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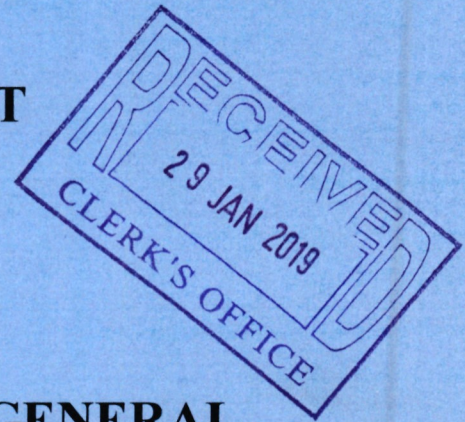
REPORT

TABLED  
BY:

Hon. ~~Aden Duale~~  
Aden Duale

CLERK-AT  
THE-TABLE:

Min'am Mudo OF



THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
RICE BASED MARKET ORIENTED  
AGRICULTURE PROMOTION PROJECT

FOR THE YEAR ENDED  
30 JUNE 2018

MINISTRY OF AGRICULTURE, LIVESTOCK,  
FISHERIES & IRRIGATION





**Project Name: Rice based Market Oriented Agriculture Promotion Project (RiceMAPP)**

**Implementing Entity: STATE DEPARTMENT OF AGRICULTURE**

**PROJECT GRANT/CREDIT NUMBER: 1161001009**

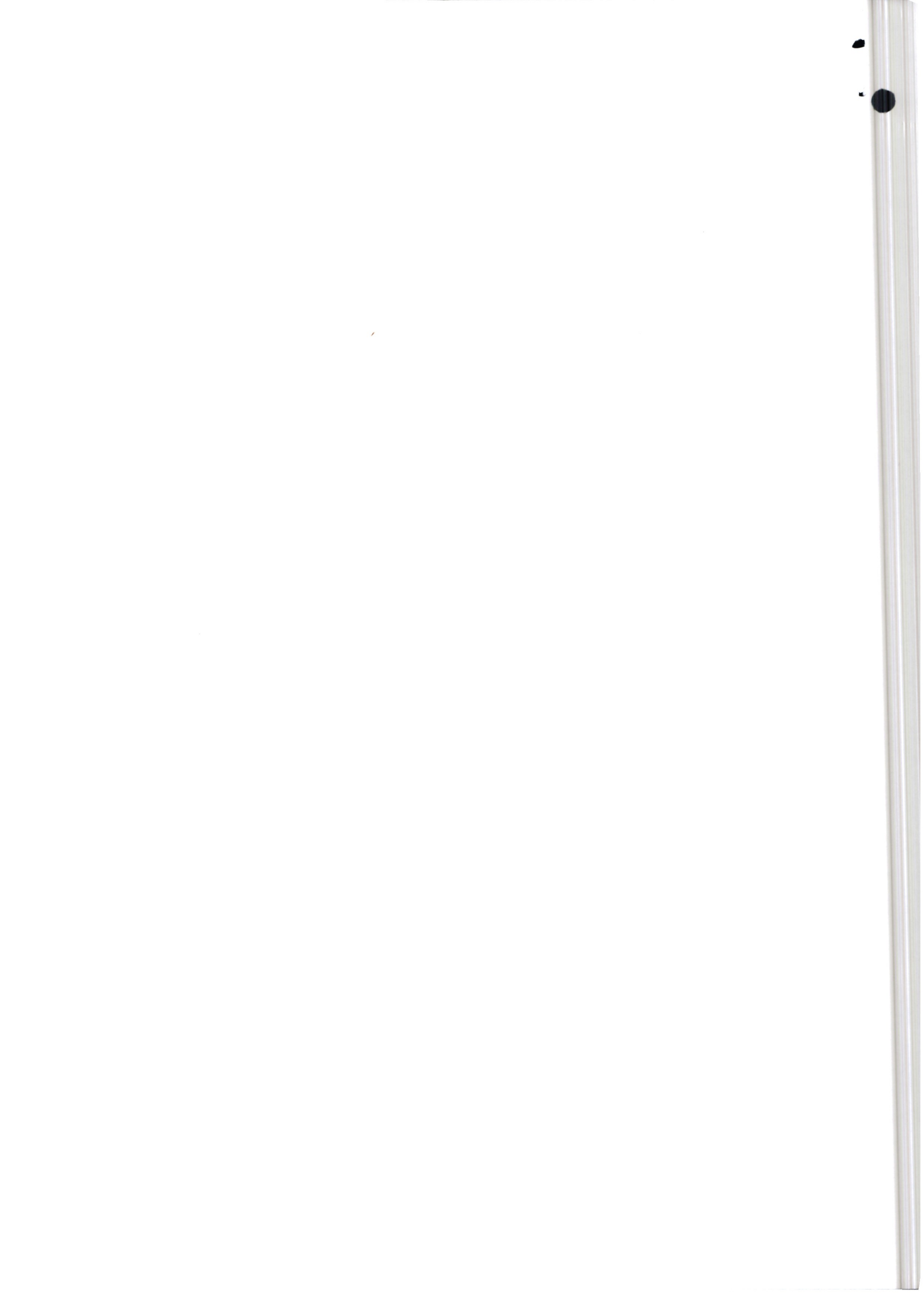
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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2018**

