


REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

THE AUDITOR-GENERAL

ON

**NEW PARTNERSHIP FOR AFRICA
DEVELOPMENT/AFRICA PEER REVIEW
MECHANISM (NEPAD/APRM)
KENYA SECRETARIAT**

**FOR THE YEAR ENDED
30 JUNE, 2019**



NEPAD / APRM KENYA SECRETARIAT

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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NEPAD/APRM KENYA SECRETARIAT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2019

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

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Pictorial Segment



H.E. President Uhuru Kenyatta during the launch of the APRM Country Review Report at State House, Nairobi.



The High Representative for Infrastructure Development in Africa, His Excellency RT. Hon. Raila Amollo and the NEPAD/APRM Governing Council and staff during his visit to the Secretariat.

KEY ENTITY INFORMATION AND MANAGEMENT

1. Background information

New Partnership for Africa's Development (NEPAD) Agency, now AUDA-NEPAD, is the technical arm of the African Union (AU) responsible for championing, facilitating and coordinating development initiatives in the continent. The primary objective of NEPAD Agency is eradication of poverty, promotion of sustainable growth and development, and women empowerment through strategic partnerships. The African Peer Review Mechanism (APRM) was initiated in 2002, and established in 2003 by the African Union in the framework of the implementation of NEPAD. The APRM is a voluntary Governance "Self-Assessment" by African countries focusing on the promotion of good governance and transformative leadership for sustainable socio-economic development. It focuses on governance under four thematic areas: Democratic and Political Governance, Economic Governance Management, Corporate Governance and Socio-Economic Development.

The NEPAD/APRM Kenya Secretariat is a Semi-Autonomous Government Agency under The National Treasury and Planning. The Secretariat was established through a Presidential Executive order Gazette Notice No. 6225 of 2002 and was further reconstituted in June 2016 by merging the NEPAD National Steering Committee and the Africa Peer Review Mechanism (APRM) Governing Council into one body, NEPAD/APRM Kenya Governing Council. The Secretariat is headed by a Chief Executive Officer appointed by the Cabinet Secretary in charge of State Department for Planning. At the continental level, NEPAD and APRM are two separate entities. The AUDA-NEPAD Agency reports to the Heads of State and Government Orientation Committee (HSGOC), while the APRM Continental Secretariat reports to the African Peer Review (APR) Forum of Heads of State and Government.

The NEPAD/APRM Kenya Secretariat has a unified administrative structure at the national level and is responsible for coordinating the AU programmes and projects through the Ministries, Counties, Departments, Agencies (MCDAs), Development Partners and other stakeholders.

Administratively, the Secretariat is headed by the National Governing Council for policy direction while the Chief Executive Officer is in charge of day-to-day operations. It has three key departments; AUDA-NEPAD Programmes; APRM and Governance; Human Resources and Administration.

2. Principal Activities

The Secretariat draws its activities from the mandate assigned to it through the Gazette Notice No.4651. The principal activity of the institution is to coordinate, facilitate, and monitor implementation of African Union (AU) development and governance agenda. Implementation of the mandate is anchored on the Secretariat Strategic Plan 2018-2022.



Strategic objectives

- Lobbying, Advocacy and Communication
- Facilitate and coordinate the implementation of AU- NEPAD/APRM Programmes at County, National and Regional Levels
 - Knowledge Management, Governance;
 - Institutional Management and Development;
 - Resource Mobilization and Partnerships

Core Mandate

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

3. Key Management

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

National Governing Council

NEPAD/APRM Kenya Governing Council is the policy organ of the Secretariat guided by a charter to undertake the following:

- Ensure that organizational strategy is aligned with African Union governance and development agenda as well as the Kenya Vision 2030;
- Determine the Secretariat's mission, vision, purpose and core values;
- Set and oversees the overall strategy and approve significant policies of the Secretariat;
- Approve the organizational structure for the organization;

- Approve the annual work plan and budget of the Secretariat;
- Monitor the performance of the Secretariat and ensure sustainability of its operations;
- Enhance the corporate image of the Secretariat nationally and regionally;
- Ensure availability of adequate resources for the achievement of the Secretariat objectives;
- Ensure effective communication with stakeholders of the Secretariat.

The Chief Executive Officer

The CEO is the team leader of the Secretariat's management and is in charge of the following:

- Implementing decisions of the Council;
- Day-to-day administration and management of the affairs of the Secretariat;
- Developing and recommending to the Council long term strategy, business work plans and annual operating budgets;
- Establishing proper internal monitoring and control systems and procedures;
- Coordinating the preparation of proposals and reports for consideration by the Councils
- Ensuring continuous improvement in the quality and value of services and products provided by the Secretariat;
- Ensuring continuous achievement of the Secretariat's financial and operating goals and objectives;
- Fostering corporate culture that promotes ethical practices within the Secretariat
- Promoting Kenya's effective participation in the activities of African Union (AU) core principles and values;
- Liaising with continental offices in view of incorporating and promoting Kenya's and Eastern African Region interests; and
- Acting as the principal spokesperson for the Secretariat

Senior Management Team (SMT)

The team consists of the CEO, Programme Directors and Heads of Sections/Divisions. SMT holds meetings on a weekly basis and is responsible for:

- Supporting National Governing Council for effective oversight;
- Manage implementation of the Secretariat's long term Strategy;
- Review and recommend appropriate actions for strategic operational plans and policies;
- Formation of core committees, ad hoc and task forces;
- Provide support and counsel on executive decisions;
- Assist in formulation of agendas for Council meetings

- Take lead in the implementation of Council resolutions

Public Finance Management Standing Committee

The committee provides strategic guidance to the Secretariat on Public Finance Management matters. It is chaired by the Chief Executive Officer with either Head of Finance or Accounting Units as the Secretary. Members to the committee include heads of departments, sections/divisions. The meetings are held bi-monthly to undertake the following functions:

- Ensuring that there is prioritization of resources allocated to the Secretariat for the smooth implementation of the entity's mission, strategy, goals, risk policy plans and objectives;
- Regularly reviewing, monitoring budget implementation and advice on the Secretariat's accounts, major capital expenditures and reviewing performance and strategies at least on a quarterly basis;
- Identifying risks and implementation of appropriate measures to manage such risks or anticipated changes impacting on the Secretariat;
- Reviewing on a regular basis the adequacy and integrity of the Secretariat internal control, acquisition and divestitures and management information systems including compliance with applicable laws, regulations, rules and guidelines;
- Establishing and implementing a system that provides necessary information to the stakeholders including stakeholder communication policy for the Secretariat in line with Article 35 of the Constitution;
- Monitoring the effectiveness of the corporate governance practices under which the Secretariat operates and propose revisions as may be required, from time to time;
- Monitoring timely resolution of audit issues; and
- Any other matter referred to it from time to time by the Cabinet Secretary responsible for; The National Treasury and Planning.

Human Resources Management & Development Advisory Committee (HRM&DAC)

The Secretariat's HRM&DAC consists of the following members:

- (a) Chief Executive Officer – Chairperson
- (b) Manager, Human Resource and Administration – Secretary
- (c) Seven other members above NEP 4 (Job Group 'Q') representing technical departments

The CEO may designate an officer not below NEP 3 (Job Group "R") as alternate Chairperson to the Committee

The Committee may co-opt such members in writing as necessary from time to time with the approval of the Authorized Officer.

