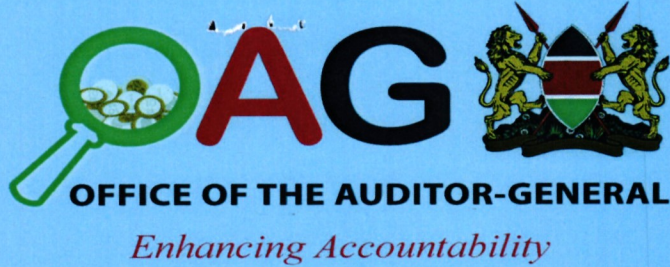



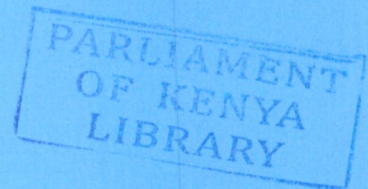
REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY PAPERS T A T D	
DATE:	08 FEB 2022
	DAY: Wed
TABLED BY:	LDM
CLERK-AT-THE-TABLE:	Samuel Kalama

**REPORT**

**OF**



**THE AUDITOR-GENERAL**

**ON**

**NATIONAL INFORMATION PLATFORM  
FOR FOOD SECURITY AND NUTRITION  
PROJECT FOOD/2017/393-022**

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

**KENYA NATIONAL BUREAU OF  
STATISTICS**



.....

11/11/11



**Project Name: National Information Platform for Food Security and Nutrition**

**Implementing Entity: Kenya National Bureau of Statistics**

**PROJECT GRANT/CREDIT NUMBER: FOOD/2017/393-022**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

*National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

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CONTENTS	PAGE
1. PROJECT INFORMATION AND OVERALL PERFORMANCE.....	ii
2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES.....	xii
3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING .....	xvi
4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES.....	xviii
5. REPORT OF THE INDEPENDENT AUDITORS ON THE NATIONAL INFORMATION PLATFORM FOR FOOD SECURITY AND NUTRITION PROJECT (NIPFN) .....	xix
6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30 <sup>th</sup> JUNE 2021.....	1
7. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 <sup>th</sup> JUNE 2021 .....	2
8. STATEMENT OF CASHFLOW FOR THE PERIOD 30 <sup>th</sup> JUNE 2021 .....	3
9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS .....	4
10. NOTES TO THE FINANCIAL STATEMENTS.....	5
11. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS.....	14
12. OTHER IMPORTANT DISCLOSURES.....	17

*National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

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**1. PROJECT INFORMATION AND OVERALL PERFORMANCE**

**1.1 Name and registered office**

**Name:**

The project's official name is **National Information Platform for Food Security and Nutrition**,

**Objective:**

The key objective of the project is to **Strengthen the information systems for food security and nutrition to improve the analysis of data to better inform the strategic decisions to prevent malnutrition and its consequences**,

**Address:**

The project headquarters offices are Nairobi (city), Nairobi City County, Kenya.

The address of its registered office is: **Real Towers Building, Hospital Road, Upperhill**

P.O. Box 30266 -00100 Nairobi, Kenya

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

Telephone: (254)-20-2911000/2911001

E-mail: [info@knbs.or.ke](mailto:info@knbs.or.ke)

Website: [www.knbs.or.ke](http://www.knbs.or.ke)

**1.2 Project Information**

Project Start Date:	1 <sup>st</sup> August 2019
Project End Date:	31 <sup>st</sup> May 2022
Project Manager:	Mr James Gatungu
Project Sponsor:	European Union

**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the National Treasury & Planning under The State Department for Planning.
Project number	FOOD/2017/393-022
Strategic goals of the project	The strategic goals of the project are as follows: (i) Maximise the analysis and interpretation of existing information and data on food security and nutrition to improve understanding of the factors that influence nutrition outcomes. (ii) Identify information/data gaps in food security and nutrition. (iii) Contribute to monitoring national and sub-national progress in preventing malnutrition; (iv) To build capacity both at national and subnational levels to manage, analyse information and data from relevant sectors.

**National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021**

Achievement of strategic goals	The project management aims to achieve the goals through the following means: i. Create a central data repository that acts as a resource of information for analysis. ii. Strengthen the capacity to analyse, interpret data and generate policy briefs to better track the progress of nutrition outcomes. iii. Disseminate information for better use in designing and implementing food security & nutrition related policies.
Other important background information of the project	The project is being implemented by the Kenya National Bureau of Statistics (KNBS) in partnership with Kenya Institute for Public Policy Research (KIPPRA) and other stakeholders with interest in food security and nutrition. National Information Platform for Food Security and Nutrition (NIPFN) is a country-led and country-owned platform that aims to facilitate multi-sectoral and multi-stakeholder dialogue on food security and nutrition by supporting the use of existing information and data to develop or refine policies and programmes.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) Lack of a repository for multi-sectoral datasets to create and operate an information platform for nutrition. (ii) Low capacity to monitor national objectives on preventing under-nutrition and monitoring nutrition investments (iii) Limited capacity of policy makers and programme planners to make better use of evidence based policy making processes.
Project duration	The project started on 1 <sup>st</sup> August 2019 and is expected to run until 31 <sup>st</sup> May 2022.

#### 1.4 Bankers

The following are the bankers for the current year:

- (i) Kenya Commercial Bank – Moi Avenue Branch – Account Number 12408757111

#### 1.5 Auditors

The project is audited by the **Office of the Auditor General**

#### 1.6 Roles and Responsibilities

The project personnel that are currently engaged in the NIPFN project are as shown below together with the list of stakeholders and their roles and responsibilities.

