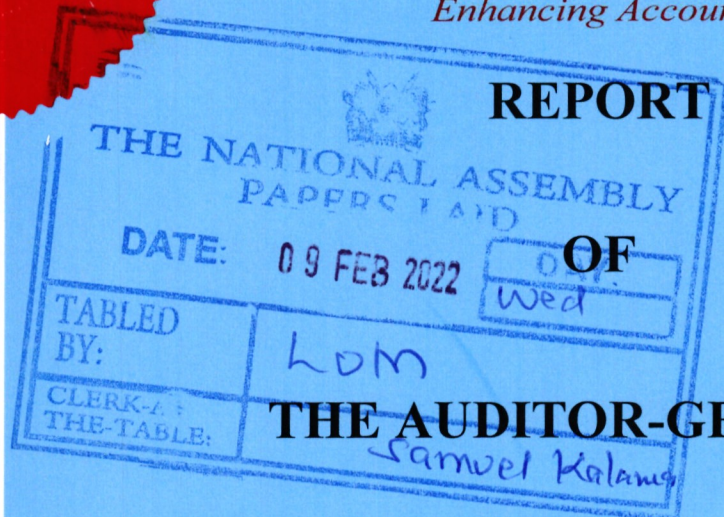




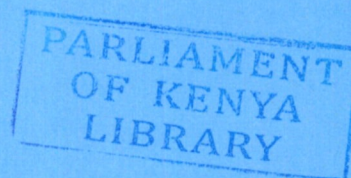
OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



THE AUDITOR-GENERAL

ON



**SUPPORTING AGRICULTURAL INPUT AND
OUTPUT MARKETING POLICY AND
REGULATORY REFORMS TO IMPROVE THE
ENABLING BUSINESS ENVIRONMENT FOR
AGRICULTURE IN KENYA (AGRA GRANT
NUMBER 2018 KE 005)**

**FOR THE YEAR ENDED
30 JUNE, 2021**

**STATE DEPARTMENT FOR CROP
DEVELOPMENT AND AGRICULTURAL
RESEARCH**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

- '6 DEC 2021

RECEIVED

**SUPPORTING AGRICULTURAL INPUT AND OUTPUT MARKETING POLICY AND
REGULATORY REFORMS TO IMPROVE THE ENABLING BUSINESS ENVIRONMENT FOR
AGRICULTURE IN KENYA**

**MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVES
STATE DEPARTMENT FOR CROPS DEVELOPMENT AND AGRICULTURAL RESEARCH**

PROJECT GRANT NUMBER 2018 KE 005

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

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

Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya
Reports and Financial Statements
For the financial year ended June 30, 2021

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: *Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya.*

Objective

- 1. Strengthening policy and regulatory environment for development and growth of agricultural input systems technology*
- 2. Improve on enabling environment for the expanded access to output markets*
- 3. Build capacity of State Department for crop development, legislators and private sector to continuously review and reform policies and regulations*

Project Headquarter

P.O Box 30028
Kilimo House Building
Cathedral Road
Nairobi, Kenya

www.kilimo.go.ke

info@kilimo.go.ke

Contacts Personnel

Project Director: (254) 723 763 936
Project Coordinator: (254) 711 170 726

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.2 Project Information

Project Start Date:	<i>1st June 2019</i>
Project End Date:	<i>31st March 2022</i>
Project Coordinator:	<i>Mr David Ombalo</i>
Project Sponsor:	<i>Alliance for a Green Revolution in Africa (AGRA)</i>

1.3 Project Overview

Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya
Reports and Financial Statements
For the financial year ended June 30, 2021

Line Ministry/State Department of the project	<i>The Project is under the supervision of State Department for Crops Development and Agricultural Research.</i>
Project number	<i>Grant reference 2018 KE 005</i>
Strategic goals of the project	<i>Overall goal of the project is to improve the business enabling environment for investing in local and international agribusiness that sell inputs and buy outputs from smallholder farmers in order to strengthen systems for fertilizer, seeds, agricultural machinery and irrigation, agricultural crop insurance and agricultural output marketing and improve farmers' yields, profitability and incomes.</i>
Achievement of strategic goals	<i>(i) The draft Plant Protection Bill and 3 sets of Regulations developed and taken through the consultative, adoption and approval process.</i> <i>(ii) The draft Fertilizers and Animal Foodstuff (Fertilizers) Regulations, 2021 developed and taken through the consultative, adoption and approval process.</i> <i>(iii) The Warehousing Receipt Systems Act assented into law and operational; The Warehousing Receipt Systems Regulations gazetted and legal notice in operational.</i> <i>(iv) Agricultural Crop Insurance Policy developed and ready for submission to cabinet for approval.</i> <i>(v) The draft National Agricultural Mechanization Policy 2021 and National Agricultural Mechanization Bill developed and taken through the consultative, adoption and approval process</i> <i>(vi) National Irrigation Policy, National Irrigation Act approved and under implementation; the national irrigation sector</i>

	<i>Strategy finalized and due for publication</i>
Other important background information of the project	<i>The project is focused on improving agricultural inputs and output markets and contributing to achieving 100% food and nutrition security for all Kenyans outlined in the Agriculture Sector Transformation and Growth Strategy (ASTGS) and the Big four agenda.</i>
Current situation that the project was formed to intervene	<i>1. Identify and prioritize existing and new draft policies, statutes, Bills and regulations that need review to address bottlenecks to improving the enabling business environment for agriculture in Kenya. These include review of provisions to harmonize regulatory roles among ministries, departments and agencies; and to articulate measures needed to implement policy and regulatory reforms.</i> <i>2. Use systematic and methodological approaches to provide the evidence base for the Ministry's consideration of the proposed reform options, through use of existing internal expertise or out-sourced expertise where necessary.</i> <i>3. Build the capacity of policy makers and decision makers through learning-by-doing and learning-by-using to continuously review and reform policies and regulations that unintentionally limit private sector investments,</i> <i>4. Build the capacity of private sector partners in inputting in policy process and supporting speedy adoption of policy documents through improved and structured advocacy.</i>
Project duration	<i>The project started on 1st June 2019 and is expected to run until 31 March 2022.</i>

Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya
Reports and Financial Statements
For the financial year ended June 30, 2021

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.4 Bankers

- NCBA Bank.....8518320012
- Central Bank of Kenya.....1000426907

1.5 Auditors

Auditor General,
 Office of the Auditor General,
 Anniversary Towers,
 Monrovia Street,
 P.O Box 30084-00100,
 NAIROBI