The functions of Secretariat's Human Resource Management and Development Advisory Committees entail making recommendations to the Chief Executive Officer regarding:-

- a) Recruitment, selection and appointment;
- b) Performance management;
- c) Promotions;
- d) Confirmation in appointment;
- e) Training and Development;
- f) Training Impact Assessment;
- g) Management of skills inventory;
- h) Establishment and Complement control;
- i) Payroll management;
- j) Deployment;
- k) Promotion of values and Principles of Public Service;
- l) Recommendation for secondment and unpaid leave;
- m) Recommendation for retirement under 50 years rule;
- n) Recommendation for retirement on medical grounds;
- o) Recommendation for re-designation;
- p) Recommendation for renewal of contract;
- q) Discipline;
- r) Pension administration.

4. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Chief Executive Officer	Daniel N. Osiemo
2.	Director, APRM & Governance	Peter N. Kimemia
3.	Assistant Manager, Human Resources & Administration	Erica K. Mutwiri
4.	Ag. Director, NEPAD Programmes	Taubman Olang
5.	Assistant Manager, Accounts	CPA Miriam N. Sindiyo
6.	Assistant Manager, Finance	Ezekiel G. Manyara
7.	Assistant Manager, Procurement	Caroline Opondo
8.	Assistant Director, Corporate Communications	Miriam Rahedi
9.	Assistant Manager, Internal Audit	CPA Rhoda Chepng'etich

5. Fiduciary Oversight Arrangement

The overall oversight responsibility of the Secretariat rests with the National Governing Council which has three committees as given below:

Audit and Risk Management Committee

The Committee assists the Council in fulfilling its corporate governance responsibilities and in particular to strengthen the effectiveness of the internal audit function; maintaining oversight on internal control systems; provision of general oversight in risk and compliance matters; and ensuring quality, integrity, effectiveness and reliability of the Secretariat's risk management framework.

Technical Committee

Key duty of the Technical Committee is to provide direction in execution of the Secretariat's mandate through AUDA-NEPAD and APRM related programmes. This include national programmes and continental programs in liaison with the African Union Continental Secretariats

Finance and Administration Committee

The Committee reviews and provides recommendations on issues relating to human resource matters including career progression, performance management, training needs, staff recruitment, staff placement, promotions, demotions, discipline, and staff welfare. The Committee further reviews financial statements, considers recommendations for expenditure, and reviews compliance with accounting standards.

6. Entity Headquarters

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

7. Entity Contacts

Telephone: +25420 2733735/38/42
E-mail: info@nepadkenya.org
Website: www.nepadkenya.org

8. Entity Bankers

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

9. Independent Auditors

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

10. Principal Legal Adviser

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

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(a) National Governing Council (NGC) Members



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

Chairman (Non-Executive)

Prof. Chege was appointed the Chair of the NEPAD/APRM Kenya Governing Council on 24th June 2016. He has been re-appointed to chair the Council from 22nd June 2019. He is also serving as a board member for the Kenya Institute of Public Policy Research and Analysis (KIPPRA) where he chairs the Programmes Committee. He is also the chairman of the African Leadership Institute, a local NGO that provides training for young Kenyans with potential to be future African leaders.

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

Member (Non-Executive)



Michael Kisilu, BSc, MIBA

Michael is the Housing Manager and an Adjunct Faculty at the United States International University- Africa. Born on 4th July 1974, Michael began his career as a lecturer at the Central Institute of Management. He holds Bachelors of Science degree in Tourism Management, Masters Degree in International Business Administration (Strategic Management), and is currently undertaking a PhD in Tourism Management. Michael joined the NEPAD/APRM Kenya Governing Council on 24th June 2016. He was re-appointed to the Council on 22nd June 2019. Michael chairs the Technical Committee, and the Audit and Risk Management Committee.



**Antony
Muriu, BA,
MA**

Member (Non-Executive)

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



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

Member (Non-Executive)

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



**Samuel
Mwale, BSc.
MSc**

Member (Non-Executive)

Samuel holds a Masters Degree in Agricultural Economics, a Post Graduate Diploma in Development Economics, a Bachelor of Science in Range Management and has attended executive training on policy analysis and leadership at Stanford and Harvard Universities, respectively. Born on 21st February 1963, Samuel is the Founder & CEO of Farasi Strategy Advisors Ltd, a firm that provides investment and strategy advice to public and private sector clients. He is a well-respected economist, public administrator, and public policy and business advisor with twenty nine years of professional experience in both public and private sectors. He has contributed substantially in the development and implementation of key national policies and strategies. Samuel joined the Council on 21st October 2016 and is a member of both Technical; and finance and administration Committees



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

Member (Non-Executive)

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



**Hon. Elias
Mbau, BA,
MBA**

Member (Non-Executive)

Born on 29th March 1961, Hon. Elias Mbau holds a Master of Business Administration (Marketing) and Bachelor of Arts (Economics) from the University of Nairobi. Previously, he served as the Chair of CDF Board (2015-2017); Member of Parliament for Maragua and Chair Parliamentary Budget Committee (2008-2013); Lecturer at United States International University (2000-2002); Director, Royal Communications (K) Ltd (1996-) and Economist, Ministry of Planning (1988-1992). Hon. Mbau is currently pursuing PhD in Public Finance focussing on Fiscal Decentralization, Allocative Efficiency, Public Governance and County Governments Performance. He joined NEPAD/APRM Kenya Governing Council on 22nd June 2019. Hon. Mbau is a Certified Public Secretary Kenya(CPS-K)







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

Ag. CEO, (Executive)

Born on 30th January 1960, Daniel, a carrier civil servant with many years of work experience, Daniel holds Master of Science Degree in Economics and Management; Master of Public Administration; Bachelor of Arts (Economics) and a Post Graduate Certificate in Project Management Monitoring and Evaluation. Prior to joining the Secretariat, he served as Chief Economist in the Ministry of Forestry and Wildlife, and Programme Manager, Agricultural Sector Programme Support (ASPS), Ministry of Agriculture. Upon joining the Secretariat, Daniel played a key role in the elevation of the Lamu Port South Sudan Ethiopia Transport Project (LAPPSET) to the Presidential Infrastructure Championship Initiative (PICl) of the African Union. An effort that was recognized and awarded through

Head of State Commendation, 'Order of the Golden Warrior' in 2015. He was appointed to his current position in November 2015. Daniel is a member of the Economists Society of Kenya.

KEY MANAGEMENT

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



CHAIRMAN'S STATEMENT

I am delighted to forward the NEPAD/APRM Kenya Secretariat's performance during the financial year 2018/19. In doing so, I will share the successes for the year, challenges faced and prospects as we look forward to the year FY 2019/20.

During the period under review, the following milestones were achieved: Successful launch of the 2nd APRM Country Peer Review Report for Kenya by H.E. President Uhuru Kenyatta; leading the Kenyan delegation to the 27th APR Forum of Heads of State and Government at the African Union Commission; showcasing of Secretariat activities at the 6th Annual Devolution Conference held in Kirinyaga County; co-hosting the Country Results Framework Workshop in alignment with the 1st Ten Year Implementation Plan of AU Agenda 2063 and Agenda 2030; facilitated funding for Kenya Coast National Polytechnic through the NEPAD Agency and the German Government; reporting on implementation progress of Comprehensive Africa Agriculture Development Programme (CAADP) at the Africa Union and participating in the National Action Plan on Disability and Human Rights workshop organized by the Gender and Disability Development Centre. (GDDC). Further, the Secretariat hosted the AU High Representative for Infrastructure Development the Rt. Hon. Eng. Raila Amollo Odinga and the CEO AUDA-NEPAD, Dr. Ibrahim Assane Mayaki from the Continental office.

In preparation to disseminate the 2nd Kenya Country Peer Review Report to the wider Public, the Secretariat initiated the development of a popular version and translating the same into Kiswahili. The process has nevertheless delayed due to financial constraints but the Secretariat will roll out the process in due time. The Secretariat is also looking forward to cascade the APR to the Sub-National level through County Peer Review Mechanism which will promote good governance practices and facilitate peer learning among the counties for a much needed balanced on socio-economic development across the country.

