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OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

*Paper Laid on the  
Table of the House  
by the Leader of  
the Majority  
Party on Tuesday  
16<sup>th</sup> October 2018.*

THE FINANCIAL STATEMENTS OF  
AGRICULTURAL SECTOR DEVELOPMENT  
SUPPORT PROGRAMME  
(GRANT NO.31100071)

FOR THE YEAR ENDED  
30 JUNE 2017

STATE DEPARTMENT OF AGRICULTURE



TABLE OFFICE  
S/ No. ...  
16 OCT 2018  
PAPER LAID



**MINISTRY OF AGRICULTURE, LIVESTOCK AND FISHERIES**

**Programme Name: AGRICULTURAL SECTOR DEVELOPMENT SUPPORT  
PROGRAMME (ASDSP)**

**Implementing Entity: SIDA CONTRIBUTION**

**PROGRAMME GRANT NUMBER: NO.31100071**

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**REVISED ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2017**

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

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PROGRAMME INFORMATION AND OVERALL PERFORMANCE

**1.1 Name and registered office**

Ministry of Agriculture is the implementing Agency located at Kilimo House, Cathedral Road Nairobi.

P. O. Box 30028-00100, Nairobi.

**Name:**The Programme 'official Name: *AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME ( ASDSP)*

**Objective:** The key objective of the Programme is:

**Overall programme goal:** *“To support the transformation of Kenya’s agricultural sector into an innovative, commercially oriented, competitive and modern industry that will contribute to poverty reduction and improved food security in rural and urban Kenya”.*

**Purpose:***“To increase equitable income, employment and improved food security of male and female target groups as a result of improved production and productivity in the rural smallholder farm and off-farm sectors”*

**Address:**The Programme headquarters offices are at, NAIROBI County, Kenya.

The address of its registered office is:

**ASDSP  
HILL PLAZA BUILDING , 6<sup>TH</sup> FLOOR  
NGONG ROAD  
P.O.BOX 30028 - 00100  
NAIROBI  
TEL: 254-20-2714867,  
EMAIL: [pc@asdsp.co.ke](mailto:pc@asdsp.co.ke)**

The Programme also has offices/branches as follows:

- At all the Forty Seven Counties ( 47) country wide

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

Telephone: (254) -20-2714867,

E-mail: [pc@asdsp.co.ke](mailto:pc@asdsp.co.ke)

Website: [www.asdsp.co.ke](http://www.asdsp.co.ke) /[www.kilimo.house.go.ke](http://www.kilimo.house.go.ke)

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)

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1.2 Programme Information

|                                |  |
|--------------------------------|--|
| Programme Start Date:          | The programme start date is 01-01-2012                 |
| Programme End Date:            | The programme end date is 31-12-2016                   |
| Programme Manager/Coordinator: | The programme coordinator is Mrs Phoebe A. Odhiambo    |
| Programme Sponsor:             | The programme sponsor is Swedish Government under Sida |

1.3 Programme Overview

|   |   |
|---|---|
| Line Ministry/State Department of the Programme | The programme is under the supervision of the Ministry of Agriculture Livestock & Fisheries ( State Department of Agriculture).   |
| Programme number                                | <b>NO.31100071</b>  |
| Strategic goals of the Programme                | <p>The strategic goals of the Programme are as follows:</p> <p>Increasing equitable income, employment and improved food security of male and female target groups as a result of improved production and productivity in the rural smallholder farm and off-farm sectors</p> <ul style="list-style-type: none"> <li>• <b>Intervention strategies:</b> <ul style="list-style-type: none"> <li>○ <b>Aligned:</b> Element of ASDS coordination mechanism, applies GoK procedures</li> <li>○ <b>Demand-driven:</b> Private sector agents, CSOs, government agencies, and producers represented in VC Platforms and horizontal/vertical VC groups select priority VCs; identify VC gaps, and; identify corrective action.</li> <li>○ <b>Stakeholder-led:</b> Throughout program cycle including identification of Programme s, implementation and evaluation.</li> <li>○ <b>Inclusive and partnership-based:</b> ASDSP relies on</li> </ul> </li> </ul> |

*AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME ( ASDSP)*

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|   |  |
|---|--|
|   | <p>integration of/operational partnerships with other programs.</p> <ul style="list-style-type: none"> <li>○ <b>Equity and inclusiveness:</b> Commercialization key focus, but concern that women and disadvantaged groups have opportunity to participate in value chain production (“able to catch the VC train”)</li> </ul>   |
| <p>Achievement of strategic goals</p>                               | <p>The Programme management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> <li>(i) Developing a transparent system for realizing agricultural sector coordination and harmonization and an enabling institutional environment for the realization of ASDS developed</li> <li>(ii) Strengthening environmental and social resilience for VCD</li> <li>(iii) Promoting Viable and equitable commercialization of the agricultural sector</li> </ul>   |
| <p>Other important background information of the Programme</p>      | <p>The Programme has forty seven ( 47) county offices country wide.</p>  |
| <p>Current situation that the Programme was formed to intervene</p> | <p>The Programme was formed to intervene in the following areas:</p> <p><b>Component 1: Sector-wide coordination</b></p> <p>Development of transparent and inclusive institutional framework for realizing the ASDS through support to sector coordination and harmonization, and creation of an enabling institutional environment for the implementation of ASDS. The major outcome areas of this</p> <p>Component includes the following:</p> <ul style="list-style-type: none"> <li>✓ Strengthening of the agricultural sector-wide approach adopted by government and development partners through support to improved sector coordination and joint programming</li> <li>✓ Strengthening of institutional and organizational capacity of key sector actors</li> <li>✓ Establishment of strong linkages between key sector stakeholders (programmes, researchers, educational institutions, extensionists, civil society and VC actors, especially the private sector agents)</li> <li>✓ Establishment of a sector-wide information system appropriate for</li> </ul> |

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|                           |  |
|---------------------------|--|
|                           | <p>devolved government and VC development</p> <ul style="list-style-type: none"> <li>✓ Development and roll-out of sector-wide policies, strategies and regulations supporting environ</li> </ul> <p><b>Component 2: Strengthening environmental and social resilience for VCD</b></p> <p>This component is designed to ensure that the priority value chains that will be supported in the context of Component 3 are environmentally sound and resilient to climate fluctuations, and that women, youth and economically and socially vulnerable groups have access to, participate effectively in and benefit from the improved value chains.</p> <p>The focus on this component will endeavour to ensure that</p> <ul style="list-style-type: none"> <li>✓ Environmental resilience of value chain actors , including vulnerable groups is promoted</li> <li>✓ Basic socio -economic and organisational conditions that enable vulnerable groups to engage in value chain development are strengthened</li> </ul> <p><b>Component 3: Value Chain Development</b></p> <p>This Component supports viable, equitable and long term commercialization of the agricultural sector as a pre-condition for income generation, food and nutrition security as well as sustainable livelihoods, particularly for women, youth and vulnerable groups. The major outcome areas of this Component include the following:</p> <ul style="list-style-type: none"> <li>✓ Developing inclusive value chain organization</li> <li>✓ Increasing Public and private investment in value chain development</li> <li>✓ Increasing Equitable access to market</li> <li>✓ Increasing Access to affordable financial and insurance services for value chain actors</li> <li>✓ Up scaling and out scaling Innovative and inclusive Value Chains and Value Chain technologies</li> </ul> |
| <p>Programme duration</p> | <p>The Programme started on 1st January, 2012 and is expected to run until 31<sup>st</sup> December, 2016</p>  |

#### **1.4 Bankers**

The following are the bankers for the current year:

**Bank: Kenya Commercial bank**

**Branch: Upper hill Branch**

- i) **Account No: 1136778705- SIDA – DONOR FUND**
- ii) **Account No: 1136778322- SIDA – GOK FUND**

#### **1.5 Auditors**

The Programme is audited by Kenya Auditor General as per the law.

##### **1.5.1 Legal Advisors**

The Programme receives support on legal matters from the State Counsel - State Department of Agriculture.

#### **1.6 Roles and Responsibilities**

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

|    |                     |  |
|----|---------------------|--|
| 1  | Phoebe Odhiambo     | Programme Coordinator                                    |
| 2  | Rosemary Magambo    | Monitoring and Evaluation Specialist                     |
| 3  | Monica Olala        | Research & Extension Specialist                          |
| 4  | Shadrack Kipkemoi   | Environmental Resilience and Social Inclusion Specialist |
| 5  | Mareen Bwana        | Partnership Specialist                                   |
| 6  | Rosemary Mwanza     | Value Chain Specialist                                   |
| 7  | Kennedy Olwasi      | Institutional & Capacity Development Specialist          |
| 8  | David K. Ndorongo   | Programme Accountant                                     |
| 9  | John Ayere          | ICT Officer  |
| 10 | Charles Kanyaa      | Accounts Assistant                                       |
| 11 | Charity Nyambura    | Secretary  |
| 12 | Penina Abade        | Support Staff  |
| 13 | Stephen Omwamba     | Driver   |
| 14 | Christopher Karobia | Driver   |

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)

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|    |                   |                                  |
|----|-------------------|----------------------------------|
| 15 | Dickson Maina     | Driver                           |
| 16 | Ephantous Munyoki | Driver                           |
| 17 | Aggrey Adul       | Information Officer              |
| 18 | Bernard Mwangangi | Value Chain Officer              |
| 19 | Benjamin Ndegwa   | Environmental Resilience Officer |

**1.7 Funding summary**

The Programme is for duration of 5 years from 2012 to 2016 with an approved budget of Swedish Kronor 350,000,000 Million equivalent to Kshs 4Billion as highlighted in the table below:

Below is the funding summary:

| Source of funds                        | Donor Commitment-                     |                      | Amount received to date – (30 <sup>th</sup> June, 2017) |                      | Undrawn balance to date (30 <sup>th</sup> June, 2017) |                   |
|--|---------------------------------------|----------------------|---|----------------------|---|-------------------|
|  | <i>Donor currency Swedish Kronors</i> | <i>KShs</i>          | <i>Donor currency Swedish Kronors</i>                   | <i>KShs</i>          | <i>Donor currency Swedish Kronors</i>                 | <i>KShs</i>       |
|  | (A)                                   | (A')                 | (B)   | (B')                 | (A)-(B)   | (A')-(B')         |
| <b>GRANT SUMMARY</b>                   |                                       |                      |   |                      |   |                   |
| Swedish Government under SIDA          | 350,000,000                           | 4,000,000,000        | 367,132,357   | 4,185,308,868        | -17,132,357   | 185,306,56        |
| <b>Total Grants</b>                    | <b>350,000,000</b>                    | <b>4,000,000,000</b> | <b>367,132,357</b>                                      | <b>4,185,308,868</b> | <b>-17,132,357</b>                                    | <b>185,308,86</b> |
| <b>Counter Part funds</b>              |                                       |                      |   |                      |   |                   |
| Counter Part funds Government of Kenya |                                       | 1,000,000,000        | 0   | 765,563,417          | 0   | 234,436,58        |
| <b>Total Funding Summary</b>           | <b>350,000,000</b>                    | <b>5,000,000,000</b> | <b>367,132,357</b>                                      | <b>4,950,872,285</b> | <b>-17,132,357</b>                                    | <b>49,127,715</b> |

**Note:** The funds were remitted in Swedish Kronor and this report has maintained Ksh 11 as the exchange rate to the Swedish Kronor.

**1.8 Summary of Overall Programme Performance:**

- Budget performance against actual amounts for current year and the cumulative to-date, the programme had an absorption rate of 78 % , Actual Expenditure V/s Available budget,
- Physical progress based on outputs, outcomes and impacts since Programme commencement,

Fy2016/17 was the last year of phase I. The programme mainly focused on finalizing the initiated interventions and phasing out strategies while creating enabling environment for phase II and other sector programmes

**Impacts**

End of programme evaluation done during the year revealed the following:

- 75% of VCAs trained on Natural Resource Management (NRM) applied NRM practices in their agricultural enterprises by 2016 compared to 41% in 2013.
- The response capacity of households to climate change related risks improved as evidenced by 44% of VCAs who used at least one or multiple responses compared to 33% in 2013
- Land and other production assets were more accessible to both women and youth in 2016 as compared to 2013. Close to 20% of all VCAs received social protection services
- Months of Adequate Household Food Provisioning (MAHFP) index among ASDSP beneficiaries increased by 19%
- Average household dietary diversity index increased by 120% among Programme beneficiary households.
- overall proportion of households that ate 3 meals per day slightly increased from 86.1% to 87.4% between 2014 and 2016(88.1% of male-headed; 86.6% of female-headed and 87.4% of youth-headed households)
- Income for male household heads increased by 78% by 2016 (KES 145,000) as compared to the baseline. Income for female headed households (kes 74,000) increased by 25% over the same period while that of youth (kes 69,000) increased by 15%.

## *AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)*

### *Revised Reports and Financial Statements For the financial year ended June 30, 2017*

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- On farm employment increased from 0.6 employees to 1.8 employees per HH (increase of 1.2 employees per HH)
- Off-farm employment increased from a baseline of 0.1 employees to 0.5 employees per HH (an increase of 0.4 employees

#### **a) Summary of Programme Outputs**

##### **Component 1: Agricultural Sector coordination**

###### *Improved sector coordination and joint programming*

- Supported operations of programme established ASDS coordination institutions: MoALF Transformation Initiative (TI) comprising of the Transformation Secretariat (TS) and the Intergovernmental Secretariat (IGS); and Intergovernmental Thematic Working Groups (ITWGs) at the National level. At the county level :the CEC-Caucus, the Agricultural Forum, and the County Consultative Forum (CCF)
- Facilitated ASDSP steering, coordinating and management structures: national programme secretariat, 47County programme coordinating units coordinating units, national and county steering committees.
- Supported with partners development of an Intergovernmental Communication Strategy as a tool for information sharing between the two levels of government (county and National).

