

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 14 FEB 2019

DAY: THURSDAY

TABLED BY: Hon. Aden Duale

CLERK AT THE TABLE: Moses Lemuna

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**REPORT**

OF

**THE AUDITOR-GENERAL**

ON

**THE FINANCIAL STATEMENTS OF  
CASH TRANSFER PROGRAM FOR ORPHANS  
AND VULNERABLE CHILDREN - IDA GRANT  
NO.TF097272**

**FOR THE YEAR ENDED  
30 JUNE 2018**



**STATE DEPARTMENT FOR SOCIAL  
PROTECTION**

*Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018*



**Project Name: CASH TRANSFER FOR ORPHANS AND VULNERABLE  
CHILDREN  
(CT-OVC)PROGRAMME**

**Implementing Entity: MINISTRY OF EAST AFRICA COMMUNITY, LABOUR  
AND SOCIAL PROTECTION (SOCIAL PROTECTION SECRETARIATE)**

**PROJECT GRANT/CREDIT NUMBER NO. TF097272**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

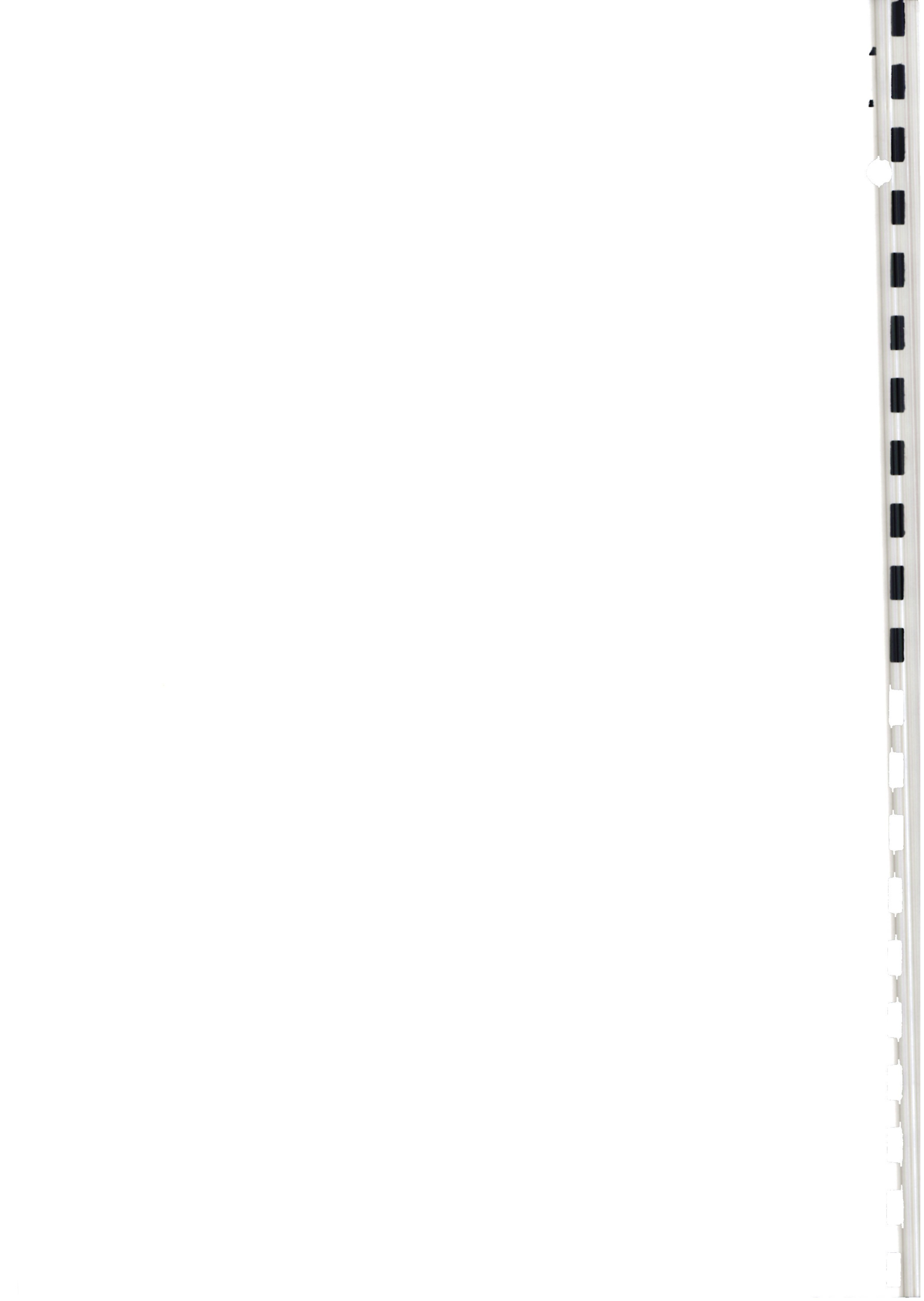
**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2018**

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



**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**



**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**

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## PROJECT INFORMATION AND OVERALL PERFORMANCE

### 1.1 Name and registered office

The project's official Name:

**Cash Transfer for Orphans and Vulnerable Children (CT-OVC)  
Programme.**

Physical Address :( Headquarters)