1.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
1. Lucy Njenga	Director of Agriculture Policy research and Regulations	Technical head of Directorate of Agriculture Policy	Oversight on Programme implementation
2. David Ombalo	Principal Agriculture Officer	Technical Competence in development of Policy documents Bills, Regulations and strategies	Project implementation Coordination
3. Peter Owoko	Assistant Director of Agriculture	Technical Competence in development of Policy documents Bills, Regulations and strategies	Project Team Member
4. Evelyne Heyi	Principal Agriculture Officer	Technical Competence in development of Policy documents	M&E Officer

Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya
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		Bills, Regulations and strategies	
5. Kennedy Anahinga	Principal Agriculture Officer	Technical Competence in development of Policy documents Bills, Regulations and strategies	Project Team Member
6. Robert Gwadoya	Principal Accountant	Public accounts	Project Accountant
7. Catherine Mutuku	Secretary/Admin Services	Admin Services	Component Leader
8. Hellen Mwarey	Manager Phytosanitary Services -KEPHIS	Coordination of component activities	Component Leader – Plant Protection Bill and regulations
9. Dixon Korir	Principal Agriculture Officer	Coordination of component activities	Component Leader – Fertilizer Regulations
10. Eileen Bureza	Principal Agriculture Officer	Coordination of component activities	Component Leader – Agriculture Insurance
11. Eng. Musa Sang	Agricultural Engineer	Coordination of component activities	Component Leader – Mechanization Policy and Bill
12. Seline Bonyo	Principal Agriculture Officer	Coordination of component activities	Component Leader WRS Regulations and Agriculture Mechanization Policy
13. Kani Nguma	Irrigation Officer	Coordination of component activities	Component Leader – Irrigation Bill, Regulations and Irrigation Strategy

1.7 Funding summary

The Project is for duration of 3 years from 2019 to 2022 with an approved budget of US\$ 1,498,755.00 equivalent to KShs 149,875,500.00 as highlighted in the table below:

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date (30-06-2021)		Undrawn balance to date	
	USD	KShs	USD	KShs	USD	KShs
(i) Grant						
Alliance for Green Revolution in Africa (AGRA)	1,498,756	149,875,500	871,558	92,983,178.80	627,198	56,892,321.20
Total	1,498,756	149,875,500	871,558	92,983,178.80	627,198	56,892,321.20

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2021)		Cumulative Amount paid to date – (30 th June 2021)		Unutilised balance to date (30 th June 2021)	
	USD	KShs	USD	KShs	USD	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
Alliance for Green Revolution in Africa (AGRA)	871,558	93,509,942.10		93,146,290.09	4,445.81	363,652.01
Total	871,558	93,509,942.10		93,146,290.09	4,445.81	363,652.01

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.8 Summary of Overall Project Performance:

i)

	Current Year	Cumulative
Budget	85,320,453.50	93,509,942.10
Actual	84,956,802.39	93,146,290.99
Absorption(%)	99.60%	99.61%

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

Goal: Goal: Catalyze and Sustain an Inclusive Agricultural Transformation in Africa to increase incomes and improve food security

Objective: Objective 4: Strengthened continental, regional and government multi-sectoral coordination, and mutual accountability in the agricultural sector

Primary Outcome: Outcome 8: Strengthened national and regional level agriculture sector system functioning

Intermediate Outcome: IO8.1: Improved planning, coordination, execution and performance of government agriculture programs

Output: Countries with multi-stakeholder coordination body, Agriculture Sector Group and a Donor working Group

Objective: Cross-cutting outcomes

Primary Outcome: Outcome 9: Strengthened regional and national agricultural enabling policy environment

Intermediate Outcome: IO9.1: Improved regional and national level agricultural regulatory environment

Output: Policies that impact the agriculture sector identified as needing reforms/need to be in place

Intermediate Outcome: IO9.2: Strengthened capacity of regional and national policy and regulatory focus institutions

Output: Policy briefs developed

Output: Participants in policy advocacy convenings and roundtables

Primary Outcome: Outcome 12: Strengthened capacity for farmers and other focus agricultural value chain actors.

Intermediate Outcome: IO12.1: Increased technical capacity and access to agricultural information for farmers and other agricultural value chain actors.

Output: Individuals who have received AGRA supported short-term agricultural sector training

iii) Comment on value-for-money achievements,

Zero draft national irrigation Guidelines developed

Zero draft Plant Protection Bill developed

Draft Agriculture Insurance Policy;

Draft outline for Agribusiness and Marketing Strategy (AMIS) developed

iv) The programme absorption rate for the year 2019/2020 was at 26.20%, and for the current year 2020/2021 was at 99.60%.

v) Some of the county governments were slow in cooperating with the team especially on county consultations to input their comments on the draft bills and regulations.

Going forward, the county governments should be sensitized on the need to see the broader perspective of how to improve the welfare of farmers in the country.

1.9 Summary of Project Compliance:

The project had no compliance issues perceived or otherwise.

vi) STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of the *project's 2019-2022* plan are to:

Progress on attainment of Strategic development objectives

Overall the results of the grant should measurably improve the agribusiness enabling environment for investing in local and international agribusinesses that sell inputs and buy outputs from smallholder farmers in order to catalyze and sustain an inclusive agricultural transformation in Kenya for the benefit of 450,000 farming households.

Specifically, the programme targets to the following;

- i. Plan and coordinate review and updating of Seeds and Plant Varieties(Seeds) Regulations, 2013 to operationalize amendments to the Seeds and Plant Varieties Act, CAP 326 (Revised Edition 2012) to bring it in line with changes in technologies, organization and behaviour of participants in the industry (on going authorization of private seed inspectors and laboratories, authorization for private seed inspectors and analysts to carry out specific NPT services, use of ICT to combat fake seeds, seed labels, change from a monopolistic parastatal to a competitive market organization (certificate, access to early generation seed), MSV, MLND, climate change needing tolerant varieties)
- ii. Lead and plan the repeal of the Fertilizer and Animal Foodstuffs Act (Cap 345), 1985 and Kenya Standards (KS 2527:2014) – Urea phosphate fertilizer – Specification, 2014; and develop, validate and approval of new regulations to implement the Fertilizers and Animal Foodstuff (Amendment) Act No. 20 of 2015.
- iii. Facilitate Warehousing Receipt Systems reform through final stages of legislation, implementation through making of regulations to operationalize the Act and capacity building for the staff of the WRS Council.
- iv. Plan and coordinate driving the Agricultural Crop Insurance Policy and Law – through the remaining administrative and legislative processes and stages of government decision-making and approval and putting in place regulations and institutional arrangements for implementation.

Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya
Reports and Financial Statements
For the financial year ended June 30, 2021

- v. Plan and coordinate the development, validation approval, legislation and implementation of a legal framework to operationalize the National Agricultural Mechanization Policy 2017.
- vi. Drive the National Irrigation Policy and National Irrigation Bill through final stages of legislation and implementation through making of regulations to operationalize the Act.

