

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
*Enhancing Accountability*

## REPORT



OF

THE AUDITOR-GENERAL

ON

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 07 Dec 2023

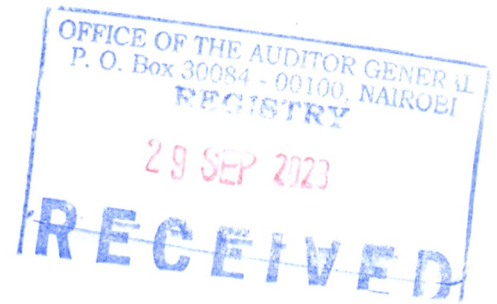
*Itives*  
*Ken Owen Baya CBS, m*  
*Deputy majority leader*  
*Minam*

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

**FOR THE YEAR ENDED  
30 JUNE, 2023**

**STATE DEPARTMENT FOR CROP  
DEVELOPMENT**





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

**IMPLEMENTING ENTITY: MINISTRY OF AGRICULTURE, LIVESTOCK,  
FISHERIES AND COOPERATIVES**

**PROJECT GRANT/CREDIT NUMBER: 2018 KE 005**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2023**

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



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improve the Enabling Business Environment for Agriculture in Kenya Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023*

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**1. Acronyms and Glossary of Terms**

|                |  |
|----------------|--|
| CBK            | Central Bank of Kenya                                |
| ICPAK          | Institute of Certified Public Accountants of Kenya   |
| IMF            | International Monetary Fund                          |
| IPSAS          | International Public Sector Accounting Standards     |
| NT             | National Treasury                                    |
| PFM            | Public Finance Management.                           |
| PSASB          | Public Sector Accounting Standards Board             |
| WB             | World Bank   |
| Comparative FY | Financial year preceding the current financial year. |

## **2. Project Information and Overall Performance**

### **2.1 Name and registered office**

#### **Name**

The project's official name is Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to improve the Enabling Business Environment for Agriculture in Kenya.

#### **Objective**

The key objective of the project are

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

#### **Address**

The project headquarters offices are Nairobi City, Nairobi County, Kenya. The address of its registered office is: Kilimo House, Cathedral Road, Nairobi

**Contacts:** The following are the project contacts

P.O. Box: 30028 – 00100 Nairobi

Telephone: (254) 711 170 726

E-mail: [info@kilimo.go.ke](mailto:info@kilimo.go.ke)

Website: [www.kilimo.go.ke](http://www.kilimo.go.ke)

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**Project information and overall performance (continued)**

**2.2 Project Information**

|                     |  |
|---------------------|--|
| Project Start Date: | The project start date was 1 <sup>st</sup> June, 2019.   |
| Project End Date:   | The project end date was 31 <sup>st</sup> December, 2022 |
| Project Manager:    | The project manager is Mr. David Ombalo                  |
| Project Sponsor:    | Alliance for Green Revolution in Africa (AGRA)           |

**2.3 Project Overview**

|  |  |
|--|--|
| Line Ministry/State Department of the project                    | The project was under the supervision of the State Department for Crop Development   |
| Project number   | 2018 KE  |
| Strategic goals of the project                                   | The strategic goal of the project was as follows:<br>Improve the business enabling environment for investing in local and international agribusiness that sell inputs and buy outputs from smallholder farmers in order to strengthen systems for fertilizers, seeds, agricultural machinery and irrigation, agricultural crop insurance and agricultural output marketing and improve farmers' yields, profitability and incomes.                                     |
| Summary of Project Strategies for achievement of strategic goals | The project was formed to intervene in the following areas:<br>i) Identify and prioritize existing and new draft policies, statutes, Bills and regulations that need review to address bottlenecks to improving the enabling business environment for agriculture in Kenya. These include review of provisions to harmonise regulatory roles among ministries, departments and agencies; and to articulate measures needed to implement policy and regulatory reforms. |

|  |   |
|--|---|
|  | <p>ii) Use systematic and methodological approaches to provide the evidence base for the Ministry’s consideration of the proposed reforms options, through use of existing internal expertise or outsourced expertise where necessary.</p> <p>Build the capacity of policy makers and decision makers through learning by using to continuously review and reform policies and regulations that unintentionally limit private sector investments.</p>   |
| <p>Other important background information of the project</p> | <p>The project is focused on improving agricultural inputs and outputs markets and contributing to achieving 100% food and nutrition security for all Kenyans outlined in the Agricultural Sector Transformation and Growth Strategy (ASTGS) and the Big Four agenda.</p>   |
| <p>Areas that the project was formed to intervene</p>        | <p>The project was formed to intervene in the following problems/gaps:</p> <ol style="list-style-type: none"> <li>(1) The Plant Protection Act, Cap 324 and regulations on export/import of agricultural produce and products reviewed, updated and a cost implementation plan developed</li> <li>(2) Regulations developed, drafted, validated and implemented to enforce the Fertilizers and Animal Foodstuff (Amendment) Act No. 20 of 2015</li> <li>(3) National Agricultural Mechanization Policy and Bill approved and legislated, and legal framework developed, drafted, validated, approved, enacted and implemented to operationalize the Policy and Bill after enactment</li> <li>(4) (a) National Irrigation Policy and National Irrigation Bill approved and legislated, and legal framework developed, drafted, validated, approved, enacted and</li> </ol> |

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|                  |  |
|------------------|--|
|                  | <p>implemented to operationalize the Policy and Bill after enactment.</p> <p>(b) National Irrigation Sector Strategy</p> <p>(5) Agricultural Crop Insurance Policy approved, legislation reviewed and regulations developed, drafted, validated, developed and implemented to operationalize the policy</p> <p>(6) (a) Warehousing Receipt Systems Act regulations developed, drafted, validated, developed and implemented to enforce the Act</p> <p>(b) Agriculture marketing strategy (AMS) finalized and ready for publication</p> <p>(7) (a) Private sector capacity built on their role in collaboration, partnerships and advocacy</p> <p>(b) Ministries, Departments and Agencies capacity built on structured policy and legal framework development and review of processes.</p> <p>(c) Policy decision makers and experts capacity built on use of policy quality frameworks.</p> |
| Project duration | The project started on 1st June 2019 and ended on 31st December, 2022  |

**Project Information and Overall Performance (Continued)**

**2.4 Bankers**

The following are the bankers for the project:

- (i) NCBA ..... Account No. 8518320012
- (ii) Central Bank of Kenya..... Account No. 10004269907

**2.5 Independent Auditor**

The project is audited by the: -

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

**2.6 Roles and Responsibilities**

List the different people who are working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

| <b>Names</b>    | <b>Title designation</b>                                      | <b>Key qualification</b>   | <b>Responsibilities</b>               |
|-----------------|---|--|---------------------------------------|
| 1. Peter Owoko  | Ag. Director of Agricultural Policy, Research and Regulations | Technical head of Directorate of Agriculture Policy  | Oversight on Programme implementation |
| 2. David Ombalo | Principal Agriculture Officer                                 | Technical competence in development of Policy documents, Bills, Regulations and strategies | Project implementation Coordinator    |

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|                     |  |   |   |
|---------------------|--|---|---|
| 3. Evelyne Heyi     | Principal Agriculture Officer          | Technical Competence in development of Policy documents, Bills, Regulations and strategies. | M & E Officer   |
| 4. Kennedy Anahinga | Principal Agriculture Officer          | Technical Competence in development of Policy documents, Bills, Regulations and strategies. | Project Team Member   |
| 5. Stella Muindi    | Senior Accountant                      | Public Accounts   | Senior Accountant   |
| 6. Irene K. Ndonga  | Principal Accountant                   | Public Accounts   | Project Accountant  |
| 7. Catherine Mutuku | Secretary/Administrative Services      | Administrative services   | Component Leader  |
| 8. Hellen Mwarey    | Manager, Phytosanitary Services-KEPHIS | Coordination of component activities  | Component Leader-Plant Protection Bill and Regulations                |
| 9. Dixon Korir      | Principal Agriculture Officer          | Coordination of component activities  | Component Leader-Fertilizer Regulations                               |
| 10. Eileen Bureza   | Principal Agriculture Officer          | Coordination of component activities  | Component Leader-Agriculture Insurance                                |
| 11. Eng, Musa Sang  | Agricultural engineer                  | Coordination of component activities  | Component Leader-Mechanization Policy and Bills                       |
| 12. Seline Bonyo    | Principal Agriculture Officer          | Coordination of component activities  | Component Leader WRS Regulations and Agriculture Mechanization Policy |
| 13. Kani Nguma      | Irrigation Officer                     | Coordination of component activities  | Component Leader-Irrigation Bill, Regulations and Irrigation Strategy |

**2.7 Funding summary**

The Project was for a duration of 3 years and 6 months from 31<sup>st</sup> June 2019 to 31<sup>st</sup> December 2022 with an approved budget of US\$ 1,498,755 equivalent to Kshs 149,875,500.00 as highlighted in the table below:

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**Project information and overall performance (continued)**

Below is the funding summary:

**A. Source of Funds**

| Source of funds                                | Donor Commitment |                    | Amount received to date – (30 <sup>th</sup> June 2023) |                    | Undrawn balance to date |                  |
|--|------------------|--------------------|--|--------------------|-------------------------|------------------|
|  | USD              | Kshs               | USD  | Kshs               | USD                     | Kshs             |
|  | (A)              | (A')               | (B)  | (B')               | (A)-(B)                 | (A')-(B')        |
| <b>(i) Grant</b>                               |                  |                    |  |                    |                         |                  |
| Alliance for Green Revolution in Africa (AGRA) | 1,498,756        | 149,875,500        | 1,430,756  | 157,272,045        | 68,000                  | 7,480,000        |
| <b>Total</b>                                   | <b>1,498,756</b> | <b>149,875,500</b> | <b>1,430,756</b>                                       | <b>157,272,045</b> | <b>68,000</b>           | <b>7,480,000</b> |

Note:

- 1) The undrawn balance of USD 68,000 was withheld by the Donor to pay for consultancy services in support of the Agriculture Transformation Office (ATO) in line with Addendum 1 to the Grant Agreement.
- 2) The difference between the donor commitment of Kshs. 149,875,500.00 and the amount received to date of Kshs. 157,272,045.00 was caused by exchange rate fluctuation.

**Project information and overall performance (continued)**

**B. Application of Funds**

| Application of funds                    | of | Amount received to date – (30 <sup>th</sup> June 2023) |             | Cumulative amount paid to date – (30 <sup>th</sup> June 2023) |             | Unutilised balance to date (30 <sup>th</sup> June 2023) |           |
|---|----|--|-------------|---|-------------|---|-----------|
|   |    | USD  | Kshs        | USD   | Kshs        | USD   | Kshs      |
|   |    | (A)  | (A')        | (B)   | (B')        | (A)-(B)   | (A')-(B') |
| <b>(i) Grant</b>                        |    |  |             |   |             |   |           |
| Alliance for Green Revolution in Africa | in | 1,430,756  | 158,125,328 | 1,425,413   | 157,543,074 | 5,343   | 582,254   |
| <b>Total</b>                            |    | 1,430,756  | 158,125,328 | 1,425,413   | 157,543,074 | 5,343   | 582,254   |

The difference between Kshs.158,125,328 being amount received to date and Kshs.157,272,045 being amount paid to date of Kshs.853,283, is for miscellaneous receipts received during the period.