**NSSF Building, Nairobi (city), Nairobi County, Kenya.**

**P. O. Box 46205-00100 GPO, Nairobi.**

Contacts

Telephone: (254) 722 319 186

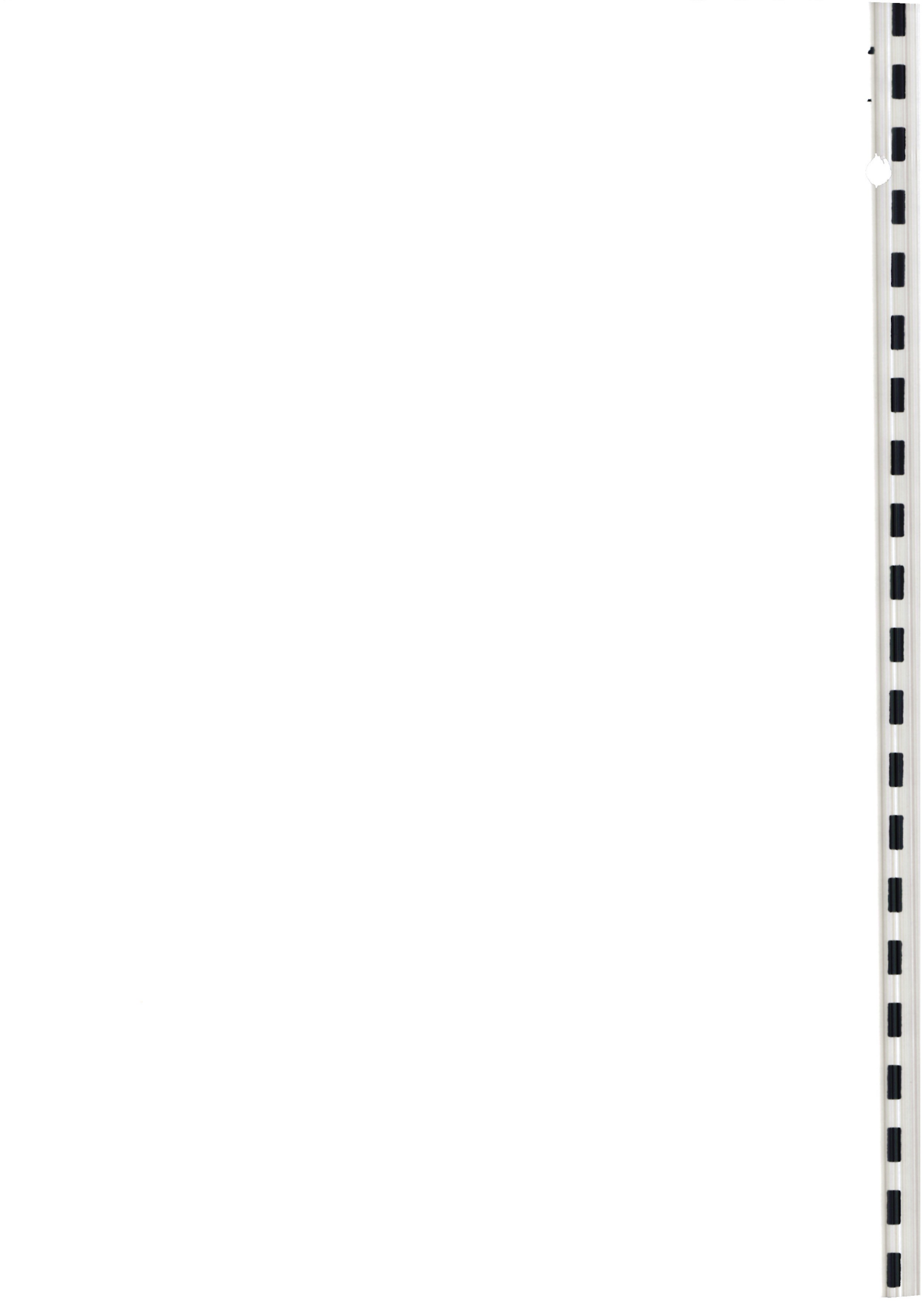
E-mail: [etovc@gmail.com](mailto:etovc@gmail.com) OR [ctovc@yahoo.com](mailto:ctovc@yahoo.com)

Project Coordinator

**John Gachigi**

### 1.2 Project Information

Project Start Date:	The project start date is March,31 <sup>st</sup> 2009
Project End Date:	The project end date is 31 <sup>st</sup> December 2018
Project Manager:	The project manager is <b>John Gachigi</b>
Project	The project sponsor is World Bank Grant No.TF097272



**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**

Sponsor:	
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**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the – Ministry of Labour and Social Protection
Project number	TF 097272
Strategic goals of Project	<p>The strategic goals of the project are as follows:</p> <ul style="list-style-type: none"> <li>(i) Strengthening the capacity of families to protect and care for the Orphans and Vulnerable Children</li> <li>(ii) Mobilizing and supporting community response</li> <li>(iii) Ensuring access to essential services including education, healthcare, Birth registration and others for OVC</li> <li>(iv) Improving Government Policy and Regulations.</li> <li>(v) Creating a supportive environment through advocacy and social mobilization</li> <li>(vi) Developing and improving the capacity to monitor and evaluate programme effectiveness</li> <li>(vii) Strengthening, supporting and coordination of institutional Structures.</li> </ul>
Achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> <li>(i) Increase social safety net access to extremely poor OVC households in Kenya</li> </ul>



**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**

	(ii) Build the capacity of the Government systems to effectively deliver The safety net project to the vulnerable groups.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas:  (i) Address cases of vulnerable group and children and be integrated to Families. This was to be achieved by giving households bi-annual cash subsidy to take care of the vulnerable persons
Project duration	The project started on 31st March 2009 and is expected to run until 31st October 2018

