

REPUBLIC OF KENYA

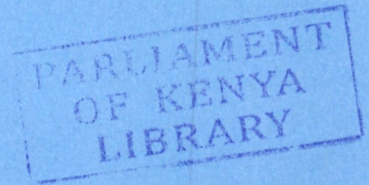


*Enhancing Accountability*

THE NATIONAL ASSEMBLY PAPERS LAID		<b>REPORT</b>
DATE:	28 FEB 2024	DAY: WED
TABLED BY:	Hon Naomi Waga of Deputy majority Whip	
CLERK-AT-THE-TABLE:	A. Shuluka	

**THE AUDITOR-GENERAL**

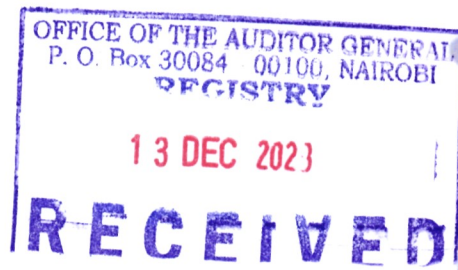
**ON**



**NATIONAL YOUTH SERVICE - MECHANICAL  
AND TRANSPORT FUND**

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





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**NATIONAL YOUTH SERVICE**  
**(MECHANICAL AND TRANSPORT FUND)**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2023**

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



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## 1. Acronyms, Abbreviations and Glossary of Terms

### A. Acronyms and Abbreviations

AG	- Attorney General
Ag.	- Acting
AIE	- Authority to Incur Expenditure
Att.	- Attendance
B/F	- Balance brought forward
BSc	- Bachelor of Science
Cap	- Chapter
CDF	- Chief of Defence Forces
CEO	- Chief Executive Officer
CO	- Commanding Officer
Co. Ltd	- Company Limited
CoG	- Council of Governors
CYPAN	- Commonwealth Youth Peace Ambassador
DDG	- Deputy Director-General
DG	- Director-General
DPP	- Development Policy and Practice
DRC	- Democratic Republic of Congo
EBS	- Elder of the Burning Spear
FCCA	- Fellow of the Association of Chartered Certified Accountants in UK
FY	- Financial Year
GD&E	- Gender Development and Education
Gen	- General
GOEs	- State-owned Enterprises
GSU	- General Service Unit
HQs	- Headquarters
ICPAK	- Institute of Certified Public accountants of Kenya
ICT	- Information, Communication and Technology
IIA	- Institute of Internal Auditors
IPSAS	- International Public Sector Accounting Standards

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JKIA	- Jomo Kenyatta International Airport
KAA	- Kenya Airports Authority
KAFTEC	- Kenya Armed Forces Technical College
KENHA	- Kenya Highways Authority
KeRRA	- Kenya Rural Roads Authority
KES	- Kenya Shillings
KIBT	- Kenya Institute of Business Training
KICC	- Kenyatta International Convention Centre
KISM	- Kenya Institute of Supply Management
KMTC	- Kenya Medical Training College
KNEC	- Kenya National Examination Council
KRA	- Kenya Revenue Authority
Kshs	- Kenya Shillings
LLB	- Bachelor of Law
Lt	- Lieutenant
MA	- Masters of Arts
MBA	- Masters of Business Administration
MBS	- member of the Burning Spear
MIS	- Management Information Systems
Mngt	- Management
MTB	- Mechanical and Transport Branch
MTF	- Mechanical and Transport Fund
NDC	- National Defence College
NMS	- Nairobi metropolitan Services
NYS	- National Youth Service
P/S	- Public Service
PFM	- Public Finance Management
PhD	- Doctor of Philosophy
PLC	- Public Limited Company
PMT&NS	- Paramilitary Training and National Service
PP&M	- Public Policy and Management
PS	- Principal Secretary

PwC	- PricewaterhouseCoopers
Rtd	- Retired
SCMS	- Supply Chain Management Services
Sec	- Secretary
SIT	- School for International Training
TNT	- The National Treasury
UAE	- United Arab Emirates
UK	- United Kingdom
UoN	- University of Nairobi
USAID	- United States Agency for International Development
USD	- The United States Dollar
USIU	- United States International University-Africa
VAT	- Value Added Tax
YEP	- Youth Empowerment Programme

## **B. Glossary of Terms**

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

### **Audit and Risk Management Committee**

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

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

## 2. Key Entity Information and Management

### a) Background

The National Youth Service, Mechanical and Transport Branch (MTB) was established in August, 1965 to maintain transport vehicles, equipment and machinery for efficient movement of service personnel, goods and services at NYS. Later, a Transport Funding Scheme was started within MTB in the year 1971 with support/a grant of 3.5 million USD worth of equipment from the United States Agency for International Development (USAID) through Kenya Government. with a vision of sustainably equipping of the Service beyond the donor funding, NYS transport funding scheme was established under the Government Financial Management Act (No. 5 of 2004) (NYS- Mechanical and Transport Fund) Regulations in the year 2011.

MTB's strategic objectives are:

- i. To provide transport facilities to National Youth Service Units while undertaking their Programmes.
- ii. To provide transport facilities for undertaking national projects and hire to other users for generation of revenue to the fund for purposes of maintenance and renewal of vehicles, machinery and equipment.
- iii. To strengthen institutional capacity through training of youth and staff and establishing of critical structures that ensure effective service delivery.

### b) Principal Activities

The key activities of the NYS Mechanical and Transport Fund include:

- i. Provision of transport services, plant, machineries and equipment to the National Youth Service to facilitate effective operations in agricultural farms, internal infrastructure development works, supervision of general operations, general transport, and transport of staff and Servicemen and women while on national service programmes.
- ii. The Fund also hires transport, plant, machineries and equipment to other Government Agencies and the general public at Government rates in order to generate revenue for Fund maintenance and renewal of vehicles, machinery and equipment.
- iii. Under the new mandate of the Service (Section 7 1 (d) of the NYS Act, 2018), MTF undertakes construction works as commercial projects to support additional revenue generation for the Service.
- iv. Provision of training services for NYS service men and women and other Agencies at the NYS Driving and Plant Operator Schools.
- v. Provision of disaster response services to the Service and the general public.

### c) Key Management

While the Minister for the parent Ministry authorizes expenditure on the Fund, the day-to-day management and control of MTF is under the direction of the officer administering the Fund i.e. the Accounting Officer of the Service.

The officer administering the Fund appoints a Committee to advice on general management and operations of the fund.

During the current reporting period, the Fund Management Committee comprised of the following Officers:

- a) The Deputy Director-General, Corporate Service - Chairperson
- b) Officer In-Charge, MTF - Secretary
- c) Director Finance and Accounts
- d) Director, Commercial Enterprises and Marketing
- e) Head of Procurement
- f) Head of Accounting Unit
- g) Accountant MTF
- h) Supply Chain Officer MTF
- i) Officer in Charge of Workshop, MTF

**d) Fiduciary Management**

The key Management staff who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

S/No	Name	Designation	Responsibility
1.	Matilda P. Sakwa (Ms.), EBS	Fund Administer (DG/CEO, until April 19, 2023)	Officer Administering the MTF
2.	Mr. James K. Tembur, MBS	<ul style="list-style-type: none"> <li>▪ Deputy Director-General, Corporate Service (Until April 19, 2023); and</li> <li>▪ Fund Administer (Ag. DG/CEO, from April 19, 2023)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Management Committee, Chairman</li> <li>▪ Officer Administering the MTF</li> </ul>
3.	Mr. Peter Juma Nyawira	Deputy Director, Commanding Officer	Management Committee, Secretary
4.	Mr. Francis Ngigi Ndegwa	Director, Finance and Accounts	Management Committee, Member
5.	Dr. James K. Kairu	Director, SCMS	Management Committee, Member
6.	Mr. Elias Kimani Macharia	Head of Accounts Unit	Management Committee, Member
7.	Mr. Harrison M.	Accountant in – Charge, MTF	Management Committee,

**National Youth Service (Mechanical and Transport Fund)  
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	Rioba		Member
8.	Ms. Linda Vike	Head, SCM – MTF	Management Committee, Member
9.	Mr. Sila Katwa	Workshop in-Charge, MTF	Management Committee, Member

**e) Fiduciary Oversight Arrangement**

The National Youth Service Council provides the overall internal oversight over the Fund, assisted by the following Committees:

- i. The Council Committee on Finance and Enterprise Development;
- ii. The Council Committee on Audit and Risk Management; and
- iii. The Fund Management Committee.

The Cabinet Secretary for the Ministry of Public Service, Gender and Affirmative Action, the relevant Parliamentary Committees and the Auditor General oversight of the Fund externally.

**f) Entity Headquarters**

Mechanical and Transport Fund  
P.O. Box 59432-00200  
**NAIROBI**

**g) Entity Contacts**

Telephone :(+254)8560319  
Email: nysmtbhire@gmail.com

**h) Entity Bankers**

Kenya commercial Bank Ltd  
P.O. Box 30081-00100  
Kencom House, Moi Avenue  
**NAIROBI**

**i) Bank Details**

Bank: Kenya Commercial Bank  
Branch: Moi Avenue  
Account Name: NYS Mechanical Fund  
Account No. 1128674548  
Account Type: Current

**j) Independent Auditors**



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



**k) Principal Legal Advisor**

The Attorney General (State Law Office)  
Harambee Avenue  
P.O. Box 40112-00200  
**NAIROBI**

### 3. The Board of Directors

Section 9 of the NYS Act, 2018 establishes the Council of the National Youth Service. The following Board of Directors were members of the NYS Council during the FY 2022/2023:

S/No	Director	Details
1.	 <p data-bbox="311 940 726 1064"><b>Lt Gen (Rtd) Njuki Mwaniki, MGH, CBS, OGW, ndc (K) - Chairman (Re-Appointed on 7<sup>th</sup> February</b></p>	<p data-bbox="805 533 1428 1030">An ardent infantry retired military Three-Star-General, Njuki Mwaniki holds a Masters of Arts in War in the Modern World (Distinction) from The King’s College, London. He holds a Diploma in International Studies from the University of Nairobi, Diploma in Military strategy from the National Defence University, Beijing and a Certificate in Scriptualizing from Harvard University Divinity School. He brings on board a wealth of experience in Management and Leadership of disciplined services spanning over 40 years.</p>
2.	 <p data-bbox="311 1534 726 1702"><b>Matilda P. Sakwa (Ms.), EBS – Director General/Chief Executive Officer/Secretary (Until 19<sup>th</sup> April, 2023)</b></p>	<p data-bbox="805 1070 1428 1769">Ms. Sakwa holds a Masters Degree in Development Studies from the International Institute of Social Studies at The Hague, The Netherlands and a Bachelor of Arts Degree from the University of Nairobi. She is an accomplished public servant with over thirty (30) years of diligent Service in the Public Service. She was a key player in setting up project delivery teams in a number of line ministries under the social pillar of the Vision 2030. She was a member of the inaugural team that conceptualized and established structures for the National Aids Control Council in Kenya and a member of the National Steering Committee that developed the National Action Plan on UNSCR 1325 on Women, Peace and Security.</p>




