-2022
Description	Kshs	Kshs
Receivables		
Service, Hire Services of SM/W	377,696,716.00	23,181,208.00
Inter-Unit Debtors	391,955,435.00	284,936,674.00
Other (Boda-Boda Programme) - Kiambu County	16,967,267.00	16,885,500.00
KEMSA	65,000,000.00	21,389,622.00
Total Current Receivables	851,619,418.00	346,393,004.00

18. Receivables from Non-Exchange Transactions

	2022-2023	2021-2022
Description	Kshs	Kshs
Receivables		
GOK Development Fund	11,000,000.00	0.00
Total Current Receivables	11,000,000.00	0.00

19. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable stores	1,073,384,879.00	642,231,556.00
Medical supplies	36,715,007.00	2,861,740.00
Other stocks (Biological Items)	0.00	987,569,550.00
Livestock (Varieties of animals)	48,824,500.00	0.00
Total inventories at the lower of cost and net realizable value	1,158,924,386.00	1,632,662,846.00

The botanical assets represent mostly the indigenous trees that are in the field units, the same has been transferred and accounted in the schedule of Plants and Equipment's note number 15 below.

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Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

Cost	Land	Botanical assets (Assorted Varieties)	Buildings	Furniture and fittings	Computers	Other Assets (Educational Aids Equipment)	Plant and Equipment	Loose tools (Music instruments)	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 July 2021	0.00	0.00	332,626,194.00	42,961,603.00	91,500.00	114,138,517.00	0.00	0.00	489,817,814.00
Additions	20,204,051,400.00	0.00	9,101,145,374.00	4,533,835.00	18,830,933.00	39,586,374.00	112,845,025.00	0.00	29,480,992,941.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers/Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As At 30 th June 2022	20,204,051,400.00	0.00	9,433,771,568.00	47,495,438.00	18,922,433.00	153,724,891.00	112,845,025.00	0.00	29,970,810,755.00
Additions	0.00	0.00	33,149,460.00	4,377,193.00	0.00	19,797,834.00	29,354,966.00	0.00	86,679,453.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer/Adjustments	0.00	1,006,555,431.00	0.00	12,517,669.00	116,009,567.00	0.00	0.00	105,171,002.00	1,240,253,669.00
As At 30 th June 2023	20,204,051,400.00	1,006,555,431.00	9,466,921,028.00	64,390,300.00	134,932,000.00	173,522,725.00	121,220,525.00	105,171,002.00	31,297,743,878.00
DEPRECIATION AND IMPAIRMENT †									
At 1 st July 2021	0.00	0.00	13,305,048.00	8,592,321.00	30,500.00	38,046,172.00	0.00	0.00	59,974,041.00
Depreciation	0.00	0.00	377,350,863.00	9,499,088.00	6,307,478.00	51,241,630.00	5,357,214.00	0.00	449,756,273.00
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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Notes to the Financial Statements (Continued)

Property, Plant and Equipment (Continued)

	Land	Botanical assets (Assorted Varieties)	Buildings	Furniture and fittings	Computers	Other Assets (Educational Aids Equipment)	Plant and Equipment	Loose tools (Music instruments)	Total
Cost	Kshs		Kshs	Kshs	Kshs	Kshs	Kshs		Kshs
Transfers/ Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As At 30 th June 2022	0.00	0.00	390,655,911.00	18,091,409.00	6,337,978.00	89,287,802.00	5,357,214.00	0.00	509,730,314.00
Depreciation	0.00	0.00	378,676,841.00	12,878,060.00	44,527,560.00	57,840,908.00	5,479,527.00	35,057,001.00	534,909,670.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000.00
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer/Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As At 30 th June 2023	0.00	0.00	769,332,752.00	30,969,469.00	51,315,311.00.00	147,128,711.00	10,749,326.00	35,057,001.00	1,044,552,569.00
NET BOOK VALUES									
As At 30 th June 2022	20,204,051,400.00	0.00	9,043,115,659.00	29,404,030.00	12,584,456.00	64,437,088.00	107,487,811.00	0.00	29,461,080,444.00
As At 30 th June 2023	20,204,051,400.00	1,006,555,431.00	8,697,588,277.00	33,420,831.00	84,066,462.00	26,394,014.00	131,363,251.00	70,114,001.00	30,253,103,894.00