**Project information and overall performance (continued)**

**2.9 Summary of Overall Project Performance:**

- i) *Budget performance against actual amounts for current year and for cumulative to-date, as detailed below:*

**Budget Performance**

| <b>Year</b>      | <b>Budgeted figure</b> | <b>Actual receipts</b> | <b>Actual Expenditure</b> | <b>Variiances between budgeted and receipts</b> | <b>Variiances between budgeted and Expenditure</b> |
|------------------|------------------------|------------------------|---------------------------|---|--|
| 2019/2020        | 0.00                   | 31,262,160             | 8,189,489                 | 0%  | 0%   |
| 2020/2021        | 63,000,000             | 62,252,944             | 84,506,902                | 99%   | 134%   |
| 2021/2022        | 102,400,664            | 64,533,307             | 53,124,902                | 63%   | 52%  |
| <b>2022/2023</b> | <b>0</b>               | <b>0</b>               | <b>11,721,781</b>         | <b>0%</b>                                       | <b>0%</b>  |
| <b>Totals</b>    | <b>165,400,664</b>     | <b>158,048,411</b>     | <b>157,543,074</b>        | <b>96%</b>                                      | <b>88%</b>   |

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

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

**Obj. 1 Area 1: Fertilizers and Animal Foodstuff (Amendment) Act No. 20 of 2015.**

- Draft Fertilizers and Animal Foodstuffs (Fertilizer), Regulations developed
- Taskforce report finalized and handed over to MIRA core team for printing and presentation to the Ministry
- Guidelines for inspection included in the Fertilizers and Animal Foodstuffs (Fertilizer), Regulations 2021
- Guidelines on importation and timely Distribution of subsidized fertilizers developed
- Public participation, RIA, validation undertaken on F&AF Regulations
- Instruments for appointment of Board members prepared

**Obj. 1 Area 2: National Agricultural Mechanization**

- Draft National Agricultural Mechanization Policy 2022 (NAMP) initiated and taken through public participation, JASCCOM approvals national validation, presented top management for approval
- Agricultural Mechanization Bill cleaned by the Office of the Attorney General
- Agricultural Mechanization Regulation drafted and awaiting instruction of the Bill in Parliament
- Implementation plan with cost to operationalize the NAMP developed
- Parallel spinoff initiatives on promotion of hubs with mechanization/agro-processing components undertaken

**Obj. 1 Area 3: National Irrigation Sector Strategy**

- National Irrigation Policy of 2017;
- The Irrigation Act, No. 14 of 2019 enacted into law in 2019;
- the Irrigation (General) Regulations, 2021;
- The 5-Year National Irrigation Sector Strategy, 2022 – 2026 (NISS) initiated and taken through public participation, JASCCOM approvals national validation, Ministerial and NDITC approval
- The NISS published and launched by CS Water, Sanitation and Irrigation on 26th January 2023
- Implementation plan with cost to operationalize the NISS developed

**Obj. 1 Area 4: Plant Protection Bill and Regulations**

- Development of a new Plant Protection Bill which was taken through public participation, JASCCOM approvals national validation, ministerial approval and approval by NDITC
- Legal drafting of Bill by the Office of the AG completed.
- Awaiting approval by Cabinet and tabling in Parliament
- 3 draft regulations developed and taken through public participation with Bill, namely;
  - Plant Protection (General) Regulations
  - Plant Protection (Biological Control Agents) Regulations
  - Plant Protection (Import/Export) Regulations
- Implementation plan with cost to operationalize Bill provisions developed

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- Spill-off development of a phytosanitary policy initiated and taken through public participation, JASCCOM approvals national validation, Ministerial approval and approval by NDITC

**Obj. 2 Area 2: Agriculture Marketing Strategy (AMS), 2023 - 2032**

- Warehousing Receipt Systems Act No. of 2019 enacted in 2019
- WRS Regulations Gazetted in 2021
- WRS Council operationalized in 2021
- Outreach/sensitization and rollout undertaken
- WRS implementation on course and has enabled the attracting of additional funding from other partners
- AMS 2023-2032 initiated, taken through public participation; validation; adoption and approval
- AMS 2023-2032 finalized, launched on 24th January 2023 and ready for implementation
- Implementation plan with cost to operationalize NAIP completed

**Obj. 2 Area 2: Agriculture Marketing Strategy (AMS), 2023 - 2032**

- Warehousing Receipt Systems Act No. of 2019 enacted in 2019
- WRS Regulations Gazetted in 2021
- WRS Council operationalized in 2021
- Outreach/sensitization and rollout undertaken
- WRS implementation on course and has enabled the attracting of additional funding from other partners
- AMS 2023-2032 initiated, taken through public participation; validation; adoption and approval
- AMS 2023-2032 finalized, launched on 24th January 2023 and ready for implementation
- Implementation plan with cost to operationalize NAIP completed
- **Objective 3: Capacity Building**
- 7-week Training of 23 out of 25 targeted officers achieved (8th Feb to 29 April 2022)
- Participants from 3 state Depts. Counties Govts, KEPHIS, ATO, AMS)

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- Areas covered; Policy Development; PPVC; Legislative drafting and development of Cabinet Memoranda; Strategic Management/Strategy (Development of Economic Sector Strategies); and Knowledge management

*iii) Comment on value-for-money achievements*

Two important documents, namely **the Agriculture Marketing Strategy (AMS), 2023 – 2032** and the **National Irrigation Sector Strategy** were finalized, launched on 24<sup>th</sup> January 2023 and on 26<sup>th</sup> January 2023 and are now being implemented to improve agricultural marketing and irrigation in the Country

The remaining four out of the six policy reform areas targeted under the programme, have been progressed up to the level of endorsement by the Ministry top Management. The Warehouse Receipt System Act No. 8 of 2019 is now law while and the Warehouse Receipt System Regulations (L. N. No 3. of 2021; <https://wrsc.go.ke/resources/legislation/22-the-warehouse-receipt-system-regulations-2021>) have since been gazetted.

*iv) Programme absorption rate*

The programme absorption rate for the year 2019/2020 was at 19%, for year 2020/2021 was at 59%, for the year 2021/22 was at 92% and for the year 2022/2023 was 100%

| Financial year   | Actual Expenditure | Total Amount cumulative | Absorption rate |
|------------------|--------------------|-------------------------|-----------------|
| 2019/2020        | 8,189,489          | 8,189,489               | 19%             |
| 2020/2021        | 84,506,902         | 92,696,391              | 59%             |
| 2021/2022        | 53,124,902         | 145,821,293             | 92%             |
| <b>2022/2023</b> | <b>11,721,781</b>  | <b>157,543,074</b>      | <b>100%</b>     |
|                  | <b>157,543,074</b> |                         |                 |

*v) List the implementation challenges and recommended way forward.*

- 1) Delays in commencement of the project at the beginning of the project period occasioned by the COVID-19 pandemic.

- 2) Delays in approval of the finalized draft policy reform documents occasioned by delayed approvals at Ministerial, NDITC, NDCCC, electioneering period and Cabinet approvals.

The Ministry requested for an adjustment to the Grant Agreement to allow for new timelines for delivery of planned outputs and was granted a No-Cost-Extension (NCE) up to December 2022.

vi) *Summary of Project Compliance:*

The project had no compliance issues perceived or otherwise

### **3. Statement of Performance against Project's Predetermined Objectives**

#### **Introduction**

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

Grant No. 2018 KE 005

The key development objectives of the *project's agreement* plan were to:

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

- iv) Plan and coordinate driving the Agricultural Crop Insurance Policy and Law – through the remaining administrative and legislative processes and stages of government decision-making and approval and putting in place regulations and institutional arrangements for implementation.
- v) Plan and coordinate the development, validation approval, legislation and implementation of a legal framework to operationalize the National Agricultural Mechanization Policy 2017.
- vi) Drive the National Irrigation Policy and National Irrigation Bill through final stages of legislation and implementation through making of regulations to operationalize the Act.

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

#### **Progress on attainment of strategic development objectives**

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

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Below we provide the progress on attaining the stated objectives:

| Project  | Objective  | Outcome   | Indicator   | Performance   |
|--|--|---|---|---|
| Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya | The project is be organized under the following 3 objectives;<br><br>1. Strengthening policy and regulatory environment for growth and development of agricultural input systems technology (fertilizer, seeds, agricultural machinery and irrigation) | Strengthened regional and national level agricultural enabling policy environment.<br><br>Intermediate outcome 9.1 Improved national level agricultural regulatory environment.<br><br>Intermediate outcome 9.2 Strengthened capacity of national policy and regulatory focus institutions. | 1. The Plant Protection Act, Cap 324 and regulations on export/import of agricultural produce and products reviewed, updated and a cost implementation plan developed | The draft Plant Protection Bill 2023 and three (3) sets of regulations developed as follows:<br><br>a) Plant Protection (General) Regulations,<br><br>b) Plant Protection (Import and Export) regulations; and,<br><br>c) Protection (Biological Articles and Control Agents) Regulations developed.<br><br>The development of the Bill was completed, legal drafting by the AG completed and is awaiting |

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|  |  |  |   |  |
|--|--|--|---|--|
|  |  |  |   | Ministerial and cabinet approval   |
|  |  |  | (2) Regulations developed, drafted, validated and implemented to enforce the Fertilizers and Animal Foodstuff (Amendment) Act No. 20 of 2015  | Draft Fertilizers and Animal Foodstuff (Fertilizers) Regulations developed and validated awaiting Ministerial approval                 |
|  |  |  | (3) National Agricultural Mechanization Policy and Bill approved and legislated, and legal framework developed, drafted, validated, approved, enacted and implemented to operationalize the Policy and Bill after enactment | National Agricultural Mechanization Policy awaiting Ministerial approval<br><br>Draft Bill completed and will await approval of policy |
|  |  |  | (4) (a) National Irrigation Policy and National Irrigation Bill approved and legislated, and legal framework developed, drafted, validated, approved, enacted and implemented to operationalize the                         | The NISS published and launched by CS Water, Sanitation and Irrigation on 26th January 2023  |

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|  |  |   |   |   |
|--|--|---|---|---|
|  |  |   | Policy and Bill after enactment.<br><br>(b) National Irrigation Sector Strategy   |   |
|  | 2. Improving the enabling environment for the expanded access to output markets (agricultural produce SPS) | Strengthened regional and national level agricultural enabling policy environment.<br><br>Intermediate outcome 9.2 Strengthened capacity of national policy and regulatory focus institutions | (5) Agricultural Crop Insurance Policy approved, legislation reviewed and regulations developed, drafted, validated, developed and implemented to operationalize the policy   | Draft Crop Insurance Policy finalized and presented to NDITC  |
|  |  |   | (6) (a) Warehousing Receipt Systems Act regulations developed, drafted, validated, developed and implemented to enforce the Act<br><br>(b) Agriculture marketing strategy (AMS) finalized and ready for publication | <ul style="list-style-type: none"> <li>• Warehousing Receipt Systems Act No. of 2019 enacted in 2019</li> <li>• WRS Regulations Gazetted in 2021</li> <li>• WRS Council operationalized in 2021</li> <li>• Outreach/sensitization and rollout undertaken</li> </ul> |

|  |  |  |  |   |
|--|--|--|--|---|
|  |  |  |  | <ul style="list-style-type: none"> <li>• WRS implementation on course and has enabled the attracting of additional funding from other partners</li> <li>• AMS 2023-2032 initiated, taken through public participation ; validation; adoption and approval</li> <li>• AMS 2023-2032 finalized, launched on 24th January 2023 and ready for implementation</li> <li>• Implementation plan with cost to operationalize NAIP completed</li> </ul> |
|--|--|--|--|---|

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|  |  |   |  |   |
|--|--|---|--|---|
|  | <p>3. Building capacity of State Department for Crop Development and Agricultural Research personnel, legislators and private sector to continuously review and reform policies and regulation</p> | <p>Outcome 13: Strengthened public and private partnerships in agriculture.</p> <p>Intermediate outcome 13.2 Increased engagement and coordination of agricultural public and private sector partners</p> | <p>Ministries, Departments and Agencies capacity built on structured policy and legal framework development and review of processes.</p> <p>Policy decision makers and experts capacity built on use of policy quality frameworks.</p> | <p>Learning by doing for Component leaders and policy drafting team members</p> <p>A total of 23 Policy experts trained and graduated on a 7-week structured agricultural policy formulation and legal drafting</p> |
|--|--|---|--|---|