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya	The project will be organized under the following 3 objectives • Strengthening policy and regulatory environment for growth and development of agricultural input systems technology (fertilizer, seeds, agricultural machinery and irrigation) • Improving the enabling environment for the expanded access to output markets (agricultural produce SPS) • Building capacity of State Department for Crop Development and	• Objective 4: Strengthened national and regional level agriculture sector system functioning. • Outcome 9: Strengthened regional and national level agricultural enabling policy environment. • Intermediate outcome 9.1 Improved national level agricultural regulatory environment. • Intermediate	• The Plant Protection Act, Cap 324 and regulations on export/import of agricultural produce and products reviewed, updated and a cost implementation plan developed • Regulations developed, drafted, validated and implemented to enforce the Fertilizers and Animal Foodstuff (Amendment) Act No. 20 of	• In FY 19/20 • Zero draft Plant Protection Bill and regulations on export/import of agricultural produce and products developed • Draft Fertilizers and Animal Foodstuff (Fertilizers) Regulations developed

Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya
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For the financial year ended June 30, 2021

	Agricultural Research personnel, legislators and private sector to continuously review and reform policies and regulations.	outcome 9.2 Strengthened capacity of national policy and regulatory focus institutions. • Outcome 13: Strengthened public and private partnerships in agriculture. • Intermediate outcome 13.2 Increased engagement and coordination of agricultural public and private sector partners	2015 • Warehousing Receipt Systems Act regulations developed, drafted, validated, developed and implemented to enforce the Act • Agricultural Crop Insurance Policy approved, legislation reviewed and regulations developed, drafted, validated, developed and implemented to operationalize the policy • National Agricultural Mechanization Policy and Bill approved and legislated, and legal framework developed, drafted, validated, approved, enacted and implemented to operationalize the Policy and Bill after	• Warehousing Receipt Systems Regulations finalized and ready for submission to the Office of the AG • Draft Crop Insurance Policy developed • National Agricultural Mechanization Policy draft has undergone review
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			enactment • National Irrigation Policy and National Irrigation Bill approved and legislated, and legal framework developed, drafted, validated, approved, enacted and implemented to operationalize the Policy and Bill after enactment • Private sector capacity built on their role in collaboration, partnerships and advocacy. • Ministries, Departments and Agencies capacity built on structured policy and legal framework development and review of processes. Policy decision makers and experts capacity built on use of policy quality frameworks.	• Draft irrigation regulations developed • Learning by doing for Component leaders and policy drafting team members •
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vii) CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The project goal is to measurably improve the agribusiness enabling environment for investing in local and international agribusinesses that sell inputs and buy outputs from smallholder farmers in order to catalyze and sustain an inclusive agricultural transformation in Kenya.

1. Sustainability strategy and profile

The learning by doing and the building of internal capacity for policy review, development of Bills and draft Regulations will ensure that there is internal capacity to sustain development of identified sector policies, Bills and regulations

2. Environmental performance

The Ministry work environmental focus is guided by the Kenya Climate-Smart Agriculture Strategy whose focus is to ensure the promotion and mainstreaming of environmental friendly policy intervention. The Ministry has continued to limit footprints through promotion of e-communication such as emails, circulation reporting on line and holding online meetings.

3. Employee welfare

The Ministry has in place HRM and HRD policies that require gender parity in employment, workplan activity implementation trainings etc

Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The programme in its work with various stakeholders has purposely sought out and ensured inclusion of various stake-holding interests in policy dialogue

b) Responsible Supply chain and supplier relations-

The procurement of services under the programme are undertaken competitively and guided with the provisions of the public procurement and asset disposal Act

c) Responsible marketing and advertisement-

The programme did undertake advertisement to the public to submit written comments and memoranda on draft plant protection regulations through the state department for broadcasting and telecommunication, a government advertising agency.

d) Product stewardship-

All stakeholders including consumer organizations are given opportunity to give feedback and their take on the impact of policy reform proposals; In addition, all regulatory instruments are subjected to Regulatory Impact Assessments to establish their economic, social and legal impact on the public.

4. Community Engagements

The programme engaged the community through the county stakeholders' consultative workshops to get their inputs on the various draft bills and regulations being formulated by the programme.

viii) **STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The *Principal Secretary* for the State Department for Crops Development and Agricultural Research and the *Project Coordinator* for **Supporting agricultural input and output marketing policy and regulatory reforms to improve the enabling business environment for agriculture in Kenya** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2021.

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

The *Principal Secretary* for the State Department for Crops Development and Agricultural Research and the *Project Coordinator* for **Supporting agricultural input and output marketing policy and regulatory reforms to improve the enabling business environment for agriculture in Kenya** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

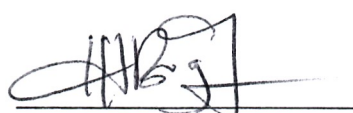
The *Principal Secretary* for the State Department for Crops Development and Agricultural Research and the *Project Coordinator* for **Supporting agricultural input and output marketing policy and regulatory reforms to improve the enabling business environment for agriculture in Kenya** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2021, and of the Project's financial position

as at that date. The *Principal Secretary* for the State Department for Crops Development and Agricultural Research and the *Project Coordinator* for **Supporting agricultural input and output marketing policy and regulatory reforms to improve the enabling business environment for agriculture in Kenya** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Principal Secretary* for the State Department for Crops Development and Agricultural Research and the *Project Coordinator* for **Supporting agricultural input and output marketing policy and regulatory reforms to improve the enabling business environment for agriculture in Kenya** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

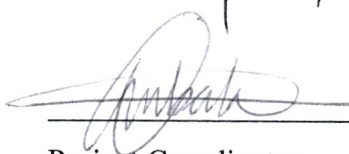
Approval of the Project financial statements

The Project financial statements were approved by the *Principal Secretary* for the State Department for Crops Development and Agricultural Research and the *Project Coordinator* for **Supporting agricultural input and output marketing policy and regulatory reforms to improve the enabling business environment for agriculture in Kenya** on 1/12/ 2021 and signed by them.