Notes to the Financial Statements (Continued)

Property, Plant and Equipment (Continued)

a) Valuation

The transfers/ adjustments above relates to the values of relevant assets as reflected in the valuation report on land and buildings owned by the service.

b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	20,204,051,400.00	0.00	20,204,051,400.00
Buildings	9,466,921,028.00	769,332,752.00	8,697,588,277.00
Plant And Machinery	142,199,991.00	10,836,741.00	131,363,251.00
Computers And Related Equipment	134,932,000.00	51,315,311.00	83,616,689.00
Office Equipment, Furniture, And Fittings	64,390,300.00	30,969,469.00	33,420,831.00
Other Assets(Educational Aids Equipment)	173,522,725.00	147,128,711.00	26,394,014.00
Others –Botanical Assets	1,006,555,431.00	0.00	1,006,555,431.00
-Loose Tools	105,171,002.00	35,057,001.00	70,114,001.00
Total	31,297,743,877.00	1,044,639,985.00	30,253,103,894.00

21. Intangible Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
At beginning of the year	0.00	0.00
Additions	67,420,237.00	67,420,237.00
At end of the year	67,420,237.00	67,420,237.00
Additions–internal development	0.00	0.00
At end of the year	67,420,237.00	67,420,237.00
Amortization and impairment		
NBV	67,420,237.00	67,420,237.00

Notes to the Financial Statements (Continued)

The intangible asset represents the Enterprise Resource Planning System (ERP) that has been implemented by the Service to strengthen internal controls systems. It replaced the earlier system of Integrated Information Management System (IFMIS). The system has not been amortised due to the fact that it is still being implemented in the Field Units and has not been commissioned.

22. Trade and Other Payables

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade payables	740,530,463.00	642,231,557.00
Third-party payments	0.00	52,536,869.00
Payments to TVETs Institutions	730,106,110.00	0.00
Total trade and other payables	1,470,636,573.00	694,768,426.00

These are all the payments that were never paid due to technical hitch and lapse of time. The same will form part of the first charge of financial year 2023/2024.

23. Refundable Deposits and Prepayments from Customers

Description	2022-2023	2021-2022
	Kshs	Kshs
Service Men/Women Savings	961,206,890.00	1,072,579,103.00
Retentions from Contractors	33,999,266.00	41,757,564.00
Other Deposits: Cohorts, Wages, Kitchen and Allowances Payable to SM/W	344,308,974.00	321,370,062.00
Total deposits	1,339,515,130.00	1,435,706,729.00

These are savings owed to Service man/woman of KES 600 deducted monthly from the monthly entitlement of KES 2,100 and is refundable upon completion of the course or resignation.

Also, other deposits include savings made by cohorts who were engaged during the Youth Empowerment programme and unpaid allowances to the same cohorts whose details were never traced.

Notes to the Financial Statements (Continued)

24. Cash Generated from Operations

	2022-2023	2021-2022
	Kshs	Kshs
Surplus for the year before tax	-29,373,671.00	-5,575,169.42
Adjusted for:		
Depreciation	534,822,256.00	449,756,273.00
Non-Cash Inventory Adjustment	-1,146,760,396.00	0.00
Working capital adjustments		
Increase in inventory	473,155,670.00	-893,547,675.00
Increase in receivables	-505,226,414.00	128,499,168.00
Increase in payables	679,676,548.00	301,505,853.00
Increase in payments paid in advance	0.00	-21,389,622.00
Net cash flow from operating activities	6,293,993.00	-890,185,058.00

(i) Financial Risk Management

The NYS' overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Service does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Service's financial risk management objectives and policies are detailed below:

(ii) Credit risk

The National Youth Service has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Notes to the Financial Statements (Continued)

Management assesses the credit quality of each customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Service's management based on prior experience and their assessment of the current economic environment.