***National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021***

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
James Theuri Gatungu	Project Manager NIPFN Project	<ul style="list-style-type: none"> <li>• Master of Arts ( Economic Policy Management)</li> <li>• Bachelor of Science in Statistics and Computer Science</li> <li>• Various management and statistical related courses.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor project activities implementation against the proposed work plan, and monitoring achievements against planned milestones and deliverables;</li> <li>• Managing finances and accounting for the project funds in accordance with the financial guidelines issued by the Government of Kenya and the Delegation of the European Union;</li> <li>• Managing information related to the project and disseminating it to the project stakeholders;</li> <li>• Liaising with the project partners and the funding agency to monitor project activities and expenditures;</li> <li>• Collating information from partners, Organizing and finalizing project reports;</li> <li>• Organizing various committees meetings</li> </ul>

**National Information Platform for Food Security and Nutrition Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2021**

Samuel Kipruto	Senior Data Analyst	<ul style="list-style-type: none"> <li>• Bachelor of science in Statistics</li> <li>• Master of Arts in Economic Policy Management</li> </ul>	<ul style="list-style-type: none"> <li>• Mapping of sources of data of interest to the NIPFN</li> <li>• Identifying the relevant/suitable data to the analysis proposed by stakeholders</li> <li>• Defining the principles for sharing and using the collected data using the KNBS regulations as well development MoUs</li> <li>• Building capacity for data analysing within the data analysis unit and government staff</li> <li>• Creating a centralised repository for data relevant to NIPFN and defining mode of operation</li> <li>• Writing of reports from the analysed data</li> </ul>
Geoffrey Kebaki	Senior Policy Analyst	<ul style="list-style-type: none"> <li>• MSc. Health Systems Management</li> <li>• BSc. Environmental Health</li> <li>• Higher Diploma Food Science and Inspection</li> <li>• Diploma Environmental Health</li> </ul>	<ul style="list-style-type: none"> <li>• Review of food security and nutrition policies</li> <li>• Building capacity for policy programmers and policy users</li> <li>• Facilitate dissemination of policy briefs, factsheets and communication outputs to policy makers</li> <li>• Develop policy questions and facilitate prioritization of questions</li> <li>• Best practices on causal pathways and theories of change</li> <li>• Participate in Interpretation of findings and reporting.</li> </ul>
Tupege Kasongwa	Project Assistant	<ul style="list-style-type: none"> <li>• MBA (HR and Strategic Management),</li> <li>• Bachelor of Arts,</li> <li>• Diploma in Teaching</li> <li>• Diploma in Business Administration.</li> </ul>	<ul style="list-style-type: none"> <li>• Handling of the Project administrative matters.</li> <li>• Maintaining office records, filling and storage.</li> <li>• Facilitate Project compliance with statutory requirements</li> <li>• Facilitating communication between the project and other stakeholders</li> </ul>

**National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021**

Janet Ngina Arum	Senior Communications Officer	<ul style="list-style-type: none"> <li>• M.A Corporate Communication</li> <li>• B.A International Relations &amp; Marketing</li> <li>• DIPLOMA in French</li> </ul>	<ul style="list-style-type: none"> <li>• Develop &amp; implement communication strategy</li> <li>• Design project identity and branding</li> <li>• Digital &amp; online communications</li> <li>• Events/Conference planning &amp; management</li> <li>• Media Relations</li> <li>• Stakeholder Engagement</li> </ul>
Lillian Wambui Odhiambo	Public Health Nutritionist	<ul style="list-style-type: none"> <li>• Master's in Public Administration - International Development</li> <li>• BSc Food Nutrition and Dietetics</li> </ul>	<ul style="list-style-type: none"> <li>• Systematic literature review;</li> <li>• Building library of grey and published literature.</li> <li>• Developing network of stakeholders in: universities, NGO, UN, and government.</li> <li>• Creating an archive of indexed reports</li> <li>• Drafting reviews on thematic areas.</li> <li>• Developing presentations for the Policy Advisory Committee.</li> </ul>
Allan Gathuru Wairimu	Data Manager	<ul style="list-style-type: none"> <li>• MSc. Information Technology management</li> <li>• BSc. Computer Science</li> <li>• Certificate in Database Management, EDMS Development, Java EE Development and Project Management</li> </ul>	<ul style="list-style-type: none"> <li>• Data Management</li> <li>• Management of the central repository</li> <li>• Management of the NIPFN web portal</li> <li>• Data visualization</li> </ul>

**National Information Platform for Food Security and Nutrition Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2021**

Edith Amondi	Project Statistician	<ul style="list-style-type: none"> <li>▪ Bachelor's Degree in Statistics, Mathematics</li> <li>▪ Stata statistical software experience;</li> <li>▪ STATA and R statistical software experience;</li> </ul>	<ul style="list-style-type: none"> <li>• Collecting, aggregating and merging data sets for multisectoral analysis;</li> <li>• Assessing the distribution of variables for application of the most appropriate statistical;</li> <li>• Analysing data using statistical software such as STATA or R by applying the most appropriate and robust statistical methods and sampling weights;</li> <li>• Storing and cataloguing the syntax files, the output files and any history file of analysis to create a record of the analysis done;</li> <li>• Creating new data sets of summary statistics for presentation in data dashboards;</li> </ul>
Eric Macharia	Project Statistician	<ul style="list-style-type: none"> <li>▪ Bachelor's Degree in Statistics, Mathematics</li> <li>▪ Stata statistical software experience;</li> <li>▪ STATA and R statistical software experience;</li> </ul>	<ul style="list-style-type: none"> <li>• Collecting, aggregating and merging data sets for multisectoral analysis;</li> <li>• Assessing the distribution of variables for application of the most appropriate statistical;</li> <li>• Analysing data using statistical software such as STATA or R by applying the most appropriate and robust statistical methods and sampling weights;</li> <li>• Storing and cataloguing the syntax files, the output files and any history file of analysis to create a record of the analysis done;</li> <li>• Creating new data sets of summary statistics for presentation in data dashboards;</li> </ul>
Tom Mutua	Project Officer Finance	<ul style="list-style-type: none"> <li>▪ MBA (Strategic Management)</li> <li>▪ BCOM (Finance)</li> <li>▪ CPA (K)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Setting up and operating a financial monitoring system for all project transactions consistent with the existing procedures of KNBS.</li> <li>▪ Monitoring all financial transactions for the project by ensuring that any expenses are allowable against the project budget .</li> <li>▪ Ensuring that government procurement procedures are adhered to.</li> <li>▪ Drafting financial reports</li> </ul>

**National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021**

**NIPFN Project Stakeholders**

The NIPFN project has various stakeholders as indicated below.