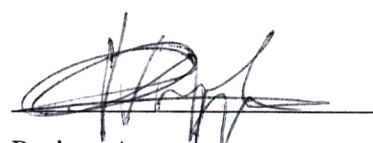
Principal Secretary

Prof. Hamadi I. Boga (PhD), CBS



Project Coordinator

David Ombalo



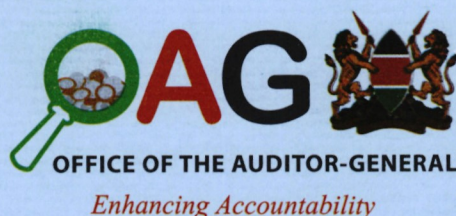
Project Accountant:

Robert Gwadoya

ICPAK Member Number: 14109

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON SUPPORTING AGRICULTURAL INPUT AND OUTPUT MARKETING POLICY AND REGULATORY REFORMS TO IMPROVE THE ENABLING BUSINESS ENVIRONMENT FOR AGRICULTURE IN KENYA (AGRA GRANT NUMBER 2018 KE 005) FOR THE YEAR ENDED 30 JUNE, 2021 - STATE DEPARTMENT FOR CROP DEVELOPMENT AND AGRICULTURAL RESEARCH

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 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 control, 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 of the Auditor-General on Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya (AGRA Grant Number 2018 KE 005) for the year ended 30 June, 2021 - State Department for Crop Development and Agricultural Research

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya (AGRA Grant Number 2018 KE 005) set out on pages 1 to 44, which comprise the statement of financial assets as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of comparative 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 matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya (AGRA Grant Number 2018 KE 005) as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and the Public Finance Management Act, 2012 and comply with the Grant Agreement AGRA Grant Number 2018 KE 005 dated 26 August, 2019 between the Alliance for a Green Revolution in Africa (AGRA) and the Republic of Kenya.

Basis for Qualified Opinion

Inaccuracies in the Statement of Comparative Budget and Actual Amounts

The statement of comparative budget and actual amounts for the year ended 30 June, 2021 reflects receipts and expenditure budget of Kshs.86,072,671 and Kshs.85,209,058.39, respectively. However, the approved budget for the financial year 2020/2021 provided for audit indicated a total budget of Kshs.87,086,900, resulting in an unexplained variance of Kshs.1,014,229 under receipts and Kshs.1,877,841.61 under expenditure, respectively.

In addition, the summary of overall project performance under other information accompanying the financial statements reflects total budget for 2020/2021 financial year of Kshs.85,320,453.50 which differs with the statement of comparative budget and actual amounts final budget of Kshs.86,072,671 resulting in an unexplained variance of Kshs.752,217.50.

The statement of comparative budget and actual amounts for the year ended 30 June, 2021 also reflects actual receipts on comparable basis of Kshs.86,072,671 while

the statement of receipts and payments reflects actual receipts of Kshs.62,252,944.45 resulting in an unexplained variance of Kshs.23,819,726.55.50.

The statement of comparative budget and actual amounts reflects a final budget of Kshs.1,027,256 in respect of acquisition of non-financial assets. However, an adjustment made of Kshs.252,256 is not reflected in the final budget for the item hence overstatement of the final budget by the same amount.

In the circumstances, the accuracy and completeness of the statement of comparative budget and actual amounts for the year ended 30 June, 2021 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya (AGRA Grant Number 2018 KE 005) 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Use of Funds on Non-Project Related Expenditure

The statement of receipts and payments reflects payments amounting Kshs.83,731,902.39 in respect of purchase of goods and services and as disclosed under Note 6 to the financial statements. Included in this amount is Kshs.561,928 relating to communication, supplies and services which was paid vide cheque number 0001587 dated 20 May, 2021 for supply of telephone exchange services to the State Department

for Crop Development and Agricultural Research. However, this expenditure item was not among the budgeted activities for financing through the project funds.

2. Under-funding of the Project Activities

Note 1.7- Funding Summary on pages vii and viii under other information accompanying the financial statements reflects total funding to-date (30-06-2021) of Kshs.92,983,178.80 (USD 871,558) comprising USD 294,515) and USD 577,043 for financial years 2019/2020 and 2020/2021, respectively.

The Project requested for exchequer release of USD 577,043 in the financial year 2021/2021. However, The National Treasury released Kshs.61,788,150 (USD 555,000) only to the project's bank account maintained at NCBA on 21 December, 2020, resulting in a shortfall of USD 22,043 and thus, underfunding of the project's activities. This is contrary to Paragraph 5 of the Grant Agreement which require that all the grant funds received from AGRA for the project must be maintained in a separate account dedicated to the charitable purposes of the project.

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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Inadequate Internal Controls Over Fuel Purchased and Drawn

The expenditure on purchase of goods and services disclosed under Note 6 to the financial statements includes an amount of Kshs.580,736 relating to routine maintenance – vehicles and other transport equipment. Expenditure records on fuel show that an amount of Kshs.500,000 was paid vide cheque number 000033 dated 28 October, 2020 for provision of fuel in bulk to the Project. The fuel management records, however, reflected the following anomalies and internal control weaknesses:

- i. There was no correlation between the fuel register and the payment of Kshs.500,000 because Local Purchase Order or any relevant document was not referenced there to.
- ii. The fuel register was not properly maintained and details of fuel drawn were not recorded.
- iii. There was no reconciliation between the supplier's statement and the project management's statements. The statement from the supplier, on a random check, differed with the fuel register and the supporting receipts. Further, the supplier's statement did not show the date the fuel was drawn hence making reconciliation difficult.

2. Lack of Internal Audit Review

During the year under review, it was noted that there was no internal audit review of the project's activities contrary to Section 73(3)(b) of the Public Finance Management Act, 2012 which require that the Internal Auditor shall conduct internal auditing which includes risk-based, value-for-money and systems audits aimed at strengthening internal control mechanisms that could have an impact on achievement of the strategic objectives of the entity.

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 (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control 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 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 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 Project'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 Project to cease 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 Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 December, 2021

x) STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

		2020/2021		2019/2020			
Note	Receipts and payments controlled by the entity	KShs	Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total
	KShs	KShs	KShs		KShs	KShs	
RECEIPTS							
Transfer from Government entities	0.00		0.00	0.00	0.00	0.00	0.00
Proceeds from domestic and foreign grants	61,788,150.00		0.00	61,788,150.00	31,195,028.80	0.00	31,195,028.80
Loan from external development partners	0.00		0.00	0.00	0.00	0.00	0.00
Miscellaneous receipts	464,794.45		0.00	464,794.45	67,130.80	0.00	67,130.80
TOTAL RECEIPTS	62,252,944.45		0.00	62,252,944.45	31,262,159.60	0.00	31,262,159.60
PAYMENTS							
Compensation of employees	0.00		0.00	0.00	0.00	0.00	0.00
Purchase of goods and services	83,731,902.39		0.00	83,731,902.39	8,189,488.60	0.00	8,189,488.60
Social security benefits	0.00		0.00	0.00	0.00	0.00	0.00
Acquisition of non-financial assets	775,000.00		0.00	775,000.00	0.00	0.00	0.00
Transfers to other government entities	0.00		0.00	0.00	0.00	0.00	0.00