S/No	Director	Details
3.	 <p data-bbox="304 629 746 792"><b>Mr. James Kipsiele Tembur, MBS – Ag. Director General/Chief Executive Officer/Secretary (From April 19, 2023)</b></p>	<p data-bbox="810 181 1439 981">Mr. Tembur holds a BSc. in Agriculture and a MSc. in Entrepreneurship with a public service experience of over 30 years, having joined the National Youth Service in 1991 as a Training Officer Cadet. Before his appointment to the position of Director-General/ CEO in acting capacity in April, 2023 Mr. Tembur held the post of Deputy Director-General, Corporate Service for close to four (4) year. Mr. Tembur is credited for having headed teams that undertook notable assignments, including: the fabrication and installation of clinics in informal settlements under the Youth Empowerment Programme (YEP); rehabilitation of dykes to control floods in Budalangi; and the formulation of the inaugural NYS Strategic Plan (2019-2024).</p>
4.	 <p data-bbox="304 1451 746 1576"><b>Mr. Elijah K. Wachira – Independent Member (Until January 12, 2023)</b></p>	<p data-bbox="810 987 1439 1664">Mr. Wachira holds an MBA in Management Information Systems and a BSc in Meteorology from the University of Nairobi and a Postgraduate Diploma in Systems Analysis and Design from Edinburgh Napier University. He is the Managing Consultant of Peak Line Consultants Limited, Nairobi. He has a wide exposure and experience in Training and Capacity Building; Performance Management Systems; and Strategic Management. Mr. Wachira has hands-on experience in corporate governance of State-owned Enterprises (GOEs) through successful formulation and implementation of corporate policies, strategy and performance management systems at the Kenya School of Government.</p>



**National Youth Service (Mechanical and Transport Fund)  
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S/No	Director	Details
5.	 <p data-bbox="331 750 734 873"><b>Mr. Ali Sahal Idris – Independent Member (Re-appointed on 7th February 2022)</b></p>	<p data-bbox="810 331 1433 1131">Mr. Idris holds a Master of Business Administration Degree from United States International University-Africa (USIU) and a Bachelor of Commerce in Finance from the University of Nairobi. He is also an alumnus of the Harvard University Kennedy School Executive Education Program and a Fellow of the Association of Chartered Certified Accountants in UK (FCCA). He is a Finance and Management Consultant with over 15 years' experience in finance and business management. He has worked with PricewaterhouseCoopers (PwC) in Kenya, Hass Petroleum Group, Dahabshiil Bank (renamed East Africa Bank) and Dahabshiil FZCO based in Dubai, UAE. Mr. Idris is a finance and business management advisor to a number of companies and sits on the boards of various private companies.</p>
6.	 <p data-bbox="331 1568 734 1691"><b>Dr. Nkatha Linda Gichuyia – Independent Member (Re-appointed on 7th February 2022)</b></p>	<p data-bbox="810 1131 1433 1843">Dr. Nkatha holds a PhD in Architecture and an MPhil in Environmental Design, both from the University of Cambridge in the UK. She is currently a Lecturer at the Architecture and Building Science Department of the University of Nairobi. Recently, was got appointed as a visiting assistant professor to the University College Dublin's School of Architecture, Planning and Environmental policy for a period of 3 years beginning 1<sup>st</sup> September 2020. Dr. Nkatha is deeply involved as well in drawing both National Government and International Policy Frameworks, in her other various capacities as a knowledge broker, Gates Cambridge Scholar, practicing Architect, and as an independent researcher and urban development consultant.</p>

S/No	Director	Details
7.	 <p data-bbox="331 595 703 719"><b>Ms. Christine Achieng Odera – Independent Member (appointed on 7th February 2022)</b></p>	<p>Ms. Odera holds an Executive Masters in Development Policy and Practice (DPP) and a Bachelors of Arts in International Relations (Peace and Conflict Studies). She is the Program Manager, School for International Training (SIT) and the current Pan-Commonwealth Coordinator/Commonwealth Youth Peace Ambassador (CYPAN). She has over 7-year wealth of experience in youth advocacy and policy development and programs.</p>
8.	 <p data-bbox="304 1133 692 1256"><b>Mr. Richard Kakunga Wambua – Independent Member (Appointed on 7th February 2022)</b></p>	<p>Mr. Wambua holds a Bachelors of Arts in International Relations. He served as European Development Days Young Leader, CEO of MeForest Initiative, and a former Board Director at the Youth Agenda and a current Advisory Board Member of the Youth Sounding Board (Royal Danish Embassy to Kenya). He has a wealth of experience in advocacy for climate change mitigation innovations as well as youth and women empowerment. From his role as Ambassador, brings a lot of experience on youth and women empowerment in multilateral affairs in the Council and Service.</p>
9.	 <p data-bbox="288 1715 703 1805"><b>Ms. Anita Jerotich Chepseba – Alternate Member, the Attorney General</b></p>	<p>Ms. Chepseba has over 15-year experience in legal practice, including over 10 years in Public Service. She holds a Bachelor of Laws Degree (LLB) from Moi University and a Diploma in Law from Kenya School of Law.</p>

**National Youth Service (Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year ended June 30, 2023**

S/No	Director	Details
10.	 <p data-bbox="327 784 694 862"><b>Mr. Thomas Edward Sakah - Alternate Member, PS, Interior</b></p>	<p data-bbox="805 324 1428 571">Mr. Sakah holds a Master's Degree in Business Administration (Strategic Management) and Bachelor of Arts in Public Administration and Philosophy. He brings on the Board a wealth of over 30 years' experience in public administration.</p>
11.	 <p data-bbox="311 1310 686 1433"><b>Mr. Michael Jasper Obonyo - Alternate Member, PS, National Treasury.</b></p>	<p data-bbox="805 873 1428 1153">Mr. Obonyo holds a Masters of Arts in Communication studies (UoN, 2011) and brings on board a wealth of professional experience in public communications spanning over 27 years. He is currently the Head, Public Communications at the Pensions Department, National Treasury.</p>
12.	 <p data-bbox="319 1915 742 1993"><b>Brig. Bernard Kiprotich Jerry Korir - Alternate Member, CDF</b></p>	<p data-bbox="805 1444 1428 1915">Brig. Korir holds a Bachelors of Commerce and two Diplomas in Defence and Security Studies as well as Strategic Studies. He is a career military Officer with over 32 years of experience in military command, staffing and training. He served in peace and security operations with the UNPROFOR in the former Yugoslavia and in MONUC DRC. He is the current Chief of Training Development, Establishment and Equipment Tables in the Kenya Defence Forces.</p>

S/No	Director	Details
13.	 <p data-bbox="308 629 735 707"><b>Dr. Cornelius Ombagi Mogaka,</b> Alternate Member, PS, Youth Affairs</p>	<p data-bbox="802 181 1449 607">Dr. Ombagi (PhD) holds Bachelors and Masters Degrees in Statistics and Masters and Doctorate Degrees in Public Policy and Administration. He has an experience of over 25 years in public service in various Government entities, including KAFTEC (Department of Defence), KIBT (Ministry of Trade and Industry), Office of the Prime Minister, Office of the Deputy President and Ministry of Youth Affairs and Sports - State Department for Youth Affairs.</p> <p data-bbox="802 645 1449 936">Dr. Ombagi has served in various capacities including as Lecturer, Researcher, Policy Analyst and Youth Development Officer. Dr. Ombagi (PhD), is currently the Director, Youth Development at the Ministry of Youth Affairs, the Arts and Sports – State Department for Youth Affairs and the Arts.</p>
14.	 <p data-bbox="300 1402 655 1480"><b>Mr. David W. Kiboi, Alternate</b> Member, PS Public Service</p>	<p data-bbox="802 943 1449 1357">Mr. Kiboi holds Bachelors and Masters Degrees in Statistics from the University of Nairobi. He is currently the Director, Economic Planning in the State Department for Public Service with vast experience of over 29 years in the Public Service rising from the rank of Economist /Statistician to his current position. He has also served in the Ministries of Environment and Natural Resources; Water and Irrigation; and Planning and Devolution.</p> <p data-bbox="802 1402 1449 1778">Mr. Kiboi is the current head of the Central Planning and Projects Monitoring Department Unit with the roles of strategic planning, economic and policy analysis, and budgeting in the State Department. He previously served in the Board of Ewaso Ng'iro South Development Authority as an alternate Director to the Principal Secretary for Water and Irrigation.</p>

#### 4. Management Team

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



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



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



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



**CPA, Francis Ngigi Ndegwa**  
Director, Finance & Accounts  
MBA (Finance & Accounts)



**CPA, Francis Ngigi Ndegwa**  
Director, Internal Audit  
MSc (G&SB, IIA)



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



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



Training  
MSc. MIS



ani  
Head of Accounts  
MBA (Finance)



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



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

## 5. The Chairman's Statement

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

The NYS (Mechanical And Transport Fund) is a critical institution to the attainment of the mandate of the National Youth Service as outlined in Section 7 of the NYS Act, 2018. The Institution has facilitated the operations of the Service with its massive transport equipment and other machineries in undertaking of capital projects and provision of essential services.

During the reporting period, the Council noted with concern the ageing plant, machinery and equipment at the Mechanical and Transport Branch after completing their productive life. The report of valuation of NYS assets, including assets at the Fund commissioned in 2019 is expected to advise the transition of these assets and guide on those that are obsolete and disposable. Depreciation of all these assets is on straight line basis leads to negative financial performance of the Fund. Going forward, only plant, machinery and equipment that is useful will be depreciated once the valuation report is finalized and submitted by the service provider to the Service, and the assets register updated accordingly.

It is also worth mentioning that the Legal Notice that established the Fund expired and the process of review of the same was commenced in FY 2020/2021. The review aims to restructure the MTF in a manner that enhances the Fund's support to all commercial and enterprise activities of the National Youth Service. As part of the restructuring, the management of transport services for NYS may be separated from other MTF activities to allow specialization, division of labor and higher efficiency.

I am, therefore, pleased to present the NYS (MTF) Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2023 which reflects a fair performance of the facility as per its mandate and financially.

As per the Act that established the Fund, all accrued, earned and surplus funds shall be retained and used on furthering the mandate of the Fund.

Finally, I am grateful to the Government for the continued support to the NYS, Mechanical and Transport Fund. Going forward, therefore, I am confident that the Fund has the potential to discharge its mandate more effectively.



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

## 6. Report of the Chief Executive Officer

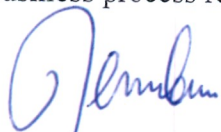
I am pleased to present the NYS, Mechanical and Transport Fund's Annual Report and Financial Statement for the year ended 30<sup>th</sup> June 2023.