###### *Sector institutions and capacities strengthened*

- Trained 200 staff on technical areas in all components such as resilience building,
- Supported Training 200 support staff (drivers, secretaries ,office assistants and accounts) on their respective areas
- ~~Procured 18 vehicles to replace the aged vehicles to improve capacity of the county coordinating unit in implementing the programme activities~~
- Facilitated training of 143,000 value chain actors along the valuechain nodes through the extended concept initiative.
- Facilitated implementation of about 1400 capacity plans(3 per county) mainly responding to extension provision for resilience and value chain development by ~~Agricultural programmes apex organizations and Extension services~~
- Facilitated provision of Technical Assistance (TA) inputs from NIRAS Natura(NIRAs was engaged at the programme inception to provide TA for the implementation, management and monitoring of the ASDSP)

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*Linkages between sector stakeholders improved*

- Enhanced funding( through collaborations and partnerships in the implementation of 143 value chain Programme s: For every KES put in by the programme other partners including county government matched it with 4 KES . each of the 47 counties received about 4 million
- National Agriculture Sector Partners' Forum (NASPF) formed andby the registrar of societies. The overall objective of the Association is to mobilize partners at all levels to support and advocate for the transformation of Kenya's agriculture into an innovative, modern, commercially-oriented venture for food and nutrition security, employment and wealth creation and poverty reduction towards the realization of key development goals.
- Supported 143 value chains Programme s through extended concept approach
- Documenting of seven out of the ten VC cluster group networks met and looked into main issues affecting the respective Value chain clusters

*Sector M&E and information system*

- Supported development of agricultural Sector M&E framework
- Uploading annual M&E data in the The ASDSP automated web-based MIS system in line with the Programme indicators,
- Held National conference to release ASDSP Baseline survey reports.
- Programme reviews including bilateral and county follow-ups where conducted.
- National Farmers Information Service (NAFIS); a comprehensive web-based information service was developed. As an interactive ICT platform, NAFIS provides agricultural information on value chains, service providers.,
- Documentation of 47 case studies
- Conducted programme risk assessment study
- Supported ASDSP media station talk shows
- 

*Appropriate sector-wide policies, strategies and regulations developed*

- Facilitated the development / review of 4 agricultural policies and strategies including the review of the National Oceans and Fisheries Policy; Sessional Paper on Livestock Policy; National Agriculture Soil management Policy and; National Cereals Policy. These draft polices are at different stages of finalization
- Supported Finalization of UPAL strategy and policy brief of the establishment and management of abattoirs
- 

**Component 2: Environmental resilience and social inclusion**

- ***Environmental resilience for value chain actors strengthened***
  - 84,500 being 36,000 males, 33,000 female and 15,500 youth trained on Natural resource management and climate change related risks; Up to now about 550,000 value chain actors have been trained
  - A total of 27,600 value chain actors were trained as early warning agents

## *AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)*

### *Revised Reports and Financial Statements For the financial year ended June 30, 2017*

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- Supported by partners, the participatory scenario planning in each county where the weather outlook for the coming season is predicted and publicized widely was well received and involved about 0.2 million actors. Cumulatively about 0.7 million actors have been involved.
- Over 60,000 VCAs were linked to climate smart technology inputs service providers such as greenhouse. To date about 520,000 have been linked

### **Strengthening of basic socio-economic and organizational conditions that enable vulnerable groups to engage in value chain development**

- Approximately 6,000 women and youths were linked and networked to service providers and accessed social protection products Cumulatively 80,000 value chain actor members are accessing social protection services.
- Facilitated the registration of about 6500 women groups in the agricultural value chains, most of these have a constitution and other management structures in place
- facilitated 47 youth and women innovation competition where the winning (1 youth and 1 women) groups from each County were entered for the National competition
- In collaboration with intergovernmental secretariat Supported Youth in Agribusiness conference: over 400 youth, development partners and various service providers

- **Component 3.0 Value Chain Development**

#### *Inclusive Value Chain Organizations Developed*

- 1,400 value chain organizations (VCOs) (producers, traders, processors, input supplier organizations) were formed during the period under review; cumulatively 19,400 value chain organizations were formed.
- 52,000 value chain actor members (majority producers) were linked to the VCOs. To date about 550,000 actor members has been linked ( 18% , 36%,46%: youth, adult females and males respectively

- 
- Facilitated capacity building of the 143 value chain platforms established by the programme
  - Convened a national value chain forum for the micro meso and macro value chain actors. Over 300 actors attended

- ***Equitable accesses to market increased***

- 110,000 value actors' members utilized market information to plan for their production and processing. Cumulatively 410,000 members are utilization market information

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- 143,000 value chain actor members implementing improved pre and post production management practices certified fertilizer, Hygienic handling of milk as result of training and linkages to the relevant service providers
- Market research in 5 city counties done and reports disseminated

***Up-scaling and out-scaling Innovative and inclusive value chains and VC technologies***

- Capacities of 100 value chain actors and 47 ASDSP coordinators were enhanced to identify, characterize and analyse transformational technological packages, associated supportive enterprises and value chains that drive commercialization of the select prioritized value chains
- Supported piloting of 12 value chain technologies
- Conducted value chain technology assessment
- Three incubation centres established previous year for up-scaling and out-scaling of VCs and VC technologies (Siaya, Makueni and Nandi) were operationalized.

***Phasing in activities from ASDSPII***

- ASDSPII PD and implementation framework done. To be financed Sweden ,county and National Governments at a cost of KES 5.6bn starting 2017/018-021/022
- Technical implementation guidelines developed
- Financial management and procurement manual in place
- 2017/18 work plan and budget done and approve –sent to the donor
- County Chief Officers and directors and county coordinators sensitized on ASDSP II
- county accounts, finance, audit and procurement units at the county and national level sensitized on the Finance and Procurement manual

**CHALLENGES**

- Aid-dependency syndrome of value chain actors
- Limited inter-county coordination of value chains
- Delay in GOK release of funds.
- Delay of county partners committed resources for the implimentation of Value cahin extended concepts
- Contradictory inter-county regulations affecting Value chain actors marketing access across the counties
- Challenges arising from the devolution process
- Inadequate entrepreneurial skills among VCAs along the entire VC and service providers

**WAY FORWARD**

- 1) Interface with software and hardware
- 2) Support to inter-county platforms
- 3) Release of GOK fund shortfall
- 4) Review the the partneship MOUs

5) National value chain forum to address inter-county regulations issue

– **Comment on value-for-money achievements,**

The programme endeavour to deliver value for money outputs

### **1.9 Summary of Programme Compliance:**

#### **The programme is compliant**

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

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**2. STATEMENT OF PROGRAMME MANAGEMENT RESPONSIBILITIES**

The *Principal Secretary* State Department of Agriculture, Ministry of Agriculture, Livestock and Fisheries and the Programme Coordinator *Agricultural Sector Development Support Programme (ASDSP)* are responsible for the preparation and presentation of the Programme 's financial statements, which give a true and fair view of the state of affairs of the Programme for and as at the end of the financial year(period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Programme ; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Programme ; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

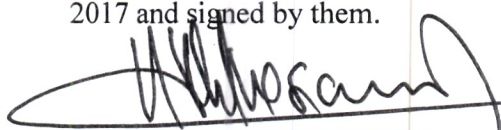
The *Principal Secretary* State Department of Agriculture, Ministry of Agriculture, Livestock and Fisheries and the Programme Coordinator *Agricultural Sector Development Support Programme (ASDSP)* accept responsibility for the Programme 's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.


The *Principal Secretary* State Department of Agriculture , Ministry of Agriculture, Livestock and Fisheries and the Programme Coordinator *Agricultural Sector Development Support Programme (ASDSP)* are of the opinion that the Programme's financial statements give a true and fair view of the state of Programme 's transactions during the financial year/period ended June 30, 2017, and of the Programme 's financial position as at that date. The *Principal Secretary* State Department of Agriculture , Ministry of Agriculture, Livestock and Fisheries and the Programme Coordinator *Agricultural Sector Development Support Programme (ASDSP)* further confirm the completeness of the accounting records maintained for the Programme, which have been relied upon in the preparation of the Programme financial statements as well as the adequacy of the systems of internal financial control.


The *Principal Secretary* State Department of Agriculture , Ministry of Agriculture, Livestock and Fisheries and the Programme Coordinator *Agricultural Sector Development Support Programme (ASDSP)* confirm that the Programme has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Programme funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

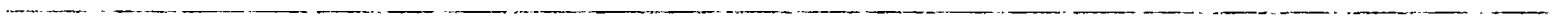
**Approval of the Programme financial statements**

The Programme financial statements were approved by The *Principal Secretary* State Department of Agriculture, Ministry of Agriculture, Livestock and Fisheries and the Programme Coordinator *Agricultural Sector Development Support Programme (ASDSP)* on 15<sup>TH</sup> DECEMBER 2017 and signed by them.

  
Principal Secretary  
Name: Dr. Richard L. Lesiyampe

  
Programme Coordinator  
Name: Phoebe A. Odhiambo

  
Programme Accountant:  
Name: David K. Ndorongo  
ICPAK Member Number:



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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### **REPORT OF THE AUDITOR-GENERAL ON AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (GRANT NO. 31100071) FOR THE YEAR ENDED 30 JUNE 2017- STATE DEPARTMENT OF AGRICULTURE**

#### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Agricultural Sector Development Support Programme set out on pages 16 to 61, which comprise the statement of financial assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya, Section 35 of the Public Audit Act, 2015 and Article 11 of the Specific Agreement signed on 9 February 2012 between Sweden and the Government of Kenya. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Agricultural Sector Development Support Programme as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement and Public Finance Management Act, 2012.

Further, as required by Article 229(6) of the Constitution, I confirm that public money has been applied lawfully and in an effective way.

#### **Basis for Qualified Opinion**

#### **Cash and Cash Equivalents**

The statement of financial assets and liabilities reflects a balance of Kshs. 59,572,578 in respect of total cash and cash equivalents as at 30 June 2017. However, bank balance of Kshs. 44,279,718 reflected in the financial statements and disclosed under Note 11.A. comprise Kshs. 42,117,159 attributed to the Donor Account and an amount of Kshs. 2,162,559 relating to GOK Account. However, these balances differ with the balances indicated in a Board of Survey Report, which shows a total amount of Kshs. 63,890,509 comprising Kshs. 59,495,350 for the Donor Account and an amount of Kshs. 4,395,159 for the GOK Account. No reconciliation or explanation has been provided for these variances, consequently the accuracy of the bank balance cannot be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Agriculture Sector Development Support

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*Report of the Auditor-General on the Financial Statements of Agricultural Sector Development Support Programme (Grant No. 31100071) for the year ended 30 June 2017- State Department of Agriculture*

Programme in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significant in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no Key Audit Matters to communicate in my report.

### **Responsibilities of Management and Those Charged with Governance for the financial statements**

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

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

Those charged with governance are responsible for overseeing the Project's financial reporting process.