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Note	2020/2021			2019/2020			Cumulative to date (from inception)
	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	
10							
Other grants and transfers and payments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL PAYMENTS	84,506,902.39	0.00	84,506,902.39	8,189,488.60	0.00	8,189,488.60	92,696,390.99
SURPLUS/ (DEFICIT)	(22,253,957.94)	0.00	(22,253,957.94)	23,072,671.00	0.00	23,072,671.00	818,713.06

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



Principal Secretary

Prof. Hamadi I. Boga (PhD), CBS



Project Coordinator

David Ombalo



Project Accountant

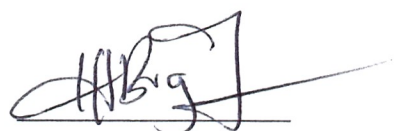
Robert Gwadoya

ICPAK Member Number: 14109

xi) STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2021

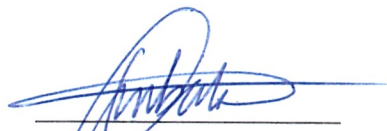
	Note	2020-2021	2019-2020
		KSh	KSh
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11.A	818,713.06	23,072,671.00
Cash Balances	11. B	0.00	0.00
Cash Equivalents (short-term deposits)	11.C	0.00	0.00
Total Cash and Cash Equivalents		818,713.06	23,072,671.00
Accounts Receivables	12	0.00	0.00
TOTAL FINANCIAL ASSETS		818,713.06	23,072,671.00
FINANCIAL LIABILITIES			
Payables- Deposits and Retentions	13	0.00	0.00
NET ASSETS		818,713.06	23,072,671.00
REPRESENTED BY			
Fund balance b/fwd	14	23,072,671.00	0.00
Prior year adjustments	15	0.00	0.00
Surplus/(Deficit) for the year		(22,253,957.94)	23,072,671.00
NET FINANCIAL POSITION		818,713.06	23,072,671.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 1/12/ 2021 and signed by:



Principal Secretary

Date



Project Coordinator

Date



Project Accountant

Date

ICPAK No. 14109

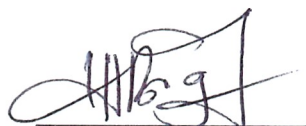
Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya
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xii) STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2021

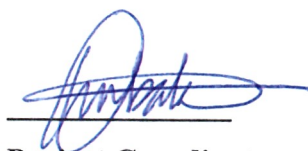
		2020-2021	2019-2020
	Not ified	KShs	KShs
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities			
Transfer from Government entities	1	0.00	0.00
Proceeds from domestic and foreign grants	2	61,788,150.00	31,195,028.80
Miscellaneous receipts	4	464,794.45	67,130.80
Payments from operating activities			
Compensation of employees	5	0.00	0.00
Purchase of goods and services	6	83,731,902.39	8,189,488.60
Social security benefits	7	0.00	0.00
Transfers to other government entities	9	0.00	0.00
Other grants and transfers	10	0.00	0.00
Adjustments during the year			
Prior Year Adjustments	15	0.00	0.00
Decrease/(Increase) in Accounts Receivable	16	0.00	0.00
Increase/(Decrease) in Accounts Payable:	17	0.00	0.00
Net cash flow from operating activities		(21,478,957.94)	23,072,671.00
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	775,000.00	0.00
Net cash flows from Investing Activities		775,000.00	0.00
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	3	0.00	0.00
Net cash flow from financing activities		0.00	0.00
NET INCREASE IN CASH AND CASH EQUIVALENTS		(22,253,957.94)	23,072,671.00
Cash and cash equivalent at BEGINNING of the year	11	23,072,671.00	0.00
Cash and cash equivalent at END of the year	11	818,713.06	23,072,671.00

***Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the
Enabling Business Environment for Agriculture in Kenya
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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 1/12/ 2021 and signed by:



Principal Secretary



Project Coordinator



Project Accountant

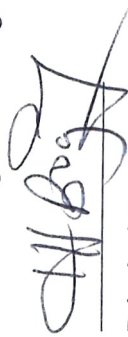
ICPAK No: 14109

**REPORTS ON THE IMPLEMENTATION OF THE NATIONAL BUDGET FOR THE YEAR 2021
for Agriculture in Kenya
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xiii) STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget (a)	Adjustments (b)	Final Budget (c=a+b)	Actual on Comparable Basis (d)	Budget Utilisation Difference (e=d-c)	% of Utilization (f=e/c %)
Receipts						
Transfer from Government entities	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds from domestic and foreign grants	63,000,000.00	23,072,671.00	86,072,671.00	86,072,671.00	0.00	0.00
Proceeds from borrowings	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous receipts	0.00	0.00	0.00	0.00	0.00	0.00
Total Receipts	63,000,000.00	23,072,671.00	86,072,671.00	86,072,671.00	0.00	0.00
Payments						
Compensation of employees	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of goods and services	61,972,744.00	22,209,058.39	84,181,802.39	84,181,802.39	0.00	0.00
Social security benefits	0.00	0.00	0.00	0.00	0.00	0.00
Acquisition of non-financial assets	1,027,256.00	252,256.00	1,027,256.00	775,000.00	252,256.00	75.44%
Transfers to other government entities	0.00	0.00	0.00	0.00	0.00	0.00
Other grants and transfers	0.00	0.00	0.00	0.00	0.00	0.00
Total Payments	63,000,000.00	21,956,802.39.00	85,209,058.39	84,956,802.39	252,256.00	75.44%

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


Principal Secretary

Date 1/12/2021


Project Coordinator

Date 1/12/2021


Project Accountant

Date 1/12/2021

ICPAK: No. 14109

xiv) SIGNIFICANT ACCOUNTING POLICIES

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

10.1 Basis of Preparation

10.2 Statement of compliance and basis of preparation

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

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

10.3 Reporting entity

The financial statements are for the Project **Supporting agricultural input and output marketing policy and regulatory reforms to improve the enabling business environment for agriculture in Kenya** under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

10.3.1 Reporting currency

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

10.4 Significant Accounting Policies

a) Recognition of receipts

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

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

b) Donations and grants

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

Significant Accounting Policies (Continued)

c) Proceeds from borrowing

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

d) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

Significant Accounting Policies (Continued)

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

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

f) In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably

determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

Significant Accounting Policies (Continued)

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank

account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

Restriction on cash

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

h) Accounts receivable

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

Significant Accounting Policies (Continued)

i)Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 5** of this financial statement is a register of the contingent liabilities in the year.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

j) Contingent Assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Significant Accounting Policies (Continued)

k) Pending bills

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

l) Budget

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

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

m) Third party payments

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

During the year Kshs 0 billion being loan disbursements were received in form of direct payments from third parties.