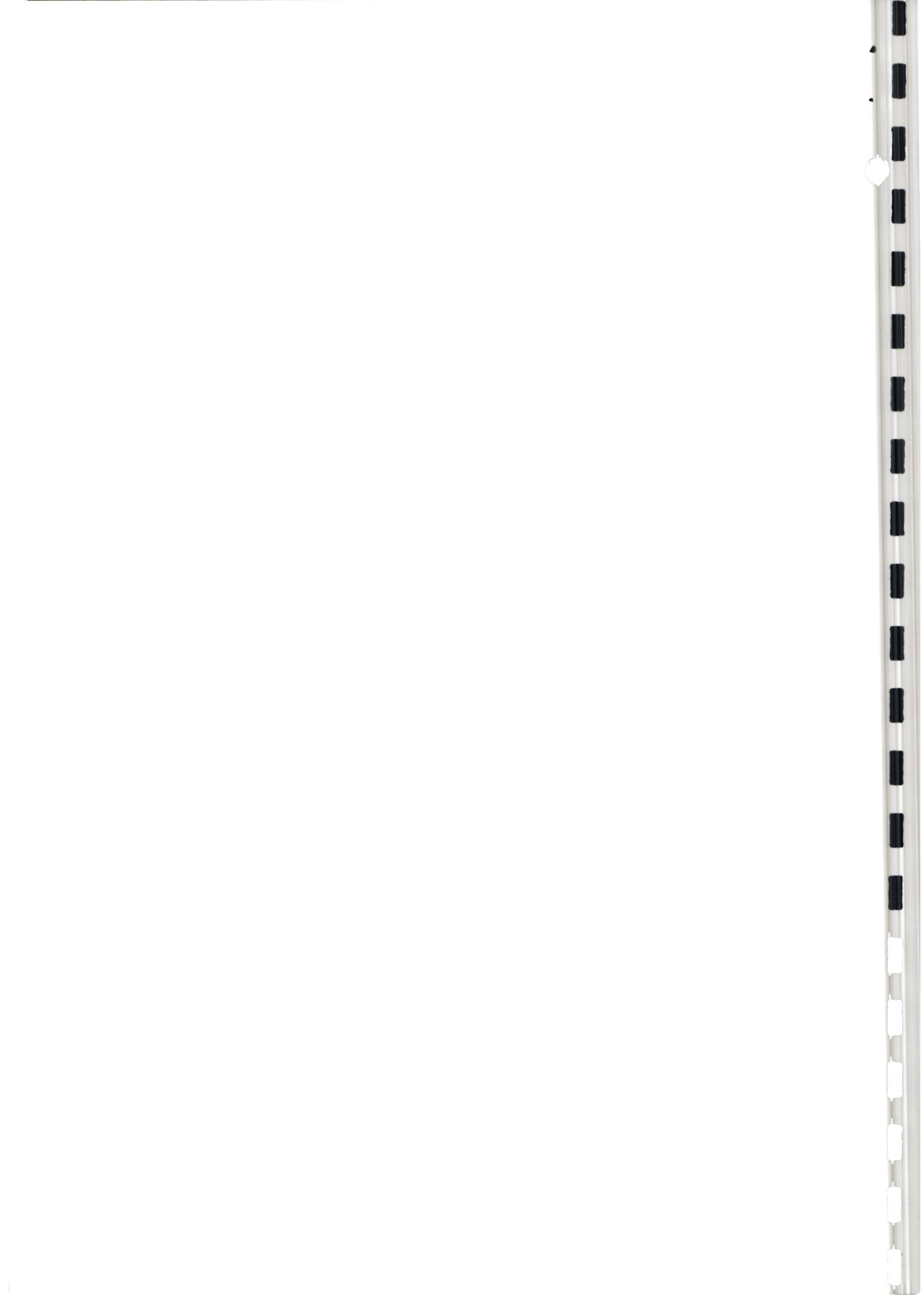
**1.4 Bankers**

The following are the bankers for the current year:

- (i) Co-operative Bank of Kenya Limited -011411333228000
- (ii) Central Bank of Kenya Limited – 1000311304

**1.5 Auditors**

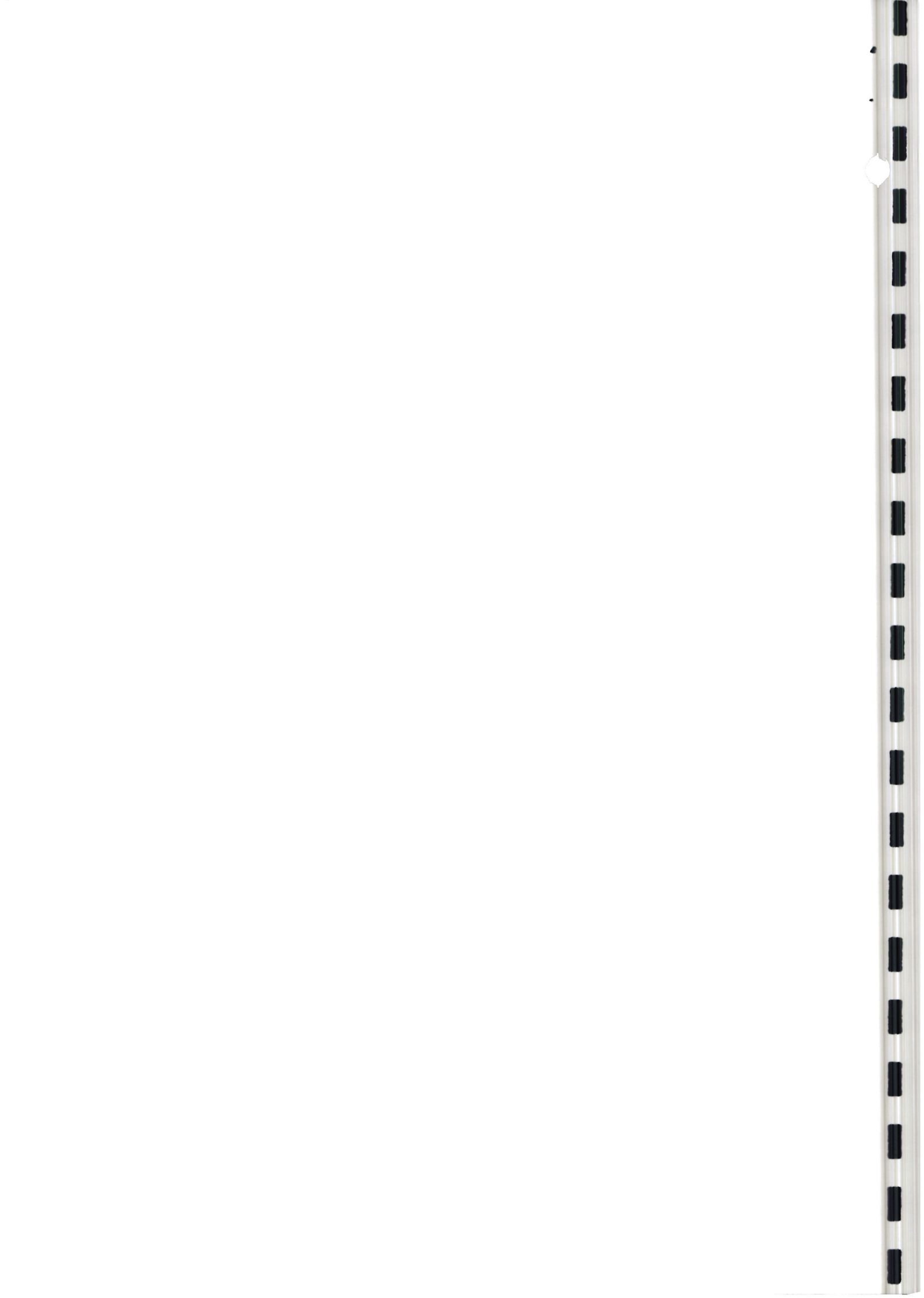
The project is audited by Office of Auditor General