- i. The National Treasury and Planning
- ii. Ministry of Health (MoH)
- iii. Ministry of Agriculture Livestock Fisheries and Cooperatives (MoALFC)
- iv. Ministry of Education (MoE)-State Department of Early Learning and Basic Education, School Health Nutrition and Meals Unit.
- v. Ministry of Labour and Social Protection (MoLSP) - Special Programmes
- vi. Ministry of Water, Sanitation and Irrigation (MoWSI)
- vii. Ministry of Industrialization, Trade and Enterprise Development
- viii. Scaling Up Nutrition (SUN)
- ix. County Governments (CG)
- x. United Nations (UN) Agencies
- xi. Non-Governmental Organizations (NGO's)
- xii. Development Partners

The role and responsibilities of the stakeholders includes among others;

- Providing strategic and policy direction related to the project
- Identifying and prioritizing questions for analysis and interpret the findings
- Overseeing the overall project implementation and decide on the use of the resources available to implement the project.
- Improving nutrition outcomes using the output generated by the project.

**1.7 Funding summary**

The Project was expected to run for a duration of 4 years from 2018 to 2022 with an approved budget of Euro (€) 3,499,999 (use donor currency) equivalent to KShs 396,840,398 as highlighted in the Table below:

Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date – (30 06 2021)		Undrawn balance to date (30 06 2021)	
	<i>Donor currency</i>	<i>KShs</i>	<i>Donor currency</i>	<i>KShs</i>	<i>Donor currency</i>	<i>KShs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
<b>(i) Grant</b>						
European Union	€3,499,999	396,840,398	€ 843,401	95,627,382	€ 2,656,598	301,207,100
<b>(ii) Counterpart funds</b>						
Government of Kenya	-	-	-	-	-	-
<b>Total</b>	<b>€3,499,999</b>	<b>396,840,398</b>	<b>€ 843,401</b>	<b>95,627,382</b>	<b>€ 2,656,598</b>	<b>301,207,100</b>

*National Information Platform for Food Security and Nutrition Project  
 Reports and Financial Statements  
 For the financial year ended June 30, 2021*

**1.8 Summary of Overall Project Performance:**

Overall Project Performance	Comment
1. Budget performance against actual amounts for current year and for cumulative to-date	
2. Physical progress based on outputs, outcomes and impacts since project commencement	<ul style="list-style-type: none"> <li>a) The project units have been established and operationalized.</li> <li>b) Project committees have been established and operationalized.</li> <li>c) Data landscape analysis has been completed and a report developed.</li> <li>d) Census, survey and some administrative datasets of interest have been acquired and additional datasets have been requested from other relevant data stakeholders.</li> <li>e) Data sharing policy has been developed.</li> <li>f) Kenya National Data Archive (KeNADA) has been adopted as the centralized</li> <li>g) repository for data related to food security and nutrition.</li> <li>h) The project has generated initial set of policy questions, refined and regrouped by thematic sectors. The process of ranking and prioritization is in its final stages.</li> <li>i) A report on <i>Review on food security and nutrition policies</i> has been developed.</li> <li>j) A framework for policy questions review has been developed.</li> <li>k) An analysis of “quick wins” and reports generated including-               <ul style="list-style-type: none"> <li>i. <i>An analysis on nutritional anthropometric trends in Kenya.</i></li> <li>ii. <i>An analysis of the national progress and household characteristics associated with stunting.</i></li> <li>iii. <i>Food security situation during Covid-19 pandemic</i></li> </ul> </li> </ul>

*National Information Platform for Food Security and Nutrition Project  
 Reports and Financial Statements  
 For the financial year ended June 30, 2021*

	<p>l) Capacity assessment tools have been drafted.</p> <p>m) Communication strategy has been developed and its implementation is on-going.</p> <p>a) Administrative/ Operational Tasks</p> <ul style="list-style-type: none"> <li>• <b>Interim Report</b>- The report was finalized which reviews the implementation of the project during the period from August 2019-May 2021.</li> <li>• <b>Inception Report</b>: This inception report reviews the implementation of the first-year activities (August 2019 – July 2020) and the suggest areas of improvement in order to enhance efficiency and effectiveness. These areas cover project activities, monitoring and evaluation, and risks and assumptions</li> <li>• <b>Quarterly Financial report</b>- The project has been generating report on revenue and expenditure on quarterly basis</li> <li>• <b>Quarterly Progress Monitoring (QPM)</b>- The project has been engaging with C4N on quarterly bases on activities implementation monitoring using the provided reporting tool</li> <li>• <b>Audit of NIPFN Annual Financial Statements for 2019-2020</b>- The NIPFN project was audited by the Office of the Auditor General from the 19th – 30th October 2020.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Capacity for Nutrition (C4N) Webinars</b>: The project team and stakeholders participated in various webinars led by the project support team C4N. The webinars were on various thematic areas including sharing experiences with other NIPN implementing countries. The country team gains knowledge on how to address project implementing challenges.</li> <li>• <b>Risk Matrix</b>: The project also developed a Risk Matrix which highlights some of the project risk areas and mitigation measures</li> <li>• <b>Workshops and Meetings</b>- The project team participated in various technical meetings and workshops that were relevant to the project.</li> <li>• <b>Launch of NIPFN project</b> –The project team together with collaborating institutions launched the project and products on 19<sup>th</sup> April 2021.</li> </ul>

*National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

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3. The absorption rate for each year since the commencement of the project	The budget amount was 140 million as per the printed estimates. This amount is yet to be released by the exchequer. This has affected the absorption rate of the project funds.
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### **Challenges**

- Delay in commencement of the project.
- Delay in implementation of some activities due to emerging of the Covid-19 pandemic in March 2020
- Delay in the release of exchequer funds from the National Treasury therefore hampering in the delivery of the project activities.