The Secretariat faced some setbacks despite the achievements made which hindered the full realization of its planned activities. These challenges include inadequate finances; late disbursement of funds and the deployment of one of the National Governing Council member, Mr. Glenns Etyang, from the Ministry of Foreign Affairs, who is yet to be replaced. However, it is worth noting that the Council received a new member, Hon. Elias Mbau, whose expertise would

strengthen the Finance and Administration Committee as well as head the Audit and Risk Management Committee.

On behalf of the NEPAD/APRM Kenya Governing Council and Secretariat Management, I wish to thank the Government of Kenya for the continued financial and technical support and all the stakeholders who have interacted with us. Your belief in us has helped to shape our vision as a model champion for Africa's development and governance agenda in the continent.



Prof. Michael Chege
NGC Chairman

REPORT OF THE CHIEF EXECUTIVE OFFICER

NEPAD/APRM Kenya Secretariat exists to promote sustainable development and good governance in Kenya and the Eastern Africa region. This is the purpose and driving power behind the Secretariat's operations. The Secretariat is a Semi-Autonomous Government Agency (SAGA) with a modest staff strength of 31 who ensures that the African Union core principles and values are domesticated into Kenya and Eastern African Region. The Secretariat coordinates its activities through thematic areas and pillars as mirrored at the continental level. These are: Natural Resources Governance and Food Security; Regional Integration, Infrastructure and Trade; Human Capital Development; Industrialization, Science, Technology and Innovation; Democratic and Political Governance; Economic Governance and Management; Corporate Governance and Socio-Economic Development.

In the current Strategic Plan 2018-2022, the Secretariat focuses on five strategic areas to realize its mandate: Lobbying, Advocacy and Communication; Facilitating and coordinating the implementation of AU- NEPAD/APRM Programmes at County, National and Regional Levels; Knowledge Management and Governance; Institutional Management and Development; Resource Mobilization and Partnerships.

The Secretariat facilitated the launch of 2nd Country Review Report for Kenya on 29th March 2019 by H.E. President Uhuru Kenyatta in Statehouse Nairobi. In his key note address, following the APRM Country Review, the government has developed a National Plan of Action (NPOA) which outlines the President's commitment to the implementation of the recommendations made in the report. He further noted that Kenya would be among the first countries to customize the APRM mechanism to the second tier of governance to foster democratic dialogue between leaders and citizens in the delivery of services. In his remarks, the President stated that the country would be willing to undergo Targeted Review on the implementation of the 'Big Four Agenda'

During the period under review, the Secretariat assisted the office of the AU High Representative for Infrastructure Development in Africa to hold the AfroChampion Boma Conference on infrastructure finance in Nairobi. The event brought together delegates from over 25 countries in Africa and discussed means of involving Africans

to champion Infrastructure development in Africa especially in transportation, energy, power, digital, and networking infrastructure. It also focused on prioritization and funding of infrastructure projects with scope for regional integration and pan-African impact.

Furthermore, the Secretariat participated in the 60th Meeting of the AUDA-NEPAD Steering Committee held in Dakar, Senegal. This was a preparatory meeting for the Heads of State and Government Orientation Committee where the key point of discussion was the AU's decision on the Transformation of the NEPAD Agency into the African Union Development Agency (AUDA). In this regard, Kenya expressed her support to the initiative and approved the transformation process to proceed.

Nationally, the Secretariat carried out the participated in 6th Annual Devolution Conference held in Kirinyaga County. Here the Secretariat created awareness of APR process and was able to secure general endorsement by County Governments to cascade APR to counties as a tool of good governance. In order to realize this objective, the Secretariat finalized the County Peer Review Mechanism tools in readiness for the cascading APR to sub-national levels. Consequently, the Secretariat was able to develop a popular version of the 2nd Country Review Report for Kenya and translating the same into Kiswahili for easy dissemination to the general public.

Further, the Secretariat co-hosted two workshops organized with the African Biosafety Network of Expertise (ABNE) of AUDA-NEPAD Agency in collaboration with the Kenya National Biosafety Regulatory Framework for the Rift Valley, Central and Western Kenya Cotton Regions. The forum sensitized national stakeholders on Biotech (Bt) cotton farming and value chain while benchmarking with success stories from Malawi, Ethiopia, Nigeria, Eswatini.

On a related issue, the Secretariat, in collaboration with African Union's AUDA-NEPAD Agency, and the Ministry of Agriculture, Livestock and Fisheries, organized for the 15th Comprehensive Africa Agriculture Development Programme Partnership Platform (CAADP-PP) in Nairobi. This is an Annual Continental Forum that brings together stakeholders in Africa on agriculture and food security. The event offered African countries and development partners an opportunity to reflect together, share best practices and identify strategies and policies to foster integration, enhanced market access, both inter and intra-regional trade in agricultural commodities and services.

Additionally, the Secretariat participated in the validation and finalization of the MTP III reporting indicators handbook organized by the Monitoring and Evaluation Directorate under the State Department for Planning. The participation ensured that the targets contained in the National Plan of Action as contained in Kenya's 2nd Country Review Report has been integrated in the handbook for effective monitoring and reporting. Further, the Secretariat ensured that AU's Agenda 2063 Agenda; Sustainable Development Goals and the East African Community Agenda 2050 were well integrated in the national tracking framework for periodic reporting.

On financial performance, the Secretariat's budget earmarked for the period under review was Ksh.197, 515,000, which was lower than the previous review period, 2017/18 of Ksh.205, 165,000. However, the actual budget received was Ksh.193, 564, 700 after the Supplementary budget review. Related challenges to inadequate finances, is the delayed disbursement of funds done on a monthly basis. This grossly constrained execution of the planned activities during the year under review.

The Secretariat continues to train its staff to improve productivity in terms of efficiency and effectiveness. This is what has contributed to the achievements realized during the period under review.



Daniel N. Osiemo
Ag. Chief Executive Officer

CORPORATE GOVERNANCE STATEMENT

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

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

Board Charter

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

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

Independent Council Members

Seven out of the eight members are non-executive with no monetary relationship with the Secretariat and are compensated through sitting fees or allowances.

Council Composition

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

In October 2018, Mr. Glenns Etyang, who represented the Principal Secretary-Foreign Affairs, was appointed to a foreign mission and is yet to be replaced.

Council Skills Diversity

The NGC comprises of the following set of skills:

Skill of Specialization	No.
Economics/Development Studies/Public Administration	5
International Relations	1
Tourism	1
Communication	1
Total	8

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

During the reporting period, the National Governing Council comprised of 7 male and 1 female Members.

NGC Effectiveness

Role of the Council

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

Induction and training

The Secretariat has an elaborate framework to ensure that the Council effectively carries out its mandate. In terms of induction, newly appointed members to the NGC embark on a detailed programme to familiarize themselves with the operations of the Secretariat. Relevant background material is provided and a formal meeting is organized for interaction with Senior Management. For continuous improvement, topical courses are organized for the members to enhance their oversight role. In

terms of evaluation, plans are undertaken to have members undergo a sensitization forum on performance evaluation before each one of them is evaluated.