**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**

**1.6 Roles and Responsibilities**

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
John Gachigi	Senior Assistant Director	Masters	Head of Social Assistance Unit(Project Coordinator)
Moses Muga	Chief Accountant	MSC Com. CPA(K)	Project Accountant
Judy Oduor Tuda	Principal Children Officer	Bachelor's Degree	Head of Compliance and Grievances
Sydney Paul Achia	Senior Children Officer	Bachelor's Degree	Head of Payments



**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**

**1.7 Funding summary**

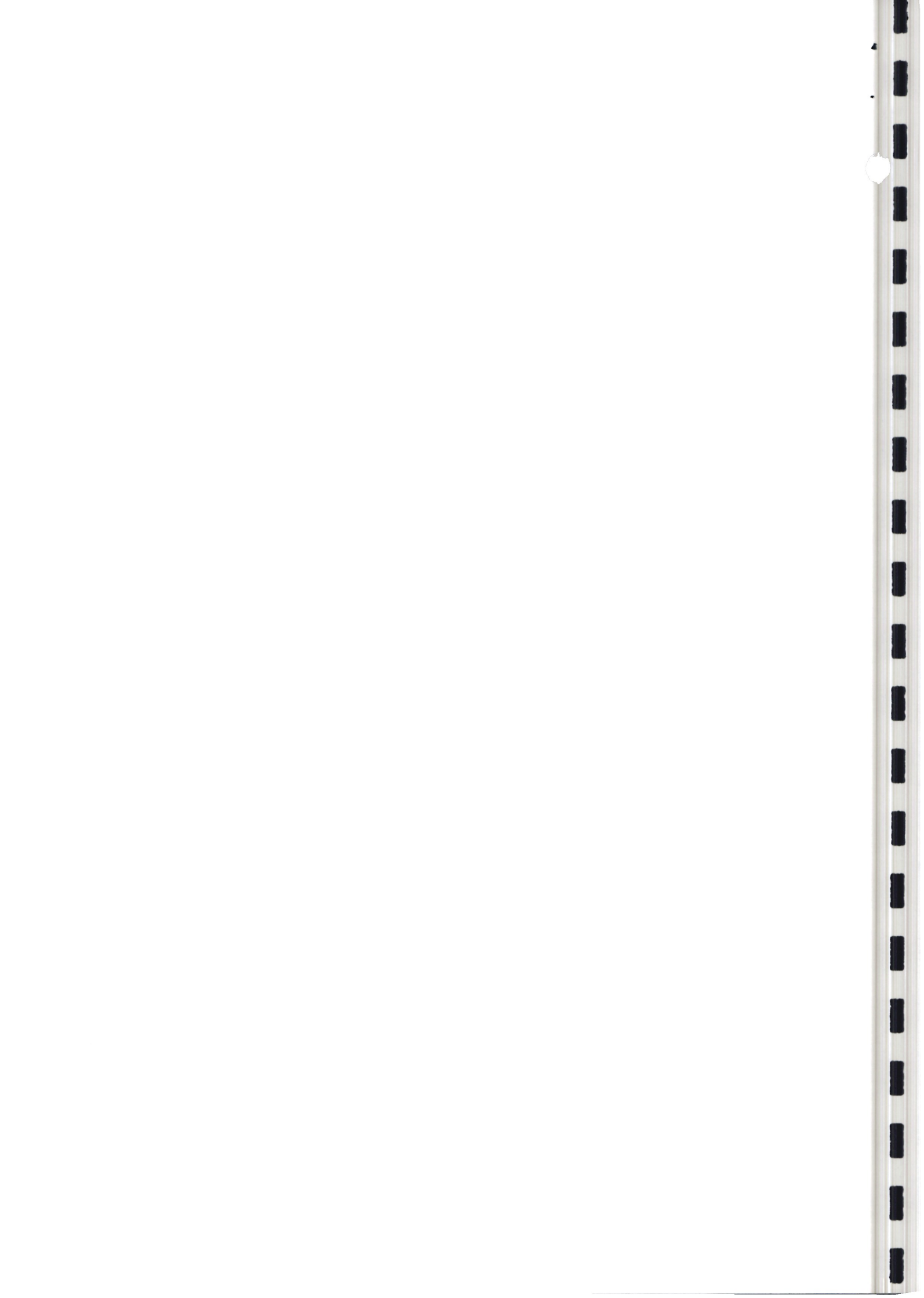
The Project is for duration of - years from 2009 to 2018 with an approved budget of US\$ 79,284,446 equivalent to Kshs 8,340,726,732 as highlighted in the table below:

Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date – (30 <sup>th</sup> June 2018)		Undrawn balance to date (30 <sup>th</sup> June 2018)	
	Donor currency (A)	Kshs (A')	Donor currency (B)	Kshs (B')	Donor currency (A)-(B)	Kshs (A')-(B')
<b>(i) Grant</b>						
DFID Trust Fund	79,284,446	8,340,726,732	75,055,954.98	7,895,889,316	4,228,491	444,837,416
IDA CREDIT (Transfers)			636,588.86	66,969,172.50		
<b>Total</b>	79,284,446	8,340,726,732	75,692,543.84	7,962,858,488.50	4,228,491	444,837,416

**1.8 Summary of Overall Project Performance:**

1. The Program has been gradually expanded its scope/support from 500 households pre-pilot in 2009 now reaching 353,000 households as at June 2018.
2. The Program has increased school enrolment and attendance and reduced rates of mortality and morbidity



***Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018***

**STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Principal Secretary, State Department for Social Protection and the Project Coordinator for Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme 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, State Department for Social Protection and the Project Coordinator for Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme 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, State Department for Social Protection and the Project Coordinator for Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme 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



**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**

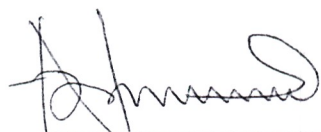
for the Ministry of East African Affairs, Labour and Social Protection and the Project Coordinator for CT-OVC Programme further confirms **the** completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

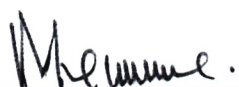
The Principal Secretary, State Department for Social Protection and the Project Coordinator for CT-OVC Programme confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period 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 Labour, Social Security and Services and the Project Coordinator for CT-OVC Programme on

31/12/ 2018 and signed by them.

