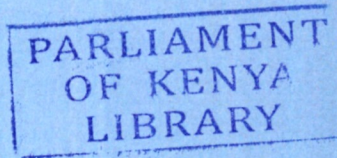
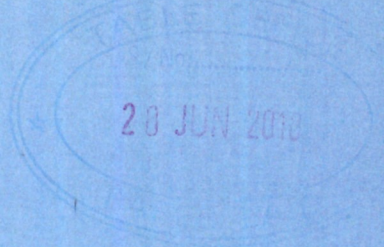


REPUBLIC OF KENYA



*paper laid by the  
Leader of majority party  
M.P.  
Thursday 28/6/2018*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
ANTI-FGM BOARD**

**FOR THE YEAR ENDED  
30 JUNE 2017**

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
30 APR 2018  
**RECEIVED**



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**REGULATORY AND OTHER NON-COMMERCIAL ENTITIES**  
*(ANTI-FGM BOARD)*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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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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## I. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

The *ANTI-FGM BOARD* is a Semi-Autonomous Government Agency that was established in December 2013 following the enactment of the prohibition of Female Genital Mutilation Act 2011. It is under the Ministry of Public Service, Youth and Gender Affairs.

### (b) Principal Activities

#### **Vision:**

A society free from female genital mutilation.

#### **Mission:**

To uphold the dignity and empowerment of girls and women in Kenya through the coordination of initiatives, awareness creation and advocacy against FGM.

#### **Core values:**

- ✓ Honesty and Integrity
- ✓ Efficiency and effectiveness
- ✓ Innovativeness and creativity
- ✓ Inclusiveness
- ✓ Professional work ethics, team work and excellence
- ✓ Accountability and transparency

#### **Mandate:**

- Design, supervise and co-ordinate public awareness programmes against the practice of female genital mutilation;
- Generally advise the Government on matters relating to female genital mutilation and the implementation of the Act;
- Design and formulate a policy on the planning, financing and co-ordinating of all activities relating to female genital mutilation;
- Provide technical and other support to institutions, agencies and other bodies engaged in the programmes aimed at eradication of female genital mutilation;

- Design programmes aimed at eradication of female genital mutilation;
- Facilitate resource mobilization for the programmes and activities aimed at eradicating female genital mutilation; and
- Perform such other functions as may be assigned by any written

**(c) Key Management**

The Board's day-to-day management is under the following key organs:

- Chief Executive Officer
- Programmes Directorate
- Finance and Administration
- Policy and Planning

**(d) Fiduciary Oversight Arrangements**

The Anti FGM Board has an Audit committee which serve's in an advisory capacity to the Board.

**Mandate**

The cardinal role of the Audit Committee is to support and provide the board with an oversight and advisory service over risk management, internal controls and governance process.

- Assisting the CEO in enhancing internal controls in order to improve efficiency, transparency and accountability.
- Reviewing audit issues raised by both internal and external auditors.

**(e) Entity Headquarters**

Kenya Railways Staff Retirement Benefit Scheme Building  
South Wing, Block D' 2<sup>nd</sup> floor  
Haile Selassie Avenue  
P.O. Box 54760-00200  
Nairobi, KENYA

**(f) Entity Contacts**

Telephone: (254) 0202220106  
E-mail: [admin@antifgmboard.go.ke](mailto:admin@antifgmboard.go.ke)  
E-mail: ceoantifgmboard@gmail.com  
Website: [www.antifgmboard.go.ke](http://www.antifgmboard.go.ke)

**(g) Entity Bankers**

Cooperative Bank of Kenya  
Aga Khan Walk Branch  
P.O. Box 20818-00100  
Nairobi, Kenya

**(h) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(i) Principal Legal Adviser**




The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**II. THE BOARD OF DIRECTORS**






(j)	NAME	DESIGNATION	QUALIFICATION
		Chairperson	
	Connie Kivuti	Board Member	Phd. In Leadership in Public Governance (on going)
	Agnes Leina	Board Member	M.A in Rural Sociology & Community Development
	Shoba Liban	Board Member	B.A Project Planning and Management
	Samuel Macharia	Board Member	Executive MBA
	Protus Onyango	Board Member	Masters In Gender Studies
	Peris Bosire	Board Member	M Sc. (Human Resources Development)

**Anti-FGM Board**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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	Dr. Mohamed A. Sheikh	Board Member	Master of International Public Health. DOB:1976 12 year work experience
	Milton M Mokah	Board Member	
	Bernadette Loloju	CEO	M.A in Global Community Development

**III. MANAGEMENT TEAM**

NAME	PHOTO	DESIGNATION	QUALIFICATION
Bernadette Resian Loloju		Chief Executive Officer	M.A in Global Community Development
Christabel A. Adhiambo		Director Finance & Adm.	M.A in Conflict & Peace studies
Paul Kilonzo		Director Policy and Planning	M.Ed
Jared Gitamo Kingoina		Director Programmes	M.A Business Administration
Milton .A. Omondi		Chief Information Officer	M.A in Communication Studies

**Anti-FGM Board**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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Shem Ojwang Owala		Finance Officer	CPA "K" MBA (Finance)
Ann Muthigani		Supply Chain Management Officer	MBA (Operations Management)

#### IV. CHAIRMAN'S STATEMENT

The Anti-FGM Board was established in December 2013 with the appointment of the former Chairperson by President Uhuru Kenyatta and the subsequent gazettelement of Board members.