#### **4. Environmental and Sustainability reporting**

##### **1. Sustainability strategy and profile**

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

##### **2. Environmental performance**

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

##### **3. Employee welfare**

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

##### **4. Market Place Practices**

###### **a) Responsible competition practice.**

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

###### **b) Responsible Supply chain and supplier relations-**

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

###### **c) Responsible marketing and advertisement-**

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

###### **d) Product stewardship**

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

##### **5. Community Engagements**

***Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to improve the Enabling Business Environment for Agriculture in Kenya Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023***

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

| <b>OUTPUT INDICATOR<br/>(1)</b>   | <b>LoA<br/>TARGET<br/>(2)</b> | <b>2022<br/>TARGET<br/>(3)</b> | <b>2022<br/>ACTUAL<br/>(4)</b> | <b>2022<br/>ACHIEVEMENT<br/>(%)<br/>5: (4/3)*100</b> | <b>LoA<br/>ACHIEVEMENT<br/>(6)</b> | <b>LoA<br/>ACHIEVEMENT<br/>(%)<br/>7:(6/2)*100</b> | <b>Performance<br/>status<br/>(8)</b> |
|---|-------------------------------|--------------------------------|--------------------------------|--|------------------------------------|--|---------------------------------------|
| No. of policy advocacy convenings & roundtables organized to improve advocacy efforts by key policy and regulatory stakeholders | 60                            | 5                              | 28                             | 560  | 218                                | 363  | On track                              |
| Number of participants in policy advocacy convenings & roundtables  | 3840                          | 840                            | 1701                           | 202.5  | 5933                               | 155  | Achieved                              |

**Types of Meetings included** (Stakeholder meetings attendance lists available)

1. County Stakeholder Consultation meeting
2. Meeting of key industry players
3. Meeting with SWAG PLS
4. National Validation meetings

## **5. Statement of Project Management responsibilities**

The ***Principal Secretary*** for the ***State Department for Crop Development (SDCD) in the Ministry of Agriculture and Livestock Development (MoALD)*** the ***Project Coordinator*** for ***Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya*** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year 2022/2023 ended on June 30, 2023.

This responsibility includes;

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

The ***Principal Secretary SDCD in the MoALD*** the ***Project Coordinator*** for ***Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya*** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The ***Principal Secretary*** for the ***SDCD in the MoALD*** the ***Project Coordinator*** for ***Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya*** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2023, and of the Project's financial position as at that date. The ***Principal Secretary*** for ***SDCD in the MoALD*** the ***Project Coordinator*** for ***Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya*** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation

***Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to improve the Enabling Business Environment for Agriculture in Kenya Project Annual Report and Financial Statements for the financial year ended June 30, 2023***

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of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Principal Secretary* for the **SDCD in the MoALD** the *Project Coordinator* for **Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project Financial Statements**

The Project financial statements were approved by the *Principal Secretary* for the **SDCD in the MoALD** the *Project Coordinator* for **Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya** on 29/08/2023 2023 and signed by them.



.....  
**Kello Harsama**  
Principal Secretary



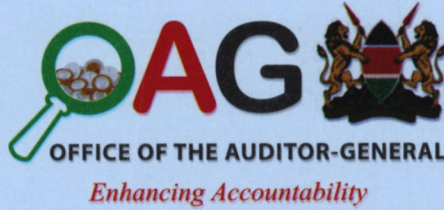
.....  
**David Ombalo**  
Project Coordinator



.....  
**Irene Ndonga**  
Project Accountant  
ICPAK Member No:  
10894

# REPUBLIC OF KENYA

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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON SUPPORTING AGRICULTURAL INPUT AND OUTPUT MARKETING POLICY AND REGULATORY REFORMS TO IMPROVE THE ENABLING BUSINESS ENVIRONMENT FOR AGRICULTURE IN KENYA (AGRA GRANT NUMBER 2018 KE 005) FOR THE YEAR ENDED 30 JUNE, 2023 - STATE DEPARTMENT FOR CROP DEVELOPMENT**

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### PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

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*Report of the Auditor-General on Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya (AGRA Grant Number 2018 KE 005) for the year ended 30 June, 2023 - State Department for Crop Development.*

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

I have audited the accompanying financial statements of Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya (AGRA Grant Number 2018 KE 005) set out on pages 1 to 33, which comprise the statement of financial assets as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Grant Agreement AGRA Grant Number 2018 KE 005 dated 26 August, 2019 between the Alliance for a Green Revolution in Africa (AGRA) and the Republic of Kenya and the Public Finance Management Act, 2012.

### Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya (AGRA Grant Number 2018 KE 005) Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Un-Surrendered Bank Balance**

Statement of financial assets and as disclosed in Note 5A to the financial statements reflects a bank balance of Kshs.619,758 held at NCBA bank account not refunded to the donor contrary to Regulation 74(6)(d) of the Public Finance Management (National Government) Regulations, 2015 which requires that an accounting officer of a National Government entity in the absence of any instructions to the contrary, ensure that any unexpended balance standing in the credit of the project account is paid into the Consolidated Fund, and Clause 6 of the Financing Agreement of 2018.

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

### **2. Expenditure Incurred Without Authority to Incur Expenditure**

The statement of receipts and payments and as disclosed in Note 3 to the financial statements reflects purchase of goods and services expenditure of Kshs.11,721,781. Included in this amount is Kshs.5,178,050 which relates to domestic and subsistence allowance incurred after the project end date of December, 2022. However, the expenditure was not supported with an Authority to Incur Expenditure (AIE) resulting to the expenditure being declared ineligible expenses. This was contrary to Regulation 52(1)(a) of Public Finance Management (National Government) Regulations, 2015 which states that no public officer can spend or commit funds until he or she has been properly authorized by means of an authority to incur expenditure and could lead to possible ineligible expenses.

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

### **3. Unapproved Project Extension**

Review of request of no cost extension dated 7 February, 2022 revealed that the Project closing date was revised to 31 December, 2022, though the Project had not been closed as of 30 June, 2023. The Project assets had not been handed over nor the project closure report prepared and submitted. Instead, financial statements for the twelve months to 30 June, 2023 were prepared and submitted for audit against six (6) covered by approved no cost extension. This was contrary to Regulation 74(6)(b) of the Public Finance Management (National Government) Regulations, 2015 which requires that an accounting officer of a National Government to ensure that whenever projects are completed, the project assets including buildings, plant, vehicles, furniture, fittings and equipment are properly recorded and handed over to the accounting officer in accordance with the financing agreement.

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

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter 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

#### Lack of Internal Audit Review

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

In the circumstance, weaknesses in the internal control and risk management system for the Project may not be addressed in a timely manner.

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.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Grant Agreement AGRA Grant Number 2018 KE 005 dated 26 August, 2019 between the Alliance for a Green Revolution in Africa (AGRA), I report based on my audit, that:

- i. 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;

- ii. In my opinion, adequate accounting records have been kept by the Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya, so far as appears from the examination of those records; and,
- iii. The Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling Business Environment for Agriculture in Kenya financial statements are in agreement with the accounting records and returns.

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the 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**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect

a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**17 November, 2023**



*Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to improve the Enabling Business Environment for Agriculture in Kenya Project Annual Report and Financial Statements for the financial year ended June 30, 2023*

7. Statement of Receipts and Payments for the year ended 30th June 2023.

|   | Note | Receipts and payments controlled by the entity | Payments made by third parties | Total               | Receipts and payment controlled by the entity | Payments made by third parties | Total             | Cumulative to-date (From inception) |
|---|------|--|--------------------------------|---------------------|---|--------------------------------|-------------------|-------------------------------------|
| 2022-2023                                 |      |  |                                | 2021-2022           |   |                                |                   |                                     |
|   |      | Kshs.  | Kshs.                          | Kshs.               | Kshs.   | Kshs.                          | Kshs.             | Kshs.                               |
| <b>Receipts</b>                           |      |  |                                |                     |   |                                |                   |                                     |
| Proceeds from domestic and foreign grants | 1    | 0.00   | 0.00                           | 0.00                | 64,288,867                                    | 0.00                           | 64,288,867        | 157,272,045                         |
| Miscellaneous receipts                    | 2    | 76,917   | 0.00                           | 76,917              | 244,440                                       | 0.00                           | 244,440           | 853,283                             |
| <b>Total receipts</b>                     |      | <b>76,917</b>                                  | <b>0.00</b>                    | <b>76,917</b>       | <b>64,533,307</b>                             | <b>0.00</b>                    | <b>64,533,307</b> | <b>158,125,328</b>                  |
| <b>Payments</b>                           |      |  |                                |                     |   |                                |                   |                                     |
| Purchase of goods and services            | 3    | 11,721,781                                     | 0.00                           | 11,721,781          | 53,124,902                                    | 0.00                           | 53,124,902        | 156,768,074                         |
| Acquisition of non-financial assets       | 4    | 0.00   | 0.00                           | 0.00                | 0.00  | 0.00                           | 0.00              | 775,000                             |
| <b>Total payments</b>                     |      | <b>11,721,781</b>                              | <b>0.00</b>                    | <b>11,721,781</b>   | <b>53,124,902</b>                             | <b>0.00</b>                    | <b>53,124,902</b> | <b>157,543,074</b>                  |
| <b>Deficit/Surplus</b>                    |      | <b>(11,644,864)</b>                            | <b>0.00</b>                    | <b>(11,644,864)</b> | <b>11,408,405</b>                             | <b>0.00</b>                    | <b>11,408,405</b> | <b>582,254</b>                      |

Note:-

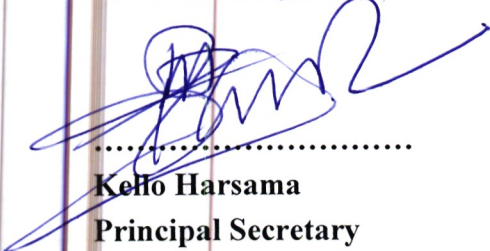
The Project had an opening cash balance of Ksh.12,227,118.00. During the year, receipts amounting to Ksh.76,917.00 were collected and a stale unrepresented cheque of Ksh.37,504.00 payable to Kenya Hotel Services but drawn to the Commissioner of Domestic Tax was received back, giving a total of Ksh.12,341,539.00, whereby the project was able to incur an expenditure of Ksh.11,721,781.00, leaving a bank balance of Ksh.619,758.00 as at 30<sup>th</sup> June, 2023.

