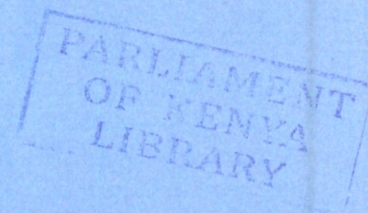


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 19 FEB 2019

DAY:
TUESDAY

ON

TABLED
BY:

MAJORITY LEADER

CLERK AT
THE TABLE:

THE FINANCIAL STATEMENTS OF
NEPAD/APRM KENYA SECRETARIAT

FOR THE YEAR ENDED

30 JUNE 2018



NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements for the Period Ended 30 June, 2018



NEPAD/APRM KENYA SECRETARIAT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2018

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

NEPAD/APRM KENYA SECRETARIAT

Annual Report and Financial Statements for the Period Ended 30 June, 2018

Table of Contents

Page

KEY ENTITY INFORMATION AND MANAGEMENT.....	ii
THE NEPAD/APRM (K) NATIONAL GOVERNING COUNCIL.....	vi
MANAGEMENT TEAM.....	ix
CHAIRMAN’S STATEMENT.....	x
REPORT OF THE CHIEF EXECUTIVE OFFICER.....	xi
CORPORATE GOVERNANCE STATEMENT.....	xiv
MANAGEMENT DISCUSSION AND ANALYSIS.....	xx
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY.....	xxvi
REPORT BY MEMBERS OF THE NATIONAL GOVERNING COUNCIL.....	xxvii
STATEMENT OF DIRECTORS’ RESPONSIBILITIES.....	xxix
REPORT OF THE INDEPENDENT AUDITORS ON THE NEPAD/APRM KENYA SECRETARIAT.....	xxx
STATEMENT OF FINANCIAL PERFORMANCE.....	1
STATEMENT OF FINANCIAL POSITION.....	2
AS AT 30TH JUNE 2018.....	2
STATEMENT OF MOVEMENTS IN NET ASSETS.....	3
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018.....	4
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	5
NOTES TO THE FINANCIAL STATEMENTS.....	7
NOTES TO THE FINANCIAL STATEMENTS.....	8
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	29
APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY.....	31
APPENDIX III: INTER-ENTITY TRANSFERS.....	32
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES.....	33
APPENDIX V: ACTION ON INCLUSION OF THE OMISSION IN THE BANK STATEMENTS OF JULY 2017.....	34
APPENDIX VI: ACTION ON THE TAXING OF AIRTIME TO THE SECRETARIAT STAFF.....	35

KEY ENTITY INFORMATION AND MANAGEMENT

Background information

The reorganization of NEPAD/APRM institutions was effected through Kenya Gazette Notice No.4651 of 24th June 2016 that established NEPAD/APRM Kenya Secretariat as a Semi-Autonomous Government Agency (SAGA) in the State Department for Planning. It is headed by a Chief Executive Officer, appointed by the Cabinet Secretary, National Treasury & Planning.

The Secretariat coordinates its activities under three departments: NEPAD Programmes; APRM and Governance; Human Resources and Administration

Principal Activities

According to the Legal Notice, NEPAD/APRM Kenya is mandated to:

- i. Promote Kenya's effective participation in activities of the New Partnership for Africa's Development (NEPAD) and the Domestication of the African Union (AU) Mission Core Principles and Values
- ii. Promote leadership, guidance and direction on the implementation of the Africa Peer Review Mechanism (APRM) in Kenya
- iii. Sustain the integrity of the APRM process, keeping it transparent, inclusive and accountable to the citizens of Kenya
- iv. Transmit the APRM review/progress reports to the APR Panel of Eminent Persons, the Head of State, and any other relevant national and African Union organs as specified by the APRM rules
- v. Monitor and report on progress realized in the implementation of the APRM National Programme of Action
- vi. Provide policy guidance in cascading the APRM as a governance tool to the counties
- vii. Serve as the Regional NEPAD/APRM co-ordinator for Eastern African Countries.
- viii. Co-ordination of NEPAD activities in the Eastern African region in liaison with the NEPAD Continental secretariat with the aim of incorporating and promoting Kenya's interests in NEPAD
- ix. Design, develop and implement necessary measures to identify and address governance issues affecting Kenya's performance in national, regional and global governance surveys and indices
- x. Provide guidance for structured engagement with local and international agencies undertaking and disseminating reviews on Kenya's Governance to ensure accuracy of facts and fidelity to best-practices on objective reporting

The NEPAD/APRM Kenya organizational structure consists of the National Governing Council (hereafter referred to as the Council) supported by the Secretariat. The Secretariat

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

is made up of; i) NEPAD Programmes Department, ii) APRM and Governance Department and iii) Human Resources and Administration Department

Our Vision

A facilitator of Africa's development and governance agenda nationally and regionally.

Our Mission

To promote effective lobbying, advocacy, communication, coordination and research of NEPAD/APRM activities nationally and regionally.

Our Core Objectives

- ✓ To enhance advocacy and outreach programmes
- ✓ To Increase awareness levels of the role of NEPAD/APRM Kenya Secretariat by 2022
- ✓ To promote learning, linking and leveraging of NEPAD/APRM programmes both nationally and regionally
- ✓ To promote good governance practices at the national and the County level by 2022
- ✓ To enhance research capacity of the Secretariat as part of knowledge management by 2022
- ✓ To improve the tracking and implementation of AU-NEPAD/APRM programmes in the Eastern Africa Region by the year 2022.
- ✓ To develop capacity to enhance efficiency and transparency in service delivery by the end of 2022

Key Management

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

- National Governing Council
- Ag. Chief Executive Officer
- Heads of Department

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

Members of the National Governing Council for the period ending 30th June 2018 were as follows:

No.	Member	Position	Date of Appointment
1.	Prof. Michael Chege	Chairman	24 th June 2016
2.	Michael Kisilu	Member	24 th June 2016
3.	Glenns Etyang	Alternate to PS, Foreign Affairs	21 st October 2016
4.	Hon. Jennifer Shamalla*	Member	24 th June 2016
5.	Anthony Muriu	Alternate to PS, National Treasury	21 st October 2016
6.	Joshua Opiyo	Alternate to PS, Planning & Statistics	21 st October 2016
7.	Samuel Mwale	Member	21 st October 2016
8.	Dr. Monica Kerretts-Makau	Member	21 st October 2016
9.	Daniel N. Osiemo	Member - <i>Ex Official</i>	18 th November 2015

*Hon. Shamalla was nominated to the National Assembly on 24th August 2017

Fiduciary Management

The key personnel who held management offices during the financial year ended 30th June, 2018 having direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Chief Executive Officer	-Daniel N. Osiemo
2.	Director, APRM & Governance	-Peter N. Kimemia
3.	Ag. Director NEPAD	-Nicholas A. Ambundo
4.	Manager, Human Resources and Administration	-Erica Mutwiri

Fiduciary Oversight Arrangements

The following are the National Governing Council oversight arrangements for the Secretariat;

- Finance, Human Resources and Administration Committee
- Audit and Risk Management Committee
- Technical Committee

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

Entity Headquarters

P.O. Box 46270-00100,
Liaison House, 4th Floor
State House Avenue
Nairobi, KENYA

Entity Contacts

Telephone: (254) 20 2733735/38/42
E-mail: info@nepadkenya.org
Website: www.nepadkenya.org

Entity Bankers

Co-operative Bank of Kenya
Co-operative House Branch,
P.O. Box 48231 - 00100,
NAIROBI

Independent Auditors

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

Principal Legal Adviser

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

THE NEPAD/APRM (K) NATIONAL GOVERNING COUNCIL



Prof. Michael Chege, B.A., MSc, PhD,

Chairman (Non-Executive)

Prof. Chege was appointed the Chair of the National Governing Council on 24th June, 2016. He previously served as a board member for the Kenya Institute of Public Policy Research and Analysis (KIPPRA) where he chaired the Programmes Committee. He is also the chairman of the African Leadership Institute a local NGO that provides training for younger Kenyans with demonstrated potential to be future African leaders.

Born on 30th January, 1946, Professor Chege holds a Bachelor's Degree in Economics and Government, Master of Science Degree and PhD in Public Policy and Political Economy of Development. He has taught at the University of Nairobi, University of Geneva (Switzerland) and the University of Florida, Gainesville, where he was for eight years the Director of the Center for African Studies. He has also served as Policy Advisor to the Ford Foundation and as an International Development Policy Advisor at Kenya's National Treasury (2004-13). In addition, he has been a consultant with the World Bank, UNDP, Rockefeller Foundation, SIDA, and the Aga Khan Foundation among other international organizations.



Michael Kisilu, BSc, MIBA

Member (Non-Executive)

Michael is the Housing Manager and an Adjunct Faculty at the United State International University- Africa. Born on 4th July, 1974, Michael began his career as a lecturer at the Central Institute of Management. He holds Bachelors of Science degree in Tourism Management, Master Degree in International Business Administration: Strategic Management, and is currently undertaking a PhD in Tourism Management. Michael joined the National Governing Council on 24th June 2016. He chairs the Technical Committee and Audit and Risk Management Committee



Glens Etyang, B.A., M.A.

Member (Non-Executive)

Born on 31st August, 1980, Glens is a First Secretary, Africa & Amp; AU Directorate at the Ministry of Foreign Affairs and International Trade. He holds a Bachelor of Arts Degree in International Relations (USIU) and Master of Arts in Diplomatic Studies (Leicester, UK). He is the Desk Officer for the African Union (AU), Africa Partnerships (Africa Peer Review, Africa-EU, Africa-China (FOCAC), TICAD, Africa-South America, US-Africa, Africa-India, and Northern Corridor Integrated Projects (NCIP). He joined the Council in August 2016 and is a member of the Technical Committee and the Finance and Administration Committee.



**Jennifer
Shamalla,
B.A, LLB,
Law**

Member (Non-Executive)

Jennifer is an Advocate of the High Court of Kenya. She has a wealth of experience having worked with governments, international and national non-governmental organisations as well as the private sector both nationally and regionally. Jennifer is currently a Senior Visiting Fellow with the Consulting House and a council member, in the Law Society of Kenya where she is the Convener of the ICT/Intellectual Property Rights Committee. Jennifer also provides risk analyses and sensitization to international organizations on the Kenyan legal and political system. She has also done pro bono work for women and has liaised in the recent past with the various human rights organizations in Kenya and around the world. She joined the Council on 24th June 2016, chaired the Audit and Risk Management Committee and was a member of Technical Committee until her nomination to the National Assembly on 24 August 2017



**Antony
Muriu, BA,
MA**

Member (Non-Executive)

Antony, an alternate to the Principal Secretary, National Treasury, is a Chief Economist and Head of the Central Planning and Project Monitoring Unit of the National Treasury. Born 28th October 1966, Antony, is a Career Civil Servant with over 20 years' experience having risen through the ranks to the current position. Anthony holds a Bachelor of Arts in Economics and Master Degree in International Development Studies. He joined the Council in October 2016 and is a member of both Technical and Finance and Administration Committees



**Joshua Opiyo,
B.A, M.A.**

Member (Non-Executive)

Born on 25th December, 1959, Joshua is a career civil servant with many years of experience, he is currently a Chief Economist/Statistician: Macroeconomic Planning and international Cooperation Department, in State Department for Planning. Joshua holds a Bachelor of Arts Degree in Philosophy and Economics, a Master Degree in Rural Development Management and a Postgraduate Certificate in Planning and Management of Decentralized Development. Joshua joined the Council in August 2016 and is a member of both Finance and Administration; and Audit and Risk Management Committees.



