



OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

DATE: 26 FEB 2019

DAY:
TUESDAY

TABLED
BY:

MAJORITY LEADER

OF

CLERK AT
THE TABLE:



THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT AFFIRMATIVE
ACTION FUND

FOR THE YEAR
ENDED 30 JUNE 2018





MINISTRY OF PUBLIC SERVICE, YOUTH AND GENDER AFFAIRS

STATE DEPARTMENT FOR GENDER AFFAIRS

NATIONAL GOVERNMENT AFFIRMATIVE ACTION FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

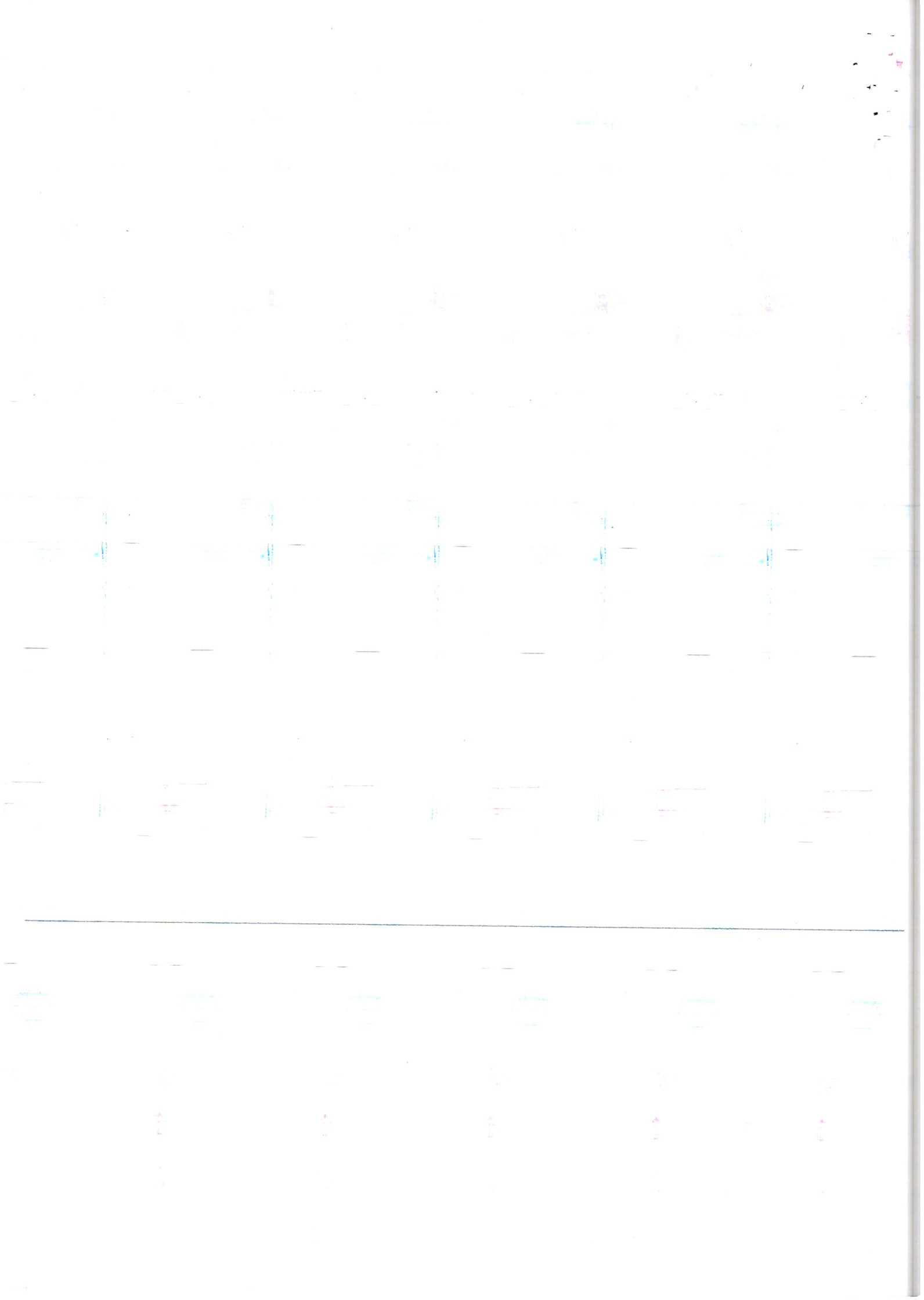
**FOR THE PERIOD ENDED
JUNE 30th, 2018**

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



**National Government Affirmative Action Fund
Reports and Financial Statements
For the Period ended June 30th, 2018**

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Affirmative Action Development Fund (NGAAF) initially referred to as Affirmative Action Social Development Fund (AASDF), was enacted through Legal Notice No.24 of the Public Finance Management Act, 2012 and published on 13th February 2015. The Fund is governed by the Public Finance Management Act, 2012 (National Government Affirmative Action Development Fund), Regulations 2016. The Fund is a Semi-Autonomous Agency under the Ministry of Public Service, Youth and Gender Affairs and has County offices in all the 47 counties managed by the County Coordinators.

(b) Principal Activities

Provision of grant funds for socio-economic empowerment of affirmative action groups; Women, Youth and Persons with Disability, needy children at the counties in line with the Vision 2030 through the following activities;

- i. Support to women economic empowerment initiatives through provision of funds for table banking, savings and credit cooperative organizations (SACCOS);
- ii. Provision of bursary and scholarships for access of education opportunities among vulnerable groups; school going orphaned, child-headed house-holds and special needs children, out of school vulnerable youth for skill training;
- iii. Support of value addition initiatives in agribusiness, cottage industries owned by affirmative action groups
- iv. Promotion of talent development among the youth involved in arts, music and sports;
- v. Support to programmes on access to services on gender- based violence through establishment of rescue and counselling centres and support to survivors of Gender based violence
- vi. Sensitization of communities on gender-based violence including, female genital mutilation, child marriages or forced marriages
- vii. Establishment of drugs and substance abuse rehabilitation and counselling centres in conjunction with the relevant Government agencies;
- viii. Enterprise training and financial start-ups support to rehabilitated individuals;

- ix. Conducting civic education and community sensitization on National Government affirmative action programmes and policies;

(c) Key Management

The National Government Affirmative Action Fund is management under the following key organs:

- i. The Principal Secretary, State Department of Gender Affair, Ministry of Public Service, Youth and Gender affairs
- ii. The Board of Directors
- iii. A Secretariat headed by the Chief Executive Officer

(d) Fiduciary Management

The key management personnel who held office during the period ended 30th June 2018 and who had direct fiduciary responsibility were:

1	Chief Executive Officer	Titus Lotee
2	Head of Finance	Peter G. Karogi
3	Head of Procurement	Jane N. Munguti
4	Head of Human Resource	Peter Omanga
5	Programme Officer	Virginia W. Wanjuhi
6	Monitoring and Evaluation Officer	Mercy N. Kimemia

(e) Fiduciary Oversight Arrangements

1. Finance and Administration Committee

The Finance and Administration Sub-Committee is responsible to the Board of Directors for the following:

- i. Reviewing annual budgets schedules prepared by Accounts in line with the PFM Act, 2012 (NGAAF), Regulations, 2016;
- ii. Reviewing the secretariat annual procurement plan;
- iii. To oversee preparation of financial reports and ensure that reports are accurate and timely;
- iv. Ensure compliance with PFM Act, 2012;

- v. Ensure prudent utilization of disbursed Funds;
- vi. Recommending the staff establishment/levels
- vii. Oversee staff welfare, development and motivation and make recommendations to the board as and when need.