Board was allocated total of Kshs.92 Million under Recurrent Vote, Balance brought forward of Ksh 12,025,412.50. The actual expenditure for the reporting year was Kshs.103, 980,670 representing 99.95% absorption rate.

During the year under review, the Board conducted awareness creation among Chiefs, police officers, ward administrators and representatives of Community Participation Initiative (Nyumba Kumi). It developed and implemented Anti-FGM Strategies, tracked progress in reported FGM cases, engaged interns, automated its processes and empowered youth, women and persons living with disability amongst others.

The Board's achievements in the year under review include the finalization of the National Policy on the Abandonment of Female Genital Mutilation and inclusion of the female genital mutilation content in the school curriculum. In addition to this, the Board celebrated the International Day of Zero Tolerance to FGM, participated in the Kenya Secondary Schools Head Teachers and Students Leaders Conferences and sensitized over 12,000 and 10,000 teachers and students respectively.

Other achievements include: participation in the National Drama Festivals held in Kisumu, carrying out three roadshows in Migori, Elgeyo Marakwet and Taita Taveta to campaign against female genital mutilation, sensitizing 1,500 girls attending the Alternative Rites of Passage in 9 counties.

The Board also participated in cultural festivals in Marsabit and Elgeyo Marakwet counties, reaching out to more than 3,000 community members.

The Board in partnership with development partners, participated in an End FGM Marathon in West Pokot County, downing of tools by reformed circumcisers in Kajiado County during the 16 days of activism against Gender Based Violence.

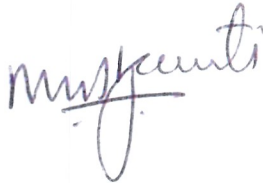
The emerging issues include a trend towards the lesser cut, engagement of medical personnel, cutting of infants, secrecy, and resistance to change.

The campaign against FGM is further limited by the vastness and inaccessibility of most of the areas where it is practiced, hostility against anti-FGM crusaders and law enforcement officers, inadequate resources and cross border influence.

Connie W. Kiwuki

PP CHAIRPERSON

SIGNED:



## **V. REPORT OF THE CHIEF EXECUTIVE OFFICER**

The Anti-FGM Board, in pursuit of its mission of upholding the dignity and empowerment of girls and women in Kenya and its vision of a society free from FGM, designed, coordinated, and implemented several programmes during the year under review.

The Board was allocated a total of Ksh92 million under Recurrent Vote with a balance brought forward of Ksh12,025,412.50

The actual expenditure for the reporting year was Kshs.103, 980,670 representing 99.95% absorption rate.

The Board held education workshops for law enforcement officers on Prohibition of FGM Act, 2011 in a number of counties including Wajir, Garissa, Marsabit, Isiolo, Tana River, Kajiado, Migori, Meru, Nyamira, Bomet and Baringo.

During the period under review, the Board organised three road shows in Migori, Elgeyo Marakwet and Taita Taveta counties and participated in three ASK shows in Kisumu, Nairobi and Mombasa. Further, the Board participated in the National Drama and Music festivals and the Kenya Secondary and Primary School Heads Association conferences.

Significantly, the Board organized, in collaboration with partners, the International Day of Zero Tolerance to FGM celebrations in Garissa and five other 'hotspot' counties.

During the period under review, the Board in collaboration with partners conducted a situational analysis on FGM to enable inclusion of content on FGM in the school curriculum.

Others activities aimed at creating awareness on FGM undertaken during the period under review include; the holding of the anti-FGM marathon across the Kenya-Uganda Border at Suam; participation in alternative rites of passage for more than 1,500 girls in Kajiado, Narok, Kisii, Meru and Samburu counties, participation in the Marsabit and Elgeyo Marakwet cultural festivals; participation in the Annual Students Leaders' Conference, participation in the Commission on Status of Women (CSW) conference in New York.

Another achievement of note is the development of the Board's website and the production of the draft National Policy on abandonment of FGM in collaboration with partners.

During the period under review, the Board developed context appropriate messages that were disseminated through radio and TV (infomercials) and numerous Information Education Communication materials that were disseminated through the various awareness creation forums.

It developed and implemented anti-FGM strategies, tracked progress in reported FGM cases, engaged interns, automated its processes and empowered youth, women and persons living with disability amongst others.

The Board participated in a number of community dialogue forums in West Pokot and also persuaded 55 reformed cutters in Kajiado County to down their tools and renounce the practice during the 16 days of activism against gender based violence.

The Board faced a number of challenges during the reporting period which included inadequate working tools, financial and human resources.

There is need for increased finances and hiring of adequate staff to enable the Board scale up its campaign against FGM.



Bernadette Resian Loloju  
Chief Executive Officer.

## VI. CORPORATE GOVERNANCE STATEMENT

### **Board Meetings Held and attendance to the meetings by members**

The Board meetings held in the financial year ended June 30th 2017 were seven (7) in total. All the meetings held meet the requirement quorum of five (5) members. The meetings were all presided by the chairperson until December 2016 when her term expired. In the subsequent meetings, the members have been appointing one of them to preside over the meetings.