(iii) Liquidity risk management

The National Youth Service manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

(iv) Market risk

The Council has put in place an internal audit function and the Audit and Risk Management Committee to assist it in assessing the risk faced by the Service on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls in mitigating market risk.

The NYS Finance Department is in the process of developing detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

25. Related Party Disclosures – Government of Kenya

The Government of Kenya is the principal shareholder of the *Service*, holding 100% of the *Service*'s equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *Service*, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

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Notes to the Financial Statements (Continued)

	2022-2023	2021-2022
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to Clients	207,409,998.00	691,488,406.00
Sales of services to Clients	15,337,523.00	143,341,313.00
Total	222,747,521.00	834,829,719.00
b) Grants /transfers from the government		
Grants from National Govt	10,157,726,668.00	10,300,226,673.00
Grants from county government	0.00	0.00
Donations in kind	0.00	0.00
Total	10,157,726,668.00	10,300,226,673.00
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for NYS employees	1,422,460,291.00	1,470,776,549.00
Payments for goods and services for NYS	8,784,447,571.00	8,616,776,026.00
Total	10,206,907,862.00	10,087,552,575.00
d) Key management compensation		
Directors' emoluments	5,040,000.00	4,527,400.00
Total	5,040,000.00	4,527,400.00

Notes to the Financial Statements (Continued)

26. Segment Information

The National Youth Service has its headquarters in Ruaraka, Nairobi and 22 Field Units and 17 technical training schools spread across the Country. The mandate of the Service is youth empowerment through training and national service programs. The current youth enrolment stands at 50,920 servicemen and women. The Units undertake various programs as summarized in the table below.

S/No.	Field Unit	Location (County)	Key Activities
1.	Nairobi Holding Unit (NHU)	Nairobi, Ruaraka	<ul style="list-style-type: none"> • Business School (IBS) • Craft Engineering School • Security Services
2.	NYS Engineering Institute (NYSEI)	Nairobi, Ruaraka	<ul style="list-style-type: none"> • Engineering School • Research & Innovation • Security Services
3.	Vocational Training Institute (VTI)	Nairobi, Industrial Area	<ul style="list-style-type: none"> • Technical & Vocational Training • Security Services
4.	Textile and Garment Training Institute (TGTI)	Nairobi	<ul style="list-style-type: none"> • Garment Factory • Technical & Vocational Training • Security Services
5.	Mechanical Transport Branch (MTB)	Nairobi, Ruaraka	<ul style="list-style-type: none"> • Technical & Vocational Training • Fleet Management • Disaster Response Services • Commercial Services (Plant & Equipment Hire, Construction & Water Drilling)
6.	Yatta	Machakos	<ul style="list-style-type: none"> • Farming (Crop & Livestock) • Technical & Vocational Training • National Duties/projects

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S/No.	Field Unit	Location (County)	Key Activities
7.	Mavoloni	Machakos	<ul style="list-style-type: none"> • Farming (Horticulture) • National Duties/projects
8.	Athi River	Machakos	<ul style="list-style-type: none"> • Farming (Horticulture) • National Duties/projects
9.	Garissa Mbalambala	Garissa	<ul style="list-style-type: none"> • Farming (Rice) • National Duties/projects
10.	Tana Basin	Tana River	<ul style="list-style-type: none"> • Farming • Technical & Vocational Training • National Duties/projects
11.	Mwatate	Taita Taveta	<ul style="list-style-type: none"> • Farming (Horticulture) • National Duties/projects
12.	Mombasa Technical College	Mombasa	<ul style="list-style-type: none"> • Technical & Vocational Training • National Duties/projects
13.	Hindi	Lamu	<ul style="list-style-type: none"> • Farming • National Duties/projects
14.	Witu	Lamu	<ul style="list-style-type: none"> • Farming • National Duties/projects
15.	Technical Training Institute, Naivasha	Nakuru	<ul style="list-style-type: none"> • Technical & Vocational Training • Paramilitary Training • Garment Factory • Farming • National Duties/projects
16.	NYS College, Gilgil	Nakuru	<ul style="list-style-type: none"> • Paramilitary Training • Staff Training • Enforcement Officers' Training • Technical & Vocational Training • Bakery • National Duties/projects
17.	Tumaini	Nyandarua	<ul style="list-style-type: none"> • Farming (Horticulture) • Potato Seed Production Project • National Duties/projects