2. Audit Committee

The Audit Committee's responsibilities include the following:

- i. Provide oversight of the Fund internal audit function;
- ii. Evaluate internal and external audit reports and make appropriate recommendations;
- iii. Review the levels of compliance with relevant legislative and regulatory requirements
- iv. Conducting periodic internal checks on key processes to ensure compliance with the established procedures, and report to the Board on the findings and recommendations for improvements;
- v. To analyse and address the risks that are associated with the key processes.
- vi. To report to the Board of any financial concerns and irregularities;
- vii. Overseeing response to audit queries

(f) Entity Headquarters

P.O. Box 48274- 00100
Teleposta Towers 4th Floor
Kenyatta Avenue
Nairobi, KENYA

(g) Entity Contacts

Telephone:
E-mail: ceongaaf.go.ke
Website: ngaaf.go.ke

(h) Entity Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2 Independent Auditors


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

3 Principal Legal Adviser





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

II. THE BOARD OF DIRECTORS

 <p>Dr. Florence Chepkemboi Murgor Ag. Chairperson.</p>	<p>Experience: Born in 1957, lectures in Environmental Social Scientist. Chairs Independent Director and chairs the committee on conflict resolution and member of Finance committee.</p> <p>Qualifications: Doctor of philosophy - Human Ecology, MA in Education, Bachelor of Education.</p>
 <p>Prof. Wanjiru Kabira</p>	<p>Experience: Born in 1954. Professor of literature at University of Nairobi. Has taught at UON for over 30 years. Was a Commissioner of CKRC. Has published extensively on Gender and Women issues. Contributed in Constitution making in Kenya (2012). Independent Director and also Director Africa Women Studies Centre.</p> <p>Qualifications: PHD, MA</p>
 <p>Juliet Kola</p>	<p>Experience: Born in 1962. Over 20 years in the Public Service as a Social Development Officer.</p> <p>Qualifications: MA Governance and Leadership</p>
 <p>Joseph Mutuma Mutwiri</p>	<p>Experience: Born in 1972. Over 15 years' experience in the Public Service in Public Finance Management. Alternate to Principal Secretary, National Treasury.</p> <p>Qualifications: MBA, Bcom, CPA(K)</p>

 <p>Ahmed Diis Mohamed</p>	<p>Experience: Born 1974. Nine (9) years in managing, formulating and implementing company's policies. Independent Director</p> <p>Qualifications: MA in Public Policy and Administration. Bachelor of sociology, political science and public administration. Diploma in pharmacy</p>
 <p>Emily Amlagu Opati</p>	<p>Experience: Born 1968. Over 23 years' experience in the Public Service in Gender and Social Development .Represents the Principal Secretary-Gender Affairs. A member of conflict resolution committee.</p> <p>Qualifications: Masters in Sociology, Bachelors of arts, Diploma in Gender Issues in labour and diploma in counselling.</p>
 <p>Titus Lotee Chief Executive Officer</p>	<p>Experience: Born in 1974. Has over 20 years of career experience; 12 of which are at the Non-Governmental and Private Sector Organizations, both within and outside the country. 8 years in the Public Sector.</p> <p>Qualifications: A PHD finalist in Leadership and Governance and a Master of Arts in coexistence and Conflict from Brandeis University USA. BA (Economics) Moi University.</p>

III. MANAGEMENT TEAM

 <p>Titus Lotee Chief Executive Officer</p>	<p>Experience: Born in 1974. Has over 20 years of career experience; 12 of which are at the Non-Governmental and Private Sector Organizations, both within and outside the country. 8 years in the Public Sector.</p> <p>Qualifications: A PHD finalist in Leadership and Governance and a Master of Arts in coexistence and Conflict from Brandeis University USA. BA (Economics) Moi University.</p>
 <p>Virginiah Wanjuhi Programmes Officer</p>	<p>Experience: Born in 1975. Has over 10 years' experience in Public Service in Youth development. Currently Head of Programmes.</p> <p>Qualifications: MBA in Strategic Management</p>
 <p>Mercy Kimemia Monitoring and Evaluation Officer</p>	<p>Experience: Born in 1974. Has over 10 experience years in Youth Development and Monitoring & Evaluation.</p> <p>Qualification: BA Social Sciences Higher Diploma in Human Resource Management and a certificate in Monitoring and Evaluation.</p>
 <p>Peter G. Karogi Senior Accountant</p>	<p>Experience: Born in 1962. Has 30 years in the Public Service as an Accountant.</p> <p>Qualifications: MBA in Accounting, Bcom in Accounting and CPA I.</p>

 <p>Jane Munguti Procurement Officer</p>	<p>Experience: Born in 1973. Has over 13 years' experience in the Public Service in procurement and inventory management.</p> <p>Qualifications: Bcom in Marketing, Professional Diploma in Purchasing and Supplies, Diploma in Business Administration.</p>
 <p>Peter Omanga Human Resource and Development Asst. I</p>	<p>Experience: Born in 1968. Has 30 years' experience in the Public Service in Human Resource Management and Development functions with vast experience in Payroll Management.</p> <p>Qualifications: Higher Diploma in Human Resource Management and Higher Diploma in Psychology Counselling.</p>

IV. CHAIRPERSONS STATEMENT

Introduction

It is my pleasure to present to you the 2017/2018 Financial Statements. It' is worth noting that this is the first Board of the Fund and has laid down structures and systems in place to assist in the day to day running of the Fund.

Overall performance

The Fund has disbursed the first, second and third Quarter allocation of 2017/18 FY to the counties to finance community projects and programmes.

Key Activities and Achievements

1. Disbursement of the 1st.2nd and 3rd Quarters allocation
2. Induction of the 47 County Coordinators
3. Induction of the County Committee from 20 counties

The Fund supports the following activities;

1. Promotion of economic empowerment activities through support to Women, Youth and PWDs Groups table banking, and Women owned SACCOs.
2. Provision of Bursary/ Scholarships to vulnerable students, trainees in vocational institutions and children with special needs.
3. Civic education of community leaders and the public on Government programmes and policies.
4. Support to Gender Based Violence prevention through establishment of rescue and counselling centres and provision of legal aid and sensitization programmes.
5. Value additional initiatives; support to market shades for women in business, agribusiness, home industries, enterprise training and development, support to eco-friendly innovations in energy, housing and appropriate technology etc.
6. Nurturing of talent among the youth in music, art, sports.
7. Prevention of substance abuse through rehabilitation programmes.
8. Emergency Response -2% of the funds are set aside to support emergencies during floods, famine, disease outbreak, fire break outs and destruction of basic infrastructure.

Successes

From the total of Ksh 1,431b disbursed, the Fund achieved the following;

- i. Induction training for 47 county coordinators
- ii. Induction of the County Committee from 47 counties
- iii. 19,342 vulnerable students supported through bursary both in secondary schools and vocational institutions
- iv. Over 500,000 members of the community from 47 counties reached through Civic Education
- v. 2,244 groups benefitted from economic empowerment category
- vi. 110 groups financed to up-scale their value addition income generating initiatives
- vii. Equipping the virtual learning centre in Kiambu Multi-purpose Hall with 2 TVs, 2 Video players and 200 learning videos
- viii. Operationalization of rehabilitation center for persons addicted with alcohol, drug and other related substances in Kiambu Multi-purpose Hall
- ix. 3 GBV survivors assisted with legal fees and treatment fees
- x. Sports Uniforms for 298 soccer teams purchased and distributed
- xi. 33 wheelchairs
- xii. 105 schools received sanitary towels to support needy school girls
- xiii. 1 forum held to Sensitize on government funding priority areas – Big Four (4) Agenda
- xiv. Over 275,000 AAGs sensitized on Universal Health Care

Governance and Board Performance

The Board of Management has continued to discharge its duties diligently through various Board committees. During the 2017/2018 FY, the Board released Kshs 1.431b to finance projects and programs at the Counties.

Future Prospects and Strategy

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The Fund's strategy as outlined in the 2017-2022 Strategic Plan is to ensure long term sustainability of the Fund. The Board has the right balance of skills, experience and backgrounds to support and challenge the management team.

Challenges

During the reference period the Fund has experienced a number of challenges;

1. Inadequate funds

Inadequate funds for administrative functions including salaries, office accommodation, motor vehicle maintenance and fuel and other office operations.

2. Delay in release of funds by The National Treasury

The funds for the first half allocation were released during the 3rd quarter of the 2017/2018 FY. This affected implementation of projects and programmes and operational activities at the County level.

3. Inadequate staffing

The Fund has inadequate staff both at the Secretariat and in the counties due to inadequate funding.

The Board intends to address the challenges through requesting for more funding from the exchequer and seeking for support from development partners and other stakeholders.

4. Inadequate office space and equipment

The National Secretariat is currently housed in two offices by the State Department of Gender at Telposta Building while, County Coordinators are currently housed at the County Commissioners offices which are also ill- equipped.

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am delighted to present highlights of the National Government Affirmative Action Fund's performance and operations of the fund during the 2017/2018 Financial Year.

