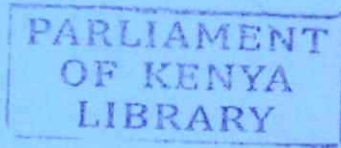


REPUBLIC OF KENYA



Enhancing Accountability

REPORT




OF

THE AUDITOR-GENERAL

ON

NATIONAL YOUTH SERVICE

**FOR THE YEAR ENDED
30 JUNE, 2024**

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 08 MAR 2025 DAY	
TABLED BY:	Deputy Majority Party Whip Hon. Naomi Waga MP
CLERK-AT THE-TABLE:	A. Shituko

OFFICE OF THE ATTORNEY GENERAL
P. O. Box 30084 NAIROBI
REGISTRATION

11 DEC 2024

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NATIONAL YOUTH SERVICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

NATIONAL YOUTH SERVICE
Annual Report and Financial Statements
for the year ended June 30, 2024.

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1. Acronyms and Definition of Key Terms

A: Acronyms and Abbreviations

AG	Attorney General
CEO	Chief Executive Officer
CG	Commandant General
CO	Commanding Officer
DCG	Deputy Commandant General
FY	Financial Year
ICT	Information and Communication Technology
IPSAS	International Public Sector Accounting Standards
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KDF	Kenya Defence Forces
Kshs	Kenya Shillings
MDAs	Ministries, Departments and Agencies
NPS	National Police Service
NYS	National Youth Service
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PAC	Public Accounts Committee
PFM	Public Finance Management
PMT	Paramilitary Training
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
PS	Public Service
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SCAC	State Corporations Advisory Committee
SM/W	Servicemen and Servicewomen
TNT	The National Treasury
TVETs	Technical and Vocational Education Training

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

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1. Key Entity Information and Management

(a) Background information

The National Youth Service was established in 1964 under Cap 208 of the Laws of Kenya. It operated as a Department in various Government Ministries until the enactment of National Youth Service Act, 2018 which transformed it into a body corporate (*NYS Act, 2018 section 5*). NYS is domiciled in Kenya.

The Cabinet Secretary for Public Service, Gender and Affirmative Action is responsible for the general policy and strategic direction and represents NYS at the Cabinet level.

The Service has twenty-two (22) Branches/Field Units/Stations and seventeen (17) TVET Institutes spread across the country. The NYS Field Units are headed by Commanding Officers.

The Units include:

- | | |
|--|-----------------------------|
| 1. Nairobi Holding Unit (NHU) | 12. Lambwe Field Unit |
| 2. Mechanical and Transport Branch (MTB) | 13. Kerio Valley Field Unit |
| 3. NYS Engineering Institute (NYS EI) | 14. Yatta Field Unit |
| 4. Textile and Garment Technology Institute (TGTI) | 15. Athi River Field Unit |
| 5. NYS Vocational Training Institute (NYS VTI) | 16. Mavoloni Field Unit |
| 6. NYS College, Gilgil | 17. Turbo Field Unit |
| 7. NYS Technical Training Institute, Naivasha | 18. Tumaini Field Unit |
| 8. Garissa-Mbalambala Field Unit | 19. Kisumu Field Unit |
| 9. Tana Basin Road Project | 20. Kirimun Field Unit |
| 10. NYS Technical College, Mombasa | 21. Witu Field Unit |
| 11. Hindi Development Unit | 22. Mwatate Field Unit. |

The Field Units host TVET Institutes. College Principals head the Institutes.

(b) Principal Activities

i. Mandate

NYS has mandated to undertake the following activities (*NYS Act, 2018 section 7*): paramilitary training of its members; national service programs; technical and vocational training, professional and personal development programmes and activities for its members; enterprise and commercial activities; leadership development programs and activities for its members; cross-cultural activities for integration of its members; and assist the KDF, the NPS and other public authorities during emergencies, disasters, war or insurrection, or in execution of the mandates of the public authorities as the Council may determine.

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Key Entity Information and Management (continued)

ii. Vision

The Service envisions itself as a centre of excellence in transforming, training and empowering Kenyan youth.

iii. Mission

The mission of the Service is to develop disciplined and empowered youth, and to instil members and staff of the Service with virtues of patriotism, loyalty, integrity and commitment to duty and service for effective participation in national development.

(c) Key Management

The day-to-day management of the National Youth Service is under the Director-General who is also the Chief Executive Officer/Accounting Officer of the Service in accordance with section 17 of the NYS Act, 2018.

The Commandant General is assisted by a team of senior managers including Deputy Commandants General, Directors and Heads of Departments.

No.	Designation	Name
1.	Commandant-General/CEO	Mr. James K. Tembur, MBS
2.	Ag. Deputy Commandant General, PMT & NS	Mr. Jamlick M. Chabari
3.	Head, Corporate Services	Mr. Nicholas Makokha
4.	Director, Finance and Accounts	Mr. Francis N. Ndegwa
5.	Director, Technical and Vocational Training	Mr. Peter Maina King'ori
6.	Director, Supply Chain Management Services	Dr. James Kamau Kairu
7.	Director, Strategy and Planning	Ms. Jacklyn Makanda
8.	Deputy Director, Human Resource Management	Mrs. Rose Chenani
9.	Director, Human Resource Management	Mrs. Mary Ngugi
10.	Director, Internal Audit	Ms. Maggy N. Munyasya
11.	Director, Commercial Enterprises & Marketing	Mr. Julius K. Thurania
12.	Head of Accounts	Mr. Elias Kimani Macharia
13.	Head of ICT	Mr. Abdulkadir J. Waqo

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Key Entity Information and Management (continued)

(d) Fiduciary Management

The key management personnel who held office during the financial period ended 30th June, 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Commandant-General/CEO	Mr. James K. Tembur, MBS
2.	Ag. Deputy Commandant General, PMT & NS	Mr. Jamlick M. Chabari
3.	Head, Corporate Services	Mr. Nicholas Makokha
4.	Director, Finance and Accounts	Mr. Francis N. Ndegwa
5.	Director, Technical and Vocational Training	Mr. Peter Maina King'ori
6.	Director, Supply Chain Management Services	Dr. James Kamau Kairu
7.	Director, Strategy and Planning	Ms. Jacklyn Makanda
8.	Deputy Director, Human Resource Management	Mrs. Rose Chenani
9.	Director, Human Resource Management	Mrs. Mary Ngugi
10.	Director, Internal Audit	Ms. Maggy N. Munyasya
11.	Director, Commercial Enterprises & Marketing	Mr. Julius K. Thurania
12.	Head of Accounts	Mr. Elias Kimani Macharia
13.	Head of ICT	Mr. Abdulkadir J. Waqo

(e) Fiduciary Oversight Arrangements

- i. Parliamentary Oversight Committees (PAC)
- ii. Senior Management and HODs Committee;
- iii. Budget Implementation Committee;
- iv. Human Resource Management and Advisory Committee; and
- v. Corruption Prevention and Complaints Committee.

(f) Entity Headquarters

National Youth Service - Headquarters

Off Thika Super Highway, Ruaraka

P. O Box 30397 – 00100

NAIROBI, KENYA.

(g) Entity Contacts

Telephone: (254) 20 8563521

E-mail: Director.General@nys.go.ke

Website: www.nys@go.ke

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Key Entity Information and Management (continued)

(h) Entity Bankers

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

2. Kenya Commercial Bank
Moi Avenue
P. O. Box 48400, GPO 00100
NAIROBI, KENYA

3. Cooperative Bank of Kenya
Upper Hill
P. O. Box 48231, GPO 00100
NAIROBI, KENYA

4. National Bank of Kenya
Harambee Avenue
P.O Box 72866, City Square 00200
NAIROBI, KENYA

(i) Independent Auditor

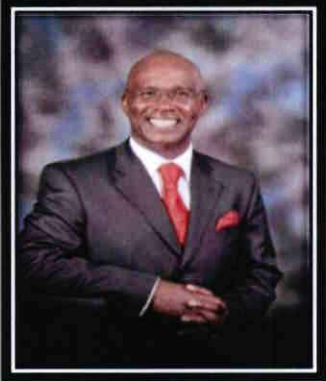

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084, GPO 00100
NAIROBI, KENYA

(j) Principal Legal Adviser


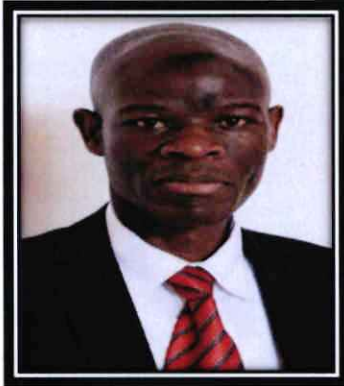
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112, City Square 00200
NAIROBI, KENYA

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2. The Council

<p>1.</p>	 <p>Lt Gen (Rtd) Njuki Mwaniki, MGH, CBS, OGW, ndc (K) CHAIRMAN</p>	<p>An ardent infantry retired military Three-Star-General, Njuki Mwaniki holds a Masters of Arts in War in the Modern World (Distinction) from The King’s College, London. He holds a Diploma in International Studies from the University of Nairobi, Diploma in Military strategy from the National Defence University, Beijing and a Certificate in Scriptualizing from Harvard University Divinity School. He brings on board a wealth of experience in Management and Leadership of disciplined services spanning over 40 years.</p>
<p>2.</p>	 <p>Mr. James Kipsiele Tembur, MBS CG/CEO/SECRETARY</p>	<p>Mr. Tembur holds a BSc. in Agriculture and a MSc. in Entrepreneurship with a public service experience of over 30 years, having joined the National Youth Service in 1991 as a Training Officer Cadet. Before his appointment to the position of Director- General (Now Commandant General)/ CEO in acting capacity in April, 2023 Mr. Tembur held the post of Deputy Director-General (Now Deputy Commandant General), Corporate Services for close to four (4) year. Mr. Tembur is credited for having headed teams that undertook notable assignments, including: the fabrication and installation of clinics in informal settlements under the Youth Empowerment Programme (YEP); rehabilitation of dykes to control floods in Budalangi; and the formulation of the inaugural NYS Strategic Plan (2019- 2024).</p>



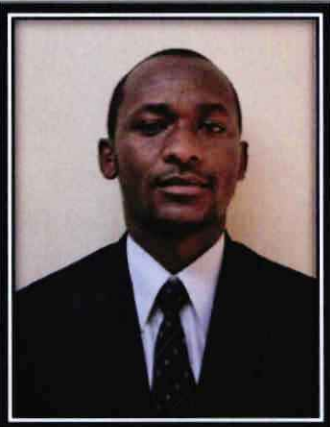
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3.	 <p>Ms. Christine Achieng Odera INDEPENDENT MEMBER</p>	<p>Ms. Odera has a master’s in development policy and practice from the Geneva Graduate Institute and a Bachelors in International Relation (peace and Conflict studies) from USIU. She has close to a decade experience in development work especially in Youth mainstreaming, focusing in developing and advocating for policies, programs, and tools for government and civil society. She works to strengthen the capacity of youth and women organizations to advance local, national, regional, and global peacebuilding strategies. She has served in the Commonwealth coordinating Youth Peace and Security strategies.</p>
4.	 <p>Mr. Richard Kakunga Wambua INDEPENDENT MEMBER</p>	<p>Mr. Wambua holds a BA in International Relations. He served as European Development Days Young Leader, CEO of MeForest Initiative, and a former Board Director at the Youth Agenda and a current Advisory Board Member of the Youth Sounding Board (Royal Danish Embassy to Kenya). He has a wealth of experience in advocacy for climate change mitigation innovations as well as youth and women empowerment. From his role as Ambassador, he brings a lot of experience on youth and women empowerment in multilateral affairs in the Council and Service.</p>
5.	 <p>Mr. Michael Jasper Obonyo ALTERNATE MEMBER, PS, NT</p>	<p>Mr. Obonyo holds a Masters of Arts in Communication studies (UoN, 2011) and brings on board a wealth of professional experience in public communications spanning over 27 years. He is currently the Head, Public Communications at the Pensions Department, National Treasury.</p>

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<p>6.</p>	 <p>Brig. Bernard Kiprotich Jerry Korir ALTERNATE MEMBER, CDF</p>	<p>Brig. Korir holds a Bachelors of Commerce and two Diplomas in Defence and Security Studies as well as Strategic Studies. He is a career military Officer with over 32 years of experience in military command, staffing and training. He served in peace and security operations with the UNPROFOR in the former Yugoslavia and in MONUC DRC. He is the current Chief of Training Development, Establishment and Equipment Tables in the Kenya Defence Forces.</p>
<p>7.</p>	 <p>Mr. Stephen Wambua Kakulu ALT. MEMBER, PS, PUBLIC SERVICE</p>	<p>Mr. Kakulu holds a Master of Arts in Project Planning and Management, a Bachelor of Education (Arts) and a Diploma in Human Resource Management. He is a multi – skilled techno-leader with 24 years of experience in Public Service with practical skills in public policy development & implementation, human resource management and development, cabinet memoranda development, corporate governance and project planning & management. Mr. Kakulu has served in various MDAs including the Ministry of Public Service & Human Capital Development as Director, HRM&D in the SDPS (current), Ministry of Education and the Teachers Service Commission. He is a full member of the Institute of Human Research Management (IHRM) and a Technical Standing Committee Member of the Tokyo International Conference on African Development (TICAD)</p>

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8.	 <p style="text-align: center;">Mr. Boru Abdi Hassan ALT. MEMBER, PS, YOUTH</p>	<p>Mr. Boru hold a Master in Research, Monitoring and Evaluation with an experience of over 20 years in public service. He is currently Director, Research, Planning, Monitoring and Evaluation in the State Department for Youth Affairs.</p>
9.	 <p style="text-align: center;">Ms. Ann Ng'etich ALT. MEMBER, PS, INTERIOR</p>	<p>Ms. Ng'etich holds a Bachelor of Arts in Government and Linguistics and a post-graduate Diploma in International Relations with an experience of over 30 years in public administration. She is currently the Principal Administrative Secretary (PAS) in the Ministry of Interior and National Administration.</p>
10.	 <p style="text-align: center;">Mr. Daniel G. Wambugu ALT. MEMBER, AG</p>	<p>Mr. Wambugu holds a Bachelor of Laws and two Diplomas: Advocate Training Programme and a Commercial Pilot License (CPL)/ Private Pilot License (PPL) under License No. YK- 9259- CL. He has a public service experience of over 10 years, where he has served in various MDAs, including the Office of the Attorney General - Department of Justice- Government Transactions (Current), Kenya School of Flying as a Flight Ground Instructor, NACADA, Public Procurement and Oversight Authority and the Music Copyright Society of Kenya.</p>

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11.



**Ms. Caroline W. Kinyanjui
INDEPENDENT MEMBER**

Ms. Kinyanjui is a dynamic professional renowned for her expertise in marketing and investment banking. Armed with an MBA in Business Administration from the University of Wales, complemented by a Bachelor's Degree in Communication Arts and Public Relations, along with a Diploma in Communication Arts from Daystar University, she possesses a robust educational foundation. Additionally, being a CIM-Chartered Marketer adds to her credibility in the marketing domain. With a multifaceted skill set, Caroline is not only an accomplished marketing expert but also a seasoned investment banker. Her career spans diverse sectors, reflecting her versatile talents and strategic acumen. Beyond her corporate endeavours, Caroline is a budding entrepreneur with a keen interest in healthcare, real estate, and retail sectors, showcasing her entrepreneurial spirit and business acumen.

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3. Key Management Team

The following Officers were in charge of critical functions of the National Youth Service during the FY Ended June 30th, 2024.