Secretary to the NGC

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

National Governing Council Meetings

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

S/No.	NGC Member	Attendance
1.	Prof. Michael Chege	7
2.	Michael Kisilu	6
3.	Anthony Muriu	6
4.	Dr. Monica Kerretts-Makau	6
5.	Joshua Opiyo	7
6.	Samuel Mwale	1
7.	Glenns Etyang	4
8.	Daniel Osiemo	7

**Mr. Samuel Mwale was involved in foreign assignments during the year.*

**Mr. Glenns Etyang was posted to a foreign mission in October 2018.*

NGC Members Remuneration

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

Declaration of Interest and Conflict of Interest

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

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

NGC Committees

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

Technical Committee

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

Name	Attendance
Michael Kisilu	3
Glenns Etyang	1
Joshua Opiyo	3

**Mr. Glenns Etyang was transferred to a foreign mission in October 2018*

Finance and Administration Committee

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

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

Audit and Risk Management Committee

The duties of the Audit, Risk & Compliance Committee are based on six broad functions namely the Internal Control, Risk Management & Compliance, Financial Reporting, Internal Audit, External Audit, Compliance with laws and regulations and Compliance with the Secretariat's Code of Conduct and ethical guidelines functions. The Committee did not meet in the FY 2019/20 because the Chair had been appointed to the National Assembly and there had been no replacement.

Executive Committee

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

Internal Controls & Risk Management

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

The Secretariat has developed a comprehensive policy on the risk management framework with risk champions trained to guide the process. The Audit & Risk Management Committee of the Council through its delegated mandate, is expected to regularly review the effectiveness of the internal control system. The Head of Internal Audit & Risk Management Department reports directly to the Audit & Risk Management Committee.

Code of Ethics

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Secretariat coordinates its activities through its technical programmes: APRM & Governance and AUDA-NEPAD Programmes. This section presents the achievements made during the period under review

APRM & GOVERNANCE PROGRAMME

The APRM & Governance had two targets in the ministerial performance contract for the year 2018/2019. The targets were; launch of the 2nd African Peer Review mechanism (APRM) report for Kenya and linking the National Plan of Action (NPOA) to the national and county planning and budgeting frameworks. The Secretariat was able to achieve the following under the review period:

- The successful launch of Kenya's 2nd APRM Country Review Report by H.E President Uhuru Kenyatta on 29th March 2019. The event was by the lead Panellist, Prof. Abu Manga, and attracted participants from Continental office, Uganda, Ghana, Liberia, Ministries Counties Departments and Agencies(MCDAs), Council of Governors, Civil Society Organizations and Kenya's Private Sector. The event was attended by over 600 participants. In preparation for the dissemination of the report, the secretariat developed a popular version of the report. The popular version has been translated into Swahili to enhance outreach to the masses.
- The Secretariat participated in the 32nd Ordinary Session of the Assembly of the African Union Meeting held between 4th and 12th February 2019 in Addis Ababa, Ethiopia. Here, Kenya's remarkable leadership was acknowledged through the revitalization process for the Mechanism. Further, the Secretariat took part in the development of a Legacy Report for H.E. President Uhuru Kenyatta who served as Chair of the African Peer Review Mechanism (APRM) from 13th June, 2015 until 27th January, 2018.
- The Secretariat in collaboration with the Ministry aligned the NPOA activities to Third Medium Term Plan (MTPIII) and County Integrated Development Plan (CIDPs). This will ensure that the activities under the NPOA have been harmonised with the national priority programmes and connected to the both the national and county budgeting framework.
- The secretariat held county consultations with county governments to secure a buy-in in the implementation of the CPRM. At the same time the Secretariat in collaboration with stakeholders held various retreats and workshops to review and validate the proposed County Peer Review Mechanism (CPRM) Tools and guidelines.

- The Secretariat participated during the 6th Annual Devolution Conference held in Kirinyaga County - Kirinyaga University from March 4th -8th, 2019. The objectives were aligned to the Big Four Agenda. The Secretariat was commended particularly on the conducting a successful Second Country Review, and running programs under Skills Initiative for Africa, which works with Technical & Vocational Education & Training Institutions under Ministry of Education.
- APRM spearheading the implementation of commitment number five (5) of the 2018-2022 National Action Plan under the OGP on improving public sector performance through governance indices. Further on governance, APRM participated in a round table meeting during the launch National Kenya OGP National Action Plan III 2018 –2020 on 28th January, 2019.

The Secretariat participated in a number of events hosted by other organisations. They included:

- Contributed in the development of the National Reporting Indicators Handbook which is designed to increase accountability.
- Participated in the National Action Plan on Disability and human Rights Workshop organized by the Gender and Disability Development Centre (GDDC).
- NEPAD/ APRM participated in the dissemination of the MTP III. This provided the secretariat with the opportunity to engage various stakeholders and raise the visibility of NEPAD /APRM programmes and projects.
- The Secretariat participated in a two-day preparatory workshop on Targeted Review organized by the APRM Continental Secretariat in Livingstone, Zambia from 27th -28th June, 2019.

NEPAD PROGRAMMES

NEPAD Programmes and Projects are implemented under four thematic areas which are key in achieving sustainable growth and development as envisaged in the AU's Agenda 2063. During the period under review the Secretariat achieved the following as per the thematic areas among others:

- i) **Natural Resources Governance and Food Security:** the Secretariat as a facilitator in this thematic area, worked with the relevant stakeholders to promote the implementation of Comprehensive Africa Agriculture Development Programme (CAADP) to enhance agricultural productivity. Key activities under this were participation in the Development of a Results

Framework for the Agricultural Sector and National Agricultural Investment Plan.

The Secretariat in partnership with AUDA-NEPAD Agency and the Ministry of Agriculture, Livestock and Fisheries coordinated the 15th Comprehensive Africa Agriculture Development Programme Partnership Platform (CAADP-PP) held in Kenya.

- ii) **Regional Integration, Infrastructure and Trade:** Under this thematic area, the Secretariat facilitated monitoring of the implementation of LAPSSET Corridor and the integration roads from Kapenguria, Lokichar, Lodwar, Lokichogio to Nadapal. The Secretariat also participated in Programme for Infrastructure Development in Africa (PIDA), Presidential Infrastructure Champion Initiative (PICI) meetings/workshops to report implementation status of the projects and improve coordination of the same;

It is also worth noting that the Secretariat hosted the High Representative for infrastructure development in Africa and the Chief Executive Officer for AUDA-NEPAD to appraise them on the AUDA-NAPAD programmes and to forge a working relationship with their offices on infrastructure development in Kenya

- iii) **Human Capital Development:** this is aimed at building capacities for sustainable development. The Secretariat coordinated Skills Initiative for Africa (SIFA), Capacity Development Programme activities including facilitation of training workshop on Concept note and proposal writing for Agriculture Technical Vocational Education and Training (ATVET) for effective participation during the call for proposal for Window1.

The Secretariat is also coordinating United Nations Development Account aimed at strengthening capacities for Economists and Statisticians to entrench accountability in planning process.

- iv) **Industrialisation, Science, Technology and Innovation:** This thematic area focuses on promoting science, technology and innovation to steer industrial development. The Secretariat took part in two workshops organized by the African Biosafety Network of Expertise (ABNE) of AUDA-NEPAD Agency in collaboration with the Kenya National Biosafety Regulatory Framework for the Rift Valley, Central and Western Kenya Cotton Regions. The workshops were aimed at sensitizing and engaging stakeholders on Biotech (Bt) cotton farming and value chain.

Furthermore, Secretariat was involved in coordination and facilitation of a number of international workshops, seminars and meetings. Among them were: the European Union and the Swiss Agency for Development and Cooperation (SDC) workshop on enhancing the use of Country Results Frameworks (CRFs) anchored under the framework of the Global Partnership for Effective Development Cooperation (GPEDC); United Nations Economic Commission for Africa (UNECA) hosted the United Nation Development Account validation workshop in Nairobi; the African Ministerial Conference on the Environment (AMCEN) and the 1st African Environment Partnership Platform (AEPP) in Nairobi; and Mining dialogue that was aimed at equipping officers involved in extractive production with negotiation skills.