The Fund received the disbursement of **Kshs. 2,130,000,000.00** from the exchequer of which the first, second and third quarters were disbursed to the counties to finance community projects and programmes for Affirmative Action Groups.

The Board disbursed **Ksh. 1,431,879,801** to support affirmative action groups (Youth, Women and PWDs) for Socio- Economic empowerment at county level, as follows:

- | | | |
|------|------------------------------------|---------------|
| i. | 50% for county wide projects | – 726,862,501 |
| ii. | 20% for economic women empowerment | – 290,745,000 |
| iii. | 20% for bursaries | – 290,745,000 |
| iv. | 10% for civic education | – 121,143,750 |
| v. | Administration | - 2,238,551 |

The funds were utilised in achieving the following;

- xv. Induction training for 47 county coordinators
- xvi. Induction of the County Committee from 47 counties
- xvii. 19,342 vulnerable students supported through bursary both in secondary schools and vocational institutions
- xviii. Over 500,000 members of the community from 47 counties reached through Civic Education
- xix. 2,244 groups benefitted from economic empowerment category
- xx. 110 groups financed to up-scale their value addition income generating initiatives
- xxi. Equipping the virtual learning centre in Kiambu Multi-purpose Hall with 2 TVs, 2 Video players and 200 learning videos
- xxii. Operationalization of rehabilitation center for persons addicted with alcohol, drug and other related substances in Kiambu Multi-purpose Hall
- xxiii. 3 GBV survivors assisted with legal fees and treatment fees
- xxiv. Sports Uniforms for 298 soccer teams purchased and distributed
- xxv. 33 wheelchairs

- xxvi. 105 schools received sanitary towels to support needy school girls
- xxvii. 1 forum held to Sensitize on government funding priority areas – Big Four (4) Agenda
- xxviii. Over 275,000 AAGs sensitized on Universal Health Care

VI. CORPORATE GOVERNANCE STATEMENT

The Board of National Government Affirmative Action Fund is committed to ensuring that the Fund operates with integrity and maintains high standards of Corporate Governance in carrying out its mandate. The Board embarks on ensuring that the Fund complies with the guidelines on Corporate Governance Practices as is the requirement for Public officers. To ensure that they adhere to Corporate Governance Practices, the Board was taken through a one (1) week routine training at the Kenya School of Government.

In the 2017-2018 FY, the Fund ensured adherence to the following principles:

- i) Timely preparation of accurate financial statements and project reports
- ii) Effective processes and systems of risk management and internal controls are in place
- iii) Procurement process is cost effective and delivers the value for money
- iv) Ensures that books of accounts are prepared on timely basis
- v) Delegates to management the responsibility to implement risk management plan
- vi) Board appoints committee responsible for risk management in the organization
- vii) Maintains an effective and efficient system of internal controls
- viii) Delegates to management the responsibility of designing implementing and monitoring effectiveness of internal control systems
- ix) Ensures that the chairperson of audit committee is independent
- x) Ensures that at least one member of the audit committee has relevant qualifications and expertise in audit, financial management or accounting.
- xi) Ensures that the internal audit function reports to the committee

Board of Management

The Board is responsible for overall management and long term strategy of the Fund, ensures compliance with statutory requirements and fulfilling its responsibilities to

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stakeholders. The role of the Board is to disburse funds to the county, receive, review and approve projects proposals for funding from counties, oversee the management of the Fund, receive, review and approve reports of the Fund.

The Board of Management as stipulated in the NGAAF Regulations, 2016 consists of five (5) independent members and three alternate members representing Principal Secretary responsible for matters relating to Gender Affairs, Social Security Services and National Treasury. They are appointed as per guidelines provided in the Legal notice No.52 of 2016.

However the Board term of office expired on **30th April 2018** and a new Board has not been constituted.

The roles of the Chairperson and the Chief Executive Officer are clearly separated. The Chairperson leads the Board in approving the agenda for the Board meetings, chairing the meetings and ensuring that a record of proceedings of all Board activities is kept. The Chairperson is the spokesperson for the Board and is the principle contact for the CEO.

The day to day management of the business and implementation of policy decisions approved by the Board is the responsibility of the Chief Executive Officer who is also the secretary to the Board and is in charge of the Secretariat.

The Board members are provided with complete and timely information to enable them have ample time for appropriate review for discussions in meetings, thereby discharging their responsibilities effectively and efficiently. The Board members are encouraged to develop knowledge of the operations of the Fund by taking part in various activities organized including field visits, monitoring and evaluation and regular trainings.

In order to discharge its mandate and responsibilities effectively, the Board has delegated certain tasks to its committees. There are four standing committees of the Board each with clear terms of reference. These are:

1. Strategy and Programs
2. Finance and Administration
3. Conflict and Dispute Resolution
4. Audit and Risk Committee

The Board and its sub-committees meetings are as per Board calendar and as dictated by other emerging urgent agenda. During this period the Board, the Finance and the Audit committees held 8 meetings. The additional number of meetings were necessitated by the recruitment of the County Coordinators and the secretariat staff, review of the audit reports, focus group discussions for the Social Economic Impact Assessment report in the counties and disbursement of the 1st, 2nd and 3rd Quarter allocation of 2017/2018 FY to the counties.

Communication with Stakeholders

In the disbursement of the three (3) Quarters allocation of 2017/2018 FY, the Fund undertook civic education on all its programmes and other government initiatives at the community level. It has been maintaining a website, www.ngaaf.go.ke which gives general information about the Fund and various activities undertaken. The Fund has a tweeter handle @NGAAF_KE and a Facebook account ngaafkenya whose intention is to capture the participation of the youth thorough the social media platforms.

The Fund actively participates in Huduma Mashinani, a joint establishment with other Funds and departments within the ministry and Huduma Center, to further its mandate to different communities in a more defined and organised platform. Further, requests for information through other quarters are considered and acted upon as they are received and appropriate disclosure provided.

Accountability, Audit and Stakeholder Relations

The Fund Board ensures that financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Public Finance Management Act- 2012.

Board Charter

Good corporate governance is regarded as critical to the success of the business of the Board. The Board is unreservedly committed to applying the fundamental principles of good governance including but not limited to; Integrity, Equity and Fairness, Innovativeness, Gender Equality, Transparency and Accountability, Integrity, Dignity and Self-reliance.

This charter is anchored on *Mwongozo*; the code of governance for state corporations issued by the State Corporations Advisory Committee. The main objectives of the charter is to define the governance parameters within which the Board shall operate; To set out specific responsibilities to be discharged by the Board members collectively; To ascertain roles and responsibilities incumbent upon Board members as individuals; To facilitate the full and free exercise of Board members' abilities and enhance effectiveness in their contributions that is consistent with standards of independent judgement, ethics and integrity expected of them.

Conflict of interest

Board members are required to maintain integrity and declare any conflict of interest on any matter as relating to the Fund.

Boards Induction and Skills Development

The Board members received a comprehensive, formal and tailored continuous skills development programme to ensure effective and efficient contribution in implementation of the Funds activities. The training took place on 29th January to 2nd February 2018.

Board Members' Remuneration

Board members were paid sitting allowances, accommodation/daily subsistence and transport allowances for attending Board meeting and on official duties, per diem on both domestic/local and foreign travel and lunch allowance where it is not provided while on official duties in line with Government Circulars; The Chairperson was paid monthly honorary in line with Government Circulars.

Board Performance

The Board is expected to perform an annual evaluation to appraise its performance. This evaluation is carried out in accordance with Board evaluation tools. This provides an opportunity to identify strengths collective skills gaps and individual areas of improvement. Performance of each committee is also reviewed against agreed terms of reference. The Board also evaluates the performance of the Chairperson and the CEO.

However it is prudent to note that the Board term expired on 30th April 2018 and a new Board has not been reconstituted.

Board and Management Succession

The term of the Board lapsed on 30th April, 2018 and the new Board once reconstituted is expected to develop a succession plan for the next Board and the Management.