Samuel

Member (Non-Executive)

Samuel holds a Masters Degree in Agricultural Economics, a Post Graduate Diploma in Development Economics, a Bachelor of Science in Range Management and has attended executive training on policy analysis at Stanford University and leadership at Harvard University. Born on 21st February, 1963, Samuel is the Founder & CEO of Farasi Strategy Advisors Ltd, a firm that provides investment and strategy advice to public and private sector clients. He is a well-respected economist, public administrator, and

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

**Mwale, BSc.
MSc**

public policy and business advisor with twenty nine years of professional experience in both public and private sectors. He has contributed substantially in the development and implementation of key national policies and strategies. Samuel joined the Council on 21st October, 2016 and is a member of both Technical; and finance and administration Committees

Member (Non-Executive)



**Dr. Monica
Kerretts-
Makau, BA,
MSc, PhD**

Based at Strathmore School of Business (SBS), a Senior Faculty, Dr. Kerretts-Makau Holds a PhD in Institutional Management from the University of New South Wales Australia and Masters from the University of Salford in Manchester UK. She works as a consultant for the Work in ICT regulation and Policy (2009-date). She is a Certified CMA/IFC Board Governance Trainer and has facilitated several training programs at executive level at SBS and trained several Boards on the same. She is also currently servicing as Board Director at Saham chairing the HR and Governance Committee and a member of the Audit Committee. Born on 26th April 1974, Dr. Kerretts has previously served as a Board Director, Bank of Africa (2013 to 2015); and CCK (2010 to 2014). She has also served as change advisor to the Judiciary (2012-2014). Dr. Kerretts-Makau joined NEPAD/APRM Kenya Council on 21st October 2016 and chairs the Finance and Administration Committee.

Ag. CEO, (Executive)



**Daniel
Nyakundi
Osiemo, B.A.,
M.A., M.P.A,
OGW**

Born on 30th January, 1959, Daniel, a carrier civil servant with many years of work experience, Daniel holds Master of Science Degree in Economics and Management; Master of Public Administration; Bachelor of Arts (Economics) and a Post Graduate Certificate in Project Management Monitoring and Evaluation. Prior to joining the Secretariat, he was the Chief Economist in the Ministry of Forestry and Wildlife and was the Programme Manager, Agricultural Sector Programme Support (ASPS), Ministry of Agriculture. Upon joining the Secretariat, Daniel played a key role in the elevation of the Lamu Port South Sudan Ethiopia Transport Project (LAPPSET) to the Presidential Infrastructure Championship Initiative (PICI) of the African Union. An effort that was recognized and awarded through Head of State Commendation, 'Order of the Golden Warrior' in 2015. He was appointed to his current position in November 2015. Daniel is a member of the Economists Society of Kenya.

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

MANAGEMENT TEAM

 Daniel N. Osiemo, B.A,M.A (Economics),M.P.A, OGW	<p>Ag. Chief Executive Officer</p>
 Peter N. Kimemia, B.A., PGDip (Diplomacy) M.A (Economics, MSocSci	<p>Director, APRM & Governance</p>
 Nicholas A. Ambundo, B.A, M.A	<p>Ag. Director, NEPAD</p>
 Erica K. Mutwiri, H.N.D	<p>Head of Human Resource and Administration</p>

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

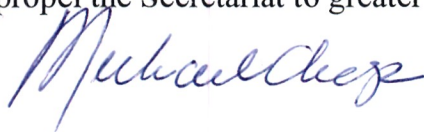
CHAIRMAN'S STATEMENT

I am delighted to forward the NEPAD/APRM Kenya Secretariat's performance during the financial year 2017/18. In this regard, I would like to share the successes for the year, challenges faced and prospects as we look forward into the year 2018/19.

During the year under review, the following milestones were realized under my watch: Successful handing over Kenya's Chairmanship of the APR Forum to Chad; Hosting of high level Technical Task Team under Presidential Infrastructure Champion Initiative; exchange visit to Uganda and Ghana for peer learning, elevation LAPSSET as a tool for regional integration through support from United Nations Commission for Africa; the Launch of the Skills Initiative for Africa in Kenya; Monitoring of the LAPSSET in readiness for bi-annual reporting at the African Union as required for all PICI projects; supported Geothermal Development Company to finalize the proposal to NEPAD Agency; forged close working relationships with various stakeholders through memorandum of understanding, participation in the continental fora that shape the discourse of sustainable development and good governance in Africa; showcasing of Secretariat activities in organized forums; hosting high level events to promote Kenya's status as a mature democracy in the Eastern African Region.

Despite achieving the enlisted milestones, the Secretariat faced a number of setbacks that hindered the full realization of its planned activities. These challenges included a prolonged electioneering period in Kenya, elections in other democracies in Africa like Gabon; Egypt, Sierra Leone and Mali. On 25th August, 2017, one of the National Governing Council Members, Hon. Jennifer Shamalla was nominated to join the National Assembly. We thank Hon. Shamalla for the invaluable contribution as the chair of the Audit and Risk Management Committee and as an astute member of the Council. Unfortunately, the gap she left was not filled during the period under review. The Secretariat therefore appeals to the National Treasury to expedite the filling of existing gaps in the National Governing Council as well as in the senior management for smooth execution of the organizational mandate. Going forward, the Secretariat continues to be committed to engaging relevant stakeholders to achieving its mandate. It is also worth noting that the Secretariat received a Communication Expert, Ms. Miriam Rahedi, seconded by the Government to spearhead the development and implementation of the Secretariat's Communication Strategy.

On behalf of the NEPAD/APRM Kenya Governing Council and Secretariat Management, I take this opportunity to thank all stakeholders with whom we interacted during the period. I wish to thank the Government of Kenya for the continued financial and technical support. Your confidence in our ability to deliver our mandate gives us the impetus we require to propel the Secretariat to greater heights.



Prof. Michael Chege
NGC Chair

REPORT OF THE CHIEF EXECUTIVE OFFICER

NEPAD/APRM Kenya Secretariat exists to promote good governance and sustainable development in Kenya and the eastern Africa region. This is the purpose and driving power behind the Secretariat's operations. Currently, the mandate of the Secretariat rests on five strategic areas: Lobbying, Advocacy and Communication; Facilitating and coordinating the implementation of AU- NEPAD/APRM Programmes at County, National and Regional Levels; Knowledge Management and Governance; Institutional Management and Development; Resource Mobilization and Partnerships.

The Secretariat is a sub-set of African Union national structures with a modest staff strength of 31 who ensures that the African Union core principles and values are domesticated into Kenya and Eastern African Region. During the period under review, the Secretariat proactively participated in the development of the Medium-Term Plan III of the Kenya Vision 2030 so as to ensure that the aspirations of the African Union are embedded into implementable national plans. The Secretariat focuses '3L's that supports its strategy: Learning, Linking and Leveraging. It's a mind- set that has led the Secretariat to achieve the remarkable results each year since the reinvigoration of the Pan Africanism spirit in 2001 on good governance through self-assessment and peer reviews.

The Secretariat also facilitated the Kenyan Delegation to the APRM Steering Committee Meeting and the 27th APR Forum of Heads of State and Government at the African Union Commission, in Addis Ababa, Ethiopia. Here, Kenya's remarkable leadership was acknowledged through the revitalization process for the Mechanism. Given that Kenya's 2-year leadership tenure had come to an end, the APR Forum voted for Chad to take up the leadership of Forum. In this occasion, H.E President Uhuru Kenyatta officially handed over leadership of the Forum to Chad. At the same time, the Secretariat positively participated in the adoption of a transition structure for APRM Continental office including recruitment where a Kenyan Citizen was recruited to fill a vacancy.

African Union's NEPAD Agency, in collaboration with the NEPAD/APRM Kenya Secretariat, converged in Nairobi for the Presidential Infrastructure Champion Initiative (PICl) Technical Task Team workshop to deliberate on the way forward for the initiative and to present the progress status of each of the PICl projects. The high-level meeting attracted participants from Algeria, Namibia, Nigeria, Rwanda, Kenya, African development Bank, United Nations Economic Commission for Africa, Development Bank of Southern Africa, East African Community, Central Corridor Transit Transport Facilitation Agency, Arab Maghreb Union, Common Market for Eastern and Southern

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

Africa, Inter governmental Development Agency and Economic Community of West African States. Collective recommendations included: holding chairmanship on a rotational basis to promote shared commitment; restricting of entry to PICI family until at least one of the PICI Project is fully implemented and a study be undertaken to review and assess the sustainability of PICI activities.

Further, the Secretariat in collaboration with the LAPSSET Corridor Development Authority successfully hosted a mission from the United Nations Economic Commission for Africa (UNECA) from 26th February, to 2nd March, 2018. The objective of the mission was to assess progress achieved so far by various components of LAPSSET and help fast-track their implementation. The mission also held discussions with the representatives of the Government of Ethiopia, the Government of South Sudan, the African Development Bank (AfDB), and some key implementing agencies within the Kenyan Government. Through the discussions and site visits, major recommendations were made aimed at fast tracking the implementation of the project components.

During the year under review, the Secretariat participated in the 5th Annual Devolution Conference held between 23rd and 27th April 2018 at Kakamega High School, Kakamega County. This annual event brought together the 47 County governments, the National Government regional economic county blocs, development partners and the business community for collaboration, cooperation and consultation. During the event the Secretariat secured a booth for showcasing alongside other exhibitors. Consequently, Secretariat has since used the contacts obtained to champion the cascading of the APRM as a tool of good governance to counties.

As a promoter of sustainable development with a focus on the manufacturing as part of the 'big four', the Secretariat also partnered with the Geothermal Development Company (GDC) to lobby for funding through the NEPAD Agency for carrying out feasibility studies for the PAKA 100MW Geothermal Project and a new wellhead for the Menengai Geothermal Project. In this regard, the Secretariat undertook a series of meetings with officers from GDC, NEPAD Infrastructure Project Preparation Facility (IPPF) and African Development fund (AfDB) to ensure that the funding proposal met the desired level of expectations. These efforts culminated in the submission of the proposal to the NEPAD Agency for funding that was subsequently tabled before potential financiers during the 2017 PIDA Week held in November 2017 in Namibia.

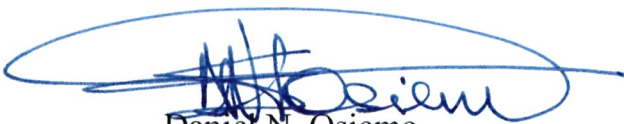
In its efforts of promoting the best practices in domesticating African Union core principles and values through peer learning, the Secretariat undertook knowledge sharing exchange visits to Uganda and Ghana to learn best practices in cascading of the APRM as

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

a tool for good governance. The two countries have a common history of promoting pan Africanism through strengthening of the sub-national governance structures. The lessons learnt are vital for Kenya as the country intends to establish county peer review mechanism as a tool for good governance. To this end, the Secretariat worked with Council of Governors and other stakeholders to develop a tool for CPRM and managed and held preliminary engagements with 8 counties on the possibility of piloting the initiative. This initiative is in line with Council of Governor's Resolution number 32 of the 4th Annual Devolution Conference on Adopting APRM as a tool for good governance at county levels.

Above all, the Secretariat participated in various continental high-level engagements with the intention of promoting Kenya's diplomatic profile as a leader in the continental issues. They included: Brainstorming session on Elections and violence in Africa, held in Dakar Senegal; 58th Meeting of the NEPAD Steering Committee held in Midrand South Africa; African Agri-Council to organize the Smart Agri-Congress Africa (SACA) held in Nairobi Kenya; 14th Comprehensive Africa Agriculture Development Programme (CAADP) Partnership Platform in Gabon; 51st Session of African Ministers of Finance, Economic Planning and Development held in Addis Ababa organized by the UN Economic Commission for Africa.