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



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## 1. PROJECT INFORMATION AND OVERALL PERFORMANCE

### 1.1 Name and registered office

**Name:** The project's official name is Rice based Market Oriented Agriculture Promotion Project (RiceMAPP)

**Objective:** The key objective of the project is the market-oriented approach established in Mwea Irrigation scheme is disseminated and adopted in other irrigation schemes

**Address:** The project headquarters offices are at MIAD centre, KANDONG'U, Kirinyaga County, Kenya.

The address of its registered office is: P.O. BOX 477-10303, WANG'URU

The project has no offices/branches elsewhere

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

Telephone: (254) 711847464  
E-mail: ricemapp@gmail.com  
Website: www.go.ke

### 1.2 Project Information

Project Start Date:	The project start date is 01/02/2012
Project End Date:	The project end date is 01/03/2017
Project Manager:	The project manager is Mr. Wilson A.Oyange
Project Sponsor:	The project sponsors are the Government of Kenya which contributed 31% and the Government of Japan (JICA) which contributed 69%

### 1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Agriculture, Livestock & Fisheries, State Department of Agriculture.
Project number	1161001009
Strategic goals of the project	The strategic goals of the project are as follows: (i) The market-oriented approach established in Mwea Irrigation

**Rice MAPP Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2018**

	Scheme is disseminated and adopted in other irrigation schemes
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Trainings of farmers & stake holders (ii) Conduct Demonstrations (iii) Facilitating stakeholders
Other important background information of the project	The project is AIA donor funded together with the counterpart funds. Phase I of the project was successfully concluded in March, 2017. Phase II is expected to start in February 2019.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: i. To analyse the current situation of farm management, the existing market system, and propose the profitable rice-based & market oriented farming systems ii. Analyse the current situation & issues on water management and IWUA, develop counter measures for rational water management & formulate water Management Guidelines consistent with rice based farming systems iii. Conduct verifications and demonstrations on improved rice cultivation & sequential crops cultivation methods, iv. Propose and demonstrate appropriate mechanization systems in MIS v. Analyse the current situation of Extension system, Design an Extension plan and conduct workshops & trainings on different aspects of rice-based market oriented farming systems. vi. Conduct workshop/conferences for introducing experiences of rise-based and market oriented farming systems vii. Conduct survey on Agricultural profit of farmers
Project duration	Phase I-1st February, 2012- 1 <sup>st</sup> March ,2017- Phase II expected to commence in February 2019

**1.4 Bankers**

The following are the bankers for the current year:

- (i) District Treasury, Mwea West
- (ii) Equity Bank Ac. No 11013013111401

## 1.5 Auditors

The project is audited by the Office of the Auditor General, Anniversary Towers, Nairobi.

## 1.6 Roles and Responsibilities

The project management is based at Mwea Irrigation Scheme and is responsible for the day to day running of the project headed by the Project Manager and assisted by a team of technical officers called the counterparts and supported by administrative staff. The project also had a team of long term experts led by a project advisor and various short term experts called in wherever necessary. The core counterpart staffs are as listed below;

<b>Names &amp; Contact details</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Wilson A. Oyange 0711748464 <a href="mailto:woyange@yahoo.com">woyange@yahoo.com</a>	Project Manager (wef march,2017) Counterpart, Extension & Farmers Organization	Bsc-Agriculture, Msc ( Agronomy) -Rice research & cultivation techniques (Japan)	Coordinating day to day activities of the project. -Design extension plan, conduct trainings & carry out demonstrations on farming systems
Daniel M Mwithia 0721952871	Counterpart, Crop management	Bsc.- Agriculture -Rice research & cultivation techniques (Japan)	Responsible for development and upscaling of alternative methods of rice cultivation & sequential crops
Silas A Owino 0720286520 <a href="mailto:owinosila@gmail.com">owinosila@gmail.com</a>	Monitoring & Evaluation	Bsc-Agriculture	Overall tracking of project progress, collation of data & reporting
Ibrahim Muriuki Joseph <a href="mailto:ibrahimjoseph@uno.ke">ibrahimjoseph@uno.ke</a>	Agribusiness development & Marketing	Bsc-Agriculture	Support farmers on marketing issues & develop market information system
Juma A. Mohamed 0722494191 <a href="mailto:jjomadhar@gmail.com">jjomadhar@gmail.com</a>	Irrigation & Water management	Bsc-Agriculture & Diploma in Irrigation & Water	Responsible for irrigation & Water management issues
Peter K Kinuthia <a href="mailto:pkkinuthia@gmail.com">pkkinuthia@gmail.com</a>	Mechanization Assistant	Diploma in Agriculture Engineering	Conduct trials on mechanization & develop mechanization systems in MIS
Charity W. Njagi	Administrative Assistant	Diploma in Purchasing & Supplies Management	Clerical duties
Antony Munene Njoka	Driver	Defensive driving	Driving

*Rice MAPP Project  
Reports and Financial Statements  
For the financial year ended June 30, 2018*

**1.7 Funding summary**

The Project was for duration of five (5) years from February 2012 to March 2017 with an approved budget of US\$ 1,854,368 equivalent to Kshs.191,050,000 as highlighted in the table below:

Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date – (30.06.2018)		Undrawn balance to date (30.06. 2018)	
	Donor currency USD (A)	KShs (A')	Donor currency USD (B)	KShs (B')	Donor currency USD (A)-(B)	KShs (A')-(B')
<b>(i) Grant</b>						
JICA	1,128,155	116,200,000	1,271,650	130,980,000	(143,495)	(14,780,000)
Insert name of donor	0	0	0	0	0	0
<b>(ii) Loan</b>						
Insert name of development partner	0	0	0	0	0	0
Insert name of development partner	0	0	0	0	0	0
<b>(iii) Counterpart funds</b>						
Government of Kenya	726,214	74,800,000	575,922	60,070,000	150,292	14,730,000
<b>Total</b>	<b>1,854,369</b>	<b>191,000,000</b>	<b>1,847,572</b>	<b>191,050,000</b>	<b>6,797</b>	<b>(50,000)</b>

**1.8 Summary of Overall Project Performance:**

Budget performance against actual amounts for current year and for cumulative to-date,

- During the year under review, the project received Ksh.750,000 GoK funds and incurred a total expenditure of Kshs.749,930 representing a 99.9%utilization.
- The project received Kshs.750,000 against a final budget of shs.3,000,000 for the current financial year. Donor funds was not available this financial year
- The counterpart funds included Kshs 35,000 for the construction of the office block (This was spent from Nairobi).

**Physical progress based on outputs, outcomes and impacts since project commencement:**

- There was a project lag at the beginning necessitating a review of the PDM during mid-term evaluation.

**Comment on value-for-money achievements:**

- Funds allocated was way below the budget necessitating adjustments on targets

**Implementation challenges:**

	Challenges	Recommendation/Way Forward
1.	Delayed donor resumption	Conducive atmosphere for donor operation
2.	Delay and reduced G.o.K disbursement of funds	G.o.K to enhance funds disbursement
3.	Challenges in the new constitutional dispensation leading to implementation hiccups	The project management and all the stakeholders to acquaint themselves with the relevant applicable legal framework address the challenges noted and work harmoniously for the common good of the project.
4	Differential financial procedures between the donor and GOK	Necessary guidance required. Harmonised financial reporting to be agreed up on before the onset of each project.

**1.9 Summary of Project Compliance:**

Compliance level so far rated at more than 95%. All activities were carried out within the laws of the Republic of Kenya and that all regulations and procedures were followed. The donor was absent during the 2017/18 Financial year but minimal activities were supported by the Government.

**2. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The *Principal Secretary* for the Ministry of Agriculture, Livestock & Fisheries, State department of Agriculture and the *Project Manager* for **Rice MAP project** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

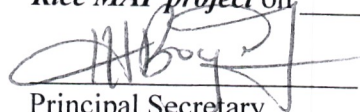
The *Principal Secretary* for the Ministry of Agriculture, Livestock & Fisheries, State department of Agriculture and the *Project Manager* for **Rice MAP project** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* for the Ministry of Agriculture, Livestock & Fisheries, State department of Agriculture and the *Project Manager* for **Rice MAP project** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2018, and of the Project's financial position as at that date. The *Principal Secretary* for Agriculture, Livestock & Fisheries, State department of Agriculture and the *Project Manager* for **Rice MAP project** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Principal Secretary* for the Ministry of Agriculture, Livestock & Fisheries, State department of Agriculture and the *Project Manager* for **Rice MAP project** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

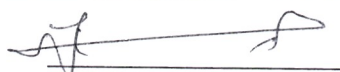
**Approval of the Project financial statements**

The Project financial statements were approved by the *Principal Secretary* for the Ministry of Agriculture, Livestock & Fisheries, State department of Agriculture and the *Project Manager* for **Rice MAP project** on \_\_\_\_\_ 2018 and signed by them.



Principal Secretary  
Prof. Hamadi Boga PhD

Date 19/11/2018



Project Coordinator  
Wilson Oyange

Date 19/11/2018



Project Accountant:  
Name: ROSE W. NDKWA  
ICPAK Member Number: 16829  
Date 19/11/2018



# REPUBLIC OF KENYA

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Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON RICE BASED MARKET ORIENTED AGRICULTURE PROMOTION PROJECT FOR THE YEAR ENDED 30 JUNE 2018 – MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES & IRRIGATION

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Disclaimer of Opinion

I have audited the accompanying financial statements of Rice Based Market Oriented Agriculture Promotion Project set out on pages 1 to 31, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015 and the Record of Discussion dated 19 October, 2011 agreed up on between the Government of the Republic Kenya (GOK) and Japan International Cooperation Agency (JICA) .

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for Disclaimer of Opinion

##### 1. Unsupported Accumulated Receipts

The statement of receipts and payments reflects cumulative receipts of Kshs.130,980,000 (US\$1,271,650) in respect of proceeds from domestic and foreign grants (JICA) and Kshs.60,070,000 (US \$575,922) relating to transfer from the Government of Kenya. However, no supporting documentation has been provided for receipts of Kshs.750,000 for the year under review or for the cumulative total receipts of Kshs.191,050,000.