Management Discussion and Analysis

The Mandate of the Fund;

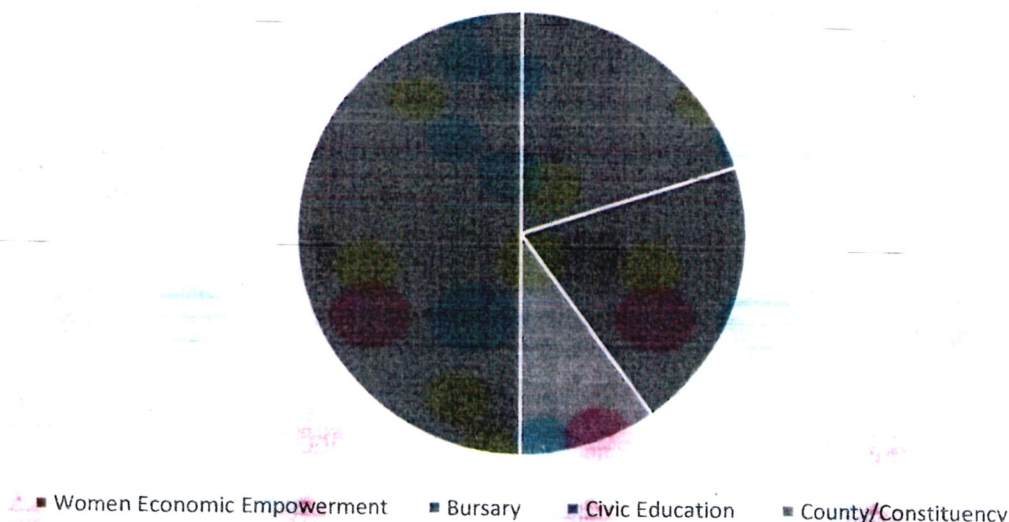
- i. Enhancement of access to financial facilities for affirmative action groups and the amount allocated to this objective shall not exceed twenty (20%) of the total Fund receipts;
- ii. Support of value addition initiatives by the affirmative action groups;
- iii. Socio-cultural development and nurturing of talent for the affirmative action groups including promotion of the arts, music and sports;

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- iv. Enhanced access to services for survivors of gender based violence, female genital mutilation, child marriages or forced marriages through the establishment of rescue centers and legal aid centers and other similar facilities;
- v. Support of affirmative action groups through bursaries and scholarships to access education opportunities. The amount allocated to this objective shall not exceed twenty (20%) of the annual total allocations of the Fund;
- vi. Establishment of drug and substance abuse rehabilitation and counseling centers in conjunction with the relevant Government agencies;
- vii. Conducting civic education and community sensitization on National Government Affirmative Action programmes and policies such as the 30% procurement reservation for women, youth and persons with disabilities, existence of other social economic empowerment opportunities such as Uwezo Fund and Youth Enterprise Development Fund and Women Enterprise Development Fund. The amount allocated to this objective shall not exceed ten (10%) of the annual allocation of the Fund.

S/No	Category	%	Amount
1	Women Economic Empowerment	20	290,745,002
2	Bursary	20	290,745,002
3	Civic Education	10	121,143,750
4	County/Constituency	50	726,862,501

NGAAF Allocation for 1st, 2nd and 3rd quarter 2017/2018



On Institutional Strengthening the following was achieved;

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- i. M&E timetable for the remaining counties was developed and approved by the Board
- ii. Editing and finalizing of the first ever Strategic Plan (2017-2022) which is awaiting printing and launch
- iii. Editing and finalizing of the Socio-Economic Impact Assessment report
- iv. Induction training for the 47 County Coordinators and 500 County Committee members
- v. Secretariat staff sponsored for regular short courses
- vi. Employment of a substantive Chief Executive Officer and two (2) key support staff
- vii. Enhancement of corporate image by adoption of corporate colours and rebranding
- viii. Enhancement of internal controls and systems in procurement and finance departments
- ix. Enhancement of performance management
- x. Improved working conditions
- xi. Implementation of IPPD and GHRIS

Major Risks Facing the Fund

This entails organized activities to mitigate threats and involving people to follow procedures and use tools in order to ensure conformance with risk management policies. Some of the risks and mitigating strategies are:

1. Political interference that encourages deviation from the NGAAF Strategic Plan.
2. Development of Strategic Plan and a work plan to ensure that there is proper coordination of NGAAF activities both in national and county level.
3. Negative cultural and social beliefs that hinder some communities from accessing the funds. The Fund has enhanced civic education.
4. Competition from other government departments undertaking the same mandate. The fund has established proper partnership with other departments and funds through organizing joint forums and programs to ensure that the fund compliment the other.
5. The possibility of repealing of the NGAAF Regulations, 2016 which created the Fund. The Fund needs to lobby the government of the day for continuity

6. High rate of staff turnover. There is need for the Board to secure its already existing workforce by ensuring better terms of employment and job security

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REPORT OF THE DIRECTORS

The Board of Directors should submit their quarterly report to the Cabinet Secretary.

Directors

The members of the Board of Directors who served during the year are shown on page vi and vii.

Auditors

The Auditor General is responsible for the statutory audit of the National Government Affirmative Action Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Dr. Florence Murgor

Acting Chairperson, Board of Management

Date:

VII. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 83 (1) of the Public Finance Management Act, 2012 requires that, at the end of each quarter of the financial year, the accounting officer for a national government entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Principal Secretary in charge of the State Department for Gender Affairs is responsible for the preparation and presentation of the National Government Affirmative Action Fund (NGAAF) financial statements, which give a true and fair view of the state of affairs of the NGAAF for the period ending 30th June 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 the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the NGAAF;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Principal Secretary in charge of the National Government Affirmative Action Fund (NGAAF) accepts responsibility for the NGAAF's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya.

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The Principal Secretary is of the opinion that the NGAAF's financial statements give a true and fair view of the state of NGAAF's transactions during the period ending 30th June 2018 and of the NGAAF's financial position as at that date.

The Principal Secretary in charge of the NGAAF further confirms the completeness of the accounting records maintained for the NGAAF, which have been relied upon in the preparation of the NGAAF financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary in charge of the NGAAF confirms that the entity has complied fully with applicable Government Regulations and that the entity's funds received during the period under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Principal Secretary confirms that the NGAAF's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGAAF's financial statements were approved and signed by the Principal Secretary on _____ 2018.

Principal Secretary



Principal Accounts Controller

VIII. REPORT OF THE INDEPENDENT AUDITORS ON THE NATIONAL GOVERNMENT AFFIRMATIVE ACTION FUND



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT AFFIRMATIVE ACTION FUND FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of National Government Affirmative Action Fund set out on pages 1 to 22, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of National Government Affirmative Action Fund as at 30 June 2018, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Presentation of Financial Statements

Although the financial statements have been prepared on accrual basis of accounting, the statement of financial performance, reflects account items for the expenses which differs from the format prescribed by the Public Sector Accounting Standards Board. No justification has been provided for this deviation from the prescribed reporting format.

Further, an amount of Kshs.163,496,536 spent on acquisition of motor vehicles in the financial year 2016/2017 has been expensed and presented in the statement of financial performance instead of being capitalized and presented as non-current assets under property, plant and equipment in the statement of financial position. This is contrary to the requirement of International Public Sector Accounting Standard (IPSAS) 17, Paragraph 13, which requires tangible assets that are held for use in the production or supply of goods or services for administrative purposes or otherwise and are expected to be used for more than one reporting period, to be classified and treated as part of property, plant and equipment.

Consequently, the financial statements for the year ended 30 June 2018 do not conform with IPSAS (Accrual Basis) of accounting and the prescribed reporting format by the Public Sector Accounting Standards Board.

Report of the Auditor-General on National Government Affirmative Action Fund Financial Statements for the year ended 30 June 2018

2. Transfers to Other Government Units

The statement of financial performance reflect a figure of Kshs.1,431,879,801 as transfers to Other Government Units. This amount refers to the amounts transferred to the forty-seven Counties Affirmative Action Fund Committees. However, the following anomalies were observed:

- (i) No evidence was provided to show that the Counties Committees submitted record of the amounts received, record of expenditures made out of the amounts so received and copies of the relevant bank statements to the Board within the stipulated period after the closure of the financial year.
- (ii) The expenditure returns from the Counties Committees showed a total expenditure of Kshs.1,143,252,386 against the recorded total disbursements of Kshs.1,431,879,501. The balance of Kshs.288,627,115 has not been explained or reconciled.

Based on the foregoing, the accuracy and propriety of the transfers to Other Government Units of Kshs.1,431,879,801 could not be confirmed.