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S/No.	Field Unit	Location (County)	Key Activities
18.	Kirimun	Laikipia	<ul style="list-style-type: none"> • Farming (Livestock) • Hay Production • National Duties/projects
19.	Kerio Valley	Elgeyo Marakwet	<ul style="list-style-type: none"> • Technical & Vocational Training • National Duties/projects
20.	Turbo	Kakamega	<ul style="list-style-type: none"> • Farming • Technical & Vocational Training • Mineral Water Production & Bottling • National Duties/projects
21.	Kisumu	Kisumu	<ul style="list-style-type: none"> • Farming • Technical & Vocational Training • National Duties/projects
22.	Lambwe	Homa Bay	<ul style="list-style-type: none"> • Farming • National Duties/projects

27. Capital Commitments

Capital Commitments	2022-2023	2021-2022
	Kshs	Kshs
Authorized and Contracted for	0.00	50,000,000.00
Total	0.00	50,000,000.00

28. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year **the National Youth Service did not make any surplus during the year (FY 2022-2023) and hence no remittance to the Consolidated Fund.**

Notes to the Financial Statements (Continued)

29. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

30. Ultimate And Holding Service

The Service is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Public Service and Gender. Its ultimate parent is the Government of Kenya.

31. Currency

The financial statements are presented in Kenya Shillings (Kshs).

NATIONAL YOUTH SERVICE
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LAPPENDIX 1: Implementation Status of Auditor-General's Recommendations