During the year under review, MTF realized **Ksh 369,107,077** in revenue against a target of **Ksh 695M** and incurred **Kshs 171,364,222** debt from external customers. From the debt of **Kshs 788,211,303** carried forward from previous reporting period (most of the which stretches far back to FY 2019/2020) a total of **Kshs 267,809,300** was recovered during this reporting period, posting a balance of **Kshs 520,401,963**. As at 30<sup>th</sup> June, 2023 therefore the external debt stood at **Kshs 691,766,185** as compared to **Kshs 788,211,303** debt from the previous financial year. The improvement is credited to effective deployment of the credit policy of the Service which was approved by the Council in January, 2021 as well as an active Debt Collection Office that was established towards the end of the previous reporting period. It is my hope that more efforts will be made to ensure debt is effectively managed and any outstanding amount owed to the Service fully recovered within the next two (2) financial years.

The Fund paid as first charge **Kshs 296,352,568** in pending bills for FY 2021/2022. A balance of **Kshs 72,109,512** comprising of a waiver from VAT Arrears at KRA of **Kshs 27,050,389** and **Kshs 45,059,123** for acquisition of vehicles, spares and parts.

In order to ensure accuracy in reporting, the Service successfully completed valuation of its assets - plant, machinery, vehicles, land, buildings and biological assets – in the previous reporting period. The final reports are being prepared by the agencies responsible but the preliminary results were factored in the current Financial Statements. The valuation report, once finalized, will inform a fair depreciation of assets and net book values for non-current assets and trigger updating of the assets register and the disposal of idle and unserviceable assets.

The review of the MTF structures and operations commenced in the last Quarter of the FY 2022/2023 with an aim of transforming the Fund into a well-organized and productive commercial entity for the Service. The restructuring, focused on legal and policy reviews, strengthening of management, administrative and operational structures and undertaking business process re-engineering among other issues.



James K. Tembur, MBS  
Chief Executive Officer

**National Youth Service (Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year ended June 30, 2023**

**7. Statement of The National Youth Service (Mechanical and Transport Fund)  
Performance against Predetermined Objectives for FY 2022/2023**

The NYS (MTF) undertook the following programmes during the FY 2022/2023 derived from its mandate and strategic objectives:

1. Provision of transport services to the National Youth Service;
2. Hire of transport services, machinery and equipment to other users for generation of revenue; and
3. Strengthening institutional capacity through training and building of dependable structures.

The table below gives a summary of achievements against the predetermined targets:

Strategic Result Area	Objective	Key Activities	Key Performance Indicators	Target (FY 2021/2022)	Achievements	Remarks
1. Provision of transport services to NYS.	To support the general operations of the HQs and Field Units of the Service	<p>l) Maintenance and fuelling of Service vehicles, plant and machinery</p> <p>m) Renewal of fleets for the Service.</p>	<p>n) No. of vehicles, plant and machinery serviced, fuelled, acquired.</p> <p>o) No. of vehicles, plant and machines acquired.</p>	<p>p) 92 vehicles and 257 plant and machinery serviced and fuelled.</p> <p>q) 11 troop carriers, 5 Isuzu trucks, 5 ambulances, 6 D/C pickups and 1 low bed</p>	<p>r) 92 vehicles and 257 plant and machinery serviced and fuelled.</p> <p>s) 4 troop carriers and 2 D/C pickups purchased.</p>	The process of acquiring the rest of the troop carriers, trucks, pickups and low bed trailer was initiated and will be completed in FY 2022/2023

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Strategic Result Area	Objective	Key Activities	Key Performance Indicators	Target (FY 2021/2022)	Achievements	Remarks
				traile r acqui red.		
2. Hire of transport services, machinery and equipment to other users.	To generate revenue for sustainability of the Mechanical Transport Fund.	t) Undertaking of constructions works u) Provision of borehole drilling services v) Hire of buses, plant and machinery	w) Amount of revenue generated (Kshs)	x) Kshs 537 M	<b>Kshs 288,734,869.</b>	The revenue was generated from the following projects: y) Nambao Kapiyo Lolwe Road – Kisumu County; z) Ojijo-Chumvi Road – Laikipia County; aa) Lenana Golf Course – Nairobi County; bb) Hire of firefighting

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Strategic Result Area	Objective	Key Activities	Key Performance Indicators	Target (FY 2021/2022)	Achievements	Remarks								
						engine, plant and machinery to various agencies; cc) Drilling of 7 boreholes, provision of security services to Government Installations and Agencies.								
3. Strengthening of institutional capacity through training and building of dependable structures	To build strong structures and create a pool of skilled human capital base for the Service and nation.	dd) Provision of training services to the NYS service men and women. ee) Provision of training services to other Public and Private	ff) No. of trainees/graduate; gg) Amount of revenue generated from training non-NYS Students (Kshs)		hh) Kshs 311,150 ii) Driving School trained NYS Students and other persons as follows:	<table border="1"> <thead> <tr> <th>Category</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>NYS Students</td> <td></td> </tr> <tr> <td>Ruaraka Constituency youth</td> <td></td> </tr> <tr> <td>CoG</td> <td></td> </tr> </tbody> </table>	Category	No	NYS Students		Ruaraka Constituency youth		CoG	
Category	No													
NYS Students														
Ruaraka Constituency youth														
CoG														

**National Youth Service (Mechanical and Transport Fund)  
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Strategic Result Area	Objective	Key Activities	Key Performance Indicators	Target (FY 2021/2022 )	Achievements		Remarks
		Agencies.			Drivers		
					Anti-Terror Police		
					<b>Total (No.)</b>		

## 8. Corporate Governance Statement

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

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

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

### A. Council Business

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

S/No.	Name	Position	Remarks
1.	Lt. Gen (Rtd) Njuki Mwaniki, MGH, CBS, OGW, ndc (K)	Chairman	1 <sup>st</sup> term expired on 7 <sup>th</sup> Feb. 2022 and re-appointed on 13 <sup>th</sup> May, 2022
2.	Mr. Ali Sahal Idris	Independent Member	Serving 2 <sup>nd</sup> Term, re-appointed on 7 <sup>th</sup> Feb. 2022
3.	Dr. Nkatha Linda Gichuyia	Independent Member	Serving 2 <sup>nd</sup> Term, re-appointed on 7 <sup>th</sup> Feb. 2022
4.	Mr. Elijah Kimotho Wachira	Independent Member	Term of Service ended on 12 <sup>th</sup> January, 2023
5.	Mr. Richard Kakunga Wambua	Independent Member	Appointed on 7 <sup>th</sup> February, 2022; serving first term
6.	Ms. Christine Achieng Odera	Independent Member	Appointed on 7 <sup>th</sup> February, 2022; serving first term
7.	Ms. Anita J. Chepseba	Alternate Member, AG	Nominated on May 8, 2019, still serving
8.	Dr. Florence Muinde	Alternate Member, P/S	Served between March 25, 2021 and February 15, 2023
9.	Mr. Michael J. Obonyo	Alternate Member, TNT	
10.	Mr. David W. Kiboi	Alternate Member, P/S	Nominated on February 15, 2023, still serving
11.	Brig. Bernard J. Korir	Alternate Member, CDF	Nominated on 28 <sup>th</sup> September, 2021, still serving
12.	Mr. Wycliffe Ogallo	Alternate Member, PS, Youth Affairs	Served between June 14, 2022 and January 31, 2023
13.	Dr. Cornelius M. Ombagi	Alternate Member, PS, Youth Affairs	Nominated on January 31, 2023, still serving.

S/No.	Name	Position	Remarks
14.	Mr. Tomas Sakah	Alternate Member, PS, Interior	Served until February 3, 2023
15.	Ms. Josephine Onunga	Alternate Member, PS, Interior	Served between February 3, 2023 and March 31, 2023
16.	James Kipsiele Tembur, MBS	Ag. Director-General /CEO/Sec.	Appointed Acting DG/CEO on April 19, 2023
17.	Matilda P Sakwa (Ms.), EBS	Director-General /CEO/Sec.	Served until April 19, 2023

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

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

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

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

S/No.	Board member	Position	Att. Rate (%)
1.	Lt Gen (Rtd) Njuki Mwaniki	Chairman	100
2.	Elijah K. Wachira	Independent Member	100
3.	Ali Sahal Idris	Independent Member	83.3
4.	Dr. Nkatha Linda Gichuyia	Independent Member	100
5.	Richard Kakunga Wambua	Independent Member	100
6.	Christine Achieng Odera	Independent Member	83.3
7.	Brig. Bernard Korir	Alternate Member	66.7
8.	Anita J. Chepseba	Alternate Member	83.3
9.	Dr. Florence Muinde	Alternate Member	25.0
10.	Wycliffe Ogallo	Alternate Member	50.0
11.	Thomas Sakah	Alternate Member	33.3
12.	Josephine Onunga	Alternate Member	100
13.	Michael Obonyo	Alternate Member	66.7
14.	Cornelius Ombagi	Alternate Member	100
15.	David Kiboi	Alternate Member	100

**National Youth Service (Mechanical and Transport Fund)  
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<b>S/No.</b>	<b>Board member</b>	<b>Position</b>	<b>Att. Rate (%)</b>
16.	Matilda Sakwa	DG/CEO	100

**B. Committees of the Council**

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

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

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

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

**1. Audit and Risk Management Committee**

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

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

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

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

## 2. Finance and Enterprise Development Committee

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

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

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

## 3. Human Resource and Administration Committee

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

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

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

## 4. Operations, Training and Programmes Committee

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

**National Youth Service (Mechanical and Transport Fund)**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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committee oversees formulation and implementation of policies and strategies on all technical programmes and projects in the Service.

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

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

## 9. Management Discussion and Analysis

The general operational and financial performance of the NYS Mechanical and Transport Fund has been fair. The execution of a number of policies and reforms at MTF during the financial year led to termination of a number of non-responsive engagements, especially those that were seen not to comply with credit requirements. This was fully supported with a debt collection team which ensured that external customers with a debt paid or showed a commitment to pay before continuation of service provision. The team also posted good collections, boosting the cash flows of the Fund and ensuring provision of critical services as per Fund's mandate.

During the period, new engagements that proved to be non-cost effective were not undertaken, hence the highly reduced projects being undertaken and streamlined critical processes such as documentation, payments to creditors and strict follow up on claims from the clients.

The Service, therefore, remain hopeful that the changes initiated at the Fund will greatly improve the performance of the Fund in the shortest time possible.

## **10. Environmental and Sustainability Reporting**

MTF was established to offer transport to the National Youth Service and other users on hire as well as training services for youth. This is the driving force behind all programmes. Currently, there are legislative, policy and strategy gaps. The National Youth Service Council and Management, therefore, instituted in the previous reporting period, and are committed to fully execute measures that aim to ensure MTF is restructured, strengthened, productive and sustainable.

### **i) Sustainability strategy and profile**

The MTF Legislations expired in December, 2021 and the process of review its legal position was immediately commenced to ensure its operations and financial strength are not embedded. A Fund for that caters for all commercial and enterprise activities undertaken by other entities within NYS is envisaged. The commercial and enterprise targets at MTF will be made sharper and be the focus of the new Fund. The new Fund may be renamed to take care of the interests of NYS' mandate of commercializing its assets and resources as a whole.

### **ii) Environmental performance**

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

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

### **iii) Employee welfare**

Appropriate employee welfare schemes and practices were put in place to ensure that they remain motivated, skilled and productive.