Significant Accounting Policies (Continued)

n) Exchange rate differences

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

o) Comparative figures

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

p) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2021.

q) Errors

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

*Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the
Enabling Business Environment for Agriculture in Kenya
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xv) NOTES TO THE FINANCIAL STATEMENTS

1. RECEIPTS FROM GOVERNMENT OF KENYA

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

	2020/21	2019/20	Cumulative to date/From inception
	KShs	KShs	
<i>Counterpart funding through Ministry xxx</i>			
Counterpart funds Quarter 1	0.00	0.00	0.00
Counterpart funds Quarter 2	0.00	0.00	0.00
Counterpart funds Quarter 3	0.00	0.00	0.00
Counterpart funds Quarter 4	0.00	0.00	0.00
Total (See Annex 2)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<i>Other transfers from government entities</i>			
Ministry	0.00	0.00	0.00
Project	0.00	0.00	0.00
Agency	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Appropriations-in-Aid	0.00	0.00	0.00
Total	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2021 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment	Grants received in kind	Total amount in KShs	
						2020/21	2019/20
		USD	KShs	KShs	KShs	KShs	KShs
Grants Received from Multilateral Donors (International Organizations)							
Alliance for a Green Revolution in Africa (AGRA)	21/12/2020	555,000	61,788,150	0.00	0.00	61,788,150	31,195,028.80
Total						61,788,150	31,195,028.80

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2021 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash KShs	Loans received as direct payment KShs	Total amount in KShs	
					2020/21	2019/20
Loans Received from Multilateral Donors (International Organizations)						
		0.00	0.00	0.00	0.00	0.00
Total					0.00	0.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. MISCELLANEOUS RECEIPTS

	Receipts controlled by the entity in Cash	2020/21 Receipts controlled by third parties	Total Receipts	2019/2020 Total Receipts	Cumulative to-date (from inception)
	KShs	KShs	KShs	KShs	KShs
Property income	0.00	0.00	0.00	0.00	0.00
Sales of goods and services	0.00	0.00	0.00	0.00	0.00
Interest Income	459,632.50	0.00	459,632.50	67,131.04	526,763.54
Fines, penalties and forfeitures	0.00	0.00	0.00	0.00	0.00
Voluntary transfers other than grants	0.00	0.00	0.00	0.00	0.00
Other receipts not classified elsewhere	5,161.95	0.00	5,161.95	0.00	5,161.95
Total	<u>464,794.45</u>	<u>0.00</u>	<u>464,794.45</u>	<u>67,131.04</u>	<u>531,925.49</u>

The project operates a commercial account which accrues interest income on a monthly basis.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. COMPENSATION OF EMPLOYEES

	2020/2021			2019/2020	
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to date
	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	0.00	0.00	0.00	0.00	0.00
Basic wages of temporary employees	0.00	0.00	0.00	0.00	0.00
Personal allowances paid as part of salary	0.00	0.00	0.00	0.00	0.00
Personal allowances paid as reimbursements	0.00	0.00	0.00	0.00	0.00
Personal allowances provided in kind	0.00	0.00	0.00	0.00	0.00
Pension and other social security contributions	0.00	0.00	0.00	0.00	0.00
Compulsory national social security schemes	0.00	0.00	0.00	0.00	0.00
Compulsory national health insurance schemes	0.00	0.00	0.00	0.00	0.00
Social benefit schemes outside government	0.00	0.00	0.00	0.00	0.00
Other personnel payments	0.00	0.00	0.00	0.00	0.00
Total	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. PURCHASE OF GOODS AND SERVICES

	2020/2021			2019/2020	
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to date
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	0.00	0.00	0.00	203,400.00	203,400.00
Communication, supplies and services	561,928.00	0.00	561,928.00	490,000.00	1,051,928.00
Domestic travel and subsistence	55,513,257.00	0.00	55,513,257.00	7,127,100.00	62,640,357.00
Foreign travel and subsistence	0.00	0.00	0.00	0.00	0.00
Printing, advertising and information supplies	966,571.60	0.00	966,571.60	0.00	966,571.60
Rentals of produced assets	0.00	0.00	0.00	0.00	0.00
Training payments	22,047,805.00	0.00	22,047,805.00	0.00	22,047,805.00
Hospitality supplies and services	3,001,480.00	0.00	3,001,480.00	0.00	3,001,480.00
Insurance costs	0.00	0.00	0.00	0.00	0.00
Consultancy services	840,000.00	0.00	840,000.00	360,000.00	1,200,000.00
Other operating payments	220,124.79	0.00	220,124.79	8,988.60	229,113.39
Routine maintenance – vehicles and other transport equipment	580,736.00	0.00	580,736.00	0.00	580,736.00
Routine maintenance- other assets	0.00	0.00	0.00	0.00	0.00
Exchange rate losses/gains (net)	0.00	0.00	0.00	0.00	0.00
Total	<u>83,731,902.39</u>	<u>0.00</u>	<u>83,731,902.39</u>	<u>8,189,488.60</u>	<u>91,921,390.99</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. SOCIAL SECURITY BENEFITS

	2020/21			2019/20	
	Payments made by the Entity in Cash KShs	Payments made by third parties KShs	Total Payments KShs	Total Payments KShs	Cumulative to date KShs
Government pension and retirement benefits	0.00	0.00	0.00	0.00	0.00
Social security benefits in cash and in kind	0.00	0.00	0.00	0.00	0.00
Employer social benefits in cash and in kind	0.00	0.00	0.00	0.00	0.00
Total	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF NON-FINANCIAL ASSETS

		2020/21		2019/20	
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to-date
	KShs	KShs	KShs	KShs	KShs
Purchase of buildings	0.00	0.00	0.00	0.00	0.00
Construction of buildings	0.00	0.00	0.00	0.00	0.00
Refurbishment of buildings	0.00	0.00	0.00	0.00	0.00
Construction of roads	0.00	0.00	0.00	0.00	0.00
Construction of civil works	0.00	0.00	0.00	0.00	0.00
Overhaul & refurbishment of construction and civil works	0.00	0.00	0.00	0.00	0.00
Purchase of vehicles & other transport equipment	0.00	0.00	0.00	0.00	0.00
Overhaul of vehicles & other transport equipment	0.00	0.00	0.00	0.00	0.00
Purchase of household furniture & institutional equipment	775,000.00	0.00	775,000.00	0.00	775,000.00
Purchase of office furniture & general equipment	0.00	0.00	0.00	0.00	0.00
Purchase of specialised plant, equipment and machinery	0.00	0.00	0.00	0.00	0.00
Rehabilitation & renovation of plant, equipment & machinery	0.00	0.00	0.00	0.00	0.00
Purchase of certified seeds, breeding stock and live animals	0.00	0.00	0.00	0.00	0.00
Research, studies, project preparation, design & supervision	0.00	0.00	0.00	0.00	0.00
Rehabilitation of civil works	0.00	0.00	0.00	0.00	0.00
Acquisition of strategic stocks	0.00	0.00	0.00	0.00	0.00
Acquisition of land	0.00	0.00	0.00	0.00	0.00
Acquisition of other intangible assets	0.00	0.00	0.00	0.00	0.00
Total	775,000.00	0.00	775,000.00	0.00	775,000.00