The Anti-FGM Board has also established three committees; namely Audit, Programmes and Finance and Administration committee. In the financial year ended 30<sup>th</sup> June 2016, the Board committees held a total of fourteen (14) meetings with finance and administration committee dominating the list due to the recruitment of the chief executive officer.

### **Succession plan**

A succession plan is yet to be developed to ensure that the tenure of Board members are staggered to ensure a phased transition.

### **Existence of a Board Charter**

The Anti-FGM Board has developed the Board Charter which clearly defines the role, responsibilities and functions of the Board. The Board charter is awaiting approval and the launch.

## **Process of appointment and removal of directors**

### ***Appointment***

The Anti-FGM Board comprises of eight (8) director's three (3) of whom as considered as independent and five (5) representatives of Principal Secretaries in charge of gender, finance, health, education and youth affairs.

The three (3) years term for the chairperson ended on 26<sup>th</sup> December 2016 and the Board is still waiting for the replacement by the President.

The independent Board directors were appointed by the Cabinet Secretary with effect from 21<sup>st</sup> February, 2014. Part 11 section 4 (2) of the Prohibition of Female Genital Mutilation Act, 2011 states that a member of the Board under this Act, other than *ex-officio member*, shall serve for a single term of six (6) years and shall not be eligible for re-appointment.

The alternates to the Principal Secretaries have been nominated by respective ministries which also determines :

### ***Removal of directors***

A member of the Board may resign from the office by notice in writing to;

- i. In case of chairperson the President
- ii. In any other case, by the cabinet secretary

A member may be removed from office by the cabinet secretary in the member

- i. Has been absent from three consecutive meetings of the Board without permission of the chairperson
- ii. Is convicted of criminal offence and sentenced to imprisonment for a term exceeding six (6) months or to fine exceeding ten thousand shillings
- iii. Is convicted of an offence involving dishonesty or fraud, or an offence under the Anti-corruption and economic crimes Act
- iv. Is adjudged bankrupt or enters into a composition scheme or arraignment with creditors
- v. Is incapacitated by prolonged physical or mental illness or is deemed otherwise unfit to discharge his duties as a member of the Board
- vi. Fail to comply with the provisions of this Act relating to disclose.

### **Roles and functions of the Board**

1. Design, supervise and co-ordinate public awareness programmes against the practice of female genital mutilation;
2. Advise the Government on matters relating to female genital mutilation and the implementation of the Act;
3. Design and formulate policy on the planning, financing and co-ordinating all activities relating to female genital mutilation;
4. Provide technical and other support to institutions, agencies and other bodies engaged in the programmes aimed at eradication of female genital mutilation;
5. Design programmes aimed at eradication of female genital mutilation;
6. Facilitate resource mobilization for the programmes and activities aimed at eradication of female genital mutilation;
7. Carry out any other functions as may be assigned by any written law to the success of the Anti-Female Genital Mutilation Campaigns.

### **Induction and training**

The Board directors have also undergone an induction programme on the implementation of Mwongozo; Code of Governance for State Corporations.

### **Board and member performance**

The Board directors have undertaken an annual evaluation exercise to determine performance criteria during the 2016/17 financial years.

### **Board remunerations**

The chairperson and Board members draw accommodation and subsistence allowance on local travel at Ksh.18, 200 per day.

The chairperson was paid a taxable sitting allowance of Ksh. 20,000 per sitting. An equivalent allowance was also paid to her when on official duty within or outside the Country.

The Chairperson received honoraria of Ksh. 80,000 per month.

The chairperson also received a mobile telephone air facility of Ksh. 7000 per month.

The members are paid a taxable sitting allowance of Ksh. 15,000, per sitting. An equivalent allowance is also paid when the member is officially on duty within or outside the country.

When lunch is not provided during the meetings, the members are paid a lunch allowance of Ksh. 2000

The members also receive a mobile telephone air facility of Ksh. 3000 per month

On transport, members residing outside Nairobi are paid a maximum of Ksh 20,000 paid at AA rates, for those within Nairobi are paid transport allowance of Ks. 10,000 per month.

#### **Conflict of interest**

#### **Ethics and conduct as well as governance audit.**

The board has a functional website that clearly displays code of ethics and conduct of the organization.

## **VII. MANAGEMENT DISCUSSION AND ANALYSIS**

The mandate of the Board broadly cover eradication of Female Genital Mutilation and its related social and psychological impact and development of policies and strategies to be employed to conta.in the practice.

The financial transactions within the year 2016/2017 were used to accomplish the following:

- Acquisition of Assets Kshs. 11,208,717
- Use of goods as services Kshs 92,132,605

It is noteworthy to report that the Board does not have funds on Public investment and had no pending bill as at the closure of the reporting period.

#### **Institutional Strengthening**

The Board is currently at the advanced stages of attaining ISO Certification. On fiduciary oversight arrangements, the Board has in place the audit committee which assists the CEO in enhancing internal controls and reviewing audit issues raised by both internal and external auditors

#### **Compliance to Statutory Requirement**

The Anti- FGM Board complied with the statutory requirements.

### **Risk facing the Organization**

Private litigation waged by citizens aimed at stopping the Board from carrying its mandate in favour of harmful cultural practice like FGM are emerging.

Others include financial constraints which hinders the Board from carrying its full mandate.