James K. Tembur, EBS
Commandant General/CEO
MSc. (Entrepreneurship)



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



CPA, F. N. Ndegwa
Director, Fin. & Acc.
MBA (Finance & Accounts)

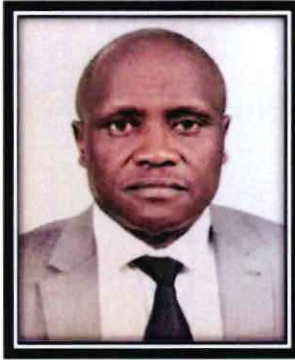


CPA, Maggy N. Munyasya
Director, Internal Audit
MSc (G&SB, IIA)



Jacklyn J. Makanda
Director, Strategy & Planning
MA (GD&E, PP&M)

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



Peter Maina King'ori
Director, Vocational
Training MSc. MIS



CPA, Elias Kimani Macharia
Head of Accounts
MBA (Finance)



Julius K. Thurania
Director, CEM
MSc. (Agronomy)



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



Nicholas J. Makokha, HSC
Head, CS
BA (Criminology)

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4. Chairman's Statement

The National Youth Service (NYS) was established as a State Corporation following the enactment of the NYS Act, 2018. Section 7 of the Act outlines the mandate of the Service, which I am pleased to report that the NYS Annual Report and Financial Statements for the year ended June 30, 2024 has competently implemented.

On behalf of the NYS fraternity, I wish to most sincere thank His Excellency, the President for his unwavering support and guidance aimed at ensuring the National Youth Service executes its mandate effectively and is financially sustainable. During the period under review, the President spearheaded the NYS Re-engineering agenda, securing the services of the University of Nairobi Enterprises and Services PLC who assisted the Service in developing Eight (8) Business Plans to guide investment in the following commercial ventures: agricultural production, Agri-value addition, construction services, engineering and mechanization, development enterprise, hospitality services, security services and textile and garment making. The business plans are aimed at: Increasing production and productivity of NYS farms; Reduce the cost of production; Increase value addition; and increase the revenue of the NYS.

Consequently, the National Youth Service will phase up the implementation of these business plan with investments in the security, agricultural production as well as engineering and mechanization being prioritized in phase I (short term) and the rest to be executed in phases II and III (medium and long term). In turn, the return on these investments will support the implementation of the President's Directive to enlist 100,000 youth into NYS by FY 2027/2028.

The period under review, therefore, had a number of achievements in terms of policy formulation and oversight. Some of these achievements include the review and development of the second-generation NYS Strategic Plan for the period FY 2023/2024 – 2027/2028; development of the NYS Doctrine (2024), development of the eight (8) business plans, increased enlistment of youth from 10,000 to 15,000 recruits, upgrading of assets and infrastructure, expansion of maize farming from a few hundreds to 2,000 acres and roll out of irrigation farming in the Yatta complex.

The Service also reviewed and developed the flowing policies and other operational instruments of the Service: Human Resource Instruments which included: NYS Organization, Grading structure and Establishment; NYS Career Guidelines, NYS Human Resource Policies and Procedures Manual and the NYS Code of Conduct and Ethics; the NYS Finance and Accounts Policies and Procedures Manual and established the NYS Internal Affairs Unit.

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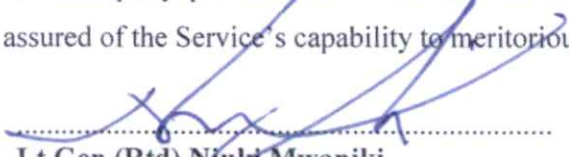
Following the release of the report of the National Taskforce on Review of the Terms and Conditions of service and other reforms for the National Police Service, Prisons Service and National Youth Service, NYS pursued its implementation with a number of consultations with stakeholders on development of an implementation framework as well as implementation of recommendation that were on operational and administrative nature, and those which required minimum funds. As such, the Service revised its ranking structure by harmonizing it with that of the other Services.

The major challenges experienced during the year related to the increased intake of recruits by 5,000 youth in February, 2024 with a minimal budgetary allocation of Kshs 250 million addition to the original approved budget that would only cater for 10,000 recruits. This strained the existing infrastructure and the operational budget resulting into huge claims and pending bills of Kshs 2,594,857,598.00 out of which Kshs 1.4 billion relate to training and operational costs.

To overcome this challenge, the Service wishes to appeal for additional funding to support minimum improvements and upgrade of critical infrastructure such as barracks and classrooms for the additional recruits and students as well as some personnel emoluments to facilitate employment of additional instructors at the Paramilitary Academies and Lecturers in the NYS Training institutions. The appeal has already been communicated to the National Treasury with a clear breakdown of the resource requirements. In the long term, the Service wishes to fully implement the 8 business plans. Some of the products and services produced will be consumed internally hence cutting down operational costs and the revenue generated can support a fair percentage of the Service's budget to ensure financial sustainability and independence.

Additionally, the Service performed well in terms of programmes' implementation and financial management. The National Youth Service remains committed to achieving its strategic targets.

I am grateful to the Government for the continued support and applaud the Council Members, Management and staff of the Service for their commitment and exemplary work. I am also grateful for the support of our collaborators whose contributions were an important addition to the exemplary performance of the Service during the year. Going forward, therefore, I am assured of the Service's capability to meritoriously discharge its mandate.


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

5. Report of the Chief Executive Officer

This is the fifth (5th) Annual Report and Financial Statements since the establishment of the National Youth Service (NYS) as a State Corporation. The National Youth Service Management remains grateful to Government for the financial support worth **Kshs 11,373,773,373** in recurrent and development grants. In addition, the Service realized an AIA of **Kshs 708,193,333.00** to complement the grants from the Government posting a total revenue of **Kshs 12,039,935,456.00** to support the operations of the Service. As such a total expenditure of **Kshs 12,251,610,669.00** was incurred, resulting into a deficit of **Kshs 211,675,215**.

The aforementioned resources were utilized on realization of the mandate of the Service which has nine (9) critical programmes undertaken, namely: paramilitary training, national service, technical & vocational training of members of the Service, self-employment and decent work for youth, commercial and enterprise development, internal business processes, human resource management and development, and leadership, oversight and accountability. To this end, the Service enlisted 15,500 youth in February 2024 youth into the Service and trained 25,655 youth in paramilitary training during the reporting period. The Service further deployed 21,367 youth on various programmes of national interest such as provision of security services to critical Government installations, crowd control during national events and celebrations, execution of Presidential Directives, and undertaking of farming (2,221 tons of food was produced) and general duty activities in NYS Field Units. Further, the Service enrolled 10,598 youth for technical & vocation training and trained a total of 38,054 youth.

The Service also created 38 linkages and placed 1.042 youth on employment both locally and internationally. A total of 9,125 youth with talent and creative skills were identified and nurtured and linked to various talent development agencies including joining national teams and participating in leagues, tournaments and championships both at local and international levels.

In order to enhance financial sustainability of the Service, Kshs 354,439,440 was generated from various commercial projects including: certified potato production, garment production & provision of laundry services, bakery production, mineral water production and hire of vehicles, plant and machineries which were initiated in the previous reporting periods and eight (8) business plans were developed to guide investment in the agriculture, value chain, engineering and mechanization, hospitality, textile and garment, security, construction and general development services.


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To strengthen its operations and capacity to deliver on its mandate, the Service undertook various projects including completion of the double span barrack and construction to 93% of classrooms and workshops at NYS Engineering Institute as well as rehabilitation of the sewer line at NYS Paramilitary Academy – Gilgil. The Service also collaborated with eight (8) public and private sector organizations on various programmes and reviewed and/or developed various Management Instruments.

To address human resource gaps, 17 officers were promoted, 574 officers trained in various critical courses, 1,859 members and staff were sensitized on various issues.

A number of set targets for the year were not achieved for various reasons. For instance, the Service managed to grow 5.5 million trees against a target of 10 million for lack of adequate space and various capital projects remained uncompleted due to inadequate allocation for the same.

Finally, I wish to reaffirm that the Service remains steadfast in building a strong culture of unity of purpose and commitment to the mission and ideals of an effective and efficient public service body through numerous management and leadership capacity building initiatives for its members.



.....
James K. Tembur
COMMANDANT GENERAL/CHIEF EXECUTIVE OFFICER

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6. Statement of Performance against Predetermined Objectives for FY 2023/2024

The National Youth Service has nine (9) Key Result Areas (KRAs) within the current Strategic Plan for the FY 2023/2024 upon which the current annual work plans are based. Assessment of the Service's performance is done on a quarterly basis. The Service achieved its performance targets set for the FY 2023/2024 period for the nine (9) strategic pillars, as indicated in the table below:

Strategic Pillar	Achievements
1. Paramilitary Training and Service Regimentation	<ol style="list-style-type: none"> 1. The Service recruited 15,500 youth in February 2024 from all sub-counties across the country. Of these, 14,927 consisting of 10252 males and 4675 females were enlisted into paramilitary training. 2. Trained 25,655 youth in paramilitary skills comprising of two cohorts: Cohort 1 of 10,728 youth (6,950 males and 3,778 females of which 47 were PWDs comprising of 33 males and 14 females), was recruited in FY 2022/2023 (May 2023) but was trained in FY 2023/2024. Out of these, 10,521 youth consisting of 6,861 males and 3,660 females graduated. Cohort 2, February 2024 intake of 14,927 youth (10,252 males and 4,675 females of which 32 were PWDs comprising of 21 males and 11 females).
2. National Service and Youth Resocialization	<ol style="list-style-type: none"> 1. The Service engaged 21,367 youth, 14,672 males and 6,695 females, in various task of national importance including agricultural production, security services, and other Field Unit activities and Presidential Directives. 2. Propagated 63,543,080 million trees seedlings 3. Grew 5,572,020 million trees 4. The Service produced 2,221 tons of food to supplement internal demand and contribute to the country's food and nutrition security.
3. Technical, Vocational, Education and Training	<ol style="list-style-type: none"> 1. Enrolled 10,598 SM/W comprising of 7,607 males and 2,991 females into Technical and Vocational Training in both NYS training Institutions and MoE TVETs. 2. 38,054 SM/W comprising of 27,625 males and 10,429 females in Technical and Vocational skills. Of these 14,470 SM/W trainees comprising of 10,652 males and 3,818 females, were discharged after completion of their courses
4. Youth Transition to Self-Employment and Decent Work	<ol style="list-style-type: none"> 1. Created thirty-eight (38) linkages and placed 1,042 SM/W and NYS graduates comprising of 817 males and 235 females on jobs both domestically and global. 2. Mobilised SM/W and NYS graduates for recruitment into the Kenya Defence Forces and Kenya Forest Service where 347 SM/W and NYS graduates were confirmed employed. 3. Enrolled 9,125 SM/W consisting of 4,890 SM and 4,235 SW in various talent development activities such as national leagues, national sports federations, and national music and drama festivals. Out of these, 37 SM/W, 30 males and 7 females secured paying engagement.

NATIONAL YOUTH SERVICE
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Strategic Pillar	Achievements
5. Youth Transition to Self-Employment and Decent Work	<ol style="list-style-type: none"> 1. Created thirty-eight (38) linkages and placed 1,042 SM/W and NYS graduates comprising of 817 males and 235 females on jobs both domestically and global. 2. Mobilised SM/W and NYS graduates for recruitment into the Kenya Defence Forces and Kenya Forest Service where 347 SM/W and NYS graduates were confirmed employed. 3. Enrolled 9,125 SM/W consisting of 4,890 SM and 4,235 SW in various talent development activities such as national leagues, national sports federations, and national music and drama festivals. Out of these, 37 SM/W, 30 males and 7 females secured paying engagement while two (2) deaf athletes represented Kenya in the 5th World Deaf Athletics Championships and the 1st World Deaf Youth Athletics Championships in Taipei City, China in July 2024.
6. Commercial and Enterprise Development	<ol style="list-style-type: none"> 1. The Service produced goods and services generating KShs 708,193,333 in revenue and developed eight (8) business plans, in the following areas: <ol style="list-style-type: none"> i. Agricultural Production Enterprise ii. Agri-Value Addition Enterprise iii. Engineering And Mechanization iv. Hospitality Services v. Textile and Garment Manufacturing vi. Security Services vii. Construction Services viii. Development Services 2. The Service engaged 11,652 youth in various commercial and enterprise activities 3. The Service mapped out 4 new areas of partnerships and collaborations, established new and maintained strategic partnerships and collaborations with the following: <ol style="list-style-type: none"> i. Kenya Ports Authority on security in Kisumu Ports; ii. Huduma Kenya Secretariat and other MDAs on provision of security services in 52 Huduma Centres across the country; iii. University of Nairobi Enterprises and Services Ltd on consultancy services; iv. County Government of Machakos on hire of equipment; v. MoU with Kenyatta University Teaching, Referral and Research Hospital on provision of healthcare services for SM/W; vi. Ministry of Education on TVET Training; vii. Kenya Post Office Saving Bank for SM/W savings and allowance payment; viii. New Kenya Cooperative Creameries Ltd for supply of milk.
7. Operational Preparedness and logistical capacity	<ol style="list-style-type: none"> 1. The Service undertook the following projects: <ol style="list-style-type: none"> i. Double span barrack at NYS Engineering Institute was completed; ii. Construction of classrooms and workshops at NYS EI was ongoing with completion rate being 93%; iii. Rehabilitation of sewer line at NYS Paramilitary Academy Gilgil was ongoing with 68% completion rate.

NATIONAL YOUTH SERVICE
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Strategic Pillar	Achievements
<p>8. Internal Business Processes</p>	<ol style="list-style-type: none"> 1. The Service reengineered business processes by creating employment services for SM/W transition from training to descent work, piloting staff performance appraisal of the HR Module in the ERP, facilitating SM/W online job applications, and undertook LAN/WAN connectivity for five (5) Field Units namely: Tumaini, Turbo, Tana and NYS TC Mombasa. Further, the Service Migrated all payment services to the Government's pay bill number 222222, On-boarded suppliers' portal and recruited youth additional information records services on e-citizen. 2. Sensitized 1,859 comprising of 1,692 SM/W and 167 staff on research and innovation policy, projects and activities. 3. Documented 4 innovations including Solar Panel Grass Mower, Sand Sieving Machine, and Electric go Cart in Turbo, and Portable Sheet Metal Clad Modular Houses 4. Reviewed for Amendment of the NYS Act, 2018 to incorporate recommendations from the National Task Force on Improving Terms and Conditions of Service and Other Reforms for Members of the National Police Service, Kenya Prison Service, and National Youth Service; 5. Reviewed Human Resource Instruments including Organizational Structure, Staff Establishment, Career Guidelines and Human Resource Policies & Procedures Manual, 6. Revised the draft Public Finance Management (National Youth Service Commercial and Enterprise Fund) Regulations, 2023 in line with NYS Re engineering agenda 7. Developed Draft NYS Training Policy Framework 8. The Service also finalized NYS Information Communication Technology (ICT) and, NYS Research and Innovation Policies 9. Initiated the development of NYS Sexual Harassment and Gender-Based Violence Policy.