[The project procured laptops for the MIRA team]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2021, we transferred funds to reporting government entities as shown below:

	2020/21		2019/20		Cumulative to date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Transfers to National Government entities					
Ministry	0.00	0.00	0.00	0.00	0.00
Project	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
Transfers to County Governments					
County	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	0.00	0.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER GRANTS AND TRANSFERS AND PAYMENTS

	2020/21			2019/20	
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumul- ative to-date
	KShs	KShs	KShs	KShs	KShs
Grants for scholarships	0.00	0.00	0.00	0.00	0.00
Transfers to lower levels of government	0.00	0.00	0.00	0.00	0.00
Miscellaneous payments	0.00	0.00	0.00	0.00	0.00
Total	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. PRIOR YEAR ADJUSTMENT

	Balance b/f FY 2019/2020 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances			
Cash in hand			
Accounts Payables			
Receivables			
Others (<i>specify</i>)			
Total	0.00	0.00	0.00

16. CHANGES IN RECEIVABLE

Description of the error	2020-2021	2019-2020
	KShs	KShs
Opening Receivables as at 1 st July 2020	0.00	0.00
Closing account receivables as at 30 th June 2021	0.00	0.00
Change in Receivables	0.00	0.00

17. CHANGES IN ACCOUNTS PAYABLE

Description of the error	2020-2021	2019-2020
	Kshs	Kshs
Deposit and Retentions as at 1 st July 2020	0.00	0.00
Closing accounts payables as at 30 th June 2021	0.00	0.00
Change in payables	0.00	0.00

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xvi) OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 3A)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings				
Construction of civil works				
Supply of goods				
Supply of services				
Total	0.00	0.00	(0.00)	0.00

2. PENDING STAFF PAYABLES (See Annex 3B)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Senior management				
Middle management				
Unionisable employees				
Others				
Total	0.00	0.00	(0.00)	0.00

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OTHER IMPORTANT DISCLOSURES (Continued)

3. OTHER PENDING PAYABLES (See Annex 3C)

Description	Balance b/f/Y 2020/2021 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance o/f/Y 2020/2021 Kshs
Amounts due to National Government entities				
Amounts due to County Government entities				
Amounts due to third parties				
Total	0.00	0.00	(0.00)	0.00

4. EXTERNAL ASSISTANCE

Description	FY 2020/2021 Kshs	FY 2019/2020 Kshs
External assistance received as grants		
External assistance received as loans		
External assistance received in kind- as payment by third parties		
Total	0.00	0.00

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OTHER IMPORTANT DISCLOSURES (Continued)

a). External assistance relating loans and grants

Description	FY 2020/2021 Kshs	FY 2019/2020 Kshs
External assistance received as loans		
External assistance received as grants		
Total	0.00	0.00

b) Undrawn external assistance

Description	Purpose for which the undrawn external assistance may be used	FY 2020/2021 Kshs	FY 2019/2020 Kshs
Undrawn external assistance - loans			
Undrawn external assistance - grants			
Total		0.00	0.00

c) Classes of providers of external assistance

Description	FY 2020/2021 Kshs	FY 2019/2020 Kshs
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
Total	0.00	0.00

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OTHER IMPORTANT DISCLOSURES (Continued)

d. non-monetary external assistance

Description	FY 2020/2021 Kshs	FY 2019/2020 Kshs
Goods		
Services		
Total	0.00	0.00

e Purpose and use of external assistance

Payments Made by Third Parties	FY 2020/2021 Kshs	FY 2019/2020 Kshs
Compensation of Employees		
Use of goods and services		
Subsidies		
Transfers to Other Government Units		
Other grants and transfers		
Social Security Benefits		
Acquisition of Assets		
Finance Costs, including Loan Interest		
Repayment of principal on Domestic and Foreign borrowing		
Other Payments		
TOTAL	0.00	0.00

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OTHER IMPORTANT DISCLOSURES (Continued)

f. External Assistance paid by Third Parties on behalf of the Entity by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
National government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
Total	0.00	0.00

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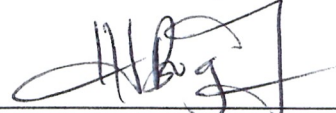
xvii) PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

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	Status: (Resolved / Not Resolved)	Timeframe: (Put a time when you expect the issue to be resolved)

Guidance Notes:

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


Principal Secretary
 1/12/2021


Project Coordinator
 1/12/2021

***Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the
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Date

Date

xviii) ANNEXES

ANNEX1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance below 90% and over 100%
Receipts	a	b	c=a-b	d=b/a %	
Transfer from Government entities	0.00	0.00	0.00	0.00	N/A
Proceeds from domestic and foreign grants	63,000,000	86,072,671	-23,072,671	136%	The programme had balances from previous FY and the balances were utilised on the activities as budgeted for in this FY.
Proceeds from borrowings	0.00	0.00	0.00	0.00	N/A
Miscellaneous receipts	0.00	464,794.45	-464,794.45		The programme operates a commercial account which earns interest every month.
Total Receipts	63,000,000	86,532,303.5	-23,537,465.45		
Payments					
Compensation of employees	0.00	0.00	0.00	0.00	N/A
Purchase of goods and services					The programme carried forward balances from previous FY to undertake activities which were not undertaken.
Social security benefits	0.00	0.00	0.00	0.00	N/A
Acquisition of non-financial assets	1,072,256	775,000	252,256	75.44%	
Transfers to other government entities	0.00	0.00	0.00	0.00	N/A
Other grants and transfers	0.00	0.00	0.00	0.00	N/A
Total payments	63,000,000	84,956,802.39	-21,956,802.39		