### **Auditor-General's Responsibilities for the Audit of the Financial Statements**

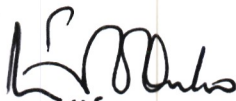
The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act,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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease 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 Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

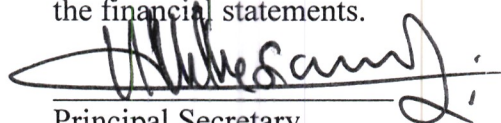
**Nairobi**

**29 December, 2017**

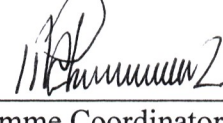
4.STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED  
30TH JUNE 2017

|   | Note | FY 2016/17   |   | FY 2015/16   |  | Cumulative to Date   |
|---|------|--|---|--|--|----------------------|
|   |      | Receipts and payments controlled by the entity<br>Kshs | Receipts and Payments made by third parties<br>Kshs | Receipts and payments controlled by the entity<br>Kshs | Payments made by third parties<br>Kshs |                      |
| <b>RECEIPTS</b>                           |      |  |   |  |  |                      |
| Receipts from Government of Kenya         | 1    | 150,000,000  |   | 200,000,000  | -                                      | 765,563,417          |
| Proceeds from Domestic and Foreign Grants | 2    | 832,322,968  | -   | 800,000,000  | -                                      | 4,185,308,868        |
| Loan from External Development Partners   | 3    | -  | -   | -  | -                                      | -                    |
| Miscellaneous Receipts                    | 4    | 2,399,871  | -   | 5,925,431  | -                                      | 22,294,519           |
| <b>TOTAL REVENUES</b>                     |      | <b>984,722,839</b>                                     | <b>-</b>  | <b>1,005,925,431</b>                                   | <b>-</b>                               | <b>4,973,166,804</b> |
| <b>PAYMENTS</b>                           |      |  |   |  |  |                      |
| Compensation of Employees                 | 5    | 1,967,000  | -   | 2,205,000  | -                                      | 208,920,952          |
| Purchase of goods and services            | 6    | 1,031,416,160  | -   | 1,009,689,656  | -                                      | 4,390,495,078        |
| Social Security Benefits                  | 7    | -  | -   | -  | -                                      | -                    |
| Acquisition of Non-financial Assets       | 8    | 105,529,944  | -   | 45,542,000   | -                                      | 316,156,381          |
| Transfers to Other Government Entities    | 9    | -  | -   | -  | -                                      | -                    |
| Other grants and transfers and payments   | 10   | -  | -   | -  | -                                      | -                    |
| <b>TOTAL PAYMENTS</b>                     |      | <b>1,138,913,104</b>                                   | <b>-</b>  | <b>1,057,436,656</b>                                   | <b>-</b>                               | <b>4,915,572,411</b> |
| <b>SURPLUS/DEFICIT</b>                    |      | <b>(154,190,265)</b>                                   | <b>-</b>  | <b>(51,511,225)</b>                                    | <b>-</b>                               | <b>57,594,393</b>    |

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



Principal Secretary  
Name: Dr. Richard L. Lesiyampe



Programme Coordinator  
Name: Phoebe A. Odhiambo



Programme Accountant:  
Name: David K. Ndorongo  
ICPAK Member Number:

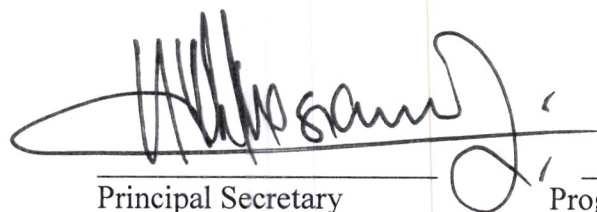
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*Revised Reports and Financial Statements  
For the financial year ended June 30, 2017*

**5.STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2017**

|  | Note | FY 2016/17<br>Kshs | FY 2015/16<br>Kshs |
|--|------|--------------------|--------------------|
| Bank Balances                          | 11A  | 44,279,718         | 198,469,983        |
| Cash Balances                          | 11B  | 628,979            | 15,210,163         |
| Cash Equivalents (Short term deposits) | 11C  | 14,663,881         | -                  |
| <b>Total Cash and Cash equivalents</b> |      | <b>59,572,578</b>  | <b>213,680,146</b> |
| Outstanding Imprests& Advances         | 12   | 991,674            | 792,874            |
| <b>TOTAL FINANCIAL ASSETS</b>          |      | <b>60,564,252</b>  | <b>214,473,020</b> |
| <br>                                   |      |                    |                    |
| Fund balance b/fwd                     | 13   | 214,473,020        | 265,984,245        |
| Surplus / (deficit) for the year       |      | (154,190,265 )     | (51,511,225)       |
| Prior Year Adjustment                  | 14   | 281,497            | -                  |
| <b>NET FINANCIAL POSITION</b>          |      | <b>60,564,252</b>  | <b>214,473,020</b> |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 15<sup>TH</sup> DECEMBER 2017 and signed by:



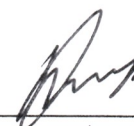
Principal Secretary

Name: **Dr. Richard L. Lesiyampe**



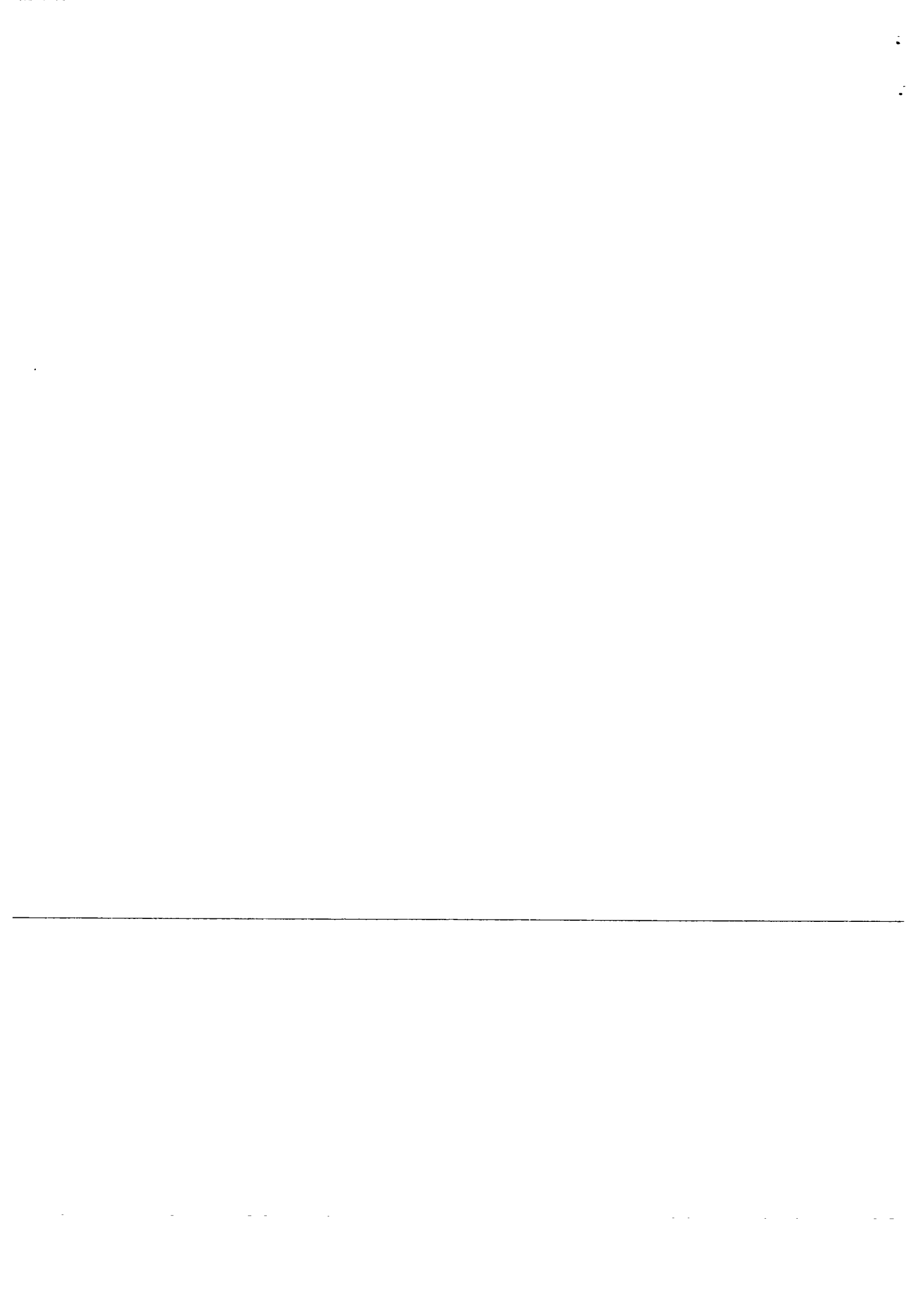
Programme Coordinator

Name: **Phoebe A. Odhiambo**



Programme Accountant:

Name: **David K. Ndorongo**  
ICPAK Member Number:



Revised Reports and Financial Statements  
For the financial year ended June 30, 2017

6.STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2017  
CASH FLOW FROM OPERATING ACTIVITIES

Receipts for operating income

|   |   |                    |                      |
|---|---|--------------------|----------------------|
| Receipts from Government of Kenya         | 1 | 150,000,000        | 200,000,000          |
| Proceeds from Domestic and Foreign Grants | 2 | 832,322,968        | 800,000,000          |
| Miscellaneous Receipts                    | 4 | 2,399,871          | 5,925,431            |
|   |   | <b>984,722,839</b> | <b>1,005,925,431</b> |

Payments for operating expenses

|   |    |                        |                        |
|---|----|------------------------|------------------------|
| Compensation of Employees               | 5  | (1,967,000)            | (2,205,000)            |
| Use of goods and services               | 6  | (1,031,416,160)        | (1,009,689,656)        |
| Social Security Benefits                | 7  | -                      | -                      |
| Transfers to Other Government Entitiess | 9  | -                      | -                      |
| Other Grants and Other Payments         | 10 | -                      | -                      |
|   |    | <b>(1,033,383,160)</b> | <b>(1,011,894,656)</b> |

Adjusted for:

|   |   |                     |                    |
|---|---|---------------------|--------------------|
| Change in receivables                         | - | -                   | -                  |
| Adjustments during the year                   |   | 281,497             | -                  |
| <b>Net cashflow from operating activities</b> |   | <b>(48,378,824)</b> | <b>(5,969,225)</b> |

CASHFLOW FROM INVESTING ACTIVITIES

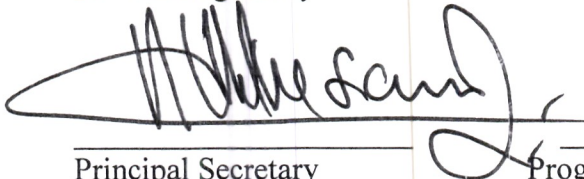
|   |   |                      |                     |
|---|---|----------------------|---------------------|
| Acquisition of Non-financial Assets             | 8 | (105,529,944)        | (45,542,000)        |
| <b>Net cash flows from Investing Activities</b> |   | <b>(105,529,944)</b> | <b>(45,542,000)</b> |

CASHFLOW FROM BORROWING ACTIVITIES

|   |   |                      |                     |
|---|---|----------------------|---------------------|
| Loan from External Development Partners         | 3 | -                    | -                   |
| <b>Net cash flow from financing activities</b>  |   | <b>-</b>             | <b>-</b>            |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENT</b> |   | <b>(154,107,568)</b> | <b>(51,511,225)</b> |

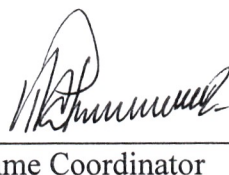
|  |  |                    |                    |
|--|--|--------------------|--------------------|
| <b>Cash and cash equivalent at BEGINNING of the year</b> |  | <b>214,473,020</b> | <b>265,984,245</b> |
| <b>Cash and cash equivalent at END of the year</b>       |  | <b>60,564,252</b>  | <b>214,473,020</b> |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 15<sup>th</sup> September 2017 and signed by:



Principal Secretary

Name: Dr. Richard L. Lesiyampe



Programme Coordinator

Name: Phoebe A. Odhiambo



Programme Accountant:

Name: David K. Ndongoro

ICPAK Member Number:



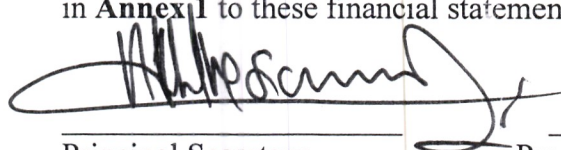
AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)

Revised Reports and Financial Statements  
For the financial year ended June 30, 2017

7.STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

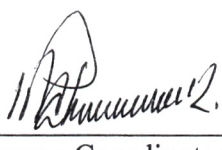
| Consolidated                              | Original Budget    | Adjustments        | Final Budget         | Actual on Comparable Basis | Utilisation Variance | % of Utilisation |
|---|--------------------|--------------------|----------------------|----------------------------|----------------------|------------------|
|   | a                  | b                  | c=a+b                | d                          | e=c-d                | f=d/c %          |
| Receipts/Payments Item                    |                    |                    |                      |                            |                      |                  |
| <b>Receipts</b>                           |                    |                    |                      |                            |                      |                  |
| Receipts from Government of Kenya         | 200,000,000        | 65,351,705         | 265,351,705          | 150,000,000                | 115,351,705          | 57%              |
| Proceeds from Domestic and Foreign Grants | 650,000,000        | 285,651,409        | 935,651,409          | 832,322,968                | 103,328,441          | 89%              |
| Loan from External Development Partners   |                    |                    | -                    | -                          | -                    |                  |
| Miscellaneous receipts                    | 2,400,000          |                    | 2,400,000            | 2,399,871                  | 129                  | 100%             |
| <b>Total Receipts</b>                     | <b>852,400,000</b> | <b>351,003,114</b> | <b>1,203,403,114</b> | <b>984,722,839</b>         | <b>218,680,275</b>   | <b>82%</b>       |
| <b>Payments</b>                           |                    |                    |                      |                            |                      |                  |
| Compensation of employees                 | 119,568,000        | (117,500,000)      | 2,068,000            | 1,967,000                  | 101,000              | 95%              |
| Use of goods and services                 | 695,432,000        | 648,544,527        | 1,343,976,527        | 1,031,416,160              | 312,560,416          | 77%              |
| Social Security Benefits                  |                    | -                  | -                    | -                          | -                    |                  |
| Acquisition of Non-financial Assets       | 35,000,000         | 71,000,000         | 106,000,000          | 105,529,944                | 470,056              | 100%             |
| Transfers to Other Government Entities    |                    |                    | -                    | -                          | -                    |                  |
| Other Grants and Other Payments           |                    |                    | -                    | -                          | -                    |                  |
| <b>Total Payments</b>                     | <b>850,000,000</b> | <b>602,044,527</b> | <b>14,52,044,527</b> | <b>1,138,913,104</b>       | <b>313,131,472</b>   | <b>78%</b>       |