Ref. No. on the External Auditor Report	Issue /Observations from the Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																																																																	
1.	Unreconciled variances between the Financial Statements and the General Ledger as follows:	The review of the stated accounts is ongoing and the reconciliation will be done once concluded.	Not Resolved	31 st December, 2023																																																																	
	<table border="1"> <thead> <tr> <th>No.</th> <th>Account Description</th> <th>Ledger Bal.</th> <th>Fin. Stat. Bal</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Women Supplies</td> <td>30,415,490</td> <td>32,411,030</td> <td>-1,995,540</td> </tr> <tr> <td>2.</td> <td>Dressing</td> <td>24,916,540</td> <td>54,021,384</td> <td>-29,104,844</td> </tr> <tr> <td>3.</td> <td>Supplies for production</td> <td>299,421,961</td> <td>299,615,621</td> <td>-193,250</td> </tr> <tr> <td>4.</td> <td>Fungicides, insecticides & Sprays</td> <td>54,794,410</td> <td>54,962,910</td> <td>-168,500</td> </tr> <tr> <td>5.</td> <td>Veterinarian services</td> <td>15,814,855.25</td> <td>15,261,320</td> <td>553,535.25</td> </tr> <tr> <td>6.</td> <td>Education & Library supplies</td> <td>55,610,805</td> <td>73,955,750</td> <td>-18,344,945</td> </tr> <tr> <td>7.</td> <td>Contracted professional services</td> <td>215,684,986</td> <td>1,237,900</td> <td>-214,447,086</td> </tr> <tr> <td>8.</td> <td>Tax arrears</td> <td>0</td> <td>52,536,869</td> <td>52,536,869</td> </tr> <tr> <td>9.</td> <td>Electricity</td> <td>134,816,639</td> <td>139,460,062</td> <td>-4,643,423</td> </tr> <tr> <td>10.</td> <td>Water</td> <td>52,178,213</td> <td>51,004,033</td> <td>1,174,180</td> </tr> <tr> <td>11.</td> <td>Gas</td> <td>30,243,458.90</td> <td>34,844,259</td> <td>-4,600,800</td> </tr> <tr> <td>12.</td> <td>Travelling & Accommodation</td> <td>143,331,159</td> <td>124,913,201</td> <td>18,417,958</td> </tr> </tbody> </table>				No.	Account Description	Ledger Bal.	Fin. Stat. Bal	Variance	1.	Women Supplies	30,415,490	32,411,030	-1,995,540	2.	Dressing	24,916,540	54,021,384	-29,104,844	3.	Supplies for production	299,421,961	299,615,621	-193,250	4.	Fungicides, insecticides & Sprays	54,794,410	54,962,910	-168,500	5.	Veterinarian services	15,814,855.25	15,261,320	553,535.25	6.	Education & Library supplies	55,610,805	73,955,750	-18,344,945	7.	Contracted professional services	215,684,986	1,237,900	-214,447,086	8.	Tax arrears	0	52,536,869	52,536,869	9.	Electricity	134,816,639	139,460,062	-4,643,423	10.	Water	52,178,213	51,004,033	1,174,180	11.	Gas	30,243,458.90	34,844,259	-4,600,800	12.	Travelling & Accommodation	143,331,159	124,913,201	18,417,958
No.	Account Description				Ledger Bal.	Fin. Stat. Bal	Variance																																																														
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10.	Water				52,178,213	51,004,033	1,174,180																																																														
11.	Gas	30,243,458.90	34,844,259	-4,600,800																																																																	
12.	Travelling & Accommodation	143,331,159	124,913,201	18,417,958																																																																	
2.	Unsupported revenue of Kshs 115,322,313 from rendering of security services.	The ledgers, schedules and bank statements have been identified and ready for submission	Not Resolved	31 st December, 2023																																																																	
3.	Lack of a retention money register, ledgers and aging analysis for Kshs 41,757,564 from contractors and Kshs 321,370,062 worth of allowances payable to SM/W.	The documents have been identified and ready for submission	Not Resolved	31 st December, 2023																																																																	

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Ref. No. on the External Auditor Report	Issue /Observations from the Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Unexplained delay in paying the cohorts that were engaged between September 2014 and February, 2015 a sum of Kshs 321,370,062.	The Service has planned a visit in November, 2023 to all sites that implemented the Programme with an aim to trace the beneficiaries so as to process their payments.	Not resolved	31 st December, 2023
4.	Unsupported payment for water utility bills at NYS College, Gilgil of Kshs 4,096,211 in August, 2021 vide V/No. 402 yet Kshs 17,397,654.50 was paid to the same company for June, July and August, 2021 for the utility.	Kshs 17,397,654.50 paid in advance was an estimation of the bills for the months of June, July and August and Kshs 4,096,211 paid in August, 2021 was the actual balance for that month.	Not resolved	31 st December, 2023
5.	5.1. Unsupported acquisition of computers and related hardware worth Kshs 12,611,943.	The documents have been identified and ready for submission	Not resolved	31 st December, 2023
	5.2. Incomplete fixed asset register and untagged assets.	A committee has been constituted to coordinate the updating of fixed assets register. The tagging process commenced and is ongoing.	Not resolved	31 st December, 2023
	5.3. Encroachment of NYS land for lack of fences.	The Service has confirmed that there is no NYS land that is encroached on as 30 th June, 2023 and no dispute was reported.	Not resolved	31 st December, 2023
Other Matters				
1.	Unresolved prior year audit issues.	The matters were responded to through a meeting with the	Not resolved	31 st December, 2023

