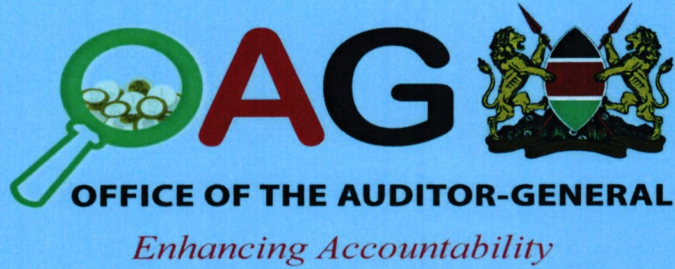


REPUBLIC OF KENYA



**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: **13 OCT 2020** DAY: **TUESDAY**

TABLED: *Leaders & Deputy*

CLERK-AT THE-TABLE: *R. U. Tiamp...*

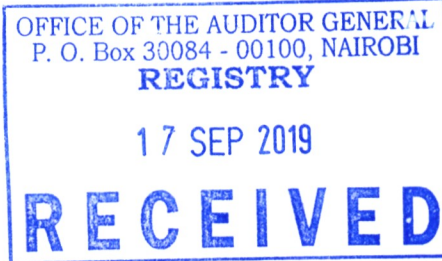
**THE AUDITOR-GENERAL**

**ON**

**REGIONAL PASTORAL LIVELIHOODS  
RESILIENCE PROJECT  
(IDA CREDIT NO. KE 53880 – KE)**

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

**MINISTRY OF AGRICULTURE, LIVESTOCK,  
FISHERIES AND IRRIGATION**



**REGIONAL PASTORAL LIVELIHOODS RESILIENCE PROJECT**

**MINISTRY OF AGRICULTURE AND IRRIGATION**

**PROJECT GRANT/CREDIT NUMBER 53880**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

*Regional Pastoral Livelihoods Resilience Project  
Reports and Financial Statements  
For the financial year ended June 30, 2019*

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**Regional Pastoral Livelihoods Resilience Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2019**

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## **1. PROJECT INFORMATION AND OVERALL PERFORMANCE**

### **1.1 Name and registered office**

**Name:** The project's official name is Regional Pastoral Livelihoods Resilience Project,

**Objective:** The key objective of the project is provision of resilience to pastoral communities through alternative livelihoods,

**Address:** The project headquarters offices are Nairobi (city), Nairobi County, Kenya.

The address of its registered office is:

P.O. Box 34188 – 00100, Nairobi

The project also has offices/branches as follows:

- Baringo
- Garissa
- Isiolo
- Kajiado
- Laikipia
- Lamu
- Mandera
- Marsabit
- Narok
- Samburu
- Tana River
- Turkana
- Wajir
- West pokot

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

Telephone: (254) 2099167:(254) 20

E-mail: [pslivestock@kenya.go.ke](mailto:pslivestock@kenya.go.ke) ; [ptl.resilience@gmail.com](mailto:ptl.resilience@gmail.com)

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

### **1.2 Project Information**

Project Start Date:	The project start date is 15 – 12 - 14
Project End Date:	The project end date is 15 – 12 - 19
Project Manager:	The project manager is Mr James Kibet Tendwa
Project Sponsor:	The project sponsor is The World Bank and GOK

**Regional Pastoral Livelihoods Resilience Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2019**

**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Agriculture and Irrigation/ State department of Livestock.
Project number	P129408
Strategic goals of the project	To contribute to ending drought emergencies in the horn of Africa
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Reduce the percentage death rate of livestock (cattle, camel, goat & sheep) kept by pastoral and agro-pastoral households targeted by the Project (ii) Increase the number of animals (cattle, goat and sheep) traded in selected Project markets (iii) Increase the value of animals (cattle, goat and sheep) traded in selected Project markets (iv) Reduce the time lapse between early warning information and response reduced (v) Increase the number of direct project beneficiaries (number) of which (percentage) female
Other important background information of the project	The Project is being implemented in Kenya, Uganda and Ethiopia under the coordination of IGAD. The Kenya RPLRP has the national Project coordinating unit at the Project headquarters and 14 county Project coordination units in the 14 Project counties. The Project will achieve its objectives by facilitating relevant line ministries and state departments to implement Project activities
Current situation that the project was formed to intervene	The Project was formed to intervene in the following 5 areas: (i) Component one - natural resources management (ii) Component two -market access and trade (iii) Component three - livelihood support (iv) Component four - pastoral risk management (v) Component five – Project management and institutional support
Project duration	The project started on 15 <sup>th</sup> December 2014 and is expected to run until 15 <sup>th</sup> December 2019

**Regional Pastoral Livelihoods Resilience Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2019**

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**1.4 Bankers**

The following are the bankers for the current year:

- (i) Central Bank of Kenya (DA Account) Loan A/C No. 1000241292
- (ii) Central Bank Of Kenya Operational Account (Shilling Account) Loan A/C No. 1000216395
- (iii) ....
- (iv).....

**1.5 Auditors**

The project is audited by the Kenya National Auditors Office (KENAO)

**1.6 Roles and Responsibilities**

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

Names	Title Designation	Key Qualification	Responsibilities
Mr. James K. Tendwa	Deputy Director of Livestock Production	MSc Animal Science, BSc Agric	Project Team leader PIU- Nairobi
Dr. Charles Toroitich Kisa	Assistant Director Veterinary Services	MSc Epid., BVM	Project Pastoral Livestock Health Officer PIU- Nairobi
Ms. Elizabeth Mutisya	Senior Assistant Director Livestock Production	MSc Project Planning,, Bsc Agric,	Project Social Safeguards Officer PIU- Nairobi
Ms. Jane Gakure	Assistant Director Livestock Production	MSc. , BSc Range Mgt	Project Natural Resources Management Office PIU- Nairobi
Ms Judy Gachora	Principal Livestock Production Officer	BSc Agric,	Project Livelihoods Support Officer PIU- Nairobi
Mr. Johnson Ndolo	Principal Livestock Production Officer	MSc, (Ent.) BSc. Animal. Prod.	Project Environmental Safeguards Officer PIU- Nairobi
Mr. Rajab Ouko Obama	Principal Livestock Production Officer	BSc Range Mgt	Project M & E Officer PIU- Nairobi