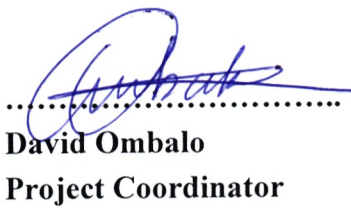


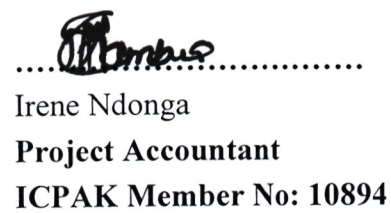
**Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to  
improve the Enabling Business Environment for Agriculture in Kenya Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023**

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The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements. The Financial Statements were approved on 29/08/2023 and signed by:

  
.....  
**Kello Harsama**  
Principal Secretary

  
.....  
**David Ombalo**  
Project Coordinator

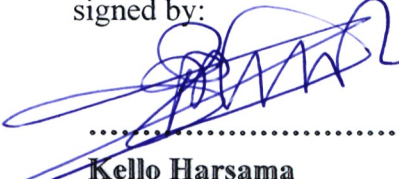
  
.....  
**Irene Ndonga**  
Project Accountant  
ICPAK Member No: 10894


*Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to improve the Enabling Business Environment for Agriculture in Kenya Project Annual Report and Financial Statements for the financial year ended June 30, 2023*


**8. Statement of Financial Assets as at 30<sup>th</sup> June 2023**

| Description                            | Note | 2022-2023      | 2021-2022         |
|--|------|----------------|-------------------|
|  |      | Kshs           | Kshs              |
| <b>Financial Assets</b>                |      |                |                   |
| <b>Cash and Cash equivalents</b>       |      |                |                   |
| Bank Balances                          | 5.A  | 619,758        | 12,227,118        |
| Cash Balances                          | 5.B  | 0.00           | 0.00              |
| <b>Total Cash and Cash equivalents</b> |      | <b>619,758</b> | <b>12,227,118</b> |
|  |      |                |                   |
| <b>Net Assets</b>                      |      | <b>619,758</b> | <b>12,227,118</b> |
|  |      |                |                   |
| <b>Represented By</b>                  |      |                |                   |
| Fund Balance B/fwd.                    | 7    | 12,227,118     | 818,713           |
| Prior Year adjustments                 | 9    | 37,504         | 0.00              |
| Deficit for the Year                   |      | (11,644,864)   | 11,408,405        |
| <b>Net Financial Position</b>          |      | <b>619,758</b> | <b>12,227,118</b> |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29/08/2023 and signed by:

  
 .....  
**Kello Harsama**  
 Principal Secretary

  
 .....  
**David Ombalo**  
 Project Coordinator

  
 .....  
**Irene Ndonga**  
 Project Accountant  
 ICPAK Member No:  
 10894

*Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to improve the Enabling Business Environment for Agriculture in Kenya Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023*

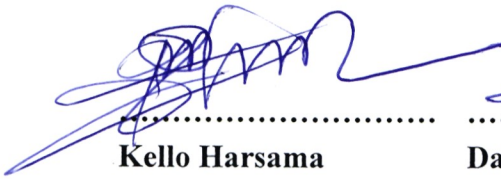
9. Statement of Cashflow for the year ended 30<sup>th</sup> June 2023

| Description  | Notes    | 2022-2023           | 2021-2022           |
|--|----------|---------------------|---------------------|
|  |          | Kshs                | Kshs                |
| <b>Cashflow from operating activities</b>                |          |                     |                     |
| <b>Receipts</b>  |          |                     |                     |
| Proceeds from domestic and foreign grants                | 1        | 0.00                | 64,288,867          |
| Miscellaneous receipts                                   | 2        | 76,917              | 244,440             |
| <b>Total receipts</b>                                    |          | <b>76,917</b>       | <b>64,533,307</b>   |
| <b>Payments</b>  |          |                     |                     |
| Purchase of goods and services                           | 3        | (11,721,781)        | (53,124,902)        |
| <b>Total Payments</b>                                    |          | <b>(11,721,781)</b> | <b>(53,124,902)</b> |
| <b>Net receipts/(payments)</b>                           |          |                     |                     |
| <b>Adjustments during the year</b>                       |          |                     |                     |
| Add: Prior year adjustments                              | 9        | 37,504              | 0.00                |
| Decrease/(increase) in accounts receivable               | 10       | 0.00                | 0.00                |
| Increase/(decrease) in accounts payable:                 | 11       | 0.00                | 0.00                |
| <b>Net cash flow from operating activities</b>           |          | <b>(11,607,360)</b> | <b>11,408,405</b>   |
| <b>Cash flow from financing activities</b>               |          |                     |                     |
| Proceeds from foreign borrowings                         |          | 0.00                | 00.0                |
| <b>Net cash flow from financing activities</b>           |          | <b>0.00</b>         | <b>0.00</b>         |
| <b>Net increase in cash and cash equivalents</b>         |          | <b>(11,607,360)</b> | <b>11,408,405</b>   |
| <b>Cash and cash equivalent at beginning of the year</b> | <b>5</b> | <b>12,227,118</b>   | <b>818,713</b>      |
| <b>Cash and cash equivalent at end of the year</b>       | <b>5</b> | <b>619,758</b>      | <b>12,227,118</b>   |

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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 23/08/ 2023 and signed by:



.....  
**Kello Harsama**  
Principal Secretary



.....  
**David Ombalo**  
Project Coordinator



.....  
**Irene Ndonga**  
Project Accountant  
ICPAK Member No:  
10894

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**D. Statement of Comparison of Budget and Actual amounts for year ended 30<sup>th</sup> June 2023**

| Receipts/Payments Item                    | Original Budget   | Adjustments    | Final Budget      | Actual on Comparable Basis | Budget Utilization Difference | % of Utilization |
|---|-------------------|----------------|-------------------|----------------------------|-------------------------------|------------------|
|   | a                 | b              | c=a+b             | d                          | e=c-d                         | f=d/c %          |
| <b>Receipts</b>                           |                   |                |                   |                            |                               |                  |
| Proceeds from domestic and foreign grants | 0.00              | 0.00           | 0.00              | 0.00                       | 0.00                          | 0%               |
| Miscellaneous receipts                    | 0.00              | 0.00           | 0.00              | 76,917                     | 0.00                          | 0%               |
| <b>Total Receipts</b>                     | <b>0.00</b>       | <b>0.00</b>    | <b>0.00</b>       | <b>76,917</b>              | <b>0.00</b>                   | <b>0%</b>        |
| <b>Payments</b>                           |                   |                |                   |                            |                               |                  |
| Purchase of goods and services            | 11,417,513        | 360,000        | 11,777,513        | 11,721,781                 | 55,732                        | 99.5%            |
| <b>Total Payments</b>                     | <b>11,417,513</b> | <b>360,000</b> | <b>11,777,513</b> | <b>11,721,781</b>          | <b>55,732</b>                 | <b>99.5%</b>     |
| <b>Surplus or Deficit</b>                 | <b>0.00</b>       | <b>0.00</b>    | <b>0.00</b>       | <b>(11,644,864)</b>        | <b>0.00</b>                   | <b>0%</b>        |

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.

## **11. Significant Accounting Policies**

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

### **a) Statement of compliance and basis of preparation**

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

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

### **b) Reporting entity**

The financial statements are for Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to improve the Enabling Business Environment for Agriculture in Kenya Project under the State Department of Crop Development. The financial statements are for the reporting entity Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to improve the Enabling Business Environment for Agriculture in Kenya Project as required by Section 81 of the PFM Act, 2012 .

### **c) Reporting currency**

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

## **Significant Accounting Policies (continued)**

### **d) Recognition of receipts**

Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to improve the Enabling Business Environment for Agriculture in Kenya Project recognises all receipts from the various sources when the event occurs, and the related cash has been received.

**i) Transfers from the Exchequer**

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

**ii) External Assistance**

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

**iii) Other receipts**

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

**iv) Donations and grants**

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

**Significant Accounting Policies (continued)**

**v) Proceeds from borrowing.**

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Borrowing included external loans acquired by the Project or any other debt the Project would have taken and would have been treated on cash basis and recognized as a receipt during the year they would have been received.

**vi) Undrawn external assistance**

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

**Significant Accounting Policies (continued)**

**e) Recognition of payments**

The Project recognised all payments when the event occurred, and the related cash had been paid out by the Project.

**i) Compensation to employees**

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

**ii) Use of goods and services**

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

**Significant Accounting Policies (continued)**

**iii) Interest on borrowing**

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

**Repayment of borrowing (principal amount)**

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

**iv) Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

**f) In-kind donations**

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

**Significant Accounting Policies (continued)**

**g) Cash and cash equivalents**

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

**Significant Accounting Policies (Continued)**

**h) Restriction on cash**

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

**i) Imprests and Advances**

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

**j) Contingent Liabilities**

There was no contingent liability during the year.

**k) Contingent Assets**

*The Project* does not recognize a contingent asset.

**l) Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. There were no pending bills during the year.

**m) Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and

**Significant Accounting Policies (Continued)**

for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been *included in an annex to these financial statements*.

**n) Third party payments**

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

and are disclosed in the payment to third parties' column in the statement of receipts and payments.

**o) Exchange rate differences**

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

**p) Comparative figures**

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

**Significant Accounting Policies (Continued)**

**q) Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2023.

**r) Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented *in note 15 of these financial statements*.

**11 Notes to the Financial Statements**

**1. Proceeds From Domestic and Foreign Grants**

During the financial period to 30 June 2023, no grant was received from donors as detailed in the table below:

| Name of Donor                                  | Date received | Amount received in donor currency | 2022-2023               |                                     |                         |              | 2021-2022    | Cumulative to date |
|--|---------------|-----------------------------------|-------------------------|-------------------------------------|-------------------------|--------------|--------------|--------------------|
|  |               |                                   | Grants received in cash | Grants received as direct payment * | Grants received in kind | Total amount | Total Amount |                    |
|  |               |                                   | Kshs                    | Kshs                                | Kshs                    | Kshs         | Kshs         |                    |
| Alliance for Green Revolution in Africa (AGRA) | -             | 0.00                              | 0.00                    | 0.00                                | 0.00                    | 0.00         | 64,288,867   | 157,543,074        |
| Total  | -             | 0.00                              | 0.00                    | 0.00                                | 0.00                    | 0.00         | 64,288,867   | 157,543,074        |

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Notes to the Financial Statements (Continued)

2. Miscellaneous receipts

| Description     | 2022-2023                                 |                                      |                | 2021-2022      | Cumulative to- date (from inception) |
|-----------------|---|--------------------------------------|----------------|----------------|--------------------------------------|
|                 | Receipts controlled by the entity in Cash | Receipts controlled by third parties | Total receipts | Total receipts |                                      |
|                 | Kshs                                      | Kshs                                 | Kshs           | Kshs           | Kshs                                 |
| Interest income | 76,918                                    | 0.00                                 | 76,918         | 244,440        | 853,283                              |
|                 |   |                                      |                |                |                                      |
| <b>Total</b>    | <b>76,918</b>                             | <b>0.00</b>                          | <b>76,918</b>  | <b>244,440</b> | <b>853,283</b>                       |

*\*NOTES:*

(i) *The project operated a commercial bank account which earned interest income on monthly basis depending on the balance held.*

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Notes to the Financial Statements (Continued)

3. Purchase of Goods and Services

| Description                                     | 2022/2023<br>FY          |                                      |                          | 2021/2022<br>FY          | Cumulative to-<br>date    |
|---|--------------------------|--------------------------------------|--------------------------|--------------------------|---------------------------|
|   | Payments made<br>in Cash | Payments<br>made by third<br>parties | Total payments           | Total<br>payme<br>nts    |                           |
|   | Kshs                     | Kshs                                 | Kshs                     | Kshs                     | Kshs                      |
| Utilities, supplies and services                | 0.00                     | 0.00                                 | 0.00                     | 0.00                     | 203,400                   |
| Communication, supplies and services            | 0.00                     | 0.00                                 | 0.00                     | 0.00                     | 1,051,928                 |
| Domestic travel and subsistence                 | 10,705,286               | 0.00                                 | 10,705,286               | 40,015,780               | 113,361,422               |
| Printing, advertising, and information supplies | 752,550                  | 0.00                                 | 752,550                  | 542,715                  | 2,261,837                 |
| Training Payments                               | 0.00                     | 0.00                                 | 0.00                     | 0.00                     | 22,047,805                |
| Hospitality supplies and services               | 0.00                     | 0.00                                 | 0.00                     | 2,746,600                | 5,748,080                 |
| Other operating payments                        | 232,000                  | 0.00                                 | 232,000                  | 9,109,500                | 10,541,500                |
| Bank Charges                                    | 31,945                   | 0.00                                 | 31,945                   | 112,724                  | 373,783                   |
| Fuel  | 0.00                     | 0.00                                 | 0.00                     | 499,733                  | 1,080,469                 |
| Routine maintenance – Other assets              | 0.00                     | 0.00                                 | 0.00                     | 97,850                   | 97,850                    |
| <b>Total</b>                                    | <b><u>11,721,781</u></b> | <b><u>0.00</u></b>                   | <b><u>11,721,781</u></b> | <b><u>53,124,902</u></b> | <b><u>156,768,074</u></b> |