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



Principal Secretary

Name: Dr. Richard L. Lesiyampe



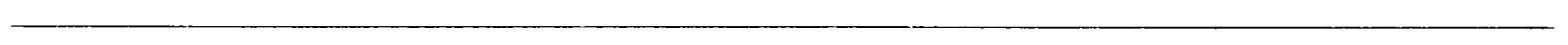
Programme Coordinator

Name: Phoebe A. Odhiambo



Programme Accountant:

Name: David K. Ndongoro  
ICPAK Member Number:



## **8.0 NOTES TO THE FINANCIAL STATEMENTS**

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

### **8.1. Basis of Preparation**

#### **8.1.1. Statement of compliance and basis of preparation**

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

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

#### **8.1.2. Reporting entity**

The financial statements are for the Programme ASDSP under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

#### **8.1.3. Reporting currency**

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

### **8.2. Significant Accounting Policies**

#### **a) Recognition of receipts**

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

- **Transfers from the Exchequer**

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

- **External Assistance**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donations and grants**

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

**Proceeds from borrowing**

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

**Undrawn external assistance**

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

• **Other receipts**

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

**b) Recognition of payments**

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

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• **Compensation of employees**

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

• **Use of goods and services**

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

• **Interest on borrowing**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

• **Acquisition of fixed assets**

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

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

**c) In-kind donations**

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

**d) Cash and cash equivalents**

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

**Restriction on cash**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Accounts receivable**

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

**f) Pending bills**

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

**g) Budget**

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

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~~A high-level assessment of the Programme's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.~~

**h) Third party payments**

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

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Exchange rate differences**

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

**j) Comparative figures**

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

**k) Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2017.

**l) Errors**

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

*AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)*

*Revised Reports and Financial Statements  
For the financial year ended June 30, 2017*

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

**1. RECEIPTS FROM GOVERNMENT OF KENYA**

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

|  | 2016/17                   | 2015/16                   | Cumulative to Date        | Cumulative Prior Year     |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | KShs                      | KShs                      | KShs                      | KShs                      |
| <i>Counterpart funding through State Department OF Agriculture , Ministry of Agriculture , livestock &amp; Fisheries</i> |                           |                           |                           |                           |
| Counterpart funds Quarter 1  |                           |                           | -                         |                           |
| Counterpart funds Quarter 2  | 125,000,000               |                           | 300,563,417               | 175,563,417               |
| Counterpart funds Quarter 3  | 12,500,000                |                           | 12,500,000                |                           |
| Counterpart funds Quarter 4  | 12,500,000                | 200,000,000               | 452,500,000               | 440,000,000               |
| <i>Other transfers from government entities</i>  | -                         | -                         | -                         | -                         |
|  | <b><u>150,000,000</u></b> | <b><u>200,000,000</u></b> | <b><u>765,563,417</u></b> | <b><u>615,563,417</u></b> |

*[The Government of Kenya had a challenge in timely disbursement of funds to the programme Account]*

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**2 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

During the 12 months to 30 June 2017 we received grants from donors as detailed in the table below:

| Name of Donor                         | Date received | Amount received in donor currency | Grants received in cash | Grants received as direct payment * | Grants received in kind | Total amount in KShs |                    |
|---------------------------------------|---------------|-----------------------------------|-------------------------|-------------------------------------|-------------------------|----------------------|--------------------|
| <b>SWEDISH GOVERNMENT (SIDA)</b>      |               |                                   |                         |                                     |                         |                      | <b>FY 2015/16</b>  |
|                                       |               |                                   | <b>KShs</b>             |                                     |                         | <b>KShs</b>          | <b>KShs</b>        |
|                                       | 26/10/2016    |                                   | 345,000,000             |                                     |                         | 345,000,000          |                    |
|                                       | 18/01/2017    |                                   | 205,139,224             |                                     |                         | 205,139,224          |                    |
|                                       | 10/2/2017     |                                   | 159,622,015             |                                     |                         | 159,622,015          |                    |
|                                       | 11/3/2017     |                                   | 122,561,729             |                                     |                         | 122,561,729          |                    |
| Government of SWEDEN - Swedish Kronor |               |                                   | 832,322,968             |                                     | -                       | 832,322,968          |                    |
| <b>Total</b>                          |               | -                                 | <b>832,322,968</b>      | -                                   | -                       | <b>832,322,968</b>   | <b>800,000,000</b> |

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

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3. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2017 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

| Name of Donor   | Date received | Amount in loan currency | Loans received in cash | Loans received as direct payment* | Total amount in KShs |            |
|---|---------------|-------------------------|------------------------|-----------------------------------|----------------------|------------|
|   |               |                         | KShs                   | KShs                              | FY16/17              | FY15/16    |
| <b>Loans Received from Bilateral Donors (Foreign Governments)</b> |               |                         |                        |                                   |                      |            |
| Insert name of foreign Government                                 | xxx           | xxx                     | xxx                    | xxx                               | xxx                  | xxx        |
| Insert name of international organization                         | xxx           | xxx                     | xxx                    | xxx                               | xxx                  | xxx        |
|   |               |                         |                        |                                   |                      |            |
| <b>Total</b>  |               |                         |                        |                                   | <b>XXX</b>           | <b>XXX</b> |

4. MISCELLANEOUS RECEIPTS

|   | Receipts controlled by the entity in Cash | Receipts controlled by third parties | TOTAL RECEIPTS   |                  | Cumulative to- date | Cumulative Prior Year |
|---|---|--------------------------------------|------------------|------------------|---------------------|-----------------------|
|   |   |                                      | FY 2016/17       | FY 2015/16       |                     |                       |
|   | KShs                                      | KShs                                 | KShs             | KShs             | KShs                | KShs                  |
| Other receipts not classified elsewhere | 2,399,871                                 |                                      | 2,399,871        | 5,925,431        | 22,294,519          | 19,894,648            |
|   | <b>2,399,871</b>                          | =                                    | <b>2,399,871</b> | <b>5,925,431</b> | <b>22,294,519</b>   | <b>19,894,648</b>     |

[Ksh 2,399,871 represent Bank interest received from Donor Account No: 1136778705 held at KCB Capital Hill Nairobi)

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**5.COMPENSATION OF EMPLOYEES**

|  |                                     |                                | FY 2016/17              | FY 2015/16              | Cumulative to- date       | Cumulative Prior Year     |
|--|-------------------------------------|--------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|
|  | Payments made by the Entity in Cash | Payments made by third parties | Total Payments          |                         |                           |                           |
| -  | KShs                                | KShs                           | KShs                    | KShs                    | KShs                      | KShs                      |
| Personal allowances paid as part of salary | 1,967,000                           |                                | 1,967,000               | 2,205,000               | 208,920,952               | 206,953,952               |
| <b>Total</b>                               | <b><u>1,967,000</u></b>             | <b>=</b>                       | <b><u>1,967,000</u></b> | <b><u>2,205,000</u></b> | <b><u>208,920,952</u></b> | <b><u>206,953,952</u></b> |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. PURCHASE OF GOODS AND SERVICES

|  | Payments made by the Entity in Cash | Payments made by third parties | Total Payments FY 2016/17   | FY 2015/16                  | Cumulative to- date         | Cumulative Prior Year       |
|--|-------------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | Shs K                               | Shs                            | Shs K                       | Shs K                       | Shs K                       | Shs K                       |
| Utilities, supplies and services                             | -                                   |                                | -                           | 1,982,222                   | 9,625,108                   | 9,625,108                   |
| Communication, supplies and services                         | 1,968,649                           |                                | 1,968,649                   | 1,407,264                   | 6,603,071                   | 4,634,422                   |
| Domestic travel and subsistence                              | 29,767,449                          |                                | 29,767,449                  | 21,283,280                  | 88,240,410                  | 58,472,961                  |
| Foreign travel and subsistence                               | 12,296,278                          |                                | 12,296,278                  | 9,451,614                   | 30,310,500                  | 18,014,222                  |
| Printing, advertising and information supplies & services    | 2,811,468                           |                                | 2,811,468                   | 11,552,960                  | 35,304,796                  | 32,493,328                  |
| Rentals of produced assets                                   | 1,926,480                           |                                | 1,926,480                   | 3,141,892                   | 7,311,556                   | 5,385,076                   |
| Training expenses  | 151,925,874                         |                                | 151,925,874                 | 104,487,504                 | 492,094,106                 | 340,168,232                 |
| Hospitality supplies and services                            | 3,497,832                           |                                | 3,497,832                   | 3,411,418                   | 9,839,214                   | 6,341,382                   |
| Insurance costs  | 790,697                             |                                | 790,697                     | 709,729                     | 4,234,293                   | 3,443,596                   |
| Specialised materials and services                           | -                                   | -                              | -                           | -                           | -                           | -                           |
| Office and general supplies and services                     | 2,850,717                           |                                | 2,850,717                   | 452,671                     | 10,337,186                  | 7,486,469                   |
| Other operating expenses                                     | 625,438,732                         |                                | 625,438,732                 | 678,484,894                 | 2,566,544,817               | 1,941,106,085               |
| Routine maintenance – vehicles and other transport equipment | 8,520,296                           |                                | 8,520,296                   | 8,842,820                   | 50,313,628                  | 41,793,332                  |
| Consultancy services: – Technical and professional services  | 189,621,688                         |                                | 189,621,688                 | 164,481,388                 | 1,079,736,393               | 890,114,705                 |
| <b>Total</b>   | <b><u>1,031,416,160</u></b>         | <b>=</b>                       | <b><u>1,031,416,160</u></b> | <b><u>1,009,689,656</u></b> | <b><u>4,390,495,078</u></b> | <b><u>3,359,078,918</u></b> |

(Funds totalling to Ksh 500,214,143 from item other operations were disbursed to 47 Counties in form of AIEs to facilitate their operations & concepts)]

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7.SOCIAL SECURITY BENEFITS

|  | FY 2016/17                          |                                |                | FY 2015/16 | Cumulative to- date |
|--|-------------------------------------|--------------------------------|----------------|------------|---------------------|
|  | Payments made by the Entity in Cash | Payments made by third parties | Total Payments |            |                     |
|  | KShs                                | KShs                           | KShs           | KShs       | KShs                |
| Government pension and retirement benefits   | xxx                                 | xxx                            | xxx            | xxx        | xxx                 |
| Social security benefits in cash and in kind | xxx                                 | xxx                            | xxx            | xxx        | xxx                 |
| Employer social benefits in cash and in kind | xxx                                 | xxx                            | xxx            | xxx        | xxx                 |
| <b>Total</b>                                 | <b>xxx</b>                          | <b>xxx</b>                     | <b>xxx</b>     | <b>xxx</b> | <b>xxx</b>          |

[Not Applicable to the programme]

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8.ACQUISITION OF NON-FINANCIAL ASSETS

|  | Payments made by the Entity in Cash | Payments made by third parties | Total Payments            |                          | Cumulative to-date        | Cumulative Prior Year     |
|--|-------------------------------------|--------------------------------|---------------------------|--------------------------|---------------------------|---------------------------|
|  |                                     |                                | FY 2016/17                | FY 2015/16               |                           |                           |
|  | KShs                                | KShs                           | KShs                      | KShs                     | KShs                      | KShs                      |
| Refurbishment of buildings                               |                                     |                                | -                         | -                        | 1,838,672                 | 1,838,672                 |
| Overhaul & refurbishment of construction and civil works | 480,385                             |                                | 480,385                   | -                        | 480,385                   | -                         |
| Purchase of vehicles & other transport equipment         | 102,851,559                         |                                | 102,851,559               | 42,000,000               | 244,479,621               | 141,628,062               |
| Purchase of office furniture & general equipment         | 2,198,000                           |                                | 2,198,000                 | 542,000                  | 64,989,703                | 62,791,703                |
| Purchase of specialised plant, equipment and machinery   |                                     |                                | -                         | 3,000,000                | 4,368,000                 | 4,368,000                 |
| <b>Total</b>   | <b><u>105,529,944</u></b>           | <b>=</b>                       | <b><u>105,529,944</u></b> | <b><u>45,542,000</u></b> | <b><u>316,156,381</u></b> | <b><u>210,626,437</u></b> |

Notes:

- 18 Vehicles
- 2 Servers
- 1 Software
- 3 Lcd lenses
- 1 Refurbishment of a toilet

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2017, we transferred funds to reporting government entities as shown below:

|  | FY 2016/17                          |                                |                | FY 2015/16 | Cumulative to-date |
|--|-------------------------------------|--------------------------------|----------------|------------|--------------------|
|  | Payments made by the Entity in Cash | Payments made by third parties | Total Payments |            |                    |
|  | KShs                                | KShs                           | KShs           | KShs       | KShs               |
| <b>Transfers to National Government entities</b> |                                     |                                |                |            |                    |
| Ministry ABC                                     | xxx                                 | xxx                            | xxx            | Xxx        | xxx                |
|  | <u>xxx</u>                          | <u>xxx</u>                     | <u>xxx</u>     | <u>Xxx</u> | <u>xxx</u>         |
| <b>Transfers to County Government</b>            |                                     |                                |                |            |                    |
|  | xxx                                 | xxx                            | xxx            | Xxx        | xxx                |
|  | <u>xxx</u>                          | <u>xxx</u>                     | <u>xxx</u>     | <u>Xxx</u> | <u>xxx</u>         |
| <b>TOTAL</b>                                     | <u>xxx</u>                          | <u>xxx</u>                     | <u>xxx</u>     | <u>xxx</u> | <u>xxx</u>         |