It is also worth noting that NEPAD/APRM Kenya Secretariat and LAPSSET Corridor Development Authority (LCDA), with support from the United Nations Economic Commission for Africa (UNECA) organized a side-event during the Sustainable Blue Economy Conference to drum up financial support for LAPSSET.

CORPORATE SOCIAL RESPONSIBILITY

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

As a moral obligation to the environment, the Secretariat partnered with stakeholders in the National tree planting day event held in Makueni County on 24th November 2018. During the event, the Secretariat sensitized the locals on the dangers of deforestation to mitigate its effects on sustainable livelihoods. Similarly, during a group training at Kenya School of Government (Embu Campus) the NEPAD/APRM Kenya Secretariat organised a tree planting activity for the purpose of improving the quality of the natural environment within the Institution.



NEPAD/APRM Kenya Secretariat staff planting trees during the training exercise at Kenya School of Government, Embu

In terms of staff welfare, The Secretariat organised a communication strategy workshop held in May, 2018 during this activity a motivational talk was conducted by Dr. Edward Mungai in this session members of staff were taken through personal

development and improving organisational productivity. In addition, for the purpose of strengthening the team spirit and bonding the Secretariat organized an end-year lunch on 22nd December 2018.

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

Type of Course	No. of officers trained
Strategic Leadership Development Programme	2
Senior Management Course	1
Communication skills Development Course	30

SUSTAINABILITY REPORTING/RISK MANAGEMENT REPORTING

The National Governing Council has the ultimately responsible to oversee the establishment of effective internal control systems and risk management processes, which facilitate the delivery of and sustain the Secretariat's financial, operational and strategic objectives. The Audit and Risk Management Committee maintained a strong focus on monitoring, evaluating and enhancing the internal control, risk management and internal audit processes for the Secretariat.

The Committee reviewed the internal audit plan and reports for approval. In addition, the committee adopted the external auditors report (Office of the Auditor General). In addition, the Committee reviewed the effectiveness of the internal audit function by having discussions with Assistant Manager Internal Audit and Risk and key members of management, and is satisfied with the effectiveness and efficiency of the function, reliability of financial reporting, and compliance with applicable laws and regulations.

During the year, the Secretariat developed Enterprise Risk Management ("ERM") framework, at both an operational and strategic levels. This framework was incorporated into the daily operational management processes, allowing management to focus on core activities. The framework has a clear process for identifying, evaluating and managing the principal risks, which includes strategic, financial, operational, people, reputational, environmental health and safety risks.

REPORT OF THE COUNCIL MEMBERS

Members of the Governing Council submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Secretariat affairs.

Principal activities

The principal activities of NEPAD/APRM Kenya Secretariat are outlined on page vii

Results

The results of the NEPAD/APRM Kenya Secretariat for the year ended June 30, 2019 are set out on page 1 - 31

Council Members

The members of the Council who served during the year 2018/2019 are shown on page xii-xiv. During the year 2018/2019 Council member from the Ministry of Foreign Affairs Mr. Glenns Etyang was recalled and redeployed. Within the same period the Chair of the National Governing Council, Prof. Michael Chege and Council Member Mr. Michael Kisilu were reappointed for a further period of three years. In addition, Hon. Elias Mbau was appointed to the Council with effect from 22nd June 2019.

Dividends/Surplus remission

NEPAD/APRM Kenya Secretariat is a coordinating non-enterprising entity.

Auditors

The Auditor General is responsible for the statutory audit of the NEPAD/APRM Kenya Secretariat in accordance with Article 229 of the Constitution of Kenya 2010 the Public Audit Act 2015 for the year/period ended June 30, 2019.

By Order of the NEPAD/APRM Kenya Governing Council


Daniel N. Osiemo, OGW
Ag. Chief Executive Officer
Nairobi

Date:

26.09.2019

STATEMENT OF COUNCIL MEMBERS RESPONSIBILITIES

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

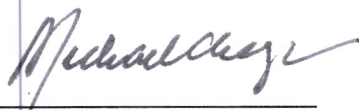
The CEO is responsible for the preparation and presentation of the Secretariat's financial statements which give a true and fair view of the state of affairs of the Secretariat for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances

The National Governing Council accept responsibility for the Secretariat's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with accrual basis of the International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The National Governing Council are of the opinion that the entity's financial statements give a true and fair view of the state of the Secretariat's transactions during the financial year ended June 30, 2019 and of the Secretariat's financial position as that date. The directors further confirm the completeness of the accounting records maintained for the Secretariat which have been relied upon in the preparation of the Secretariat financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the annual report and financial statements

The *Secretariat's* annual report and financial statements have been prepared in accordance with **Section 83 of the PFM Act 2012** and were approved by the Council on 26.09.2019 2019 and signed on its behalf by:



Chairman
National Governing Council

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NEW PARTNERSHIP FOR AFRICA DEVELOPMENT/AFRICA PEER REVIEW MECHANISM (NEPAD/APRM) KENYA SECRETARIAT FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of New Partnership for Africa Development/Africa Peer Review Mechanism (NEPAD/APRM) Kenya Secretariat set out on pages 1 to 30, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of NEPAD/APRM Kenya Secretariat as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of NEPAD/APRM Kenya Secretariat 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 audit 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 of the Auditor-General on New Partnership for Africa Development/Africa Peer Review Mechanism (NEPAD/APRM) Kenya Secretariat for the year ended 30 June, 2019

Other Matter

Unresolved Prior Year Audit Issues

The audit report for the previous year highlighted an unreconciled cash and cash equivalent balance totaling Kshs.18,218,073 reflected in the statement of financial position as at 30 June, 2018. The report on progress on follow-up of auditor recommendations appended to the financial statements for the year under review indicates that the matter had not been resolved as at 30 June, 2019.

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, nothing 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

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, 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 the International Public Sector Accounting Standards (Accrual Basis)] and for maintaining effective internal control as Management determines

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

In preparing the financial statements, Management is responsible for assessing the ability of the Secretariat 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 dissolve the Secretariat or to cease operations.

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Secretariat 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 audit 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 noncompliance. 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 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 Secretariat 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 Secretariat to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

13 August, 2021

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2019**

	Notes	2018-19	2017-2018
		Kshs.	Kshs
Revenue from non-exchange transactions			
Transfers from State department for Planning	7	193,564,700	205,165,000
Sub-total		193,564,700	205,165,000
Revenue from exchange transactions			
Other income		55,000	-
Total revenue		193,619,700	205,165,000
Expenses			
Use of goods and services	8	118,156,556	115,431,049
Employee costs	9	81,822,404	76,386,953
Remuneration of directors	10	2,680,000	2,660,000
Depreciation and amortization expense	11	4,953,487	7,739,926
Repairs and maintenance	12	3,150,833	1,823,354
Contracted services	13	734,160	734,160
Total expenses		211,497,450	204,775,442
Net Surplus/(Deficit) for the year		-17,877,750	389,558

The notes set out on pages 7 to 31 form an integral part of these Financial Statements

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019**

	Notes	2018-19	2017-2018
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	13,390,677	18,218,073
Receivables from exchange transactions			-
Receivables from non-exchange transactions	16	4,099,741	21,462,046
Current portion of long-term receivables from exchange transactions			-
Total Current Assets		17,490,418	39,680,119
Non-current assets			
Property, plant and equipment	17	12,868,099	11,441,585
Total Non-current assets		12,868,099	11,441,585
Total assets		30,358,517	51,121,704
Liabilities			
Current liabilities			
Trade and other payables from non-exchange transactions	18	2,379,257	11,642,292
Total Current Liabilities		2,379,257	11,642,292
Non-current liabilities		-	-
Total liabilities		2,379,257	11,642,292
Net assets		2,379,257	11,642,292
Revaluation Reserves		6,380,000	-
Accumulated Surplus		21,599,260	389,559
Capital Fund		-	39,089,853
Total net assets and liabilities		30,358,517	51,121,704

The Financial Statements set out on pages 1 to 5 were signed on behalf of the National Governing Council by:

Daniel N. Osiemo, OGW

A.g. Chief Executive Officer

Date.....