**Regional Pastoral Livelihoods Resilience Project**  
**Reports and Financial Statements**  
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Mr. Pancras Tumna Ngati	Principal Livestock Production Officer	MSc Project Planning, BSc. Range. mgt	Project Pastoral Risk and Knowledge Management Officer PIU-Nairobi
Mr. Maurice Ouma	Assistant Director of Livestock Production	BSc Rangeland UON	Project Market Access and Trade Officer
Mr. Daniel Pariken Sakuda	Human Resource Officer	BA Business Administration , Higher Diploma HRM	Project Human Resource & Logistic Officer PIU-Nairobi
Mr. Mugambi Ginthinji	Chief ICT Officer		Project ICT Officer
Ms. Lydia Ciira	Chief Procurement Officer	Msc Procurement	Project Procurement Officer PIU-Nairobi
Ms. Irene Kagendo	Procurement Assistant	Dipl. Procurement, BSC Purchasing and supplies (ongoing)	Project Procurement Assistant PIU-Nairobi
Mr. Matayo Sikunyi Wangalwa	Chief Accountant	BCOM(Fin) , CPA (K), DBM, MBA(Fin)	Project Financial Accountant PIU-Nairobi
Ms. Betty Jemutai Kiptoo	Certified Accountant	BCOM(Fin) CPA,(K)	Project Assistant Financial Accountant PIU-Nairobi
Ms. Esther Nduta	Administrative Assistant	Dip in Secretarial Studies	Project Administrative Assistant PIU-Nairobi
Mr. Laban Cheruiyot Labatt	Assistant Director of Livestock Production	MSc. Animal Production	Project County Project Team Leader Baringo
Mr. Mohamed Hussein Ali		MPP, BA Dev Studies	Project County Project Team Leader Tana River
Mr. Abdullahi W. Guyo		MPP, BSc. Range Management	Project County Project Team Leader Isiolo
Mr. Kiambi G.M. Mboroki		MSc. NRM, PhD Student; Diploma - Range Management	Project County Project Team Leader Laikipia
Mr. Frederick Jefa Yaah Baya		MSc. Animal Production	Project County Project Team Leader Lamu

**Regional Pastoral Livelihoods Resilience Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2019**

Mr. Abdi Mohammed Ali		BSc. Animal Production	Project County Project Team Leader Mandera
Mr. Hako Halaki		MSc Livestock Dev planning and management	Project County Project Team Leader Marsabit
Mr. Christopher Kunder		BSc Range Management; MSc Student	Project County Project Team Leader Narok
Mr. Geoffrey L. Lelengulyah		Masters in Env. studies, BSc Zoology	Project County Project Team Leader Samburu
Mr. Oscar Ngasi		MPH - Health/BSc. Animal Production	Project County Project Team Leader Kajiado
Mr. Omar Bulle		MSc. Agriculture/BSc Animal Production	Project County Project Team Leader Wajir
Mr. Andrew Kaptalau		BSc Animal Production	Project County Project Team Leader West pokot
Mr. Josephat Smollo		BSc. Animal Production	Project County Project Team Leader Turkana
Mr. Mohamed Aden Muhamed			Project County Project Team Leader-Garissa
Dr. James Chege Wagui			
Mr. Benson M. Munyao		BSc Range Management	Project County Monitoring and Evaluation Officer
Mr. Daniel Karanja Kigera		BSc Range Management	Project County Monitoring and Evaluation Officer
Mr. Lui Cheruyot Kirui		BSc (Agric Econ), MSc student	Project County Monitoring and Evaluation Officer
Dr Pat Rupunye		MSc. (Natural Products & Bio prospecting), BVM	Project County Monitoring and Evaluation Officer
Mr. Ogola Thomas Otieno		MSc. (Agric Econ),	Project County Monitoring and Evaluation Officer

**Regional Pastoral Livelihoods Resilience Project  
Reports and Financial Statements  
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Dr. Claudio M. Sortum		BVM, MSc Student	Project County Monitoring and Evaluation Officer
Mr. Peter Arucho Otieno		MA. Business Admin, BSC (An. Prod.)	Project County Monitoring and Evaluation Officer
Dr. Anthony W. Naumwo		BVM	Project County Monitoring and Evaluation Officer
Mr. Alfred Murango			Project County Monitoring and Evaluation Officer
Mr. John Chege Ndungu		MBA in Sociology, BSc in Animal Prod	Project County Monitoring and Evaluation Officer
Mr, Francis Njogu Muratha		BSc.(Agric. Econ)	Project County Monitoring and Evaluation Officer
Dr Sabuni Zephania A.		MSc. Applied Veterinary Parasitology/BVM	Project County Monitoring and Evaluation Officer
Mr. David K Cheruiyot			Project County Monitoring and Evaluation Officer
Ms. Rose Jeptoo	Assistant Procurement Officer	Diploma Purchasing and supplies	Project County Procurement Officer
Mr. Caleb Papa	Assistant Procurement Officer	Diploma Purchasing and supplies	Project County Procurement Officer
Ms. Fridah Gacheri	Assistant Procurement Officer	Diploma Purchasing and supplies	Project County Procurement Officer
Mr. Emmanuel B. Wanjala	Assistant Procurement Officer	Diploma Purchasing and supplies	Project County Procurement Officer
Mr. John TM Nkuraru	Assistant Procurement Officer	Diploma Purchasing and supplies	Project County Procurement Officer
Mr. Lawrence Ajele	Assistant Procurement Officer	Diploma and Procurement AND Supplies	Project County Procurement Officer
Mr. Ali Maalim Billow	Assistant Procurement Officer	Diploma Purchasing and supplies	Project County Procurement Officer