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Notes to the Financial Statements (Continued)

4. Acquisition of Non-Financial Assets

| Description   | 2022/2023<br>FY       |                                |                | 2021/2022<br>FY | Cumulative to-date |
|---|-----------------------|--------------------------------|----------------|-----------------|--------------------|
|   | Payments made in Cash | Payments made by third parties | Total payments | Total payments  |                    |
|   | Kshs.                 | Kshs.                          | Kshs           | Kshs            | Kshs               |
| Purchase of household furniture & institutional equipment | 0.00                  | 0.00                           | 0.00           | 0.00            | 775,000            |
| <b>Total</b>  | <u>0.00</u>           | <u>0.00</u>                    | <u>0.00</u>    | <u>0.00</u>     | <u>775,000</u>     |

*[The project had purchased Laptops for the MIRA team in 2020/2021 FY]*

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Notes to the Financial Statements (Continued)

5. Cash And Cash equivalents

| Description                                      | 2022/2023      | 2021/2022         |
|--|----------------|-------------------|
|  | Kshs           | Kshs              |
| Bank accounts (Note 5A)                          | 619,758        | 12,227,118        |
| Cash in hand (Note 5B)                           | 0.00           | 0.00              |
| Cash equivalents (short-term deposits) (Note 5C) | 0.00           | 0.00              |
| <b>Total</b>                                     | <u>619,758</u> | <u>12,227,118</u> |

Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to improve the Enabling Business Environment for Agriculture in Kenya Project has One project account spread within the project implementation area and one foreign currency designated accounts managed by the National Treasury as listed below:

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**5. A Bank Accounts**

**Project Bank Accounts**

| <b>Details</b>                             | <b>2022-2023</b> | <b>2021-2022</b>         |
|--|------------------|--------------------------|
|  | <b>Kshs</b>      | <b>Kshs</b>              |
| <u>Foreign Currency Accounts</u>           |                  |                          |
| Central Bank of Kenya [A/c No. 1000426907] | 0.00             | 0.00                     |
|  |                  |                          |
| <b>Total Foreign Currency balances</b>     | <b>0.00</b>      | <b><u>0.00</u></b>       |
| <u>Local Currency Accounts</u>             |                  |                          |
| NCBA BANK [A/c No. 8518320012]             | 619,758          | 12,227,118               |
|  |                  |                          |
| <b>Total local currency balances</b>       | <b>619,758</b>   | <b><u>12,227,118</u></b> |
| <b>Total bank account balances</b>         | <b>619,758</b>   | <b><u>12,227,118</u></b> |

**Notes to the Financial Statements (Continued)**

**Special Deposit Accounts**

The Project did not maintain a Special Deposit Account

**Special Deposit Accounts Movement Schedule**

| Description  | 2022-2023          | 2021-2022          |
|--|--------------------|--------------------|
|  | Kshs               | Kshs               |
| <b>(i) A/C Name [A/c No.....]</b>  |                    |                    |
| Opening balance  | 0.00               | 0.00               |
| Total amount deposited in the account                                    | 0.00               | 0.00               |
| Total amount withdrawn (as per Statement of Receipts & Payments)         | <u>0.00</u>        | <u>0.00</u>        |
| <b>Closing balance (as per SDA bank account reconciliation attached)</b> | <b><u>0.00</u></b> | <b><u>0.00</u></b> |
| <b>(ii) A/c Name [A/c No.....]</b>                                       |                    |                    |
| Opening balance (as per the SDA reconciliation)                          | 0.00               | 0.00               |
| Total amount deposited in the account                                    | 0.00               | 0.00               |
| Total amount withdrawn (as per Statement of Receipts & Payments)         | <u>0.00</u>        | <u>0.00</u>        |
| <b>Closing balance (as per SDA bank account reconciliation attached)</b> | <b><u>0.00</u></b> | <b><u>0.00</u></b> |

*(The Project did not maintain a Special Deposit Account)*

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Notes to the Financial Statements (Continued)

5 B Cash in hand

| Description                        | 2022-2023          | 2021-2022          |
|------------------------------------|--------------------|--------------------|
|                                    | KShs               | KShs               |
| Location 1                         | 0.00               | 0.00               |
| Location 2                         | 0.00               | 0.00               |
| Location 3                         | 0.00               | 0.00               |
| Other locations ( <i>specify</i> ) | 0.00               | 0.00               |
| <b>Total cash in hand balances</b> | <b><u>0.00</u></b> | <b><u>0.00</u></b> |

[The Project did not hold any cash at hand]

5 C Cash equivalents (short-term deposits)

| Description                              | 2022-2023          | 2021-2022          |
|--|--------------------|--------------------|
|  | Kshs               | Kshs               |
| Kenya Commercial Bank [A/C No.....]      | 0.00               | 0.00               |
| Co-Operative Bank of Kenya [A/C No.....] | 0.00               | 0.00               |
| Others ( <i>Specify</i> )                | 0.00               | 0.00               |
| <b>Total</b>                             | <b><u>0.00</u></b> | <b><u>0.00</u></b> |

[The Project did not have cash equivalent]

6. Imprests and Advances

| Description         | 2022-2023   | 2021-2022   |
|---------------------|-------------|-------------|
|                     | Kshs        | Kshs        |
| Government Imprests | 0.00        | 0.00        |
| Salary advances     | 0.00        | 0.00        |
| <b>Total</b>        | <b>0.00</b> | <b>0.00</b> |

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**Notes to the Financial Statements (Continued)**

**6 A: Breakdown of Imprests and Advances**

| <b>Name of Officer or Institution</b> | <b>Amount Taken</b> | <b>Due Date of Surrender</b> | <b>Amount Surrendered</b> | <b>Balance Current 2022-2023</b> | <b>Balance Comparative 2021-2022</b> |
|---------------------------------------|---------------------|------------------------------|---------------------------|----------------------------------|--------------------------------------|
|                                       | <b>Kshs</b>         | <b>Kshs</b>                  | <b>Kshs</b>               | <b>Kshs</b>                      | <b>Kshs</b>                          |
| <i>Officer 1</i>                      | 0.00                | 0.00                         | 0.00                      | 0.00                             | 0.00                                 |
| <i>Officer 2</i>                      | 0.00                | 0.00                         | 0.00                      | 0.00                             | 0.00                                 |
| <i>Programme 1</i>                    | 0.00                | 0.00                         | 0.00                      | 0.00                             | 0.00                                 |
| <b>Total</b>                          | <b><u>0.00</u></b>  | <b><u>0.00</u></b>           | <b><u>0.00</u></b>        | <b><u>0.00</u></b>               | <b><u>0.00</u></b>                   |

**7. Deposits and Retention Monies**

| <b>Description</b>      | <b>2022-2023</b> |                       | <b>2021-2022</b> |                       |
|-------------------------|------------------|-----------------------|------------------|-----------------------|
|                         | <b>Kshs</b>      |                       | <b>Kshs</b>      |                       |
| Retention               | 0.00             |                       | 0.00             |                       |
| Deposits                | 0.00             |                       | 0.00             |                       |
| <b>Total</b>            | <b>0.00</b>      |                       | <b>0.00</b>      |                       |
| <b>Ageing analysis:</b> | <b>2022-2023</b> | <b>% of the Total</b> | <b>2021-2022</b> | <b>% of the Total</b> |
| Under one year          | 0.00             | %                     | 0.00             | 0%                    |
| 1-2 years               | 0.00             | %                     | 0.00             | 0%                    |
| 2-3 years               | 0.00             | %                     | 0.00             | 0%                    |
| Over 3 years            | 0.00             | %                     | 0.00             | 0%                    |
| <b>Total</b>            | <b>0.00</b>      | <b>%</b>              | <b>0.00</b>      | <b>0%</b>             |

*(The project did not have any outstanding Imprests. There was no retention money too)*

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**8. Fund Balance Brought Forward**

| Description                            | 2022-2023         | 2021-2022      |
|--|-------------------|----------------|
|  | Kshs              | Kshs           |
| Bank accounts                          | 12,227,118        | 818,713        |
| Cash in hand                           | 0.00              | 0.00           |
| Cash equivalents (short-term deposits) | 0.00              | 0.00           |
| Outstanding imprests and advances      | 0.00              | 0.00           |
| Deposits and retention                 | (0.00)            | (0.00)         |
| <b>Total</b>                           | <b>12,227,118</b> | <b>818,713</b> |

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Notes to the Financial Statements (Continued)

9. Prior Year adjustment

|                           | Balance b/f<br>Previous 2021-2022<br>(audited financial<br>statements) | Adjustments   | Adjusted balance<br>b/f Previous<br>2021-2022 |
|---------------------------|--|---------------|---|
| Description of the error  | Kshs   | Kshs          | Kshs  |
| Bank account Balances     | 12,227,118   | 0.00          | 12,227,118                                    |
| Cash in hand              | 0.00   | 0.00          | 0.00  |
| Imprests and advances     | 0.00   | 0.00          | 0.00  |
| Deposits and retentions   | 0.00   | 0.00          | 0.00  |
| Others ( <i>specify</i> ) | 0.00   | 37,504        | 37,504  |
| <b>Total</b>              | <b>12,227,118</b>  | <b>37,504</b> | <b>12,264,622</b>                             |

Note;

*In the audited financial statements for financial year 2021/2022, a balance carried down of KShs. 12,227,118 was reported. However, KShs. 37,504 was excluded which was payable to Kenya Hotel Services. The same will be paid in the financial year 2023/2024.*

10. Changes in Imprests and Advances

| Description   | 2022-2023   | 2021-2022   |
|---|-------------|-------------|
|   | Kshs        | Kshs        |
| Opening Receivables as at 1 <sup>st</sup> July 2022           | 0.00        | 0.00        |
| Closing account receivables as at 30 <sup>th</sup> June 20223 | 0.00        | 0.00        |
| <b>Change in Imprests and advances</b>                        | <b>0.00</b> | <b>0.00</b> |

11. Changes in Accounts Deposits and Retention

| Description  | 2022-2023   | 2021-2022   |
|--|-------------|-------------|
|  | Kshs        | Kshs        |
| Deposit and Retentions as at 1 <sup>st</sup> July 2022     | 0.00        | 0.00        |
| Closing accounts payables as at 30 <sup>th</sup> June 2023 | 0.00        | 0.00        |
| <b>Changes in deposit and retention</b>                    | <b>0.00</b> | <b>0.00</b> |

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**Other Important Disclosures**

**1. Pending Accounts Payable (See Annex 4a)**

|                             | <b>Balance b/f from 2021-2022</b> | <b>Additions for the year</b> | <b>Paid during the year</b> | <b>Balance c/f 2022-2023</b> |
|-----------------------------|-----------------------------------|-------------------------------|-----------------------------|------------------------------|
| <b>Description</b>          | <b>Kshs</b>                       | <b>Kshs</b>                   | <b>Kshs</b>                 | <b>Kshs</b>                  |
| Construction of buildings   | 0.00                              | 0.00                          | 0.00                        | 0.00                         |
| Construction of civil works | 0.00                              | 0.00                          | 0.00                        | 0.00                         |
| Supply of goods             | 0.00                              | 0.00                          | 0.00                        | 0.00                         |
| Supply of services          | 0.00                              | 0.00                          | 0.00                        | 0.00                         |
| <b>Total</b>                | <b>0.00</b>                       | <b>0.00</b>                   | <b>0.00</b>                 | <b>0.00</b>                  |