## **VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

### **Staff training and Development**

The Board is committed to providing its staff with equal opportunities for training for performance improvement and individual fulfilment. The staff are required to adapt a culture of continuous learning as a way of improving competencies and skills for efficient and effective service delivery. During the 2016/2017 financial year, the Board organized training programmes comprising short courses that were intended to address the identified training gaps.

The Board members attended the Mwongozo training organized by the State Corporations Advisory Committee (SCAC) while selected staff were trained in the following areas: Gender Equality & Diversity in Management, Strategic Leadership Development, Senior Management, Labour Laws Application, Records Management, and Secretarial Management.

## **IX. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of the *Anti FGM Board* affairs.

### **Principal activities**

The main functions of the board are:

- Design, supervise and co-ordinate public awareness programmes against the practice of female genital mutilation;
- Generally advise the Government on matters relating to female genital mutilation and the implementation of the Act;

- Design and formulate a policy on the planning, financing and co-ordinating of all activities relating to female genital mutilation;
- Provide technical and other support to institutions, agencies and other bodies engaged in the programmes aimed at eradication of female genital mutilation;
- Design programmes aimed at eradication of female genital mutilation;
- Facilitate resource mobilization for the programmes and activities aimed at eradicating female genital mutilation; and
- Perform such other functions as may be assigned by any written

### **Results**

The results of the entity for the year ended June 30, 2017 are set out on page 1-2

### **Directors**

The members of the Board of Directors who served during the year are shown on page (vii-viii). During the year Boards Chairperson Linah Jebii Kilimo Term as Board Chairperson ended and replacement had not been appointed as at 30<sup>th</sup> June 2017.

### **Auditors**

The Auditor General is responsible for the statutory audit of the *Anti FGM Board* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



BERNADETTE LOLOJU (MRS)

CHIEF EXECUTIVE OFFICER

NAIROBI

DATE:

## X. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of that *entity*, which give a true and fair view of the of the *Board* at the end of the financial year/period and the operating results of the *Board* for that year/period. The Directors are also required to ensure that the *Board* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Board*. The Directors are also responsible for safeguarding the assets of the *Board*.

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

The Directors accept responsibility for the *Board's* 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 *Board's* financial statements give a true and fair view of the state of *Board's* transactions during the financial year ended June 30, 2017, and of the *Board's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *Board*, which have been relied upon in the preparation of the *Board's* financial statements as well as the adequacy of the systems of internal financial control.

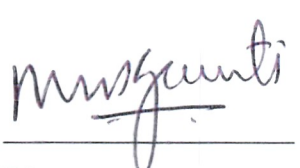
**Anti-FGM Board  
Reports and Financial Statements  
For the year ended June 30, 2017**

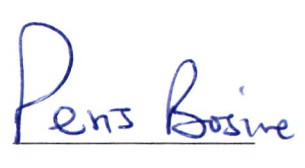
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Nothing has come to the attention of the Directors to indicate that the *Board* will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The *Board's* financial statements were approved by the Board on 29/09/ 2017 and signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# REPUBLIC OF KENYA

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Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL REPORT OF THE AUDITOR-GENERAL ON ANTI-FGM BOARD FOR THE YEAR ENDED 30 JUNE 2017

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### REPORT ON THE FINANCIAL STATEMENTS

#### Adverse Opinion

I have audited the accompanying financial statements of the Anti-FGM Board set out on pages 1 to 29, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of cash flows, statement of changes in net assets 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 audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Anti-FGM Board as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and Prohibition of Female Genital Mutilation Act, 2011.

In addition, as required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that public money has not been applied lawfully and in an effective way.

#### Basis for Adverse Opinion

##### 1. Non-Compliance with International Public Sector Accounting Standards (IPSAS)

The financial statements for the year ended 30 June, 2017 although prepared on IPSAS Accrual basis have the following non-compliance issues:

- (i) The status information on follow up of audit recommendations arising from the previous year audit issues, as required by the Public Sector Accounting Standards Board (PSASB), is incorrect because the issues are indicated as having been resolved but they are still outstanding.

- (ii) No explanations have been provided for the material differences between the budget and the respective actual amounts as reflected in the statement of comparison of budget against actual amounts.
- (iii) The financial statements for the year under review reflect comparative previous year's figures which, however, do not agree with the audited financial statements for the financial year ended 30 June 2016 as a result of supposedly changes in the reporting framework. However, contrary to the requirements of IPSAS 3 on "changes in accounting policies, changes in accounting estimates and correction of errors", this has neither been disclosed in the financial statements nor do the previous year's financial statements headings indicate that the figures therein are restated.
- (iv) The statement of financial performance reflects the previous year's comparative figure for employee costs of Kshs.17,583,459 while the audited financial statements for 2015/2016 reflected zero costs. However, there is no indication that the figure has been restated or a disclosure in notes to financial statements to the effect.
- (v) The basis for creation of a brought forward reserve balance of Kshs.24,190,765 has not been explained in any way or disclosed as a note to the financial statements. The validity and accuracy of the balance cannot therefore be confirmed under the circumstances.