NATIONAL YOUTH SERVICE
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Strategic Pillar	Achievements
9. Human Resource Management and Development	<ol style="list-style-type: none"> 1. Addressed the identified skills and training needs through promotion of 17 officers; training and capacity-building of 574 employees in different specialties including 41 farm, 50 projects, 19 registry, 40 HR, 70 emergency response, 71 security/investigation, 60 firefighting, 25 adjutants, 169 finance/accounts/audit/procurement/TVET on modern agricultural techniques and practices, project management skills, records management, operationalisation of ERP HR module, security and basic investigation skills, disaster and emergency response, adjutants course and financial modules of the NYS ERP respectively 2. The Service set individual employee annual performance targets for FY 2023/24 for 2,179 staff. 3. Undertook staff performance appraisals for all employees and compiled FY 2022/2023 appraisal report. 4. One hundred thirty-one (131) interns deployed from PSC were provided with internship opportunities 5. Two hundred ninety-seven (297) students were provided with attachment opportunities in their respective areas of specialization.
10. Leadership, oversight and accountability	<ol style="list-style-type: none"> 1. The NYS Council held seven (7) full Council meetings and nineteen (19) Council Committee meetings as follows: Finance and Enterprise Development Committee (6); Human Resource and Administration Committee (5); Audit Committee (4) and Operations, Training and Programmes Committee (4) through which ten operational instruments were reviewed/developed and the provided oversight and supervised the implementation of the Service policies, plan and strategies.

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7. Corporate Governance Statement

The NYS Council is responsible for policy formulation, strategic oversight and supervision of the Service and is accountable to stakeholders thus ensuring that NYS complies with the law and the highest standards of best practice on corporate governance and quality of service delivery. The NYS Council Charter (the “Charter”) developed and adopted in May 2019 defines the Council’s roles and responsibilities as well as functions and structures in a way that support the members in carrying out their strategic oversight function. Guided by the NYS Board Charter, Council Almanac and Work Plan, the performance of the NYS Council and its organs or committees during the period under review is summarized as follows:

1. The Council, through its committees reviewed/developed the following policy instruments
 - i. The NYS Organization, Grading Structure and Establishment was reviewed;
 - ii. The NYS Career Guidelines were reviewed;
 - iii. The NYS HR Policies and Procedures Manual was reviewed;
 - iv. The NYS Code of Conduct and Ethics was reviewed;
 - v. The NYS Doctrine (2024) was developed;
 - vi. The NYS Finance and Accounts Policies and Procedures Manual was reviewed;
 - vii. NYS Research and Innovation Policy 2024;
 - viii. NYS Training Policy 2024;
 - ix. NYS Health Policy (2024, formulation ongoing) and
 - x. The NYS Internal Affairs Unit Procedures Manual was developed and the Unit established.
2. The Council delegated her authority to the CEO to conduct the day-to-day business of the Service. The Council, nonetheless, retained the responsibility for establishing and ensuring effective and efficient overall policy direction, internal controls, operational and compliance issues, as well as implementing the strategies for the success of the Service.
3. The Council’s membership changed at various times with five (5) members exiting the Council and being replaced. The acting CEO/Secretary to the Council was duly appointed on 20th December, 2023.
4. The Council held seven (7) meetings, including a meeting for its self-evaluation and undertook training and retreat activities.
5. There were no conflicts of interest registered during all the meetings.

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8. Management Discussion and Analysis

SECTION A

The table below summarizes the financial performance as at the end of the FY2023/2024 and the financial position for the financial year then ended as compared to the previous FY 2022/2023.

Financial Performance	2023 /2024	2022/2023	Change	Change
	Kshs '000	Kshs. '000	Kshs. '000	%
Total Revenues	12,039,935.00	10,784,492.00	1,255,443.00	10%
Total Expenses	(12,251,611.00)	(10,813,866.00)	(1,437,745.00)	12%
Surplus/(Deficit)	(211,676.00)	(29,374.00)	(182,302.00)	86%

Financial Position	2023 /2024	2022/2023	Change	Change
	Kshs '000	Kshs. '000	Kshs. '000	%
Non-Current Assets	30,651,629.00	30,320,524.00	331,105.00	1%
Current Assets	3,329,342.00	3,664,103.00	(334,761.00)	(10%)
Total Assets	33,980,971.00	33,984,627.00	(3,656.00)	0%
Current Liabilities	3,879,522.00	2,810,152.00	1,069,370.00	28%
Total Liabilities	3,879,522.00	2,810,152.00	1,069,370.00	28%
Net Assets	30,101,449.00	31,174,475.00	(1,073,026.00)	(4%)

Revenue

The breakdown of the total revenue reported by NYS during the FY 2023/2024 is as follows:

REVENUE	2023 /2024	2022/2023	Change	Change
	Kshs '000	Kshs. '000	Kshs. '000	%
Transfers from Exchequer	11,231,742.00	10,140,227.00	1,091,515.00	10%
Transfer from MDA's	100,000.00	0.00	100,000.00	100%
Sale of Goods & Services	708,193.00	644,265.00	63,928.00	9%
Total Revenues	12,039,935.00	10,784,492.00	1,255,443.00	10%

The total revenue for the FY 2023/2024 increased by Kshs 1,255 million representing a 10% increase mainly from increased budget allocation from Exchequer and receipt of Kshs 100 million from MDA's.

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Management Discussion and Analysis (Continued)

The chart below summarizes the revenues for the current FY compared to the previous FY:

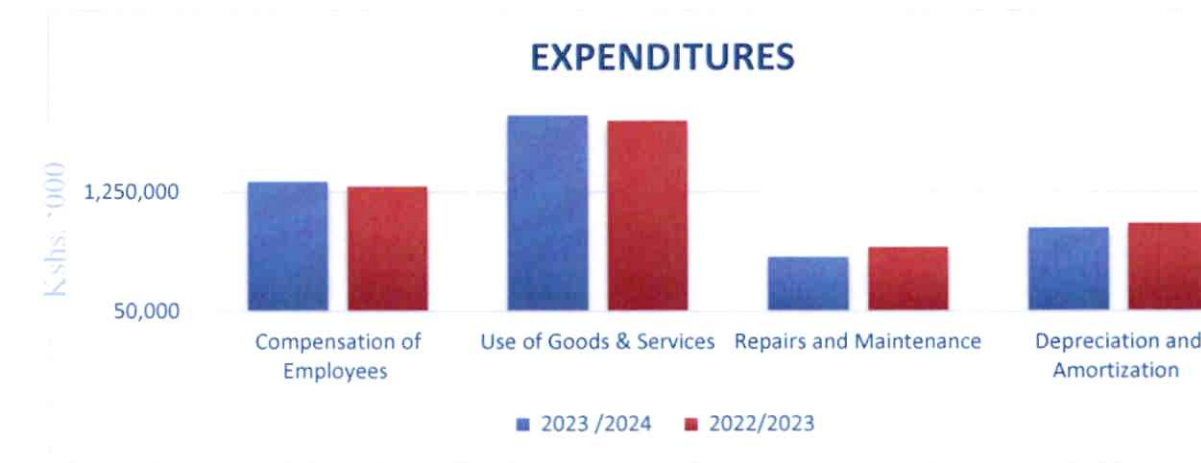


Expenditure

Total Expenditure for the FY 2023/2024 increase by 12% to Kshs. 12,251 million compared to 10,813 million in the FY 2022/2023. The increase is mainly attributed to increase in use of goods and services due to increased intake of recruits from projected 12,000 to 25,655 youths during the year under review. Below is a summary of the NYS expenditures as compared to the previous FY.

EXPENDITURE	2023 /2024	2022/2023	Change	Change
	Kshs Millions	Kshs Millions	Kshs Millions	%
Compensation of Employees	1,654,526.00	1,452,739.00	201,787.00	12%
Use of Goods & Services	9,909,913.00	8,546,994.00	1,362,919.00	14%
Repairs and Maintenance	213,597.00	279,223.00	(65,626.00)	-31%
Depreciation and Amortization	473,575.00	534,910.00	(61,335.00)	-13%
Total Expenditures	12,251,611.00	10,813,866.00	1,499,080.00	12%

The breakdown of expenditure is shown in the chart below.



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Management Discussion and Analysis (Continued)

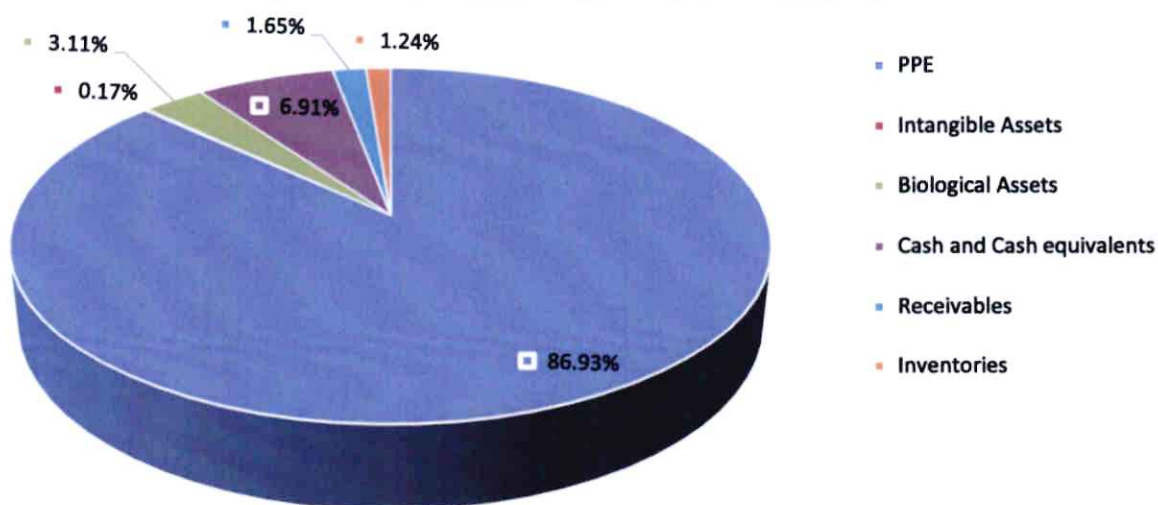
Assets:

The NYS assets comprise of non-current and current assets. Non-current assets include PPE, Intangible and biological assets while current assets include cash and cash equivalent, inventories and accounts receivables. PPE accounts for 86.9% of all NYS Assets.

The breakdown of the composition of as assets is summarized below:

ASSETS	2023 /2024	2022/2023	Change	Change
	Kshs '000	Kshs '000	Kshs '000	%
Property, Plant and Equipment	29,539,282.00	29,246,548.00	292,734.00	1%
Intangible Assets	57,000.00	67,420.00	(10,420.00)	-18%
Biological Assets	1,055,347.00	1,006,555.00	48,792.00	5%
Cash and Cash equivalents	2,349,316.00	1,642,559.00	706,757.00	30%
Receivables	560,310.00	862,619.00	(302,309.00)	-54%
Inventories	419,716.00	1,158,924.00	(739,208.00)	-176%
TOTAL ASSETS	33,980,971.00	33,984,625.00	(3,654.00)	-0.01%

Total Asset by classification for FY 2023/2024:



Liabilities

NYS liabilities are comprised of trade payables and refundable deposits. The refundable deposits further include retention to suppliers and SM/W deposits (payable at exit point of SM/W).

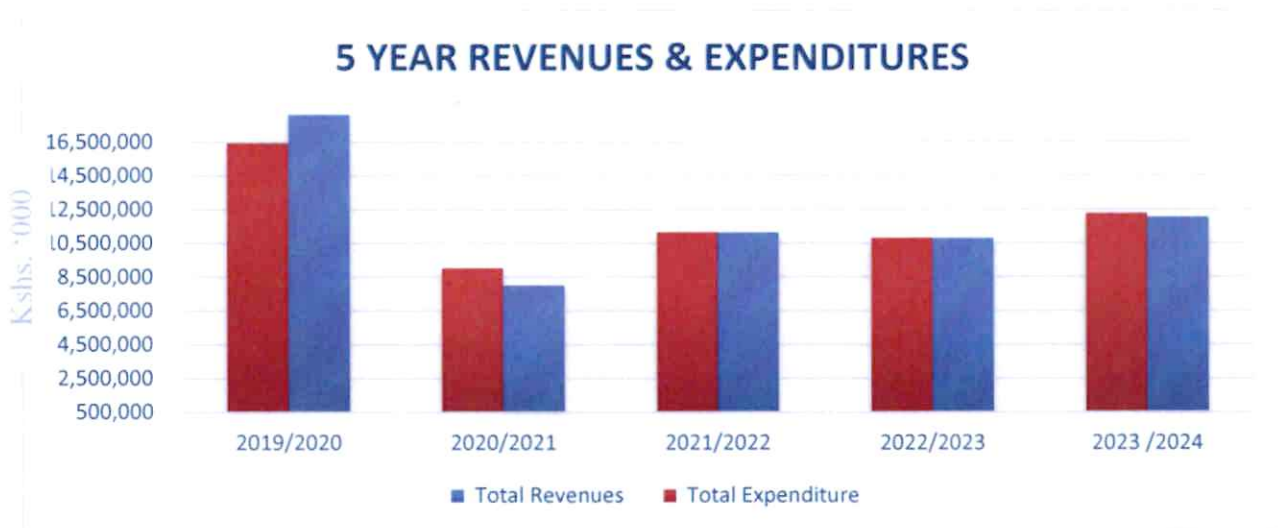
LIABILITIES	2023 /2024	2022/2023	Change	Change
	Kshs '000	Kshs '000	Kshs '000	%
Trade Payables	2,594,858.00	1,470,637.00	1,124,221.00	43%
Refundable Deposits from Customers	1,284,664.00	1,339,515.00	(54,851.00)	-4%
TOTAL LIABILITIES	3,879,522.00	2,810,152.00	1,069,370.00	27.56%

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Management Discussion and Analysis (Continued)

Trend Analysis for the last four financial years

	2023 /2024	2022/2023	2021/2022	2020/2021
Revenue	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Exchequer Transfers	11,231,742.00	10,140,227.00	10,300,227.00	7,393,461.00
MDA's Transfers	100,000.00	0.00	0.00	211,984.00
Other Revenues	708,193.00	644,265.00	834,830.00	395,692.00
Total Revenues	12,039,935.00	10,784,492.00	11,135,057.00	8,001,137.00
% Changes	10%	(3%)	28%	(130%)
Expenditure				
Expenditure	12,251,611.00	10,813,866.00	11,140,684.00	9,030,944.00
% Changes	12%	(3%)	19%	(82%)
Surplus (Deficit)	(211,676.00)	29,374.00)	(5,627.00)	(1,029,807.20)
% Changes	86%	81%	(18201%)	286%
Assets				
Non-Current	29,596,282.00	9,313,968.00	9,528,501.00	430,225.00
Current Assets	4,384,689.00	4,670,657.00	3,777,323.00	3,206,140.00
Total Assets	33,980,971.00	3,984,625.00	3,305,824.00	3,636,365.00
% Changes	(0.01%)	2%	89%	(23%)
Liabilities				
Non-Current	1,284,664.00	1,339,515.00	1,435,707.00	1,564,206.00
Current Assets	2,594,858.00	1,470,637.00	694,768.00	694,768.00
Total Liabilities	3,879,522.00	2,810,152.00	2,130,475.00	2,258,974.00
% Changes	27.56%	24.19%	-6.03%	(1.78%)



SECTION B

NYS's compliance with statutory requirements

The NYS has fully complied with the statutory requirements. The service has already submitted the financial reports for the financial year 2023-2024 to the Office of the Auditor General, Controller of Budget and Permanent Secretary Public Service. The service also has made the relevant statutory remittances to KRA such as PAYE, WHT, Withholding VAT, VAT and Housing Levy among others on time.

SECTION C

Key projects of the Service.

The service has embarked on several projects in the field units as below;

- a. Horticulture farming and maize production at NYS Yatta complex.
- b. Bakery at NYS College Gilgil.
- c. Potato seedling farming at NYS Tumaini.
- d. Interlocking blocks and concrete production at NYS Athi River field unit
- e. Water bottling at NYS Turbo.