**Regional Pastoral Livelihoods Resilience Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2019**

Mr. Peter Chesang Kulei	Assistant Procurement Officer	Diploma Purchasing and supplies	Project County Procurement Officer
Mr. Alfred M Murango	Assistant Procurement Officer	Diploma Purchasing and supplies	Project County Procurement Officer
Mr. Kennedy Kipchirchir Korir	Assistant Procurement Officer	Diploma Purchasing and supplies	Project County Procurement Officer
Ms. Jackline A.Okubala	Assistant Procurement Officer	BSC Purchasing and supplies	Project County Procurement Officer
Mr. Mohamud Sheikh Abdullahi	Assistant Procurement Officer	BSC Finance, Diploma in Purchasing and supplies	Project County Procurement Officer
Ms. Sabdio Mamo Hachu	Assistant Procurement Officer	Diploma Purchasing and supplies	Project County Procurement Officer
Mr. Felix Odemu Ayiedza	Assistant Financial Accountant	CPA III	Project County Financial Accountant
Mr. Alex Juma Yaa	Assistant Financial Accountant	CPA III	Project County Financial Accountant
Mr. Hussein Duba Jarso	Assistant Financial Accountant	CPA (K)	Project County Financial Accountant
Ms. Vivian Kiptoo	Assistant Financial Accountant	CPA (K)	Project County Financial Accountant
Mr. Jackson Samperu Melompuki	Assistant Financial Accountant	CPA (K)	Project County Financial Accountant
Mr. Josephat Kemboi Kwarkwar	Assistant Financial Accountant	BBM, CPA (K)	Project County Financial Accountant
Mr. Nguta Joel Mkoji	Assistant Financial Accountant	BCom Finance, CPA II	Project County Financial Accountant
Mr Moses Muchiri Waweru	Assistant Financial Accountant	BA, CPA II	Project County Financial Accountant
Ms Janet O. Nyaboke	Assistant Financial Accountant	BCom Finance, CPA II	Project County Financial Accountant

**Regional Pastoral Livelihoods Resilience Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2019**

Mr. Brian Wakhungu Olukwo	Assistant Financial Accountant	CPA III	Project County Financial Accountant
Mr. Edwin Kiprotich Langat	Assistant Financial Accountant	CPA III	Project County Financial Accountant
Mr. Abdinoor Dahir Ahmed	Assistant Financial Accountant	CPA II	Project County Financial Accountant

### 1.7 Funding summary

The Project is for duration of five years from 2014 to 2019 with an approved budget of US\$ 770,000 (use donor currency) equivalent to KShs. 6,500,000,000 from IDA and USD 21,000,000 equivalent to Kshs. 1,830,000,000 from Government of Kenya as highlighted in the table below:  
Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date 30 <sup>th</sup> June 2019		Undrawn balance to date 30 <sup>th</sup> June 2019	
	<i>Donor currency</i>	<i>KShs</i>	<i>Donor currency</i>	<i>KShs</i>	<i>Donor currency</i>	<i>KShs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
<b>(i) Grant</b>						
Insert name of donor	-	-	-	-	-	-
Insert name of donor	-	-	-	-	-	-
<b>(ii) Loan</b>						
International Development Association - IDA	77,000,000	6,500,000,000	43,823,101	4,275,946,788	33,276,899	2224053,211
Government of Kenya	21,000,000	1,830,000,000	3,350,638	337,298,197	17,649,362	1,492,701,803
<b>(iii) Counterpart funds</b>						
Government of Kenya	-	-	-	-	-	-
<b>Total</b>	<b>98,000,000</b>	<b>8,330,000,000</b>	<b>47,173,739</b>	<b>4,613,244,985</b>	<b>50,926,261</b>	<b>3,716,755,014</b>

### 1.8 Summary of Overall Project Performance:

- Budget performance against actual amounts for current year and for cumulative to-date,
- Physical progress based on outputs, outcomes and impacts since project commencement,

***Regional Pastoral Livelihoods Resilience Project  
Reports and Financial Statements  
For the financial year ended June 30, 2019***

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- Comment on value-for-money achievements,
- Indicate the absorption rate for each year since the commencement of the project.
- List the implementation challenges and recommended way forward.

**1.9 Summary of Project Compliance:**

- Include significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants,
- Include consequences suffered on account of non-compliance or likely to be suffered
- Indicate mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance

## **2. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The *Principal Secretary* for the Ministry of Agriculture and Irrigation and the *Project Coordinator* for Regional Pastoral Livelihood Resilience 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, 2019. 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 and Irrigation and the *Project Coordinator* for Regional Pastoral Livelihood Resilience 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 and Irrigation and the *Project Coordinator* for Regional Pastoral Livelihood Resilience 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, 2019, and of the Project's financial position as at that date. The *Principal Secretary* for ministry of Agriculture and Irrigation and the *Project Coordinator* for Regional Pastoral Livelihood Resilience 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 and Irrigation and the *Project Coordinator* for Regional Pastoral Livelihood Resilience 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 Agriculture and Irrigation and the *Project Coordinator* for Regional Pastoral Livelihood Resilience project on \_\_\_\_\_ 2019 and signed by them.



Principal Secretary

Name

Henry Kimjai



Project Coordinator

Name

James Audrey



Project Accountant:

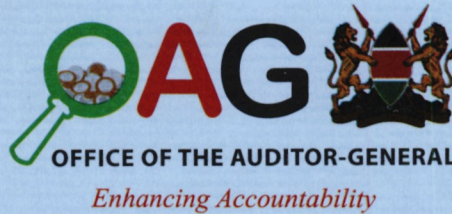
Name

Matayo Wangalwa

ICPAK Member Number:4936

# 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 REGIONAL PASTORAL LIVELIHOODS RESILIENCE PROJECT (IDA CREDIT NO. KE 53880-KE) FOR THE YEAR ENDED 30 JUNE, 2019 – MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES & IRRIGATION**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Regional Pastoral Livelihoods Resilience Project set out on pages 1 to 20, which comprise the statement of financial assets as at 30 June, 2019, 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. I have obtained all the information and explanations which, to the best of my knowledge and belief were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Regional Pastoral Livelihoods Resilience Project 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 (Cash Basis) and comply with Schedule 2 Section II B of the Financing Agreement No. 5388-KE dated 19 May, 2014 between the International Development Association (IDA) and the Republic of Kenya.