### **Way Forward**

- Fast tracking delayed activities
- Enhancing working relationship with the National Treasury to ensure timely disbursement of project funds.

#### **1.9 Summary of Project Compliance:**

- The NIPFN project complied with all the applicable laws and regulations, and essential external financing agreements/covenants and did not suffer any consequences on account of non-compliance.

**2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES**  
*Enumerate all the objectives of the project as per the program plan*

**Introduction**

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

The key development objectives of the NIPFN *project's 2018-2022* plan are to:

- a) Maximize the analysis and interpretation of existing information and data on food security and nutrition to improve understanding of the factor that influence nutrition outcomes.
- b) Identify information/data gaps in food security and nutrition.
- c) Contribute to monitoring national and sub-national progress in preventing malnutrition;
- d) To build capacity both at national and subnational levels to manage, analyse information and data from relevant sectors.

**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: Below we provide the progress on attaining the stated objectives:

**National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021**

Project	Objective	Outcome	Indicator	Performance
National Platform for Food Security and Nutrition (NIPFN Project)	Create capacity within national institutions to operate and maintain the NIPFN	<p>1. Set up NIPFN Project Management Unit (PMU), Data Analysis Unit, and Policy Unit;</p> <p>2. Establish the NIPFN Project Management Committee;</p> <p>3. Map sources of data of interest to the NIPFN and define the principles for sharing and using data</p> <p>4. Adoption of KeNADA as a centralized repository for data related to Food Security and Nutrition has been done. This entails defining the mode of operations which includes; type of data to be repositied; data accessibility.</p>	<p>Recruitment of project staff</p> <p>Constitution of committee members</p> <ul style="list-style-type: none"> <li>• Data landscape has been done and a report developed.</li> <li>• Census/Survey/ Administrative data of interest – Some data sets has been acquired <b>and additional data has been requested from other relevant stakeholders.</b></li> <li>• Data Sharing principles – <b>This has been developed.</b></li> </ul> <p>KeNADA system available for use by the Project.</p>	<p><b>This has been achieved.</b></p> <p><b>This has been achieved</b></p> <p><b>This has been achieved</b></p> <p><b>This has been achieved</b></p> <p><b>This has been achieved</b></p> <p><b>This is ongoing</b></p>

**National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021**

	<p>Strengthen capacity to track progress in meeting national objectives on undernutrition reduction, promoting food security and monitoring the investments</p>	<p>1. Create or support a web interface to present summary statistics from the NIPFN. 2. A policy review on food security and nutrition has been developed. 3. Identify and prioritize questions for analysis and develop annual work plans. 4. Write reports on data analyzed with interpretation, conclusions and recommendations. 5. Design and implement a communication and visibility plan 6. Build capacity of government staff to analyze data, interpret analysis and report findings</p>	<ul style="list-style-type: none"> <li>• Portal in place</li> <li>• Review policy in place</li> <li>• Questions have been identified</li> <li>• Statistical reports have been done.</li> <li>• The communication strategy is complete and implementation is on-going.</li> <li>• Engagement of officers dealing with statistics in Ministries, Departments, Agencies and Counties (MDACs) through various networks has been established</li> <li>• Sensitized Agriculture, Nutrition and Environment Committee (ANES) sub-sectors staff</li> <li>• Draft Capacity building assessment tool has been developed awaiting finalization.</li> </ul>	<p><b>The process is in progress</b></p> <p><b>This has been achieved</b></p> <ul style="list-style-type: none"> <li>• <b>Prioritization and ranking of policy questions are at advanced stage</b></li> </ul> <p><b>This has been achieved</b></p> <p><b>This has been achieved</b></p> <p><b>This has been achieved.</b></p>
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***National Information Platform for Food Security and Nutrition Project  
 Reports and Financial Statements  
 For the financial year ended June 30, 2021***

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	<p>Build capacity of government staff to make better use of evidence and data to design and implement nutrition related policies and programme</p>	<p>1 .Present the findings of analysis in a format suitable for their intended audiences and disseminate information by different means</p> <p>2. Develop national expertise in formulating evidence-based nutrition policies in all sectors</p>	<ul style="list-style-type: none"> <li>• The products produced by the project have been launched. The project has also generated brochures of various reports</li> <li>• Engagement of officers dealing with nutrition and food security programs and policies in MDACs has commenced</li> </ul>	<p><b>This has been achieved</b></p>
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### **3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

The National Information Platform for Food Security and Nutrition (NIPFN) is country-owned and country-led initiative funded by the European Union (EU), Foreign, Commonwealth & Development Office (FCDO) and the Bill and Melinda Gates Foundation. The initiative aims to promote stakeholders dialogue and strengthen national capacity to manage and analyse existing information and data from all sectors that influence food security and nutrition, to better inform decision making & improve nutrition and food security.

The project aims to: create capacity within national institutions to operate and maintain a National Information Platform for Food Security and Nutrition; strengthen capacity to track progress in meeting national objectives to prevent undernutrition and monitor nutrition investments; and build capacity of national policy makers and programme planners to make better use of evidence in designing and implementing nutrition related policies. The project is being implemented by the Kenya National Bureau of Statistics (KNBS) in partnership with Kenya Institute for Public Policy Research (KIPPRA). Below is a brief highlight of our activities that drive towards sustainability.