SECTION D

Major risks facing the NYS.

Normally all service operations are funded by the government thus the service is well secured. The service has over Kshs 14 billion historical pending bills and claims which accrued between 2014 and 2018. In addition, the service faces a credit risk in respect to services rendered to Nairobi metropolitan Service, Kenya police and department of immigration.

SECTION E

Material arrears in statutory/financial obligations

The service has over Kshs 14 billion historical pending bills and claims which accrued between 2014 and 2018. Out of these Kshs. 2 billion were verified and approved for however, the Service is yet to receive the funds for payment from the treasury.

SECTION F

The NYS's financial probity and serious governance issues

The service financial reports were given a qualified report by the office of the auditor general. With the good will of Government and increased partnerships and collaborations with other MDAs and the private sector, NYS is hopeful that much will be accomplished going forward.

9. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

ii) Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

iii) Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.

b) Responsible Supply chain and supplier relations

Explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement

Outline efforts to maintain ethical marketing practices.

d) Product stewardship

Outline efforts to safeguard consumer rights and interests.

v) Corporate Social Responsibility / Community Engagements

The organisation gives details of CSR activities carried out in the year and the impact to the society. Give evidence of community engagement including charitable giving (cash and material), Corporate Social Investment and other forms of community engagements.

2. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the National Youth Service's affairs.

i) Principal activities

The principal activities of the National Youth Service continue to be; paramilitary training of its members; national service programs; technical and vocational training, professional and personal development programmes and activities for its members; enterprise and commercial activities; leadership development programs and activities

ii) Results

The results of the National Youth Service for the year ended June 30, 2024, are set out on page 1-36

iii) Directors

The members of the Board of Directors who served during the year are shown on page xxxii. During the year ended 30th June 2024, Deputy Director, Human Resource Management Mrs. Mary Ngugi resigned and Mrs. Rose Chenani was appointed Deputy Director, HRM.

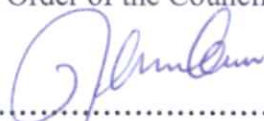
iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) 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. The National Youth Service did not make any surplus during the year (FY 2023/2024 Kshs Nil) and hence no remittance to the Consolidated Fund.

v) Auditors

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

By Order of the Council



.....
James K. Tembur

Secretary to the Council

3. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Section 7 of the NYS Act, 2018 require the Directors to prepare financial statements in respect of that National Youth Service, which give a true and fair view of the state of affairs of the National Youth Service at the end of each financial year and the operating results of the National Youth Service for that year. The Directors are also required to ensure that the National Youth Service keeps proper accounting records which disclose with reasonable accuracy the financial position of the National Youth Service. The Directors are also responsible for safeguarding the assets of the National Youth Service.

The Directors are responsible for the preparation and presentation of the National Youth Service's financial statements, which give a true and fair view of the state of affairs of the National Youth Service for and as at the end of the financial year ended on June 30, 2024. 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 National Youth Service; (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 National Youth Service; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the National Youth Service's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and NYS Act, 2018 Section 7. The Directors are of the opinion that the National Youth Service's financial statements give a true and fair view of the state of National Youth Service's transactions during the financial year ended June 30, 2024, and of the National Youth Service's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the National Youth Service, which have been relied upon in the preparation of the National Youth Service's financial statements as well as the adequacy of the systems of internal financial control.

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for the year ended June 30, 2024.

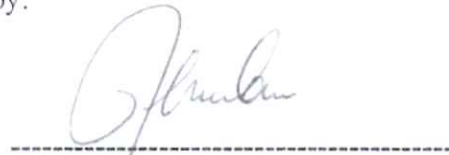
In preparing the financial statements, the Directors have assessed the National Youth Service's ability to continue as a going concern and nothing has come to the attention of the Directors to indicate that the National Youth Service will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The National Youth Service's financial statements were approved by the Board on _____ 2024 and signed on its behalf by:



Name: Lt Gen (Rtd) Njuki Mwaniki
Chairperson of the Council



Name: James K. Tembur
Accounting Officer

REPORT OF THE AUDITOR-GENERAL ON NATIONAL YOUTH SERVICE FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Youth Service set out on pages 1 to 45, which comprise of the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Youth Service as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the National Youth Service Act, 2018 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Property, Plant and Equipment

1.1 Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.29,539,282,396 as disclosed in Note 21 to the financial statements. However, as previously reported, the Service did not maintain a complete and accurate asset register with information relating to the assets such as type of the asset, date of acquisition, supplier, cost, location code, current values, remaining useful life and salvage value. The assets have not been tagged for tracking and identification.

Further, the Service has approximately two thousand two hundred and forty-seven (2,247) hectares of land in Yatta, Mavoloni, Athi River, Mombasa Technical Institute and Mwatate. However, the parcels of land have not been fenced and are encroached. Although Management has initiated the process of demarcation of the respective parcels of land, the process has not been finalized. Similarly, the NYS Engineering Unit land has been encroached by private developers who have constructed structures on it and therefore, the Service risks losing the land due to encroachment by informal settlers.

In addition, the Service has land which is valued at Kshs.20,204,051,400 comprising of fifty-eight (58) parcels. However, ownership documents for only sixteen (16) parcels were

provided for audit review while the ownership documents for the other forty-two (42) parcels were not provided for audit. In addition, two parcels of land located at Nyaki/laki/kburine and South Ugenya/Rangala/ were not included in the asset register yet the land title deed indicated that the parcels belongs to National Youth Service. Also, several parcels of land including the Engineering Unit at NYS headquarter and in Mombasa have been encroached by private developers who have constructed various structures but it was still not clear if proper legal actions have been taken to claim back the land.

1.2 Unsupported Adjustment

The statement of financial position reflects property, plant and equipment balance of Kshs.29,539,282,396 as disclosed in Note 21 to the financial statement. Included in the balance are additions of assets for the year valued at Kshs.209,278,559 and transfer/adjustments of Kshs.742,692,825. However, these balances were not supported with detailed schedules and support documents for verification were not provided for audit. Although Management explained that the adjustment was to ascertain the true values of the assets the Service owned, the process was not backed up with valuation reports.

In the circumstances, the accuracy, completeness and valuation of the property, plant and equipment balance of Kshs.29,539,282,396 273 could not be confirmed.

2.0 Unsupported Refundable Deposits from Customers

The statement of financial position reflects refundable deposits from customers amounting to Kshs.1,284,663,953 and as disclosed in Note 25 to the financial statement. The amount includes retention monies from contractors of Kshs.49,306,018 and other deposits-cohorts of Kshs.315,434,595. However, as previously reported, the other deposits-cohorts of Kshs.315,434,595 are in respect to cohorts that were engaged in the six (6) months Youth Empowerment Programme between September, 2014 and February, 2015. Management explained that it has dispensed some payments and are making effort to trace and pay the remaining youths. However, a schedule and confirmation for those who have been paid was not provided for audit verification .

In the circumstances, the accuracy and completeness of the refundable deposits from customers totalling Kshs.315,434,595 could not be confirmed.

3.0 Unconfirmed Receivables

The statement of financial position reflects receivables from exchange transactions balance of Kshs.560,309,812 as disclosed in Note 18 to the financial statements. Included in the balance is an amount of Kshs.201,913,126, Kshs.191,943,612, and Kshs.65,000,000 which relates to hire of services of service men/women, hire of facilities

and KEMSA Project whose schedules and documentation was not provided for audit review.

In the circumstances, the accuracy and recoverability of the receivables from exchange transactions balance of Kshs.560,309,812 could not be confirmed

4.0 Trade Payables

4.1 Undisclosed Trade Payables

The statement of financial position reflects trade payables balance of Kshs.2,594,857,598 as disclosed in Note 24 to the financial statements. Review of documents provided for audit revealed that this balance does not include an amount of Kshs.16,390,237,695 that related to historical trade payables / pending bills. The payables were presented to a multi-agency pending bills committee and a balance of Kshs.5,046,693,669 had been authenticated to be settled. However, the remaining balance of Kshs.10,940,887,379 is held by an investigative agency and the outcome could not be confirmed.

4.2 Understated Trade payables

Note 24 to the financial statements reflects trade and other payables balance of Kshs.2,594,857,598 However the ledger provided for audit reflected a balance of Kshs 2,725,697,406 hence understating the payables balance by an amount of Kshs 130,839,908. The variance has not been explained or reconciled.

4.3 Long Outstanding Trade Payables

Note 24 to the financial statements reflects payables balance of Kshs.2,594,857,598. The ageing analysis provided indicated that out of this balance, an amount of Kshs.500,000,000, has been outstanding for a duration of more than three (3) years.

The Service might attract litigations, penalties and withdrawal of services from the dissatisfied suppliers and accumulation of the accounts payables is against the National Treasury Circular No. 10/2020 Reference No. DGIPE/A/1/80 dated 16th June 2020 which directed pending bills be treated as a first charge on the approved budgets.

In the circumstances, the accuracy and completeness of the trade payables balance of Kshs.2,594,857,598 could not be confirmed.

5. Unsupported Inventory Balance

The statement of financial position reflects inventory balance of Kshs.419,716,455 which was not been supported by any schedule including the board of survey certificates to confirm the accuracy.

In the circumstances, the accuracy and completeness of the inventory balance of Kshs.419,716,455 as shown in the financial statement could not be confirmed.

5 Sustainability of Services

The statement of financial performance reflects a deficit of Kshs.211,675,213 being an increase of Kshs.182,301,542 from a deficit of Kshs.29,373,671 reported in the previous year 2022/2023. In addition, the total current assets and liabilities as at 30 June, 2024 amounted to Kshs.3,329,342,043 and Kshs.3,879,521,551 respectively resulting to a negative working capital of Kshs.550,179,508. which do not include historical pending bills of Kshs.16,390,237,695.

The Service is therefore facing liquidity issues and may not be able to meet its short terms obligations as and when they may fall due. The financial statements has been prepared as a going concern assuming continued support from the Government.

In the circumstances, the Service's sustainability of service and meeting short terms obligation is therefore doubtful.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Youth Service Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.13,812,312,124 and Kshs.12,039,935,456 resulting to a revenue shortfall of Kshs.1,772,376,668 or 13% of the budget. Similarly, the Service spent Kshs.11,778,035,641 against a total receipts of Kshs.12,039,935,456 resulting in an under absorption of Kshs.261,899,815 or 2% of the actual receipts.

In the circumstance, the underfunding may have affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

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 matters described in the Basis for Qualified Opinion Section, I have determined that no other key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Audit Issues

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues.

Other Information

Management is responsible for the other information set out on page i to xxxii which comprise of Key Entity Information and Management, Statement by the Chairman, Statement by Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Directors Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the National Youth Service financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Under Utilization of Land

Audit inspection revealed that Service owns approximately 96,124.62 acres of land across the country. However, only 2,456.5 acres or 3% have been put into use. Most of the land has not been put into good use despite having enough man-power which can be utilized to generate income. Further, where part of the land has been utilized as a forest, the Service has not applied for carbon credits to compliment its revenue sources.

In the circumstances, value for money and effective utilization of the available land could not be confirmed.

2.0 Stalled Projects

2.1 Stalled Construction of Housing Units at Vocational Training Institute - Industrial Area

As previously reported, the Service entered a contract for the construction of a 12-unit flat at the Vocational Training Institute-Industrial Area at a contract sum of Kshs.49,105,721. However, the contractor abandoned the site after receiving the first payment of Kshs.7,111,432. Management re-advertised the works and awarded the contract for the completion at a contract cost of Kshs.61,098,319 for fifty-two (52) weeks commencing on 26 November, 2019. Physical inspection conducted in October 2024 revealed that the project was incomplete and the contractor had abandoned the site after receiving payments totalling Kshs.23,000,000.

In the circumstances, the Service has not realized value for money on the expenditure of Kshs.30,111,432 spent on the project.

2.2 Supply, Delivery and Installation of High-and Low-level Pressed Steel Water Tanks, Booster Pumps and Tower Works (VTI Industrial Area)

As previously reported, the Service entered into a contract for the supply, delivery and installation of high-and low-level pressed steel, water tanks, booster pumps and tower works for enough water storage at the National Youth Service Vocational Training Institute (VTI,) located in the Industrial area, Nairobi at a contract sum of Kshs.11,715,396 on 9 July, 2019 and a contract signed on 03 September, 2019 for a period of sixteen (16) weeks ending on 31 October, 2020. The contractor abandoned the site on 23 October, 2020 on the grounds of non-payment of certified works valued at Kshs.5,770,669. Physical inspection in November 2024, revealed that the works had stalled.

Despite several meetings between the officers from National Youth Service (NYS), Nairobi Region Public Works, and the contractor to discuss the way forward to complete the Project, no progress has been made.

In the circumstances, value for money has not been realized on the Project.

2.3 Stalled Construction of Four-Storey Classrooms Block and Workshop at NYS Engineering Institute-Ruaraka

As previously reported, the Service Management entered into a contract for the construction of a four-storey classroom block and workshops at the NYS Engineering Institute in Ruaraka on 13 April, 2011 at a contract sum of Kshs.88,794,355. The Project was to take 52 weeks ending on 9 June, 2012. This was later extended by thirty-one (31) weeks to 12 January, 2013. However, as previously reported, the construction stalled in 2017 after the payment of Kshs.81,884,550 equivalent to 92% of the contract sum against 95% of the works certified.

Review of the Project in November 2024, revealed that the Project was incomplete and the Management did not provide measures being taken to complete the project. The incomplete works include electrical, plumbing and drainage that were originally valued at Kshs.4,778,265 as per the State Department of Public Work's appraisal report dated 5 April, 2022.

In the circumstances, value for money has not been realized thirteen (13) years after the construction commenced.

2.4 Stalled Construction of Double Span Kitchen, Dining and Barracks at NYS Engineering Institute-Ruaraka

As previously reported, the Service awarded the contract for the Construction of Double Span Kitchen, Dining and Barracks at NYS Engineering Institute Ruaraka to a construction company in May, 2011 at a contract sum of Kshs.192,000,000. The Project commenced on 13 June, 2011 with a contract duration of eighty (80) weeks. The contractor was granted an extension period up to 13 March, 2017. The contractor, however, abandoned the site after receiving payments totalling Kshs.186,248,573, or 90% of the agreed contract sum. A physical inspection of the project in March, 2023, revealed that no construction was ongoing at the site and the contractor had abandoned the site. Further, huge visible cracks on the wall and floor were noted which continue to deteriorate. The Management claimed that the delay in completion was mainly due to delayed payments to the main contractor and sub-contractors.

In addition, Management has not made any efforts to invoke the relevant clause of the contract to surcharge the contractor for the delayed completion.

In the circumstances, value for money has not been realized, thirteen (13) years after the construction commenced.

3.0 Non-Compliance with Employment Requirements for Persons with Disabilities

Review of staff records provided for audit, revealed that thirty-five (35) staff members were in the list of Persons With disabilities (PWD), representing of 1.42% of the total staff members which is less than the required 5%. This is contrary to Section B (23) (2) of the Public Service Commission Human Resource Policies, May 2016 which states that the government shall implement the principle that at least five (5) percent of all appointments shall be for persons with disabilities.

In the circumstances, the service was in breach of the law.

4.0 Failure to Enforce Gender Balance in Employment

The bio data and other staff records provided for audit, revealed that the Service had two thousand four hundred and sixty five (2,465) employees comprising of One thousand seven hundred and one (1701) or 69% male and seven sixty four (764) or 31% female of the total staff members. In the circumstance management was in breach of section 32 (2) of the Public Service Commission Human Resource Policies, May 2016 that requires the Government to have a gender balanced Civil Service by ensuring that not more than 2 /3 of positions in its establishment are filled by either gender.