##### 2. Unsupported Accumulated Expenditure

The statement of receipts and payments reflects cumulative payments totalling Kshs.191,049,861 out of which an amount of Kshs.749,930 relates to the year under review. However, no supporting documentation has been provided for payments of Kshs.749,930 during the year under review or for the cumulative total payments of Kshs.191,049,861.

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*Report of the Auditor-General on the Financial Statements of Rice Based Market Oriented Agriculture Promotion Project for the year ended 30 June 2018 – Ministry of Agriculture, Livestock, Fisheries & Irrigation*

### **3. Failure to Provide Accounting and Other Records**

The Project management did not provide key information, documents and records for audit verification including:

- a) approved project budget;
- b) the project's financing agreement;
- c) technical and financial reports in respect of the project completion;
- d) any approved documentation confirming the extension of the project duration;
- e) the project's handing over report including assets inventory and their subsequent distribution; and
- f) updated assets register with the assets description, values, condition and location as of 30 June 2018.

In the circumstances, it has not been possible to verify the extent to which the Project has achieved its objectives; extent of compliance with the financing agreement if any; and whether budgetary and financial controls existed and were effective.

In addition, it has not been possible to confirm the existence and proper management of the Project's assets and accuracy and completeness of the financial statements.

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

##### **Conclusion**

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

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

##### **Conclusion**

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7 (1) (a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

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

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

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

In preparing the financial statements, management is responsible for assessing the Project's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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 entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described under Conclusions on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of Rice Based Market Oriented Agriculture Promotion Project in accordance with ISSAI 30 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.



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

**Nairobi**

**27 December 2018**

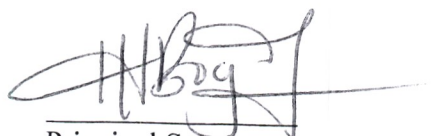
*Rice MAPP Project  
Reports and Financial Statements  
For the financial year ended June 30, 2018*

**4. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2017**

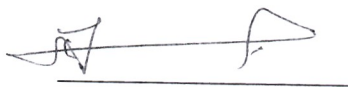
	Note	2017/18		2016/17		Cumulative to-date
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity- Restated	Payments made by third parties- Re-stated	Restated
		KShs	KShs	KShs	KShs	KShs
<b>RECEIPTS</b>						
Transfer from Government ent	8.3	750,000	0	2,250,000	0	60,070,000
Proceeds from domestic and foreign grants	8.4	0	0	-	26,000,000	130,980,000
Loan from external development partners	8.5	0	0	0	0	0
Miscellaneous receipts	8.6	0	0	0	0	0
<b>TOTAL RECEIPTS</b>		<b>750,000</b>	<b>0</b>	<b>2,250,000</b>	<b>26,000,000</b>	<b>191,050,000</b>
<b>PAYMENTS</b>						
Compensation of employees	8.7	0	0	0	0	0
Purchase of goods and services - Restated	8.8	749,930	-	2,293,180	-	191,049,861
Social security benefits	8.9	0	0	0	0	0
Acquisition of non-financial assets	8.1	0	0	0	0	0
Transfers to other government entities	8.11	0	0	0	0	0
Other grants and transfers and payments - Restated	8.12	0	0	0	26,000,000	0
<b>TOTAL PAYMENTS - Restated</b>		<b>749,930</b>	<b>0</b>	<b>2,293,180</b>	<b>26,000,000</b>	<b>191,049,861</b>
<b>SURPLUS/DEFICIT - Restated</b>		<b>70</b>	<b>0</b>	<b>(43,180)</b>	<b>0</b>	<b>139</b>

\*Payments reflect accountability for funds spent under GoK. Funds from third party (grant of Kshs 130,980,000) were spent by the donor and they remain accountable.


\*Kshs 60,070,000 includes Kshs 35,000,000 for construction of the project office. Accountability is with the PS, Ministry of Agriculture, Livestock and Fisheries- State Department of Crops- Hqs (Nairobi).

  
Principal Secretary  
Prof. Hamadi Boga PhD

Date ...19/11/2018

  
Project Coordinator  
Wilson Oyange

Date ...19/11/2018

  
Project Accountant:  
Name: ROSE W. NDAWA  
ICPAK Member Number: 16829  
Date ...19/11/2018

**5. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2018**

	Note	2017/18 KShs	2016/17 KShs Re-stated
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8.13.A	0	69
Cash Balances	8.13.B	0	0
<b>Total Cash and Cash Equivalents</b>	<b>8.13.C</b>	<b>0</b>	<b>69</b>
Accounts receivables – Imprest and Advances	8.14	0	0
<b>TOTAL FINANCIAL ASSETS</b>		<b>0</b>	<b>69</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	8.15	69	43,248
Prior year adjustments	8.16	(139)	1
Surplus/Deficit for the year		70	(43,180)
<b>NET FINANCIAL POSITION</b>		<b>0</b>	<b>69</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on \_\_\_\_\_ 2018 and signed by:



Principal Secretary  
Prof. Hamadi Boga PhD

Date .....19/11/2018.....



Project Coordinator  
Wilson Oyange

Date .....19/11/2018.....



Project Accountant:  
Name: ROSE W. NDATYA  
ICPAK Member Number: 16829  
Date .....19/11/2018.....