Despite all the successes highlighted above, the Secretariat still faces a number of operational challenges. Among these is the fact that, the Secretariat staff are engaged on short-term contractual basis both from private and public sectors and some senior positions are yet to be substantially filled.



Daniel N. Osiemo

Ag. Chief Executive Officer

CORPORATE GOVERNANCE STATEMENT

Corporate Governance is the process through which the Board/Council directs, controls institutional operations and is held to account by the shareholders. It offers the framework for engagement and interaction between the National Governing Council, management and stakeholders for sustainable benefit of the shareholders. The Secretariat's core values, integrity, professionalism, efficiency and effectiveness, innovativeness, equity and equality, accountability and transparency, - and strategic objectives forms the foundation of the Secretariat's governance framework.

As a law abiding institution, the Secretariat upholds the spirit of Constitution of Kenya 2010 and through complies with the provisions of relevant statutes including, Public Procurement & Asset Disposal Act 2015, Public Finance Management Act 2012, Leadership and Integrity Act 2012. The Secretariat's vision and mission spell out the transformative philosophy for achieving good governance and sustainable development

Board Charter

The Charter provides guidelines to the Board in the exercise of its mandate of:

- Conduct of Council meetings and procedures, nomination, appointment, induction, training and evaluation of members of the national governing council
- Powers delegated to the NGC Committees
- Policies and practices of the Board on matters of corporate governance, directors' declarations and conflict of interest
- Separation of the roles, functions, responsibilities and powers of the Board and individual directors
- Matters reserved for final decision-making by the Council

Independent Council Members

All the eight members are non-executive with no pecuniary relationship with the Secretariat and are only compensated through sitting fees or allowances

Council Composition

The NGC comprises of nine members made up of a non-executive chairman, one acting chief executive officer, Principal Secretary-National Treasury, Principal Secretary-Planning, Principal Secretary-Foreign Affairs, four non-executive members.

On July 24th August 2017, Hon. Jennifer Shamalla was nominated to the National Assembly to represent Special Interest group.

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

Council Skills Diversity

The NGC has the following set of skills:

Skill of Specialization	No.
Economics/Development Studies/Public Administration	4
International Relations	1
Law	1
Tourism	1
Communication	1
Total	8

At the beginning of the financial year, the National Governing Council comprised of 7 male and 2 female Members. However, by end of June 2018, the Council constituted of 7 male members and 1 female member.

Members of the National Governing Council are appointed by the Cabinet Secretary in charge of NEPAD and APRM affairs as stipulated in the Gazette Notice 4651 dated 24th June, 2016.

NGC Effectiveness

Role of the Council

1. The Council offers strategic guidance, leadership and control of the Secretariat activities by defining the strategic intent, objectives and values; reviews strategic direction and adopts annual workplans to guide Management operations at the Secretariat.
2. The Council constitutes and reviews composition of the NGC Committees and approves reports and performance of each Council Committee. It further approves the Quarterly and Annual Reports and financial statements
3. The Council evaluates performance of Management against targets and objectives as set out in the Secretariat's strategic plan as well as against best international practices. The Council considers and approves the Secretariat's overall budget and specific proposals for capital expenditure & acquisitions plus strategic opportunities. It reviews succession planning for the management team and approves senior executive appointments, organisational changes and remuneration.

Induction and training

The Secretariat has an elaborate framework to ensure that the Council effectively carries out its mandate. In terms of induction, newly appointed members to the NGC embark on a detailed programme to familiarize themselves with the operations of the Secretariat.

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

Relevant back ground material is provided and a formal meeting is organized for interaction with Senior Management. For continuous improvement, topical courses are organized for the members to enhance their oversight role. In terms of evaluation, plans are underway to have members undergo a sensitization forum on performance evaluation before each one of them is evaluated.

Secretary to the NGC

Currently, the Secretariat has attained not a full corporate status, therefore the Acting Chief Executive Officer provides Secretarial Services to the Council

National Governing Council Meetings

The Gazette Notice stipulates that the Council Shall hold quarterly meetings and such additional meetings in such places and at such times as the Council shall consider necessary for the proper discharge of its functions. A schedule of meetings are agreed upon at the beginning of a financial year for effective planning and participation. During the year under review, the Council met 4 times as required and held two additional special meetings for the approval of the Annual Reports and Financial Statements (29/09/2017) and finalization of the Strategic Plan (23/10/2017). The table below presents attendance of members to the Council Meetings:

NGC Member	Attendance
1. Prof. Michael Chege	6
2. Michael Kisilu	6
3. Anthony Muriu	5
4. Dr. Monica Kerretts-Makau	3
5. Joshua Opiyo	6
6. Samuel Mwale	2
7. Glenns Etyang	4
8. Jennifer Shamalla*	1
9. Daniel Osiemo	6

*Hon. Shamalla was nominated to the National Assembly on 24th August 2017.

NGC Members Remuneration

In accordance with the guidelines provided in the State Corporations Act and Salaries and Remuneration Commission, Members of the National Governing Council are paid a taxable sitting allowance for every meeting attended. The Chairman is paid a monthly honorarium. NGC does not grant personal loans or provide guarantees to its Members. Consequently, during the year under review, no loans were paid to any Non-Executive NGC member.

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

Declaration of Interest and Conflict of Interest

Members are required to disclose to the Council real or potential conflict of interest, which comes to his/her attention, whether direct or indirect. The statutory duty to avoid situations in which they have or may have interests that conflict with those of the Secretariat has been observed by the Council. All transactions with all parties, Council Members or related parties are carried out at an arms' length policy.

After an appointment to the National Governing Council, members are required to make a formal declaration of any interest they may have in the course of their engagement with the Secretariat. All the NGC Committees, including the Audit, Risk & Compliance Committee, are established with written terms of reference detailing their mandates, authority and duties.

NGC Committees

Name of the Committee	Members
Finance, and Administration Committee	Dr. Monica Kerretts-Makau (Chair) Mr. Glenss E. Etyang (<i>Member</i>) Mr. Joshua Opiyo (<i>Member</i>) Mr. Anthony Muriu (<i>Member</i>) Mr. Samuel Mwale (<i>Member</i>)
Audit and Risk Management Committee	Mr. Michael Kisilu (Chair) Mr. Anthony Muriu (<i>Member</i>) Mr. Glenss Etyang (<i>Member</i>)
Technical Committee	Mr. Michael Kisilu (Chair) Mr. Samuel Mwale (<i>Member</i>) Mr. Glenss Etyang (<i>Member</i>) Mr. Joshua Opiyo (<i>Member</i>)

Technical Committee

Key duty of the Technical Committee is to provide direction in execution of the Secretariat's mandate through NEPAD and APRM related programs. Below is the summary performance for the year under review:

Name	Attendance
Michael Kisilu	3
Glenss Etyang	3
Joshua Opiyo	3
Jennifer Shamalla*	1

*Appointed to the National Assembly 24th August 2017

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

Finance and Administration Committee

This the General Purposes Committee that oversees the support activities and sustainability of the Secretariat. This includes finances, human resource issues, strategy, administration and institutional sustainability. The below is summary of the Finance and Administration Committee performance during the year under review:

Name	Attendance
Dr. Monica Kerretts-Makau	2
Glenns Etyang	2
Samuel Mwale	1
Joshua Opiyo	2

Audit and Risk management Committee

The duties of the Audit, Risk & Compliance Committee are based on six broad functions namely the Internal Control, Risk Management & Compliance, Financial Reporting, Internal Audit, External Audit, Compliance with laws and regulations; and Compliance with the Secretariat's Code of Conduct and ethical guidelines functions. Below is a summary of the Committee's performance during the year under review:

Name	Attendance
Jennifer Shamalla	1
Michael Kisilu	1
Anthony Muriu	1

Executive Committee

The Chief Executive Officer, Directors and sectional heads makeup the Executive Committee of the Secretariat. This Committee serves as a link between the National Governing Council and the Secretariat. The mandate and responsibility of the Executive Committee is to ensure compliance with the statutory and regulatory requirements of Government, preparation and adherence to the Secretariat policies and procedures. Its meetings are convened on a weekly basis to discuss strategy formulation and implementation, policy matters and financial performance.

Internal Controls & Risk Management

The Secretariat affirms its responsibility for the Company's system of internal financial control, including taking reasonable steps to ensure that adequate systems are maintained. Effective internal control systems to assess and mitigate risks have been operationalised.

Although the Secretariat has not put in place a comprehensive policy on the risk management framework 5 risk champions have been trained to undertake the exercise. The Audit & Risk Management Committee of the Council through its delegated mandate,

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

is expected to regularly review the effectiveness of the internal control system. The Head of Internal Audit & Risk Management Department reports directly to the Audit & Risk Management Committee.

Code of Ethics

Company conducts its business in compliance with legal principles and high ethical standards of business practice. The Council, Management and employees are required to observe the code and high standards as embodied in the Secretariat's core values of integrity; professionalism; efficiency and effectiveness; innovativeness; equity and quality; accountability and transparency

MANAGEMENT DISCUSSION AND ANALYSIS

Operational and financial performance

During the financial year 2017/18, the Secretariat's operations formed part of the performance contract of the Cabinet Secretary. This contract aims at enhancing transparency in the management of public resources and accountability for results in line with the Constitution. In terms of operations, the Secretariat was able to achieve the following key milestones:

- It facilitated the Kenyan Delegation to the APRM Steering Committee Meeting and the 27th APR Forum of Heads of State and Government at the African Union Commission, in Addis Ababa, Ethiopia. Here, Kenya's remarkable leadership was acknowledged through the revitalization process for the Mechanism. In addition, since the Kenya's leadership tenure of 2 years in the APR Forum had come to an end, the APR Forum voted for Chad to take over during this meeting. During the occasion, H.E President Uhuru Kenyatta officially handed over leadership of the Forum to Chad.
- Through the Secretariat, Kenya successfully hosted the 7th Presidential Infrastructure Champion Initiative technical task team (TTT) between 23rd and 24th May 2018. The team recommended that chairmanship should be rotational; need for a harmonized PPP Framework for the continent; need for additional resource mobilization and a resolution not to allow new projects into the club until one PICI project is completed
- The Secretariat in collaboration with the LAPSSET Corridor Development Authority successfully hosted a mission from the United Nations Economic Commission for Africa (UNECA) from 26th February, to 2nd March, 2018. The objective of the mission was to assess progress made in various components of LAPSSET and help fast-track their implementation. The mission also held discussions with the representatives of the Government of Ethiopia, the Government of South Sudan, the African Development Bank (AfDB), and some key implementing agencies. Through the discussions and site visits, major recommendations were made which would help in fast tracking the implementation of the project components. The collaboration therefore was able to enhance participation of the Governments of Ethiopia and South Sudan in the implementation of LAPSSET as a regional integration project in Eastern Africa.
- The Secretariat also participated in the third Programme for Infrastructure Development in Africa (PIDA)week 2017 that was held in Namibia. During the event, the Secretariat negotiated for the Lamu Port Southern Sudan-Ethiopia Transport (LAPSSET) corridor rail component (SGR) to be used as a pilot for the East Africa Region for the High-Speed Railway to be implemented in Africa. The

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

proposal was positively received with subsequent follow-ups to be made so as to actualize the item.