  
Principal Secretary  
Nelson Marwa  
Sospeter, **CBS**

  
Project Coordinator  
John Gachigi

  
Project Accountant:  
Moses O. Muga

ICPAK Member Number:  
**14266**



# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON CASH TRANSFER PROGRAM FOR ORPHANS AND VULNERABLE CHILDREN - IDA GRANT NO.TF097272 FOR THE YEAR ENDED 30 JUNE 2018 - STATE DEPARTMENT FOR SOCIAL PROTECTION

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Cash Transfer Program for Orphans and Vulnerable Children - IDA Grant No.TF097272 set out on pages 1 to 21, 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. 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 effect 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 Cash Transfer for Orphans and vulnerable children project as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the amended Financing Agreement No.TF097272 dated 19 December, 2013.

#### Basis for Qualified Opinion

##### 1. Assets Management

A review of the Project's financial statements for the year ended 30 June 2018 revealed non-financial assets procured during the year amounted to Kshs.65,995,380. However, the Project did not have a complete fixed asset register contrary to the Part XII of PFM Act, 2012 on assets management. Further, as reported in 2016/2017, cash receipts of Kshs.66,9689,173 transferred from the closed IDA counterpart project and assets procured in its lifetime have not been disclosed. In addition, it was therefore not possible to physically verify the existence and location of the assets bought under the project.

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*Report of the Auditor-General on the Financial Statements of Cash Transfer Program for Orphans and Vulnerable Children - IDA Grant No.TF097272 for the year ended 30 June 2018 - State Department for Social Protection*

In the circumstances, it has not been possible to confirm the existence, ownership, location, safety, valuation or whether the assets acquired using project funds are being utilized for the intended purposes.

## **2. Failure to Provide Cash Transfer Reconciliation Reports by the Service Providers (PSPs)**

In accordance with the contract agreements signed between the State Department of Social Protection and the individual service providers the latter are required to provide reconciliation reports for the funds received and disbursed to the beneficiaries. However, the following banks did not provide reconciliations as required:

- Kenya Commercial Bank (KCB) Limited.
- Post Office and Savings Bank.
- Co-operative Bank of Kenya Limited.

Further, the service providers did not show the status of State Department's dedicated bank account into which the beneficiaries' funds were transferred.

Consequently, accountability of the project funds given to the service providers and timeliness of payments to beneficiaries could not be ascertained.

## **3. Deceased Beneficiaries**

Examination of payroll records for the year under review disclosed that some deceased persons were retained in the list of beneficiaries for prolonged periods before being removed from the payrolls. For instance, some beneficiaries indicated as deceased in September – October 2017 cycle remained in subsequent payrolls up to June 2018 and their caregivers continued to draw funding totalling Kshs.184,000 in various sampled sub-counties as shown in the attached Appendix 1. The management has explained that it has embarked on a strategic intervention to clean up the payroll through a new payment solution and enhanced management information system (MIS). However, it has not been possible to confirm the extent of payments made on account of deceased beneficiaries or if the Project will be able to recover such payments. As a result, undeserving persons may be benefiting at the detriment of deserving households from the grant project.

## **4. Failure by Service Providers to Submit Reports on Time Barred Transfers to Beneficiaries**

A review of the project payrolls and the available bank returns showed incidences where beneficiaries had failed to collect cash transferred in their account for a maximum of four cycles which totals Kshs.16,000 for each. In accordance with the rules and procedures of the project operations, when funds remain uncollected for more than four cycles, the same are supposed to be swept back to the State Department's holding account in the respective banks. However, it was observed that the management did not avail for audit verification a report on the funds swept back

after expiry of the collection window as well as a reconciliation showing how such funds are dealt with.

In the circumstances, it was not possible to confirm if the time barred cash transfers were dealt with in accordance with the project operating procedures.

## 5. Over-Payment of Bank Commission to Kenya Commercial Bank

The contract between Kenya Commercial Bank (KCB) Limited and Government of Kenya Ref.No.MLSS&S/07/2013/2014 of October 2017 stipulates that a commission per transaction of disbursement shall be 2% of the payroll amount and shall be non-refundable. This means that commissions paid to the bank are not based on the actual funds transferred to the beneficiaries but on the total funds received from the State Department as per the payrolls. A comparison between the funds disbursed to the banks against the actual payments to the beneficiaries revealed that the bank may have been overpaid commissions by Kshs.35,498,960 due to the wrongfully drafted agreement as follows:

### Kenya Commercial Bank (KCB) Limited -- Combined PWSD, OPTC & CT-OVC

Payment Cycles	Transfer to Bank Kshs.	Amount paid to Beneficiary Kshs.	Difference Kshs.
Jul-Aug 2017	2,502,780,000.00	2,061,736,000.00	441,044,000.00
Sep-Oct 2017	2,399,016,000.00	2,017,824,000.00	381,192,000.00
Nov-Dec 2017	2,364,312,000.00	2,002,324,000.00	361,988,000.00
Jan-Feb 2018	1,462,552,000.00	1,282,360,000.00	180,192,000.00
Mar-Jun 2018	4,359,928,000.00	3,949,396,000.00	410,532,000.00
<b>Totals</b>	<b>13,088,588,000.00</b>	<b>11,313,640,000.00</b>	<b>1,774,948,000.00</b>
<b>Excess Commission 2% of Kshs. 1,774,948,000.00</b>			<b>35,498,960.00</b>

In the circumstances, the State Department need to recover the commission of overpayment of Kshs.35,498,960 for the year under review.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Cash Transfer for Orphans and vulnerable children 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

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

## Other Matters

### 1. Budget control and Performance

#### 1.1 Receipts

The project had budgeted for grants amounting to Kshs.480,648,000 against actual receipts realized from proceeds from domestic and foreign grants totalling Kshs.392,537,200 resulting to a shortfall of Kshs.88,110,800 or 18% as tabulated below:

Receipts	Budget Kshs.	Actual Kshs.	Excess/(Shortfall) Kshs.	Variance %
Proceeds from domestic and foreign grants	480,648,000	392,537,200	(88,110,800)	18
<b>Total</b>	<b>480,648,000</b>	<b>392,537,200</b>	<b>(88,110,800)</b>	<b>18</b>

#### 1.2 Payments

The Project had budgeted to spend Kshs.480,648,000 but actual payments for the year under audit totalled Kshs.310,294,337 resulting to underutilization of Kshs.170,353,663 or 20% as shown below:

Payments	Budget Kshs.	Absorption Kshs.	Over/(Under) Kshs.	Variance %
Compensation of employees	102,800,000	95,316,476	(7,483,524)	(7)
Purchase of goods and services	311,852,619	148,982,480	(162,870,139)	(52)
Acquisition of non-financial assets	65,995,381	65,995,381	0	100
<b>Total</b>	<b>480,648,000</b>	<b>310,294,337</b>	<b>(170,353,663)</b>	<b>(20)</b>

The underutilization which mainly occurred under the purchase of goods and services was attributed to closure of the project midway in the financial year and transfer to grants through supplementary budget.