## **2. Contribution in Kind for Staff Compensation**

The Board has twenty-one officers drawn from various ministries working on a full-time basis and who continue to draw their salaries from the respective ministries. The financial statements of the Board have, however, not taken into account the donation or contribution in kind received from the ministries amounting to Kshs.15,988,531 in form of staff salaries in arriving at the deficit of Kshs.132,605 for the year ended 30 June 2017. The amount has, however, been disclosed in Note 3(b) to the financial statements.

## **3. Property, Plant and Equipment**

Disclosed at Note 7 to the financial statements is a class of unidentified assets costing Kshs.282,000. Information available indicates that the amount relates to an expenditure incurred on a software to run the server. Accounting policy for the treatment of such intangible assets has not, however, been disclosed in the financial statements. Consequently, the accuracy of property, plant and equipment balance of Kshs.26,484,822 as at 30 June, 2017 reflected in the financial statements cannot be confirmed.

## **4. Other Expenses**

The total general expenses figure of Kshs.43,037,885 under Note 6 to the financial statements includes an amount of Kshs.10,870,383 for other expenses. Under the other expenses is an amount of Kshs.3,634,000 relating to transport refunds for workshops participants on various activities including anti-female genital mutilation,

child and forced marriages, alternative rites of passage and girl empowerment initiatives sensitization programmes held in various counties on diverse dates. However, the guidelines for the approved rates of transport refunds have not been provided for audit verification. It is therefore not possible to verify and confirm the validity and accuracy of the expenditure of Kshs.3,634,000 on transport refunds.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Anti-FGM Board in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance to the audit of the financial statements. Except for matters described in the Basis for Adverse Opinion and Other Mater sections, I have determined that there are no Key Audit Matters to communicate in my report.

### **Other Matter**

#### **1. Budget and Budgetary Controls**

The Board exceeded its budgetary allocations for various expenditure lines as detailed below without the necessary approvals as required under Section 43 of the Public Finance Management Act, 2012:

<b>Expenditure Item</b>	<b>Budget</b>	<b>Expenditure</b>	<b>Variance</b>	<b>% Budget variance</b>
Contracted professional services	2,044,800	2,270,260	-225,460	11%
Specialized plant, equipment	300,000	1,073,050	-773,050	258%

The Board was, therefore, in breach of the law.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Board's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the

management either intends to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

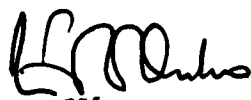
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease sustaining 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 or business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

**Nairobi**

**30 May 2018**

**Anti-FGM Board**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**XI. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2016-2017	2015-2016
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments	1a	92,000,000	90,918,000
Other income	1b	-	14,122,666.70
<b>Total revenue</b>		<b>92,000,000</b>	<b>105,040,666.70</b>
<b>Expenses</b>			
Use of goods and services	2	2,393,539	7,450,629
Employee costs	3	35,513,472	17,583,459.40
Remuneration of directors	4	7,227,880	8,660,711.40
Repairs and maintenance	5	3,959,829	1,289,584.80
General expenses	6	43,037,885	45,865,516.90
<b>Total expenses</b>		<b>92,132,605</b>	<b>80,849,901.50</b>
<b>Surplus</b>		<b>(132,605)</b>	
<b>Surplus/(deficit) for the period</b>		<b>(132,605)</b>	<b>24,190,765.2</b>

The notes set out on pages 21 to 76 form an integral part of these Financial Statements

**XII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017**

		2016-2017	2015-2016
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	684,090	12,025,412.50
		<b>684,090</b>	<b>12,025,412.50</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	26,484,822	15,276,105.35
<b>Total assets</b>		<b>27,168,912</b>	<b>27,301,517.85</b>
<b>Net assets</b>		<b>27,168,912</b>	<b>27,301,517.85</b>
Reserves		(132,605)	24190765.2
Accumulated surplus		27,301,517)	3,110,752.63
<b>Total net assets and liabilities</b>		<b>27,168,912</b>	<b>27,301,517.85</b>

The Financial Statements set out on pages 1 to 29 were signed on behalf of the Board of Directors by:

Chief Executive Officer



Name: Bernadette Loloju

Date: 29/09/017

Head of Finance

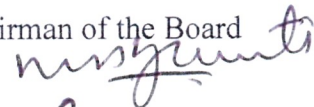


Name: Shem Owala

ICPAK Member Number: 20468

Date: 29/09/017

Chairman of the Board



Name: CONNIE W. KIVUTI

Date: 29/09/017

**XIII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017**

*Anti-FGM Board*  
**Reports and Financial Statements**  
 For the year ended June 30, 2017

	Attributable to the owners of the controlling entity					Minority interest	Total
	Self-insurance reserve	Reserves Capital replacement development reserve/Capital Reserve	Revaluation Reserve	Accumulated surplus			
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	
<b>Balance as at 1 July 2015</b>	-	-	-	3,110,752	-	3,110,752	
Surplus/(deficit) for the period	-	-	-	24,190,765	-	24,190,765	
<b>Balance as at 30 JUNE 2016</b>	-	-		<b>27,301,517</b>		<b>27,301,517</b>	
<b>Balance as at 1 July 2016</b>	-	-	-	<b>27,301,517</b>	-	<b>27,301,517</b>	
Surplus for the period	-	-	-	(132,605)	-	(132,605)	
<b>Balance as at 30 JUNE 2017</b>	-	-		<b>27,168,912</b>		<b>27,168,912</b>	

**XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017**

		2016-2017	2015-2016
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	684,090	12,025,412.50
		<b>684,090</b>	<b>12,025,412.50</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	26,484,822	15,276,105.35
<b>Total assets</b>		<b>27,168,912</b>	<b>27,301,517.85</b>
<b>Net assets</b>		<b>27,168,912</b>	<b>27,301,517.85</b>
Reserves		(132,605)	<b>24190765.2</b>
Accumulated surplus		27,301,517)	3,110,752.63
<b>Total net assets and liabilities</b>		<b>27,168,912</b>	<b>27,301,517.85</b>

The Financial Statements set out on pages 1 to 30 were signed on behalf of the Board of Directors by:

C.E.O



Name: Bernadette Loloju

Date: 29/09/17

Head of Finance



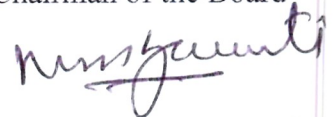
Name: Shem Owala

ICPAK Member

Number:20468

Date: 29/09/17

Chairman of the Board



Name: CONNIE KIVUTI

Date: 29/09/17

**XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017**

	Attributable to the owners of the controlling entity					Total
	Self-insurance reserve	Reserves Capital replacement development reserve/Capital Reserve	Revaluation Reserve	Accumulated surplus	Minority interest	
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Balance as at 1 July 2015</b>	-	-	-	3,110,752	-	3,110,752
Surplus/(deficit) for the period	-	-	-	24,190,765	-	24,190,765
<b>Balance as at 30 JUNE 2016</b>	-	-	-	<b>27,301,517</b>	-	<b>27,301,517</b>
<b>Balance as at 1 July 2016</b>	-	-	-	<b>27,301,517</b>	-	<b>27,301,517</b>
Surplus for the period	-	-	-	(132,605)	-	(132,605)
<b>Balance as at 30 JUNE 2017</b>	-	-	-	<b>27,168,912</b>	-	<b>27,168,912</b>



**XVI. STATEMENT OF CASH FLOWS AS AT 30 JUNE 2017**

		<b>2016-2017</b>	<b>2015-2016</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government grants and subsidies	1a	92,000,000	90,918,000
Other income, rentals and agency fees	1b	-	14,122,660
<b>Total Receipts</b>		<b>92,000,000</b>	<b>105,040,660</b>
<b>Payments</b>			
Goods and services	2	2,393,539	7,450,629
Compensation of employees	3	6,958,239	-
Rent paid	6	6,133,376	6,284,845
Other payments		76,469,391	67,114,427
<b>Total Payments</b>		<b>92,132,605</b>	<b>80,849,901</b>
<b>Net cash flows from operating activities</b>		<b>(132,605)</b>	<b>24,190,765</b>
<b>Cashflow from Investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(11,208,717)	(12,168,527)
<b>Net cash flows used in investing activities</b>		<b>(11,208,717)</b>	<b>(12,168,527)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(11,341,322)</b>	<b>12,022,238</b>
Cash and cash equivalents at 1 JULY	8	12,025,412	3,174.27
<b>Cash and cash equivalents at 30 JUNE</b>		<b>684,090</b>	<b>12,025,412.50</b>

**VII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Government grants and subsidies	92,000,000	-	92,000,000	92,000,000	-
<b>Total income</b>	<b>92,000,000</b>	<b>-</b>	<b>92,000,000</b>	<b>92,000,000</b>	<b>-</b>
Expenses					
Compensation of employees	6,562,000	-	6,562,000	6,953,239	(391239)
Goods and services	85,107,706.70	-	85,107706.	85,179,366.50	(71,659.80)
<b>Total expenditure</b>	<b>91,669,706.70</b>	<b>-</b>	<b>91,669,706.70</b>	<b>92,132,605.50</b>	
<b>Surplus for the period</b>	<b>330,293.30</b>	<b>-</b>	<b>330,293.30</b>	<b>(132,605.50)</b>	<b>-</b>

**Note:**

The salary for the CEO changed from SCAC approved salary to SRC approved salary.

**XVIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

xxx entity is established by and derives its authority and accountability from xxx Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is xxx

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

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**3. ADOPTION OF NEW AND REVISED STANDARDS**

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017

Standard	Impact
IPSAS 3 Accounting policies, changes in accounting estimates and errors	Paragraph 16 requires an entity to select and apply its accounting policies consistently for similar transactions other events and conditions. Paragraph 27. When change in accounting policy is applied retrospectively in accordance to paragraph 24(a) Or (b) the entity shall adjust the opening balance of each affected component of assets/equity for the earliest period.
IPSAS 17 Property Plant and equipment	IPSAS 17.59 and 17.71 requires each part of an item of property, plant and equipment to be depreciated separately. It is important to note that IPSAS 17 on transitional provisions allows organizations up to five years to fully recognize the property, plant and equipment. The Anti-FGM Board transited from preparing its accounts in accordance with the cash Basis of Accounting method in 2015-2016 Financial Year to Accrual Basis of Accounting method in the Financial Year 2016-2017. This Transitional Provision period in paragraph 95 and 96 of IPSAS 17 will enable the Anti-FGM Board to come up with a depreciation policy to be applied in the preparation of its Financial Statements.
IPSAS 33: First time adoption of Accrual Basis IPSAS	<b>(Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period. <i>The board is adopting the IPSAS accrual Basis for the 1<sup>st</sup> time in the Financial year 2016/2017</i>
IPSAS 34: Separate Financial Statements	<b>(Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. <i>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply</i>
IPSAS 35: Consolidated Financial Statements	<b>Effective for annual periods beginning on or January 1, 2017)</b> In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. It requires an entity that controls one or more other entities to assess control over those entities based on the following: - Its power over the other entity