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Ref. No. on the External Auditor Report	Issue /Observations from the Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Parliamentary Committee on Public Investment and the response of the Committee is being awaited.		
2.	A shortfall of Kshs 43,740,281 in the statement of comparison of budget and actual amounts.	The matter was responded to in the prior year.	Not resolved	31 st December, 2023
	Unexplained 100% decline of transfers from MDAs compared to Kshs 211,984,338 reported in the previous year (2020/2021).	The matter was responded to in the prior year.	Not resolved	31 st December, 2023

Ag. Director General/C.E.O
National Youth Service

27/3/2024

Date

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II. APPENDIX 2: PROJECTS IMPLEMENTED BY THE NATIONAL YOUTH SERVICE FUNDED BY DEVELOPMENT PARTNERS AND/OR GOVERNMENT

Project Title	Project Number	Donor	Period/Duration	Donor Commitment	Separate Donor Reporting Required as per the Donor Agreement (Yes/No)	Consolidated in these Financial Statements (Yes/No)
NYS TTI Sewerage Treatment Pond	NYS/PROC/02/2021-2022	N/A	52 WEEKS	N/A	NO	YES

APPENDIX 3: STATUS OF PROJECTS COMPLETION

Table below gives a summary of the status of project completion at the end of each quarter as executed in the period ended 30th June, 2023

Project	Total Project Cost (Kshs)	Total Expended to Date (Kshs)				Completion % to Date	Budget (Kshs)	Actual (Kshs)	Sources of Funds
		Quarter 1	Quarter 2	Quarter 3	Quarter 4				
NYS Sewerage Treatment Pond	52,626,120.00	0.00	30,749,940	0.00	15,789,695.50	46,539,635.5	52,626,120.00	46,539,635.5	GOK

NATIONAL YOUTH SERVICE

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APPENDIX 4: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date Received as per bank statement	Nature: Recurrent, Development or Others	Total Amount (KES)	Statement of Financial Performance	Where Recorded/Recognized			
					Capit al Fund	Deferre d Income	Receivables	Total Transfers during the Year
State Department for Youth	22-Sep-2022	Recurrent	845,018,889.00	845,018,889.00	0.00	0.00	0.00	845,018,889.00
	04-Oct-2022	Recurrent	845,018,889.00	845,018,889.00	0.00	0.00	0.00	845,018,889.00
	14-Nov-2022	Recurrent	845,018,889.00	845,018,889.00	0.00	0.00	0.00	845,018,889.00
	15-Dec-2022	Recurrent	845,018,889.00	845,018,889.00	0.00	0.00	0.00	845,018,889.00
	05-Jan-2023	Recurrent	845,018,889.00	845,018,889.00	0.00	0.00	0.00	845,018,889.00
	09-Feb-2023	Recurrent	845,018,889.00	845,018,889.00	0.00	0.00	0.00	845,018,889.00
	23-Mar-2023	Recurrent	845,018,889.00	845,018,889.00	0.00	0.00	0.00	845,018,889.00
	14-Apr-2023	Recurrent	845,018,889.00	845,018,889.00	0.00	0.00	0.00	845,018,889.00
	28-April-2023	Recurrent	845,018,889.00	845,018,889.00	0.00	0.00	0.00	845,018,889.00
	05-Jun-2023	Recurrent	845,018,889.00	845,018,889.00	0.00	0.00	0.00	845,018,889.00
	20-Jun-2023	Recurrent	845,018,889.00	845,018,889.00	0.00	0.00	0.00	845,018,889.00
	27-Jun-2023	Recurrent	845,018,893.00	845,018,893.00	0.00	0.00	0.00	845,018,893.00
	27-Jun-2023	Development	17,500,000.00	17,500,000.00	0.00	0.00	0.00	17,500,000.00
TOTAL			10,157,726,668.00	10,157,726,668.00	0.00	0.00	0.00	10,157,726,668.00

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