- The Secretariat in collaboration with the GIZ and the State Department for Technical, Vocational Education and Training undertook a Skills Initiative sensitization workshop for stakeholders from Technical, Vocational, Education and Training (TVET) Institutions. Under the “Skills Initiative for Africa” the African Union through NEPAD Agency, The GIZ in partnership with the Secretariat later invited forty (40) Principals from Technical, Vocational, Educational, and Training (TVET) Institution to a two-day Workshop in Kikuyu to guide them through the preparation of the proposals required in the application for the Skills Initiative Fund. During the 2-day workshop, the participants gained knowledge on the preliminary steps where clarifications and technical support was given to the participants in all stages of proposal development. The number of proposals developed thereafter will be reported in the subsequent reporting periods.
- In order to intensify NEPAD/APRM outreach and awareness creation to stakeholders, the Secretariat participated in the 2017 Agricultural Society of Kenya (A.S.K) shows whose theme was **“Promoting Innovation and Technology in Agriculture and Trade”**. The platform which consolidates different exhibitors from all over the country presented a rich selection of exhibits representing all sectors of the economy. NEPAD/APRM Secretariat was in the frontline through the promotion of activities and programs to enhance integration through infrastructure development, trade, health, agriculture and governance. The Secretariat’s exhibition stand attracted a total of 185 guests drawn from Academia, Ministries, Counties, Private Sectors, Civil Society Organisations and Development Agencies. The Secretariat’s participation in the A.S.K shows was in line with the expansion efforts of awareness creation on programmes under the Secretariat.
- Within the same period, the Secretariat also support the Geothermal Development Company (GDC) to lobby for funding through the NEPAD Agency to carry out feasibility studies for the PAKA 100MW Geothermal Project and a new wellhead for the Menengai Geothermal Project. The Secretariat undertook a series of meetings with officers from GDC, NEPAD Infrastructure Project Preparation Facility (IPPF) and African Development fund (AfDB) to ensure that the funding proposal met the desired expectations. These efforts culminated in the submission of the proposal to the NEPAD Agency for funding and was subsequently tabled before potential financiers during the 2017 PIDA Week.
- The Secretariat also worked with the African Agri-Council to organize the Smart Agri-Congress Africa (SACA), which was held from the 27th - 28th March 2018 in Nairobi, Kenya. SACA is an international platform that provides the industry with

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

a global platform to access the latest technology and research in technological advancements in African agriculture.

- It undertook preliminary county engagements with a view of cascading the APRM tool to counties where the following counties were reached: Bungoma, Kakamega, Machakos, Isiolo, Kitui, Kwale, Nakuru, Taita Taveta, Kisii, Kisumu, Makueni, Nyandarua, Mombasa, Elgeyo Marakwet and Bomet). Valuable lessons drawn include: structured engagements be done through the Council of Governors; ways of incentivizing best performing counties on sectors and not by rankings be encouraged; county officials be involved in developing the CPRM tool; need for civic education on all levels for better public participation on matters of APRM and CPRM.
- The Secretariat finalized ongoing engagements with key stakeholders including Council of Governors; Intergovernmental Relations Technical Committee (IGRTC), National Gender and Equality Commission; Kenya Public Policy Research and Analysis (KIPPRA); Controller of Budget, Commission on Revenue Allocation, Monitoring and Evaluation Department (MED) and Intergovernmental Budget and Economic Council (IBEC) in readiness for rolling out of the CPRM tool
- The Secretariat successfully organized learning exchange visits to Uganda and Ghana to draw lessons on the two countries' APRM engagement at subnational structures. Keys lessons drawn included: the need to draw multi-stakeholder local oversight committees; having members of oversight committees to remain non-partisan in order to command respect and credibility from citizens; ensuring diverse skill mix in the oversight committees; patriotism is key; seeking support from National Assembly and the Senate is vital; there need for use of informed enumerators to facilitate the process; use of local people to collect data ensures completeness of the questionnaires; use of ICT to administer questionnaires and routing for political goodwill so as to attain the desired outcomes
- The Secretariat finalized its Strategic Plan, Communication Strategy, Staff Establishments, and Training Needs Assessments.

Under the international invited events, the Secretariat participated in a number of events beneficial to sustainable development and good governance in Kenya and Africa. They included:

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

- The launch of APRM Network on National Planning as Best Practice that was held in Uganda. Thereafter as a follow-up, the Secretariat worked closely with the United Nations Economic Commission for Africa (UNECA), Kenya Institute of Public Policy Research and Analysis (KIPPRA) and LAPSSET Corridor Development Authority to kickstart the implementation of a pilot project on *“Strengthening Accountability in National Development Planning in Africa.”* Under this initiative, Kenya was selected to be one of the four pilot countries for the project. Consequently, by the end of the accounting period, a baseline survey was underway.
- A Brainstorming Session on Election and Violence in Africa: The Management of Democratic Order held in Dakar, Senegal. This meeting brought together various stakeholders to brainstorm on electoral violence as a challenge facing African countries in managing the democratic order in the continent.
- Expert Group meeting on the Major bottlenecks facing Africa held in Kigali, Rwanda. The meeting was organized by the APRM Continental Secretariat in collaboration with the United Nations Economic Commission for Africa (UNECA),
- The 6th National Monitoring and Evaluation Week held in Mombasa where the Monitoring and Evaluation Department (MED) had invited different key speakers to guide the participants on the Monitoring and Evaluation process. The five-day workshop brought together Government Departments and county Government’s representatives under the theme, “moving forward agenda 2030: Monitoring and Evaluation for the Sustainable Development Goals (SDG’S) in achieving Country Development Results”.
- The 3rd United Nations Environment Assembly side event: Unlocking trade in Environmentally Sound Technologies to tackle Air Pollution whose aim was to deliver tangible commitments that strive to end environment pollution and establish mechanism that will help in disposing chemicals safely. This is part of the 2030 Agenda and the Paris Agreement discourse that will provide an impetus for development, innovation, and trade of Environmentally Sound Technologies (ESTs).
- A joint retreat for APR Panel steering committee, NGC and strategic partners and a consultative meeting between the Continental C.E.O and the Focal Point Ministers leading the discussions held in Chad.
- The 58th Meeting of the NEPAD Steering Committee which was convened at the NEPAD Agency offices in Midrand, South Africa. Specifically, the meeting discussed the 2017 Results-based Performance Report of the NEPAD Agency, as well as the preparations for the 36th NEPAD Heads of State and Government Orientation Committee (HSGOC), which was held later that month. In addition, the Steering Committee meeting deliberated on the outcomes of the July, 2017 AU Summit focusing on the aspects of the proposed AU reform on the transformation of NEPAD into the African Union Development Agency.

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

- The review and adoption of the transitional structure of APRM Continental Secretariat and the proposal for recruitment of new staff to fill the vacant positions. Fortunately, a Kenyan Citizen was recruited to one of the vacant positions
- The side-event meeting for the Comprehensive Africa Agriculture Development Programme (CAADP) where the biannual progress report for Kenya on the Malabo Commitments was presented.
- The NEPAD Steering Committee Meeting that was held in Kigali Rwanda between 25th and 27th April 2018. During the meeting the next agenda of the NEPAD Heads of State and Orientation Committee of key interest were discussed. This included Kenya's position in the election of a new chair of the Heads of State and Orientation Committee and transformation of NEPAD into African Union Development Agency (AUDA). The meeting agreed to retain the existing Governing Councils Structures.
- The 14th Comprehensive Africa Agriculture Development Programme (CAADP) Partnership Platform in Libreville, Gabon between 25th and 27th April 2018. The event focussed on strengthening national agriculture investment plans formulation and implementation efficiency and effectiveness; financing the Malabo Declaration through the National Agriculture Investment Plan and institutionalizing the culture and practice of accountability to actions, results and impacts. Kenya's progress report on implementation of CAADP was presented and received a positive feedback.
- The APRM 15th Anniversary Celebration with the theme of "towards universal accession" presided by H.E. Paul Kagame the President of Republic of Rwanda. As part of Troika, Kenya's role is vital in the furtherance of Peer Reviews in Africa
- The 2nd Annual APRM Methodology Forum and the 1st National Secretariats Consultative Meeting organized by the APRM Continental Secretariat in Kigali, Rwanda. The meeting revisited the APRM Methodology for improvement in terms of cost-effectiveness and efficiency of the APRM process as well integrated stakeholder and partnerships framework for APRM missions thus incorporating African Governance Architecture and the African Peace and Security Architecture frameworks.
- The 5th Annual Devolution Conference that was held between 23rd and 27th April 2018 at Kakamega High School. This is an annual event that brought together the 47 County governments, the National Government regional economic county blocs, development partners and the business community for collaboration, cooperation and consultation.
- The 51st Session of African Ministers of Finance, Economic Planning and Development held in Addis Ababa organized by the UN Economic Commission for

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

Africa. During the event, major affirmations were made that included acknowledgment that promoting peace and Security as well as combating extremism are the major undertakings in Africa today.

- The Steering Committee meeting held in ND'jamena, Chad. During the meeting, various far-reaching recommendations were made including the invitation of the following Member States to the launch of the 2nd Generation Country Report for Kenya: the Republic of Somalia, Republic of Burundi, Republic of South Sudan as well as holding APRM Forums at the margins of AU Summits.
- The finalization of MTP III with the aim of integrating the NPOA and NEPAD/APRM priority programmes into the MTP III.

Key partnerships created during the period under review included:

- Partnership with the Council of Governors on how to carry out cascading of APR as a tool of good governance to counties as per Resolution No. 32 of 4th Annual Devolution Conference
- Partnership with the Institute of Certified Public Secretaries of Kenya (ICPSK) to promote good governance in Kenya and Africa.
- Preliminary engagements with African Centre for Technology Studies (ACTS), a pioneering development research think-tank on harnessing applications of science, technology and innovation policies for sustainable development in Africa

Entity's compliance with statutory requirements

The Secretariat adhered to the Public Finance Management Act (PFM), Public Procurement and Assets Disposal Act 2015 and Circulars issued from time to time. Under the PFM Act, The Secretariat prepared and submitted the following reports as per time frames:

- a) Quarterly Reports and Financial Statements to the National Treasury and the State Department for Planning before the 15th day of the subsequent month following the end of the quarter
- b) Annual Workplan and budget to the National Treasury through the State Department for Planning by 31st October 2017;
- c) Annual Procurement Plan by 31st July 2017; and
- d) Cash flow projections by 31st July 2017.

In terms of compliance to Public Procurement and Assets Disposal Act 2015, the Secretariat achieved 54.1% public procurement opportunities to Youth and Women owned enterprises against the Government's requirement of 30% threshold

Implementation of Presidential Directives

During the contract period, the Secretariat implemented all Presidential directives, circulars and executive orders issued and relevant to its mandate issued by 30th June 2018: *Incorporating the 'the Big Four' Agenda*. The Secretariat as an enabler of the big four agenda incorporated the adjustments in its strategic plan and budget

Asset Management

a) Inventory Management

The Secretariat finalized the preparation of a comprehensive asset register for effective tracking and management of the organisational assets. As at 30th June 2018 the Secretariat's asset book value was Ksh.36, 615, 649

b) Repairs

Repairs of the Secretariat's assets were carried out on need basis as per the signed contracts with respective service providers. This was done promptly so as not affect the achievement of planned activities during the financial year

c) Disposal of Idle assets

The Secretariat's idle movable assets were disposed in conformity with the Environmental Management Act and Public Procurement and Asset Disposal Act 2015

Youth Internship / Industrial Attachment / Apprenticeship

The Secretariat progressively involved youth in internship and industrial attachments. During the financial year under review, a total of 5 youths benefited from workplace attachment at the Secretariat.

Enterprise Risk Management

Risk Management is an integral part of corporate governance and ensures long term viability and sustainability of the Secretariat. The ERM policy is designed to: (i) identify threats that affect the achievement of the Company's Vision, Mission and Values; (ii) take advantage of opportunities to create value for all stakeholders; and (iii) establish appropriate mitigation measures to counter the negative effects of the risks. The Council through its Audit, Risk & Management Committee exercises the oversight role on the ERM processes implemented by the Management.