#### **Basis for Qualified Opinion**

##### **Loan from External Development Partners**

The statement of receipts and payments reflects an amount of Kshs.1,250,002,850 under loan from external development partners and controlled by the entity and nil amount in respect of direct payment made by the development partners. However, disclosed in Note 8.4 to the financial statements, are loans received in cash and controlled by the entity of Kshs.1,150,002,850 (US\$11,423,033.56) and an amount of Kshs.100,000,000 paid

directly to suppliers by the development partners. These cash transactions and direct payments have not been explained satisfactorily.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Regional Pastoral Livelihoods Resilience Project -IDA Cr. No. KE 53880 in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of matter**

#### **Special Account Statement**

The special account statement reflects an amount of Kshs.1,151,222,050 (US\$11,423,033.56) as having been withdrawn and transferred to the Project during the year, which differs with the amount of Kshs.1,150,002,850 shown in the financial statements by Kshs.1,219,200. The discrepancy between the two sets of records has not been reconciled or explained.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there are no other key audit matters to communicate in my report.

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

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

### **Basis for Conclusion**

#### **Ineligible Expenditure**

Examination of payment records maintained by the Project Implementation Unit (Headquarters) revealed that an amount of Kshs.656,064 was paid to an officer vide a payment voucher number 2306 dated 15 April, 2019 in respect of subsistence allowance for attending the 9<sup>th</sup> meeting of the Technical Working Group on rules of Origin at Addis Ababa, Ethiopia between 24 October, 2018 to 3 November, 2018.

However, a travel clearance approval by the Head of the Public Service referenced OP/CAB.304/018 dated 18 October, 2018 indicated that the subsistence allowance expenditure was to be met and paid by the State Department for Livestock. The officer was therefore irregularly paid from the Project's funds contrary to Article III Section 5(9)(b) of the Financing Agreement which states that, "the bank shall make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations". This expenditure cannot be linked to the approved work plan and project activities hence it is deemed irregular and ineligible.

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 INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

#### **Unaccounted for Project Vehicles**

Examination of the motor vehicle register revealed that the project has eight 4x4 vehicles in Nairobi. However, a verification exercise carried out on 14 October, 2019 revealed that three vehicles with registration numbers; GKB 056R, GKB 035R, and GKB 059R were not physically available for verification and their existence could not be confirmed.

Further, work tickets for these vehicles were not provided for audit verification and therefore, their movement and use could not be accounted for. This is contrary Regulation 139(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which require the accounting officer to take full responsibility and ensure proper control systems exists for assets to prevent wastage and misuse.

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 processes and systems of internal control, risk management and governance were operating

effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Association(IDA) I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the , so far as appears from the examination of those records; and,
- iii. The financial statements are in agreement with the accounting records and returns.

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

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to sustain 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 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 Project's 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**

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**24 September, 2020**

**Regional Pastoral Livelihoods Resilience Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2019**

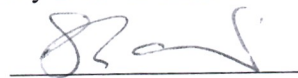
**4. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2019**

	Note	2018/19		2017/18		Cumulative to-date
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
<b>RECEIPTS</b>						
Transfer from Government entities	8.3	53,735,400	-	37,212,824	-	337,298,197
Loan from external development partners	8.4	1,250,002,850		1,265,174,802	-	4,275,946,788
<b>TOTAL RECEIPTS</b>		1,303,738,250	-	1,302,387,626	-	4,613,244,985
<b>PAYMENTS</b>						
Compensation of employees	8.5	48,484,662	-	48,909,798	-	193,599,960
Purchase of goods and services	8.6	982,905,830	-	649,146,753	-	2,669,381,995
Acquisition of non-financial assets	8.7	262,020,473		538,218,183	-	1,711,698,296
Transfers to other government entities	8.8		-		-	19,299,996
<b>TOTAL PAYMENTS</b>		1,293,410,964	-	1,236,274,735	-	4,593,980,246
<b>SURPLUS/(DEFICIT)</b>		10,327,286	-	66,112,891	-	19,264,739

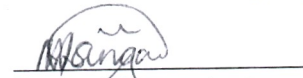
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

  
Principal Secretary

Name: Hamy Kindai

  
Project Coordinator

Name: James Teruhwa

  
Project Accountant

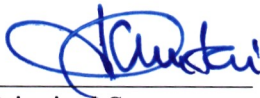
Name Matayo Wangalwa  
ICPAK Member No:4936

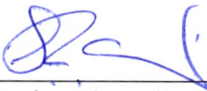
**Regional Pastoral Livelihoods Resilience Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2019**


**5. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2019**

	Note	2018/19	2017/18
		KShs	KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8.9	18,501,539	8,937,453
<b>Total Cash and Cash Equivalents</b>		<b>18,501,539</b>	<b>8,937,453</b>
Accounts receivables – Imprest and Advances	8.10	763,200	60,135,086
<b>TOTAL FINANCIAL ASSETS</b>		<b>19,264,739</b>	<b>69,072,539</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd		69,072,539	64,041,779
Prior year adjustments	8.12	-60,135,086	-61,082,131
Surplus/(Deficit) for the year		10,327,286	66,112,891
<b>NET FINANCIAL POSITION</b>		<b>19,264,739</b>	<b>69,072,539</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 \_\_\_\_\_ 2019 and signed by:

  
 Principal Secretary  
 Date 16/9/2019

  
 Project Coordinator  
 Date 16/9/19

  
 Project Accountant  
 Date 16/09/2019  
 ICPAK Member No:4936

**Regional Pastoral Livelihoods Resilience Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2019**

**6. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2019**

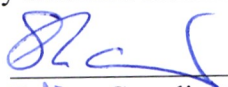
		2018/19	2017/18
	Note	KShs	KShs
<b>Receipts for operating activities</b>			
Transfer from Government entities	8.3	53,735,400	37,212,824
		<b>53,735,400</b>	<b>37,212,824</b>
<b>Payments for operating activities</b>			
Compensation of employees	8.5	- 48,484,662	-48,909,798
Purchase of goods and services	8.6	-982,905,830	-649,146,754
Transfers to other government entities	8.8		-
<b>Adjusted for:</b>			
Change in Imprests & Advances		56,523,186	-59,861,981
Adjustments during the year	8.12	-60,135,086	-61,082,131
<b>Net cash flow from operating activities</b>		<b>(978,418,292)</b>	<b>(698,056,552)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	8.7	(262,020,473)	-538,218,183
<b>Net cash flows from Investing Activities</b>		<b>(262,020,473)</b>	<b>(-538,218,183)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	8.4	1,250,002,850	1,265,174,802
<b>Net cash flow from financing activities</b>		<b>1,250,002,850</b>	<b>1,265,174,802</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>9,564,086</b>	<b>(54,831,221)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>8,937,453</b>	<b>63,768,674</b>
<b>Cash and cash equivalent at END of the year</b>		<b>18,501,539</b>	<b>8,937,453</b>

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 \_\_\_\_\_ 2019 and signed by:



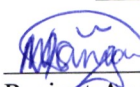
Principal Secretary

Date 16/9/2019



Project Coordinator

Date 16/9/19



Project Accountant

Date 16/09/2019

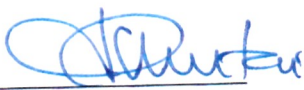
ICPAK Member No:4936

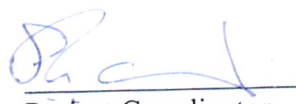
**Regional Pastoral Livelihoods Resilience Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2019**


**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	126,959,625	-40,039,501	86,920,124	53,735,400	33,184,724	62%
Proceeds from borrowings	875,000,000	131,678,020	1,006,678,020	1,250,002,850	-243,324,830	124%
<b>Total Receipts</b>	<b>1,001,959,625</b>	<b>91,638,519</b>	<b>1,093,598,144</b>	<b>1,303,738,250</b>	<b>-210,140,106</b>	<b>119%</b>
<b>Payments</b>						
Compensation of employees	101,282,750	-12,600,000	88,682,750	48,484,662	40,198,088	55%
Purchase of goods and services	680,464,375	-136,687,826	543,776,549	982,905,830	-439,129,281	181%
Acquisition of non-financial assets	220,212,500	240,926,345	461,138,845	262,020,473	199,118,372	57%
Transfers to other government entities	-	-	-	-	-	-
<b>Total Payments</b>	<b>1,001,959,625</b>	<b>91,638,519</b>	<b>1,093,598,144</b>	<b>1,293,410,964</b>	<b>-199,812,820</b>	<b>118%</b>

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

  
Principal Secretary  
Date 30-09-2019

  
Project Coordinator  
Date 30-9-19

  
Project Accountant  
Date 30-09-2019  
ICPAK Member No:4936

## **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 Project Regional Pastoral Livelihood Resilience project under 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 be recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

##### **• External Assistance**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donations and grants**

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

**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 Kshs nil being loan 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, 2019.

**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.

*Regional Pastoral Livelihoods Resilience Project  
Reports and Financial Statements  
For the financial year ended June 30, 2019*

**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>2018/19</b>	<b>2017/18</b>	<b>Cumulative</b>
	<b>KShs</b>	<b>KShs</b>	<b>to-date</b>
<i>Counterpart funding through Ministry xxx</i>			
Counterpart funds Quarter 1	-	-	1,296,199
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
	<b>=</b>	<b>=</b>	<b><u>1,296,199</u></b>
<i>Other transfers from government entities</i>			
Ministry of Agriculture and Irrigation	53,735,400	37,212,824	336,001,998
Ministry xy	-	-	-
Project zxy	-	-	-
Agency xz	-	-	-
	<b><u>53,735,400</u></b>	<b><u>37,212,824</u></b>	<b><u>336,001,998</u></b>
Appropriations-in-Aid	-	-	-
<b>Total</b>	<b><u>53,735,400</u></b>	<b><u>37,212,824</u></b>	<b><u>337,298,197</u></b>

The sum of Ksh. 53,735,400 is the combination of Ksh. 15,097,628 payments paid by the Ministry of Agriculture and Irrigation state department of Livestock on behave of the project and sum of Ksh. 38,637,772 transferred to 14 Counties.

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

**8.4. OAN FROM EXTERNAL DEVELOPMENT PARTNERS**

During the 12 months to 30 June 2019 we received funding from development partners in form of loan 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	FY18/19	FY17/18
<b>Loans Received from Bilateral Donors (Foreign Governments)</b>						
Insert name of foreign Government	-	-	-	-	-	-
<b>Loans Received from Multilateral Donors (International Organisations)</b>						
IDA/World Bank	VARIOUS	11,423,033	1,150,002,850	100,000,000	1,250,002,850	1,265,174,802
<b>Total</b>					<b>1,250,002,850</b>	<b>1,197,045,712</b>

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

**8.5. COMPENSATION OF EMPLOYEES**

	FY 2018/19			FY 2017/18	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	48,132,262	-	48,132,262	48,357,798	192,695,560
Basic wages of temporary employees	352,400	-	352,400	552,000	904,400

**Regional Pastoral Livelihoods Resilience Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2019**

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Personal allowances paid as part of salary	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
<b>Total</b>	<b><u>48,484,662</u></b>	<b>=</b>	<b><u>48,484,662</u></b>	<b><u>48,909,798</u></b>	<b><u>193,599,960</u></b>

*Regional Pastoral Livelihoods Resilience Project  
Reports and Financial Statements  
For the financial year ended June 30, 2019*