### **iv) Market place practices**

#### **a. Responsible competition practice.**

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

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

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

## 11. Report of the Director

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the NYS – Mechanical and Transport Fund (MTF) affairs.

### i) Principal activities

The principal activities of the NYS, Mechanical and Transport Fund are provision of transport services to NYS and other users on hire, provision of training services and undertaking commercial activities for purposes of maintenance and renewal of machinery and equipment as discussed in detail on IV.

### ii) Results

The results of the entity for the year ended June 30, 2023, are set out on pages xxi - xxiv.

### iii) Directors

The members of the Board of Directors who served during the year are shown on pages ix- xiv. During the year the Board had changes in composition, including: the expiry of the term of service for one (1) independent member (who was not replaced); receipt of two (2) alternate Board Members and appointment in acting capacity of a new CEO/Secretary to the Council in the last Quarter of the financial year.

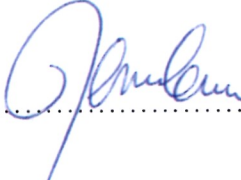
### iv) Surplus remission

In accordance with Regulation 7 of the Government Financial Management (National Youth Service Mechanical and Transport Fund) Regulations, the Fund retained all receipts, earnings and accruals to the Fund, and the balance of the Fund at the close of the financial year for use by Fund for the purpose of which it is established.

### v) Auditors

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

By Order of the Board

Name JAMES K. TEMBUA Signature  Date 13/12/2023  
Secretary to the Board

## 12. Statement of Directors' Responsibilities

These Financial Statements have been prepared in accordance to section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act. The Statements give a true and fair view of the state of affairs of the National Youth Service (Mechanical and Transport Fund) as at 30<sup>th</sup> June, 2023 as well as its operating results for the FY 2022/2023.

The Council, throughout the period ensured that MTF kept proper accounting records. The same have disclosed with reasonable accuracy the financial position of the National Youth Service. The assets of MTF have been secured.

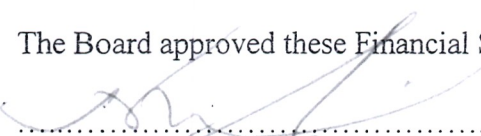
The Statements here prepared and presented by the Directors of the National Youth Service Council, give a true and fair view of the state of affairs of NYS (Mechanical and Transport Fund) for and as at the end of the financial year ended on June 30, 2023.

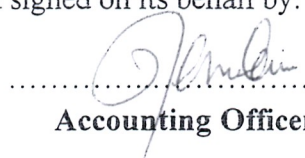
The Directors therefore are fully responsible for these Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the MTB's financial statements give a true and fair view of the state of the transactions of NYS during the financial year ended June 30, 2023, and of the financial position of MTF as at the stated date. The Directors further confirm the completeness of the accounting records maintained for the NYS which have been relied upon in the preparation of these financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

The Board approved these Financial Statements on ..., 2023, and signed on its behalf by:

  
.....  
**Chairperson of the Council**

  
.....  
**Accounting Officer/CEO**

# REPUBLIC OF KENYA

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*Enhancing Accountability*

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## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL YOUTH SERVICE-MECHANICAL AND TRANSPORT FUND FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Youth Service-Mechanical and Transport Fund set out on pages 1 to 36 which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance,

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

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

### **Basis for Qualified Opinion**

#### **1. Unsupported Receivables**

The statement of financial position reflects receivables from exchange transactions and receivables from non-exchange transactions of Kshs.691,766,189 and Kshs.1,190,416,159 respectively as disclosed in Note 15 and 16 to the financial statements. The receivables from the balance of the non-exchange transactions relate to debts from National Youth Service (NYS) Units. However, the balance was not supported by a detailed listing or ledger. Further, included in the receivables from external clients of Kshs.691,766,189 is an amount of Kshs.432,163,530 and Kshs.95,263,645 brought forward from 2021/2022 owed by the disbanded Nairobi Metropolitan Services (NMS) and other debts respectively, which have been outstanding for more than 120 days. Although the recoverability of these receivables is doubtful, provisions for bad and doubtful debts were not made for the receivables to recognize possible impairment of the debts.

In the circumstance, the accuracy, completeness and recoverability of the receivables totalling Kshs.1,882,182,348 could not be confirmed.

#### **2. Unconfirmed Property, Plant and Equipment Balance**

The statement of financial position reflects a property, plant and equipment balance of Kshs.3,154,440,830 as at 30 June, 2023. As disclosed in Note 18 to the financial statements, the balance includes plant and machinery, heavy commercial vehicles and light motor vehicles amounts of Kshs.2,229,805,201, Kshs.759,260,533 and Kshs.162,410,767 respectively. However, as previously reported, the Management had not valued the assets for financial reporting purposes since inception and the depreciation policy has not been approved by Council. Further, furniture and fittings such as executive tables, chairs and cabinets have not been tagged with unique identification numbers.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.3,154,440,830 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National youth Service -Mechanical and

Transport Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Audit Issues**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Grounded Motor Vehicles, Plant and Equipment**

As previously reported, the Fund's assets register revealed that one hundred and thirty (130) motor vehicles, plant machinery and equipment have been grounded for a long time due to various mechanical reasons. Management has not made any efforts to repair or to seek approval for the disposal of the assets.

In the circumstances, the assets continue to deteriorate and any salvage value that could have been realized may be lost.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

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

In preparing the financial statements, Fund Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing as applicable matters related to sustainability of services and using the applicable basis of accounting, unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund 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 controls that are identified during the audit.

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

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**20 December, 2023**

**13. Statement of Financial Performance for the year ended 30 June 2023**

	Notes	2022/2023	2021/2022
		Kshs	Kshs
<b>Revenue from exchange transactions</b>			
Hire of buses	1a	79,876,893.	53,502,536
Net income from construction works	1b	72,108,175	-23,382,377
Net income from hire of machines and equipment	1c	118,229,138	142,967,226
Net income from drilling services	1d	3,821,952	9,931,640
Other incomes		2,856,287	120,024
<b>Total Revenue from exchange transactions</b>		<b>276,892,445</b>	<b>183,139,049</b>
Income from non-exchange transactions	1e	92,214,632	147,922,883
<b>Total Revenue for the Period</b>		<b>369,107,077</b>	<b>331,061,932</b>
<b>Expenses</b>			
Finance costs	2	217,159	271,017.00
Fuel and lubricants	3	163,261,297	137,810,565
Repairs, maintenances and servicing expenses	4	161,205,119	154,699,949
Tyres and batteries	5	22,893,600	19,923,595
Welding and other workshop materials	6	3,899,919	2,626,079
Stationery	7	3,209,463	3,399,313
Drilling expenses	8	6,244,974	11,221,575
Office expenses	9	2,425,561	2,581,045
Personnel allowance	10	9,174,303	7,360,500
Supply of fabrication materials for workshop use	11	0	2,885,725
VAT Withholding tax (Arrears)	12	0	144,648,988
<b>Total Expenses</b>		<b>-372,531,395</b>	<b>-487,428,351</b>
<b>Surplus/Deficit before depreciation and taxes</b>		<b>-3424,318</b>	<b>-156,366,419</b>
Depreciation and amortization expense	13	-476,596,132	-476,992,836
<b>Surplus/Deficit after depreciation before taxes</b>		<b>-480,020,450</b>	<b>-633,359,255</b>

Sign.....  
Name: James K. Tembur  
DG/Fund Administrator

Date 13/12/2023

.....  
Harrison Rioba  
Accountant MTF  
ICPAK No: 17655

13/12/2023


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


13/12/2023

National Youth Service (Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year ended June 30, 2023

**14. Statement of Financial Position as at 30 June 2023**

Assets	Notes	FY 2022/2023 Kshs	FY 2021/2022 Kshs
<b>Current Assets</b>			
Cash and cash equivalents	14	890,001	41,961,647
Receivables from exchange transactions	16	691,766,189	788,211,304
Receivables from non-exchange transactions	15	1,190,416,159	1,151,440,547
Inventories	17	488,166,508	624,317,606
<b>Total Current Assets A</b>		<b>2,371,238,856.</b>	<b>2,605,931,104</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	18	3,154,440,830	3,631,036,963
<b>Total Non-Current Assets B</b>		<b>3,154,440,830</b>	<b>3,631,036,963</b>
<b>Net Assets C (A+B)</b>		<b>5,525,679,686</b>	<b>6,236,968,067</b>
<b>Current Liabilities</b>			
Trade and other payables	19	148,719,158	368,462,080
Prepayments	20	11,194,474	13,785,755
Sundry creditors	21	8,579,223	8,579,233
<b>Total Current Liabilities D</b>		<b>168,492,855</b>	<b>390,827,068</b>
<b>Fund Balance E</b>	22	<b>5,357,186,831</b>	<b>5,846,140,998</b>
<b>Net Fund Balance F (D+E)</b>		<b>5,525,679,686</b>	<b>6,236,968,067</b>

  
 Sign.....  
 Name: James K. Tembur  
 DG/Fund Administrator  
 Date 13/12/2023

  
 Harrison Rioba  
 Accountant MTF  
 ICPAK No: 17655  
13/12/2023

  
 Lt. Gen (Rtd) Njuki Mwaniki  
 Chairman of the Board  
13/12/2023

15. Statement of Changes in Net Assets for the year ended 30 June 2023

	Fund balance	Retained Earnings	Acquisitions / Disposal	Prior Adjustment	Year	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Balance Bought Forward As at 1st July 2021</b>	6,431,587,072	-	-	-	-	6,431,587,072
Deficit for the year ended 30 <sup>th</sup> June 2022	-	- 633,359,251	-	-	-	- 633,359,251
Purchase of motor vehicle FY 2021/2022	-	0	-	- 1,581,470	-	- 1,581,470
Prior year Adjustment	-	0	49,494,646	-	-	49,494,646
<b>Closing balance As at June 30<sup>th</sup> June 2022</b>	<b>6,431,587,072</b>	<b>- 633,359,251</b>	<b>49,494,646</b>	<b>- 1,581,470</b>	<b>-</b>	<b>5,846,140,998</b>
Balance Bought Forward As at 1 <sup>st</sup> July 2022	5,846,140,998.00	0	0	0	0	5,846,140,998.00
Deficit for the year ended 30 <sup>th</sup> June 2023	0	-480,020,450	0	0	0	-480,020,450
Prior year Adjustment	0	0	-	-8,933,717	-	-8,933,717
Purchase of property plant and equipment the year ended 30 <sup>th</sup> June 2023	0	0	0	0	0	0
<b>Closing balance As at June 30<sup>th</sup> June 2023</b>	<b>5,846,140,998</b>	<b>-480,020,450</b>	<b>00</b>	<b>- - 8,933,717</b>	<b>-</b>	<b>5,357,186,831</b>

National Youth Service (Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year ended June 30, 2023