During the year under review, the Secretariat sponsored 5 members of staff to undergo Risk Management Sensitization and thereafter champion risk management issues at the Secretariat. After the training the champions drafted the Risk Management Policy for the Secretariat which was tabled and approved by the National Governing Council. The process of developing a comprehensive risk register will be undertaken in the next financial year.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY

This section gives details of the Corporate Social Responsibility activities carried out in the year and the impact to the society.

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

As part of corporate social responsibility, the Secretariat participated in the Standard Chartered Marathon which took place in Nairobi, Kenya on **26th November 2017**. The marathon was aimed at raising funds to fight blindness and visual impairment through eyecare projects supported by the bank. The Secretariat was represented by 14 members of staff.

As part of caring for the environment, the Secretariat participated in the Principal Secretary's tree planting day event held in Makueni County on **5th May 2018**. Through the event, the Secretariat participated in creating awareness on the dangers of deforestation to sustainable livelihoods.

In terms of Staff welfare, the Secretariat organized for a motivation talk that was conducted by Taluma Consultants on **3rd August 2017**. In this event, members of staff were challenged on value and importance of work for self-development. In addition, as part of the Secretariat's efforts to foster team spirit, the Secretariat organized for an end-year lunch on **22nd December 2017**.

Furthermore, the Secretariat has been on the forefront in ensuring that members of staff attain the right skills and competencies for upward job mobility. In this regard, a total of 13 officers were trained on various competencies as shown below:

Type of Course	No. of officers trained
Strategic Leadership Development Programme	3
Senior Management Course	6
Supervisory Course	4
Succession management/Public Sector Budget Governance	2
Total No. trained	15

REPORT BY MEMBERS OF THE NATIONAL GOVERNING COUNCIL

The Members of the National Council submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of the Secretariat's affairs

Principal activities

The principal activities of the entity are to:

1. Promote Kenya's effective participation in the activities of the New Partnership for African Development (NEPAD) and the domestication of the African Union (AU) Mission, Core Principles and Values.
2. Provide leadership, guidance and direction to the implementation of the Africa Peer

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

- Review Mechanism (APRM) in Kenya.
3. Sustain the integrity of the APRM process, keeping it transparent, inclusive and accountable to the citizens of Kenya.
 4. Transmit the APRM review/progress reports to the APR Panel of Eminent Persons, the Head of State, and any other relevant national and African Union organs as specified by the APRM rules.
 5. Monitor and report on the progress in the implementation of the APRM National Programme of Action.
 6. Provide policy guidance in cascading the APRM as a governance tool to the Counties.
 7. Serve as the Regional NEPAD/APRM Kenya Secretariat coordinator for the Eastern African countries as selected.
 8. Co-ordination of NEPAD activities in the Eastern African Region; and liaison with the Continental NEPAD secretariat office with a view of incorporating and promoting Kenya's and Eastern African region interests in NEPAD.
 9. Design, develop and implement necessary measures to identify and address governance issues affecting Kenya's performance in national, regional and global governance surveys and indices.
 10. Provide guidance for structured engagement with local and international agencies undertaking and disseminating reviews on Kenya's governance to ensure accuracy of facts and fidelity to best practices on objective reporting.

Results

The results of the entity for the year ended June 30, 2018 are set out on pages 1-4.

Auditors

The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 which empowers the Auditor General to appoint an auditor on his behalf

By Order of the NEPAD/APRM Kenya National Governing Council.


Daniel N. Osiemo, OGW

Ag. Chief Executive Officer/ NGC

Nairobi

Date.....17th December, 2018.....

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements
For the Period Ended 30 June, 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 requires an Accounting Officer for a National Government owned Entity to prepare a report for the financial year in respect of the entity. The report should give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that period not later than three months after the end of reporting period. In this regard, the Chief Executive Officer of the Secretariat is the Accounting Officer. The Accounting Officer is required to ensure that the Secretariat keeps proper accounting records which disclose with reasonable accuracy the financial position of the Secretariat. Finally the Chief Executive Officer is also responsible for safeguarding the assets of the Secretariat. The National Governing Council provides oversight in the implementation of the Secretariat's mandate.

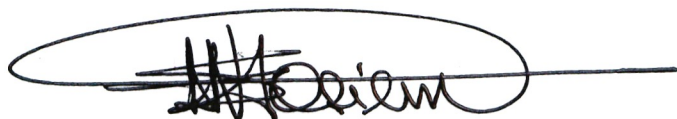
The CEO is responsible for the preparation and presentation of the Secretariat's financial statements which give a true and fair view of the state of affairs of the Secretariat for and as at the end of the financial year ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial 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 financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances

The National Governing Council accept responsibility for the Secretariat's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with accrual basis of the International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The National Governing Council are of the opinion that the entity's financial statements give a true and fair view of the state of the Secretariat's transactions during the financial year ended June 30, 2018 and of the Secretariat's financial position as that date. The directors further confirm the completeness of the accounting records maintained for the Secretariat which have been relied upon in the preparation of the Secretariat financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the annual report and financial statements

The *Secretariat's* annual report and financial statements have been prepared in accordance with **Section 83 of the PFM Act 2012** and were approved by the Council on 17th December 2018 and signed on its behalf by:



Daniel N. Osiemo, OGW
A.g. Chief Executive officer



Prof. Michael Chege
NGC Chairman

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NEPAD/APRM KENYA SECRETARIAT FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of set out on pages 1 to 32, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

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

Basis for Qualified Opinion

1. Cash and Cash Equivalents

The cash and cash equivalent figure of Kshs.1,787,624 could not be reconciled to the to the accounting records provided for audit. The unexplained difference is as below:-

	Kshs.
Cash brought forward	21,690,984
Cash received during the year	205,165,000
Less expenditure during the year	<u>(204,775,442)</u>
	22,080,542
Adjust for non-cash expenses:	
Add: Depreciation	7,739,926

Report of the Auditor-General on the Financial Statements of Nepad/APRM Kenya Secretariat for the year ended 30 June 2018

:Accrued expenses	11,642,292
Less Receivables from NON-exchange transactions	<u>(21,462,046)</u>
	20,000,714
Balance per financial statement	<u>18,218,073</u>
Unexplained difference	<u>1,782,641</u>

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

Key Audit Matters

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

Other Matter

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC MONEY

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

My responsibility is to express a conclusion based on the review. The review was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the review so as to obtain limited assurance as to 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.

A review is limited primarily to analytical procedures and to inquiries, and therefore provides less assurance than an audit. I have not performed an audit, and, accordingly, express my conclusion in the form of limited assurance, which is consistent with the more limited work I have performed under this compliance review.

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, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

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

My responsibility is to express a conclusion based on the review. The review was conducted in accordance with ISSAI 1315. The standard requires that I plan and perform the review so as to obtain limited assurance as to whether effective processes and systems of internal control, risk management and governance was maintained in all material respects.

The matters reported are limited to the deficiencies identified during the audit that I have concluded are material to be reported. I have not performed an audit, and, accordingly, express my conclusion in the form of limited assurance, which is consistent with the more limited work I have performed under this review.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Secretariat or to cease operations, or have no realistic alternative but to do so.

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 money is applied in an effective manner.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review 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 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 ability to continue as a going concern or 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 Secretariat to cease to continue as a going concern or 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 Secretariat 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

31 December 2018

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2018**

	Notes	2017-2018	2016-2017
		Kshs	Kshs
Revenue from non-exchange transactions			
Property taxes revenue		-	-
Public contributions and donations		-	-
Fines, penalties and levies		-	-
Licenses and permits		-	-
Transfers from government	7	205,165,000	248,518,000
		205,165,000	248,518,000
Revenue from exchange transactions			
Rendering of services		-	-
Sale of water and electricity		-	-
Rental revenue from facilities and equipment		-	-
Finance income - external investments		-	-
Agency fees		-	-
Other income		-	-
Total revenue		205,165,000	248,518,000
Expenses			
Use of goods and services	8	115,431,049	184,023,521
Employee costs	9	76,386,953	62,001,142
Remuneration of directors	10	2,660,000	6,959,230
Depreciation and amortization expense	11	7,739,926	7,442,623
Repairs and maintenance	12	1,823,354	1,303,252
Contracted services	13	734,160	-
Total expenses		204,775,442	248,213,359
Other gains/(losses)			
Gain on sale of assets		-	-
Gain on foreign exchange transactions		-	-
Unrealized gain on fair value of investments		-	-
Impairment loss		-	-
Surplus/(Deficit) before tax		389,558	304,641
Remission to National Treasury		-	-
Net Surplus for the year		389,558	304,641
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		-	-
		-	-

The notes set out on pages 7 to 30 form an integral part of these Financial Statements



NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements for the Period Ended 30 June, 2018

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018

	Notes	2017-2018	2016-2017
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	18,218,073	21,690,984
Receivables from exchange transactions		-	-
Receivables from non-exchange transactions	16	21,462,046	6,761,632
Current portion of long-term receivables from exchange transactions		-	-
Inventories		-	-
Investments		-	-
Total Current Assets		39,680,119	28,452,616
Non-current assets			
Property, plant and equipment	17	11,441,585	18,148,513
Investments		-	-
Intangible assets		-	-
Investment property		-	-
Long term receivables from exchange transactions		-	-
Total Non-current assets		11,441,585	18,148,513
Total assets		51,121,704	46,601,129
Liabilities			
Current liabilities			
Trade and other payables from non-exchange transactions	18	11,642,292	160,908
Refundable deposits from customers		-	-
Other Provisions		-	-
Finance lease obligation		-	-
Current portion of borrowings		-	-
Employee benefit obligation		-	-
Payments received in advance		-	-
Taxation		-	-
Total Current Liabilities		11,642,292	-
Non-current liabilities			
Non-current employee benefit obligation		-	-
Non-current provisions		-	-
Borrowings		-	-
Service concession liability		-	-
Deferred tax liabilities		-	-
		-	-
Total liabilities		11,642,292	-
Net assets			
Reserves		-	-
Accumulated surplus		389,558	304,641
Capital Fund (See statement of movement in net asset)		39,089,853	46,135,580
Total net assets and liabilities		51,121,704	46,601,129.00

Daniel N. Osiemo, OGW
A.g. Chief Executive officer



CPA Daniel E. Elungat
Ag. Head of Accounting Unit
Reg. No. 12424



Prof. Michael Chege
NGC Chairman



Date... 17th December, 2018

Date... 17/12/18

Date... 18.12.18

**STATEMENT OF MOVEMENT IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2018**

Financial Year	Accumulated Surplus/(Deficit)
1st July, 2013 (Capital Fund)-See note below	87,485,751.00
Deficit for the year 2013/14	(17,923,313.00)
Depreciation for the year 2013/14	<u>(4,822,575.00)</u>
Accumulated Deficit 2013/14	<u>64,739,863.00</u>
1st July, 2014	64,739,863.00
Surplus for the year 2014/15	20,384,479.00
Depreciation for the year 2014/15	(5,380,318.00)
Accumulated Surplus 2014/15	<u>79,744,024.00</u>
1st July, 2015	79,744,024.00
Deficit for the year 2015/16	(20,309,808.00)
Depreciation for the year 2015/16	<u>(5,856,013.00)</u>
Accumulated Deficit 2015/16	<u>53,578,203.00</u>
1st July, 2016	53,578,203.00
Surplus for the year 2016/17	304,641.00
Depreciation for the year 2016/17	<u>(7,442,623.00)</u>
Accumulated Surplus 2016/17	<u>46,440,221.00</u>
1st July, 2017	46,440,221.00
Surplus for the year 2017/18	389,558.00
Depreciation for the year 2017/18	<u>(7,739,926.00)</u>
Accumulated Surplus 2017/18	<u>39,089,853.00</u>