In the circumstances, the service was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1.0 Hazardous Working Environment

During audit inspection in the month of November, 2024, it was observed that the Service is operating in an unfriendly environment in most of the field units including the headquarter. The Service continued overreliance on firewood as source of fuel for cooking has negative impact on the environment and may affect the health of the users.

Further, most regions were found not to have suitable residential facilities for the servicemen. Many structures in Gilgil and the headquarter have several buildings with asbestos roofing which is against the environment conservationist and Ministry of health guidelines that these materials are hazardous to human beings.

In addition, the classes at engineering schools are not conducive for learning. Some lack electricity connection, ablution blocks are not functional in a four-story block at headquarter, others are studying under makeshift iron sheet classrooms which are congested and not well ventilated and some buildings are in bad state of repairs, this is despite the Service having a pool of labor who could do maintenance at reasonable costs.

In the circumstances, the work force may be exposed to frequent physical and psychological effects of unfriendly working environment.

2.0 NYS Council Membership

Review of the governance structure of the Service, revealed that some appointed Council Members do not possess the necessary skills and expertise that matches their oversight responsibilities in the committee they are serving. Further, the Council has two vacancies for independent members which are yet to be filled and no justification was provided for not filling them. The composition of the council without the two members may impact negatively the overall performance of the council.

In the circumstances, the council may not have adequate capacity to formulate policies and offer strategic oversight to the Service.

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

Responsibilities of the Management and the Council

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 December, 2024

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5. Statement of Financial Performance for the year ended 30 June 2024

	Notes	2023 /2024	2022/2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	11,231,742,123.00	10,140,226,672.00
Transfer from Ministries, Departments & Agencies	6(b)	100,000,000.00	0.00
		11,331,742,123.00	10,140,226,672.00
Revenue from exchange transactions			
Rendering of services	7	313,303,794.00	169,024,937.00
Sale of goods	8	354,439,440.00	473,555,204.00
Other income	9	40,450,099.00	1,685,359.00
Total revenue		12,039,935,456.00	10,784,492,172.00
Expenses			
Use of goods and services	10	9,907,742,789.00	8,545,833,364.00
Employee costs	11	1,644,947,604.00	1,447,699,035.00
Council Expenses	12	9,578,200.00	5,040,000.00
Depreciation and amortization expense	13	473,575,029.00	534,909,670.00
Repairs and maintenance	14	213,596,893.00	279,223,469.00
Bank Charges	15	2,170,154.00	1,160,305.00
Total expenses		12,251,610,669.00	10,813,865,843.00
Surplus/ (deficit) before tax		(211,675,215.00)	(29,373,671.00)
Taxation	16	0.00	0.00
Surplus/(deficit) for the period/year		(211,675,213.00)	(29,373,671.00)
Remission to National Treasury	26	0.00	0.00
Net Surplus/(deficit) for the year		(211,675,213.00)	(29,373,671.00)


The notes set out on pages 6 to 36 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Council by:



James K. Tembur
 Accounting Officer



Elias Macharia
 Head of Accounts



Lt Gen (Rtd) Njuki Mwaniki
 Chairman of the Council

Date 21/11/24

ICPAK Member No.: 5492
 Date 21/11/2024

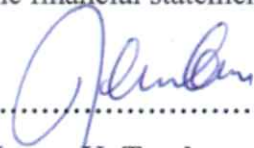
Date 21/11/2024

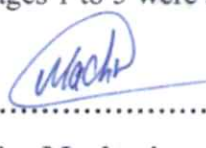
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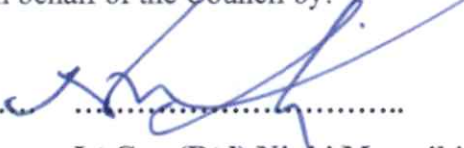
6. Statement of Financial Position as at 30 June 2024

	Notes	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	17	2,349,315,776.00	1,642,559,005.00
Receivables from Exchange Transactions	18	560,309,812.00	851,619,418.00
Receivables from Non-Exchange Transactions	19	0.00	11,000,000.00
Inventories	20	419,716,455.00	1,158,924,386.00
Total Current Assets		3,329,342,043.00	3,664,102,809.00
Non-Current Assets			
Property, Plant and Equipment	21	29,539,282,396.00	29,246,548,463.00
Intangible Assets	22	57,000,189.00	67,420,237.00
Biological Assets	23	1,055,346,688.00	1,006,555,431.00
Total Non- Current Assets		30,651,629,273.00	30,320,524,131.00
Total Assets (A)		33,980,971,316.00	33,984,626,940.00
Liabilities			
Current Liabilities			
Trade Payables	24	2,594,857,598.00	1,470,636,573.00
Refundable Deposits from Customers	25	1,284,663,953.00	1,339,515,130.00
Taxation	27	0.00	0.00
Total Current Liabilities		3,879,521,551.00	2,810,151,703.00
Total Liabilities (B)		3,879,521,551.00	2,810,151,703.00
Net Assets (A-B)		30,101,449,765.00	31,174,475,237.00
Reserves		28,997,931,132.00	29,901,312,641.00
Accumulated Surplus		763,597,383.00	975,272,596.00
Capital Fund		339,921,250.00	297,890,000.00
Net Assets		30,101,449,765.00	31,174,475,237.00

The financial statements set out on pages 1 to 5 were signed on behalf of the Council by:


.....
James K. Tembur
Accounting Officer


.....
Elias Macharia
Head of Accounts


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

Date 21/11/2024

ICPAK Member No.: 5492
Date 21/11/2024

Date 21/11/2024

NATIONAL YOUTH SERVICE
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16. Statement of Changes in Net Assets for the year ended 30 June 2024

Description	Capital Reserve	Revaluation reserve	Retained earnings	Capital Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2022	29,901,312,641.00	0.00	1,004,646,267.00	269,390,000.00	31,175,348,908.00
Revaluation gain	-	-	-	-	-
Surplus/ (deficit) for the year	-	-	(29,373,671.00)	-	(29,373,671.00)
Development grants received	-	-	-	28,500,000.00	28,500,000.00
As at June 30, 2023	29,901,312,641.00	0.00	975,272,596.00	297,890,000.00	31,174,475,237.00
As at July 1, 2023	29,901,312,641.00	0.00	975,272,596.00	297,890,000.00	31,174,475,237.00
Revaluation gain	(1,446,161,865.00)	542,780,356.00	0.00	-	(903,381,578.00)
Surplus/ deficit for the year	-	-	(211,675,215.00)	-	(211,675,215.00)
Development grants received	-	-	-	42,031,250.00	42,031,250.00
As at 30 June 2024	28,455,150,777.00	542,780,356.00	763,649,485.00	339,921,250.00	30,101,449,765.00

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17. Statement of Cash Flows for the year ended 30 June 2024

	Notes	2023/2024	2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		11,331,742,123.00	10,140,226,672.00
Rendering of services		313,303,794.00	129,114,369.00
Sale of goods		354,439,440.00	271,513,122.00
Other Income		40,450,099.00	0.00
Total receipts		12,039,935,456.00	10,540,854,163.00
Payments			
Use of goods and services		9,243,017,144.00	8,850,963,966.00
Employee costs		1,644,947,604.00	1,426,309,413.00
Board Expenses		9,578,200.00	5,040,000.00
Repairs and maintenance		213,596,893.00	250,999,072.00
Bank Charges		2,170,278.00	1,160,305.00
Total payments		11,113,310,119.00	10,534,472,756.00
Net cash flows from/(used in) operating activities	28	926,625,337.00	6,381,407.00
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(261,899,816.00)	(83,981,127.00)
Development Fund Received		42,031,250.00	17,500,000.00
Net cash flows from/(used in) investing activities		(219,868,566.00)	(66,481,127.00)
Cash flows from financing activities			
Increase in Refundable Deposits			-96,191,599.00
Net cash flows from financing Activities		0.00	-96,191,599.00
Net increase/(decrease) in cash & Cash equivalents		706,756,771.00	(156,291,319.00)
Cash and cash equivalents at 1 July	17	1,642,559,005.00	1,798,850,324.00
Cash and cash equivalents at 30 June	17	2,349,315,776.00	1,642,559,005.00

NATIONAL YOUTH SERVICE
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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Govt entities	12,286,742,124.00	802,000,000.00	13,088,742,124.00	11,331,742,123.00	1,757,000,001.00	87%
Sale of Goods & Services	723,570,000.00	0.00	723,570,000.00	708,193,333.00	15,376,667.00	98%
Total Income	13,010,312,124.00	802,000,000.00	13,812,312,124.00	12,039,935,456.00	1,772,376,668.00	87%
Expenses						
Use of Goods and Services	11,309,061,124.00	710,000,000.00	12,019,061,124.00	9,816,438,905.00	2,190,472,347.00	82%
Employee costs	1,465,870,000.00	52,000,000.00	1,517,870,000.00	1,654,525,804.00	(136,655,804.00)	109%
Repairs and Maintenance	185,381,000.00	0.00	185,381,000.00	213,596,893.00	(28,215,893.00)	104%
Contracted Services	50,000,000.00	40,000,000.00	90,000,000.00	93,474,039.00	(3,474,039.00)	115%
Total Expenditure	13,010,312,124.00	802,000,000.00	13,812,312,124.00	11,778,035,641.00	2,034,276,484.00	85%
Surplus for the period	0.00	0.00	0.00	261,899,816.00	(261,899,816.00)	
Capital Expenditure	0.00	0.00	0.00	(261,899,816.00)	261,899,816.00	

- During the FY the Service's budget included Kshs. 2 billion in relations to payment of historical pending bills. The Service only received Kshs. 500 million. The Service also received an additional Kshs.250 million as additional budget in Supplementary II which was not funded. This resulted to underutilization on 87% in Total Revenue and subsequent 85% underutilization under Total Expenditures.

19. Notes to the Financial Statements

1. General Information

The National Youth Service (NYS) is established by and derives its authority and accountability from the NYS Act, 2018 vide a Kenya Gazette Supplement No. 160 (Acts No. 17). The NYS is wholly owned by the Government of Kenya and is domiciled in Kenya. NYS's principal activities include but not limited paramilitary training and service regimentation; national service and youth re-socialization; technical and vocational training; commercialization and enterprise development; and research.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Service's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the NYS. The NYS financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There were no new and amended standards issued in the financial year.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024*

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of National Youth Service.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

Notes to the Financial Statements (Continued)

Standard	Effective date and impact:
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that National Youth Service shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Notes to the Financial Statements (Continued)

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

The NYS did not early – adopt any new or amended standards in the financial year

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The National Youth Service recognizes 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 recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the National Youth Service and the fair value of the asset can be measured reliably.

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 National Youth Service and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

ii) Revenue from exchange transactions

Rendering of services

The National Youth Service recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the NYS.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the NYS's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for the Current FY was approved by the National Assembly on 30th June 2023. 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 NYS upon receiving the respective approvals in order to conclude the final budget. Accordingly, the National Youth Service recorded additional appropriations of **Kshs.802,000,000.00** on the 2023/2024 budget following the Council's approval.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

The NYS'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 18 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the NYS operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable National Youth Service and the same taxation authority.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a five-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the National Youth Service recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the National Youth Service. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The National Youth Service also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the National Youth Service will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g) Intangible assets

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

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The NYS does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Service's financial statements.

a) Financial assets

Classification of financial assets

The NSY classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the National Youth Service's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless NYS has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the NYS classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the National Youth Service manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The National Youth Service assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The National Youth Service recognizes a loss allowance for such losses at each reporting date.

b) Financial liabilities

Classification

The National Youth Service classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the National Youth Service.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

k) Provisions

Provisions are recognized when the National Youth Service has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the National Youth Service expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The National Youth Service recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the National Youth Service will incur in fulfilling the present obligations represented by the liability.

m) Contingent liabilities

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

n) Contingent assets

The National Youth Service does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the National Youth Service in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

o) Nature and purpose of reserves

The National Youth Service creates and maintains reserves in terms of specific requirements. These include;

- Capital Reserves
- Capital Fund
- Revaluation Reserves
- Accumulated Surplus/Deficit Reserves

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

The National Youth Service provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

r) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t) Related parties

The National Youth Service 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 National Youth Service, or vice versa. Members of key management are regarded as related parties and comprise the Council, the CEO/Commandant General and senior managers.

u) Service concession arrangements

The National Youth Service analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the National Youth Service recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the National Youth Service also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v) 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.

w) Comparative figures

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

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

x) 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, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the National Youth Service'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. NYS 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 NYS. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the NYS.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2023/2024	2022/2023
	KShs	KShs
Unconditional Grants		
Operational Grant	11,231,742,123.00	10,140,226,672.00
Development grants	42,031,250.00	28,500,000.00
Total Unconditional Grants	11,273,773,373.00	10,168,726,672.00
Conditional Grants amortised/ transferred to revenue	0.00	0.00
Total Government Grants and Subsidies	11,273,773,373.00	10,168,726,672.00

- The Unconditional Development grants of Kshs. 41,003,125.00 and 28,500,000 FY 23/24 and FY22/23 respectively have been excluded from the statement of financial performance and included as part of Capital Fund.

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The National Youth Service Sending the Grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2023/2024	2022/2023
	KShs	KShs	KShs	KShs	KShs
The National Treasury (Disaster Mitigation)	100,000,000.00	0.00	0.00	100,000,000.00	0.00
Total	100,000,000.00	0.00	0.00	100,000,000.00	0.00

7. Rendering Of Services

Description	2023/2024	2022/2023
	KShs	KShs
Security Services	172,184,712.00	104,024,937.00
Hire of facilities	139,402,792.00	0.00
Hire of band, Training and Service charge	1,716,290.00	65,000,000.00
Total Revenue from The Rendering of Services	313,303,794.00	169,024,937.00

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Notes to the Financial Statements (Continued)

8. Sale of Goods

Description	2023/2024	2022/2024
	Kshs	Kshs
Sale of goods		
Sale of Uniform (Stitching of uniforms)	89,413,360.00	64,077,324.00
Sale of Agricultural Products	265,026,080.00	409,477,880.00
Total revenue from the sale of goods	354,439,440.00	473,555,204.00

- The revenue is generated from stitching services of uniforms for disciplined forces, sale of agricultural products from Field Units' farming activities/projects.