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER GRANTS AND TRANSFERS AND PAYMENTS

|   | FY 2016/17                          |                                |                | FY 2015/16 | Cumulative to-date |
|---|-------------------------------------|--------------------------------|----------------|------------|--------------------|
|   | Payments made by the Entity in Cash | Payments made by third parties | Total Payments |            |                    |
|   | KShs                                | KShs                           | KShs           | KShs       | KShs               |
| Grants for scholarships                             | xxx                                 | xxx                            | xxx            | xxx        | xxx                |
| Transfers to lower levels of government e.g schools | xxx                                 | xxx                            | xxx            | xxx        | xxx                |
| Miscellaneous payments                              | xxx                                 | xxx                            | xxx            | xxx        | xxx                |
| <b>Total</b>  | <u>xxx</u>                          | <u>xxx</u>                     | <u>xxx</u>     | <u>xxx</u> | <u>xxx</u>         |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 CASH AND CASH EQUIVALENTS CARRIED FORWARD

| CASH AND CASH EQUIVALENTS C/FWD                   | FY 2016/17               | FY 2015/16                |
|---|--------------------------|---------------------------|
|   | KShs                     | KShs                      |
| Bank accounts (Note 11A)                          | 44,279,718               | 198,469,983               |
| Cash in hand (Note 11B)                           | 628,979                  | 15,210,163                |
| Cash equivalents (short-term deposits) (Note 11C) | 14,663,881               | -                         |
| Outstanding imprests and advances (Note 12)       | 991,674                  | 792,874                   |
| <b>Total</b>                                      | <b><u>60,564,252</u></b> | <b><u>214,473,020</u></b> |

The Programme has two Programme accounts spread within the Programme implementation area and one foreign currency designated accounts managed by the National Treasury as listed below:

11.A Bank Accounts

Programme Bank Accounts

| 11 A Bank Accounts                       | FY 2016/17                  | FY 2015/16                |
|--|-----------------------------|---------------------------|
| <b><u>Foreign Currency Accounts</u></b>  | KShs                        | KShs                      |
| <b>Total Foreign Currency balances</b>   | <b><u>-</u></b>             | <b><u>-</u></b>           |
| <b><u>Local Currency Accounts</u></b>    |                             |                           |
| Central Bank of Kenya [A/c No.....]      | xxx                         | xxx                       |
| Kenya Commercial Bank 1136778705 - Donor | 42,117,159                  | 83,118,278                |
| Kenya Commercial Bank 1136778322 GOK     | 2,162,559                   | 115,351,705               |
| Others ( <i>specify</i> )                | xxx                         | xxx                       |
| <b>Total local currency balances</b>     | <b><u>44,279,718.00</u></b> | <b><u>198,469,983</u></b> |
| <b>Total bank account balances</b>       | <b><u>44,279,718</u></b>    | <b><u>198,469,983</u></b> |

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**Special Deposit Accounts**

The balances in the Programme 's Special Deposit Account(s) as at 30<sup>th</sup> June 2017 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

**Special Deposit Accounts Movement Schedule**

|  | <b>2016/17</b>    | <b>2015/16</b>            |
|--|-------------------|---------------------------|
|  | <b>KShs</b>       | <b>KShs</b>               |
| <b>(i) A/c Name [A/c NO: 1000236183]</b>                                 |                   |                           |
| Opening balance  | 205,139,224       | 116,734,815               |
| Total amount deposited in the account                                    | 627,183,744       | 888,404,409               |
| Total amount withdrawn (as per Statement of Receipts & Payments)         | 832,322,968       | 800,000,000               |
|  |                   |                           |
| <b>Closing balance (as per SDA bank account reconciliation attached)</b> | <b><u>NIL</u></b> | <b><u>205,139,224</u></b> |
|  |                   |                           |
| <b>(ii) A/c Name [A/c No]</b>  |                   |                           |
| Opening balance (as per the SDA reconciliation)                          | -                 | -                         |
| Total amount deposited in the account                                    | -                 | 0                         |
| Total amount withdrawn (as per Statement of Receipts & Payments)         | <u>NIL</u>        | <u>0</u>                  |
|  |                   |                           |
| <b>Closing balance (as per SDA bank account reconciliation attached)</b> | <b><u>nil</u></b> | <b><u>205,139,224</u></b> |

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as *Appendix 1.5* support these closing balances.

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11 B Cash In Hand

|                                    | 2016/17               | 2015/16                  |
|------------------------------------|-----------------------|--------------------------|
|                                    | KShs                  | KShs                     |
| Location Counties                  | 628,979               | 15,210,163               |
| Other locations ( <i>specify</i> ) | xxx                   | Xxx                      |
| <b>Total cash balances</b>         | <b><u>628,979</u></b> | <b><u>15,210,163</u></b> |

[Represents unspent Aies 2016/2017]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11C Cash equivalents (short-term deposits)

|  | FY 2016/17               | FY 2015/16      |
|--|--------------------------|-----------------|
|  | KShs                     | KShs            |
| Kenya Commercial Bank 1136778705 - Donor | 14,298,539               | 0               |
| Kenya Commercial Bank 1136778322 GOK     | 365,342                  | 0               |
| Others ( <i>Specify</i> )                | xxx                      | xxx             |
| <b>Total</b>                             | <b><u>14,663,881</u></b> | <b><u>0</u></b> |

[Represents Funds refunded by the Counties as unspent Aies of Fy 2015/2016]

12. OUTSTANDING IMPRESTS AND ADVANCES

| Name of Officer or Institution | Amount Taken   | Due Date of Surrender | Amount Surrendered | Balance 2016/2017 | Balance 2015/2016 |
|--------------------------------|----------------|-----------------------|--------------------|-------------------|-------------------|
|                                | Kshs           |                       | Kshs               | Kshs              | Kshs              |
|                                | a              |                       | b                  | c=a-b             |                   |
| Donor acct                     | 920,370        | 30/06/2017            |                    | 920,370           | 790,874           |
| Gok Account                    | 71,304         | 30/06/2017            |                    | 71,304            | 2,000             |
|                                | <b>991,674</b> |                       | <b>-</b>           | <b>991,674</b>    | <b>792,874</b>    |

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**13.UND BALANCE BROUGHT FORWARD**

|  | <b>2016/17</b>     | <b>2015/16</b>     |
|--|--------------------|--------------------|
|  | <b>KShs</b>        | <b>KShs</b>        |
| Bank accounts                          | 198,469,983        | 249,981,208        |
| Cash in hand                           | 15,210,163         | 13,937,314         |
| Cash equivalents (short-term deposits) | -                  | -                  |
| Outstanding imprests and advances      | 792,874            | 2,065,723          |
| <b>Total</b>                           | <b>214,473,020</b> | <b>265,984,245</b> |

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

**14. PRIOR YEAR ADJUSTMENT**

| <b>PRIOR YEAR ADJUSTMENT</b>           | <b>2016/17</b> | <b>2015/16</b> |
|--|----------------|----------------|
|  | <b>KShs</b>    | <b>KShs</b>    |
| Bank accounts                          | 281,497        |                |
| Cash in hand                           | -              |                |
| Cash equivalents (short-term deposits) | -              | -              |
| Receivables - Outstanding Imprest      | -              | -              |
|  |                |                |
| <b>Total</b>                           | <b>281,497</b> | <b>-</b>       |

*[Ksh 281,497 was a prior adjustment of over statement of Expenditure of Fy 2015/2016]*

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**9. OTHER IMPORTANT DISCLOSURES**

**9.1 PENDING ACCOUNTS PAYABLE (See Annex 2A)**

|                             | <b>2016/17</b> | <b>2015/16</b> |
|-----------------------------|----------------|----------------|
|                             | <b>KShs</b>    | <b>KShs</b>    |
| Construction of buildings   | xxx            | xxx            |
| Construction of civil works | xxx            | xxx            |
| Supply of goods             | xxx            | xxx            |
| Supply of services          | xxx            | xxx            |
|                             | <b>xxx</b>     | <b>xxx</b>     |

**9.2 PENDING STAFF PAYABLES (See Annex 2B)**

|                                  | <b>FY 2016/17</b>   | <b>FY 2015/16</b> |
|----------------------------------|---------------------|-------------------|
|                                  | <b>Kshs</b>         | <b>Kshs</b>       |
| Permanent employees - management |                     |                   |
| Permanent employees - Others     |                     |                   |
| Temporary employees              |                     |                   |
| Others ( <i>specify</i> )        |                     |                   |
| Donor Claims                     | 431,818             | 508,074           |
| GOK Claims                       | 649,533             | 93,213            |
|                                  | <b>1,081,351.00</b> | <b>601,287.00</b> |

**9.3 OTHER PENDING PAYABLES (See Annex 2C)**

|   | <b>2016/17</b> | <b>2015/16</b> |
|---|----------------|----------------|
|   | <b>KShs</b>    | <b>KShs</b>    |
| Amounts due to National Government entities | xxx            | xxx            |
| Amounts due to County Government entities   | xxx            | xxx            |
| Amounts due to third parties                | xxx            | xxx            |
| Others ( <i>specify</i> )                   | xxx            | xxx            |
|   | <b>xxx</b>     | <b>xxx</b>     |

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**10.0 NON CURRENT ASSET MOVEMENT**

| <b>Asset class</b>                           | <b>Opening Cost<br/>(KShs)<br/>2016/17</b> | <b>*Purchases/Additions<br/>in the Year<br/>(KShs)<br/>2016/17</b> | <b>**Disposals<br/>in the Year<br/>(KShs)<br/>2016/17</b> | <b>Closing Cost<br/>(KShs)<br/>2017</b> |
|--|--|--|---|---|
|  | <b>(a)</b>                                 | <b>(b)</b>   | <b>(c)</b>  | <b>(d)= (a)+<br/>(b)-(c)</b>            |
| Land   | -  | -  |   | -                                       |
| Buildings and structures                     | -  | 480,385  |   | 480,385                                 |
| Transport equipment                          | 141,628,062                                | 102,851,559  |   | 244,479,621                             |
| Office equipment, furniture and fittings     | 2,085,700                                  | -  |   | 2,085,700                               |
| ICT Equipment, Software and Other ICT Assets | 65,074,003                                 | 2,198,000  |   | 67,272,003                              |
| Other Machinery and Equipment                |  |  |   | -                                       |
| Heritage and cultural assets                 |  |  |   | -                                       |
| Intangible assets                            |  |  |   | -                                       |
| <b>Total</b>                                 | <b>208,787,765</b>                         | <b>105,529,944</b>   | <b>-</b>  | <b>314,317,709</b>                      |

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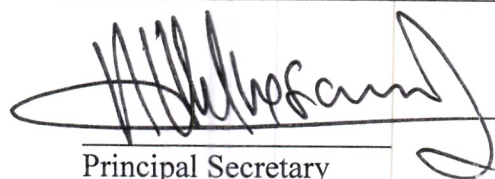
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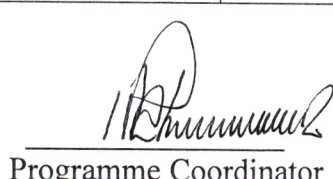
**11.PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

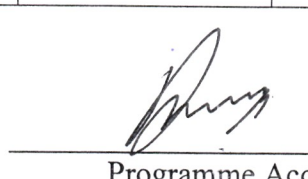
| Referen<br>ce No.<br>on the<br>external<br>audit<br>Report | Issue /<br>Observatio<br>ns from<br>Auditor   | Management comments   | Focal Point<br>to<br>resolve<br>the<br>issue<br>(Name<br>and<br>designation) | Status:<br>(Resolved / Not<br>Resolved) | Timefram<br>e:<br>(Put a date<br>when you<br>expect the<br>issue to be<br>resolved) |
|--|---|---|--|---|---|
| 1  | Cash and cash<br>Equivalent<br>of Ksh<br>214,473,02<br>0 not<br>properly<br>supported | The management provided the cash book, bank statement and bank reconciliations to the auditors as requested and a revised Financial statements were done and submitted to the Auditors for review under the year of review. | David<br>K.Ndorongo<br>Programme<br>Accountant                               | Resolved                                | 30/06/2017  |
| 2  | Accuracy<br>of Financial<br>statements<br>of Ksh<br>281,497                           | The management provided the reconcillitions and journals to that effect and the amendements was done in the revised Financial statements submitted to the Auditors for review under the year of review.                     | David<br>K.Ndorongo<br>Programme<br>Accountant                               | Resolved                                | 30/06/2017  |



Principal Secretary  
Name: Dr. Richard L. Lesiyampe



Programme Coordinator  
Name: Phoebe A. Odhiambo



Programme Accountant:  
Name: David K. Ndorongo  
ICPAK Member Number:

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ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

|   | Final Budget<br>c=a+b | Actual on Comparable Basis<br>d | Utilisation Variance<br>e=c-d | % of Utilisation<br>f=d/c % | Comments on Variance |
|---|-----------------------|---------------------------------|-------------------------------|-----------------------------|----------------------|
| <b>Receipts</b>                           |                       |                                 |                               |                             |                      |
| Receipts from Government of Kenya         | 265,351,705           | 150,000,000                     | 115,351,705                   | 57%                         | N1                   |
| Proceeds from Domestic and Foreign Grants | 935,651,409           | 832,322,968                     | 103,328,441                   | 89%                         | N2                   |
| Loan from External Development Partners   | -                     | -                               | -                             |                             |                      |
| Miscellaneous receipts                    | 2,400,000             | 2,399,871                       | 129                           | 100%                        |                      |
| <b>Total Receipts</b>                     | <b>1,203,403,114</b>  | <b>984,722,839</b>              | <b>218,680,275</b>            | <b>82%</b>                  | <b>N3</b>            |
| <b>Payments</b>                           |                       |                                 |                               |                             |                      |
| Compensation of employees                 | 2,068,000             | 1,967,000                       | 101,000                       | 95%                         |                      |
| Use of goods and services                 | 1,343,976,527         | 1,031,416,160                   | 312,560,367                   | 77%                         | N4                   |
| Social Security Benefits                  | -                     | -                               | -                             |                             |                      |
| Acquisition of Non-financial Assets       | 106,000,000           | 105,529,944                     | 470,056                       | 100%                        |                      |
| Transfers to Other Government Entities    | -                     | -                               | -                             |                             |                      |
| Other Grants and Other Payments           | -                     | -                               | -                             |                             |                      |
| <b>Total Payments</b>                     | <b>1,452,044,527</b>  | <b>1,138,913,104</b>            | <b>309,631,423</b>            | <b>79%</b>                  | <b>N5</b>            |

Explain Variance less than 90% & above 100%

" NOTE1 . The Government did not honour its commitment fully & the programme had a carry over Ksh 115,351,705 from fy 2015/2016

" NOTE2 . The Excess of ksh 103,328,441 is the exchange gains since inception disbursed to the programme during the year

" NOTE 3 . Represent the net effect of funds disbursed to the programme

" NOTE 4. The programme has carry over activities to Fy 2017/2018

" NOTE 5 . Represent the net effect of Expenditure.

**AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)**

*Revised Reports and Financial Statements*

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**ANNEX 2A - ANALYSIS OF PENDING BILLS**

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

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ANNEX 2B - ANALYSIS OF PENDING STAFF BILLS

| Name of Staff                           | Job Group | Original Amount | Date Payable Contracted | Amount Paid To-Date | Outstanding Balance 2017 | Outstanding Balance 2016 | Comments |
|---|-----------|-----------------|-------------------------|---------------------|--------------------------|--------------------------|----------|
|   |           | a               | b                       | c                   | d=a-c                    |                          |          |
| <b>Permanent Employees - Management</b> |           |                 |                         |                     |                          |                          |          |
| 1.                                      |           |                 |                         |                     |                          |                          |          |
| 2.                                      |           |                 |                         |                     |                          |                          |          |
| 3.                                      |           |                 |                         |                     |                          |                          |          |
| <b>Sub-Total</b>                        |           |                 |                         |                     |                          |                          |          |
| <b>Permanent Employees - Others</b>     |           |                 |                         |                     |                          |                          |          |
| 4.                                      |           |                 |                         |                     |                          |                          |          |
| 5.                                      |           |                 |                         |                     |                          |                          |          |
| 6.                                      |           |                 |                         |                     |                          |                          |          |
| <b>Sub-Total</b>                        |           |                 |                         |                     |                          |                          |          |
| <b>Temporary employees</b>              |           |                 |                         |                     |                          |                          |          |
| 7.                                      |           |                 |                         |                     |                          |                          |          |
| 8.                                      |           |                 |                         |                     |                          |                          |          |
| 9.                                      |           |                 |                         |                     |                          |                          |          |
| <b>Sub-Total</b>                        |           |                 |                         |                     |                          |                          |          |
| <b>Others (specify)</b>                 |           |                 |                         |                     |                          |                          |          |
| Donor Claims                            |           |                 |                         |                     | 431,818                  | 508,074                  |          |
| GOK Claims                              |           |                 |                         |                     | 649,533                  | 93,213                   |          |
| 10.                                     |           |                 |                         |                     |                          |                          |          |
| <b>Sub-Total</b>                        |           |                 |                         |                     |                          |                          |          |
| <b>Grand Total</b>                      |           |                 |                         |                     |                          |                          |          |

ANNEX 2C - ANALYSIS OF OTHER PENDING PAYABLES

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

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ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

| Asset class                                  | Opening Cost<br>(KShs)<br>2016/17<br>(a) | *Purchases/Additions<br>in the Year<br>(KShs)<br>2016/17<br>(b) | **Disposals in<br>the Year<br>(KShs)<br>2016/17<br>(c) | Closing Cost<br>(KShs)<br>2017<br>(d)= (a)+ (b)-(c) |
|--|--|---|--|---|
| Land   | -  | -   | -  | -   |
| Buildings and structures                     | -  | 480,385   | -  | 480,385   |
| Transport equipment                          | 141,628,062                              | 102,851,559   | -  | 244,479,621   |
| Office equipment, furniture and fittings     | 2,085,700                                | -   | -  | 2,085,700   |
| ICT Equipment, Software and Other ICT Assets | 65,074,003                               | 2,198,000   | -  | 67,272,003  |
| Other Machinery and Equipment                | -  | -   | -  | -   |
| Heritage and cultural assets                 | -  | -   | -  | -   |
| Intangible assets                            | -  | -   | -  | -   |
| <b>Total</b>                                 | <b>208,787,765</b>                       | <b>105,529,944</b>  | <b>-</b>   | <b>314,317,709</b>                                  |

**AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)**

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**ANNEX 1.1**

**ASDSP - CONSOLIDATED BUDGET FY -2016-2017**

| Item           | Description                            | SIDA DONOR         | GOK               | TOTAL              |
|----------------|--|--------------------|-------------------|--------------------|
| <b>2210200</b> | <b>Communication</b>                   | <b>800,000</b>     | <b>1,280,000</b>  | <b>2,080,000</b>   |
| 2210201        | Phone Fax Mobile                       | 100,000            | 1,245,000         | 1,345,000          |
| 2210202        | Internet Email                         | 650,000            | 5,000             | 655,000            |
| 2210203        | Courier & Postal                       | 50,000             | 30,000            | 80,000             |
| <b>2210300</b> | <b>Domestic Travel &amp; Substist.</b> | <b>26,500,000</b>  | <b>9,594,705</b>  | <b>36,094,705</b>  |
| 2210301        | Air Bus Train fares                    | 5,500,000          | 50,000            | 5,550,000          |
| 2210302        | Accommodation, Meals                   | 1,000,000          | 700,000           | 1,700,000          |
| 2210303        | Subsistence allowance (Salaries)       | -                  | 2,000,000         | 2,000,000          |
| 2210303        | Subsistence allowance                  | 20,000,000         | 6,844,705         | 26,844,705         |
| <b>2210400</b> | <b>Foreign Travel &amp; Substist.</b>  | <b>8,500,000</b>   | <b>8,715,000</b>  | <b>17,215,000</b>  |
| 2210401        | Foreign Trav Air Bus Train             | 4,000,000          | 3,150,000         | 7,150,000          |
| 2210402        | Foreign Accomodat Meals                | 300,000            | 150,000           | 450,000            |
| 2210403        | Foreign Trav DSA & Substist.           | 4,000,000          | 5,250,000         | 9,250,000          |
| 2210404        | Sundry Items                           | 200,000            | 165,000           | 365,000            |
| <b>2210500</b> | <b>Printing, Advertising</b>           | <b>9,800,000</b>   | <b>192,000</b>    | <b>9,992,000</b>   |
| 2210502        | Publishing & Printing                  | 4,000,000          | 10,000            | 4,010,000          |
| 2210503        | Subscription Periodicals               | 300,000            | 122,000           | 422,000            |
| 2210504        | Advertising & Awareness                | 5,000,000          | 60,000            | 5,060,000          |
| 2210507        | Dev Promo Material                     | 500,000            | -                 | 500,000            |
| <b>2210700</b> | <b>Training Expenses</b>               | <b>119,700,000</b> | <b>45,870,000</b> | <b>165,570,000</b> |
| 2210701        | Travel, Accommodation, Fees            | 117,000,000        | 36,000,000        | 153,000,000        |
| 2210702        | Pay Instructors                        | 100,000            | -                 | 100,000            |
| 2210703        | Print Training Material                | 1,500,000          | 370,000           | 1,870,000          |
| 2210704        | Hire Facilities                        | 100,000            | 9,500,000         | 9,600,000          |
| 2210710        | Training Accomodat Allow               | 1,000,000          | -                 | 1,000,000          |
| <b>2210800</b> | <b>Boards and Catering</b>             | <b>2,500,000</b>   | <b>1,095,000</b>  | <b>3,595,000</b>   |
| 2210801        | Catering services                      | 500,000            | 1,085,000         | 1,585,000          |

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|                |  |                    |                    |                    |
|----------------|--|--------------------|--------------------|--------------------|
| 2210802        | Boards Committees                      | 2,000,000          | 10,000             | 2,010,000          |
| <b>2210900</b> | <b>Insurance</b>                       | <b>1,000,000</b>   | -                  | <b>1,000,000</b>   |
| 2210904        | Vehicle Insurance                      | 1,000,000          | -                  | 1,000,000          |
| <b>2211100</b> | <b>Office &amp; General Supplies</b>   | <b>700,000</b>     | <b>1,700,000</b>   | <b>2,400,000</b>   |
| 2211101        | Stationery & General running           | 200,000            | 900,000            | 1,100,000          |
| 2211102        | Computer Supplies                      | 500,000            | 800,000            | 1,300,000          |
| 2211103        | Cleaning Material                      | -                  | -                  | -                  |
| <b>2211200</b> | <b>Fuel, Oil &amp; Lubricants</b>      | <b>500,000</b>     | <b>300,000</b>     | <b>800,000</b>     |
| 2211201        | Fuel, Oil for Transport                | 500,000            | 300,000            | 800,000            |
| <b>2211300</b> | <b>Other Operational Expenses</b>      | <b>340,182,822</b> | <b>455,000</b>     | <b>340,637,822</b> |
| 2211301        | Bank Charges                           | 350,000            | 45,000             | 395,000            |
| 2211310        | Consultants / Prof. Services           | 180,000,000        | 10,000             | 180,010,000        |
| 2211311        | Technical Services                     | 159,832,822        | 400,000            | 160,232,822        |
| <b>2220100</b> | <b>Vehicle Maintenance</b>             | <b>6,000,000</b>   | <b>650,000</b>     | <b>6,650,000</b>   |
| 2220101        | Vehicle Maintenance                    | 6,000,000          | 650,000            | 6,650,000          |
| <b>2220200</b> | <b>Routine Maint Other Assets</b>      | <b>510,000</b>     | <b>655,000</b>     | <b>1,165,000</b>   |
| 2220201        | Office Furniture and Equipmt           | 300,000            | 45,000             | 345,000            |
| 2220205        | Buildings and Station                  | -                  | -                  | -                  |
| 2220209        | Alteration of building                 | 10,000             | 40,000             | 50,000             |
| 2220209        | Alteration of building                 | -                  | 500,000            | 500,000            |
| 2220210        | Computer, Phone, Software              | 200,000            | 70,000             | 270,000            |
| <b>2220300</b> | <b>Rentals</b>                         | <b>-</b>           | <b>2,000,000</b>   | <b>2,000,000</b>   |
| 2220305        | Rentals                                | -                  | 2,000,000          | 2,000,000          |
| <b>3110700</b> | <b>Purchase Vehicles</b>               | <b>-</b>           | <b>103,000,000</b> | <b>103,000,000</b> |
| 3110701        | Purchase Vehicles                      | -                  | 103,000,000        | 103,000,000        |
| 3110704        | Purchase Mbikes & Bikes                | -                  | -                  | -                  |
| 3110708        | Purchase Buses                         | -                  | -                  | -                  |
| <b>3110800</b> | <b>Overhaul Veh &amp; Trnspt Equip</b> | <b>2,500,000</b>   | <b>720,000</b>     | <b>3,220,000</b>   |
| 3110801        | Overhaul Vehicles                      | 2,500,000          | 720,000            | 3,220,000          |
| <b>3111000</b> | <b>Purch Furniture &amp; Equip</b>     | <b>3,500,000</b>   | <b>25,000</b>      | <b>3,525,000</b>   |
| 3111001        | Office Furniture                       | -                  | -                  | -                  |

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|                |  |                      |                    |                      |
|----------------|--|----------------------|--------------------|----------------------|
| 3111002        | Comm. Hardware, IT, Compt.               | 2,500,000            | -                  | 2,500,000            |
| 3111005        | Copier / Office Equip                    | 1,000,000            | 25,000             | 1,025,000            |
| 3111009        | Educational Aids                         | -                    | -                  | -                    |
| <b>3111100</b> | <b>Plant &amp; Equipment</b>             | <b>4,000,000</b>     | -                  | <b>4,000,000</b>     |
| 3111111        | ICT Networking & communicat              | 2,000,000            | -                  | 2,000,000            |
| 3111112        | Software                                 | 2,000,000            | -                  | 2,000,000            |
| <b>3111200</b> | <b>Rehab &amp; Renov Plant &amp; Eq</b>  | -                    | -                  | -                    |
| 3111201        | Overhaul Plant & Equip                   | -                    | -                  | -                    |
| <b>3111400</b> | <b>Feasibility Studies</b>               | <b>660,000,000</b>   | <b>89,100,000</b>  | <b>749,100,000</b>   |
| 3111401        | Feasibility Studies ASDS<br>Coordination | 50,000,000           | 7,300,000          | 57,300,000           |
| 311140P        | Feasibility PHASE 2                      | 100,000,000          | 26,800,000         | 126,800,000          |
| 3111402        | Feasibility Studies County               | 455,000,000          | 49,500,000         | 504,500,000          |
| 311140M        | Feasibility Studies IMPACT               | 55,000,000           | 5,500,000          | 60,500,000           |
|                | <b>Totals</b>                            | <b>1,186,692,822</b> | <b>265,351,705</b> | <b>1,452,044,527</b> |