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

To ensure the sustainability of the NIPFN, the project is embedded in Medium Term Framework (MTEF) budgeting processes. The activities of NIPFN project will facilitate the achievement of food security and nutrition agenda under the Medium Term Plan (III) 2018-2022. The relevant sector plans and the county integrated development plans which are aligned to the Medium Term Plans also need to mainstream the NIPFN initiative.

The NIPFN project aims to capacity build officers in KNBS, KIPPRA and other relevant government ministries to ensure continuity of the programme beyond the lifespan of the project. The Policy Analysis and Data Analysis Units staff at the host Institutions and project staff need to collaborate and build synergy thus harnessing skills that will be useful for continuity of the NIPFN initiative. The data repository built by the project would require to be institutionalized by the Institutions for nutrition actors both from public and private sector to update nutrition data on interventions and investments. The capacities of data managers and monitoring and evaluation officers at the Ministries would inform policy as they can analyze and interpret data generated from the NIPFN. This is critical for consistency and avoiding

duplication of efforts in interventions to reduce malnutrition.

Capacity among the policy makers and program managers in the Ministries should be enhanced for they are the technical arms in food security and nutrition interventions for sustainability. This will influence the use of information from NIPFN data by policy designers and programme implementers. This will finally ensure that the gains and outputs derived from the project have an impact after completion of project for continuity. The program planners would require exploring possible financing options of the Food security and nutrition interventions and sustainable management of the data repository within the institution setting with a view of improving on Food security and nutrition indicators for sustainable development.

In order to build a strong base and propel NIPFN activities, additional support from the Government to compliment resources provided by EU is required to ensure the sustainability of the project and enable the project to deliver on its mandate. The project can also benefit from the sourcing of complimentary budget from partners with interest in food security and nutrition issues.

## **2. Environmental performance**

NIPFN project is anchored in KNBS and therefore utilizes the KNBS environmental policy guiding the organisation.

## **3. Employee welfare**

NIPFN project has taken into consideration the gender ratio in the recruitment of the project staff with six male staff and four female staff. The recruitment process was undertaken as guided by the KNBS Human Resource Policies and Procedures manual. The project staff are usually appraised annually and part of the appraisal is a training needs assessment, which feeds into the overall Bureau training plan. NIPFN project operates from the overall KNBS organisation policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

*National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

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**4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The *Director General* for Kenya National Bureau of Statistics and the *Project Manager* for **the National Information Platform for Food Security and Nutrition Project (NIPFN)** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

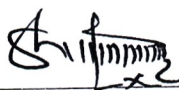
The *Director General* of Kenya National Bureau of Statistics and the *Project Manager* for **the NIPFN** project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Director General* of Kenya National Bureau of Statistics and the *Project Manager* for **the NIPFN** project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2021, and of the Project's financial position as at that date. The *Director General* of Kenya National Bureau of Statistics and the *Project Manager* for **the NIPFN** project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Director General* of Kenya National Bureau of Statistics and the *Project Manager* for **the NIPFN** project 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 Board of Directors of Kenya National Bureau of Statistics on 30<sup>th</sup> June 2021 and signed on its behalf by;



Director General  
Name: Macdonald Obudho



Project Manager  
Name: James T. Gatungu



Project Accountant:  
Name: Tom Mutua  
ICPAK M/No: 18610

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL INFORMATION PLATFORM FOR FOOD SECURITY AND NUTRITION PROJECT FOOD/2017/393-022 FOR THE YEAR ENDED 30 JUNE, 2021 - KENYA NATIONAL BUREAU OF STATISTICS**

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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, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

I have audited the accompanying financial statements of National Information Platform for Food Security and Nutrition Project set out on pages 1 to 16, which comprise the statement financial assets and liabilities as at 30 June, 2021, statement of receipts and payments, statement of cash flow and the statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015, and the Financing Agreement No.FOOD/2017/393-022 dated 27 December, 2017 between the Republic of Kenya and the European Union. 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 the National Information Platform for Food Security and Nutrition project as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Financing Agreement.

### Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Information Platform for Food Security and Nutrition Project 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, I confirm that, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report,

nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1.0 Late Submission of Financial Statements**

Management submitted the financial statements for audit on 6 October, 2021, Six (6) days after the statutory deadline of 30 September, 2021 contrary to Section 81(4)(a) of the Public Finance Management Act, 2012 which requires accounting officers to submit financial statements to the Auditor-General within three (3) months after the end of each financial year.

Consequently, the Management is in breach of the law.

### **2.0 Compensation of Employees**

#### **2.1 Affirmative action on Gender, Ethnicity and Regional Distribution**

Audit review of the payroll records revealed that the Project has Ten (10) staff who are engaged on contractual basis to carry out various roles as per the project's agreement. However, an examination of staff personal records indicates that about four (4) or 40% of the staff belong to one ethnic community contrary to Article 232(1)(h & i) of the constitution of Kenya 2010 which recognizes representation of Kenya's diverse communities and equal opportunities for appointment, training and advancement and Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

In view of the above, the Management is breach of the law.

### **3.0 Purchase of Goods and Services**

#### **3.1 Domestic Travel and Subsistence**

The statement of receipts and payments for the year ended 30 June, 2021 reflects a balance of Kshs.4,505,301 on purchase of goods and services as further disclosed in Note 9.5 which includes an amount of Kshs.1,268,336 on domestic travel and subsistence out of which Kshs.438,800 was spent on adjudication of tender worth Kshs.3,259,600. The payment was made to staff who travelled to Naivasha in the month of August, 2020 and conference facilities for the tender processing of 8 (eight) Computers and 6 (six) laptops. However, the adjudication would have been done efficiently and economically at the Project's offices hence saving project funds. No plausible explanation has been provided by management to explain the reason for incurring expenditure amounting to Kshs.1,268,336 on travelling for the adjudication of a tender worth Kshs.3,259,600.