Explanatory Note on the Capital Fund b/f as at 1st July, 2013

The Capital Fund as at 1st July, 2013 for Kshs. 87,485,751 was a combination of prior years' GoK and UNDP contributions to the start-up capital for the purchase of various items including computers, furniture and office equipment.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

		2017-2018	2016-2017
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Property taxes		-	-
Public contributions and donations		-	-
Fines, penalties and levies		-	-
Licenses and permits		-	-
Government grants and subsidies		209,919,808	248,518,000
Rendering of services		-	-
Sale of goods		-	-
Finance income		-	-
Other income, rentals and agency fees		-	-
Total Receipts		209,919,808	248,518,000
Payments			
Compensation of employees		64,744,661	62,001,142
Directors remuneration	10	2,660,000	6,959,230
Use of Goods and services		120,706,562	184,023,521
Contracted services	13	734,160	-
Repairs and maintenance	12	1,823,354	-
Total Payments		190,668,736	246,024,663
Net Cash flow from Operating Activities		19,251,072	2,493,337
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	19	(1,032,998)	(2,188,696)
Proceeds from sale of property, plant and Equipment			-
Net cash flows used in investing activities		(1,032,998)	(2,188,696)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Increase in deposits		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		18,218,073	304,641
Cash and cash equivalents at 1 JULY		21,851,892	21,547,251
Cash and cash equivalents at 30 JUNE	15	18,218,073	21,851,892

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation)

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2018**

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		% variance		Note
	a	b	2017-2018	2017-2018	c = a+b	d	e = c-d	f = e/c%	2017-2018	2017-2018			
	Kshs		Kshs		Kshs		Kshs		Kshs				
Revenue													
Government grants and subsidies	205,165,000	-			205,165,000	205,165,000	0	0					
Total income	205,165,000	-			205,165,000	205,165,000	0	0					
USE OF GOODS AND SERVICES													
Expenses													
22110100 Compensation to Employees	63,100,000	1,000,000		1,000,000	64,100,000	63,985,431	114,569	0.2%					
22110101 Utility Supplies and Services	900,000	0		0	900,000	836,056	63,944	7.1%					
22110200 Communication Supplies & Services	3,890,000	700,000		700,000	4,590,000	4,538,348	51,652	1.1%					
22110300 Domestic Travel and Subsistence	26,616,200	6,883,800		6,883,800	33,500,000	33,241,792	258,208	0.8%					
22110400 Foreign Travel & Subsistence	22,520,000	3,065,000		3,065,000	25,585,000	25,014,710	570,290	2.5%					
22110500 Printing Advertising & Information	9,850,000	(9,330,000)		0	520,000	496,905	23,095	4.4%					
22110600 Rentals of Produced Assets	9,900,000	0		0	9,900,000	9,841,726	58,275	0.6%					
22110700 Training Expenses	17,757,300	(7,902,300)		(7,902,300)	9,855,000	9,093,771	761,229	7.7%					
22110800 Hospitality Supplies and Services	18,241,500	(40,000)		(40,000)	18,201,500	17,746,564	454,936	2.5%					
22110900 Insurance Costs	8,430,000	920,000		920,000	9,350,000	8,933,451	416,549	4.5%					
22111000 Specialized Materials in Supplies	200,000	0		0	200,000	190,062	9,938	5.0%					
22111100 Office and General Supplies & Services	3,030,000	1,143,500		1,143,500	4,173,500	4,094,511	78,989	2.0%					
22111200 Fuel and Lubricants	2,000,000	1,000,000		1,000,000	3,000,000	2,807,053	192,947	6.4%					
22111300 Other Operating Expenses	5,380,000	270,000		270,000	5,650,000	5,122,972	527,028	9.3%					
22200000 Routine Maintenance	1,500,000	490,000		490,000	1,990,000	1,823,354	166,646	11.1%					(a)
2710100 Government Pension and Retirement benefit	9,000,000	3,500,000		3,500,000	12,500,000	12,401,522	98,478	1.1%					
3100000 Acquisition of Non-Financial Assets	2,850,000	(1,700,000)		(1,700,000)	1,150,000	1,032,998	117,002	10.2%					(b)
Total expenditure	205,165,000	5,623,500		5,623,500	205,165,000	196,127,948	3,963,775						(c)
Surplus for the period							3,963,775						

Budget notes and Reconciliation

- a) Routine maintenance was higher than earlier budgeted due to increased frequency of servicing the aging assets
- b) Purchase of office furniture and general equipment did not take place due to lack of valuation of Secretariat assets to pave way to acquisition of new ones after boarding of unserviceable ones
- c) Reconciliation for unutilized funds at the end of the period were meant for the following activities

Budget reconciliation Statement

Programme	Activity	Amount (Ksh.)
	Surplus for the period 2016/17 brought forward	304,641
NEPAD Programmes	Evidence based planning in Kenya	1,140,000
	Regional Sensitization Forums	1,640,000
APRM & Governance	Governance and Indices reporting	879,134
	Surplus for the period	3,963,775

NOTES TO THE FINANCIAL STATEMENTS**1. GENERAL INFORMATION**

The NEPAD/APRM Kenya Secretariat is established by and derives its certainty and accountability (*locus standi* as a Secretariat) from the Kenya Gazette Notice No.4651. The Secretariat's principle mandate is to consistently promote sustainable socio-economic development and good governance based on the premises of the African Union Mission core principles and values.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared in compliance with International Public Sector Accounting Standards IPSAS 1 (Presentation of Financial Statements) with particular emphasis on Accrual basis of accounting and relevant legal framework of the Government of Kenya, especially the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Secretariat and all values are rounded to the nearest Shilling (Kshs). The accounting policies have been for the first time applied to the reporting period of (1st of July 2017 to 30th June 2018).

3. ADOPTION OF NEW AND REVISED STANDARDS

The financial statements have been prepared in accordance with the Accrual Basis of Accounting method under the International Public Sector Accounting Standards (IPSAS) following the Government's standard chart of accounts.

The accrual basis of accounting provides a better picture of an entity's profits (surplus) during an accounting period. The reason is that the income statement prepared under the accrual basis will report on all of the revenues actually *earned* during the period and the corresponding expenses incurred in order to earn those revenues.

In sum, financial reports are prepared in accordance with IPSAS to allow users to assess the accountability for all the resources the entity controls and the subsequent deployment of those resources, assess the financial position, financial performance, and cash flows of the entity and make decisions about providing resources to, or doing business with the entity.

IPSAS further facilitates the alignment with best accounting practices through the application of credible, independent accounting standards on a full accrual basis. It improves consistency and comparability of financial statements as a result of the

detailed requirements and guidance provided in each standard. Accounting for all the assets and liabilities improves internal control and provides more comprehensive information about costs that will better support results-based management.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

As stated in the prior information, there is indeed a significant change in the method and basis of preparation of accounting statements of the Secretariat. The entity has for the first time adopted the IPSAS 33 (First-time Adoption accrual basis IPSASs) which is a change from the previous IPSAS's Cash basis of accounting.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Fees, taxes and fines

An entity is required to recognize revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are expected to be recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. However, NEPAD/APRM Kenya Secretariat does not have revenues arising from this category

ii) 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. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds. Consequently NEPAD/APRM Kenya Secretariat receives its budget inform of recurrent grants from the State Department for Planning and were appropriately recognized in the statement of financial performance.

b) Budget information

The original budget for FY 2017-2018 was approved by the National Governing Council on 19th July 2017. There were no revisions or additional appropriations made to the approved budget during the period under review.

In line with IPSAS 24 (Presentation of Budget Information in Financial Statements), the budget is developed on the same accounting basis of IPSAS's accrual, the same accounts classification basis and for the same period as the financial statements. The Secretariat's budget was approved as required by the Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Secretariat's actual performance against the comparable budget for the financial year under review, has been included in an annex to these financial statements.

c) Property Plant and Equipment

The Secretariat recognises assets in accordance to IPSAS 17(Property plant and equipment) where assets are those that are considered as tangible in nature and held for use in the production or supply of goods and services for rental to others, or for administrative purposes and are expected to be used during more than one period, and it is probable that the future economic benefits associated with the item will flow steadily given that their respective costs are capable of being measured reliably.

Under IPSAS 17, the Secretariat's asset policy on all the non-current assets in form Property plant and equipment are stated at buying price and charged with full depreciation upon acquisition and appropriate accumulated depreciation in the subsequent years to their respective written down values. No depreciation is charged in the year of disposal.

The assets are categorised and depreciated on a straight line basis as follows:

Item	Rate
Motor Vehicle	20%
Furniture and Fittings	12.5%
Computers	30%
Office Equipment	12.5%

d) Leases

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 period under review. In this regard, the Secretariat operates from a rented office space whose expense is duly recognized as an operating expense.

e) 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.

During the period under review, the Secretariat did not carry out research

f) Intangible Assets

Following IPSAS 31(Intangible Assets), the Secretariat recognises intangible assets to consist of computer software purchased for use in the organisation as an Enterprise Resource Planning (ERP) system. This item is amortised at the rate of 30% per annum on a straight line basis over their useful lives as estimated by management from time to time. However, during the year no intangible assets existed.

g) Inventories

The Secretariat has adopted IPSAS12: (Inventories). It measures all its stock based on their fair value as at the date of acquisition because all its inventories are acquired through a non-exchange transaction. The stock held as consumables for the use in the normal operations are expensed upon purchase.

h) Provisions

Under IPSAS 19(Provisions, Contingent Liabilities and Contingent Assets) provisions are recognised when the Secretariat has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. During the period, the Secretariat did not recognise any contingent liability.

i) Employee Benefit

The Secretariat in line IPSAS 25 and IPSAS 39 (Employee benefits), during the year 2017-2018, the Secretariat undertook a staff salary review as per the recommendations of the Salaries and Remuneration Commission through the Directorate of Personnel Management and paid out the salary arrears accordingly.

j) Pension Scheme

The Secretariat is in the process of establishing a pension scheme for its staff. The Secretariat also contributes to the National Social Security Fund (NSSF).This is a

defined contribution scheme registered under the Social Security Act. The Secretariat's obligation under the scheme is limited to specific monthly contributions legislated from time to time and are currently fixed at Kshs.1,080 per employee per month. The Secretariat's contributions to NSSF in respect of current service have been charged to the statement of performance for the year.

k) Staff Gratuity

The Secretariat has thirty one members of staff, who are all employed on a 3-year renewable contract basis and are eligible to gratuity upon expiry off their respective contract terms. The Secretariat therefore operates a separate Gratuity Account for them where the amounts equivalent to 31% of the employee's monthly basic salary are remitted. Movements in this account are clearly tabulated and accounted in the financial statements.

l) Staff Annual Leave Accrual

Employee entitlement to annual leave are recognised when they accrue. A provision is made for the estimated liability for annual leave as a result of services rendered by the employee up to the end of the financial year.

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. During the period under review, the Secretariat operations that were involving foreign currency were handled through the Kenya Shilling based on the prevailing exchange rate.

n) Cash and Cash Equivalents

Under IPSAS 2(Cashflow Statements), Cash and cash equivalents comprise of cash at bank. The bank account balances include amounts held at the Co-operative Bank of Kenya at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include advances to authorized public officers which were not accounted for at the end of the financial year.

o) Related Parties

Following IPSAS 20 (Related party disclosures), the Secretariat regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over it, or vice versa. Members of key management are regarded as related parties and comprise of the chairman to the National Governing Council, members of the National Governing Council and Chief Executive Officer.

p) Comparative Figures

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

q) Subsequent Events

In accordance to IPSAS 14(Events after the reporting period), there have been no events subsequent to the previous financial year end that are of significant impact on the financial statements for the year ended June 30, 2018.

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

The management under IPSAS 3(Accounting Policies, Changes in Accounting Estimates and Errors), has to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period in conformity with IPSAS requirements. The 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.