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ANNEX 2: RECONCILIATION OF INTER-ENTITY TRANSFERS

PROJECT NAME				
Breakdown of Transfers from the State Department for Crops Development and Agricultural Research				
Government Counterpart				
a. Funding	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate	
	Total	0.00		
b. Direct Payments	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate	
	Total	0.00		
c. Others	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate	
	Total	0.00		
	TOTAL(a+b+c)	0.00		

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ANNEX 3A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Construction of buildings	a	b	c	d=a-c		
1.						
2.						
Sub-Total						
Construction of civil works						
3.						
4.						
Sub-Total						
Supply of goods						
5.						
6.						
Sub-Total						
Supply of services						
7.						
8.						
Sub-Total						
Grand Total						

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ANNEX 3B - ANALYSIS OF PENDING STAFF BILLS

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To Date	Outstanding Balance 20/02/21	Outstanding Balance 20/09/20	Comments
Permanent Employees - Management							
1.							
2.							
Sub-Total							
Permanent Employees - Others							
3.							
4.							
Sub-Total							
Temporary employees							
5.							
6.							
Sub-Total							
Others (specify)							
7.							
8.							
Sub-Total							
Grand Total							

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ANNEX 3C - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Description	Original Amount	Date Contracted / Paid To Date	Outstanding Balance 20xx	Outstanding Balance 20xx	Comments
Amounts due to National Govt Entities						
1.						
2.						
Sub-Total						
Amounts due to County Govt Entities						
3.						
4.						
Sub-Total						
Amounts due to Third Parties						
5.						
6.						
Sub-Total						
Others (specify)						
7.						
8.						
Sub-Total						
Grand Total						

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ANNEX 4 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Opening Cost (KShs) 2020/21	Donations in form of assets (KShs) 2020/21	Purchases/ Additions in the Year (KShs) 2020/21	Disposals in the Year (KShs) 2020/21	Transfers in/out (KShs 2020/21)	Closing Cost (KShs) 2021
	(a)	(b)	(c)	(d)	(e)	(e) = (a) + (b) + (c) - (d) + (e)
Land	0.00	0.00	0.00	0.00	0.00	0.00
Buildings and structures	0.00	0.00	0.00	0.00	0.00	0.00
Transport equipment	0.00	0.00	0.00	0.00	0.00	0.00
Office equipment, furniture and fittings	0.00	0.00	0.00	0.00	0.00	0.00
ICT Equipment(Laptops)	0.00	0.00	775,000.00	0.00	0.00	775,000.00
Other Machinery and Equipment	0.00	0.00	0.00	0.00	0.00	0.00
Heritage and cultural assets	0.00	0.00	0.00	0.00	0.00	0.00
Biological assets	0.00	0.00	0.00	0.00	0.00	0.00
Infrastructure assets roads, rails	0.00	0.00	0.00	0.00	0.00	0.00
Intangible assets	0.00	0.00	0.00	0.00	0.00	0.00
Work in Progress	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	775,000.00	0.00	0.00	775,000.00

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ANNEX 5 – CONTINGENT LIABILITIES REGISTER

	Nature of contingent liability	Payable to	Estimated Amount Kshs	Expected date of payment	Remarks
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

APPENDICES

- i. Bank Reconciliations statement as at 30th June 2021
- ii. Board of Survey Report
- iii. Trial Balance

MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES AND IRRIGATION
AGRA SUPPORTED PROJECT
GRANT REFERENCE NO. 2018 KE 005
BANK RECONCILIATION FOR THE YEAR END 30TH JUNE 2021

BALANCE AS PER BANK STATEMENT

	Kshs	Kshs	Kshs
Less-			
1. Payment in the cashbook not appearing on bank statement	233,669.00		494,952.06
2. Receipts in Bank statement not posted in Cashbook Adjustment	-		
	-		233,669.00
	-		
	-		
	557,430.00		557,430.00
			818,713.06

Add- 3. Payment in the Bank statement not recorded in the Cash Book
 4. Receipts in the Cash Book not yet Banked

Bank Balance as per Cash Book

I certify that I have verified the Bank Balance in the Cash Book with the Bank Statement and that the above Reconciliation is correct.

PREPARED BY

ROBERT 31-06-2021
 Signature Date

PRINCIPAL ACCOUNTANT
 Designation

APPROVED BY

DOUGLAS 31-06-2021
 Designation

DEPUTY ACCOUNTANT GENERAL
 Designation

REPUBLIC OF KENYA

Date 1/7/2021

Report of the Board of Survey on the Cash and Bank Balances of **SUPPORTING AGRICULTURAL INPUT AND OUTPUT MARKETING PROGRAMME** as at the close of

business on **30-6-2021**

The Board, consisting of- (Names and Official titles)

DOUGLAS KANGI - **CHAIRMAN**

DOUGLAS MUTEMI - **MEMBER**

WINFRED WANGECI - **MEMBER**

Assembled at the office of **DIRECTOR CRAMD**

at **10.00 A.M.** (time) on the **1/7/2021**

Notes	NIL	(Shs.	NIL
Silver	NIL	Shs.	NIL
copper	NIL	Shs.	NIL
Cheques (as per details on reverse)		Shs.	

NIL

It was observed that cheques amounting to **Shs. NIL** cts **NIL**

had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes

The Cash Book reflected the following balances as at the close of business on the **30-6-2021**

Cash on hand	NIL	(Shs.	N/A
Bank balance		Shs.	818,713.06
			818,713.06

The Bank Certificate of Balance showed a sum of **Shs. 494,952.06**

- cts - (shs. cts

Standing to the credit of the account on **30-6-2021**

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

Douglas Kangi
DOUGLAS K. MUTEMI

Date **1-7-2021**

Wangeci Winfred
Members of the Board

SUPPORT TO AGRICULTURAL INPUT AND OUTPUT MARKETING

Trial balance for the Financial year ended June 30, 2021

S/NO	PARTICULARS	NOTE	AMOUNT(KSH)	AMOUNT(KSH)
1	Proceeds from domestic and foreign grants	2	-	61,788,150.00
2	Miscellaneous receipts	4	-	464,794.45
3	Utilities, Supplies and Services	6	-	-
4	Communication, Supplies and Services	6	561,928.00	-
5	Domestic Travel and Subsistence	6	55,513,257.00	-
6	Printing, advertising & information supplies	6	966,571.60	-
7	Consultancy Services	6	840,000.00	-
8	Other operating payments	6	220,124.79	-
9	Routine Maintenance	6	580,736.00	-
10	Training Payments	6	22,047,805.00	-
11	Hospitality supplies & services	6	3,001,480.00	-
12	Acquisition of non-financial assets	8	775,000.00	-
13	Bank Balance		818,713.06	-
14	Fund Balance B/F		-	23,072,671.00
	TOTAL		85,325,615.45	85,325,615.45