In the circumstances it has not been possible to ascertain whether the Project got value for money on the travel expenses.

### **3.2 Acquisition of Non-financial Assets**

The statement of receipts and payments for the year ended 30 June, 2021 reflects a balance of Kshs.4,105,519 on Acquisition of non-financial Assets. The assets included eight (8) laptop and six (6) desktop computers. However, there is no evidence that these assets were included in the fixed assets register. This is contrary to provisions of Section 162(1) of the Public Procurement and Assets Disposal Act, 2015 which requires an Accounting Officer of a procuring entity to ensure that all inventory, stores and assets purchased be received and taken on charge as a basis for ensuring that all procured items are properly accounted for and put in proper use as intended by the procuring entity. The assets remained unrecorded and therefore could not be verified.

Consequently, the Management is in breach of the law.

#### **Basis for Conclusion**

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 which 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

##### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as Management determines is necessary

to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the 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 Project monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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 review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue 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 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 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

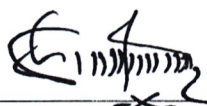
**Nairobi**

**24 November, 2021**

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2021

	Note	2020/2021		2019/2020		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity (Restated)	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
<b>RECEIPTS</b>						
Proceeds from domestic and foreign grants	9.3	45,747,506	-	49,879,875	-	95,627,381
<b>TOTAL RECEIPTS</b>		<b>45,747,506</b>	<b>-</b>	<b>49,879,875</b>	<b>-</b>	<b>95,627,381</b>
<b>PAYMENTS</b>						
Compensation of employees	9.4	33,905,775	-	21,628,100	-	55,533,875
Purchase of goods and services	9.5	4,505,301	-	5,833,640	-	10,338,941
Social security benefits	9.6	16,000	-	13,400	-	29,400
Acquisition of non-financial assets	9.7	4,105,519	-	2,123,100	-	6,228,619
Transfers to other government entities	9.8		-	22,668,685	-	22,668,685
<b>TOTAL PAYMENTS</b>		<b>42,532,595</b>	<b>-</b>	<b>52,266,925</b>	<b>-</b>	<b>94,799,520</b>
<b>SURPLUS/(DEFICIT)</b>		<b>3,214,911</b>	<b>-</b>	<b>(2,387,050)</b>	<b>-</b>	<b>827,861</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements. The financial statements were approved by the Board of Directors of Kenya National Bureau of Statistics on 30<sup>th</sup> June 2021 and signed on its behalf by;



Director General  
Name: Macdonald Obudho

Date 30/09/2021



Project Manager  
Name: James T. Gatungu

Date 30/09/2021



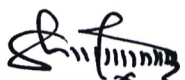
Project Accountant:  
Name: Tom Mutua  
ICPAK M/No: 18610

Date 30/09/2021

7. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30<sup>th</sup> JUNE 2021

	Not e	2020-2021 KShs	2019-2020 (Restated) KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	9.9A	827,861	4,727,360
<b>Total Cash and Cash Equivalents</b>		<b>827,861</b>	<b>4,727,360</b>
Accounts receivables – Imprest and Advances	9.10	-	85,590
<b>TOTAL FINANCIAL ASSETS</b>		<b>827,861</b>	<b>4,812,950</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd		(2,387,050)	-
Accounts Payable		-	7,200,000
Surplus/(Deficit) for the year		3,214,911	(2,387,050)
<b>NET FINANCIAL POSITION</b>		<b>827,861</b>	<b>4,812,950</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements. The financial statements were approved by the Board of Directors of Kenya National Bureau of Statistics on 30<sup>th</sup> June 2021 and signed on its behalf by;



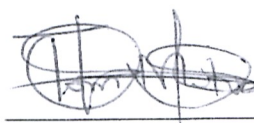
Director General  
Name: Macdonald Obudho

Date 30/09/2021



Project Manager  
Name: James T. Gatungu

Date 30/09/2021



Project Accountant:  
Name: Tom Mutua  
ICPAK M/No: 18610

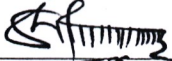
Date 30/09/2021

**National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021**


**8. STATEMENT OF CASHFLOW FOR THE PERIOD 30<sup>th</sup> JUNE 2021**

		2020-2021	2019-2020 (Restated)
	Note	KShs	KShs
<b>Receipts from operating activities</b>			
Proceeds from domestic and foreign grants	9.3	45,747,506	49,879,875
<b>Payments from operating activities</b>			
Compensation of employees	9.4	(33,905,775)	(21,628,100)
Purchase of goods and services	9.5	(4,505,301)	(5,833,640)
Social security benefits	9.6	(16,000)	(13,400)
Transfers to other government entities	9.8	-	(22,668,685)
<b>Adjustments during the year</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)		-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)	9.12	(7,200,000)	7,200,000
<b>Net cash flow from operating activities</b>		<b>120,430</b>	<b>6,936,050</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	9.7	4,105,519	(2,123,100)
<b>Net cash flows from Investing Activities</b>		<b>(3,985,089)</b>	<b>4,812,950</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
<b>Net cash flow from financing activities</b>		-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(3,985,089)</b>	<b>4,812,950</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>4,812,950</b>	-
<b>Cash and cash equivalent at END of the year</b>	9.9	<b>827,861</b>	<b>4,812,950</b>

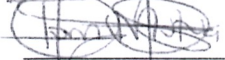
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements. The financial statements were approved by the Board of Directors of Kenya National Bureau of Statistics on 30<sup>th</sup> June 2021 and signed on its behalf by;