**14. Statement of Cash Flows for the year ended 30 June 2023**

	2022/2023	2021/2022
	Kshs	Kshs
<b>Cash flows from operating activities</b>		
Surplus/Deficit for the year	-480,020,450,	-33,359,251
Depreciation	476,596,132	476,992,835
Increase/decrease in stock	136,151,098	-19,209,706
Increase /decrease in non-exchange transactions	-38,975,612	-147,922,883
Increase /decrease in exchange transactions	96,445,119	-146,474,393
Increase/decrease in prepayment	- 2,591,282	-
Increase/decrease in trade payables	-219,742,922	215,757,039
Increase/ decrease in difference	1,355,871	-
<b>Net cash flows from operating activities</b>	<b>-30,782,0455</b>	<b>-254,216,359</b>
<b>Cash flows from investing activities</b>		
Purchase of small motor vehicles	-10,289,600	0
Net cash flows used in investing activities	0	0
<b>Cash flows from financing activities</b>	<b>-10,289,600</b>	0
Net increase/(decrease) in cash and cash equivalents	<b>-41,071,6460</b>	-254,216,359
Cash and cash equivalents at 1 <sup>st</sup> July 2022	41,961,647	296,178,006
<b>Cash and Cash Equivalents at 30th June 2023</b>	<b>890,001</b>	<b>41,961,647</b>

Sign 

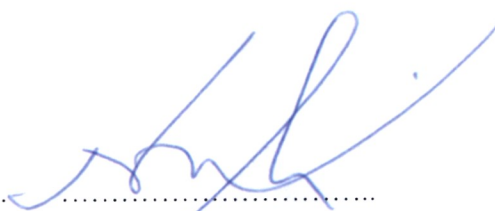
**Name:** James K. Tembur  
DG/Fund Administrator

Date 13/12/2023



**Name:** Harrison Rioba  
Accountant MTF  
ICPAK No: 17655

13/12/2023



**Name:** Lt. Gen (Rtd) Njuki Mwaniki  
Chairman of the Board

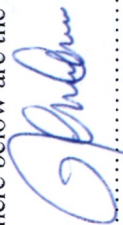
15. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

Details	Original Budget FY 2022/23	Adjustment sFY 2022/23	Final Budget FY 2022/23	Actual on Comp. Basis FY 2022/23	Variance
Revenue from exchange transactions	Kshs	Kshs	Kshs	Kshs	Kshs
Hire of buses	100,000,000	0	100,000,000	79,876,893	-20,123,107
Net income from construction	250,000,000	0	250,000,000	72,108,175	-177,891,825
Net income from hire of machines and equipment	155,000,000	0	155,000,000	118,229,138	-36,770,862
Net income from drilling services	20,000,000	0	20,000,000	3,821,952	-16,178,048
Other incomes	0	0	5,000,000	2,856,287	-2,143,713
<b>Revenue from non-exchange transaction</b>	0		530,000,000	276,892,445	-253,107,555
Income from non-exchange transaction	120,000,000	0	-120,000,000	92,214,632	-27,785,368.
<b>Total revenue for the period (A)</b>	<b>645,000,000</b>	<b>0</b>	<b>645,000,000</b>	<b>369,107,077</b>	<b>-280,892,923</b>
<b>Expenses</b>					
Repairs & maintenance	175,500,000	0	175,500,000	161,205,119	14,294,881
Fuel, oil and lubricants	190,000,000	0	190,000,000	163,261,297	26,738,703
Office Administration	18,300,000		18,300,000	2,425,561	15,874,439

National Youth Service (Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year ended June 30, 2023

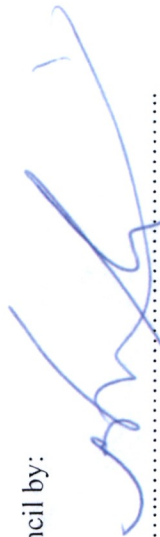
Details	Original Budget FY 2022/23	Adjustment sFY 2022/23	Final Budget FY 2022/23	Actual on Comp. Basis FY 2022/23	Variance
Revenue from exchange transactions	Kshs	Kshs	Kshs	Kshs	Kshs
Borehole drilling	10,000,000	0	10,000,000	6,244,974	3,755,026
Purchase of tyres	25,000,000	0	25,000,000	20,621,510	4,378,490
Purchase of batteries	10,000,000	0	10,000,000	2,078,626	7,921,374
Welding & workshop materials	10,000,000		10,000,000	3,899,919	6,100,081
Stationery	5,000,000		5,000,000	3,209,463	1,790,537
Personnel allowance	10,000,000		10,000,000	9,174,303	825,697
Purchase of motor vehicle & furniture & computer	98,350,000	0	98,350,000	0.0	98,350,000
<b>Total Expenditure (B)</b>	<b>552,150,000</b>	<b>-0</b>	<b>552,150,000</b>	<b>372,120,772</b>	<b>180,029,228</b>
<b>Net Inflow/Outflow A-B (Kshs)</b>	<b>92,850,000</b>	<b>0</b>	<b>92,850,000</b>	<b>-3,013,695</b>	<b>-100,863,695</b>

Signed here below are the Financial Statements set out on pages 1 to 5 on behalf of the NYS Council by:

  
James K. Tembur  
DG/Fund Administrator

Sign .....

  
Harrison Rioba  
Accountant MTF  
ICPAK No: 17655

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

National Youth Service (Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year ended June 30, 2023

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Date .....

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Mechanical and Transport fund is established under legal notice No 15<sup>th</sup> of 30<sup>th</sup> January, 2011. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide mechanical and transport services, these include provision of equipment for development and maintenance of infrastructure and wide range of mechanical and technical services to both the public and private sector.

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *NYS-MTF* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *MTF*.

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

### 3. ADOPTION OF NEW AND REVISED STANDARDS

Relevant new standards and amendments to published standards effective for the year ended June 30, 2018.

New and amended standards and interpretations in issue but not yet effective in the year ended June 30, 2018.

Standard	Effective Date and Impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: January 1, 2022:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>a) Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>b) Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>c) Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p>Other Improvements to IPSAS</p>	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</li> <li>b) IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property,</li> </ul>

**National Youth Service (Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year ended June 30, 2023**

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<b>Standard</b>	<b>Effective Date and Impact:</b>
	Plant, and Equipment and IPSAS 31, Intangible Assets: c) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). d) Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard

**Notes to the financial statements (continued)**

**Summary of Significant Accounting Policies**

**iv. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2020.

**v. Revenue recognition**

The Mechanical and Transport Fund recognizes revenues from hiring of buses, hire of small vehicles, Lorries, equipment and heavy machines. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

The income to the fund therefore is through Commercial hire of vehicles, plant, machinery and equipment. The rate applicable for hire of equipment is contained in the Exchequer and Audit Act (cap 4-12, Mechanical and Transport Fund Regulation, 2003 (Legal Notice No .53-part B). Commercial hire comprises of hire of equipment at various public, private institutions or individual owned projects.

All property, plant and equipment are valued at cost, less accumulated depreciation and impairment losses. The straight line method of depreciation has been applied on all assets of the Fund and the cost includes expenditure that is directly attributable to the acquisition of the items.

When significant parts of motor vehicles, plants and equipment's require replacement at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, the cost of a major inspection is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

**Notes to the financial statements (continued)**

**Summary of Significant Accounting Policies**

**Depreciation of Property, Plant and Equipment**

The following are the classifications of MTF Assets and the Applicable Depreciations Rates

Non-current Assets	Compositions per class of non-current assets	Dep. Rate (%)	Useful Life
Heavy machinery	Distributor, Wide Loader, Vibrating Roller, Motor Grader, Excavator, Farm Machines and Roller etc.	5	20 years
Commercial Trucks and Buses	Buses and Minibus, Dongfeng, Recovery, workshop Steyr and shacman truck, Vibrating Roller, Motor Grader, Excavator, Farm Machines and Roller etc.	7	14 years, 3 months
Motor vehicles	Pickups, Prado land cruiser, Nissan, Peugeot and Mercedes etc.	10	10 years
Furniture & fitting	Executive table, chairs, cabinet	12.5	8years
Computer accessories	Computers, printer laptop copiers	33.3	3 years

After the disposal of the Property, Plant and Equipment at the start of the financial year 2023/2024. The fund management will be in a position to calculate the fair value of depreciation which previously has been based on serviceable and non-serviceable Property, Plant and Equipment value. Whose depreciation had an impact on the financial statements.

**vi. Inventories**

Stock and assets are in form of spares parts and serviceable parts that are consumed in the servicing, repairs and maintenance of heavy machinery, commercial trucks and buses and small vehicles. The value of stock indicated in the accounts relate to China phases I and II which constitutes 70% of the stock and the rest (30%) are purchased locally spare parts. The spare parts are valued at cost. The cost of inventory is its fair value.

**Notes to the financial statements (continued)**

**Summary of Significant Accounting Policies**

**vii. Budget information**

The National Youth Service Council and Cabinet Secretary, Ministry of Public Service and Gender approved the original budget for FY 2022-2023.

MTB's budget is prepared on the basis of the actual income and expenditure disclosed in the financial statements while the financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance.

Whereas the budget is prepared on a cash basis, the amounts in the financial statements are recast on accrual basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget is then presented in the statement of comparison of budget and actual amounts.

In addition to the basis differences, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

**viii. Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **Notes to the financial statements (continued)**

#### **Summary of Significant Accounting Policies**

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

#### **ix. Contingent liabilities**

The Mechanical and Transport Fund does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

#### **x. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank at commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash Imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

#### **xi. Comparative figures**

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

#### **xii. Subsequent events**

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

Expiry of the Legal Notice establishing the NYS – Mechanical and Transport Fund was in December, 2021, the Service commenced the formulation of the Public Finance Management (NYS Commercial and Enterprise Fund) Regulations, 2021. One of the objects of the new Fund was the provision of resources for purchase, maintenance, renewal and replacement of plant, machinery and equipment of the Service, a purpose previously carried out by MTF. The Regulations were subjected to public participation, approved by the Cabinet Secretaries for the parent Ministry and the National Treasury, and the Attorney General and submitted to the Cabinet for approval. The finalization of these Regulations is currently being pursued.

**Notes to the financial statements (continued)**

**Summary of Significant Accounting Policies**

**4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION  
UNCERTAINTY**

The preparation of the financial statements for the National Youth Service (MECHANICAL AND TRANSPORT FUND) is in conformity with IPSAS. In preparing the Statements, Management made judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**i. Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The National Youth Service (MECHANICAL AND TRANSPORT FUND) based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of MTB. Such changes are reflected in the assumptions when they occur.

**ii. Useful lives and residual values**

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

- a. The condition of the asset based on the assessment of experts employed by the MTB;
- b. The nature of the asset, its susceptibility and adaptability to changes in technology and processes;

- c. The nature of the processes in which the asset is deployed;
- d. Availability of funding to replace the asset; and
- e. Changes in the market in relation to the asset.