9. Other Income

Description	2023/2024	2022/2023
	Kshs	Kshs
Income from Auction – Disposal of Assets	28,259,250.00	0.00
Agency Fees	4,611,343.00	1,685,359.00
Other Incomes	7,579,506.00	0.00
Total Other income	40,450,099.00	1,685,359.00

10. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs	Kshs
Electricity	144,620,417.00	125,600,263.00
Water	65,593,266.00	73,537,133.00
Gas	10,750,000.00	22,051,123.00
Communication	7,265,382.00	27,096,466.00
Traveling and Accommodations	213,693,333.00	191,058,850.00
Printing, Advertising and Information Supplies	33,856,521.00	34,738,149.00
Rental of Produced Assets	190,000.00	0.00
Training Expenses	2,881,687,558.00	3,552,912,780.00
Hospitality Supplies and Services	91,620,603.00	89,605,496.00
Veterinarian Supplies and Materials	10,947,098.00	16,677,516.00
Fungicides, Insecticides and Sprays	45,498,678.00	48,861,410.00
Dressing and other non-pharmaceutical medical items	15,327,616.00	7,639,810.00
Chemicals and Industrial Gases	0.00	1,800,000.00
Purchase of Workshop Tools, Spares and Small Equip	25,737,719.00	70,941,424.00
Agricultural Materials, Supplies and Small Equip	52,310,278.00	40,077,688.00
Education and Library Supplies	19,575,042.00	17,139,295.00
Photographic and Audio-Visual Materials	1,939,100.00	2,880,000.00

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Description	2023/2024	2022/2023
	Kshs	Kshs
Purchase of Police, Prisons, and NYS Small Equip	245,041,050.00	34,558,875.00
Foods and Rations	3,517,655,956.00	3,335,493,976.00
Purchase of Uniforms and Clothing – Staff	29,882,875.00	14,266,645.00
Purchase of Uniforms and Clothing – Trainees	346,330,000.00	16,203,640.00
Purchase of Bedding and Linen	281,296,213.00	8,434,366.00
Supplies for Production	209,116,258.00	192,279,205.00
Purchase of safety gear	1,477,500.00	867,264.00
Office and General Supplies and Services	137,733,773.00	17,457,875.00
Fuel, Oil and Lubricants	609,976,508.00	371,763,750.00
School Exam. & Invigilation Fees	112,949,082.00	84,579,323.00
Medical Expenses	87,944,547.00	82,282,564.00
Contracted guards and cleaning services	533,473.00	2,400,747.00
Membership fees, dues and subscriptions	2,719,262.00	1,911,640.00
Contracted professional services	93,474,039.00	55,511,871.00
Contracted technical services	2,885,593.00	3,987,520.00
Laundry expenses	1,452,330.00	701,700.00
Sporting Activities	38,312,808.00	0.00
Registration of land	0.00	456,000.00
Historical Pending Bills	568,348,911.00	0.00
Total	9,907,742,789.00	8,545,774,364.00

11. Employee Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Salaries and wages	1,583,712,975.00	1,433,465,799.00
Gratuity	6,614,599.00	14,233,236.00
Casual Wages	54,620,030.00	0.00
Employee costs	1,644,947,604.00	1,447,699,035.00

12. Council Expenses

Description	2023/2024	2022/2023
	Kshs	Kshs
Chairman/Directors' Honoraria	1,020,000.00	1,020,000.00
Directors Emoluments	8,558,200.00	2,256,200.00
Other Allowances	0.00	1,763,800.00
Total	9,578,200.00	5,040,000.00

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13. Depreciation and Amortization Expense

Description	2023/2024	2022/2023
	Kshs	Kshs
Buildings & Structures	187,588,003.00	378,676,841.00
Furniture and fittings	140,256,127.00	12,878,060.00
Computers	42,431,846.00	44,527,560.00
Educational Aids & Equipment	31,441,535.00	57,840,908.00
Plant and equipment	22,441,469.00	5,479,527.00
Loose Tools (Musical Instruments & Others)	35,166,001.00	35,057,001.00
Intangible Assets	14,250,047.00	0.00
Total depreciation and amortization	473,575,028.00	534,459,897.00

- The decrease in the depreciation charge on Buildings & Structures is due to the change of life span of the buildings. In earlier periods the charge was based on 25 years and the current charge is based on 50 years life span.
- The increase in the depreciation charge on furniture and fittings is due to proper identification after tagging process was carried out. All furniture and fittings in all units are now properly identified. The same case applies to Plant and Equipment.

14. Repairs and Maintenance

Description	2023/2024	2022/2023
	Kshs	Kshs
Plant, Machinery & Equipment	4,877,594.00	2,940,511.00
Vehicles	89,110,652.00	111,913,434.00
Furniture and fittings	0.00	109,500.00
Computers and accessories	10,001,389.00	3,896,499.00
Maintenance of Buildings – Residential	11,664,336.00	11,365,696.00
Maintenance of Buildings - Non-Residential	8,542,150.00	1,098,240.00
Minor Alterations of Buildings and Civil Works	89,400,771.00	147,899,589.00
Total Repairs and Maintenance	213,596,893.00	279,223,469.00

- The significant change of Kshs. 65,716,576 mainly was due to reduction on minor alteration of buildings and civil works which was necessitated by the budget allocation.

15. Bank Charges

Description	2023/2024	2022/2023
	Kshs	Kshs
Bank Charges	2,170,154.00	1,160,305.00
Total finance costs	2,170,154.00	1,160,305.00

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16. Taxation

Description	2023/2024	2022/2023
	Kshs	Kshs
Current income tax charge	0.00	0.00
Deferred tax:	0.00	0.00
Original and reversal of temporary differences	0.00	0.00
Income tax expense reported in the statement of financial performance	0.00	0.00

17. Cash and Cash Equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Account	1,103,941,110.00	641,831,432.00
On - Call Deposits	1,235,357,935.00	995,206,156.00
Others (Staff Imprests)	10,016,732.00	5,521,417.00
Total Cash and Cash Equivalents	2,349,315,777.00	1,642,559,005.00

- The increase in the current accounts was due to monies for pending bills (Kshs 500,000,000) that is awaiting clearance from the verification committee before payment, Kshs. 42,000,000 for development and Kshs. 91,972,437 owing to Servicemen and women allowances from various institutions not paid at the close of the year.

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2023/2024	2022/2023
		Kshs	Kshs
a) Current Account			
KCB-NYS Recurrent	1303772248	466,331,010.00	1,070,475.00
KCB-NYS Revenue	1262609798	35,974,308.00	0.00
KCB-NYS Development	1303779595	267,193,005.00	225,188,415.00
KCB - Garissa Mbalambala	1289762317	0.00	7,841,841.00
KCB-NYS Hindi	1289759235	4,128,457.00	2,710.00
KCB-NYS Tana Basin	1289701393	0.00	13,260,243.00
KCB-NYS Tumaini	1289625379	1,447,992.00	1,420,965.00
KCB-NYS TTI Naivasha	1289666598	2,048,995.00	4,915,354.00
KCB-NYS College Gilgil	1289620504	0.00	11,132,200.00
KCB-NYS Athi River	1289713995	6,019,156.00	1,531,874.00
KCB-NYS Mavoloni	1289713375	4,214,038.00	2,719.00
KCB-NYS Yatta	1289746265	16,301,112.00	5,908.00
KCB-NYS Witu	1289851689	402,582.00	1,476,935.00
KCB-NYS Kerio Valley	1289688753	19,272,754.00	333.00

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Notes to the Financial Statements (Continued)

Financial Institution	Account number	2023/2024	2022/2023
		Kshs	Kshs
KCB-NYS Kirimun	1289670633	18,299.00	0.00
KCB-NYS Mwatate	1289916217	1,199,524.00	5,072.00
KCB-NYS Kisumu	1289671788	27,002,581.00	120,020.00
KCB-NYS Turbo	1289715734	68,730,594.00	13,777,749.00
NBK - Director General	01001000909300	136,133,784.00	44,161,346.00
Co-Op Bank-NYS Mombasa TC	01141628706800	24,425,186.00	12,362.00
Co-Op Bank-NYS Lambwe	01141332009500	23,097,735.00	1,019.00
Sub- Total		1,103,941,112.00	325,927,540.00
b) On - Call Deposits			
KCB - NYS Deposit Account	1303780011	919,923,340.00	995,206,156.00
KCB - NYS Huduma Cohorts-Sacco	1178058158	130,274,786.00	130,275,851.00
KCB - Huduma Cohorts-Payment	1178056929	369,656.00	370,721.00
NBK - Huduma Cohort Account	01020078734700	108,977,073.00	109,001,873.00
NBK - SM/W Welfare Account	01071227287600	60,036,817.00	60,499,183.00
NBK - Boda Boda Riders Training	01071000909303	15,756,264.00	15,756,264.00
Sub- Total		1,235,337,936.00	995,206,156
c) Others			
Staff Imprests		10,016,732.00	5,521,417.00
Sub- Total		10,016,732.00	5,521,417.00
Grand Total		2,349,315,777.00	1,642,559,005.00

18. Receivables from Exchange Transactions (Current)

Description	2023/2024		2022/2023	
		Kshs		Kshs
Receivables				
Service, Hire Services of SM/W		201,913,126.00		377,696,716.00
Stitching of Uniforms		83,733,366.00		391,955,435.00
Others (Boda-Boda Programme)		17,719,708.00		16,967,267.00
Hire of Facilities		191,943,612.00		0.00
Other debtors (KEMSA)		65,000,000.00		65,000,000.00
Total Current Receivables		560,309,812.00		851,619,418.00
	2023/2024	% of the total	2022/2023	% of the total
Less than 1 year		%	769,652,151.00	%
Between 1- 2 years	478,342,545.00	85%	65,000,000.00	%
Between 2-3 years	65,000,000.00	12%	16,967,267.00	%
Over 3 years	16,967,267.00	3%	769,652,151.00	%
Total	560,309,812.00	100%	851,619,418.00	100%

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19. Receivables from Non-Exchange Transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
GOK Development Fund	0.00		11,000,000.00	
Total receivables	0.00		11,000,000.00	
Ageing Analysis	2023/2024	% of the total	2022/2023	% of the total
Less than 1 year	0.00	%	11,000,000.00	100%
Between 1-2 years	0.00	%	0.00	%
Over 3 years	0.00	%	0.00	%
Total	0.00		11,000,000.00	

20. Inventories

Description	2023/2024	2022/2023
	Kshs	Kshs
Consumable stores	376,798,771.00	1,073,384,879.00
Medical supplies	38,259,852.00	36,715,007.00
Animal and Breeding Stock	4,657,832.00	48,824,500.00
Total inventories at the lower of cost and NBV	419,716,455.00	1,158,924,386.00

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21. Property, Plant and Equipment

Description	Land	Buildings	Furniture and fittings	Computers	Educational Aids & Equipment	Plant and Equipment	Loose tools (Music insts.)	Total
COST	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
As at 1 st July 2022	20,204,051,400.00	9,433,771,568.00	47,495,438.00	18,922,433.00	153,724,891.00	112,845,025.00	0.00	29,970,810,755.00
Additions	0.00	33,149,460.00	4,377,193.00	0.00	19,797,834.00	29,354,966.00	0.00	86,679,453.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers/adjustments	0.00	0.00	12,517,669.00	116,009,567.00	0.00	0.00	105,171,002.00	233,698,238.00
As at 30th June 2023	20,204,051,400.00	9,466,921,028.00	64,390,300.00	134,932,000.00	173,522,725.00	142,199,991.00	105,171,002.00	30,291,188,446.00
Additions	0.00	110,784,356.00	4,890,705.00	51,471,100.00	34,940,398.00	6,865,000.00	327,000.00	209,278,559.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer/adjustments	0.00	(550,732,019.00)	1,052,768,013	(59,107,563.00)	0.00	299,764,394.00	0.00	742,692,825.00
As at 30th June 2024	20,204,051,400.00	9,026,973,366.00	1,122,049,018.00	127,295,537.00	208,463,123.00	448,829,385.00	105,498,002.00	31,243,159,831.00
DEPRECIATION								
As at 1 st July 2022	0.00	(390,655,911.00)	(18,091,409)	(6,337,978.00)	(89,287,802.00)	(5,357,214.00)	0.00	(509,730,314.00)
Depreciation	0.00	(378,676,841.00)	(12,878,060)	(44,977,333.00)	(57,840,908.00)	(5,392,112.00)	(35,057,001.00)	(534,372,482.00)
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 30th June 2023	0.00	(769,332,752.00)	(30,969,469.00)	(51,315,311.00)	(147,128,711.00)	(10,749,326.00)	(35,057,001.00)	(1,044,552,569.00)
Depreciation	0.00	(187,588,003.00)	(140,256,127.00)	(42,431,846.00)	(31,441,535.00)	(22,441,469.00)	(35,166,001.00)	(459,324,982.00)
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Impairments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer/adjustments	0.00	214,700,058.00	(386,032,658.00)	26,040,499.00	0.00	(54,707,782.00)	0.00	(199,999,883.00)
As at 30th June 2024	0.00	(742,220,697.00)	(557,258,254.00)	(67,706,658.00)	(178,570,246.00)	(87,898,577.00)	(70,223,001.00)	(1,703,877,434.00)
Net Book Value								
As at 30 th June 2024	20,204,051,400.00	8,284,752,668.00	564,790,764.00	59,588,879.00	29,892,877.00	360,930,808.00	35,275,001.00	29,539,282,397.00
As at 30 th June 2023	20,204,051,400.00	8,697,588,276.00	33,420,831.00	83,616,689.00	26,394,014.00	131,363,250.00	70,114,001.00	29,246,548,461.00
Depreciation Rates (# of years)		50	8	3	3	20	3	

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Notes to the Financial Statements (Continued)

Valuation

Land and buildings/ Equipment were valued by Trenad Auctioneers professional valuers from the government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020). The assets were revalued by Trenad Auctioneers professional valuers on 24th October 2023. These amounts were adopted by the Board on 30th June 2024 with concurrence from the National Treasury.

21 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	Net Book Value
	Kshs	Kshs	Kshs
Land	20,204,051,400.00	0.00	20,204,051,400.00
Buildings	9,026,973,366.00	742,220,698.00	8,284,752,668.00
Plant And Machinery	448,829,385.00	87,898,577.00	360,930,808.00
Computers & Related Equipment	127,295,537.00	67,706,658.00	59,588,879.00
Office Equip., Furniture & Fittings	1,122,049,018.00	557,258,254.00	564,790,764.00
Loose Tools - Music Instruments	105,498,002.00	70,223,001.00	35,275,000.00
Educational Aids & Equipment	208,463,123.00	178,570,246.00	29,892,877.00
Total	31,243,159,831.00	1,703,877,434.00	29,539,282,396.00

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Educational Aids & Equipment	153,724,891.00	51,241,630.00
Total	153,724,891.00	51,241,630.00

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22. Intangible Assets

Description	2023/2024	2022/2023
	Kshs	Kshs
Cost		
At beginning of the year/ period	67,420,237.00	67,420,237.00
Additions	3,830,000.00	0.00
At end of the year/ period	71,250,237.00	67,420,237.00
Amortization and impairment		
At beginning of the year/ period	0.00	0.00
Amortization	14,250,047.00	0.00
At end of the year/ period	14,250,047.00	0.00
NBV	57,000,190.00	67,420,237.00

23. Biological Assets

Description	Period ended Sep 30, 2024	2022/2023
	Kshs	Kshs
Trees in a plantation forest	1,007,302,432.00	996,127,549.60
Animals: Dairy Cattle, Pigs, Sheep	48,044,256.00	46,794,256.00
Total	1,055,346,688.00	1,006,555,431.00

24. Trade and Other Payables

Description	2023/2024		2022/2023	
	Kshs		Kshs	
Trade Payables	1,333,726,264.00		740,530,463.00	
Other Payables - Historical	500,000,000.00		0.00	
Other Payables – TVETs	761,131,334.00		730,106,110.00	
Total	2,594,857,598.00		1,470,636,573.00	
Ageing analysis:	2023/2024	% of the Total	2022/2023	% of the Total
Under one year	2,094,857,598.00	75%	1,470,636,573.00	100%
1-2 years	0.00	0%	0.00	0%
2-3 years	0.00	0%	0.00	0%
Over 3 years	500,000,000.00	25%	0.00	0%
Total	2,594,857,598.00		1,470,636,573.00	

- The increase in payables were as a result of Kshs. 500,000,000 received and awaiting completion of verification team before payment. This was partial disbursement from the Kshs.2 billion historical pending bills budgeted during the year.