**Anti-FGM Board**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

Standard	Impact
	<ul style="list-style-type: none"> <li>- Its exposure or rights to variable benefits from involvement with the other entity</li> <li>- Its ability to control the nature, timing and amount of benefits from the other entity.</li> </ul> <p>Once control is assessed the controlling entity is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35.</p> <p><i>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply</i></p>
<p><b>IPSAS 36:</b> Investments in Associates and Joint Ventures</p>	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.</p> <p><i>The entity does not have investments in associates or joint ventures</i></p>
<p><b>IPSAS 37:</b> Joint Arrangements</p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b></p> <p>In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.</p> <p><i>The entity does not have an interest in a joint arrangement and therefore the standard does not apply</i></p>
<p><b>IPSAS 38:</b> Disclosure of Interests in Other Entities</p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b></p> <p>In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows.</p> <p><i>The entity does not have an interests in other entities and therefore the standard does not apply</i></p>

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017**

Standard	Effective date and impact:
<p><b>IPSAS 39:</b> Employee Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2018</b></p>

Standard	Effective date and impact:
	The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.
IPSAS 40: Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non exchange transactions which are covered purely under Public Sector combinations as amalgamations.

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

**iii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2017.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

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

**b) Budget information**

The original budget for FY 2016-2017 was approved by the National Assembly on 27/05/2016. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

*Anti-FGM Board*  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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

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

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

**c) Taxes**

***Current income tax***

Anti Female Genital Mutilation Board is fully funded by the Government of Kenya and its not a commercial entity. Therefore does not attract corporate tax

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

IPSAS 17.59 and 17.71 requires each part of an item of property, plant and equipment to be depreciated separately. It is important to note that IPSAS 17 on transitional provisions allows organizations up to five years to fully recognize the property, plant and equipment. The Anti-FGM Board transitioned from preparing its accounts in accordance with the cash Basis of Accounting method in 2015-2016 Financial Year to Accrual Basis of Accounting method in the Financial Year 2016-2017. This Transitional Provision period in paragraph 95 and 96 of IPSAS 17 will enable the Anti-FGM Board to come up with a depreciation policy to be applied in the preparation of its Financial Statements.

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

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

**i) Research and development costs**

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### i) Research and development costs (Continued)

expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

### h) Financial instruments

#### *Financial assets*

##### *Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

##### *Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

##### *Impairment of financial assets*

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

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

**h) Financial instruments (Continued)**

*Financial liabilities*

*Initial recognition and measurement*

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

*Loans and borrowing*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**i) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

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

**j) 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

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

## **5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

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

### **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:

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

**u) 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, 2017.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. Transfers from other governments

Description	2016-2017	2015-2016
	KShs	KShs
<b>Unconditional grants</b>		
Transfer from Government	92,000,000	90,918,000
Other	-	14,122,666.70
	<b>92,000,000</b>	<b>105,122,666.70</b>
<b>Total government grants and subsidies</b>	<b>92,000,000</b>	<b>105,122,666.70</b>

1b) Transfers from Ministries, Departments and Agencies,

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2015-2016
			KShs	KShs	KShs
State Department of Gender	92,000,000	-	-	92,000,000	90,918,000
<b>Total</b>	<b>92,000,000</b>	<b>-</b>	<b>-</b>	<b>92,000,000</b>	<b>90,918,000</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Use of Goods and Services

Description	2016-2017	2015-2016
	KShs	KShs
Electricity	123,279	143,906
Contracted professional services	2,270,260	7,306,723
<b>Total good and services</b>	<b>2,393,539</b>	<b>7,450,629</b>

3. a) Employee costs

	2016-2017	2015-2016
	KShs	KShs
Salaries and wages	6,073,239	-
Travel, motor car, accommodation, subsistence and other allowances	28,560,233	17,583,459
Housing benefits and allowances	880,000	-
<b>Employee costs</b>	<b>35,513,472</b>	<b>17,583,459</b>

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**Note 3b) Contribution in Kind**

The Board received contribution in Kind of Kshs. 15,988,531 paid as salaries to deployed staff as analysed below.