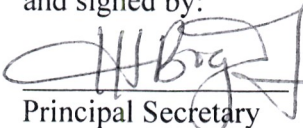
*Rice MAPP Project  
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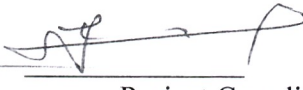
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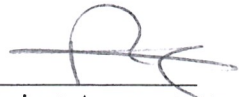
**6. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2018**

	2017/18	2016/17
Note	KShs	KShs
<b>Receipts for operating activities</b>		Re-stated
Transfer from Government entities	8.3 750,000	2,250,000
Proceeds from domestic and foreign grants	8.4 0	26,000,000
Miscellaneous receipts	8.6 0	0
<b>Payments for operating activities</b>		
Compensation of employees	8.7 0	0
Purchase of goods and services	8.8 749,930	2,293,180
Social security benefits	8.9 0	0
Transfers to other government entities	8.11 0	0
Other grants and transfers	8.12 0	26,000,000
Balance transfers/ Prior year adjustments	8.16 (139)	1
<b>Net cash flow from operating activities</b>	(69)	(43,180)
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Assets	8.10 0	0
<b>Net cash flows from Investing Activities</b>	(69)	(43,179)
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>		
Proceeds from Foreign Borrowings	8.5 0	0
<b>Net cash flow from financing activities</b>	(69)	(43,179)
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		
<b>Cash and cash equivalent at BEGINNING of the year</b>	69	43,248
<b>Cash and cash equivalent at END of the year</b>	0	69

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on \_\_\_\_\_ 2018 and signed by:

  
Principal Secretary  
Prof. Hamadi Boga PhD  
Date 19/11/2018

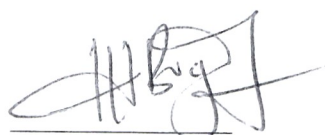
  
Project Coordinator  
Wilson Oyange  
Date 19/11/2018

  
Project Accountant:  
Name: ROSE W. NDANGA  
ICPAK Member Number:  
Date 19/11/2018

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

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	B	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Transfer from Government entities	3,000,000	0	3,000,000	750,000	0	25%
Proceeds from domestic and foreign grants	0	0	0	0	0	-
Proceeds from borrowings	0	0	0	0	0	0
Miscellaneous receipts	0	0	0	0	0	0
<b>Total Receipts</b>	<b>3,000,000</b>		<b>3,000,000</b>	<b>750,000</b>	<b>0</b>	<b>25%</b>
<b>Payments</b>						
Compensation of employees	0	0	0	0	0	0
Purchase of goods and services	3,000,000	0	750,000	749,930	70	99.90%
Social security benefits	0	0	0	0	0	0
Acquisition of non-financial assets	0	0	0	0	0	0
Transfers to other government entities	0	0	0	0	0	0
Other grants and transfers						
<b>Total Payments</b>	<b>3,000,000</b>	<b>0</b>	<b>750,000</b>	<b>749,930</b>	<b>70</b>	<b>99.90%</b>

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



Principal Secretary  
Prof. Hamadi Boga PhD

Date 19/11/2018



Project Coordinator  
Wilson Oyange

Date 19/11/2018



Project Accountant:

Name: ROSE W. NDAWA

ICPAK Member Number:

Date 19/11/2018

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

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

### **8.1. Basis of Preparation**

#### **8.1.1. Statement of compliance and basis of preparation**

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

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

#### **8.1.2. Reporting entity**

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

#### **8.1.3. Reporting currency**

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

### **8.2. Significant Accounting Policies**

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

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

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

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

##### **• External Assistance**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donations and grants**

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

**Proceeds from borrowing**

Borrowing includes Treasury bill, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the Project or any other debt the Project may take on will be treated on cash basis and recognized as a receipt during the year they were received.

**Undrawn external assistance**

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

• **Other receipts**

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

**b) Recognition of payments**

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

• **Compensation of employees**

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

• **Use of goods and services**

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

• **Interest on borrowing**

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

## **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- **Repayment of borrowing (principal amount)**

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

- **Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

### **c) In-kind donations**

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

### **d) Cash and cash equivalents**

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

#### **Restriction on cash**

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

## **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **e) Accounts receivable**

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

### **f) Pending bills**

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

### **g) Budget**

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

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

### **h) Third party payments**

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties' column in the statement of receipts and payments. During the year, no grant disbursements were received in form of direct payments from third parties.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Exchange rate differences**

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

**j) Comparative figures**

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

**k) Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2018.

**l) Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

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

**8.3. RECEIPTS FROM GOVERNMENT OF KENYA**

These represent counterpart funding and other receipts from government as follows:

	<b>2017/18</b>	<b>2016/17</b>	<b>Cumulative</b>
	<b>KShs</b>	<b>KShs</b>	<b>to-date</b>
<i>Counterpart funding through Ministry</i>			
Counterpart funds Quarter 1	0	0	0
Counterpart funds Quarter 2	750,000	2,250,000	60,070,000
Counterpart funds Quarter 3	0	0	0
Counterpart funds Quarter 4	0	0	0
<i>Other transfers from government entities</i>			
Ministry xx	0	0	0
Ministry xy	0	0	0
Project zxy	0	0	0
Agency xz	0	0	0
Appropriations-in-Aid	0	0	0
	<b><u>750,000</u></b>	<b><u>2,250,000</u></b>	<b><u>60,070,000</u></b>