**2. Pending Staff Payables (See Annex 4b)**

|                    | <b>Balance b/f from 2021-2022</b> | <b>Additions for the year</b> | <b>Paid during the year</b> | <b>Balance c/f for 2022-2023</b> |
|--------------------|-----------------------------------|-------------------------------|-----------------------------|----------------------------------|
| <b>Description</b> | <b>Kshs</b>                       | <b>Kshs</b>                   | <b>Kshs</b>                 | <b>Kshs</b>                      |
| Senior management  | 0.00                              | 0.00                          | 0.00                        | 0.00                             |
| Middle management  | 0.00                              | 0.00                          | 0.00                        | 0.00                             |
| Union employees    | 0.00                              | 0.00                          | 0.00                        | 0.00                             |
| Others             | 0.00                              | 0.00                          | 0.00                        | 0.00                             |
| <b>Total</b>       | <b>0.00</b>                       | <b>0.00</b>                   | <b>0.00</b>                 | <b>0.00</b>                      |

**3. Other Pending Payables (See Annex 4c)**

|   | <b>Balance b/f from 2021-2022</b> | <b>Additions for the year</b> | <b>Paid during the year</b> | <b>Balance c/f for 2022-2023</b> |
|---|-----------------------------------|-------------------------------|-----------------------------|----------------------------------|
| <b>Description</b>                          | <b>Kshs</b>                       | <b>Kshs</b>                   | <b>Kshs</b>                 | <b>Kshs</b>                      |
| Amounts due to National Government entities | 0.00                              | 0.00                          | (0.00)                      | 0.00                             |
| Amounts due to County Government entities   | 0.00                              | 0.00                          | (0.00)                      | 0.00                             |
| Amounts due to third parties                | 0.00                              | 0.00                          | (0.00)                      | 0.00                             |
| <b>Total</b>                                | <b>0.00</b>                       | <b>0.00</b>                   | <b>(0.00)</b>               | <b>0.00</b>                      |

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**Other Important Disclosures (Continued)**

**4. External Assistance**

|   | <b>2022-2023</b> | <b>2021-2022</b> |
|---|------------------|------------------|
| <b>Description</b>  | <b>Kshs</b>      | <b>Kshs</b>      |
| External assistance received as grants                            | 0.00             | 0.00             |
| External assistance received as loans                             | 0.00             | 0.00             |
| External assistance received in kind- as payment by third parties | 0.00             | 0.00             |
| <b>Total</b>  | <b>0.00</b>      | <b>0.00</b>      |

*a). External assistance relating loans and grants*

|  | <b>2022-2023</b> | <b>2021-2022</b> |
|--|------------------|------------------|
| <b>Description</b>                     | <b>Kshs</b>      | <b>Kshs</b>      |
| External assistance received as loans  | 0.00             | 0.00             |
| External assistance received as grants | 0.00             | 0.00             |
| <b>Total</b>                           | <b>0.00</b>      | <b>0.00</b>      |

*b) Undrawn external assistance*

|                                      | <b>Purpose for which the undrawn external assistance may be used</b> | <b>2022-2023</b> | <b>2021-2022</b> |
|--------------------------------------|--|------------------|------------------|
| <b>Description</b>                   |  | <b>Kshs</b>      | <b>Kshs</b>      |
| Undrawn external assistance - loans  |  | 0.00             | 0.00             |
| Undrawn external assistance - grants |  | 0.00             | 0.00             |
| <b>Total</b>                         |  | <b>0.00</b>      | <b>0.00</b>      |

*(There was no assistance not yet received as per donor agreements)*

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**Other Important Disclosures (Continued)**

*c) Classes of providers of external assistance*

|                                       | 2022-2023   | 2021-2022   |
|---------------------------------------|-------------|-------------|
| <b>Description</b>                    | <b>Kshs</b> | <b>Kshs</b> |
| Multilateral donors                   | 0.00        | 0.00        |
| Bilateral donors                      | 0.00        | 0.00        |
| International assistance organization | 0.00        | 0.00        |
| NGOs                                  | 0.00        | 0.00        |
| National Assistance Organization      | 0.00        | 0.00        |
| <b>Total</b>                          | <b>0.00</b> | <b>0.00</b> |

*(The project did not receive external assistance.)*

*d. Non-monetary external assistance*

|                    | 2022-2023   | 2021-2022   |
|--------------------|-------------|-------------|
| <b>Description</b> | <b>Kshs</b> | <b>Kshs</b> |
| Goods              | 0.00        | 0.00        |
| Services           | 0.00        | 0.00        |
| <b>Total</b>       | <b>0.00</b> | <b>0.00</b> |

*(The Project did not receive non-monetary external assistance).*

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**Other Important Disclosures (Continued)**

*e....Purpose and use of external assistance*

| <b>Payments made by third parties</b>                    | <b>2022-2023</b> | <b>2021-2022</b> |
|--|------------------|------------------|
| <b>Description</b>                                       | <b>Kshs</b>      | <b>Kshs</b>      |
| Compensation to employees                                | 0.00             | 0.00             |
| Use of goods and services                                | 0.00             | 0.00             |
| Subsidies  | 0.00             | 0.00             |
| Transfers to other Government entities                   | 0.00             | 0.00             |
| Other grants and transfers                               | 0.00             | 0.00             |
| Social Security benefits                                 | 0.00             | 0.00             |
| Acquisition of assets                                    | 0.00             | 0.00             |
| Finance Costs including loan interest                    | 0.00             | 0.00             |
| Repayment of principal on domestic and foreign borrowing | 0.00             | 0.00             |
| Other payments   | 0.00             | 0.00             |
| <b>Total</b>   | <b>0.00</b>      | <b>0.00</b>      |

*f. External Assistance paid by third parties on behalf of (the Entity) by Source*

*This relates to external assistance paid directly by third parties to settle obligations on behalf of (the entity This note should tie to line 3 of note 4 on external assistance)).*

|                                       | <b>2022-2023</b> | <b>2021-2022</b> |
|---------------------------------------|------------------|------------------|
| <b>Description</b>                    | <b>Kshs</b>      | <b>Kshs</b>      |
| National government                   | 0.00             | 0.00             |
| Multilateral donors                   | 0.00             | 0.00             |
| Bilateral donors                      | 0.00             | 0.00             |
| International assistance organization | 0.00             | 0.00             |
| NGOs                                  | 0.00             | 0.00             |
| National Assistance Organization      | 0.00             | 0.00             |
| <b>Total</b>                          | <b>0.00</b>      | <b>0.00</b>      |

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**Other Important Disclosures (Continued)**

**5. Payments by Third Party on Behalf of The Project**

*This relates to payments done directly to supplier on behalf of the project such as; national government may fund the operation of health or education program; a donor may pay directly for construction of a given activity*

**5.1 Classification by Source**

|                                       | 2022-2023   | 2021-2022   |
|---------------------------------------|-------------|-------------|
| <b>Description</b>                    | <b>Kshs</b> | <b>Kshs</b> |
| National government                   | 0.00        | 0.00        |
| Multilateral donors                   | 0.00        | 0.00        |
| Bilateral donors                      | 0.00        | 0.00        |
| International assistance organization | 0.00        | 0.00        |
| NGOs                                  | 0.00        | 0.00        |
| National Assistance Organization      | 0.00        | 0.00        |
| <b>Total</b>                          | <b>0.00</b> | <b>0.00</b> |

*(The Project did not have Third Party payments done on its behalf)*

**5.2 Classification of payments made by Third Parties by Nature of expenses**

| <b>Payments made by third parties</b>  | 2022-2023   | 2021-2022   |
|--|-------------|-------------|
| <b>Description</b>                     | <b>Kshs</b> | <b>Kshs</b> |
| Compensation of employees              | 0.00        | 0.00        |
| Use of goods and services              | 0.00        | 0.00        |
| Subsidies                              | 0.00        | 0.00        |
| Transfers to other government units    | 0.00        | 0.00        |
| Other grants and transfers             | 0.00        | 0.00        |
| Social security benefits               | 0.00        | 0.00        |
| Acquisition of assets                  | 0.00        | 0.00        |
| Finance costs, including loan interest | 0.00        | 0.00        |
| Other payments                         | 0.00        | 0.00        |
| <b>Total</b>                           | <b>0.00</b> | <b>0.00</b> |

**Other Important Disclosures (Continued)**

**6. Related Party Disclosures**

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The comprise of related parties to the Project

- i) Key management personnel including the program director/manager
- ii) The implementing entity/ministry/ department
- iii) Other Ministries and Departments.
- iv) The National Treasury

**Related party transactions:**

|  | <b>2022-2023</b> | <b>2021-2022</b> |
|--|------------------|------------------|
|  | <b>Kshs</b>      | <b>Kshs</b>      |
| <b>Compensation to Key Management</b>                          |                  |                  |
| Compensation to the program manager/ director                  | 0.00             | 0.00             |
| Key Management Compensation others (specify)                   | 0.00             | 0.00             |
| <b>Total Compensation to Key Management</b>                    | <b>0.00</b>      | <b>0.00</b>      |
| <b>Transfers to related parties</b>                            |                  |                  |
| Transfers to other government entities                         | 0.00             | 0.00             |
| <b>Total Transfers to related parties</b>                      | <b>0.00</b>      | <b>0.00</b>      |
| <b>Transfers from related parties</b>                          |                  |                  |
| Transfers from the Ministry/ department                        | 0.00             | 0.00             |
| Payments made on behalf of the project by other govt. entities | 0.00             | 0.00             |
| (Insert any other transfers received)                          | 0.00             | 0.00             |
| <b>Total Transfers from related parties</b>                    | <b>0.00</b>      | <b>0.00</b>      |

**7. Contingent Liabilities**

| <b>Contingent liabilities</b>                              | <b>2022-2023</b> | <b>2021-2022</b> |
|--|------------------|------------------|
|  | <b>Kshs</b>      | <b>Kshs</b>      |
| Court case xxx against the project                         | 0.00             | 0.00             |
| Bank guarantees in favour of other govt. entities          | 0.00             | 0.00             |
| Contingent liabilities arising from PPPs/ donor agreements | 0.00             | 0.00             |
| <b>Total</b>   | <b>0.00</b>      | <b>0.00</b>      |

*(The Project did not have Contingent liabilities)*

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13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

| Reference No. on the external audit Report 2020-2021 Audit report. | Issue / Observations from Auditor                                      | Management comments   | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|-----------------------------------|--|
| 1.   | Inaccuracies in the Statement of Comparative Budget and Actual Amounts | The statement of comparative budget and actual amounts will be restated while preparing the financial statement for 2021/2022.                          | Not Resolved                      | Waiting decision PAC's   |
| 2.   | Use of Funds on Non-Project Related Expenditure                        | There was need for installation of internet connectivity. This was necessitated by the wide use of online meetings during the Covid-19 pandemic period. | Not Resolved                      | Waiting decision PAC's   |
| 3.   | Under-funding of the Project Activities                                | The National Treasury released USD 555,000.00 to the project's bank account on resulting in a   | Resolved                          |  |