3. Cash and Cash Equivalents

- a) The cash and cash equivalents balance of Kshs.708,173,717 as at 30 June 2018 represents the balance as per the bank certificate from Central Bank as at that date. However, the cash book balance was Kshs.690,310,141, the difference being unrepresented cheques. The accounting for the unrepresented cheques of Kshs.17,865,576 was not explained as the amounts paid were already included in the statement of receipts and payments as transfers to Counties.
- b) The Secretariat's bank account balance as at 30 June 2018 was Kshs.25,010,009. However, although the fund maintained a cash book for this account, the balance was not included in the financial statements and it was not possible to establish whether the transactions arising from this account had been accounted for in the financial statements.
- c) The Secretariat's bank account reconciliation statement had bank charges amounting to Kshs.464,371 which had not been included in the financial statements and unrepresented cheques amounting to Kshs.12,768,699 all of which were stale at the time of the audit.
- d) Information available for audit showed that thirty-six (36) out of the forty-seven (47) counties committees bank accounts had unspent balances totalling Kshs.352,641,446 for the year under review which was not included in the financial statements. Further, no cash books, bank statements or bank balance certificates were provided to support this balances.
- e) Eleven (11) of the forty-seven (47) counties' committees bank accounts had no cash books, bank statements, bank certificates or any other form of record availed for audit

examination. The balance in these accounts, if any, have not been included in the financial statements.

In view of the foregoing, the completeness, validity, existence and accuracy of the cash and cash equivalents balances of Kshs.708,173,717 could therefore not be confirmed.

4. Board Expenses

During the year under audit, individual Board members were issued with temporary imprests by the fund of Kshs.938,800 for subsistence allowances when carrying out routine monitoring and evaluation activities in the Counties. The Board members were also paid sitting allowances of Kshs.900,249 for the days they were in the field. The payments were however not supported with Board minutes and approvals as required. No field reports from the Board members on the areas they visited were availed for audit review. Further, no minutes of the Board were provided to show that such reports were ever presented, discussed and filed.

As a result, the validity and accountability of the Board expenditure of Kshs1,839,049 could not be ascertained.

5. Staff Costs

The amount of Kshs.45,541,449 for staff cost expenses excludes County secretariat staff salaries totalling Kshs.15,180,483 for the fourth quarter that had not been paid and the corresponding liability was also not included in the statement of financial position. Consequently, the staff costs figure of Kshs.45,541,449 is not fairly stated.

6. Secretariat Expenses

The statement of financial performance reflects a balance of Kshs.63,801,809 as Secretariat expenses for which the following anomalies were noted:

- (i) Included in the Secretariat expenses is an amount of Kshs.6,451,100 in respect of emergency expenses of Kshs.6,251,100 and donation of Kshs.200,000 for which no Board approvals were provided for audit verification.
- (ii) The Secretariat's expense includes gratuity in respect of County Coordinators amounting Kshs.8,394,166 as disclosed in note 8 of the financial statements. However, the total gratuity payable to county coordinators was Kshs.9,501,604 out of which a total of Kshs.8,494,166 was paid and Kshs.1,007,438 withheld due to pending cases between the Fund and some of the staff. The amounts will be paid upon determination of the cases and clearance of the staff from the Fund. This unpaid expenditure and the commensurate liability however has not been disclosed or included in the financial statements. In addition, the note to the financial statements reflects a gratuity expense of Kshs.8,394,166 against a total expenditure payment of Kshs.8,494,166 resulting in unreconciled variance of Kshs.100,000.

Consequently, the validity and accuracy of the secretariat gratuity expenses balance of Kshs.63,801,809 could not therefore be confirmed.

7. Emergency Reserve

As per enabling legislation, the Fund should maintain an emergency reserve which should be two (2%) per cent of the Fund allocation and which should remain unallocated and be available to cover emergencies as they arise and utilized upon approval by the Board of Directors. However, although the Fund has received a total of Kshs.8,310,000,000 since its inception and as such should have an emergency reserve of Kshs.166,200,000 less any utilized amounts, no reserves is reflected in the financial statements.

8. Outstanding and Multiple Imprests

Information availed for audit indicated that the Fund had imprests amounting Kshs.7,955,584 which remained unaccounted for by the close of the year under audit. It was also noted that officers were issued with multiple imprests totalling Kshs.7,955,603 before the previous one(s) being surrendered contrary to the regulations.

Further, the former Chairperson of the Board had outstanding imprests amounting to Kshs.605,249 as at 30 June, 2018. The State Officer is no longer a member of the Board. The management had not recovered the outstanding amount to date and no efforts had been made towards the same.

In addition, although Note 4(f) to the statements states that the cash and cash equivalents balance include short term cash imprests to authorized officers not surrendered or accounted for at the end of the financial year, the outstanding imprest balance of Kshs.7,955,584 had not been included or disclosed in the financial statements.

Consequently, the cash and cash equivalents balance was understated and the recoverability and or accountability of the imprests of Kshs.7,955,584 could not be ascertained.

9. Progress on Follow up of Audit Recommendations for Financial Year 2016/2017

In the previous financial year 2016/2017 audit, the following issues which formed the basis for the audit opinion are yet to be resolved: -

9.1 Cash and Cash Equivalents

(i). The cash and cash equivalents' balance of Kshs.127,358,483 as reflected on the statement of financial position as at 30 June 2017 represents cash held at the Central Bank as disclosed in Note 14(b) to the financial statements. Although it is evident that the Fund operated additional bank accounts in the forty-seven Counties, no cashbooks, bank statements and bank reconciliations for the bank accounts were provided for audit review. In addition, the cash balances held in these bank accounts had not been included in the statement of financial position as at 30 June 2017.

(ii). The Public Finance Management (National Government Affirmative Action Fund) Regulations 2016, regulation 24(8) requires that balances held at the end of the financial year be returned to the National Government Affirmative Action Fund account. However, no

evidence was provided to show that the above regulation was adhered to by any of the County committees for the year ended 30 June 2017.

9.2 Presentation of the Financial Statements

The financial statements for the year ended 30 June 2017 reflected comparative figures for 2015/2016 in the statement of financial performance, statement of financial position, statement of changes in net assets, statement of cash flows and notes to financial statements. However, the comparative figures were not supported with any relevant documentation to show the conversion of prior year figures from IPSAS cash basis accounting to IPSAS accrual basis of accounting.

9.3 Annual Budget for Year 2016/2017

The financial statements included a statement of comparison of budget against actual amounts. However, the approved budget for the year 2016/2017 was not provided for audit verification. Consequently, it was not possible to confirm whether the expenditure for various account items were within the approved budget.

9.4 Responsibility for Preparation and Submission of Financial Statements

The Public Finance Management (National Government Affirmative Action Fund) Regulations, 2016 regulation 15 designates the accounting officer of the State Department responsible for matters relating to gender affairs as the designated administrator of the Fund with the responsibility of keeping proper books of accounts, preparing and signing the financial statements for each year and submitting to the Auditor-General for audit. However, the financial statements submitted were not signed by the designated Fund administrator contrary to the regulations and Section 84 of the Public Finance Management Act, 2012.

9.5 Accuracy of Financial Statements

The following inaccuracies were noted with regard to the financial statements:

- (i). The brought forward balance of Kshs.2,313,420,402 in respect of revenue from non-exchange transactions reflected in the statement of financial performance did not agree with the figure of Kshs.2,130,000,000 disclosed in Note 1 to the financial statements.
- (ii). Exchequer receipts comparative figure of Kshs.4,050,000,000 reflected in the statement of financial performance differs with the figure of Kshs.2,130,000,000 disclosed in Note 2 to the financial statements. In addition, the receipts were described differently as "exchequer receipts" and "operational grants" in the statement of financial performance and Note 2, respectively.

9.6 Unexplained Adjustments

An adjustment of Kshs.7,258,321 processed against the expenditure on transfer to Other Government Units which increased the initial reported figure of Kshs.4,006,699,872 to the final figure of Kshs.4,013,958,193 as reflected in the statement of financial performance was not explained. Consequently, the accuracy of the figure could not be ascertained.