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

**8.6. PURCHASE OF GOODS AND SERVICES**

	FY 2018/19			FY 2017/18	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	2,551,364	-	2,551,364	768,439	4,076,026
Communication, supplies and services	13,012,620	-	13,012,620	10,570,796	64,871,294
Domestic travel and subsistence	428,933,143	-	428,933,143	352,253,904	1,525,438,808
Foreign travel and subsistence	5,108,201	-	5,108,201	7,562,018	25,028,970
Printing, advertising and – information supplies & services	41,150,469	-	41,150,469	17,652,878	111,994,126
Rentals of produced assets	5,801,771	-	5,801,771	-	5,801,771
Training payments	47,371,556	-	47,371,556	30,773,578	110,048,643
Hospitality supplies and services	8,944,561	-	8,944,561	3,854,353	26,634,936
Insurance costs	981,811	-	981,811	20,920,328	22,883,951
Specialised materials and services	310,834,431	-	310,834,431	109,088,468	421,082,244
Office and general supplies and services		-		889,414	2,788,901
Other operating payments	2,777,200	-	2,777,200	191,050	3,899,197
Routine maintenance – vehicles and other transport equipment	37,022,696	-	37,022,696	58,670,326	164,172,152
Refunds and Adjustments		-		-4,499,398	-4,499,398
Routine maintenance- – other assets	4,872,278	-	4,872,278	3,906,225	8,778,503
Exchange rate losses/gains (net)		-		316,571	316,571
Consultancy services: – Technical and professional services	73,543,728		73,543,728	36,227,804	176,065,299
<b>Total</b>	<b>982,905,830</b>	<b>=</b>	<b>982,905,830</b>	<b>614,647,264</b>	<b>2,669,381,995</b>

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

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

	FY 2018/19			FY 2017/18	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	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	25,925,394	-	25,925,394	-	65,795,825.61
Construction of roads		-		-	-
Construction of civil works	153,306,952	-	153,306,952	317,317,592	535,060,340.25
Overhaul & refurbishment of construction and civil works		-		-	-
Purchase of vehicles & other transport equipment		-		3,842,000	378,013,859.00
Overhaul of vehicles & other transport equipment		-		-	-
Purchase of household furniture & institutional equipment	15,973,576	-	15,973,576	-	15,973,576.00
Purchase of office furniture & general equipment		-		2,171,295	21,407,840.00
Purchase of specialised plant, equipment and machinery	12,178,200	-	12,178,200	-	299,274,520.00
Rehabilitation & renovation of plant, equipment & machinery		-		-	-
Purchase of certified seeds, breeding stock and live animals	36,942,636	-	36,942,636	183,036,792	230,419,416.64
Research, studies, project preparation, design & supervision		-		-	66,310,897.00
Rehabilitation of civil works	16,672,065	-	16,672,065	31,573,824	48,245,889.05
Acquisition of computers	1,021,650	-	1,021,650	276,680	51,196,132.00
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
<b>Total</b>	<b><u>262,020,473</u></b>	<b>=</b>	<b><u>262,020,473</u></b>	<b><u>538,218,183</u></b>	<b><u>1,711,698,296</u></b>

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

**8.8. TRANSFERS TO OTHER GOVERNMENT ENTITIES**

During the 12 months to 30 June 2019, we transferred funds to reporting government entities as shown below:

	FY 2018/19			FY 2017/18	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
<b>Transfers to National Government entities</b>					
MALF - SDL- Ngong Vet Farm	-	-	-	-	3,000,000
MALF - SDL- LIC Mogotio and Sheep and Goat station Kimose	-	-	-	-	16,299,996
ECAAPT Project	-	-	-	-	-
	=	=	=	=	<b>19,299,996</b>
<b>Transfers to County Government</b>					
County ABC	-	-	-	-	-
County XYZ	-	-	-	-	-
	=	=	=	=	=
<b>TOTAL</b>	=	=	=	=	<b>19,299,996</b>

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

**8.9. CASH AND CASH EQUIVALENTS CARRIED FORWARD**

	<b>2018/19</b>	<b>2017/18</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts (Note 8.13A)	18,501,539	8,937,453
Cash in hand (Note 8. 13B)	-	-
Cash equivalents (short-term deposits) (Note 8.13C)	-	-
<b>Total</b>	<b><u>18,501,539</u></b>	<b><u>8,937,453</u></b>

The project has 29 number of project accounts spread within the project implementation area and 1 number of foreign currency designated accounts managed by the National Treasury as listed below:

**8.10. A Bank Accounts**

**Project Bank Accounts**

	<b>2018/19</b>	<b>2016718</b>
	<b>USD</b>	<b>KShs</b>
<b><u>Foreign Currency Accounts</u></b>		
Central Bank of Kenya [A/c No: 1000241292]	0.	296,685
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others ( <i>specify</i> )	-	-
<b>Total Foreign Currency balances</b>	<b><u>0</u></b>	<b><u>296,685</u></b>
<b><u>Local Currency Accounts</u></b>		
	Kshs.	Kshs
Central Bank of Kenya [A/c No: 1000216395]	535,735	3,578,594
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Equity bank [ various county bank accounts]	17,965,804	3,858,859
Others ( <i>funds in process from GOK account to IDA account</i> )	-	1,500,000
<b>Total local currency balances</b>	<b><u>18,501,539</u></b>	<b><u>8,937,453</u></b>
<b>Total bank account balances</b>	<b><u>18,501,539</u></b>	<b><u>8,937,453</u></b>

The amount of USD 0 is the balance on designated account as per 30<sup>th</sup> June 2019

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

**8.10. OUTSTANDING IMPRESTS AND ADVANCES**

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2019</i>	<i>Balance 2018</i>
<i>County implementing unit</i>	763,200		763,200	- 763,200	273,105
<i>Advances to government entities (ECAAPT Project)</i>					60,135,086
<b>Total</b>	<b><u>763,200</u></b>	<b>=</b>	<b><u>763,200</u></b>	<b><u>-763,200</u></b>	<b><u>60,135,086</u></b>