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| Reference No. on the external audit Report 2020-2021 Audit report. | Issue / Observations from Auditor                          | Management comments  | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|--|-----------------------------------|--|
|  |  | shortfall of USD 22,043.00. However, the balance of USD 22,043.00 was included in the subsequent exchequer release of USD 393,296 (Ksh. 42,688,347.80) |                                   |  |
| 4  | Inadequate Internal Controls Over Fuel Purchased and Drawn | A proper fuel register was drawn and reconciliation between the supplier's statement and the project management's statements was also been done.       | Not Resolved                      | Waiting decision PAC's   |
| 5.   | Lack of Internal Audit Review                              | Internal Audit Committee Secretary acknowledged that the Unit had not included the project for review.   | Not Resolved                      | Waiting decision PAC's   |

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| Reference No. on the external audit Report 2020-2021 Audit report. | Issue Observations from Auditor | Management comments  | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---------------------------------|--|-----------------------------------|--|
|  |                                 | However, the Unit planned to include a review of the project's activities in the subsequent work plan. |                                   |  |

.....  
**Kello Harsama**  
**Principal Secretary**

.....  
**David Ombalo**  
**Project Coordinator**

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**Annex 2: Variance explanations - Comparative Budget and Actual amounts for 2022/2023**

|                                   | <b>Final Budget</b> | <b>Actual on Comparable Basis</b> | <b>Budget Utilization Difference</b> | <b>% of Utilization</b> | <b>Comments on Variance (below 90% and over 100%)</b> |
|-----------------------------------|---------------------|-----------------------------------|--------------------------------------|-------------------------|---|
|                                   | <b>a</b>            | <b>b</b>                          | <b>c=a-b</b>                         | <b>d=b/a %</b>          |   |
| <b>Receipts</b>                   |                     |                                   |                                      |                         |   |
| Transfer from Government entities | 0.00                | 0.00                              | 0.00                                 | 0%                      | No transfers from Government entities                 |
| Miscellaneous receipts            | 0.00                | 76,917                            | (76,917)                             | 0%                      | “   |
| <b>Total Receipts</b>             | <b>0.00</b>         | <b>76,917</b>                     | <b>(76,917)</b>                      | <b>0%</b>               | “   |
| <b>Payments</b>                   |                     |                                   |                                      |                         |   |
| Purchase of goods and services    | 11,777,513          | 11,721,781                        | 55,732                               | 99.5%                   |   |
| <b>Total payments</b>             | <b>11,777,513</b>   | <b>11,721,781</b>                 | <b>55,732</b>                        | <b>99.5%</b>            |   |

**Budget Performance**

The Initial Project agreement was signed 26<sup>th</sup> November 2018 provided for the project to run for three years. Due to delays occasioned by processing of the Agreement by the Donor, MoALF&C and the National Treasury: its timely inclusion in the budget cycle development and the COVID 19 Pandemic, the Grant Agreement was revised twice. In reference to the Project Agreement signed on 1<sup>st</sup> November 2019 which superseded and extinguished the previous agreements dated 26<sup>th</sup> November 2018 and 29<sup>th</sup> May 2019 on account of delays in start of project activity implementation the project period was revised to 2 and ½ years.

Due to the above delays, the project’s budget was loaded in the following two consecutive financial years, i.e 2020/2021 and 2021/2022 and utilized as per the tabulation done here below;

| <b>Year</b>   | <b>Budgeted figure</b> | <b>Actual Receipts</b> | <b>Actual Expenditure</b> | <b>Variances between budgeted and receipts</b> | <b>Variances between budgeted and Expenditure</b> |
|---------------|------------------------|------------------------|---------------------------|--|---|
| 2019/2020     | 0.00                   | 31,262,160             | 8,189,489                 | 0%   | 0%  |
| 2020/2021     | 63,000,000             | 62,252,944             | 84,506,902                | 99%  | 134%  |
| 2021/2022     | 102,400,664            | 64,533,307             | 53,124,902                | 63%  | 37%   |
| 2022/2023     | 0.00                   | 76,917                 | 11,721,781                | 0%   | 0%  |
| <b>Totals</b> | <b>165,400,664</b>     | <b>158,125,328</b>     | <b>157,543,074</b>        | <b>96%</b>                                     | <b>95%</b>  |

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The Project had received all the funding from the Donor by the end of 30 June, 2022. In the financial year 2021/2022 the Project had unutilized bank balance of Ksh.12,227,118 which was utilized during the financial year 2022/2023 following N0 Cost Extension guaranteed by the donor. The fund balance of Kshs.12,227,118 was used from 1st July, 2022 to 31<sup>st</sup> December, 2022, leaving a fund balance of Ksh.619,758 in the bank account as at 30<sup>th</sup> June, 2023.

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**Annex 3: Reconciliation of inter-entity transfers**

| <b>Project Name:</b>  |                      |               |   |
|---|----------------------|---------------|---|
| <b>Break down of transfers from the State Department for Crop Development</b> |                      |               |   |
| <b>a. Government Counterpart funding</b>                                      |                      |               |   |
|   | Bank Statement Date  | Amount (Kshs) | Indicate the FY to which the amounts relate |
|   |                      | 0.00          |   |
|   |                      |               |   |
|   | <b>Total</b>         | <b>0.00</b>   |   |
| <b>B. Direct payments</b>   |                      |               |   |
|   | Bank Statement Date  | Amount (Kshs) | Indicate the FY to which the amounts relate |
|   |                      | 0.00          |   |
|   | <b>Total</b>         | <b>0.00</b>   |   |
| <b>C. Others</b>  |                      |               |   |
|   | Bank Statement Date  | Amount (Kshs) | Indicate the FY to which the amounts relate |
|   |                      | 0.00          |   |
|   |                      | 0.00          |   |
|   | <b>Total</b>         | <b>0.00</b>   |   |
|   | <b>Total (A+B+C)</b> | <b>0.00</b>   |   |

The Project had no Counterpart Funding from the State Department for Crop Development

**Project Coordinator;**  
Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to Improve the Enabling for Business Environment for Agriculture in Kenya Project

Sign .....

**Head of Accounting Unit;**  
State Department for Crop Development

Sign .....

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**Annex 4a: Analysis of Pending Bills**

| <b>Supplier of Goods or Services</b> | <b>Date Contracted / invoiced.</b> | <b>Original Amount</b> | <b>Amount Paid To-Date</b> | <b>Outstanding Balance Current FY</b> | <b>Outstanding Balance Previous FY</b> | <b>Comments</b> |
|--------------------------------------|------------------------------------|------------------------|----------------------------|---------------------------------------|--|-----------------|
|                                      |                                    | <b>a</b>               | <b>b</b>                   | <b>c=a-b</b>                          |  |                 |
| Construction of buildings            |                                    |                        |                            |                                       |  |                 |
| 1.                                   |                                    |                        |                            |                                       |  |                 |
| 2.                                   |                                    |                        |                            |                                       |  |                 |
| <b>Sub-Total</b>                     |                                    |                        |                            |                                       |  |                 |
| Construction of civil works          |                                    |                        |                            |                                       |  |                 |
| 3.                                   |                                    |                        |                            |                                       |  |                 |
| 4.                                   |                                    |                        |                            |                                       |  |                 |
| <b>Sub-Total</b>                     |                                    |                        |                            |                                       |  |                 |
| Supply of goods                      |                                    |                        |                            |                                       |  |                 |
| 5.                                   |                                    |                        |                            |                                       |  |                 |
| 6.                                   |                                    |                        |                            |                                       |  |                 |
| <b>Sub-Total</b>                     |                                    |                        |                            |                                       |  |                 |
| Supply of services                   |                                    |                        |                            |                                       |  |                 |
| 7.                                   |                                    |                        |                            |                                       |  |                 |
| 8.                                   |                                    |                        |                            |                                       |  |                 |
| <b>Sub-Total</b>                     |                                    |                        |                            |                                       |  |                 |
| <b>Grand Total</b>                   |                                    |                        |                            |                                       |  |                 |

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**Annex 4b: Analysis of Pending: Staff Bills**

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

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Annual Report and Financial Statements for the financial year ended June 30, 2023.*

**Annex 4c: Analysis of other Pending Payables**

| <b>Name</b>                                  | <b>Brief Descripti</b> | <b>Date Payable Contracte</b> | <b>Original Amount</b> | <b>Amount Paid To-Da</b> | <b>Outstandi Balance Current F</b> | <b>Outstandi Balance Previous I</b> | <b>Comments</b> |
|--|------------------------|-------------------------------|------------------------|--------------------------|------------------------------------|-------------------------------------|-----------------|
| <b>Amounts due to National Govt Entities</b> |                        |                               |                        |                          |                                    |                                     |                 |
| 1.   |                        |                               |                        |                          |                                    |                                     |                 |
| 2.   |                        |                               |                        |                          |                                    |                                     |                 |
| <b>Sub-Total</b>                             |                        |                               |                        |                          |                                    |                                     |                 |
| <b>Amounts due to County Govt Entities</b>   |                        |                               |                        |                          |                                    |                                     |                 |
| 3.   |                        |                               |                        |                          |                                    |                                     |                 |
| 4.   |                        |                               |                        |                          |                                    |                                     |                 |
| <b>Sub-Total</b>                             |                        |                               |                        |                          |                                    |                                     |                 |
| <b>Amounts due to Third Parties</b>          |                        |                               |                        |                          |                                    |                                     |                 |
| 5.   |                        |                               |                        |                          |                                    |                                     |                 |
| 6.   |                        |                               |                        |                          |                                    |                                     |                 |
| <b>Sub-Total</b>                             |                        |                               |                        |                          |                                    |                                     |                 |
| <b>Others (specify)</b>                      |                        |                               |                        |                          |                                    |                                     |                 |
| 7.   |                        |                               |                        |                          |                                    |                                     |                 |
| 8.   |                        |                               |                        |                          |                                    |                                     |                 |
| <b>Sub-Total</b>                             |                        |                               |                        |                          |                                    |                                     |                 |
| <b>Grand Total</b>                           |                        |                               |                        |                          |                                    |                                     |                 |

**Annex 5: Summary of Fixed Assets Register**

| Asset class    | Opening Cost (KShs) 2022-2023 | Donations in form of assets (KShs) 2022-2023 | *Purchases/ Additions in the Year (KShs) 2022-2023 | **Disposals in the Year (KShs) 2022-2023 | Transfers in/(out) Kshs 2022-2023 | Closing Cost (KShs) 2022-2023 |
|----------------|-------------------------------|--|--|--|-----------------------------------|-------------------------------|
|                | (a)                           | (b)  | (c)  | (d)                                      | (d)                               | (e)= (a)+ (b)+c)-(d)+(-)d     |
| ICT Equipment, | 775.000                       | 0.00   | 0.00   | 0.00                                     | 0.00                              | 775,000                       |
| <b>Total</b>   | <b>775,000</b>                | <b>0.00</b>                                  | <b>0.00</b>  | <b>0.00</b>                              | <b>0.00</b>                       | <b>775,000</b>                |

Notes

\* No Purchases/Additions were made during the year to reconcile to the amount in Statement of Receipts and Payments

*Supporting Agricultural Input and Output Marketing Policy and Regulatory Reforms to improve the Enabling Business Environment for Agriculture in Kenya Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023.*

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**Annex 6: Contingent Liabilities Register**

|   | <b>Nature of contingent liability</b> | <b>Remarks</b> |
|---|---------------------------------------|----------------|
| 1 |                                       |                |
| 2 |                                       |                |
| 3 |                                       |                |
| 4 |                                       |                |

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**Annex 7: Reporting of Climate Relevant Expenditures**

| Project Name | Project Description | Project Objectives | Project Activities |    |    |    |    | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|----|----|----|----|-----------------|-----------------------|
|              |                     |                    |                    | Q1 | Q2 | Q3 | Q4 |                 |                       |
|              |                     |                    |                    |    |    |    |    |                 |                       |
|              |                     |                    |                    |    |    |    |    |                 |                       |