### 2. Unresolved Prior Year Matter

#### Unverified Sub-County Treasuries Expenditures

As previously reported out of Kshs.304,770,157 relating to purchase of goods and services a total of Kshs.191,418,427.35 stated as relating to District operational expenditures was only supported with returns from the Districts but the original documents were retained in various Sub-County Treasuries across the Country.

Consequently, it has so far not been possible to confirm the validity of the expenditures incurred therein.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

My responsibility is to express a conclusion based on the review. The review was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit so as 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 INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

### **Conclusion**

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the review so as to obtain limited assurance as to whether effective processes and systems of internal control, risk management and governance was maintained 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 World Bank Grant No. TF097272, 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 Project, so far as appears from the examination of those records; and,
- iii. The project 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 governance.

In preparing the financial statements, management is responsible for assessing the ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Project or 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 manner.

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**

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

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

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



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

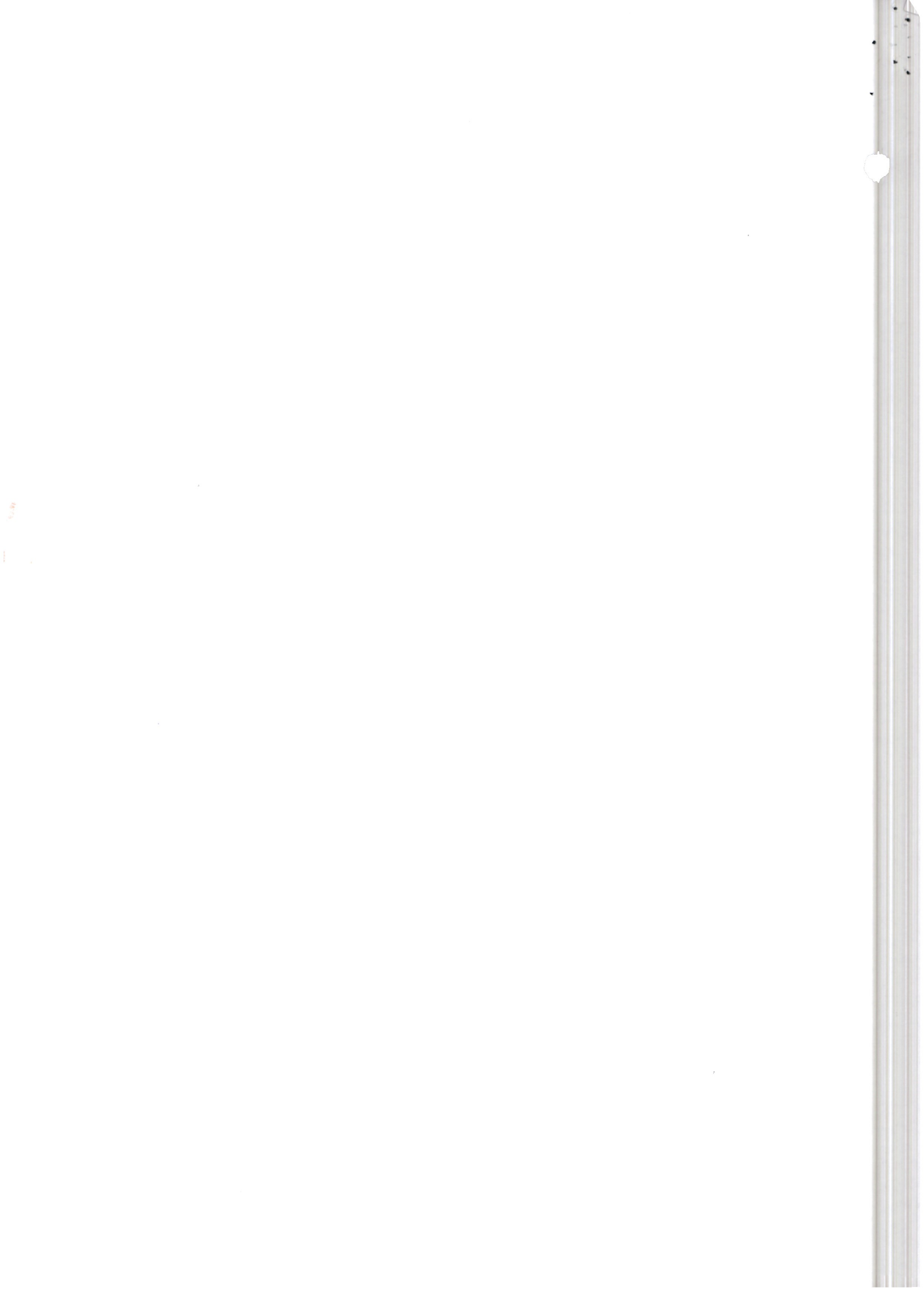
**Nairobi**

**31 December 2018**

## Appendices

### Appendix 1

Cycle	HH	ID	Deceased Beneficiary's Name	Amount Kshs.	Sub-County
Jan-Feb cycle	57315.1	12703637	ADEMA LEAH KHAYAKA	16,000	LUGARI
Jan-Feb cycle	50413.5	00006431	ADUMO ALUWOTO	16,000	ISIOLO NORTH
Jan-Feb cycle	60279.4	00016234	BIRIK RIJKIA MAALIM	16,000	MANDERA EAST
Jan-Feb cycle	55685.6	12911217	CHEGEM HELLEN NAUKOT	16,000	TURKANA SOUTH
Jan-Feb cycle	18907.5	2654479	KATULE MBANDI ROSE	12,000	TAVETA
Jan-Feb cycle	59977.7	5399900	LAGO IBRAHIM ABDI	16,000	BURA
Jan-Feb cycle	49106.1	8263689	MURUMU CHARLES WANYOIKE	8,000	KANDARA
Jan-Feb cycle	52416.1	2202957	MWACHOMBO IDDI MOHAMEDI	16,000	MSAMBWENI
Jan-Feb cycle	31393.2	12438204	NDUNGU RACHAEL WAMBUI	8,000	GILGIL
Jan-Feb cycle	22328.2	5168708	NGUGI JANE WAITHERA	16,000	NAIVASHA
Jan-Feb cycle	29936.5	13477481	NJAGI COSMAS NJUE	16,000	RUNYENJES
Jan-Feb cycle	34134.5	14451049	OGETO RONALD MORARA	12,000	WEST MUGIRANGO
Jan-Feb cycle	30188.8	2066306	OLE-KET MIRIAM ATOO	16,000	TESO SOUTH