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25. Refundable Deposits and Prepayments from Customers

Description	2023/2024		2022/2023	
	Kshs		Kshs	
Current Deposits	919,923,340.00		961,206,890.00	
Retentions from Contractors	49,306,018.00		33,999,266.00	
Other Deposits Cohorts	315,434,595.00		344,308,974.00	
Total	1,284,663,953.00		1,339,515,130.00	
Ageing analysis:	2023/2024	% of the Total	2022/2023	% of the Total
Under one year	15,306,752.00	1%	0.00	0%
1-2 years	0.00	0%	0.00	0%
2-3 years	0.00	0%	961,206,890.00	28%
Over 3 years	1,269,357,201.00	99%	378,308,240.00	72%
Total	1,284,663,953.00		1,339,515,130.00	

- Current deposits are monies owed to Servicemen and women payable upon their discharge from the Service.
- Other deposits relate to money owed to Youths (Not SM/W) who were involved in the 2015 Youth Empowerment programme. Efforts to reach them is ongoing.

26. 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. In line with this legal requirement the National Youth Service did not make any surplus during the year (Previous FY Nil) and hence no remittance to the Consolidated Fund

27. Taxation

Description	2023/2024	2022/2023
	Kshs	Kshs
At beginning of the year	0.00	0.00
Income tax charge for the year (note 27)	0.00	0.00
Under/(over) provision in prior year/s (note 27)	0.00	0.00
Income tax paid during the year	0.00	0.00
At end of the year	0.00	0.00

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28. Cash Generated from Operations

Description	2023/2024	2022/2023
	Kshs	Kshs
Surplus/(Deficit) for the year before tax	(211,675,213.00)	(29,373,671.00)
Adjusted for:		
Depreciation	473,575,029.00	534,822,256.00
Non-cash Adjustments	(1,446,161,864.00)	(1,146,760,369.00)
Working capital adjustments		
Increase in inventory	739,207,931.00	473,155,670.00
Increase in receivables	302,309,606.00	-505,226,414.00
Increase in payables	1,069,363,665.00	679,676,548.00
Net cash flow from operating activities	926,625,336.00	6,293,993.00

29. Financial Risk Management

The National Youth Service's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The National Youth Service'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 National Youth Service does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The National Youth Service's financial risk management objectives and policies are detailed below:

i) Credit risk

The National Youth Service 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 National Youth Service's management based on prior experience and their assessment of the current economic environment.

Notes to the Financial Statements (Continued)

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the National Youth Service's directors, who have built an appropriate liquidity risk management framework for the management of the National Youth Service's short, medium and long-term funding and liquidity management requirements. The National Youth Service manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the National Youth Service under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

iii) Market risk

The National Youth Service has put in place an internal audit function to assist it in assessing the risk faced by the Service 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 NYS's income or the value of its holding of financial instruments. 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 NYS's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the NYS's exposure to market risks or the way it manages and measures the risk.

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Notes to the Financial Statements (Continued)

iv) Capital Risk Management

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

Description	2023/2024	2022/2023
	Kshs	Kshs
Revaluation Reserve	542,780,356.00	0.00
Retained Earnings	763,597,383.00	975,272,596.00
Capital Reserve	28,455,150,776.00	29,901,312,640.00
Capital Fund	339,921,250.00	297,890,000.00
Total Funds	30,101,449,765.00	31,174,475,237.00
Total Borrowings	0.00	0.00
Less: Cash and Bank Balances	(2,347,891,996.00)	(1,642,559,005.00)
Net Debt/ (Excess Cash and Cash Equivalents)	N/A	N/A
Gearing	N/A	N/A

30. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the National Youth Service include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions.

Government of Kenya

The Government of Kenya is the principal shareholder of the National Youth Service, holding 100% of the NYS equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the National Youth Service, both domestic and external.

Other related parties include:

- i) Ministry of Public Service, Performance & Delivery
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

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Notes to the Financial Statements (Continued)

31. Contingent Liabilities

Description	2023/2024	2022/2023
	Kshs	Kshs
Contingent Liabilities		
Court Cases against the NYS	1,679,279,669.00	1,679,279,669.00
Contracts (Historical Pending Bills)	15,890,237,695.00	16,390,237,695.00
Total	17,569,517,364.00	18,069,517,364.00

32. Capital Commitments

Capital Commitments	2023/2024	2022/2023
	Kshs	Kshs
Authorised for	0.00	0.00
Authorised and contracted for	0.00	0.00
Total	0.00	0.00

33. Events after the Reporting Period

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

34. Ultimate holding of the National Youth Service

The National Youth Service is a Semi-Autonomous Government Agency under the Ministry of Public Service. Its ultimate parent is the Government of Kenya.

35. Currency

The financial statements are presented in Kshs. rounded to the nearest Kshs.

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20. Appendices

APPENDIX 1: Implementation Status of Auditor-General's Recommendations

Ref. No. on the External Auditor Report	Issue/Observations from the Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																																																																	
1.	Unreconciled variances between the Financial Statements and the General Ledger as follows:	The review of the stated accounts is ongoing and the reconciliation will be done once concluded.	Not Resolved	31 st December, 2023																																																																	
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;">No.</th> <th style="width: 30%;">Account Description</th> <th style="width: 15%;">Ledger Bal.</th> <th style="width: 15%;">Fin. Stat. Bal</th> <th style="width: 15%;">Variance</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Women Supplies</td> <td style="text-align: right;">30,415,490</td> <td style="text-align: right;">32,411,030</td> <td style="text-align: right;">-1,995,540</td> </tr> <tr> <td>2.</td> <td>Dressing</td> <td style="text-align: right;">24,916,540</td> <td style="text-align: right;">54,021,384</td> <td style="text-align: right;">-29,104,844</td> </tr> <tr> <td>3.</td> <td>Supplies for production</td> <td style="text-align: right;">299,421,961</td> <td style="text-align: right;">299,615,621</td> <td style="text-align: right;">-193,250</td> </tr> <tr> <td>4.</td> <td>Fungicides, insecticides</td> <td style="text-align: right;">54,794,410</td> <td style="text-align: right;">54,962,910</td> <td style="text-align: right;">-168,500</td> </tr> <tr> <td>5.</td> <td>Veterinarian services</td> <td style="text-align: right;">15,814,855.25</td> <td style="text-align: right;">15,261,320</td> <td style="text-align: right;">553,535.25</td> </tr> <tr> <td>6.</td> <td>Education & Library supplies</td> <td style="text-align: right;">55,610,805</td> <td style="text-align: right;">73,955,750</td> <td style="text-align: right;">-18,344,945</td> </tr> <tr> <td>7.</td> <td>Contracted professional services</td> <td style="text-align: right;">215,684,986</td> <td style="text-align: right;">1,237,900</td> <td style="text-align: right;">-214,447,086</td> </tr> <tr> <td>8.</td> <td>Tax arrears</td> <td style="text-align: center;">0</td> <td style="text-align: right;">52,536,869</td> <td style="text-align: right;">52,536,869</td> </tr> <tr> <td>9.</td> <td>Electricity</td> <td style="text-align: right;">134,816,639</td> <td style="text-align: right;">139,460,062</td> <td style="text-align: right;">-4,643,423</td> </tr> <tr> <td>10.</td> <td>Water</td> <td style="text-align: right;">52,178,213</td> <td style="text-align: right;">51,004,033</td> <td style="text-align: right;">1,174,180</td> </tr> <tr> <td>11.</td> <td>Gas</td> <td style="text-align: right;">30,243,458.90</td> <td style="text-align: right;">34,844,259</td> <td style="text-align: right;">-4,600,800</td> </tr> <tr> <td>12.</td> <td>Travelling & Accommodation</td> <td style="text-align: right;">143,331,159</td> <td style="text-align: right;">124,913,201</td> <td style="text-align: right;">18,417,958</td> </tr> </tbody> </table>				No.	Account Description	Ledger Bal.	Fin. Stat. Bal	Variance	1.	Women Supplies	30,415,490	32,411,030	-1,995,540	2.	Dressing	24,916,540	54,021,384	-29,104,844	3.	Supplies for production	299,421,961	299,615,621	-193,250	4.	Fungicides, insecticides	54,794,410	54,962,910	-168,500	5.	Veterinarian services	15,814,855.25	15,261,320	553,535.25	6.	Education & Library supplies	55,610,805	73,955,750	-18,344,945	7.	Contracted professional services	215,684,986	1,237,900	-214,447,086	8.	Tax arrears	0	52,536,869	52,536,869	9.	Electricity	134,816,639	139,460,062	-4,643,423	10.	Water	52,178,213	51,004,033	1,174,180	11.	Gas	30,243,458.90	34,844,259	-4,600,800	12.	Travelling & Accommodation	143,331,159	124,913,201	18,417,958
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2.	Unsupported revenue of Kshs 115,322,313 from rendering of security services.	The ledgers, schedules and bank statements have been identified and ready for submission	Not Resolved	31 st December, 2023																																																																	
3.	Lack of a retention money register, ledgers and aging analysis for Kshs 41,757,564 from contractors and Kshs 321,370,062 worth of allowances payable to SM/W.	The documents have been identified and ready for submission	Not Resolved	31 st December, 2023																																																																	

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Ref. No. on the External Auditor Report	Issue /Observations from the Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Unexplained delay in paying the cohorts that were engaged between September 2014 and February, 2015 a sum of Kshs 321,370,062.	The Service has planned a visit in November, 2023 to all sites that implemented the Programme with an aim to trace the beneficiaries so as to process their payments.	Not resolved	31 st December, 2023
4.	Unsupported payment for water utility bills at NYS College, Gilgil of Kshs 4,096,211 in August, 2021 vide V/No. 402 yet Kshs 17,397,654.50 was paid to the same company for June, July and August, 2021 for the utility.	Kshs 17,397,654.50 paid in advance was an estimation of the bills for the months of June, July and August and Kshs 4,096,211 paid in August, 2021 was the actual balance for that month.	Not resolved	31 st December, 2023
5.	5.1. Unsupported acquisition of computers and related hardware worth Kshs 12,611,943.	The documents have been identified and ready for submission	Not resolved	31 st December, 2023
	5.2. Incomplete fixed asset register and untagged assets.	A committee has been constituted to coordinate the updating of fixed assets register. The tagging process commenced and is ongoing.	Not resolved	31 st December, 2023
	5.3. Encroachment of NYS land for lack of fences.	The Service has confirmed that there is no NYS land that is encroached on as 30 th June, 2023 and no dispute was reported.	Not resolved	31 st December, 2023

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Ref. No. on the External Auditor Report	Issue /Observations from the Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Other Matters				
1.	Unresolved prior year audit issues.	The matters were responded to through a meeting with the	Not resolved	31 st December, 2023
		Parliamentary Committee on Public Investment and the response of the Committee is being awaited.		
2.	A shortfall of Kshs 43,740,281 in the statement of comparison of budget and actual amounts.	The matter was responded to in the prior year.	Not resolved	31 st December, 2023
	Unexplained 100% decline of transfers from MDAs compared to Kshs 211,984,338 reported in the previous year (2020/2021).	The matter was responded to in the prior year.	Not resolved	31 st December, 2023
1.	Unsupported Property, Plant and Equipment Balance			
.	<p>The statement of financial position reflects property plant and equipment balance of Ksh.30,253,103,894 as disclosed in Note 20 to the financial statements. However as previously reported, the Service did not maintain a complete and accurate asset register with information relating to the assets on type of the asset, date of acquisition, supplier cost, location, code, current values, remaining useful life and salvage value. Further, the assets have not been tagged for tracking and identification.</p> <p>In addition, the Service has approximately two thousand two hundred and forty-seven (2,247) hectares of land in Yatta, Mavoloni, Athi River, Mombasa Technical institute and Mwatate. However, the parcels of land have not been fenced and are encroached. Although Management has initiated the proves of demarcation of the respective parcels of land, the process has not been finalized. Similarly, the NYS engineering Unit land has been encroached by</p>	<p>The assets register is a document that requires updating day in day out. There before all the assets and liabilities were reported and controlled by the mother department.</p> <p>Currently the Service has tried to create, update and maintain the assets register as required by the law. However, at the time of audit the asset register was at its primary stage of compilation and that why some of the columns were not updated. So far, the tagging exercise is completed and updated. It is also worth to note that some of these assets are old and still in use, the details of suppliers and date of acquisition is a challenge to get. In this case, the date of developing this asset</p>	Awaiting Parliamentary Committee Invitation.	Soonest.

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<p>private developers who have constructed structure on it and therefore, the Service risks losing the land due to encroachment by informal settlers. In the circumstances, the accuracy, completeness and valuation of the property, plant and equipment balance of Ksh.30,253,103,894 could not be confirmed.</p>	<p>register may be assumed as the date of some assets that are in good shape, good condition and in proper use as date of acquisition, A copy of updated Asset register is readily availed for audit verification</p>		
<p>Unsupported Refundable Deposit from Customers</p>			
<p>The statement of financial position reflects refundable deposits from customers amounting to Ksh.1,339,515,130 as disclosed in Note 23 to the financial statements. The amount includes retention monies from contractors of Ksh33,999,266 and other despoths-cohorts, wates, kitchen and allowances payable to servicemen and women of Ksh.344,308,974. However, the retentions from contractors of Ksh.33,999,266 were not supported with retention money register, ledgers and aging analysis. Further, as previously reported, the other deposits-cohorts, wages, kitchen and allowances payable to servicemen and women of Ksh.344,308,974 are in respect to cohorts that were engaged during the six (6) months Youth Empowerment Programme between September, 2014 and February, 2015. Management did not provide satisfactory explanation for the delay in paying the cohorts.</p> <p>In the circumstance, the accuracy and completeness of the refundable deposits from customers totalling Ksh.378,308,240 could not be confirmed.</p>	<p>The retention forms part of deposit to third parties and such the system in place at that time was under implementation stage. However, currently the regular ledger and aging list as available for review. The Service in collaboration with the department of Interior has tried to reach out the affected Youth. So far, the Service was able to clear over 400million. The remaining Youth, efforts are in place to make sure their dues are disbursed, otherwise the funds are intact and safe as the service tries to trace them.</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest.</p>
<p>Outstanding Receivables from Exchange Transactions</p>			
<p>The statement of financial position reflects receivables from exchange transactions balance of Ksh.851,619,418 as disclosed in Note 17 to the financial statements. This balance includes Ksh.377,696,716 in respect of service, hire services of servicemen and women. The balance increased by Ksh.354,515,508 or 1,500% compared with the previous year balance of ksh.23,181,208 which indicates inadequate measure son debt collection. Further, the inter-units' debtors have raised by 37% from Ksh.284,936,674 in the prior year to Ksh.391,955,435. Management did not provide explanation on the failure to collect the debts. Further, no specific provisions by way of bad debt provision have been made in the financial statements to recognize the likely impairment.</p> <p>In the circumstances, the recoverability and completeness of the receivables from exchange transactions balance of ksh.851,619,418 could not be confirmed.</p>	<p>The Service through the governing council has approved the accounting manual which inter alia includes the credit policy among others. The Service has also created the revenue section that oversees the recording, receiving of revenue and follow up of the debts both internal and external. The situation is different now. The accounting manual has been availed to auditor for verification</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest</p>