26.09.2019

CPA Miriam N. Sindiyo

Reg. No. 10743

Head of Accounting Unit

Date.....

26.09.2019

Prof. Michael Chege

NGC Chairman

Date.....

26.09.2019

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

Financial Year	Accumulated surplus/(Deficit)	Revaluation reserve	Total
As at 1st July, 2013	87,485,751	-	-
Deficit for the Year 2013/14	(17,923,313)	-	-
Depreciation for the Year 2013/14	(4,822,575)	-	-
Accumulated Deficit 2013/14	64,739,863	-	-
		-	-
As at 1st July 2014	64,739,863	-	-
Surplus for the year 2014/15	20,384,479	-	-
Depreciation for the year 2014/15	(5,380,318)	-	-
Accumulated surplus 2014/15	79,744,024	-	-
		-	-
As at 1st July 2015	79,744,02	-	-
Deficit for the year 2015/16	(20,309,808)	-	-
Depreciation for the year 2015/16	(5,856,013)	-	-
Accumulated deficit 2015/16	53,578,203	-	-
		-	-
As at 1st July 2016	53,578,203	-	-
Surplus for the year 2016/17	304,641	-	-
Depreciation for the year 2016/17	(7,442,623)	-	-
Accumulated surplus for 2016/17	46,440,221	-	-
		-	-
As at 1st July 2017	46,440,221	-	-
Surplus for the year 2017/18	389,558	-	-
Depreciation for the year 2017/18	(7,739,926)	-	-
Accumulated surplus for the year 2017/18	39,089,853	-	-
		-	-
As at 1st July 2018	39,089,853	-	-
Adjustment for accumulated depreciation overcharge 2018/19	387,157	-	-
Deficit of the year	(17,877,750)	-	-
Accumulated surplus for the year 2018/19	21,599,260	6,380,000	27,979,260

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		2018-19	2017-2018
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants	22	210,661,783	209,919,808
Other income		55,000	-
Total Receipts		210,716,783	209,919,808
Payments			
Compensation of employees	23	91,216,176	64,744,661
Directors remuneration	10	2,680,000	2,660,000
Use of Goods and services	24	107,998,357	120,706,562
Rent paid	25	9,764,653	
Contracted services	13	734,160	734,160
Repairs and maintenance	12	3,150,833	1,823,354
Total Payments		215,544,179	190,668,737
Net Cash flow from Operating Activities		-4,827,396	19,246,071
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	(1,032,998)
Net cash flows used in investing activities		-	(1,032,998)
Cash flows from financing activities			
Proceeds from borrowings			-
Repayment of borrowings			-
Increase in deposits			-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		-4,827,396	18,218,083
Cash and cash equivalents at 1 JULY		18,218,073	21,851,892
Cash and cash equivalents at 30 JUNE	15	13,390,677	18,218,073

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2019**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% variance	Notes
	a	b	c = a+b	d	e = c-d	f = e/c%	
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue							
Government grants and subsidies	197,515,000	-3,950,300	193,564,700	193,564,700	0	0	(a)
Sale of Tender	-	55,000	55,000	55,000	0	0	
Surplus brought forward	-	18,218,073	18,218,073	18,218,073	0	0	
Total income	197,515,000	14,322,773	211,837,773	211,837,773	0	0	
Expenses							
Compensation to Employees	78,000,000	4,400,000	82,519,700	81,822,404	697,296	1%	(b)
Remuneration of Directors	2,600,000	192,000	2,792,000	2,680,000	112,000	4%	
Contracted Services	700,000	100,000	800,000	734,160	65,840	9%	
Repairs and Maintenance	3,100,000	130,777	3,230,773	3,150,833	79,940	3%	
Use of goods and services	112,995,300	9,500,000	122,495,300	118,156,566	4,338,734	4%	(c)
Total	197,515,000	14,322,773	211,837,773	206,543,964			
Budget Surplus/(Deficit)				5,293,809			

Budget notes

- a) During the year under review, there was a budget cut of Ksh 3,950,300/=
- b) Under compensation of employees, two officers who were on secondment were recalled following the expiry of their contracts. However, their replacement was not done immediately, hence the variance.
- c) Some program activities planned and budgeted for were not executed during the year. This includes; APRM Country Review Report Dissemination exercise.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment.

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Secretariat and all values are rounded to the nearest Shilling (Kshs). The accounting policies have been for the second time applied to the reporting period of (1st of July 2018 to 30th June 2019).

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

ii. LATEST IPSASs

IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.
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	<p><i>The new standard did not have an impact on NEPAD/APRM (K) Secretariat.</i></p>
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>The new standard did not have an impact on NEPAD/APRM (K) Secretariat.</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p>

	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p><i>The new standard did not have an impact on NEPAD/APRM (K) Secretariat.</i></p>
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iii. Early adoption of standards

During the year, the Secretariat did not early – adopt any new or amended standards.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Revenue recognition

i) Fees, taxes and fines

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

ii) Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds. Consequently NEPAD/APRM Kenya Secretariat receives its budget inform of recurrent grants from the State Department for Planning and were appropriately recognized in the statement of financial performance.

b) Budget information

The original budget for FY 2018-2019 was approved by the National Governing Council on 21st October, 2018. Subsequent revisions were made to the approved budget in accordance with specific approvals from the appropriate authorities. The Secretariat budget was revised downwards from Ksh 197,515,000 to Ksh 193,564,700 to form the final budget.

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

c) Property Plant and Equipment

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

Under IPSAS 17, the Secretariat's asset policy on all the non-current assets in form Property plant and equipment has been the cost model; that is Cost less accumulated depreciation.

However, the Secretariat has changed its asset policy to Revaluation Model for accounting for Property, plant and equipment. The asset is carried at revalued amount, which is fair value at revaluation date, less subsequent depreciation and impairment losses

Under the revaluation model, revaluations shall be carried out regularly. All items of a given class shall be revalued and Revaluation increases shall be credited directly to revaluation surplus whereas depreciation is charged systematically over the asset's useful life.