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ANNEX1. 2

**ASDSP -Consolidated Trial balance for the FY -2016 - 2017**

| Revenue & Expenditure |  | Dr         | Cr          |
|-----------------------|--|------------|-------------|
| Item                  | Description                                | Dr         | Cr          |
|                       | Donor Exchequer Received                   |            | 345,000,000 |
|                       | Donor Exchequer Received                   |            | 205,139,224 |
|                       | Donor Exchequer Received                   |            | 159,622,015 |
|                       | Donor Exchequer Received                   |            | 122,561,729 |
|                       | Bank interest                              |            | 2,399,871   |
|                       | GOK Exchequer Received                     |            | 100,000,000 |
|                       | GOK Exchequer Received                     |            | 25,000,000  |
|                       | GOK Exchequer Received                     |            | 12,500,000  |
|                       | GOK Exchequer Received                     |            | 12,500,000  |
| 2210303               | Personal allowances paid as part of salary | 1,967,000  | -           |
| 2211101               | Stationery & General running               | 1,019,579  | -           |
| 2211102               | Computer Supplies                          | 750,000    | -           |
| 2211103               | Cleaning Material                          | 244,430    | -           |
| 2210201               | Phone Fax Mobile                           | 1,287,974  | -           |
| 2210202               | Internet Email                             | 651,355    | -           |
| 2210203               | Courier & Postal                           | 29,320     | -           |
| 2210301               | Air Bus Train fares                        | 4,410,525  | -           |
| 2210302               | Accomodation, Meals                        | 1,278,850  | -           |
| 2210303               | Subsistence allowance                      | 24,078,074 | -           |
| 2210401               | Foreign Trav Air Bus Train                 | 3,755,885  | -           |
| 2210402               | Foreign Accomodat Meals                    | 229,320    | -           |

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|         |  |             |   |
|---------|--|-------------|---|
| 2210403 | Foreign Trav DSA & Substist.             | 8,149,841   | - |
| 2210404 | Sundry Items                             | 161,232     | - |
| 2210502 | Publishing & Printing                    | 958,329     | - |
| 2210503 | Subscription Periodicals                 | 60,000      | - |
| 2210504 | Advertising & Awareness                  | 1,793,139   | - |
| 2210701 | Travel, Accommodation, Fees              | 140,615,282 | - |
| 2210702 | Pay Instructors                          | -           | - |
| 2210703 | Print Training Material                  | 1,842,251   | - |
| 2210704 | Hire Facilities                          | 9,468,340   | - |
| 2210801 | Catering services                        | 1,576,715   | - |
| 2210802 | Boards Committees                        | 1,921,117   | - |
| 2210904 | Vehicle Insurance                        | 790,697     | - |
| 2211310 | Consultants / Prof. Services             | 135,339,674 | - |
| 2211311 | Technical Services                       | 54,282,014  | - |
| 2220201 | Office Furniture & Equip                 | 250,149     | - |
| 2220209 | Alterat Buildings                        | 36,700      | - |
| 2220210 | Maint Computer, Phone, Software          | 177,750     | - |
| 3111005 | Copiers, Other Office equipt             | 24,200      | - |
| 2211301 | Bank Charges                             | 347,909     | - |
| 2220305 | Office Rents                             | 1,926,480   | - |
| 2211201 | Fuel, Oil for Transport                  | 278,700     | - |
| 2220101 | Vehicle Maintenance                      | 5,156,762   | - |
| 3110800 | Overhaul Vehicles                        | 3,084,834   | - |
| 3111401 | Feasibility Studies ASDS<br>Coordination | 51,962,458  | - |
| 311140P | Feasibility PHASE 2                      | 53,927,291  | - |
| 3111402 | Feasibility Studies County               | 500,214,143 | - |

**AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)**

**Revised Reports and Financial Statements  
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|         |   |                      |                      |
|---------|---|----------------------|----------------------|
| 311140M | Feasibility Studies IMPACT              | 19,334,840           | -                    |
| 3111404 | Feasibility Studies Concepts            | -                    | -                    |
| 2220209 | Alterat Buildings                       | 480,385              | -                    |
| 3111002 | Comm. Hardware, IT, Compt.              | 2,198,000            | -                    |
| 3110701 | Purchase Vehicles                       | 102,851,559          | -                    |
|         | Cash in hand current year from counties | 628,979              | -                    |
|         | Cash in hand prior year from counties   | 14,663,881           | -                    |
|         | Imprest                                 | 991,674              | -                    |
|         | Accumulated Funds                       | -                    | 214,473,020          |
|         | Prior year adjustments                  | -                    | 281,497              |
|         | Balance c/d                             | 44,279,718           |                      |
|         | <b>Total</b>                            | <b>1,199,477,356</b> | <b>1,199,477,356</b> |

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)

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for the financial year ended June 30, 2017

ANNEX 1.3

ASDSP -Consolidated Donor & Gok Trial balance for the FY -2016 - 2017

| Item                                 | Description                                   | Dr                | Cr                 |
|--------------------------------------|---|-------------------|--------------------|
| <b>Opening balances - 01-07-2016</b> |   |                   | <b>198,469,983</b> |
|                                      | Donor Exchequer Received                      |                   | 345,000,000        |
|                                      | Donor Exchequer Received                      |                   | 205,139,224        |
|                                      | Donor Exchequer Received                      |                   | 159,622,015        |
|                                      | Donor Exchequer Received                      |                   | 122,561,729        |
|                                      | Bank interest                                 |                   | 2,399,871          |
|                                      | GOK Exchequer Received                        |                   | 100,000,000        |
|                                      | GOK Exchequer Received                        |                   | 25,000,000         |
|                                      | GOK Exchequer Received                        |                   | 12,500,000         |
|                                      | GOK Exchequer Received                        |                   | 12,500,000         |
| <b>2210300</b>                       | <b>COMPENSATION OF EMPLOYEES</b>              | <b>1,967,000</b>  | -                  |
| 2210303                              | Personal allowances paid as part of salary    | 1,967,000         | -                  |
| <b>2211100</b>                       | <b>Utilities, supplies and services</b>       | <b>2,014,009</b>  | -                  |
| 2211101                              | Stationery & General running                  | 1,019,579         | -                  |
| 2211102                              | Computer Supplies                             | 750,000           | -                  |
| 2211103                              | Cleaning Material                             | 244,430           | -                  |
| <b>2210200</b>                       | <b>Communication, supplies &amp; services</b> | <b>1,968,649</b>  | -                  |
| 2210201                              | Phone Fax Mobile                              | 1,287,974         | -                  |
| 2210202                              | Internet Email                                | 651,355           | -                  |
| 2210203                              | Courier & Postal                              | 29,320            | -                  |
| <b>2210300</b>                       | <b>Domestic Travel &amp; Subsistence.</b>     | <b>29,767,449</b> | -                  |

**AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME ( ASDSP )**

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|                |   |                    |   |
|----------------|---|--------------------|---|
| 2210301        | Air Bus Train fares   | 4,410,525          | - |
| 2210302        | Accommodation, Meals  | 1,278,850          | - |
| 2210303        | Subsistence allowance   | 24,078,074         | - |
| <b>2210400</b> | <b><u>Foreign Travel &amp; Substist.</u></b>                                | <b>12,296,278</b>  | - |
| 2210401        | Foreign Trav Air Bus Train  | 3,755,885          | - |
| 2210402        | Foreign Accomodat Meals   | 229,320            | - |
| 2210403        | Foreign Trav DSA & Substist.  | 8,149,841          | - |
| 2210404        | Sundry Items  | 161,232            | - |
| <b>2210500</b> | <b><u>Printing, Advertising and information supplies &amp; servives</u></b> | <b>2,811,468</b>   | - |
| 2210502        | Publishing & Printing   | 958,329            | - |
| 2210503        | Subscription Periodicals  | 60,000             | - |
| 2210504        | Advertising & Awareness   | 1,793,139          | - |
| <b>2210700</b> | <b><u>Training Expenses</u></b>   | <b>151,925,874</b> | - |
| 2210701        | Travel, Accommodation, Fees   | 140,615,282        | - |
| 2210702        | Pay Instructors   | -                  | - |
| 2210703        | Print Training Material   | 1,842,251          | - |
| 2210704        | Hire Facilities   | 9,468,340          | - |
| <b>2210800</b> | <b><u>Hospitality supplies and services</u></b>                             | <b>3,497,832</b>   | - |
| 2210801        | Catering services   | 1,576,715          | - |
| 2210802        | Boards Committees   | 1,921,117          | - |
| <b>2210900</b> | <b><u>Insurance costs</u></b>   | <b>790,697</b>     | - |
| 2210904        | Vehicle Insurance   | 790,697            | - |
| <b>2211300</b> | <b><u>Consultancy services - Technical and profesional services</u></b>     | <b>189,621,688</b> | - |
| 2211310        | Consultants / Prof. Services  | 135,339,674        | - |
| 2211311        | Technical Services  | 54,282,014         | - |

**AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)**

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|                |   |                      |                      |
|----------------|---|----------------------|----------------------|
| <b>2220200</b> | <b>OFFICE AND GENERAL SUPPLIES AND SERVICES</b>                       | <b>836,709</b>       | -                    |
| 2220201        | Office Furniture & Equip  | 250,149              | -                    |
| 2220209        | Alterat Buildings   | 36,700               | -                    |
| 2220210        | Maint Computer, Phone, Software                                       | 177,750              | -                    |
| 3111005        | Copiers, Other Office equipt  | 24,200               | -                    |
| 2211301        | Bank Charges  | 347,909              | -                    |
| <b>2220300</b> | <b>Rentals</b>  | <b>1,926,480</b>     | -                    |
| 2220305        | Office Rents  | 1,926,480            | -                    |
| <b>2220100</b> | <b>Routine maintenance - vehicle and other transport equipment</b>    | <b>8,520,296</b>     | -                    |
| 2211201        | Fuel, Oil for Transport   | 278,700              | -                    |
| 2220101        | Vehicle Maintenance   | 5,156,762            | -                    |
| 3110800        | Overhaul Vehicles   | 3,084,834            | -                    |
| <b>3111400</b> | <b>Other operating expenses / County funding/ Feasibility Studies</b> | <b>625,438,732</b>   | -                    |
| 3111401        | Feasibility Studies ASDS Coordination                                 | 51,962,458           | -                    |
| 311140P        | Feasibility PHASE 2   | 53,927,291           | -                    |
| 3111402        | Feasibility Studies County  | 500,214,143          | -                    |
| 311140M        | Feasibility Studies IMPACT  | 19,334,840           | -                    |
|                | <b>ACQUISITION OF NON-FINANCIAL ASSETS</b>                            | <b>105,529,944</b>   | -                    |
| 2220209        | Alterat Buildings   | 480,385              | -                    |
| 3111002        | Comm. Hardware, IT, Compt.  | 2,198,000            | -                    |
| 3110701        | Purchase Vehicles   | 102,851,559          | -                    |
|                | <b>Balance c/d</b>  | <b>44,279,718</b>    | -                    |
|                | <b>Total</b>  | <b>1,183,192,822</b> | <b>1,183,192,822</b> |

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ANNEX 1.4

ASDSP - DONOR Trial balance for the FY -2016 - 2017

| Item                                 | Description  | Dr                | Cr                |
|--------------------------------------|--|-------------------|-------------------|
| <b>Opening balances - 01-07-2016</b> |  |                   | <b>83,118,278</b> |
|                                      | Exchequer Received   |                   | 345,000,000       |
|                                      | Exchequer Received   |                   | 205,139,224       |
|                                      | Exchequer Received   |                   | 159,622,015       |
|                                      | Exchequer Received   |                   | 122,561,729       |
|                                      | Bank interest  |                   | 2,399,871         |
| <b>2211100</b>                       | <b>Utilities , supplies and services</b>                             | <b>160,422</b>    | -                 |
| 2211101                              | Stationery & General running   | 160,422           | -                 |
| <b>2210200</b>                       | <b>Communication , supplies &amp; services</b>                       | <b>693,829</b>    | -                 |
| 2210201                              | Phone Fax Mobile   | 44,974            | -                 |
| 2210202                              | Internet Email   | 648,855           | -                 |
| <b>2210300</b>                       | <b>Domestic Travel &amp; Subsistence.</b>                            | <b>22,688,542</b> | -                 |
| 2210301                              | Air Bus Train fares  | 4,329,825         | -                 |
| 2210302                              | Accomodation, Meals  | 617,690           | -                 |
| 2210303                              | Subsistence allowance  | 17,741,027        | -                 |
| <b>2210400</b>                       | <b>Foreign Travel &amp; Substist.</b>                                | <b>3,752,129</b>  | -                 |
| 2210401                              | Foreign Trav Air Bus Train   | 620,380           | -                 |
| 2210402                              | Foreign Accomodat Meals  | 214,420           | -                 |
| 2210403                              | Foreign Trav DSA & Substist.   | 2,917,329         | -                 |
| <b>2210500</b>                       | <b>Printing, Advertising and information supplies &amp; services</b> | <b>2,601,925</b>  | -                 |