National Youth Service (Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year ended June 30, 2023

**Notes to the financial statements**

**1. Income**

<b>a) Hire of buses</b>			
S/No.	Client	2022/2023	2021/2022
		Kshs	Kshs
1.	Kenya Power PLC – Meter Reading Project	54,406,421	45,248,164
2.	KENHA HQs – Security of Government Installations	3,978,540	2,513,670
3.	JKIA ( Fuel refund and bus hire )	8,535,847	0.0
4.	Immigration	1,968,177	0.0
5.	KNEC – Security services during National Examinations	8,194,732	485,106
6.	Others (KMTC, KICC, KAA) – Security of Government Installations	2,793,176	5,255,596
	<b>Sub -Total A (Kes)</b>	<b>79,876,893</b>	<b>53,502,536</b>

<b>b) Construction works</b>							
	2022/2023						2021/2022
	Kisumu county	Laikipia County	Lenana School	Embu County	Marakwet County	Total (Kshs)	Total (Kshs)
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Income	95,063,154	7,025,212	12,211,007	19,250,000	32,084,000	165,633,373	98,536,154
Less: Expenditure	-49,761,043	-1,137,451	-10,323,868	-26,093,221	-6,209,615	-93,525,198	-
<b>Net Income</b>	<b>45,302,111</b>	<b>5,887,761</b>	<b>1,887,139</b>	<b>-6,843,221</b>	<b>25,874,385</b>	<b>72,108,175</b>	<b>-23,382,377</b>

<b>c) Hire of machines &amp; equipment</b>			
S/No.	Client	2022/2023	2021/2022
		Kshs	Kshs
1.	Hire tippers and machines by KeRRA – Meru County	00	11,621,900
2.	Machakos county hire of machines for road and water project	41,516,859	00
3.	Makueni County hire of machines for road and water project	12,540,024	00
4.	Kenya Pipeline Company hire of machines	45,056,168	00
5.	Kenyatta Referral Hospital	1,055,462	00
6.	World Rally	12,784,150	00
7.	Tracos Limited	1,000,000	00
8.	Hire of tippers for garbage collection – NMS	00	18,101,283

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9.	Hire tippers and machines to Lunar Park	00	3,623,790
10.	Hire of tippers and machines for road construction – NMS	00	80,172,712
11.	Hire of tippers to Kenya Railways Corporation	00	5,327,626
12.	Hire of fire engines by Nyandarua County Government	3,224,800	2,058,190
13.	Hire of machines and equipment to commercial clients	1,051,675	22,061,725
	<b>Sub-Total for Hire of Machines &amp; Equipment (Kshs)</b>	<b>118,229,138</b>	<b>142,967,226</b>

<b>d) Borehole drilling</b>			
<b>S/No.</b>	<b>Client</b>	<b>2022/2023</b>	<b>2021/2022</b>
		<b>Kshs</b>	<b>Kshs</b>
14.	Abdulkadir Waqo	602,370	
15.	St. Mathews Parish	859,688	
16.	Kirimun Field Unit (3 boreholes)	2,359,894	
17.	Hola NYS Camp	00	2,512,136
18.	Mwatate NYS Field Unit/ Camp	00	3,417,881
19.	Fadhili Estate	00	547,800
20.	KMTC – Teso North	00	1,642,258
21.	GSU – Teso North	00	1,285,215
22.	Mr. Evans Matundura	00	526,350
	<b>Sub-Total for Borehole Drilling (Kshs)</b>	<b>3,821,952</b>	<b>9,931,640</b>

<b>e) Other incomes</b>			
1.	Drivers' Training for CoG	115,500	120,024
2.	Drivers' Training for Anti-Terror Police	196,000	0
3.	Drivers' Training for Ruaraka Constituency youth	1,494,380	0
4.	Repair & maintenance of Anti-Terror Police bus	1,050,407	0
	<b>Sub-Total D (Kes)</b>	<b>2,856,287</b>	<b>120,024</b>
	<b>Total Revenue From Exchange Transactions (Kes)</b>	<b>276,892,445</b>	<b>183,139,049</b>

<b>f) Income from non-exchange transactions</b>			
1.	Reimbursements from NYS Operations (AIE from NYS Headquarter)	92,214,632	147,922,883
	<b>SUB-TOTAL C (KES)</b>	<b>92,214,632</b>	<b>147,922,883</b>
	<b>Total Income From Non-Exchange Transactions (Kes)</b>	<b>92,214,632</b>	<b>147,922,883</b>

**Notes to the financial statements (continued)**

**NB:** The following projects are on-going:

S/No	Project Name	Location (County)	Start Date	Contract Cost (Kshs)	Cumulative Revenue Received (Kshs)	Contract Balance (Kshs)
1.	Namba-Kapiyo Road Project	Kisumu	Oct., 2021	222,183,469	170,109,066	52,074,404
2.	Golf Course Construction Project	Lenana School, Nairobi	Feb., 2022	27,260,600	18,586,587	8,674,013
3.	Construction of Temporary Market Stalls	Embu	Apr., 2023	43,964,719	19,250,000	24,714,719
4.	Construction of Murrur Road	Elgeyo-Marakwet	Jan., 2023	32,084,000	30,568,307	1,515,693

**2. Finance Costs**

Description	2022/2023 Kshs.	2021/2022 Kshs.
Bank charges	217,159	271,017
<b>Total Finance Costs (Kshs)</b>	<b>217,159</b>	<b>271,017</b>

The charges for the period reduced due to limited bank transactions during the period.

**3. Fuel and Lubricants**

Description	2022/2023 Kshs.	2021/2022 Kshs.
Lubricants	16,992,817	13,582,624
Fuel	146,268,479	124,227,940
<b>Total (Kshs)</b>	<b>163,261,296</b>	<b>137,810,565</b>

The increase in expenditure on these items was occasioned by an increase in the market rates of fuel and related products during the period.

Notes to the financial statements (continued)

**4. Repair, Maintenance & Servicing Expenses**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Spare parts issued from China stock	30,682,222	229,162
Spares bought locally and used during the period	104,151,935	132,985,807
Services expenses	19,263,576	21,484,979
Low value spare parts purchased during the period	7,107,386	0
<b>Total (Kshs)</b>	<b>161,205,119</b>	<b>154,699,948</b>

The increase in expenditure on these items was occasioned by most machines and equipment being serviced during the period.

**5. Tyres and Batteries**

Description		2022/2023	2021/2022
		Kshs.	Kshs.
Cost of Batteries	Light Vehicle	513,070	1,030,950
	Heavy Vehicle	1,565,556	3,936,380
<b>Total Cost (Kshs)</b>		<b>2,078,626</b>	<b>4,967,330</b>
Cost of Tyres	Light Vehicle	5,682,030	3,660,105
	Heavy Vehicle	14,939,480	11,296,160
<b>Total Cost (Kshs)</b>		<b>20,621,510</b>	<b>14,956,265</b>
<b>Grand Total Cost (Kshs)</b>		<b>22,893,600</b>	<b>19,923,595</b>

The increase in expenditure on these items was occasioned by most machines and equipment requiring replacement of tyres and batteries during the period.

**6. Welding and Other Workshop Materials**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Supply of welding and spray materials	935,389	59,219
Supply of other workshop materials	2,964,530	2,566,860
<b>Total Amount (Kshs)</b>	<b>3,899,919</b>	<b>2,626,079</b>

The increase in expenditure on these items was occasioned by replacement of lighting system in the workshop during the financial period.

Notes to the financial statements (continued)

7. Stationery

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Printing papers	416,650	1,133,104
Toners	1,630,950	1,699,656
Office assorted items	1,161,863	566,553
<b>Total Cost of Stationery</b>	<b>3,209,463</b>	<b>3,399,313</b>

8. Drilling Expenses

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Materials and fitting equipment on drilling project sites	3,699,028	10,878,575
Purchase of new water pumps and accessories at the NYS Nairobi Holding Unit	2,575,946	343,000
<b>Total Drilling Expenses (Kshs)</b>	<b>6,274,974</b>	<b>11,221,575</b>

The decrease in expenditure on these items was occasioned by availability of stocks carried forward from the previous reporting period and a decrease in engagements in the current period.

9. Office Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
General administration	1,597,759	1,720,697
Hospitality	827,802	860,348
<b>Total (Kshs)</b>	<b>2,425,561</b>	<b>2,581,045</b>

10. Personnel Allowance

Description	2022/2023	2021/2022
	Kshs	Kshs
Facilitation Allowances	599,100	450,800
Meal and Lunch Allowances	194,850	2,879,042
Daily subsistence allowances for Officers on official duty away from the work station	8,380,353	4,030,658

Total Amount Kshs	9,174,303	7,360,500
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### 11. Supply of Fabrication Materials for Workshop Use

Description	2022/2023	2021/2022
	Kshs	Kshs
Supply of scraps	0	2,885,725
<b>Total (Kshs)</b>	<b>0</b>	<b>2,885,725</b>

The decrease on this item was occasioned by availability of stock balances from the previous reporting period.

### 12. Vat Withholding Tax - Arrears

Period Applicable	VAI Principal	Penalty @5%	Interest @1% Per Month	Totals as at 30 <sup>th</sup> June, 2022	2022/2023	2021/2022
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
2015/16	1,044,600.00	52,230	626,760	1,723,590	-	1,723,590
2016/17	9,992,948.00	499,647	4,796,615	15,289,210	-	15,289,210
2017/18	12,120,251.00	606,013	3,636,075	16,362,339	-	16,362,339
2018/19	27,928,374	1,396,419	5,027,107	34,351,900	-	34,351,900
2019/20	69,299,053	3,464,953	4,157,943	76,921,949	-	76,921,949
<b>TOTAL (Kshs)</b>	<b>120,385,226</b>	<b>6,019,261</b>	<b>18,244,501</b>	<b>144,648,988</b>	<b>0</b>	<b>144,648,988</b>

### 13. Depreciation of Non-Current Assets

Non-Current Assets	2022/2023	2021/2022
	Kshs	Kshs
Plant & Machinery	245,465,788	245,465,788
Heavy Commercial Motor Vehicles	194,424,524	194,424,524
Light Motor Vehicles	35,427,052	35,427,052
Computer Accessories	764,942	1,161,646
Furniture & Fitting	513,826	513,826
<b>Total Depreciation</b>	<b>476,596,132</b>	<b>476,992,836</b>

The valuation of non-current assets commenced in 2019 and was carried out in two phases. Phase one was done and completed by officers from the State Department for Public Works. Phase two is complete and the final report is being compiled. The figure posted, therefore, is the book value of the non-current assets and will be adjusted accordingly upon receipt of the full valuation report.

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The unserviceable assets were identified for disposal in the FY 2021/2022 based on Phase I Valuation Report. However, the disposal was halted on 14<sup>th</sup> April, 2022 upon receipt of a circular from Head of Public Service putting on hold disposal by public entities. The embargo was lifted June 2023 and the disposal was scheduled the 1<sup>st</sup> Quarter of FY 2023/2024. The necessary adjustments will be made on the assets register and revenue raised from the disposal posted accordingly.