LATEST IPSAS

IPSAS	DESCRIPTION	Effective Date
IPSAS NO.39	Employee Benefits	Annual periods beginning on or after 1 st January 2018. Earlier application is encouraged. IPSAS 39 supersedes IPSAS 25 which remains in force until IPSAS 39 is applied or become effective, whichever is earlier.
IPSAS NO.40	Public Sector Combinations	Annual periods beginning on or after 1 st January 2019. Earlier application is encouraged. IPSAS 40 is applied prospectively and public sector combinations occurring prior to the application of IPSAS 40 are not restated.

Effects of the new IPSAS's 39 and 40 to the Secretariat

The Secretariat is in full compliance with IPSAS 39, however IPSAS 40 does not affect the Financial Statements of the organisation in anyway whatsoever since the Secretariat is a Semi –Autonomous Government Organisation with no branches nor joint venture with any other government organisation.

NEPAD/APRM KENYA SECRETARIAT

Annual Report and Financial Statements for the Period Ended 30 June, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 TRANSFERS FROM OTHER GOVERNMENTS

There were no transfers from other governments

7 TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount of Accrued Income KShs	Amount recognised in capital fund.	Total grant income during the year	2017-2018
			KShs	KShs	KShs
The National Treasury & Planning	205,165,000*	17,097,083	205,165,000	205,165,000	205,165,000
Total	205,165,000	17,097,083	205,165,000	205,165,000	205,165,000

The details of the reconciliation are shown in the tabulation below:

***DETAILS OF EXCHEQUER/GRANT DISBURSEMENT FOR THE YEAR 2017/2018**

S/No	DATE	PV No. (FO. 17)	PERIOD	AMOUNT
1	16-08-17	301	1 st quarter	51,291,250.00
2	04-12-17	573	2 nd quarter	51,291,250.00
3	29-03-18	2032	3 rd quarter	51,291,250.00
4	03-05-18	2033	April 2018	17,097,083.30
5	03-05-18	2034	May 2018	17,097,083.40
6	18-07-18	53	June 2018	17,097,083.30*
Total				205,165,000.00

***The June 2018 monthly disbursement for Kshs.17, 097,083.30 constitutes Accrued Income i.e income earned but not received by the closure of business on the 30th of June 2018.**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 USE OF GOODS AND SERVICES

Description	2017-2018	2016-2017
	KShs	KShs
Utilities Supplies and Services	836,056	721,082
Communication Supplies and Services	4,538,348	9,140,669
Domestic Travels and Subsistence	33,241,792	68,529,641
Foreign Travels and Subsistence	25,014,710	15,518,830
Printing, Information Supplies & Services	97,680	3,802,406
Advertising	62,640	313,200
Office Rent	9,050,845*	9,860,404
Training Expenses	9,093,771	20,112,034
Hospitality Supplies and Services	15,086,564	35,012,702
Insurance Costs	6,591,620*	8,525,291
Office and General Supplies and Services	3,417,187	2,201,828
Fuel, Lubricants, and Oil	2,807,053	2,977,168
Consulting Fees	2,913,445	-
Other Operating Expenses *Note 8a	2,679,338	7,621,466
Total good and services	115,431,049	184,023,521

*The figure of Kshs.9,050,845 for office rent and Kshs.6,591,620 for Insurance cost excludes prepayments of Kshs. 790,881 and Kshs. 2,341,831 respectively.

*8a OTHER OPERATING EXPENSES

Description	2017-2018	2016-2017
	KShs	KShs
Specialized Materials & Supplies	190,062	-
Courier & Postal Expenses	23,309	85,000
Bank Charges	160,478	-
Membership Subscription	191,900	-
Parking Fees	1,099,680	-
Supplies & Accessories of Computers	677,324	2,188,696
Subscriptions to newspapers	336,585	153,233
Total general expenses	2,679,338	2,188,696

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 EMPLOYEE COSTS

	2017-2018	2016-2017
	KShs	KShs
Salaries and wages*	40,279,063	30,446,151
Employee related costs - contributions to pensions and medical aids	12,401,522	8,465,555
Travel, motor car, accommodation, subsistence and other allowances	4,517,800	-
Housing benefits and allowances	15,061,317	17,990,286
Other allowances	3,731,971	4,720,070
Social contributions-NSSF	395,280	379,080
Employee costs	76,386,953	62,001,142

* The increase in Salaries and wages was due to increased staffing and implementation of the salary harmonization as recommended by the Salaries and Remuneration Commission

10 REMUNERATION OF DIRECTORS

Description	2017-2018	2016-2017
	KShs	KShs
Chairman's Honoraria	960,000	960,000
Directors emoluments	1,700,000	5,999,230
Other allowances	-	790,410
Total director emoluments	2,660,000	7,749,640

11 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2017-2018	2016-2017
	KShs	KShs
Property, plant and equipment (see note 17)	7,739,926	7,442,623
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	7,739,926	7,442,623

12 REPAIRS AND MAINTENANCE

Description	2017-2018	2016-2017
	KShs	KShs
Equipment and machinery & Furniture	310,696	106,093
Vehicles	1,512,658	1,197,160
Computers and accessories	-	206,364
Other	-	525,548
Total repairs and maintenance	1,823,354	1,722,708

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 CONTRACTED SERVICES

Description	2017-2018	2016-2017
	KShs	KShs
Office Cleaning Services	668,160	739,080
Office Flower Grooming	66,000	66,000
Total contracted services	734,160	-

14 CASH AND CASH EQUIVALENTS

Description	2017-2018	2016-2017
	KShs	KShs
Current account	18,218,073	21,851,891
On - call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Others(specify)	-	-
Total cash and cash equivalents	18,218,073	21,851,891

15 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2017-2018	2016-2017
		KShs	KShs
a) Current account			
Co-operative Bank of Kenya	01136006041100	32,908,598	21,690,983
Sub- total		32,908,598	21,690,983
Grand total		32,908,598	21,690,983

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. DETAILED ANALYSIS OF THE RECEIVABLES FROM NON-EXCHANGE CONTRACTS

Description	2017-2018	2016-2017
	KShs	KShs
Other debtors (non-exchange transactions)		
Staff imprests	819,524	1600,000
Salary advance	412,726	160,908
Other debtors	-	1,868,011
Sub Total	1,232,250	3,628,919
Prepayments (Insurance & rent)		
Medical	1,907,959	1,907,959
Motor vehicle	156,200	156,200
Group life	136,135	136,135
WIBA	141,538	141,538
Rent & Service charge	790,881	790,881
Sub Total	3,132,713	3,132,713
Total prepayments	4,364,963	6,761,632
Accrued Income	17,097,083	-
Grand Total	21,462,046	6,761,632

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements for the Period Ended 30 June, 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. PROPERTY, PLANT AND EQUIPMENT

DEPRECIATION SCHEDULE					
	Motor vehicles- 20%	Furniture and fittings-12.5%	Computers 30%	Other-Office equipment- 12.5%	Total
Cost	Shs	Shs	Shs	Shs	Shs
At 1 July 2017	23,336,797	5,911,620	2,777,759	9,623,866	41,650,042
Additions	-	-	961,018	71,980	1,032,998
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At end of year - June 2018	23,336,797	5,911,620	3,738,777	9,695,846	42,683,040
Depreciation and impairment					
At 1 July 2017	16,419,966	2,370,849	1,955,197	2,755,517	23,501,529
Depreciation	4,667,359	738,953	1,121,633	1,211,981	7,739,926*
On Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 June 2018	21,087,325	3,109,802	3,076,830	3,967,498	31,241,455
Net book values					
At 30 June 2018	2,249,472	2,801,819	661,947	5,728,348	11,441,585

* The figure of Kshs 7,739,926 comprises of depreciation charge for the year of total assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 (b) MOVEMENT SCHEDULE SCHEDULE						
29. Property, plant and equipment Cost	Motor vehicles- 20%	Furniture and fittings-12.5%	Computers 30%	Other-Office equipment-12.5%	Total	
	Shs	Shs	Shs	Shs	Shs	
At 1 July 2013	-	1,752,173	690,366	4,231,010		
Additions	17,713,117	2,599,551				
Disposals		-	-	-		
Transfers/adjustments		-	-	-		
At 30 June 2014	17,713,117	4,351,724	690,366	4,231,010	26,986,217	
At 1 July 2014	17,713,117	4,351,724	690,366	4,231,010	26,986,217	
Additions		-	209,873	3,958,252	4,168,125	
Disposals		-	-	-		
Transfers/adjustments		-	-	-		
At 30 June 2015	17,713,117	4,351,724	900,239	8,189,262	31,154,342	
At 1 July 2015	17,713,117	4,351,724	900,239	8,189,262	31,154,342	
Additions	5,623,680	-	1,248,720	1,434,604	8,307,004	
Disposals		-	-	-		
Transfers/adjustments		-	-	-		
At 30 June 2016	23,336,797	4,351,724	2,148,959	9,623,866	39,461,346	

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements for the Period Ended 30 June, 2018

At 1 July 2016		23,336,797	4,351,724	2,148,959	9,623,866	39,461,346
Additions			1,559,896	628,800	-	2,188,696
Disposals			-	-	-	-
Transfers/adjustments			-	-	-	-
At end of year - June 2017		23,336,797	5,911,620	2,777,759	9,623,866	41,650,042
At 1 July 2017		23,336,797	5,911,620	2,777,759	9,623,866	41,650,042
Additions				961,018	71,980	1,032,998
Disposals						
Transfers/adjustments						
At end of year - June 2018		23,336,797	5,911,620	3,738,777	9,695,846	42,683,040
Depreciation and impairment						
At 1 July 2013						
Depreciation						
On Disposals	3,542,623		543,966	207,110	528,876	4,822,575
Impairment						
At 30 June 2014		3,542,623	543,966	207,110	528,876	4,822,575
At 1 July 2014		3,542,623	543,966	207,110	528,876	4,822,575
Depreciation						
On Disposals	3,542,623		543,966	270,072	1,023,658	5,380,318
Impairment						

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements for the Period Ended 30 June, 2018

At 30 June 2015		7,085,247	1,087,931	477,182	1,552,534	10,202,893
At 1 July 2015		7,085,247	1,087,931	477,182	1,552,534	10,202,893
Depreciation	4,667,359	543,966	644,688	1,202,983	7,058,996	
On Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
At 30 June 2016		11,752,606	1,631,897	1,121,869	2,755,517	17,261,889
At 1 July 2016		11,752,606	1,631,897	1,121,869	2,755,517	17,261,889
Depreciation	4,667,359	738,953	833,328	1,202,983	7,442,623	
On Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
At 30 June 2017		16,419,966	2,370,849	1,955,197	2,755,517	23,501,529
At 1 July 2017		16,419,966	2,370,849	1,955,197	2,755,517	23,501,529
Depreciation	4,667,359	738,953	1,121,633	1,211,981	7,739,926	
On Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
At 30 June 2018		21,087,325	3,109,802	3,076,830	3,967,498	31,241,455
Net book values						
At 30 June 2018		2,249,472	2,801,819	661,947	5,728,348	11,441,585

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 TRADE AND OTHER PAYABLES FROM NON EXCHANGE TRANSACTIONS

Description	2017-2018 KShs	2016-2017 KShs
Trade payables	-	160,908
Payments received in advance	-	-
Employee salary arrears		
Basic Salary	8,350,372	-
Leave Allowance	159,810	-
Acting Allowance	162,835	-
Special Duty Allowance	50,103	-
Gratuity	2,919,173	-
Total trade and other payables	11,642,293	160,908

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. FIXED ASSET REGISTER

NEPAD KENYA SECRETARIAT ASSET REGISTER AS AT 30TH JUNE 2018

Date of Purchase	Supplier	Quantity	Description of Asset	Make/Model	Serial Number	Total cost (Ksh.)
21/09/17	Intermass Technologies Ltd	1	Laptop	HP	TJ1726Q828	69,426
21/09/17	Intermass Technologies Ltd	1	Desktop Computer	DELL	CN-07CXPR-FCC0-76K-D04B & S/NO.9BM8782	86,304
21/09/17	Computerways Ltd	1	Camera	Canon 700D	073076035929	71,980
29/05/18	Image Plus Ltd	4	Laptops	HP Probook	5CD80665XM, 5CD80665X8, 5CD80665V4, 5CD80856X4	437,800
5/06/2018	Luvic General Enterprises	2	Desktop Computer	Lenovo V5102	MP1AGXOU, MPAGIJ9	367,488

1,032,998

20. FINANCIAL RISK MANAGEMENT

The Secretariat's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Secretariat's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Secretariat does not hedge any risks as it is a non-enterprising Government institution.