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

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

d) Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the period under review. In this regard, the Secretariat operates from a rented office space whose expense is duly recognized as an operating expense.

e) Research and development costs

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

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

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

f) Intangible Assets

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

g) Inventories

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

h) Provisions

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

i) Employee Benefit

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

j) Staff Gratuity

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

k) Staff Annual Leave Accrual

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

l) Foreign currency transactions

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

m) Cash and Cash Equivalents

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

n) Related Parties

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

o) Comparative Figures

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

p) Subsequent Events

In accordance to IPSAS 14(Events after the reporting period), there have been no events subsequent to the previous financial year end that are of significant impact on the financial statements for the year ended June 30, 2019.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The management under IPSAS 3 (Accounting Policies, Changes in Accounting Estimates and Errors), has to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period in conformity with IPSAS requirements. The uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6 TRANSFERS FROM OTHER GOVERNMENTS

There were no transfers from other governments

7 TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount of Accrued Income KShs	Amount recognised in capital fund.	Total grant income during the year	2018-2019
			KShs	KShs	KShs
The National Treasury & Planning	193,564,700*	0	0	193,564,700	193,564,700
Total	193,564,700	0	0	193,564,700	193,564,700

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

*DETAILS OF EXCHEQUER/GRANT DISBURSEMENT FOR THE YEAR 2018/2019				
S/No	Period	Date Requested	Date Received	Amount Received (Ksh.)
1.	July, 2018	06-08-18	14-08-18	16,459,583.00
2.	August, 2018	15-08-18	14-09-18	16,456,583.00
3.	September, 2018	03-09-18	03-10-18	16,459,583.00
4.	October, 2018	01-10-18	31-10-18	16,460,583.00
5.	November, 2018	31-10-18	03-12-18	15,966,046.00
6.	December, 2018	05-12-18	10-01-19	13,992,397.00
7.	January, 2019	10-01-19	11-01-19	16,456,583.00

*DETAILS OF EXCHEQUER/GRANT DISBURSEMENT FOR THE YEAR 2018/2019				
S/No	Period	Date Requested	Date Received	Amount Received (Ksh.)
8.	February, 2019	12-02-19	06-03-19	16,461,083.00
9.	March, 2019	08-03-19	28-03-19	15,473,509.00
10.	April, 2019	01-04-19	02-05-19	16,459,583.00
11.	May, 2019	03-05-19	04-06-19	16,459,584.00
12.	June, 2019	11-06-19	27-06-19	16,459,583.00
Totals				193,564,700.00

8 USE OF GOODS AND SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Utilities Supplies and Services	780,336	836,056
Communication Supplies and Services	5,077,635	4,538,348
Domestic Travels and Subsistence	35,008,292	33,241,792
Foreign Travels and Subsistence	14,633,910	25,014,710
Printing, Information Supplies & Services	5,449,946	97,680
Advertising	1,668,446	62,640
Office Rent	9,764,753	9,050,845
Training Expenses	6,565,548	9,093,771
Hospitality Supplies and Services	19,358,056	15,086,564
Insurance Costs	10,422,519	6,591,620
Office and General Supplies and Services	3,372,865	3,417,187
Fuel, Lubricants, and Oil	2,654,055	2,807,053
Consulting Fees	898,012	2,913,445
Other Operating Expenses *Note 8a	2,502,193	2,679,338
Total good and services	118,156,566	115,431,049

***8a OTHER OPERATING EXPENSES**

Description	2018-2019	2017-2018
	KShs	KShs
Specialized Materials & Supplies	-	190,062
Courier & Postal Expenses	103,400	23,309
Bank Charges	245,900	160,478
Membership Subscription	62,400	191,900
Parking Fees	1,099,680	1,099,680
Supplies & Accessories of Computers	-	677,324
Subscriptions to newspapers	294,657	336,585
Tree planting	350,000	-

Description	2018-2019	2017-2018
	KShs	KShs
Other expenses	346,156	-
	2,502,193	2,679,338

9 EMPLOYEE COSTS

Description	2018-2019	2017-2018
	KShs.	KShs
Salaries and wages*	40,890,046	40,279,063
Employee related costs - contributions to pensions and medical aids	12,862,931	12,401,522
Travel, motor car, accommodation, subsistence and other allowances	4,683,290	4,517,800
Housing benefits and allowances	16,384,032	15,061,317
Other allowances	6,581,985	3,731,971
Social contributions-NSSF	420,120	395,280
Employee costs	81,822,404	76,386,953

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

10 REMUNERATION OF COUNCIL MEMBERS

Description	2018-2019	2017-2018
	KShs	KShs
Chairman's Honoraria	960,000	960,000
Directors emoluments	1,720,000	1,700,000
Other allowances		-
Total director emoluments	2,680,000	2,660,000

11 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment (see note 17)	4,953,487	7,739,926
Intangible assets		-
Total depreciation and amortization	4,953,487	7,739,926

12 REPAIRS AND MAINTENANCE

Description	2018-2019	2017-2018
	KShs	KShs
Equipment and machinery & Furniture	244,220	310,696
Vehicles	2,906,613	1,512,658
Computers and accessories	-	-
Other	-	-
Total repairs and maintenance	3,150,833	1,823,354

13 CONTRACTED SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Office Cleaning Services	668,160	668,160
Office Flower Grooming	66,000	66,000
Total contracted services	734,160	734,160

14 CASH AND CASH EQUIVALENTS

Description	2018-2019	2017-2018
	KShs	KShs
Current account – Opening 1/7/2018	13,390,677	18,218,073
Total cash and cash equivalents	13,390,677	18,218,073

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

		2018-2019	2017-2018
Financial institution	Account number	KShs	KShs
a) Current account			
Co-operative Bank of Kenya	01136006041100	13,390,677	32,908,598
Sub- total		13,390,677	32,908,598
Grand total		13,390,677	32,908,598

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

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

Description	2018-2019	2017-2018
	KShs	KShs
Other debtors (non-exchange transactions)		
Staff imprests	0	819,524
Other debtors -salary advance	497,934	412,726
Sub-total	497,934	1,232,250
Prepayments (Insurance & rent)		
Medical	2,458,835	1,907,959
Motor vehicle	129,347	156,200
Group life	175,956	136,135
WIBA	46,788	141,538
Rent & Service charge	790,881	790,881
Sub-Total	3,601,807	3,132,713
Accrued Income	0	17,097,083
Grand Total	4,099,741	21,462,046

NOTES TO THE FINANCIAL STATEMENTS (Continued)
17. PROPERTY, PLANT AND EQUIPMENT

DEPRECIATION SCHEDULE						
	Motor vehicles	Furniture and Fittings	Computers	Other-Office Equipment	Total	
	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation rate	20%	12.5%	30%	12.5%		
Cost						
At 1 July 2018	23,336,797	5,911,620	2,777,759	9,623,866	41,650,042	
Additions	-	-	961,018	71,980	1,032,998	
Disposals	-	-	-	-	0	
Revaluation	**6,380,000	-	-	-	6,380,000	
At end of year - June 2018	23,336,797	5,911,620	3,738,777	9,695,846	49,063,040	
Depreciation and impairment						
At 1 July 2018	21,087,325	3,109,802	3,076,830	3,967,498	31,241,455	
Depreciation Overcharge*	0	0	(387,157)	0	(387,157)	
Depreciation charge for the year	2,400,736	738,953	601,817	1,211,981	4,953,487	
On Disposals	-	-	-	-	-	
On impairment	-	-	-	-	-	

As at 30 June 2019	23,488,061	3,848,754	3,291,490	5,179,479	36,194,941		
Net book values							
As at 30th June 2019	6,228,736	2,062,866	447,287	4,516,367	12,868,099		
As at 30 June 2018	2,249,472	2,801,819	661,947	5,728,348	11,441,585		

*The depreciation overcharge relates to the financial year 2016/17 and 2017/18 on the class of computers. See note on PPE

** The amount of Ksh 6,380,000/= is a result of evaluation of motor vehicle KBT 971N and KBU230T at Ksh3,900,000/= and Ksh2,480,000/= respectively.