**14. Cash and Cash Equivalent**

Description	2022/2023	2021/2022
	Kshs	Kshs
Cash book bank balance	890,001	41,961,647
Cash at hand	00	-
<b>Total cash and cash equivalent</b>	<b>890,001</b>	<b>41,961,647</b>

**15. Trade and other Receivables from Non-Exchange Transactions**

	2022/2023	2021/2022
	Kshs	Kshs
<b>Balance B/forward</b>	<b>1,151,440,547</b>	<b>1,003,517,664</b>
Add: Income from non-exchange transactions	92,214,632	147,922,883
<b>Total Income from non-exchange transactions</b>	<b>1,243,655,179</b>	<b>1,151,440,547</b>
Less: Reimbursements from non-exchange transactions	-53,239,020	-
<b>Closing Balance C/D</b>	<b>1,190,416,159</b>	<b>1,151,440,547</b>

**16. Trade and other Receivables from Exchange Transactions**

	2022/2023	2021/2022
	Kshs	Kshs
<b>Balance B/F</b>	<b>788,211,303</b>	<b>641,736,869</b>
Nairobi Metropolitan Services current year	0	102,821,170.40
Sundry Costs (to be reimbursed by NMS)	0	0
Kenya Railways Corporation current year	0	5,327,626
KeRRA Meru	0	11,621,900
Ministry of Housing	0	0
Kenya Power -Meter reading project	54,406,421	45,248,165
KENHA HQs – Security of Government Installations	3,968,502	0
JKIA ( Fuel refund and bus hire )	8,535,847	0
Immigration	1,968,177	0
Others (KMTCC, KICC, KAA) – Security of Government	2,793,176	0

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	2022/2023	2021/2022
	Kshs	Kshs
Installations		
Kisumu County – Namba Kapiyo Rd	95,063,154	75,045,912
Lenana School – Construction of Golf Course	12,211,007	6,375,580
Embu county construction of market stalls	19,250,000	17,442,590
Marakwet County-construction of murrum road	32,084,000	0
Machakos county hire of machines for road and water project	41,516,859	0
Makueni county hire of machines for road and water project	12,540,024	0
Kenya pipeline Company hire of machines	45,056,168	0
Kenyatta Referral Hospital	1,045,587	0
World Rally	12,784,150	0
Tracos Limited	1,000,000	0
Nyandarua County Gov.	3,224,800	0
Abdulkadir Waqo	602,370	0
Mathews Parish	859,688	0
Kirimun field unit	2,359,894	0
Hire of machines and equipment to commercial clients	1,051,675	0
KNEC	8,194,732	0
<b>Total Receivables (Kshs)</b>	<b>1,148,727,534</b>	922,734,474
Payments made during the period	-463,986,557	-134,523,171
<b>Total commercial receivable (Kshs)</b>	<b>691,766,189</b>	<b>788,211,303</b>

Additional details on the receivables is further tabulated below:

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Client or Project	Previous Debt Kshs	Revenue FY 2022/2023 Kshs	Total Debt Kshs	Amount Paid Kshs	Outstanding Amount Kshs	Debt Age	Engagemen t Status
Nairobi Metropolitan Services (NMS)	432,163,530	0	432,163,530	-	432,163,530	2019/2020	Terminated
Meteorological Department	75,985,418	0	75,985,418	-	75,985,418	2019/2020	Completed
Ministry of Lands	2,985,268	0	2,985,268	2,985,268	0	2019/2020	Completed
Kenya Power -Meter reading project	8,839,233	54,406,421	63,245,654	10,076,725	53,168,929	2022/2023	On going
Kenya Railways	168,275,627	0	168,275,627	168,275,627	0	2019/2020	Completed
KeRRA Meru	5,735,800	0	5,735,800	5,735,800	0	2019/2020	Completed
Namba Kapiyo Rd	63,892,628	95,063,154	158,955,782	118,572,600	40,383,182	2022/2023	On going
Laikipia	9,614,662	7,025,212	16,639,874	9,614,662	7,025,212	2022/2023	Stalled
Amamak	10,811,055	0	10,811,055	-	10,811,055	2021/2022	Terminated
Lenana Golf Course	5,442,732	12,211,007	17,653,739	12,211,007	5,442,732	2022/2023	On going
Nyandarua County Gov.	2,023,390	3,224,800	5,248,190	4,238,990	1,009,200	2022/2023	On going
Embu county	0	19,250,000	19,250,000	18,578,793	671,207	2022/2023	On going
Marakwet County	0	32,084,000	32,084,000	40,019,103	0	2022/2023	On going
Machakos county hire of machines for road and water project	0	41,516,859.0	41,516,859.0	16,956,593	24,560,266	2022/2023	On going
Makueni county hire of machines for road and water project	0	12,540,024	12,540,024.00	12,323,817	216,207	2022/2023	On going
Kenya pipeline Company hire of machines	0	45,056,168	45,056,168	12,490,391	32,565,777	2022/2023	On going
Kenyatta Referral Hospital	0	1,045,587	1,045,587	1,045,587	0	2022/2023	Completed
World Rally	0	12,784,150	12,784,150	8,822,534	3,961,616	2022/2023	Completed
Tracos Limited	0	1,000,000	1,000,000	1,000,000.	0	2022/2023	Completed

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Client or Project	Previous Debt		Revenue FY 2022/2023		Total Debt		Amount Paid		Outstanding Amount		Debt Age		Engagement Status
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs			
Abdulkadir Waqo	0	0	602,370	602,370	602,370	0	602,370	0	0	2022/2023	2022/2023	Completed	
St. Mathews Parish	0	0	859,688	859,688	859,688	0	859,688	0	0	2022/2023	2022/2023	Completed	
Kirimun Field Unit	0	0	2,359,894	2,359,894	2,359,894	-	-	2,359,894	0	2022/2023	2022/2023	Completed	
Hire of machines and equipment to commercial clients	0	0	1,051,675	1,051,675	1,051,675	0	1,051,675	0	0	2022/2023	2022/2023	Completed	
Adawa Investments Co. Ltd	2,441,960	2,441,960	0	2,441,960	2,441,960	1,000,000	1,000,000	1,441,960	0	2019/2020	2019/2020	Terminated	
<b>TOTAL AMOUNT (KES)</b>	<b>788,211,303</b>	<b>788,211,303</b>	<b>342,081,009</b>	<b>1,130,292,312</b>	<b>1,130,292,312</b>	<b>437,638,696</b>	<b>437,638,696</b>	<b>691,766,185</b>					

- a) Management has put in place measures to follow up on all debtors from public and private sector agencies alike as guided by the NYS Bad Debt Provision Policy (2021). The policy states that bad debts written off shall be made only after all reasonable efforts have been made to recover the debt and the Service is convinced that all legal and other means of collecting the debt have been exhausted and yet the debt is still outstanding; and/or the recovery of the debt would be uneconomical.
- b) From the efforts, a number of the debtors have responded positively by either clearing or making part payments. Those that made part payment also promised to fully settle their debts in subsequent periods.
- c) Invoices for the Nairobi Metropolitan Services (NMS) were submitted to the Nairobi City County Government and are being considered under pending bills and claims relating to NMS and are expected to be paid once funds for the same are available.

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17. Inventories

Description	2022/2023	2021/2022
	Kshs	Kshs
China Phase 1&11 and Local Stocks B/F	624,317,605	605,387,280
Add: Purchases of Spare Parts	296,229,847	173,630,275
<b>Total China Stocks (Kshs)</b>	<b>920,547,452</b>	<b>779,017,554</b>
Less: Stocks issued during the period	-432,380,944	-154,699,949
<b>Total Inventories (Kshs)</b>	<b>488,166,508</b>	<b>624,317,605</b>

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**18. Property, Plant and Equipment**

	Plant & Machinery (5%) Kshs	Heavy Commercial vehicles (7%) Kshs	Light vehicles (10%) Kshs	Motor Kshs	Computers (33.3%) Kshs	Furniture (12.5%) Kshs	Total Kshs
Value of assets as at 1 <sup>st</sup> July 2021 before Accumulated Depreciation (A)	4,930,413,174	2,942,862,850	482,663,613		2,341,585	949,000	8,359,230,222
Additions	0	34,587,600	10,598,600		1,146,840	3,161,606	49,494,646
Disposals	0	0	0		0	0	0
<b>Total Value of assets after Acquisition &amp; Disposal</b>	<b>4,930,413,174</b>	<b>2,977,450,450</b>	<b>493,262,213</b>		<b>3,488,425</b>	<b>4,110,606</b>	<b>8,408,724,868</b>
Less: Fully Depreciated / Adjustments	-21,097,412	-199,957,257	-138,991,691		-	-	-360,046,360
Total Value of assets as at 30th June 2022	4,909,315,762	2,777,493,193	354,270,522		3,488,425	4,110,606	8,048,678,508
Accumulated Depreciation as 1st July, 2021	2,209,676,397	1,829,340,870	259,997,341		1,561,837	118,625	4,300,695,070
Less: Fully Depreciated / Adjustments	-21,097,412	-199,957,257	-138,991,691		-	-	-360,046,360
Depreciation and impairment as at 30th June, 2022	245,465,788	194,424,524	35,427,052		1,161,646	513,826	476,992,835
Accumulated Depreciation as at 30th June 2022	2,434,044,773	1,823,808,136	156,432,703		2,723,483	632,451	4,417,641,545
<b>Net Book Value as at 30th June 2022</b>	<b>2,475,270,989</b>	<b>953,685,057</b>	<b>197,837,820</b>		<b>764,942</b>	<b>3,478,155</b>	<b>3,631,036,963</b>
Value of assets as at 1st July 2022 before Accumulated Depreciation (A)	4,930,413,174	2,977,450,450	493,262,213		3,488,425	4,110,606	8,408,724,868
Additions							

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	Plant & Machinery (5%) Kshs	Heavy Commercial vehicles (7%) Kshs	Light vehicles (10%) Kshs	Motor vehicles (10%) Kshs	Computers (33.3%) Kshs	Furniture (12.5%) Kshs	Total Kshs
Disposals							
Less: Fully Depreciated / Adjustments	-21,097,412	-199,957,257	-138,991,691		-	-	-360,046,360
<b>Total Value of assets as at 30th June 2023</b>	<b>4,909,315,762</b>	<b>2,777,493,193</b>	<b>354,270,522</b>	<b>3,488,425</b>	<b>4,110,606</b>	<b>8,048,678,508</b>	
Accumulated Depreciation as 1st July, 2022	2,434,044,773	1,823,808,136	156,432,703	2,723,483	632,451	4,417,641,546	
Less: Fully Depreciated / Adjustments	-21,097,412	-199,957,257	-138,991,691	-	-	-360,046,360	
<b>Depreciation and impairment as at 30th June, 2023</b>	<b>2,45,465,788</b>	<b>194,424,524</b>	<b>35,427,052</b>	<b>764,942</b>	<b>513,826</b>	<b>476,596,132</b>	
Accumulated Depreciation as at 30th June 2023	2,700,607,973	2,218,189,917	330,851,446	3,488,425	1,146,277	5,254,284,038	
<b>Net Book Value as at 30th June 2023</b>	<b>2,229,805,201</b>	<b>759,260,533</b>	<b>162,410,767</b>	<b>-</b>	<b>2,964,329</b>	<b>3,154,440,830</b>	