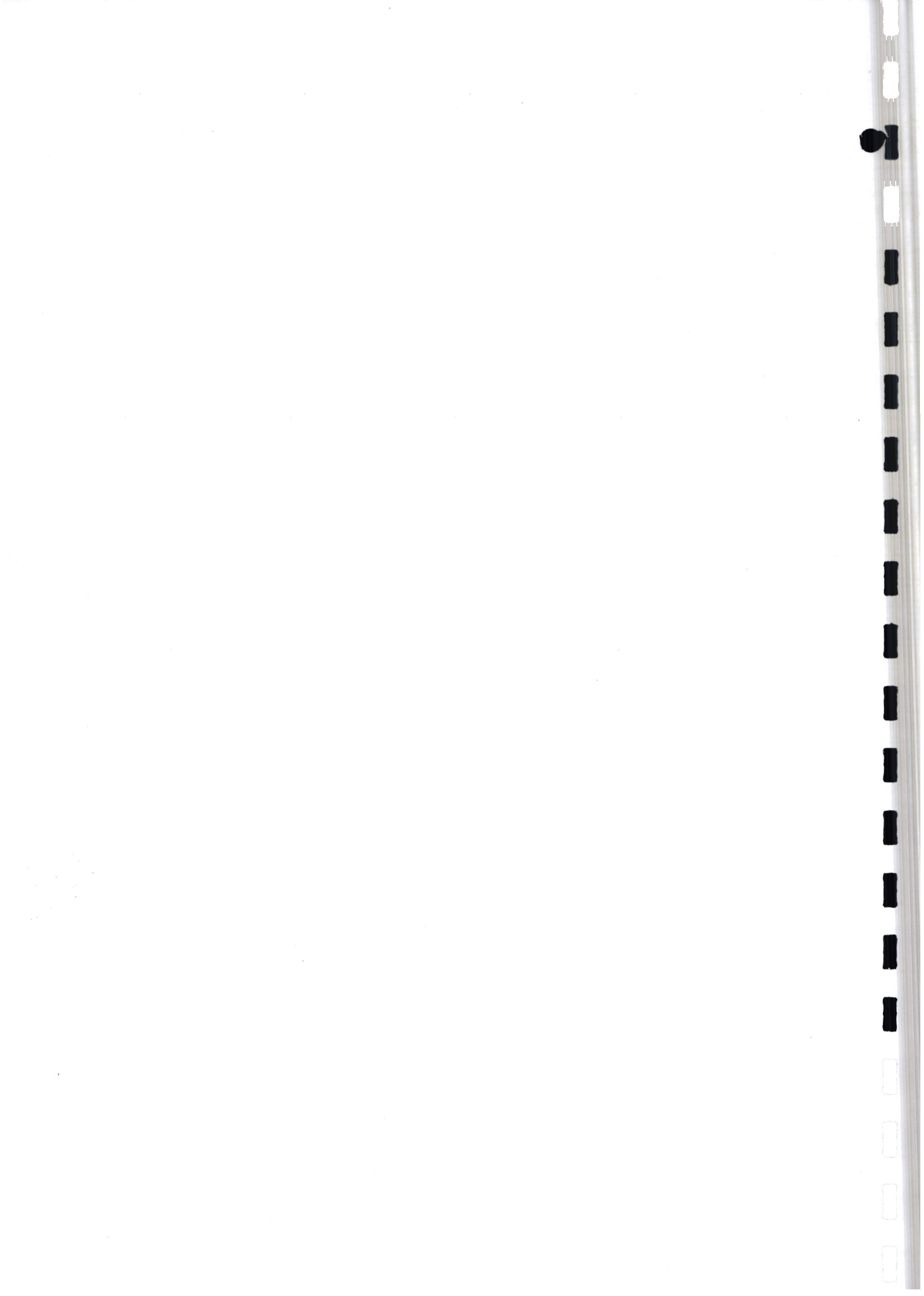
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Annual Report and Financial Statements for the financial year ended June 30, 2023*

**Annex 8: Reporting Disaster Management Expenditure**

| <b>Column I</b> | <b>Column II</b> | <b>Column III</b> | <b>Column IV</b>  | <b>Column V</b>  | <b>Column VI</b> | <b>Column VII</b> |
|-----------------|------------------|-------------------|---|------------------|------------------|-------------------|
| Program me      | Sub-program me   | Disaster Type     | Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/ preparedness) | Expenditure item | Amount (Kshs.)   | Comments          |
|                 |                  |                   |   |                  |                  |                   |
|                 |                  |                   |   |                  |                  |                   |

**Annex 9: Other Support Documents**

- i. Bank Reconciliations statement as at 30<sup>th</sup> June 2023
- ii. Board of Survey Report as at 30<sup>th</sup> June, 2023
- iii. Board of Survey Report as at 30<sup>th</sup> June, 2022
- iv. GOK IFMIS comparison Trial Balance



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

BANK RECONCILIATION STATEMENT  
NCBA BANK  
UPPERHILL BRANCH  
ACCOUNT NO:851820012

|   |            |
|---|------------|
| Balance as per Bank Certificate as at 30th June, 2023                       | 619,758.25 |
| Less...   |            |
| 1. payments in Cash Book not yet in Bank Statement<br>(Unpresented Cheques) |            |
| 2. Receipts in Bank Statement not yet recorded in Cash Book                 |            |
| Add...  |            |
| 3. Payments in Bank Statement not yet recorded in Cash Book                 |            |
| 4. Receipts in Cash Book not yet recorded in Bank statement                 |            |
| Bank Balance as per Cash Book   | 619,758.25 |

Reconciled by: *[Signature]* Signature: *[Signature]* Date: 02/07/2023

Approved by: *Stella Muidi* Signature: *[Signature]* Date: 03/07/2023

AGRA SUPPORTED PROJECT  
NCBA BANK  
UPPERHILL BRANCH  
ACCOUNT NO:851820012

APPENDIX I

PAYMENT IN CASHBOOK NOT IN BANK STATEMENT AS AT 30th June, 2023

| DATE | VR NO | PARTICULARS | AMOUNT |
|------|-------|-------------|--------|
|------|-------|-------------|--------|

|       |  |  |      |
|-------|--|--|------|
| TOTAL |  |  | 0.00 |
|-------|--|--|------|

APPENDIX II

RECEIPTS IN BANK STATEMENT NOT IN CASH BOOK AS AT 30th June, 2023

| DATE | FT NO | PARTICULARS | AMOUNT |
|------|-------|-------------|--------|
|------|-------|-------------|--------|

TOTAL

APPENDIX III

PAYMENT IN BANK STATEMENT NOT IN CASH BOOK AS AT 30th June, 2023

| DATE | FT NO | PARTICULARS | AMOUNT |
|------|-------|-------------|--------|
|------|-------|-------------|--------|

TOTAL

APPENDIX IV

RECEIPTS IN CASHBOOK NOT IN BANK STATEMENT AS AT 30th June, 2023

| DATE | VR NO | PARTICULARS | AMOUNT |
|------|-------|-------------|--------|
|------|-------|-------------|--------|

TOTAL

SUMMARY

|                         |            |
|-------------------------|------------|
| BANK STATEMENT BALANCE  | 619,758.25 |
| APPENDIX I              | -          |
| APPENDIX II             | -          |
| APPENDIX III            | -          |
| APPENDIX VI             | -          |
| CASHBOOK BALANCE        | 619,758.25 |
| ACTUAL CASHBOOK BALANCE | 619,758.25 |

## REPUBLIC OF KENYA

Date 01/07/2023

Report of the Board of Survey on the Cash and Bank Balances of SUPPORTING AGRICULTURAL INPUT AND  
OUTPUT MARKETING PROJECT – AGRA GRANT NO. 2018 KE 005 as at the close of  
 business on 30<sup>TH</sup> JUNE, 2023

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

JOHN KARIUKI - PRINCIPAL AGRICULTURAL OFFICER - CHAIRPERSON

ALICE KINYUA - PRINCIPAL AGRICULTURAL OFFICER - MEMBER

JOSEPH NZIOKI - ACCOUNTANT I - MEMBER

Assembled at the office of AGRA PROJECT – GRANT OFFICE

at 10:00 AM (time) on the 1<sup>ST</sup> JULY, 2023

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

It was observed that cheques amounting to Shs. NIL cts

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

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

The Cash Book reflected the following balances as at the close of business on the 30<sup>TH</sup> JUNE, 2023.

|              |       |            |
|--------------|-------|------------|
| Cash on hand | (Shs. | NIL        |
| Bank balance | Shs.  | 619,758.25 |
|              |       | 619,758.25 |

The Bank Certificate of Balance showed a sum of Shs. Six Hundred Nineteen Thousand,  
Seven Hundred And cts Twenty (shs. 619,758 25  
Fifty Eight Only Five cts

Standing to the credit of the account on 30<sup>TH</sup> JUNE, 2023

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

Chairman Person *John Kariuki*

Member *Alice Kinyua*

Member *J.W. NZIOKI*

Date 01/07/2023



## REPUBLIC OF KENYA

Date 01/07/2022Report of the Board of Survey on the Cash and Bank Balances  
ofSUPPORTING AGRICULTURAL  
INPUT AND OUTPUT MARKETINGPROJECT – AGRA GRANT NO. 2018 KE 005

as at the close of

business on 30/06/2022

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

JOHN KARIUKI - PAO - CHAIRALICE KINYUA - POA - MEMBERDOUGLAS MUTEMI - POA - MEMBERAGRA PROJECT, GRANT

Assembled at the office of

at 11.00 A.M. (time) on the 1ST JULY, 2022Notes (Shs. NIL)Silver (Shs. NIL)copper (Shs. NIL)Cheques (as per details on reverse) (Shs. NIL)It was observed that cheques amounting to Shs. NIL Cts

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

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

The Cash Book reflected the following balances as at the close of business on the 30/06/2022Cash on hand (Shs. NIL)Bank balance (Shs. 12,227,117.98)The Bank Certificate of Balance showed a sum of Shs. Twelve million, five hundred ninetyFive thousand, two hundred and Cts Ninety  
twenty one. eight shs. 12,595,221 cts 98Standing to the credit of the account on 30/06/2022The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank  
Reconciliation Statement (F.O. 30) attached.Date 01/07/2022

Chair John Kariuki

Member Douglas Mutemi

Member Alice Kinyua

Members of the Board



**MINISTRY OF AGRICULTURE LIVESTOCK FISHERIES AND COOPERATIVES**  
**AGRA SUPPORTED PROJECT**  
**GRANT REFERENCE NO. 2018 KE 005**

**Trial balance for the Financial year ended 30th June, 2023.**

| S/NO | PARTICULARS                                  | NOTE | AMOUNT(KSH)   | AMOUNT(KSH)   |
|------|--|------|---------------|---------------|
| 1    | Proceeds from domestic and foreign grants    | 2    | -             |               |
| 2    | Miscellaneous receipts                       | 4    | -             | 76,917.00     |
| 3    | Utilities, Supplies and Services             | 6    | -             | -             |
| 4    | Communication, Supplies and Services         | 6    | -             | -             |
| 5    | Domestic Travel and Subsistence              | 6    | 10,705,286.00 | -             |
| 6    | Printing, advertising & information supplies | 6    | 752,550.00    | -             |
| 7    | Consultancy Services                         | 6    | 232,000.00    | -             |
| 8    | Other operating payments                     | 6    | 31,945.00     | -             |
| 12   | Acquisition of non-financial assets          | 8    | -             | -             |
| 13   | Unpresented Cheque                           |      |               | 37,504.25     |
| 14   | Bank Balance                                 |      | 619,758.25    | -             |
| 15   | Fund Balance B/F                             |      |               | 12,227,118.00 |
|      | TOTAL  |      | 12,341,539.25 | 12,341,539.25 |