  
Director General  
Name: Macdonald Obudho

Date

  
Project Manager  
Name: James T. Gatungu

Date 30/09/2021

  
Project Accountant:  
Name: Tom Mutua  
ICPAK M/No: 18610  
Date 30/09/2021

*National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

**9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

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	140,000,000		140,000,000	45,747,507	94,252,494	0.33
<b>Total Receipts</b>	<b>140,000,000</b>		<b>140,000,000</b>	<b>45,747,507</b>	<b>94,252,494</b>	<b>0.33</b>
<b>Payments</b>						
Compensation of employees	51,814,630		51,814,630	33,905,775	17,908,855	0.65
Purchase of goods and services	65,492,685		65,492,685	8,610,820	56,881,865	0.13
Social security benefits	24,000		24,000	16,000	8,000	0.67
Transfers to other government entities	22,668,685		22,668,685		22,668,685	-
<b>Total Payments</b>	<b>140,000,000</b>		<b>140,000,000</b>	<b>42,532,595</b>	<b>97,467,405</b>	<b>0.30</b>


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

  
Director General  
Name: Macdonald Obudho

Date

  
Project Manager  
Name: James T. Gatungu

Date 30/09/2021

  
Project Accountant:  
Name: Tom Mutua  
ICPAK M/No: 18610  
Date 30/09/2021

## **10. NOTES TO THE FINANCIAL STATEMENTS**

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

### **9.1. Basis of Preparation**

#### **9.1.1. 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.

#### **9.1.2. Reporting entity**

The financial statements are for the NIPFN project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

#### **9.1.3. 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.

### **9.2. Significant Accounting Policies**

#### **a) Recognition of receipts**

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

##### **• Transfers from the Exchequer**

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

##### **• External Assistance**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donations and grants**

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

**b) Recognition of payments**

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

• **Compensation of employees**

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

• **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.

• **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.

**c) 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.

**d) 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

***National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021***

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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.

**e) Accounts receivable**

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

**f) Pending bills**

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

**g) Budget**

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

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

**h) 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 recognized in the statements of receipts and payments.

*National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

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**i) 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.

**j) Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by:

- i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

*National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.3. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the period ended 30<sup>th</sup> June 2021 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
			KShs	KShs	KShs	2020/21	2019/20 (Restated)
			KShs	KShs	KShs	KShs	KShs
<b>Grants Received from Bilateral Donors (Foreign Governments)</b>							
European Union	21/09/2020	-	45,747,506	-	-	45,747,506	49,879,875
<b>Total</b>	-	-	<b>45,747,506</b>	-	-	<b>45,747,506</b>	<b>49,879,875</b>

9.4. COMPENSATION OF EMPLOYEES

	2020/21			2019/20	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	29,075,775		29,075,775	21,628,100	50,703,875
Allowance for Oversight Team (Nominated)	4,830,000		4,830,000	-	4,830,000
<b>Total</b>	<b>33,905,775</b>	<b>-</b>	<b>33,905,775</b>	<b>21,628,100</b>	<b>55,533,875</b>

*National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

**9.5. PURCHASE OF GOODS AND SERVICES**

	2020/21			2019/20	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Domestic travel and subsistence	1,268,336	-	1,268,336	4,624,187	5,892,523
Printing, advertising and – information supplies & services	2,093,560	-	2,093,560	28,386	2,121,946
Training payments	177,191	-	177,191	174,000	351,191
Hospitality supplies and services	801,519	-	801,519	989,899	1,791,418
Insurance Expense	151,830		151,830	-	151,830
Other operating payments	12,865	-	12,865	17,168	30,033
<b>Total</b>	<b><u>4,505,301</u></b>	<b><u>=</u></b>	<b><u>4,505,301</u></b>	<b><u>5,833,640</u></b>	<b><u>10,338,941</u></b>

**9.6. SOCIAL SECURITY BENEFITS**

	2020/21			2019/20	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Employer social benefits in cash and in kind	16,000	-	16,000	13,400	29,400
<b>Total</b>	<b><u>16,000</u></b>	<b><u>=</u></b>	<b><u>16,000</u></b>	<b><u>13,400</u></b>	<b><u>29,400</u></b>

*[This is the employer's contribution towards National Social Security Fund for the project staff in the financial year 2020-2021]*

*National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

**9.7. ACQUISITION OF NON-FINANCIAL ASSETS**

	2020/21			2019/20	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Purchase of office furniture & general equipment	4,105,519	-	4,105,519	2,123,100	6,228,619
Research, studies, project preparation, design & supervision	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
<b>Total</b>	<b>4,105,519</b>	<b>-</b>	<b>4,105,519</b>	<b>2,123,100</b>	<b>6,228,619</b>

*[This was the amount spent to acquire office furniture for the project staff in the financial year 2020-2021]*

**9.8. TRANSFERS TO OTHER GOVERNMENT ENTITIES**

During the period ended 30<sup>th</sup> June 2021, we transferred funds to reporting government entities as shown below:

	2020/21			2019/20	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
<b>Transfers to National Government entities</b>					
KIPPRA NIPFN FUNDS	-	-	-	22,668,685	22,668,685
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,668,685</b>	<b>22,668,685</b>

*National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

**9.9. CASH AND CASH EQUIVALENTS CARRIED FORWARD**

	2020/21	2019/20
	KShs	KShs
Cash Book Balance	827,861	4,727,360
Cash in hand	-	-
Cash equivalents	-	-
<b>Total</b>	<b><u>827,861</u></b>	<b><u>4,727,360</u></b>

The project has 1 number of project accounts spread within the project implementation area and 1 number of foreign currency designated accounts managed by the National Treasury as listed below:

**9.9 A Bank Accounts  
Project Bank Accounts**

	2020/21	2019/20
	KShs	KShs
<b><u>Local Currency Accounts</u></b>		
Kenya Commercial Bank [A/c No 1240875711]	827,861	4,727,360
<b>Total local currency balances</b>	827,861	<u>4,727,360</u>
<b>Total bank account balances</b>	<b><u>827,861</u></b>	<b><u>4,727,360</u></b>