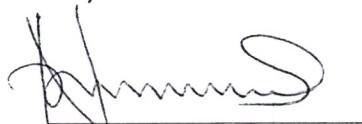


**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**

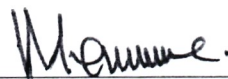
**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH  
JUNE 2018**

	Note	2017/18		2016/17	
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Cumulative to-date
		KSH		KSH	
<b>RECEIPTS</b>					
Proceeds from domestic and foreign grants(World Bank)	1	392,537,200		838,758,520.00	7,895,889,316
Refunds from IDA Credit	1			66,969,172.50	66,969,172.50
<b>TOTAL RECEIPTS</b>		<b>392,537,200</b>		<b>905,727,692.50</b>	<b>7,962,858,488.50</b>
<b>PAYMENTS</b>					
Compensation of employees	2	95,316,475.50		51,493,306.95	178,909,235.45
Purchase of goods and services	3	148,982,480.00		304,770,157.00	1,357,276,857.10
Acquisition of non-financial assets	4	65,995,380.75		126,705,987.00	192,701,367.75
Other grants and transfers and payments	5			958,470,574.00	6,131,448,295
<b>TOTAL PAYMENTS</b>		<b>310,294,336</b>		<b>1,441,440,024.95</b>	<b>7,860,335,755.30</b>
<b>SURPLUS/DEFICIT</b>		<b>82,242,864</b>	<b>-</b>	<b>(535,712,332.45)</b>	<b>102,522,733.20</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 31/12/ 2018 and signed by:



Principal Secretary  
Nelson Marwa  
Sospeter, CBS

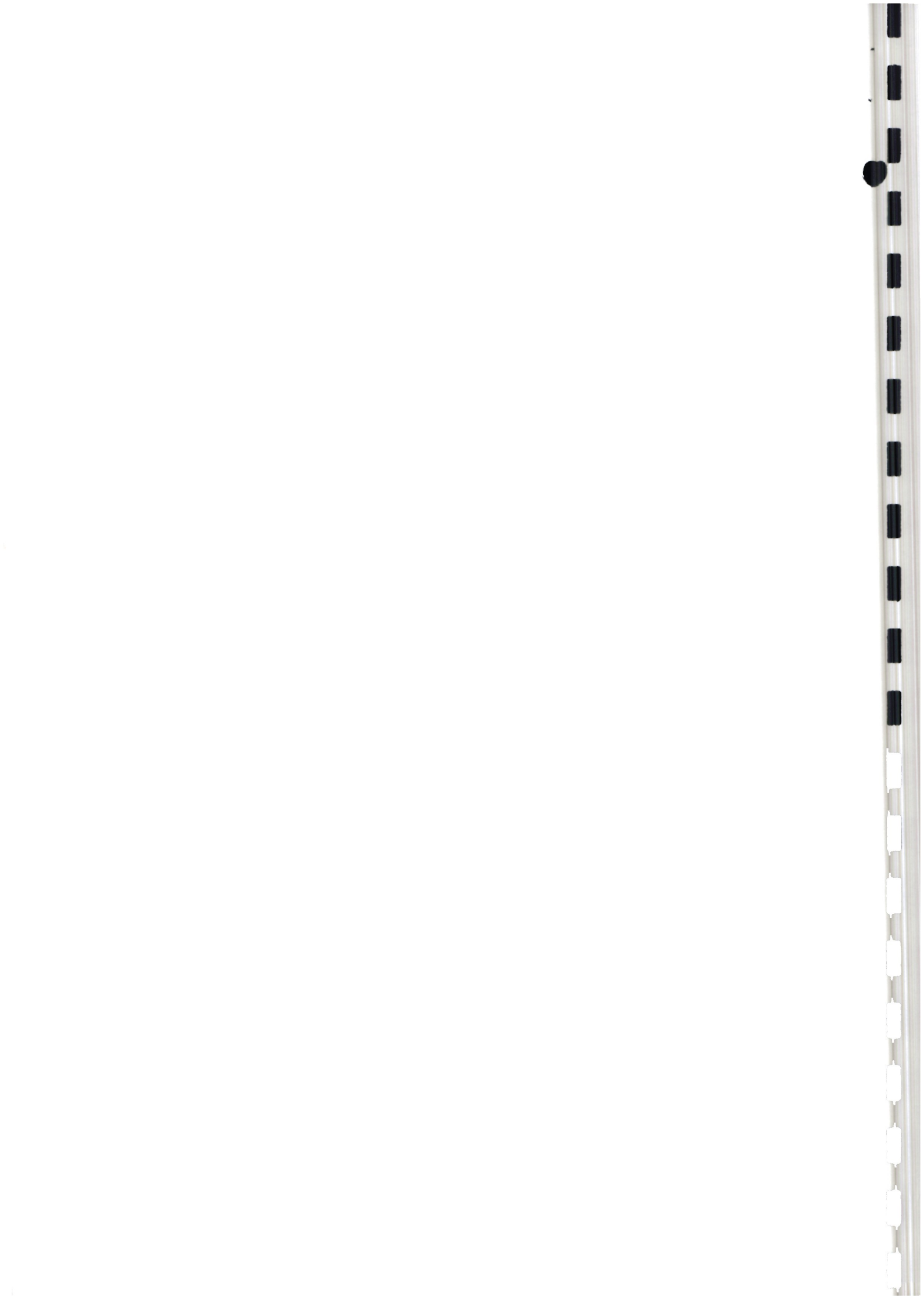


Project Coordinator  
John Gachigi



Project Accountant:  
Moses O. Muga

ICPAK Member Number:  
**14266**



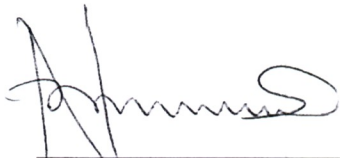
**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**