9.7 Transfer to Secretariat

The statement of financial performance reflected board expenses amounts of Kshs.192,326,620 and Kshs.40,000,000 for 2016/2017 and 2015/2016 financial years, respectively. The amounts, however, related to transfers to the Fund's Secretariat. The following were also noted:

- (i). The transfer to the Fund's Secretariat is required to be 5% of the total disbursements but in this case, there was no indication of the basis on how the amounts transferred were derived. The total transfers to the Secretariat for the two years should have been 5% of Kshs.6,180,000,000 amounting to Kshs.309,000,000. The short fall of Kshs.76,673,371 was not explained.
- (ii). No documentation was provided to support how the amounts were utilized by the Fund management.
- (iii). Although 60% of these amounts were to be transferred to the County committees, no documentary evidence was provided to show that the amounts were transferred to the committees and if so, how the county committees had utilized the funds.
- (iv). Accountability statement for transfers to the Secretariat were not prepared and provided for audit verification.

9.8 Transfer to Other Government Units

Transfer to Other Government Units amounting to Kshs.4,013,958,103 shown in the statement of financial performance related to disbursement made by the Fund to the county committees. However, the following were noted:

- (i). Even though there were Board minutes to support approval of transfer of funds to the county committees detailing the amounts and the period, the basis of approvals in form of approved work plans were not provided for audit verification.
- (ii). In addition, the Board's approved county committees projects' reports were not provided for audit verification.
- (iii). There were no accountability statements from the county committees and supporting documents for the payments made out of the funds from the county committees' bank accounts.
- (iv). The county committees' cash and bank balances as at 30 June 2017 were not accounted for in the financial statements but assumed to have been utilized and forming part of the expenditure which was incorrect.
- (v). Records of the county committees' bank accounts were not provided for audit examination. Consequently, it was not possible to ascertain compliance with the Fund's regulations, receipt of funds and validity of payments out of these bank accounts by the county committees.

Under the circumstances, the validity and accuracy of transfers to Other Government Entities expenditure of Kshs.4,103,958,103 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter(s) described in the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

As required by Section 7(1) (a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance/Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

Internal audit report for the Fund revealed the following issues in respect of the Counties offices:

(i) Loss of Public Resources Through Theft

In Bungoma County, a Local Purchase Order (LPO) No. 2588742 was issued for the supply and delivery of thirty-six (36) canvas tents of a hundred persons' seater capacity worth Kshs.5,400,000 and a payment of the same amount was made. Another LPO, No. 2588739, was issued for the procurement of one thousand two hundred (1,200) water tanks worth Kshs.12,000,000 and which was paid for. However, on the night of 1 September, 2017, the Bungoma County NGAFF office lost all the above items worth Kshs.17,400,000 from its

office yard. The theft was not reported to the relevant authorities. As at the time of audit the lost items had not been recovered.

(ii) Imprests Unaccounted For

Two counties had unaccounted for temporary imprest amounting to Kshs.6,059,600 being Kisumu, Kshs.5,259,600 and Uasin Gishu, Kshs.800,000 which had been applied in procuring of goods and services using temporary imprests.

(iii) Irregular Direct Procurements

The following direct procurement of Kshs.2,931,776 for goods and services were carried out without observing the regulatory guidelines; (a) Bungoma County - procurement of Kuroiler chicks – Kshs.1,000,000 and (b) Embu county - procurement of blankets and chairs - Kshs.1,931,776. The management did not explained why the above items were single sourced without subjecting the process to competition as required. Further, no evidence has been provided to show that the direct procurements were reported to the Public Procurement Regulatory Authority as a mandatory reporting requirement.

(iv) Unapproved Expenditure

Two groups were given funds totalling Kshs.900,000 in Uasin Gishu County without seeking and obtaining either the County Committee's or the Board's approval.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue sustaining 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 Fund or to cease operations, or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to

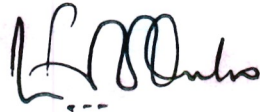
future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the 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 Fund 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 Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

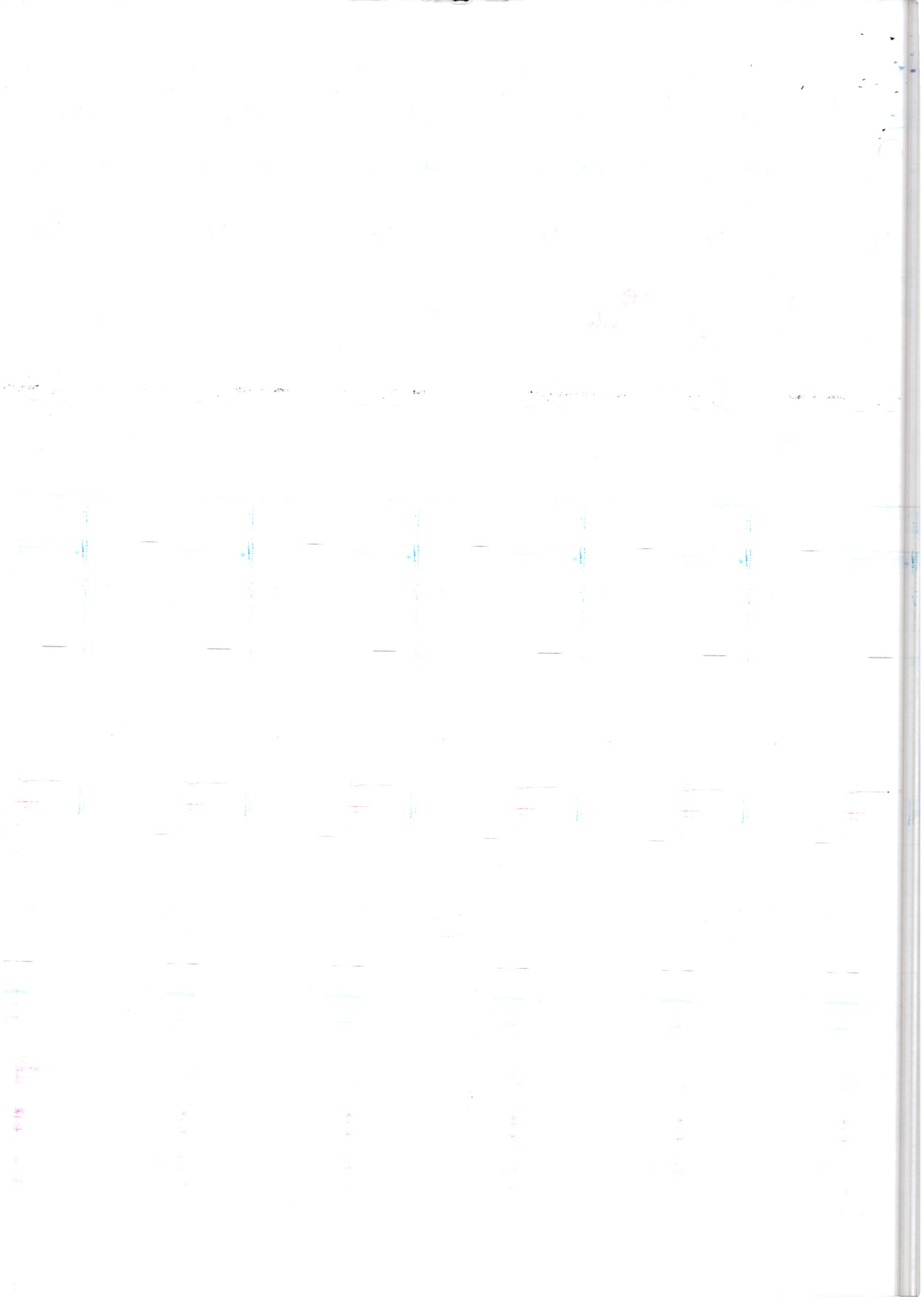
I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

11 February 2019



National Government Affirmative Action Fund
Reports and Financial Statements
For the Period ended June 30th, 2018

**IX. STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDING
30ST JUNE 2018**

	Note	2017-2018	2016-2017
		Kshs	Kshs
Revenue from non-exchange transactions			
Balance b/fwd.	1	127,358,483	2,313,420,402
Exchequer Receipts	2	2,130,000,000	2,130,000,000
Receipts from state Department of Planning		Nil	53,633,394
Refund from state Dept. of Planning		Nil	600,000
Total Revenue from non-exchange transactions	3	2,257,358,483	4,497,653,796
Revenue from exchange transactions		Nil	NIL
Total revenue	4	2,257,358,483	4,497,653,796
Expenses			
Transfer to other Government units	5	1,431,879,801	4,013,958,103
Acquisition of Assets		Nil	163,496,536
Board Expenses	6	7,9961,707	8,000,000
Staff Costs	7	45,541,449	60,721,932
Secretariat Expenses	8	63,801,809	78,300,742
Monitoring and Evaluation		Nil	45,818,000
Total expenses	9	1,549,184,766	4,370,295,313
Other gains/(losses)		Nil	Nil
Surplus before tax	10	708,173,717	127,358,483
Taxation		Nil	Nil
Surplus	11	708,173,717	127,358,483