**9.10. OUTSTANDING IMPRESTS AND ADVANCES**

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2021</i>	<i>Balance 2020</i>
Accounts Receivable	3,039,900	30.06.2021	3,039,900	-	85,590
<b>Total</b>	<b><u>3,039,900</u></b>		<b><u>3,039,900</u></b>	<b>=</b>	<b><u>85,590</u></b>

*National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9.11. CHANGES IN RECEIVABLE**

Description of the error	2020- 2021	2019 - 2020
	KShs	KShs
Outstanding Imprest as at 1 <sup>st</sup> July 2020(A)	-	-
Imprest issued during the year (B)	3,039,900	4,739,499
Imprest surrendered during the Year (C)	3,039,900	4,653,909
Net changes in account receivables D= A+B-C	-	<b>85,590</b>

**9.12 CHANGES IN PAYABLES**

Description	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
	Kshs	Kshs	Kshs	Kshs
Supply of goods	-	-	-	-
Supply of services	-	2,093,560	2,093,560	-
Salaries Payable	-	1,860,850	1,860,850	-
Other Payables	7,200,000	5,171	7,205,171	-
<b>Total</b>	<b>7,200,000</b>	<b>3,959,581</b>	<b>11,159,581</b>	<b>-</b>

*National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

**11. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p><b>Incorrect Domestic and Foreign Grant Balances</b></p> <p>The statement of receipts and payments reflects proceeds from domestic and foreign grants totaling Kshs. 57, 079,875 as further disclosed in Note 9.3 to the financial statements. Included in the balance are unknown receipts of Kshs. 7,200,000 not captured in the project records. Had the records reflected the correct balance, the project would have reported a deficit amounting to Kshs. 2,378,047 instead of the surplus amounting to Kshs 4,812,950 reflected in the statement of receipt and payments for the year under review.</p>	<p>The disclosure of the funds credited to the project account were notified to the project after utilization of the funds on the 16<sup>th</sup> September 2020. The financial statements had already been prepared. This has however been corrected and the same amount has been debited from the project accounts and credited to the rightful account. The financial statements will make these disclosures.</p>	This has been Resolved.	
2	<p><b>Induction Costs Incurred on Non- Project Staff</b></p> <p>Examination of payments on use of goods and services indicate that during the year under review, the project held a staff induction workshop at a cost of Kshs. 5,584,687. However, the expenditure included Kshs. 3,738,200 spent on 33 staff members of the Bureau who were not attached to the project. No plausible explanation was</p>	<p>The project staff received invaluable knowledge from the induction workshop that was coordinated by KNBS. The Bureau staff, played a critical role in familiarizing the project staff on the various</p>	This has been Resolved.	

**National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	provided by Management for inclusion of the large number of non- project staff in the induction workshop. As a result, value for money on the project's funds incurred on the staff not engaged by project has not been confirmed.	directorates, departments and functions of KNBS and therefore played a facilitative role in training the project staff. The project on its part facilitated the induction workshop by facilitating for the conference facilities and the daily subsistence allowances for the relevant stakeholders. The project budget has provided for facilitation of stakeholders under result area 2 of the project budget. The project key activities that may have been omitted during the project design are undertaken under indirect costs as per the general condition annex II.		
3	<p><b>Overpayment of Salary to Officer</b></p> <p>Management advertised for and appointed a Project Finance Officer at a gross monthly pay of Kshs. 290,758. However, the successful candidate was awarded a gross pay of Kshs. 465,212 per month upon appointment in September 2019, resulting to a monthly excess pay of Kshs. 174,454. As at 30<sup>th</sup> June 2020, the aggregate overpayments amounted to Kshs. 1,133,951.</p> <p>No Plausible explanation has</p>	The salary overpayment was noted and the officer informed. The overpayment has since been recovered and a new appointment letter issued.	This has since been resolved.	

**National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	been provided by management for the discrepancy.			
4	<p><b>Imprest Issued to Staff on Behalf of Others</b></p> <p>During the year under review, two staff members of the Kenya National Bureau of Statistics were issued with imprest totaling Kshs. 4,648,468 on behalf of participants for two project events organized in Kisumu and Mombasa. The issuance of imprest to the two on behalf of others was contrary to regulation 91 of Public Finance management Regulation of 2015 on management of imprest which provides for issue of individual and not group temporary imprest. No plausible explanation has been provided by Management for the anomaly.</p>	<p>The daily subsistence allowances are usually paid at their designated venues i.e. Mombasa and Kisumu per the project activities undertaken. The imprest holder withdraws the money at the designated bank which is always the KNBS account and subsequently transfers the money to the designated person's accounts at the meeting venues. The imprest holders are also part and parcel of the meetings being held and attended to. KNBS has applied and received approval from the Board of Directors to have the county accounts closed and have the imprest sent to the individual imprest holders.</p>	This has been Resolved.	



**Director General**

Name: Macdonald Obudho

Date



**Project Manager**

Name: James Gatungu

Date

*National Information Platform for Food Security and Nutrition Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

**12. OTHER IMPORTANT DISCLOSURES**

**ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Transfer from Government entities	-	-	-	-	
Proceeds from domestic and foreign grants	140,000,000	45,747,507	94,252,494	33	
<b>Total Receipts</b>	<b>140,000,000</b>	<b>45,747,507</b>	<b>94,252,494</b>	<b>33</b>	
<b>Payments</b>					
Compensation of employees	51,814,630	33,905,775	17,908,855	65	The amount utilized was to carter for the project staff salaries.
Purchase of goods and services	65,492,685	8,610,820	56,881,865	13	The amount utilized was to carter for the acquisition of project equipment. Some of the project items will be procured within the next financial year, such as software and laptops.
Social security benefits	24,000	16,000	8,000	67	This is the amount paid as employer contribution to NSSF.
Transfers to other government entities	22,668,685		22,668,685	-	
<b>Total payments</b>	<b>140,000,000</b>	<b>42,532,595</b>	<b>97,467,405</b>	<b>30</b>	