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Long Outstanding Trade and Other Payables			
<p>The statements of financial position reflect trade and other payables balance of ksh.1,470,636,573 as disclosed in Note 22 to the financial statements. The balances include payables totalling Ksh.740,530,463 which were not supported by a ledger and payment vouchers. Further, pending bills amounting to Ksh.15,883,937,683 which were submitted to the Pending Bills Verification Committee were not included in the financial statements. In addition, the delay in paying these bills has led to legal cases which may result to monetary losses by way of legal fees and penalties. In the circumstances, the accuracy and completeness of the trade and other payables balance of ksh.1,470,636,573 could not be confirmed.</p>	<p>The balance of payables of Ksh.740,530,463.00 was for all Merchants payment vouchers that were never paid at the end of the year. This was a Collection of payment from different sections and stages of the systems. It included all the LPOs, PVs in the system and those payments processed in the system but failed due to liquidity problem and non-compliance issues. The same has been forwarded to auditor both hand and soft copy for verification. The Service also adopted historical pending Bills amounting to Ksh.15,883,937,653 which has been verified and approved. The Service has been in past years incorporating these bills in the budget but due to exchequer factor they are usually carried forward to the next financial year budget until the funds are availed from exchequer. This has been so, and thus we do not have control over this.</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest</p>
Emphasis of Matter Budgetary Control and Performance			
<p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Ksh.12,913,132,673 and Ksh.10,540,854,163 respectively, resulting to an underfunding of Ksh.2,372,278,510 or 18% of the budget. Similarly, the Service spent Ksh.10,558,354,16 against an approved budget of Ksh.12,941,677,676 resulting to an under absorption of Ksh.2,383,323,513 or 18% of the budget. However, the underperformance in revenue collection and under-expenditure was not explained by way of notes contrary to the guidelines issued by the Public Sector Accounting Standards board which provides that material variances of 10% and above be explained in a note. The underfunding and under-absorption affected the planned activities and may have impacted negatively on service deliver to the public.</p>	<p>The Service advertently forgotten to make this note as a disclosure. However, the differences were due to factoring of historical pending bills of Ksh.2,049,000,000 which was never funded, thus making them huge shortfall on exchequer receipt and also expenditure of equal value</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest</p>
Other Matter Unresolved Prior Year Audit Issues			

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<p>In the audit report of the previous year, several issues were raised under the Report on Financial Statements. Report of Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved some of the issues nor provided explanations for the failure to resolve the issues</p>	<p>The Service attended the invite by the Public Investment Committee and forwarded the response to the issues that were raised by the auditor. However, the Service is waiting for the recommendation of the Committee.</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest</p>																
<p>Over-Establishment of Uniformed Staff</p>																			
	<p>Review of staff establishment for uniformed Staff revealed overstaffing in three (3) positions, of: Assistant Direct, Senior Superintendent and Superintendent as shown below. Management did not provide explanation for the overstaffing in the senior management positions.</p>																		
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Position</th> <th style="text-align: center;">Approved Establishment</th> <th style="text-align: center;">In-post</th> <th style="text-align: center;">Over-Establishment</th> </tr> </thead> <tbody> <tr> <td>Assistant Director</td> <td style="text-align: center;">14</td> <td style="text-align: center;">30</td> <td style="text-align: center;">16</td> </tr> <tr> <td>Senior Superintendent</td> <td style="text-align: center;">36</td> <td style="text-align: center;">52</td> <td style="text-align: center;">16</td> </tr> <tr> <td>Superintendent</td> <td style="text-align: center;">57</td> <td style="text-align: center;">62</td> <td style="text-align: center;">5</td> </tr> </tbody> </table> <p>Management did not provide explanation for the overstaffing in the senior management positions.</p>	Position	Approved Establishment	In-post	Over-Establishment	Assistant Director	14	30	16	Senior Superintendent	36	52	16	Superintendent	57	62	5		
Position	Approved Establishment	In-post	Over-Establishment																
Assistant Director	14	30	16																
Senior Superintendent	36	52	16																
Superintendent	57	62	5																
<p>Non-Compliance with One-Third of Basic Salary Rule</p>																			
<p>Review of payroll revealed that one hundred and fifty-six (156) employees were paid a net salary of less than a third (1/3) of their basic pay in June, 2023. This was contrary to Section 19(3) of the Employment Act, 2007 which provides that the total amount of deductions which may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages. No explanation was provided for the breach of law on payment of salaries and allowances.</p>																			
<p>Payment of Salaries Outside the Integrated Personnel and Payroll Database (IPPD)</p>																			
<p>The statement of financial performance reflects use of goods and services expenditure of Ksh.8,545,83,364 as disclosed in Note to the financial statements. Included in this amount is training expenses of Ksh.3,552,912,780 out of which Ksh.99,726,902 was paid to trainers and lectures as salaries. However, the payments were processed outside the IPPD</p>	<p>The Service do have training Schools on various programmes. The Service does not have enough teachers on this programme. In this case, the Service through approvals of the Council does hiring of Part-time lecturers to train the recruits.</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest</p>																

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<p>Government payroll processing system. Further, the criterial used in hiring the tutors was not provided for verification. In the circumstances, the service was in breach of the public Service Policies and Procedures.</p>	<p>Since the Part-time lecturers lack personal number and are not full-time employees of the Service their pay cannot be effected into the IPPD system.</p>	
<p>Stalled Construction of Housing Units and Vocational Training Institute – Industrial Area</p>		
<p>As previously reported, the Service entered into a contract for the construction of a 12 Units flat at Vocational Training Institute-Industrial Area at a sum of Ksh.49,105,721. However, the contractor abandoned the site after receiving the first payment of Ksh.7,111,432. Management re-advertised the works and awarded the contract for completion of the project at a cost of Ksh.61,098,319 with a timeline of fifty-two (52) weeks commencing on 26th November, 2019. However, physical inspection conducted in the month of march, 2014 revealed that the project was incomplete and the contractor had abandoned the site after receiving payments totalling Ksh.23,000,000. In the circumstances, the Service has not realized value for money on the expenditure of Ksh.30,111,432 spent on the project.</p>	<p>The Contract period elapsed when works were at 60% construction, however the contractor has applied for first extension period that will be deliberated on between the National Youth Service (Client), SDPW and the Contractor for a way forward. Execution of works done up to lintel/ring beam awaiting roofing among other internal and external work to be declared complete.</p>	<p>Awaiting Parliamentary Committee Invitation. Soonest</p>
<p>Supply, Delivery and Installation of High and Low Level Pressed Steel Water Tanks, Booster Pumps and Tower Works at VTI Industrial Area</p>		
<p>As Previously reported in the financial year 2020/2021, the Service entered into a contract for supply, delivery and installation of high and low-level pressed steel water tanks, booster pumpless and tower works at Vocational Training Institute (VTI) Nairobi industrial area. The contract for a sum of Ksh.11,715,396 was signed on 03 September, 2019 for a period of sixteen (16) weeks ending on 31 October, 2020. However, the contractor abandoned the site on 23rd October, 2020 due to non-payment of certified works valued at Ksh.5,770,669. Site visit carried out in the month of March, 2024, revealed that the works had stalled and efforts between the Service, Nairobi Region Works Office and the contractor revealed that no progress had been made. In the circumstances, value for money has not been realized on the project.</p>	<p>Works execution was instituted up to 70% awaiting water reticulation lines, pump installation and commissioning of the project, however, the projected project time elapsed and partial handing contacted by SDPW and the Contractor in the presence of the client (NYS) representative.</p>	<p>Awaiting Parliamentary Committee Invitation. Soonest</p>
<p>Stalled Construction of Four-stored Classrooms Block and Workshop at NYS Engineering Institute - Ruaraka</p>		
<p>As previously reported, the Service entered into a contract for the construction of a 12 Units flat at Vocational Training Institute-Industrial Area at a sum of Ksh.49,105,721. However, the contractor abandoned the site after receiving the first payment of Ksh.7,111,432. Management re-</p>	<p>The Contract period elapsed when works were at 60% construction, however the contractor has applied for first extension period that will be deliberated on between the National Youth</p>	<p>Awaiting Parliamentary Committee Invitation. Soonest</p>

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<p>advertised the works and awarded the contract for completion of the project at a cost of Ksh.61,098,319 with a timeline of fifty-two (52) weeks commencing on 26th November, 2019. However, physical inspection conducted in the month of March, 2014 revealed that the project was incomplete and the contractor had abandoned the site after receiving payments totalling Ksh.23,000,000. In the circumstances, the Service has not realized value for money on the expenditure of Ksh.30,111,432 spent on the project.</p>	<p>Service (Client), SDPW and the Contractor for a way forward.</p> <p>Execution of works done up to lintel/ring beam awaiting roofing among other internal and external work to be declared complete.</p>		
<p>Supply, Delivery and Installation of High and Low Level Pressed Steel Water Tanks, Booster Pumps and Tower Works at VTI Industrial Area</p>			
<p>As Previously reported in the financial year 2020/2021, the Service entered into a contract for supply, delivery and installation of high and low-level pressed steel water tanks, booster pumpless and tower works at Vocational Training Institute (VTI) Nairobi industrial area. The contract for a sum of Ksh.11,715,396 was signed on 03 September, 2019 for a period of sixteen (16) weeks ending on 31 October, 2020. However, the contractor abandoned the site on 23rd October, 2020 due to non-payment of certified works valued at Ksh.5,770,669. Site visit carried out in the month of March, 2024, revealed that the works had stalled and efforts between the Service, Nairobi Region Works Office and the contractor revealed that no progress hand been made. In the circumstances, value for money has not been realized on the project.</p>	<p>Works execution was instituted up to 70% awaiting water reticulation lines, pump installation and commissioning of the project, however, the projected project time elapsed and partial handing contacted by SDPW and the Contractor in the presence of the client (NYS) representative.</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest</p>
<p>Stalled Construction of Four-stored Classrooms Block and Workshop at NYS Engineering Institute - Ruaraka</p>			
<p>The Service entered into a contract for the construction of a four-storey classroom black and workshops at the NYS Engineering Institute in Ruaraka on 13th April, 2011 at a sum of Ksh.88,794,355. The project was to take fifty-two (52) weeks ending on 9th June, 2012 and was later extended by thirty-one (31) weeks to 12th January, 2013. However, as previously reported, the construction stalled in 2017 after payment of Ksh.81,884,550 equivalent to 92% of the contract swum against 95% of the works certified. Review of the project in February, 2024, revealed that the project is incomplete and Management did not provide measures being taken to complete the project. The incomplete works include electrical, plumbing and drainage that were originally valued at Ksh.4,778,265 as per the State Department of Public Works appraisal report dated 5th April, 2022. In the circumstance, value for money has not been realized twelve (12) years after the construction commenced.</p>	<p>The works execution was done 100% and occupied by the anticipated team.</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest</p>

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Stalled Construction of Double Span Kitchen, Dining and Barracks at NYS Engineering Institute – Ruaraka			
<p>As previously reported, the Service awarded the contract for the Construction of Double Span Kitchen, Dining and Barracks at NYS Engineering Institute Ruaraka to a construction company in May, 2011 at a sum of Ksh.192,000,000. The project commenced on 13th June, 2011 with a contract duration of eighty (80) weeks. The contractor was granted an extension period up to 13th March, 2017. The contractor, however, abandoned the site after receiving payments totalling Ksh.186,248,573, or 90% of the agreed contract sum. Site visit carried out in the month of March, 2024, revealed that no construction was ongoing and the contractor had abandoned the works. Further, huge visible cracks of the walls and floors were noted which continue to deteriorate. The Management claimed that the delay in completion was mainly due to delayed payments to the main contractor and sub-contractors.</p> <p>In addition, Management has not made any efforts to invoke the relevant clauses of the contract to surcharge the contractor for the delayed completion. In the circumstances, value for money has not been realized twelve (12) years after the construction commenced.</p>	<p>After joint evaluation of works done by three parties:- NYS, SDPW and the Contractor, the remaining works valued to Ksh.19.2 million for builders works, mechanical and electrical works.</p>	<p>Awaiting Parliamentary Committee Invitation.</p>	<p>Soonest</p>

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Commandant General/C.E.O
National Youth Service

21/11/24

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Date

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I. APPENDIX 2: PROJECTS IMPLEMENTED BY THE NATIONAL YOUTH SERVICE FUNDED BY DEVELOPMENT PARTNERS AND/OR GOVERNMENT

Project Title	Project Number	Donor	Period/Duration	Donor Commitment	Separate Donor Reporting Required as per the Donor Agreement (Yes/No)	Consolidated in these Financial Statements (Yes/No)
NYS GILGIL Paramilitary Academy Sewerage Treatment Pond		N/A	52 WEEKS	N/A	NO	YES

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Appendix II: Recording of Transfers from Other Government Entities

Name of the MDA /Donor Transferring the funds	Date received As per bank statement	Nature of Account Recurrent/Development	Total Amount (KES)	Where Recorded /recognized			
				Statement of Financial Performance	Capital Fund	Receivables	Total Transfers
State Department for Public Service	25Aug2023	Recurrent	856,632,112.60	856,632,112.60	0.00	0.000	856,632,112.60
State Department for Public Service	14Sept2023	Recurrent	856,632,112.60	856,632,112.60	0.00	0.00	856,632,112.60
State Department for Public Service	28Sept2023	Development	21,000,000.00	0.00	21,000,000.00	0.00	21,000,000.00
State Department for Public Service	09Oct2023	Development	10,819,250.00	0.00	10,819,250.00	0.00	10,819,250.00
State Department for Public Service	23Oct2023	Recurrent	856,631,441.30	856,631,441.30	0.00	0.00	856,631,441.30
State Department for Public Service	16Nov2023	Recurrent	856,631,441.30	856,631,441.30	0.00	0.00	856,631,441.30
State Department for Public Service	13Dec2023	Recurrent	856,632,112.60	856,632,112.60	0.00	0.00	856,632,112.60
State Department for Public Service	09Jan2024	Recurrent	856,632,112.60	856,632,112.60	0.00	0.00	856,632,112.60
State Department for Public Service	18Jan2024	Recurrent	250,000,000.00	250,000,000.00	0.00	0.00	250,000,000.00
State Department for Public Service	16Feb2024	Recurrent	856,632,112.60	856,632,112.60	0.00	0.00	856,632,112.60
State Department for Public Service	27Feb2024	Recurrent	500,000,000.00	500,000,000.00	0.00	0.00	500,000,000.00
State Department for Public Service	01Feb2024	Development	212,000.00	0.00	212,000.00	0.00	212,000.00
State Department for Public Service	27Feb2024	Development	21,000,000.00	0.00	21,000,000.00	0.00	21,000,000.00
State Department for Public Service	29Feb2024	Recurrent	70,000,000.00	70,000,000.00	0.00	0.00	70,000,000.00
State Department for Public Service	21Mar2024	Recurrent	856,632,112.60	856,632,112.60	0.00	0.00	856,632,112.60
State Department for Public Service	15Apr2024	Recurrent	856,631,445.80	856,631,445.80	0.00	0.00	856,631,445.80

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Name of the MDA /Donor Transferring the funds	Date received As per bank statement	Nature of Account Recurrent/Development	Total Amount (KES)	Where Recorded /recognized			
				Statement of Financial Performance	Capital Fund	Receivables	Total Transfers
State Department for Public Service	09May2024	Recurrent	100,000,000.00	100,000,000.00	0.00	0.00	100,000,000.00
State Department for Public Service	09May2024	Recurrent	856,632,112.60	856,632,112.60	0.00	0.00	856,632,112.60
State Department for Public Service	17Jun2024	Recurrent	856,632,112.60	856,632,112.60	0.00	0.00	856,632,112.60
State Department for Public Service	30Jun2024	Recurrent	908,790,893.50	908,790,893.50	0.00	0.00	908,790,893.50
State Department for Public Service	30Jun2024	Recurrent	80,000,000.00	80,000,000.00	0.00	0.00	80,000,000.00
Total			11,384,773,372.70	11,331,742,122.70	53,031,250.00	0.00	11,384,773,372.70