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

**8.4. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

During the 12 months to 30 June 2018 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Total amount in KShs		
					FY 2017/18	FY 2016/17	Cumulative to date
				KShs	KShs	KShs	KShs
<b>Grants Received from Bilateral Donors (Foreign Governments)</b>							
GOVT. of JAPAN (JICA)	-	0	0	0	0	26,000,000	130,980,000
<b>Grants Received from Multilateral Donors (International Organisations)</b>							
N/A	-					0	0
<b>Grants Received from Local Individuals and organisations</b>							
N/A	-					0	0
<b>Total</b>						<b>26,000,000</b>	<b>130,980,000</b>

\*. The direct payment grants represent payments for goods and services done directly by the donor on behalf of the project. Projects should ensure that adequate documents and support document is requested from the donors to support this grant.

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

**8.5. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS**

During the 12 months to 30 June 2018 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
			KShs	KShs	FY17/18	FY16/17
<b>Loans Received from Bilateral Donors (Foreign Governments)</b>						
N/A	0	0	0	0	0	0
<b>Loans Received from Multilateral Donors (International Organisations)</b>						
N/A	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**8.6. MISCELLANEOUS RECEIPTS**

	FY 2017/18			FY 2016/17	Cumulative to-date
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		
	KShs	KShs	KShs		
Property income	0	0	0	0	
Sales of goods and services	0	0	0	0	
Administrative fees and charges	0	0	0	0	0
Fines, penalties and forfeitures	0	0	0	0	0
Voluntary transfers other than grants	0	0	0	0	
Other receipts not classified elsewhere	0	0	0	0	0
	0	0	0	0	0

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

**8.7. COMPENSATION OF EMPLOYEES**

	FY 2017/18			FY 2016/17	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	0	0	0	0	0
Basic wages of temporary employees	0	0	0	0	0
Personal allowances paid as part of salary	0	0	0	0	0
Personal allowances paid as reimbursements	0	0	0	0	0
Personal allowances provided in kind	0	0	0	0	0
Pension and other social security contributions	0	0	0	0	0
Compulsory national social security schemes	0	0	0	0	0
Compulsory national health insurance schemes	0	0	0	0	0
Social benefit schemes outside government	0	0	0	0	0
Other personnel payments	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**8.8. PURCHASE OF GOODS AND SERVICES**

Particulars	FY 207/18			FY 2016/17	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Restated	(2016/2017 & 2017/2018)- Restated
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	104,980	0	104,980	98,590	203,570
Communication, supplies and services	5,500	0	5,500	49,450	54,950
Domestic travel and subsistence	337,950	0	337,950	1,394,400	1,732,350
Foreign travel and subsistence	0	0	0	0	0
Printing, advertising and – information supplies & services	52,150	0	52,150	85,080	137,230
Rentals of produced assets	0	0	0	0	0
Training payments	37,000	0	37,000	26,400	63,400
Hospitality supplies and services	0	0	0	0	0
Insurance costs	0	0	0	0	0
Specialised materials and	0	0	0	0	0
Other operating payments	2,000	0	2,000	140,660	142,660
Routine maintenance – vehicles and other transport equipment	156,600	0	156,600	422,500	579,100
Routine maintenance- – other assets	53,750	0	53,750	76,100	129,850
Exchange rate losses/gains (net)	0	0	0	0	0
<b>Total</b>	<b>749,930</b>	<b>0</b>	<b>749,930</b>	<b>2,293,180</b>	<b>3,043,110</b>
<b>Total</b>	<b>749,930</b>	<b>0</b>	<b>749,930</b>	<b>2,293,180</b>	<b>3,043,110</b>
<b>Cumulative totals - (Up to 2015/16)</b>					<b>188,006,751</b>
<b>Total Expenditure (Cumulative to date- 2017/2018)</b>					<b>191,049,861</b>

*The donor spent and did not give account of their spending.*

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

**8.9. SOCIAL SECURITY BENEFITS**

	FY 2017/18			FY 2016/17	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Government pension and retirement benefits	0	0	0	0	0
Social security benefits in cash and in kind	0	0	0	0	0
Employer social benefits in cash and in kind	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**ACQUISITION OF NON-FINANCIAL ASSETS**

	FY 2017/18			FY 2016/17	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Purchase of buildings	0	0	0	0	0
Construction of buildings	0	0	0	0	0
Refurbishment of buildings	0	0	0	0	0
Construction of roads	0	0	0	0	0
Construction of civil works	0	0	0	0	0
Overhaul & refurbishment of construction and civil works	0	0	0	0	0
Purchase of vehicles & other transport equipment	0	0	0	0	0
Overhaul of vehicles & other transport equipment	0	0	0	0	0
Purchase of household furniture & institutional equipment	0	0	0	0	0
Purchase of office furniture & general equipment	0	0	0	0	0
Purchase of specialised plant, equipment and machinery	0	0	0	0	0
Rehabilitation & renovation of plant, equipment & machinery	0	0	0	0	0
Purchase of certified seeds, breeding stock and live animals	0	0	0	0	0
Research, studies, project preparation, design & supervision	0	0	0	0	0
Rehabilitation of civil works	0	0	0	0	0
Acquisition of strategic stocks	0	0	0	0	0
Acquisition of land	0	0	0	0	0
Acquisition of other intangible assets	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*\*There were no purchases done during the financial year*

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

**8.10. TRANSFERS TO OTHER GOVERNMENT ENTITIES**

During the 12 months to 30 June 2018, we transferred funds to reporting government entities as shown below:

	FY 2017/18			FY 2016/17	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	KShs	KShs
		KShs	KShs		
<b>Transfers to National Government entities</b>					
Ministry ABC	0	0	0	0	0
Project XYZ	0	0	0	0	0
<b>Transfers to County Government</b>					
County ABC	0	0	0	0	0
County XYZ	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix to the financial statements.