1. Ministry of Devolution	4,148,804
2. Treasury	2,028,268
3. Environment & Natural Resources	916,566
4. Agriculture	1,194,168
5. Planning and Statistics	1,632,420
6. Interior and Coordination	696,926
7. Industrialization	1,548,746
8. Gender Affairs	1,383,944
9. Information & Communication	1,704,015
10. Education	335,505
11. Defence	399,169

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

**4. Remuneration of directors**

Description	2016-2017	2015-2016
	KShs	KShs
Chairman's Honoraria	480,000	
Directors emoluments	6,747,880	8,660,711.40
<b>Total director emoluments</b>	<b>7,227,880</b>	<b>8,660,711.40</b>

**5. Repairs and maintenance**

Description	2016-2017	2015-2016
	KShs	KShs
Property	-	1,030,384.80
Vehicles	2,258,158	-
Other	1,701,671	259,200
<b>Total repairs and maintenance</b>	<b>3,959,829</b>	<b>1,289,584.80</b>

**6. General expenses**

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<b>Description</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>KShs</b>	<b>KShs</b>
Advertising & Printing	6,899,195	1,636,752
Conferences and delegations	6,077,787	6,925,503
Fuel and oil	1,200,000	-
Insurance	728,141	-
Printing and stationery	1,438,760	549,663
Rental	6,133,376	6,284,845.20
Telecommunication	2,047,983	1,092,851
Training	1,420,260	808,744
Other	10,870,383	28,567,158.70
Tradeshows & Exhibition	1,900,000	-
Purchase/production of Audio visual material	4,322,000	
<b>Total general expenses</b>	<b>43,037,885</b>	<b>45,865,516.90</b>

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

**7. Property, plant and equipment**

	Motor vehicles	Furniture and fittings	Computers	Other	Plant and equipment	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2015	-	475,300	-	-	2,632,278	3,107,578
Additions	-	1,912,087	-	-	10,256,440	12,168,527
<b>At 30<sup>th</sup> June 2016</b>	-	<b>2,387,387</b>	-	-	<b>12,888,718</b>	<b>15,276,105</b>
Additions	6,211,620	815,500	2,826,547	282,000	1,073,050	11,208,717
<b>At 30<sup>th</sup> June 2017</b>	<b>6,211,620</b>	<b>3,455,947</b>	<b>2,826,547</b>	<b>282,000</b>	<b>13,961,768</b>	<b>26,484,822</b>
<b>At 30<sup>th</sup> June 2017</b>	<b>6,211,620</b>	<b>3,455,947</b>	<b>2,826,547</b>	<b>282,000</b>	<b>13,961,768</b>	<b>26,484,822</b>
<b>At 30<sup>th</sup> June 2016</b>	-	<b>2,387,387</b>	-	-	<b>12,888,718</b>	<b>15,276,105</b>

Note:

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 8. Cash and cash equivalents

Description	2016-2017	2015-2016
	KShs	KShs
Current account	683,656	12,024,978.50
Cash in Hand	434	434
<b>Total cash and cash equivalents</b>	<b>684,090</b>	<b>12,024,412.50</b>

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

## 8 (b). Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2016-2017	2015-2016
		KShs	KShs
<b>a) Current account</b>			
Cooperative bank	01141309435600	683,656	12,024,978.50
<b>Sub- total</b>		<b>683,656</b>	<b>12,024,978.50</b>

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

**Financial Risk Management (Continued)**

**Capital Risk Management**

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	<b>2016-2017</b>		<b>2015-2016</b>
	<b>Kshs</b>		<b>Kshs</b>
Retained earnings	27,168,912		27,301,517.85
<b>Total funds</b>	<b>27,168,912</b>		<b>27,301,517.85</b>
Less: cash and bank balances	(684,090)		(12,025,412.50)
Net debt/(excess cash and cash equivalents)	-		-
<b>Gearing</b>	N/A		N/A

**1. Related Party Balances**

**a) Nature of related party relationships**

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

The entity is related to

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

**b) Related party transactions**

	2017	2016
	Kshs	Kshs
Transfers from related parties'	92,000,000	90,918,000
	<u>92,000,000</u>	<u>90,918,000</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. Related Party Balances (continued)

c) Key management remuneration

	2017	2016
	Kshs	Kshs
Directors'	7,227,880	8,660,711.40
Key management compensation	6,958,239	-
	<u>14,186,119</u>	<u>8,660,711.40</u>

d) Events after the reporting period

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

2. Ultimate and Holding Entity

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

3. Currency

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


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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Contribution in Kind	Salaries for Officers have been quantified and totals provided	Martha Wanjuki (PHRO)	Resolved	
2	Unauthorised Expenditure	Explanation provided	Nixon Daria (Accountant)	Resolved	
3	Unsupported Expenditure	Payment voucher supported	Shem Owala (Senior Accountant)	Resolved	
4	Meal Allowance	The allowance was informed by SRC Circular Ref no. SRC/ADM/CIR/1/13(122) and the narration of the voucher changed accordingly	Titus Chemursoi (Senior Accountant)	Resolved	

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

C.E.O   
 Date: 29/09/017

Chairman of the Board   
 Date: 29/09/017

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XX. Appendix 2: INTER-ENTITY TRANSFERS

ENTITY NAME:		ANTI- FGM Board		
Break down of Transfers from the State Department of Gender Affairs				
FY 16/17				
a.	Recurrent Grants			
		<u>Bank Statement</u>		<u>Indicate the FY to</u>
		<u>Date</u>	<u>Amount (KShs)</u>	<u>which the amounts</u>
		30/08/2016	23,000,000	2016/2017
		28/11/2016	23,000,000	2016/2017
		23/02/2017	23,000,000	2016/2017
		22/05/2017	23,000,000	2016/2017
		<b>Total</b>	<b>92,000,000</b>	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager  
 ANTI-FGM BOARD

Head of Accounting Unit

State Department of Gender

Sign -----

*Samsale.*

Sign-----