**8.11. FUND BALANCE BROUGHT FORWARD**

	<b>2018/19</b>	<b>2017/18</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	18,501,539	8,937,453
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	763,200	60,135,086
<b>Total</b>	<b>19,264,739</b>	<b>69,072,539</b>

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

**8.12. PRIOR YEAR ADJUSTMENT**

	<b>2018/19</b>	<b>2017/18</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	-	- 61,082,131
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Receivables - Outstanding Imprests	-	-
<i>Advances to government entities (ECAAPT Project)</i>	-60,135,086	-
<b>Total</b>	<b><u>-60,135,086</u></b>	<b><u>-61,082,131</u></b>

*The amount is due to the Advances to government entity (ECAAPT Project). The donor (World Bank) had initially send a No Objection advising that we fund this project and that when it becomes effective, they will refund RPLRP. However, a further No objection from the donor, advised that we take the ECAAPT expenditure as that of RPLRP.*

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**9. OTHER IMPORTANT DISCLOSURES**

**9.1 PENDING ACCOUNTS PAYABLE (See Annex 2A)**

	<b>2018/19</b>	<b>2017/18</b>
	<b>KShs</b>	<b>KShs</b>
Construction of buildings	-	-
Construction of civil works	4,333,769	38,432,090
Supply of goods	23,108,000	224,911,488
Supply of services	24,810,997	17,861,732
	<b>52,252,766</b>	<b>281,205,310</b>

**9.2 PENDING STAFF PAYABLES (See Annex 2B)**

	<b>2018/19</b>	<b>2017/18</b>
	<b>KShs</b>	<b>KShs</b>
Permanent employees - management	-	-
Permanent employees - others	-	-
Temporary employees	155,805	-
Others ( <i>specify</i> )	-	-
	<b>155,805</b>	<b>-</b>

**-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.

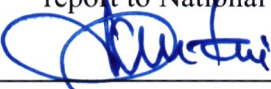
<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1					
1					

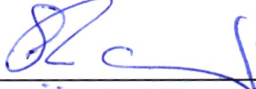
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Reference No. on the external audit report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

**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**  
 16/9/2019  
 \_\_\_\_\_  
**Date**

  
 \_\_\_\_\_  
**Project Coordinator**  
 16/9/19  
 \_\_\_\_\_  
**Date**

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

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance</b>
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Transfer from Government entities	86,920,124	53,735,400	33,184,724	62%	
Proceeds from domestic and foreign grants		-	-		
Proceeds from borrowings	1,006,678,020	1,250,002,850	-243,324,830	124%	
Miscellaneous receipts	-	-	-		
<b>Total Receipts</b>	<b>1,093,598,144</b>	<b>1,303,738,250</b>	<b>-210,140,106</b>	<b>119%</b>	
<b>Payments</b>					
Compensation of employees	88,682,750	48,484,662	40,198,088	55%	
Purchase of goods and services	543,776,549	982,905,830	-439,129,281	181%	
Social security benefits	-	-	-		
Acquisition of non-financial assets	461,138,845	262,020,473	199,118,372	57%	
Transfers to other government entities	-				
Other grants and transfers	-				
<b>Total payments</b>	<b>1,093,598,144</b>	<b>1,293,410,964</b>	<b>-199,812,820</b>	<b>118%</b>	

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

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- (i) Xxx*
- (ii) Xxx*
- (iii) Xxx*

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

<b>Supplier of Goods or Services</b>	<b>Original Amount</b>	<b>Date Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2018</b>	<b>Outstanding Balance 2017</b>	<b>Comments</b>
	a	b	c	d=a-c		
<b>Construction of buildings</b>						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
1. CORRIES MULTISYSTEMS LIMITED					9,448,353	
2. MAYAIN GENERAL ENTERPRISES LIMITED					2,150,080	
3. BENTA ENTERPRISES					244,735	
4. DEMMY LIMITED					13,769,190	
5. WEGERA CONSTRUCTION & LOGISTIC LIMITED					12,819,732	
6. WIDE SCOPE CONSTRUCTION LTD	1,444,232			1,444,232		
7. WATER FOR THE WORLD	2,889,537			2,889,537		
<b>Sub-Total</b>	<b>4,333,769</b>			<b>4,333,769</b>	<b>244,735</b>	
<b>Supply of goods</b>						
8. NATIONAL OIL CORPORATION OF KENYA					1,999,750	
9. GLAWA ENTERPRISES					324,568	
10. KENZIZ VENTURES GENERAL SUPPLIES					2,083,800	
11. BINA GROUP (K) LIMITED					990,000	
12. VEENUM INVESTMENT					240,000	
13. BROOKPHAM BIOTEC LIMITED					9,756,500	
14. GLOBAL INTERJAPAN K LIMITED					9,828,000	
15. HORIZON AFRICA TRADERS					9,837,500	
16. MAXWELLCOMMUNICATION SYSTEM					3,450,000	
17. MOUNT ROYAL LIMITED					9,800,000	
18. BALTECH EQUIPMENT LTD					8,140,000	
19. CESS AND CS LIMITED					5,703,000	
20. CRANCH AFRICA LIMITED					3,153,500	