### 19. Trade Payables (Paid as First Charge)

Description	2021/2022	2021/2022
	Kshs	Kshs
Kenya Revenue Authority – VAT Arrears for the periods FY 2015/16 – FY 2019/20	0	134,648,988
Suppliers on the Namba-Kapiyo-Lolwe Road Project, Kisumu County	12,425,513	98,574,541
Suppliers on the Lenana Golf Course Project, Nairobi County	00	8,445,035
Isuzu Kenya Ltd – Purchase of four (4) new motor vehicles [4 troop carries]	35,905,360	45,186,200
Suppliers on the construction of stall market , Embu project	1,964,766	4,806,000
Suppliers for tires and batteries	3,414,562	17,497,340
Suppliers for lubricants	24,305,386	7,795,569
Suppliers for assorted spare parts	53,544,078	42,857,352
Suppliers for stationeries	1,066,029	3,340,230
Suppliers for drilling materials and borehole	3,374,397	2,425,100
Suppliers for office accessories and maintenance materials	4,465,945	2,885,725
National Service - KNEC allowances	8,253,122	0
<b>Total Trade Payable kshs</b>	<b>148,719,158.00</b>	<b>368,462,080</b>

### 20. Prepayments

Description	2022/2023	2021/2022
	Kshs	Kshs
KERRA-Marakwet Road Project	9,450,796	10,966,488
Frontier engineering	1,017,018	1,017,018
Demolition of unwanted structures by the Ministry of Public works	00	909,263
Embu county government	00	57,126
Ruiru prison for Irrigation project	726,660	726,660
KeNHA	00	109,200
<b>Total trade and other payables kshs</b>	<b>11,194,474</b>	<b>13,785,755</b>

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### 21. Sundry Creditors

Description	2022/2023	2021/2022
	Kshs	Kshs
National Cereal Board	696,150	696,150
Roll fast Africa	47,480	47,480
MAH Engineering	170,314	170,314
Fore crest	4297	4,297
Ministry of information	5,879,376	5,879,376
Lamu Port	116,341	116,341
Tseikuru airport	1,523	1,523
Mansa Guda	1,162,000	1,162,000
Ministry of special programmes	501,742	501,742
<b>Total Amount (Kshs)</b>	<b>8,579,223</b>	<b>8,579,233</b>

Note: IPSAS requires the presentation of sundry creditors as current liabilities (short term liabilities and do not accrue interest on their outstanding balances).

### 22. Fund Balance

0	2022/2023	2021/2022
	Kshs	Kshs
Balance B/F	5,846,140,998	6,431,587,072
Add: Purchase of motor vehicles	0	49,494,646
Surplus/Deficit for the Year	-480,020,450	-633,359,250
Prior year adjustment	-8,933,717	-1,581,470
<b>Closing Fund Balance after Adjustments (Kshs)</b>	<b>5,357,186,831</b>	<b>5,846,140,998</b>

### 23. ULTIMATE AND HOLDING ENTITY

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

### 24. CURRENCY

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

**APPENDICES**

**APPENDIX 1: PROGRESS ON FOLLOW UP OF THE AUDITOR-GENERAL'S RECOMMENDATIONS**

Reference No.	Issue/Observation from Auditor	Management Comments	Focal Point Person to Resolve the Issue	Status (Resolved/Not Resolved)	Timeframe
1.	<p><b>Unsupported Receivables as follows:</b></p> <p>a) Ageing analysis was not provided for audit verification for Kshs 641,736,869 worth of receivable brought forward from 2020/2021 financial year and prior years; and</p> <p>b) Non provision for bad and doubtful debts for Kshs 1,939,651,851 worth of receivables whose recoverability is doubtful.</p>	<p>a) The ageing analysis of the respective receivables was prepared and submitted to the Auditor-General for audit verification; and</p> <p>b) The Figure constitutes an internal debt of Kshs 1,151,440,547 for receivables from NYS Units and Kshs 788,211,304 for external customers.</p> <p>i. The Internal Debt relates to motor vehicles, plant and equipment deployed to the NYS Units to facilitate their day to day operations and to support driving and plant operator training for service men and women during the period FY 2014/2015 to FY 2021/2022. These services are within the mandate of the Mechanical and Transport Fund (MTF). The NYS Management resolved to support the</p>	CO/MTB	Not resolved	By 30 <sup>th</sup> June, 2024

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Reference No.	Issue/Observation from Auditor	Management Comments	Focal Point Person to Resolve the Issue	Status (Resolved/Not Resolved)	Timeframe
		<p>MTF on this mandate vide an AIE to cater for fuel, repair and maintenance of motor vehicles, plant and equipment deployed to the NYS Units to facilitate their daily operations. The process of requesting the NYS Council to write off the reference debt has been initiated.</p> <p>ii. The external debt of Kshs 788,211, 304 has been followed up and its status is summarized in Appendix 2 below.</p>			
2.	<p><b>Unsupported sundry creditors</b></p> <p>a) No supporting schedules were not provided for audit verification for Kshs 8,579,233 worth of sundry creditors; and</p> <p>b) No reasons were provided to justify the delayed payments of the sundry creditors.</p>	<p>a) A schedule of the sundry creditors (see Appendix 3) was submitted for audit verification.</p> <p>b) The amount represents clients who deposited funds for services to be rendered. The Fund still owes them the service, consequently, the Management is currently engaging them with the aim of offering the services paid for.</p>	CO/MTB	Not resolved	By 30 <sup>th</sup> June, 2024
3.	<p><b>Inaccuracy of Non-Current</b></p>				

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Reference No.	Issue/Observation from Auditor	Management Comments	Focal Point Person to Resolve the Issue	Status (Resolved/Not Resolved)	Timeframe
	<p><b>Assets</b></p> <p>a) Unvalued assets for financial reporting purposes since inception;</p> <p>b) The Depreciation Policy was not approved by the Council; and</p> <p>c) Furniture and fitting such as executive tables, chairs and cabinets were not been tagged with unique identification numbers.</p>	<p>a) The valuation of non-current assets commenced in 2019 and was split into two phases. Phase one was done and completed by officers from the State Department for Public Works. Phase two is complete and the final report is being compiled. The figure posted, therefore, is the book value of the non-current assets and will be updated upon receipt of the full valuation report.</p> <p>b) National Youth Service Council approved the Finance and Accounts Policies and Procedures Manual during its 12<sup>th</sup> meeting held on 21<sup>st</sup> January, 2021 under Minute number NYSC 08/21/01/2021. The policy outlines among other finance and accounts policies and procedures, the depreciation of the non-current assets of the Service.</p> <p>c) Tagging of NYS Office equipment, furniture and fittings was done during FY 2022/2023</p>	CO/MTB	Not resolved	By 30 <sup>th</sup> June, 2024

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Reference No.	Issue/Observation from Auditor	Management Comments	Focal Point Person to Resolve the Issue	Status (Resolved/Not Resolved)	Timeframe
	<p><b>Other Matters under key audit matters</b></p> <p>a) Lack of efforts to repair or dispose ground motor vehicles, plant and equipment.</p> <p>a) Unresolved Prior Year Audit Issues</p>	<p>a) The motor vehicles, plant and equipment were assessed and those that could be repaired were isolated and reclaimed for re-use; while those that were beyond repair set aside for disposal in the FY 2023/2024;and</p> <p>b) The issues were discussed during the examination of the State Department of Public Service accounts for the financial year 2020/2021, during the appearance before the special Fund Accounts Committee meeting on 14<sup>th</sup> April, 2023 and recommendations were issued therein. Whereby all the matters were marked as resolved. The final report to confirm the status of resolution is yet to be published.</p>	CO/MTB	Not resolved	By 30 <sup>th</sup> June, 2024

**APPENDIX 2: STATUS SUMMARY OF DOUBTFUL RECEIVABLES FROM EXTERNAL CUSTOMER**

S/No	Customer	Debt Age	Amount (Kshs)	Paid (Kshs)	Balance (Kshs)	Status/Remarks
1.	Nairobi Metropolitan Services (NMS)	2019/2020	432,163,530	0	432,163,530	<ul style="list-style-type: none"> <li>Debt is still outstanding;</li> <li>The invoices were submitted to the Nairobi City County Government and are being considered under pending bills and Claims relating to NMS</li> </ul>
2.	Meteorological Department	2019/2020	75,985,418	0	75,985,418	<ul style="list-style-type: none"> <li>The Department committed to pay the balance when funds are available</li> </ul>
3.	Ministry of Lands	2019/2020	2,985,268	2,985,268	0	
4.	Kenya Power PLC	2020/2021	8,839,233	8,839,233	0	
5.	Kenya Railways Corporation	2019/2020	168,275,627	168,275,627	0	
6.	KeRRa – Meru County	2019/2020	5,735,800	5,735,800	0	
7.	Namba-Kapiyo Road Project – Kisumu County	2020/2021	63,892,628	63,892,628	0	

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S/No	Customer	Debt Age	Amount (Kshs)	Paid (Kshs)	Balance (Kshs)	Status/Remarks
8.	Chumvi Road Project - Laikipia County	2020/2021	9,614,622	9,614,622	0	
9.	Amamak Ltd	2019/2020	10,811,055	0	10,811,055	• The Service is still following up on the balance
10.	Lenana Golf Course Project - Nairobi County	2020/2021	5,442,732	5,442,732	0	
11.	Nyandarua County Govt.	2020/2021	2,023,390	2,023,390	0	
12.	Adawa Inv. Co. Ltd	2020/2021	2,441,960	1,000,000	1,441,960	• The Service is still following up on the balance.
	<b>Total (Kshs)</b>		<b>788,211,263</b>	<b>267,809,300</b>	<b>520,401,963</b>	

**APPENDIX 3: A SUMMARY OF SUNDRY CREDITORS AS AT 30TH JUNE, 2022**

Description	2021/2022
	Kshs
National Cereal Board	696,150
Roll fast Africa	47,480
MAH Engineering	170,314
Fore crest	4,297
Ministry of information	5,879,376
Lamu Port	116,341
Tseikuru airport	1,523
Mansa Guda	1,162,000
Ministry of special programmes	501,742
<b>Total Amount (Kshs)</b>	<b>8,579,233</b>

**APPENDIX 4: SUMMARY OF PROJECTS IMPLEMENTED BY THE NYS DURING FY 2022/2023**

S/NO	CLIENT	DESCRIPTION	STATUS
1.	Kisumu County Govt	Construction of Namba-Kapiyo-Lolwe Road	On going
2.	Laikipia County Govt	Construction of Chumvi Road	Completed
3.	Laikipia County Govt	Construction of Doldol Road	Stalled
4.	Embu County Govt	Construction of temporary market stalls road construction	On going
5.	Elgeyo /Marakwet County Govt	Construction of various murram	On going
6.	Nairobi County Govt	Construction of Lenana Golf Course	On going
7.	Machakos County Govt	Hire of machines for road and water project	On going
8.	Makueni County Govt	Hire of machines for road and water project	On going
9.	Kenya Power PLC	Meter reading	On-going