The notes set out on pages 12 to 17 form an integral part of these Financial Statements

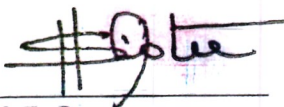
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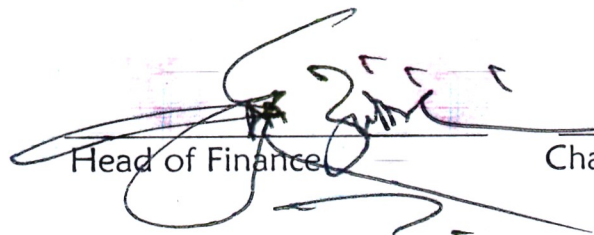
**National Government Affirmative Action Fund
Reports and Financial Statements
For the Period ended June 30th, 2018**

XII. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2018

		2017-2018	2016-2017
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	12	708,173,717	127,358,483
Non-current assets		Nil	Nil
Total assets	13	708,173,717	127,358,483
Liabilities			
Current liabilities		Nil	Nil
		Nil	Nil
Non-current liabilities		Nil	Nil
		Nil	Nil
Total liabilities		Nil	Nil
Net assets	14	708,173,717	127,358,483
Reserves		Nil	Nil
Accumulated surplus	15	708,173,717	127,358,483
Minority interest		Nil	Nil
Total net assets and liabilities	16	708,173,717	127,358,483

The Financial Statements set out on pages 1 to 20 were signed on behalf of the Board of Directors by:


C.E.O.


Head of Finance


Chairperson of The Board

National Government Affirmative Action Fund
Reports and Financial Statements
For the Period ended June 30th, 2018

XIII. STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30th JUNE 2018

	Accumulated surplus	Total
	Kshs	Kshs
Balance as at 1 st JULY 2016	Nil	Nil
Surplus/(deficit) for the period	127,358,483	Nil
Transfers to/from accumulated surplus	Nil	-
Transfer of excess depreciation on revaluation	Nil	
Grants received during the year		Nil
Revaluation gain		Nil
Balance as at 30th June 2017	127,358,483	Nil
Balance as at 1 ST July 2017	127,358,483	Nil
Surplus for the period	708,173,717	Nil
Transfers to/from accumulated surplus	Nil	-
Transfer of excess depreciation on revaluation	Nil	
Grants received during the year		Nil
Revaluation gain		Nil
Balance as at 30th June 2018	708,173,717	Nil

National Government Affirmative Action Fund
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XIV. STATEMENT OF CASH FLOWS AS AT June 30th 2018

		2017-2018	2016-2017
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Balance Brought forward	17	127,358,483	2,313,420,402
Exchequer receipts	18	2,130,000,000	2,130,000,000
Receipts from State adept of planning		Nil	53,633,394
Refund from State Dept. of Planning		Nil	600,000
Total Receipts	19	2,257,358,483	4,497,653,796
Payments/Expenses			
Transfer to other Government units	20	1,431,879,501	4,013,958,103
Acquisition of assets		Nil	163,496,536Nil
Board Expenses	21	7,9961,707	8,000,000
Staff Costs	22	45,541,449	60,721,932
Secretariat Expenses	23	63,801,809	78,300,742
Monitoring and Evaluation		Nil	45,818,000
Total Payments	24	1,549,184,766	4,370,295,313
Net cash flows from operating activities	25	708,173,717	127,358,483
Cash and cash equivalents at 30 th June,2018	26	708,173,717	127,358,483

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 FOR THE PERIOD ENDED 30th June 2018

	Original budget 2017-2018 Kshs	Final budget 2017-2018 Kshs	Actual on comparable basis 2017-2018 Kshs	Performance difference 2017-2018 Kshs
Revenue				
Balance brought forward	127,358,483	127,358,483	127,358,483	Nil
Exchequer receipts	2,130,000,000	2,130,000,000	2,130,000,000	Nil
Total income	2,257,358,483	2,257,358,483	2,257,358,483	Nil
Expenses				
Transfer to other Government units	1,431,879,801	1,431,879,801	1,431,879,801	Nil
Board Expenses	7,991,707	7,991,707	7,991,707	Nil
Staff Costs	45,541,449	45,541,449	45,541,449	
Secretariat Expenses	63,801,809	63,801,809	63,801,809	
Total expenditure	1,549,184,766	1,549,184,766	1,549,184,766	Nil
Surplus for the period	708,173,717	708,173,717	708,173,717	Nil

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

NGAAF is established by and derives its authority and accountability from Public Finance Management Act (No. of 2012). The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is financial support to the affirmative groups.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
<p>IPSAS 33: First time adoption of Accrual Basis IPSAS</p>	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period.</p> <p>The entity adopted IPSAS in the year ended 30 June 2016 and therefore provisions of first time adoption of accrual basis does not apply to the entity.</p>

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Standard	Impact
<p>IPSAS 34: Separate Financial Statements</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>
<p>IPSAS 35: Consolidated Financial Statements</p>	<p>Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. It requires an entity that controls one or more other entities to assess control over those entities based on the following:</p> <ul style="list-style-type: none"> - Its power over the other entity - Its exposure or rights to variable benefits from involvement with the other entity - Its ability to control the nature, timing and amount of benefits from the other entity. <p>Once control is assessed the controlling entity is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35. The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>
<p>IPSAS 36: Investments in Associates and Joint Ventures</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest. The entity does not have investments in associates or joint ventures.</p>

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<p>IPSAS 37: Joint Arrangements</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly. The entity does not have an interest in a joint arrangement and therefore the standard does not apply.</p>
<p>IPSAS 38: Disclosure of Interests in Other Entities</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows. The entity does not have interests in other entities and therefore the standard does not apply.</p>

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

Standard	Effective date and impact:
<p>IPSAS 39: Employee Benefits</p>	<p>Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.</p>
<p>IPSAS 40: Public Sector Combinations</p>	<p>Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.</p>

iii. Early adoption of standards

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

b) Budget information

The original budget for FY 2016-2017 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of accumulated surplus.

d) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

e) Related parties

The Entity 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 the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

f) Cash and cash equivalents

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

g) Comparative figures

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

h) Subsequent events

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

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NOTES

1. Balance brought forward from the previous period

	2016-2017	2015-2016
	Kshs	Kshs
Item		
Emergency Reserve	44,250,210	56,710,000
Monitoring And Evaluation	26,609,450	43,213,366
Gratuity	15,000,000	Nil
Purchase of Motor vehicle	Nil	163,496,536
Balances from previous years	41,498,423	2,050,000,000
Total	127,358,483	2,313,420,402

2. Transfers from State Department for Gender Affairs (Exchequer Receipts)

Name of the Entity sending the Grant(State Department for Gender)	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2017-2018 KShs
First Quarter	532,500,000	Nil	Nil		
Second Quarter	532,500,000	Nil	Nil		
Third Quarter	532,500,000	Nil	Nil		
Fourth Quarter	532,500,000	Nil	Nil		
Total	2,130,000,000	Nil	Nil	2,130,000,000	2,130,000,000

3. Total Revenue from non-Exchange transactions

	2017-2018	2016-2017
	Kshs	Kshs
Balance b/fwd	127,358,483	2,313,420,402
Exchequer Receipts	2,130,000,000	2,130,000,000
Receipts from State Dept. of Planning	Nil	53,633,394
Refund from state Dept. of Planning	Nil	600,000
Total	2,257,358,483	4,497,653,796

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4 Total Revenue

	2017-2018	2016-2017
	Kshs	Kshs
Total Revenue	2,257,358,483	4,497,653,796

5 Transfers to other Government Units

	2017-2018	2016-2017
	Kshs	Kshs
First Quarter	485,369,517	1,910,724,756
Second Quarter	461,140,767	1,003,565,361
Third Quarter	485,369,517	1,099,667,985
Total	1,431,487,801	4,013,958,102