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

**8.11. OTHER GRANTS AND TRANSFERS AND PAYMENTS**

	FY 2017/18			FY 2016/17	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Grants for scholarships	0	0	0	0	0
Transfers to lower levels of government e.g schools	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**8.12. CASH AND CASH EQUIVALENTS CARRIED FORWARD**

	<b>2017/18</b>	<b>2016/17</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts (Note 8.13A)	0	69.20
Cash in hand (Note 8. 13B)	0	Nil
Cash equivalents (short-term deposits) (Note 8.13C)	0	Nil
<b>Total</b>	<b><u>0</u></b>	<b><u>69.20</u></b>

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

**8.13. A Bank Accounts**

**Project Bank Accounts**

	<b>2017/18</b>	<b>2016/17</b>
	<b>KShs</b>	<b>KShs</b>
<b><u>Foreign Currency Accounts</u></b>		
Central Bank of Kenya [A/c No.....]	0	0
Kenya Commercial Bank [A/c No.....]	0	0
Co-operative Bank of Kenya [A/c No.....]	0	0
Others ( <i>specify</i> )	0	0
<b>Total Foreign Currency balances</b>	<b><u>0</u></b>	<b><u>0</u></b>
<b><u>Local Currency Accounts</u></b>		
Central Bank of Kenya [A/c No.....]	0	0
Kenya Commercial Bank [A/c No.....]	0	0
Co-operative Bank of Kenya [A/c No.....]	0	0
Equity Bank [A/c No.11013013111401 ]	0	69.20
<b>Total local currency balances</b>	<b>0</b>	<b><u>69.20</u></b>
<b>Total bank account balances</b>	<b>0</b>	<b><u>69.20</u></b>

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

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30<sup>th</sup> June 2018 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

**Special Deposit Accounts Movement Schedule**

	<b>2017/18</b>	<b>2016/17</b>
	<b>KShs</b>	<b>KShs</b>
<b>(i) A/C Name [A/c No.....]</b>		
Opening balance	0	0
Total amount deposited in the account	0	0
Total amount withdrawn (as per Statement of Receipts & Payments)	0	0
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>0</b>	<b>0</b>
<b>(ii) A/c Name [A/c No.....]</b>		
Opening balance (as per the SDA reconciliation)	0	0
Total amount deposited in the account	0	0
Total amount withdrawn (as per Statement of Receipts & Payments)	0	0
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>0</b>	<b>0</b>

No Special Deposit Account(s) reconciliation statement(s) has (have) been attached as there is zero closing balances.

**8.13. B Cash In Hand**

	<b>2017/18</b>	<b>2016/17</b>
	<b>KShs</b>	<b>KShs</b>
Location 1	0	0
Location 2	0	0
Location 3	0	0
Other locations ( <i>specify</i> )	0	0
<b>Total cash balances</b>	<b>0</b>	<b>0</b>

[Provide a cash count certificate for each location above]

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

**8.13. C Cash equivalents (short-term deposits)**

	2017/18	2016/17
	KShs	KShs
Kenya Commercial Bank [A/C No.....]	0	0
Co-Operative Bank of Kenya [A/C No.....]	0	0
Others ( <i>Specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**8.14 OUTSTANDING IMPRESTS AND ADVANCES**

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2017</i>	<i>Balance 2016</i>
<b>Total</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**8.15 FUND BALANCE BROUGHT FORWARD**

	2017/18	2016/17
	KShs	KShs
Bank accounts	0	69.20
Cash in hand	0	0
Cash equivalents (short-term deposits)	0	0
Outstanding imprests and advances	0	0
<b>Total</b>	<b>0</b>	<b>69.20</b>

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

**8.16 PRIOR YEAR ADJUSTMENT**

	<b>2017/18</b>	<b>2016/17</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	0	69.20
Cash in hand	0	0
Cash equivalents (short-term deposits)	0	0
Receivables - Outstanding Imprests	0	0
Cash & bank balance transferred	(139)	
<b>Total</b>	<b><u>(139)</u></b>	<b><u>69.20</u></b>

*Rice MAPP Project*  
*Reports and Financial Statements*  
*For the financial year ended June 30, 2018*

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**9. OTHER IMPORTANT DISCLOSURES**

**9.1 PENDING ACCOUNTS PAYABLE**

	<b>2017/18</b>	<b>2016/17</b>
	<b>KShs</b>	<b>KShs</b>
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
	0	0