17 (b) MOVEMENT SCHEDULE							
	Motor vehicles	Furniture and Fittings	Computers	Other Office equipment	Total		
Depreciation rate	20%	12.5%	30%	12.5%			
Cost	Shs	Shs	Shs	Shs	Shs		
At 1st July 2013	-	1,752,173	690,366	4,231,010	6,673,549		
Additions	17,713,117	2,599,551	-	-	20,312,688		
Disposals	-	-	-	-	-		
Transfers/adjustments	-	-	-	-	-		
At 30th June 2014	17,713,117	4,351,724	690,366	4,231,010	26,986,217		

17 (b) MOVEMENT SCHEDULE

	Motor vehicles	Furniture and Fittings	Computers	Other Office equipment	Total
At 1st July 2014	17,713,117	4,351,724	690,366	4,231,010	26,986,217
Additions	-	-	209,873	3,958,252	4,168,125
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2015	17,713,117	4,351,724	900,239	8,189,262	31,154,342
At 1st July 2015	17,713,117	4,351,724	900,239	8,189,262	31,154,342
Additions	5,623,680	-	1,248,720	1,434,604	8,307,004
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2016	23,336,797	4,351,724	2,148,959	9,623,866	39,461,346
At 1st July 2016	23,336,797	4,351,724	2,148,959	9,623,866	39,461,346

17 (b) MOVEMENT SCHEDULE						
	Motor vehicles	Furniture and Fittings	Computers	Other Office equipment	Total	
Additions		1,559,896	628,800	-	2,188,696	
Disposals		-	-	-	-	
Transfers/adjustments		-	-	-	-	
At end of year - June 2017	23,336,797	5,911,620	2,777,759	9,623,866	41,650,042	
At 1st July 2017	23,336,797	5,911,620	2,777,759	9,623,866	41,650,042	
Additions			961,018	71,980	1,032,998	
Disposals				-	-	
Transfers/adjustments				-	-	
At end of year - June 2018	23,336,797	5,911,620	3,738,777	9,695,846	42,683,040	
At 1st July 2018	23,336,797	5,911,620	3,738,777	9,695,846	42,683,040	
Additions	-	-	-	-	-	
Disposals	-	-	-	-	-	
Revaluations for the year	6,380,000	-	-	-	6,380,000	

17 (b) MOVEMENT SCHEDULE

	Motor vehicles	Furniture and Fittings	Computers	Other Office equipment	Total
At end of year - June 2019	29,716,797	5,911,620	3,738,777	9,695,846	49,063,040
Depreciation and impairment					
At 1st July 2013					
Depreciation	3,542,623	543,966	207,110	528,876	4,822,575
On Disposals	3,542,623	543,966	207,110	528,876	4,822,575
On impairment	-	-	-	-	-
	-	-	-	-	-
As at 30th June 2014	3,542,623	543,966	207,110	528,876	4,822,575
As at 1st July 2014	3,542,623	543,966	207,110	528,876	4,822,575
Depreciation	3,542,623	543,966	270,072	1,023,658	5,380,318
On Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2015					10,202,893

17 (b) MOVEMENT SCHEDULE

	Motor vehicles	Furniture and Fittings	Computers	Other Office equipment	Total
	7,085,247	1,087,931	477,182	1,552,534	
At 1st July 2015	7,085,247	1,087,931	477,182	1,552,534	10,202,893
Depreciation	4,667,359	543,966	644,688	1,202,983	7,058,996
On Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2016	11,752,606	1,631,897	1,121,869	2,755,517	17,261,889
At 1st July 2016	11,752,606	1,631,897	1,121,869	2,755,517	17,261,889
Depreciation	4,667,359	738,953	833,328	1,202,983	7,442,623
On Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2017	16,419,966	2,370,849	1,955,197	2,755,517	23,501,529

17 (b) MOVEMENT SCHEDULE						
	Motor vehicles	Furniture and Fittings	Computers	Other Office equipment	Total	
At 1 st July 2017	16,419,966	2,370,849	1,955,197	2,755,517	23,501,529	
Depreciation	4,667,359	738,953	1,121,633	1,211,981	7,739,926	
On Disposals	-	-	-	-	-	
Impairment	-	-	-	-	-	
At 30 June 2018	21,087,325	3,109,802	3,076,830	3,967,498	31,241,455	
At 1 st July 2018	21,087,325	3,109,802	3,076,830	3,967,498	31,241,455	
Depreciation overcharge	-	-	(387,157)	-	(387,157)	
Depreciation charge for the year	2,400,736*	738,953	601,817	1,211,981	4,953,487	
On Disposals	-	-	-	-	-	
At 30 th June 2019	23,488,061	3,848,754	3,291,490	5,179,479	36,194,941	
Net book values						
As at 30 th June 2019	6,228,736	2,062,866	47,287	4,516,367	12,868,099	
As at 30 June 2018	2,249,472	2,801,819	661,947	5,728,348	11,441,585	

*The Amount of Ksh.2, 400,736 = 20% of (29,716,797-17,713,117) on revalued motor vehicles

18 TRADE AND OTHER PAYABLES FROM NON EXCHANGE TRANSACTIONS

Description	2017-2018	2017-2018
	KShs	KShs
Trade payables	2,379,257	-
Payments received in advance		-
Employee salary arrears		
Basic Salary		8,350,372
Leave Allowance		159,810
Acting Allowance		162,835
Special Duty Allowance		50,103
Gratuity		2,919,173
Total trade and other payables	2,379,257	11,642,293

19. FIXED ASSET REGISTER

NEPAD KENYA SECRETARIAT ASSET REGISTER AS AT 30TH JUNE 2019

N/B: During the year, there were no acquisitions of property, plant and equipment

20. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

(ii) Liquidity risk management

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

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Secretariat's income or the value for money for the involved activities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

iii) Foreign currency risk

The Secretariat has minimal transactional currency exposures. Such exposures arise from the foreign exchange rates fluctuations during participation in the African Union Summits, international Conferences and learning exchange visits.

iv) Capital Risk Management

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

21. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal financier of the Secretariat. During the period under review, Government support to the budget was 100%. The related parties during the year were:-

- i) The State Department for Planning
- ii) NEPAD/APRM Kenya National Governing Council
- iii) Key management

	Transactions with related parties	2018-2019	2017-2018
		Ksh	Ksh
a)	Grants from Government	193,564,700	205,165,000
b)	Remuneration of Council members		
	• Chairman's Honoraria	960,000	960,000
	• Directors emoluments	1,720,000	1,700,000
	Total	2,680,000	2,660,000
c)	Key Management compensation		
	• Compensation to the CEO	2,941,248	-
	• Compensation to key management	15,938,508	-
	Total	18,879,936	

iv) SEGMENT INFORMATION

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

v) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

vi) CAPITAL COMMITMENTS

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

vii) DIVIDENDS/SURPLUS REMISSION

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Due to the nature of its operations, the Secretariat does not pay dividend or remit surplus.

viii) TAXATION

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

ix) DEFERRED TAX LIABILITY

There was no deferred tax during the financial year

x) EVENTS AFTER THE REPORTING PERIOD

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

xi) ULTIMATE AND HOLDING ENTITY

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


xii) CURRENCY

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	The cash and cash equivalent figure of Ksh.1,787,624 could not be reconciled with the accounting records provided for audit	Ongoing	Head of Accounting Unit	Not resolved	30 th September 2019

Signature  Date 26.09.2019

Daniel N. Osiemo

Ag. Chief Executive Officer

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Status of Projects completion

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

ENTITY NAME	NEPAD/APRM KENYA SECRETARIAT		
Breakdown of Transfers from the State Department for Planning			
FY 2018/19			
Recurrent Grants	Bank Statement Date	Amount (Ksh.)	Financial Year
	14-08-18	16,459,583.00	2018/19
	14-09-18	16,456,583.00	
	03-10-18	16,459,583.00	
	31-10-18	16,460,583.00	
	03-12-18	15,966,046.00	
	10-01-19	13,992,397.00	
	11-01-19	16,456,583.00	
	06-03-19	16,461,083.00	
	28-03-19	15,473,509.00	
	02-05-19	16,459,583.00	
	04-06-19	16,459,584.00	
	27-06-19	16,459,583.00	
TOTAL		193,564,700.00	

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

The Secretariat did not receive transfers from other entities for recording

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