6 Board Expenses

	2017-2018	2016-2017
	Kshs	Kshs
Remunerations(Allowances)	7,991,707	8,000,000

7 Staff Cost

	2017-2018	2016-2017
	Kshs	Kshs
Salaries	45,541,449	60,721,932

8. Secretariat Expenses

	2017-2018	2016-2017
	Kshs	Kshs
Secretariat Expenses	23,988,293	77,786,697
Civic Education	24,228,750	nil
Refund from the Fund account	6,451,099	nil
Gratuity	8,394,166	Nil
State Dept. for Broadcasting	739,500	Nil
Other payments	Nil	514,045
Total	63,801,809	78,300,742

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9. Total Expenses

	2017-2018	2016-2017
	Kshs	Kshs
Transfer To other Government Units	1,431,879,801	4,013,958,102
Board Expenses	7,991,707	8,000,000
Staff costs	45,541,449	60,721,932
Secretariat Expenses	63,801,809	78,300,742
Total	1,549,184,766	4,370,295,313

10. Surplus before Tax

	2017-2018	2016-2017
	Kshs	Kshs
Surplus before tax	708,173,717	127,358,483

11. Surplus

	2017-2018	2016-2017
	Kshs	Kshs
Surplus	708,173,717	127,358,483

12(a). Cash and cash equivalents

Description	2017-2018	2016-2017
	KShs	KShs
Current Asset		
Total cash and cash equivalents	708,173,717	127,358,483

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

		2017-2018	2016-2017
Financial institution (Central Bank Of Kenya)	Account number	KShs	KShs
a) Current account			
i) Fourth Quarter Not released		532,500,000	Nil
ii) Emergency Fund (Reserve)		76,200,210	44,250,210
iii) Monitoring and Evaluation		58,559,450	26,609,450
iv) Gratuity		6,605,833	15,000,000
v) Balances from previous years		34,308,223	41,468,423
Central Bank of Kenya	1000313602	708,173,717	127,358,483
Grand total		708,173,717	127,358,483

13. Total Assets

	2017-2018	2016-2017
	Kshs	Kshs
Total Assets	708,173,717	127,358,483

14. Net Assets

	2017-2018	2016-2017
	Kshs	Kshs
Net Assets	708,173,717	127,358,483

15. Accumulated Surplus

	2017-2018	2016-2017
	Kshs	Kshs
Accumulated Surplus	708,173,717	127,358,483

16. Total Net Assets and Liabilities

	2017-2018	2016-2017
	Kshs	Kshs
Total Net Assets and liabilities	708,173,717	127,358,483

17. Balance brought forward from previous financial year

	2017-2018	2016-2017
	Kshs	Kshs
Balance brought forward from 30 th June 2017	127,358,483	2,313,420,402

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18. Exchequer Receipts

	2017-2018	2016-2017
	Kshs	Kshs
Exchequer Receipts	2,130,000,000	2,130,000,000

19. Total Receipts

	2017-2018	2016-2017
	Kshs	Kshs
Total Receipts	2,257,358,483	4,497,653,796

20. Transfer to other Government Units

	2017-2018	2016-2017
	Kshs	Kshs
Transfer to other Government Units	1,431,879,801	4,013,958,103

21. Board Expenses

	2017-2018	2016-2017
	Kshs	Kshs
Remunerations (Allowances)	7,961,707	8,000,000

22. Staff Cost

	2017-2018	2016-2017
	Kshs	Kshs
Salaries	45,541,449	60,721,932

23. Secretariat Expenses

	2017-2018	2016-2017
	Kshs	Kshs
Board/Secretariat Expenses	63,801,809	78,300,742

24. Total Payments

	2017-2018	2016-2017
	Kshs	Kshs
Total Payments	1,549,184,766	4,370,295,313

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27. Net cash flows from operating expenses

	2017-2018	2016-2017
	Kshs	Kshs
Net cash flows from operating expenses	708,173,717	127,358,483

28. Cash and Cash equivalents at 30th June 2018

	2017-2018	2016-2017
	Kshs	Kshs
Cash and Cash equivalents at 30 th June 2018	708,173,717	127,358,483

6. Financial Risk Management

The entity's activities expose it to a variety of financial risks which is credit and risks. The company'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 company'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 trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, 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 directors. 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 carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from xxxx

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Capital Risk Management

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

	2017-2018		2016-2017
	Kshs		Kshs
Retained earnings/accumulated surplus	708,173,717		127,358,483
Total funds	Nil		Nil
Gearing	xx%		xx%

7. Related Party Balances

a) Nature of related party relationships

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

The entity is related to

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

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b) Related party transactions

	2017-2018	2016-2017
	Kshs	Kshs
Transfers from related parties'	2,130,000,000	2,130,000,000
Transfers to related parties	1,431,879,501	4,013,958,103

c) Key management remuneration

	2017/2018	2016/2017
	Kshs	Kshs
Directors'/ Secretariat expenses	108,171,298	192,326,629

8. Events after the reporting period

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

9. Ultimate and Holding Entity

The National Government Affirmative Action Fund is a Semi- Autonomous Government Agency under the Ministry of Public Service, Youth and Gender Affairs. Its ultimate parent is the Government of Kenya.

10. Currency

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

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XVII. 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	Status:	Timeframe:
NGAAF /2016/2017(18)	Cash and cash equivalent	✓ The fund operated bank accounts in 47 counties. There was treasury authority to open and operate the accounts	Karogi Snr Acct	Resolved	N/A
	Presentation of Financial statements	✓ Format used is the accrual basis of accounting as prescribed. ✓ Financial statements for year ending 30 th June 2016 had been presented and a management review of the same received	Karogi Snr Acct	Resolved	N/A
	Annual budget 2016/2017	✓ The fund has one-line budget which had been approved	Karogi Snr Acct	Resolved	N/A
	Responsibility for preparation and submission of financial statements	✓ The Financial statements to be signed by the Accounting Officer	Karogi Snr Acct	Resolved	N/A
	Accuracy of Financial statements	✓ Balances brought forward on revenue from non-exchange transactions corrected	Karogi Snr Acct	Resolved	N/A
	Unexplained adjustments	✓ Adjustment processed against the expenditure of transfer to other Government unit	Karogi Snr Acct	Resolved	N/A
	Transfer to Secretariat	✓ Funds released as per regulations ✓ Amount reflected as board expenses expensed for the same ✓ Separate bank account maintained for the secretariat and operationalized as per PFM act	Karogi Snr Acct	Resolved	N/A
	Transfer to other Government units	✓ Funds were released as per regulations ✓ Board approved all the projects reports are maintained in the counties ✓ Accountability statements maintained in the counties ✓ Cash and bank balances not accounted for in the financial statements. ✓ County committee bank accounts not provided for since all records are maintained in the counties	Karogi Snr Acct	To be kept in view in subsequent audits	
	Emergency Reserve	✓ No emergency reserve has been reflected and disclosed in the financial statements	Karogi	Resolved	N/A

[Signature]

C.E.O
Date..... 28-12-2018

XVIII. Appendix 1: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of Gender Affairs				
FY 2017/2018				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			Nil	
		Total	Nil	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>2017/2018</u>
	State Department for Gender Affairs	24/01/2018	532,500,000	
	State Department for Gender Affairs	26/02/2018	532,500,000	
	State Department for Gender Affairs	24/04/2018	532,500,000	
	State Department for Gender Affairs	17/05/2018	532,500,000	
		Total	2,130,000,000	

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

Finance Manager
 NGAAF

Sign 

Head of Accounting Unit
 State Department of Gender Affairs

Sign 

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<IX. Appendix 2: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
State Department for Gender Affairs	24/01/2018	Development	532,500,000	xxx	xxx	xxx	xxx	xxx	532,500,000
State Department for Gender Affairs	26/02/2018	Development	532,500,000	xxx	xxx	xxx	xxx	xxx	532,500,000
State Department for Gender Affairs	24/04/2018	Development	532,500,000	xxx	xxx	xxx	xxx	xxx	532,500,000
State Department for Gender Affairs	17/05/2018	Development	532,500,000	xxx	xxx	xxx	xxx	xxx	532,500,000
Total			2,130,000,000	xxx	xxx	xxx	xxx	xxx	2,130,000,000