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)

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|                |   |                    |   |
|----------------|---|--------------------|---|
| 2210502        | Publishing & Printing   | 836,650            | - |
| 2210503        | Subscription Periodicals  | -                  | - |
| 2210504        | Advertising & Awareness   | 1,765,275          | - |
| <b>2210700</b> | <b>Training Expenses</b>  | <b>106,671,904</b> | - |
| 2210701        | Travel, Accommodation, Fees   | 105,157,753        | - |
| 2210703        | Print Training Material   | 1,482,251          | - |
| 2210704        | Hire Facilities   | 31,900             | - |
| <b>2210800</b> | <b>Hospitality supplies and services</b>                              | <b>2,407,245</b>   | - |
| 2210801        | Catering services   | 493,895            | - |
| 2210802        | Boards Committees   | 1,913,350          | - |
| <b>2210900</b> | <b>Insurance costs</b>  | <b>790,697</b>     | - |
| 2210904        | Vehicle Insurance   | 790,697            | - |
| <b>2211300</b> | <b>Consultancy services - Technical and professional services</b>     | <b>189,285,288</b> | - |
| 2211310        | Consultants / Prof. Services  | 135,339,674        | - |
| 2211311        | Technical Services  | 53,945,614         | - |
| <b>2220200</b> | <b>OFFICE AND GENERAL SUPPLIES AND SERVICES</b>                       | <b>623,125</b>     | - |
| 2220201        | Office Furniture & Equip  | 209,025            | - |
| 2220210        | Maint Computer, Phone, Software                                       | 110,000            | - |
| 2211301        | Bank Charges  | 304,099            | - |
| <b>2220100</b> | <b>Routine maintenance - vehicle and other transport equipment</b>    | <b>6,889,693</b>   | - |
| 2220101        | Vehicle Maintenance   | 4,509,463          | - |
| 3110800        | Overhaul Vehicles   | 2,380,230          | - |
| <b>3111400</b> | <b>Other operating expenses / County funding/ Feasibility Studies</b> | <b>536,961,159</b> | - |

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|         |  |                    |                    |
|---------|--|--------------------|--------------------|
| 3111401 | Feasibility Studies ASDS Coordination      | 44,753,798         | -                  |
| 311140P | Feasibility PHASE 2                        | 27,159,631         | -                  |
| 3111402 | Feasibility Studies County                 | 450,829,790        | -                  |
| 311140M | Feasibility Studies IMPACT                 | 14,217,940         | -                  |
|         | <b>ACQUISITION OF NON-FINANCIAL ASSETS</b> | <b>2,198,000</b>   | <b>-</b>           |
| 3111002 | Comm. Hardware, IT, Compt.                 | 2,198,000          | -                  |
|         | Balance c/d                                | 42,117,159         | -                  |
|         | <b>Total</b>                               | <b>917,841,117</b> | <b>917,841,117</b> |

**AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)**

*Revised Reports and Financial Statements  
For the financial year ended June 30, 2017*

**ANNEX 1.5**

**ASDSP - GOK Trial balance for the FY -2016 - 2017**

| Item                                 | Description                                   | Dr               | Cr                 |
|--------------------------------------|---|------------------|--------------------|
| <b>Opening balances - 01-07-2016</b> |   |                  | <b>115,351,705</b> |
|                                      | Exchequer Received                            |                  | 100,000,000        |
|                                      | Exchequer Received                            |                  | 25,000,000         |
|                                      | Exchequer Received                            |                  | 12,500,000         |
|                                      | Exchequer Received                            |                  | 12,500,000         |
| <b>2210300</b>                       | <b>COMPENSATION OF EMPLOYEES</b>              | <b>1,967,000</b> | -                  |
| 2210303                              | Personal allowances paid as part of salary    | 1,967,000        | -                  |
| <b>2211100</b>                       | <b>Utilities, supplies and services</b>       | <b>1,853,587</b> | -                  |
| 2211101                              | Stationery & General running                  | 859,157          | -                  |
| 2211102                              | Computer Supplies                             | 750,000          | -                  |
| 2211103                              | Cleaning Material                             | 244,430          | -                  |
| <b>2210200</b>                       | <b>Communication, supplies &amp; services</b> | <b>1,274,820</b> | -                  |
| 2210201                              | Phone Fax Mobile                              | 1,243,000        | -                  |
| 2210202                              | Internet Email                                | 2,500            | -                  |
| 2210203                              | Courier & Postal                              | 29,320           | -                  |
| <b>2210300</b>                       | <b>Domestic Travel &amp; Subsistence.</b>     | <b>7,078,907</b> | -                  |
| 2210301                              | Air Bus Train fares                           | 80,700           | -                  |
| 2210302                              | Accommodation, Meals                          | 661,160          | -                  |
| 2210303                              | Subsistence allowance                         | 6,337,047        | -                  |
| <b>2210400</b>                       | <b>Foreign Travel &amp; Subst.</b>            | <b>8,544,149</b> | -                  |
| 2210401                              | Foreign Trav Air Bus Train                    | 3,135,505        | -                  |

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)

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|                |   |                   |   |
|----------------|---|-------------------|---|
| 2210402        | Foreign Accomodat Meals   | 14,900            | - |
| 2210403        | Foreign Trav DSA & Substist.  | 5,232,512         | - |
| 2210404        | Sundry Items  | 161,232           | - |
| <b>2210500</b> | <b><u>Printing, Advertising and information supplies &amp; servives</u></b> | <b>209,543</b>    | - |
| 2210502        | Publishing & Printing   | 121,679           | - |
| 2210503        | Subscription Periodicals  | 60,000            | - |
| 2210504        | Advertising & Awareness   | 27,864            | - |
| <b>2210700</b> | <b><u>Training Expenses</u></b>   | <b>45,253,970</b> | - |
| 2210701        | Travel, Accomodation, Fees  | 35,457,530        | - |
| 2210702        | Pay Instructors   | -                 | - |
| 2210703        | Print Training Material   | 360,000           | - |
| 2210704        | Hire Facilities   | 9,436,440         | - |
| <b>2210800</b> | <b><u>Hospitality supplies and services</u></b>                             | <b>1,090,587</b>  | - |
| 2210801        | Catering services   | 1,082,820         | - |
| 2210802        | Boards Committees   | 7,767             | - |
| <b>2210900</b> | <b><u>Insurance costs</u></b>   | -                 | - |
| 2210904        | Vehicle Insurance   | -                 | - |
| <b>2211300</b> | <b><u>Consultancy services - Technical and professional services</u></b>    | <b>336,400</b>    | - |
| 2211310        | Consultants / Prof. Services  | -                 | - |
| 2211311        | Technical Services  | 336,400           | - |
| <b>2220200</b> | <b><u>OFFICE AND GENERAL SUPPLIES AND SERVICES</u></b>                      | <b>213,584</b>    | - |
| 2220201        | Office Furniture & Equip  | 41,124            | - |
| 2220209        | Alterat Buildings   | 36,700            | - |
| 2220210        | Maint Computer, Phone, Software   | 67,750            | - |
| 3111005        | Copiers, Other Office equipt  | 24,200            | - |
| 2211301        | Bank Charges  | 43,810            | - |

**AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)**

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|                |   |                    |                    |
|----------------|---|--------------------|--------------------|
| <u>2220300</u> | <u>Rentals</u>  | <b>1,926,480</b>   | -                  |
| 2220305        | Office Rents  | 1,926,480          | -                  |
| <u>2220100</u> | <u>Routine maintenance - vehicle and other transport equipment</u>    | <b>1,630,603</b>   | -                  |
| 2211201        | Fuel, Oil for Transport   | 278,700            | -                  |
| 2220101        | Vehicle Maintenance   | 647,299            | -                  |
| 3110800        | Overhaul Vehicles   | 704,604            | -                  |
| <b>3111400</b> | <b>Other operating expenses / County funding/ Feasibility Studies</b> | <b>88,477,573</b>  | -                  |
| 3111401        | Feasibility Studies ASDS Coordination                                 | 7,208,660          | -                  |
| 311140P        | Feasibility PHASE 2   | 26,767,650         | -                  |
| 3111402        | Feasibility Studies County  | 49,384,353         | -                  |
| 311140M        | Feasibility Studies IMPACT  | 5,116,900          | -                  |
| 3111404        | Feasibility Studies Concepts  | -                  | -                  |
|                | <b>ACQUISITION OF NON-FINANCIAL ASSETS</b>                            | <b>103,331,944</b> | -                  |
| 2220209        | Alterat Buildings   | 480,385            | -                  |
| 3111002        | Comm. Hardware, IT, Compt.  | -                  | -                  |
| 3110701        | Purchase Vehicles   | 102,851,559        | -                  |
|                | <b>Balance c/d</b>  | <b>2,162,559</b>   | -                  |
|                | <b>Total</b>  | <b>265,351,705</b> | <b>265,351,705</b> |

**AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)**

*Revised Reports and Financial Statements  
For the financial year ended June 30, 2017*

**ANNEX 1.6**

**Reconciliation Between the Project Accounts and the  
Special/Designated Account**

|                   | <b>PARTICULARS</b>   | <b>KES (Equivalent)</b> |
|-------------------|--|-------------------------|
| <b>Date</b>       | <b>Balance b/f - 01-07-2016</b>  | <b>205,139,224</b>      |
| <b>Fy</b>         | <b>Amount disbursed to Special Account</b>   | <b>627,183,744</b>      |
| <b>2016/2017</b>  | <b>Total</b>   | <b>832,322,968</b>      |
|                   | <b>Represented by:</b>   |                         |
|                   | <b>Amount withdrawn</b>  |                         |
| <b>26/10/2016</b> | <b>Amount disbursed to Ministry of Agriculture, livestock &amp; Fisheries - State department of<br/>Agriculturer then to ASDSP Programme Account</b> | <b>345,000,000</b>      |
| <b>18/01/2017</b> | <b>Amount disbursed to Ministry of Agriculture, livestock &amp; Fisheries - State department of<br/>Agriculturer then to ASDSP Programme Account</b> | <b>205,139,224</b>      |
| <b>10/2/2017</b>  | <b>Amount disbursed to Ministry of Agriculture, livestock &amp; Fisheries - State department of<br/>Agriculturer then to ASDSP Programme Account</b> | <b>159,622,015</b>      |
| <b>11/3/2017</b>  | <b>Amount disbursed to Ministry of Agriculture, livestock &amp; Fisheries - State department of<br/>Agriculturer then to ASDSP Programme Account</b> | <b>122,561,729</b>      |
|                   | <b>Total</b>   | <b>832,322,968</b>      |
|                   | <b>Balance as per special Account 30/06/2017</b>   | <b>Nil</b>              |

**RUGANDA RURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)**

**Revised Reports and Financial Statements  
for the financial year ended June 30, 2017**

ANNEX 1.7

**ASDSP NON-CURRENT ASSET MOVEMENT**

| DESCRIPTION                    | DESK<br>TOP<br>COMPU<br>TERS | LAPTO<br>PS    | PRINTE<br>RS  | UPS           | LCDS          | FURNI<br>TURE | Photoo<br>piers | Motor<br>Vehicle | Ipads   | External<br>Hard<br>Disk | Servers       | Building | Softwar<br>e  | TOTAL           |
|--------------------------------|------------------------------|----------------|---------------|---------------|---------------|---------------|-----------------|------------------|---------|--------------------------|---------------|----------|---------------|-----------------|
| Net Bal C/d<br>1/7/2016        | 14,978,9<br>80               | 32,853,4<br>50 | 6,005,16<br>0 | 1,251,27<br>0 | 5,729,42<br>7 | 2,085,70<br>0 | 1,656,31<br>6   | 141,628,<br>062  | 992,000 | 239,400                  | -             | -        | 1,368,00<br>0 | 208,787,<br>765 |
| Acquisition<br>SIDA FUND)      | -                            | -              | -             | -             | 78,000        | -             | -               | -                | -       | -                        | 2,040,00<br>0 | -        | 80,000        | 2,198,00<br>0   |
| Acquisition<br>GOK FUND)       | -                            | -              | -             | -             | -             | -             | -               | 102,851,<br>559  | -       | -                        | -             | 480,385  | -             | 103,331,<br>944 |
| Bal c/d<br>30/06/2017          | 14,978,9<br>80               | 32,853,4<br>50 | 6,005,16<br>0 | 1,251,27<br>0 | 5,807,42<br>7 | 2,085,70<br>0 | 1,656,31<br>6   | 244,479,<br>621  | 992,000 | 239,400                  | 2,040,00<br>0 | 480,385  | 1,448,00<br>0 | 314,317,<br>709 |
| Adjustments<br>during the Year | -                            | -              | -             | -             | -             | -             | -               | -                | -       | -                        | -             | -        | -             | -               |
| Net Bal C/d<br>30/06/2017      | 14,978,9<br>80               | 32,853,4<br>50 | 6,005,16<br>0 | 1,251,27<br>0 | 5,807,42<br>7 | 2,085,70<br>0 | 1,656,31<br>6   | 244,479,<br>621  | 992,000 | 239,400                  | 2,040,00<br>0 | 480,385  | 1,448,00<br>0 | 314,317,<br>709 |

Notes:  
Acquired the  
following

- 18 Vehicles
- 2 Servers
- 1 Software
- 3 Led lenses
- Rehabilitation  
of 1 Toilet