**9.2 PENDING STAFF PAYABLES**

	<b>2017/18</b>	<b>2016/17</b>
	<b>KShs</b>	<b>KShs</b>
Permanent employees – management	0	0
Permanent employees – others	0	0
Temporary employees	0	0
Others ( <i>specify</i> )	0	0
	0	0

**9.3 OTHER PENDING PAYABLES**

	<b>2017/18</b>	<b>2016/17</b>
	<b>KShs</b>	<b>KShs</b>
Amounts due to National Government entities	0	0
Amounts due to County Government entities	0	0
Amounts due to third parties	0	0
Others ( <i>specify</i> )	0	0
Total	0	0

*Rice MAPP Project  
Reports and Financial Statements  
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**10. 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
Par-1	Failure to provide accounting and other records	Accounting records and information required for audit purposes now availed for both 2016/2017 and 2017/2018 Financial years	Project Coordinator / Manger  Mr. Wilson Oyange	Resolved	2017/2018 FY
Par-2	Inaccuracy of financial statements	All inaccuracies now addressed in 2017/2018 FY and opening balances re-stated accordingly where necessary	Project Accountant	Resolved	2017/2018 FY
Par-2.1	Comparative Figures and Cumulative Balances- Comparative and cumulative balances not prepared & availed for audit review	Cumulative and comparative balances now availed	Project Accountant	Resolved	2017/2018 FY
Par-2.2	Receipts- Un-supported receipts balances	All GOK receipts support schedules, analysis and support documents now availed	Project Accountant	Resolved	2017/2018 FY
Par-2.3	Purchase of Goods and	All GOK	Project	Resolved	2017/2018 FY

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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)
	Services- lack of support documentation	Expenditure support schedules, Payment vouchers and other required accounting documents availed	Accountant		
Par-2.4	Surplus for the year misstated	Now correctly stated and prior year inaccuracies corrected/ re-stated	Project Accountant	Resolved	2017/2018 FY

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

  
**Principal Secretary**

19/11/2018  
**Date**

  
**Project Coordinator**

19/11/2018  
**Date**

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

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Transfer from Government entities	3,000,000	750,000	2,250,000	25%	Government under funding during the year
Proceeds from domestic and foreign grants	0	0	0	0	
Proceeds from borrowings	0	0	0	0	
Miscellaneous receipts	0	0	0	0	
<b>Total Receipts</b>	<b>3,000,000</b>	<b>750,000</b>	<b>2,250,000</b>	<b>25%</b>	
<b>Payments</b>					
Compensation of employees	0	0	0	0	
Purchase of goods and services	750,000	749,930	70	99.9%	Variance not material i.e. below 10%
Social security benefits	0	0	0	0	
Acquisition of non-financial assets	0	0	0	0	
Transfers to other government entities	0	0	0	0	
Other grants and transfers	0	0	0	0	
<b>Total payments</b>	<b>750,000</b>	<b>749,930</b>	<b>70</b>	<b>99.9%</b>	

*Explain all variance below 90% and above 100%*

- (i) There is a variance of 25% on the receipts from government. The amount sent by the government drastically reduced*
- (ii) The figures captured exclude the Donor component, since they were yet to come.*

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**ANNEX 2A - ANALYSIS OF PENDING BILLS**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
	a	b	C	d=a-c		
<b>Construction of buildings</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

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**ANNEX 2B - ANALYSIS OF PENDING STAFF BILLS**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
		A	B	C	d=a-c		
<b>Permanent Employees - Management</b>							
1.							
2.							
3.							
<b>Sub-Total</b>							
<b>Permanent Employees - Others</b>							
4.							
5.							
6.							
<b>Sub-Total</b>							
<b>Temporary employees</b>							
7.							
8.							
9.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
10.							
11.							
12.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

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**ANNEX 2C - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount A	Date Payable Contracted B	Amount Paid To-Date C	Outstanding Balance 2017/18 d=a-c	Outstanding Balance 2016/17	Comments
<b>Amounts due to National Govt Entities</b>							
1.							
2.							
3.							
<b>Sub-Total</b>							
<b>Amounts due to County Govt Entities</b>							
4.							
5.							
6.							
<b>Sub-Total</b>							
<b>Amounts due to Third Parties</b>							
7.							
8.							
9.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
10.							
11.							
12.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

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**ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Opening Cost (KShs) 2017/18 (a)	*Purchases/Additions in the Year (KShs) 2017/18 (b)	**Disposals in the Year (KShs) 2017/18 (c)	Closing Cost (KShs) 2017/18 (d)= (a)+ (b)-(c)
Land	0	0	0	0
Buildings and structures	35,000,000	0		35,000,000
Transport equipment	2,100,000	0	0	2,100,000
Office equipment, furniture and fittings	500,000	0	0	500,000
ICT Equipment, Software and Other ICT Assets	100,000	0	0	100,000
Other Machinery and Equipment	300,000	0	0	300,000
Heritage and cultural assets	0	0	0	0
Intangible assets	50,000	0	0	50,000
<b>Total</b>	<b>38,050,000</b>	<b>0</b>	<b>0</b>	<b>38,050,000</b>

- *No purchases/additions during the year*

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**APPENDICES**

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations
- iii. Cash Count Certificate
- iv. Special Deposit Account(s) reconciliation statement(s)