The Secretariat's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks as well as under other receivables the Secretariat has salary advance and outstanding imprests.

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

The National Governing Council sets the Secretariat's Risk Management Policies within which credit risk is managed.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the National Governing Council, which has developed an appropriate liquidity risk management framework for the management of the Secretariat's short, medium and long-term funding and liquidity management requirements. The Secretariat manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

(iii) Market risk

The National Governing Council has put in place an internal audit function to assist it in assessing the risk faced by the Secretariat on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Secretariat's income or the value for money for the involved activities. The objective of market risk management is to

manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Secretariat's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by the National Governing Council) for the day to day implementation. The NGC Audit and Risk Management Committee acts as an oversight to the implementation of the approved appropriate risk management policies within the Secretariat.

iii) Foreign currency risk

The Secretariat has transactional currency exposures though minimal. Such exposures arises from the foreign exchange rates which arise from participation in the African Union Summits, international Conferences and Learning Exchanges Visits conversion at the time of facilitating officers to participate where conversion is done using the prevailing exchange rate. During the year under review, the Kenyan Shilling appreciated marginally from ksh.103.5783 on **30th June 2017** to **Ksh.100.95** on **29th June 2018**. This is an appreciation of Ksh.2.5 shillings per a dollar converted. To illustrate the sensitivities, if the Secretariat would hedged against foreign currency risk through the dollar at the beginning of the financial year, based on the funds spent on foreign related activities of Ksh.23,535,182, the Secretariat would have lost \$5,685.14 equivalent of dollar worth transactions due to appreciation of the Kenyan Shilling against the dollar.

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *entity* considers relevant and observable market prices in its valuations where possible.

Since the Secretariat is a non-enterprising Government entity, valuation of financial instruments is not applicable to the information

iv) 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.

21. RELATED PARTY BALANCES

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.

Government of Kenya

The Government of Kenya is the principal financier of the Secretariat. During the period under review, Government support to the budget 100%.

- i) NEPAD/APRM Kenya National Governing Council
- ii) Key management

22. SEGMENT INFORMATION

Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments. NEPAD/APRM Kenya Secretariat operates only from centralized office without regional or departmental segmentation.

23. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Secretariat does not have pending court cases or bank guarantees.

24. CAPITAL COMMITMENTS

The Secretariat is a non-enterprising Government entity without capital commitments.

25. DIVIDENDS/SURPLUS REMISSION

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Due to the nature of its operations, the Secretariat did not remit the surplus but was used as the opening balance for institutional sustainability

26. TAXATION

There was no taxation during the financial year because this is a non-enterprising organization.

27. DEFERRED TAX LIABILITY

There was no deferred tax during the financial year

28. EVENTS AFTER THE REPORTING PERIOD

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

29. ULTIMATE AND HOLDING ENTITY

The entity is a Semi- Autonomous Government Agency under the National Treasury and Planning. Its ultimate parent is the Government of Kenya.

30. CURRENCY

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

APPENDIX 1: 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)
Basis for Qualified Opinion	Compensation of employees' expenditure of Ksh.62, 001, 142 for the year ended 30 th June 2017 is not fairly represented.	It is true that PAYE amounting Kshs. 1,426,961 and SACCO deductions of Ksh.585, 686.75 were not captured in the month of June 2016. The same has been captured in the bank statements for the Month of July 2017*	Miriam Naserian, Head of Accounting Unit	Resolved	31 st July 2017
Other Matter	Airtime allowance though provided for in the Secretariat's HR Manual is not subjected to taxation	It is true that the monthly airtime allowance was not subjected to taxation. Consequently, management has effected the taxation of the airtime effective 1st July 2018. **	Erica Mutwiri, Head, Human Resources and Administration	Resolved	30 th June 2018

*See evidence in Appendix VII

**See evidence in Appendix VIII

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements for the Period Ended 30 June, 2018

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.


Signature

Date... 17th December, 2018

Daniel N. Osiemo

Ag. Chief Executive Officer

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Status of Projects completion

NEPAD/APRM Kenya Secretariat is a coordinating institution and does not implement projects and programmes directly. Therefore during the period under review, the Secretariat did not directly implement projects or programme.


NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements for the Period Ended 30 June, 2018

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		NEPAD/APRM KENYA SECRETARIAT		
Break down of Transfers from the State Department for Planning				
FY 17/18				
a.	Recurrent Grants			
	Vote	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
	Recurrent Grants	21/08/2017	51,291,250.00	2017/18 FY
	Recurrent Grants	08/12/2017	51,291,250.00	2017/18 FY
	Recurrent Grants	21/03/2018	51,291,250.00	2017/18 FY
	Recurrent Grants	03/05/2018	17,097,083.30	2017/18 FY
	Recurrent Grants	31/05/2018	17,097,083.40	2017/18 FY
	Recurrent Grants	12/07/2018	17,097,083.30	2017/18 FY
		Total	205,165,000.00	

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

Ag. Head of Accounting Unit
NEPAD/APRM Kenya Secretariat

Sign..........Date.....17/12/18.....

Ag. Head of Accounting Unit
State Department for Planning

Sign..........Date.....17/12/18.....

NEPAD/APRM KENYA SECRETARIAT
Annual Report and Financial Statements for the Period Ended 30 June, 2018

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

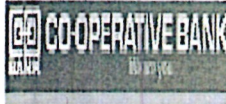
The Secretariat did not receive transfers from other entities for recording

Name of the MDA/Donor Transferring the funds	Date received		Nature: Recurrent/Development/Donor Fund/ Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
	as per bank statement				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
The National Treasury and Planning	-	Recurrent		-	-	-	-	-	-
The National Treasury and Planning	-	Development		-	-	-	-	-	-
USAID	-	Donor Fund		-	-	-	-	-	-
The National Treasury and Planning	-	Direct Payment		-	-	-	-	-	-
Total				-	-	-	-	-	-

NEPAD/APRM KENYA SECRETARIAT

Annual Report and Financial Statements for the Period Ended 30 June, 2018

APPENDIX V: ACTION ON INCLUSION OF THE OMISSION IN THE BANK STATEMENTS OF JULY 2017



32	06-Jul-2017	06-Jul-2017	16aab7a98W wC1fff	SYBRINBAA F191788EFC	CHQ NUMBER 012001	17100.00	-	24652381.85
33	06-Jul-2017	06-Jul-2017	16ad45019s m81fff	SYBRIN64F 8F224B33EB	CHQ NUMBER 012009	92931.00	-	24559450.85
34	06-Jul-2017	06-Jul-2017	177bb4d8Ck Am3fff	AJ10665402	CHEQUE NO: 12003 HAZINA SACCO 3600604110	644619.45	-	23914831.40
35	07-Jul-2017	07-Jul-2017	1bc0c4db65 Fz13ba	SYBRIN0995 9A1B508C5	CHQ NUMBER 012020	66752.65	-	23848078.75
36	07-Jul-2017	07-Jul-2017	1bc0c4db65 Fz13ba	SYBRIN0995 9A1B508C5	CHQ NUMBER 012021	39494.65	-	23808584.10
37	07-Jul-2017	07-Jul-2017	1bc770326S QQ106b	SYBRIN5873 AC8C71553	CHQ NUMBER 011806	15087.50	-	23793496.60
38	07-Jul-2017	07-Jul-2017	1bc770326S QQ106b	SYBRIN5873 AC8C71553	CHQ NUMBER 011807	14000.00	-	23779496.60
39	07-Jul-2017	07-Jul-2017	1bca91d07h nT1fff	SYBRINCCE F233083E05	CHQ NUMBER 012010	22496.00	-	23757000.60
40	08-Jul-2017	08-Jul-2017	2124d0184m YK3fff	65E3989802	CHEQUE NO: 12011 DUOSHINE SUPPLIERS 3600604110	5500.00	-	23751500.60
41	08-Jul-2017	08-Jul-2017	218088e49Q qS31c5	37M0718502	CHEQUE NO: 12000 SHERIA SACCO 3600604110	10200.00	-	23741300.60
42	10-Jul-2017	10-Jul-2017	2b32d29d4H oB1193	SYBRINAA9 BC1005E937	CHQ NUMBER 011988	35915.80	-	23705384.80
43	10-Jul-2017	10-Jul-2017	2b3876ff4FY X11ff	SYBRIN83D 250998D24C	CHQ NUMBER 011914	16206.90	-	23689177.90
44	10-Jul-2017	10-Jul-2017	2bcc607aM MkT1fff	CIBCBP_EP 1X_4471925 81591	IBI01070717 193CONSO LIDATED	1700000.00	-	21989177.90
45	10-Jul-2017	10-Jul-2017	2bcc80e0M Mzh1fff	CIBCBP_EP 3X_4485479 85373	IBI01070717 193CONSO LIDATED	597000.00	-	21392177.90
46	10-Jul-2017	10-Jul-2017	2c54b81dFSI A3fff	01F0212401	2020170001 327060 P051155930 V NEPAD NATIONAL STEERING C	1837267.00	-	19554910.90
47	10-Jul-2017	10-Jul-2017	2c6a3bacS6 xW2321	7191151472 32147232	CASHDEPO SITTOACCO UNT-NAIRO BIKE POS07061 EDWARD:W AMAGATA 0662249296 8 0119817104 0801	-	14000.00	19568910.90
48	11-Jul-2017	11-Jul-2017	309887c96G L112f2	SYBRIN273 F47835489D	CHQ NUMBER 011995	64800.00	-	19504110.90
49	11-Jul-2017	11-Jul-2017	30a99e4570r L1100	SYBRINEE7 E2928D8514	CHQ NUMBER 012027	842068.00	-	18662042.90
50	12-Jul-2017	12-Jul-2017	3588bae5E2 ZQ1153	SYBRIN45E 28540CFB42	CHQ NUMBER 011996	5948.00	-	18656094.90

NEPAD/APRM KENYA SECRETARIAT

Annual Report and Financial Statements for the Period Ended 30 June, 2018

APPENDIX VI: ACTION ON THE TAXING OF AIRTIME TO THE SECRETARIAT STAFF



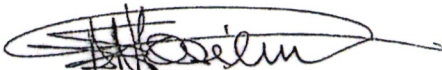
**THE NATIONAL TREASURY AND PLANNING
NEPAD/APRM KENYA SECRETARIAT**

21

From : Ag. Chief Executive Officer
To : Ag. Head/Accounts
Ref : NEPAD/2/15(31)
Date : 27th June, 2018
Subject : AIRTIME ALLOWANCE

As you are aware, the Auditor has advised that airtime allowance payable to members of staff should be taxed like any other allowance in accordance with government regulations/guidelines.

You should therefore ensure that the said allowance is taxed forthwith with effect from 1st July, 2018 without fail and the same remitted to the relevant government Agency.


Daniel N. Osiemo, OGW