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
21. EPINICIAN LIMITED					8,512,000	
22. KOKIAN VENTURES					4,545,000	
23. LAMARENE ENTERPRISES					4,750,000	
24. LIANNA ENTERPRISES					6,785,000	
25. MEDSURGE HEALTHCARE LIMITED					8,285,000	
26. NEW EDGE SOLUTION LIMITED					7,972,000	
27. PECAR INVESTMENT					8,185,000	
28. TREASURE CENTRE SUPPLIES LTD					4,835,000	
29. UPMARKET SUPPLIES					9,062,500	
30. BENYTON ENTERPRISES					4,920,000	
31. DECOS INVESTMENT					1,215,500	
32. DOUBBAM INVESTMENT					432,000	
33. RENE ENTERPRISES					9,100,000	
34. CEDILLA ENTERPRISES					446,680	
35. SHANTEX SOLUTIONS					1,846,500	
36. ESAMI					226,600	
37. ROCKEY AFRICA LIMITED					6,773,000	
38. ELSA OLAF ENTERPRISES LIMITED					8,403,750	
39. VEENUM INVESTMENT					1,844,500	
40. KONOM FARM					2,950,000	
41. TRANSMARA FREIGHT LIMITED					3,360,000	
42. KENYA SCHOOL OF GOVERNMENT- MOMBASA					120,640	
43. FRIMAP AGENIES					717,000	
44. KENSIONERY MARKETING \$ SYSTEMS LIMITED					9,358,000	
45. CMC MOTORS GROUP LIMITED					12,178,200	
46. RIMMA FARMLANDS LIMITED					5,161,000	
47. TRIPPLE ONE 74 INVESTMENT					4,652,000	
48. VENTAG ENTERPRISES LTD					9,600,000	

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
49. VINCEC AND AFRICA INTERNATIONAL					5,010,000	
50. JAYPA ENTERPRISES					8,358,000	
PARWEN CONSTRUCTION COMPANY	608,000			608,000		
KENYA VETERINARY VACCINES PRODUCTION INSTITUTE	22,500,000			22,500,000		
<b>Sub-Total</b>	<b>23,108,000</b>			<b>23,108,000</b>	<b>224,911,488</b>	
<b>Supply of services</b>						
51. FIRST CHOICE GENERAL					1,950,000	
52. MINISTRY OF INFORMATION AND TECHNOLOGY					558,968	
53. RAJA INVESTMENT					1,100,000	
54. DAIRY TRAINING INSTITUTE					100,000	
55. DEMO FARM FUND CHEBORORWA					664,280	
56. MINISTRY OF INFORMATION AND TECHNOLOGY					3,198,634	
57. GELIAN INVESTMENT					1,306,850	
58. GELIAN INVESTMENT					644,500	
59. MOMBASA BEACH HOTEL					1,333,500	
60. TECH TRAINING					1,785,000	
61. TECH TRAINING					3,570,000	
62. SATCOM NETWORKS					1,650,000	
WANJOHI MUTONYI CONSULT LIMITED	4,503,584			4,503,584		
ESAMI	4,760,350			4,760,350		
TOYOTA KENYA LIMITED	254,526			254,526		
MINISTRY OF INFO COMM & TECHNOLOGY	558,968			558,968		
AFRICA MERCHANT ASSURANCE COMPANY LIMITED	13,956,962			13,956,962		
RAJAB OBAMA	7,700			7,700		
MARTHA MAMO	10,000			10,000		
ANTHONY WESONGA	31,205			31,205		
VARIOUS-SENIOR MANAGEMENT	82,500			82,500		

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<b>Supplier of Goods or Services</b>	<b>Original Amount</b>	<b>Date Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2018</b>	<b>Outstanding Balance 2017</b>	<b>Comments</b>
VARIOUS MOMBASA	406,200			406,200		
MARY KANYI	113,172			113,172		
VARIOUS PPR CONTROL	125,830			125,830		
<b>Sub-Total</b>	<b>24,810,997</b>			<b>24,810,997</b>	<b>17,861,732</b>	
<b>Grand Total</b>	<b>52,252,766</b>			<b>52,252,766</b>	<b>281,205,310</b>	

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

<b>Name of Staff</b>	<b>Job Group</b>	<b>Original Amount</b>	<b>Date Payable Contract ended</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2018</b>	<b>Outstanding Balance 2017</b>	<b>Comments</b>
		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>		155,805			155,805		
<b>Temporary employees</b>							
7.							
8.							
9.							
<b>Sub-Total</b>		155,805			155,805		
<b>Others (specify)</b>							
10.							
11.							
12.							
<b>Sub-Total</b>							
<b>Grand Total</b>		155,805			155,805		

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

<b>Asset class</b>	<b>Opening Cost (KShs) 20xx/xx (a)</b>	<b>*Purchases/Additions in the Year (KShs) 20xx/xx (b)</b>	<b>**Disposals in the Year (KShs) 20xx/xx (c)</b>	<b>Closing Cost (KShs) 20xx (d)= (a)+ (b)-(c)</b>
Land				
Buildings and structures				
Transport equipment				
Office equipment, furniture and fittings				
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
<b>Total</b>				

Notes

\* Purchases/Additions in the year reconciled to the amount in Statement of Receipts and Payments

\*\* The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold.

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- 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)

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**TRAIL BALANCE AS AT 30<sup>TH</sup> JUNE 2019**

<b>DETAILS</b>	<b>DR</b>	<b>CR</b>
Transfer from Government entities		53,735,400
Loan from external development partners		1,250,002,850
Basic salaries of permanent employees	48,132,262	
Basic wages of temporary employees	352,400	
Utilities, supplies and services	2,551,364	
Communication, supplies and services	13,012,620	
Domestic travel and subsistence	428,933,143	
Foreign travel and subsistence	5,108,201	
Printing, advertising and – information supplies & services	41,150,469	
Rentals of produced assets	5,801,771	
Training payments	47,371,556	
Hospitality supplies and services	8,944,561	
Insurance costs	981,811	
Specialised materials and services	310,834,431	
Other operating payments	2,777,200	
Routine maintenance – vehicles and other transport equipment	37,022,696	
Routine maintenance- – other assets	4,872,278	
Consultancy services: – Technical and professional services	73,543,728	
Refurbishment of buildings	25,925,394	
Construction of civil works	153,306,952	
Purchase of household furniture & institutional equipment	15,973,576	
Purchase of specialised plant, equipment and machinery	12,178,200	
Purchase of certified seeds, breeding stock and live animals	36,942,636	
Rehabilitation of civil works	16,672,065	
Acquisition of computers	1,021,650	
Surplus/(Deficit) for the year		10,327,286
<b>TOTAL</b>	<b>1,293,410,964</b>	<b>1,293,410,964</b>

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