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


**FINANCIAL ASSETS**

	Note	2017/18 KSH	2016/2017 KSH
<b>Cash and Cash Equivalents</b>			
Bank Balances	6	102,522,733.30	20,266,419.55
District Fund			13,450.00
<b>Total Cash and Cash Equivalents</b>		<b>102,522,733.30</b>	<b>20,279,869.55</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b><u>102,522,733.30</u></b>	<b><u>20,279,869.55</u></b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	6	20,279,869.55	555,992,202.00
Balance Due From Credit Surplus/Deficit for the year		82,242,863.75	(535,712,332.45)
<b>NET FINANCIAL POSITION</b>		<b><u>102,522,733.20</u></b>	<b><u>20,279,869.55</u></b>

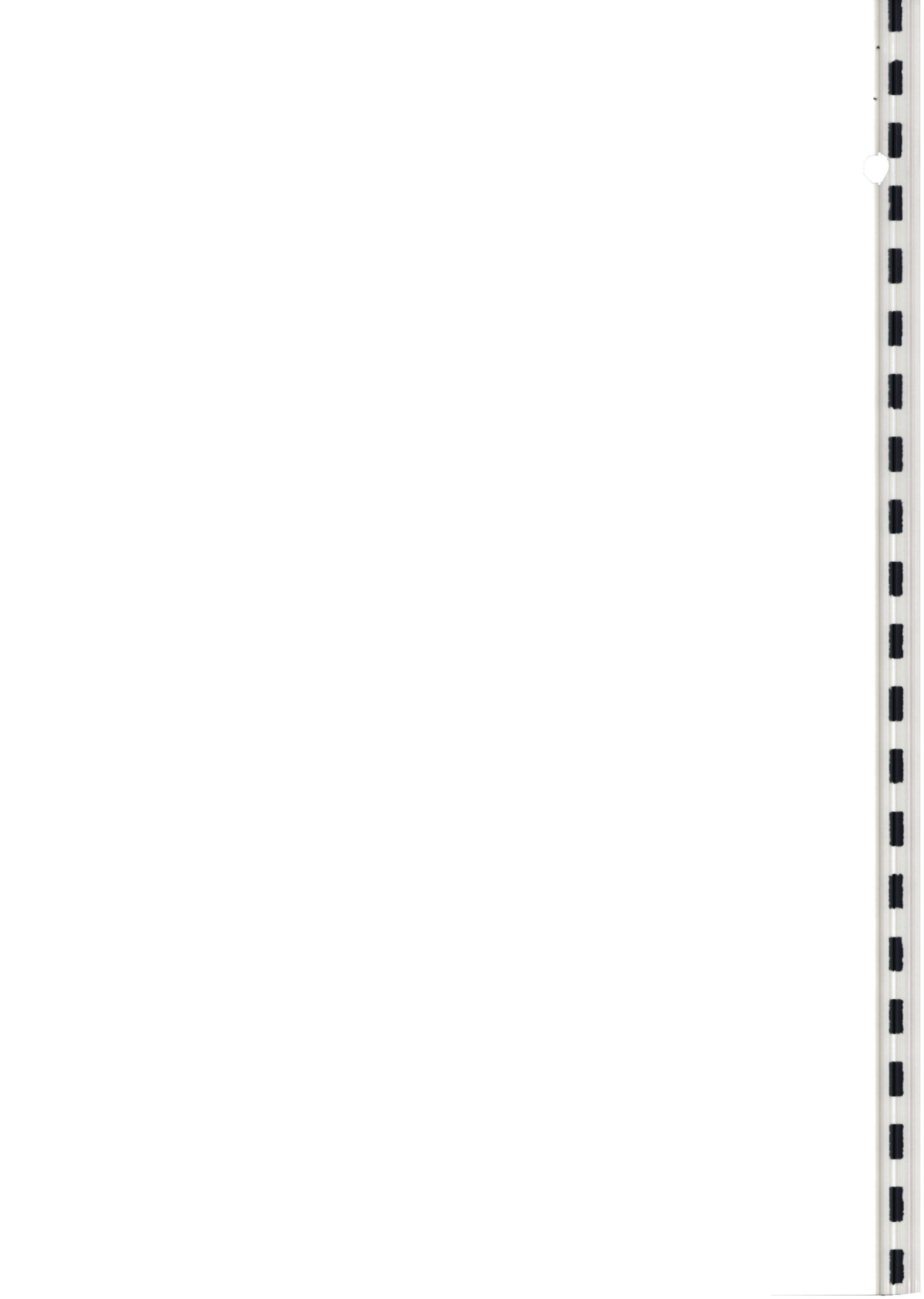
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 31/12/ 2018 and signed by:

  
\_\_\_\_\_  
Principal Secretary  
Nelson Marwa  
Sospeter, CBS

  
\_\_\_\_\_  
Project Coordinator  
John Gachigi

  
\_\_\_\_\_  
Project Accountant:  
Moses O. Muga

ICPAK Member Number:  
**14266**

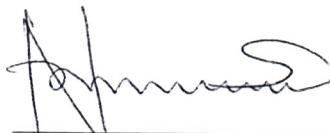


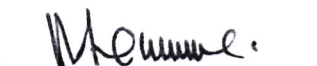
**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**


**STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2018**

	Not e	2017/18  KSH	2016/17  KSH
<b>Receipts for operating activities</b>			
Transfer from IDA Credit	1		66,969,172.50
Proceeds from domestic and foreign grants	1	392,537,200	838,758,520.00
		<b>392,537,200</b>	<b>905,727,692.50</b>
<b>Payments for operating activities</b>			
Compensation of employees	2	95,316,475.50	51,493,306.95
Purchase of goods and services	3	148,982,480.00	304,770,157.00
Other grants and transfers	5		958,470,574.00
Adjustments during the year			
Receivables			-13,450.00
<b>Net cash flow from operating activities</b>		<b>148,238,244.50</b>	<b>(409,019,795.00)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	4	65,995,380.75	126,705,987.00
<b>Net cash flows from Investing Activities</b>		<b>(65,995,380.75)</b>	<b>(126,705,987.00)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Balance due form IDA Credit		0	0
<b>Net cash flow from financing activities</b>		<b>0</b>	<b>0</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>82,242,864</b>	<b>(535,725,782.45)</b>
Cash and cash equivalent at BEGINNING of the year		20,266,420	555,992,202.00
<b>Cash and cash equivalent at END of the year</b>		<b><u>102,522,733</u></b>	<b><u>20,266,420.00</u></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 31/12/ 2018 and signed by:

  
\_\_\_\_\_  
Principal Secretary  
Nelson Marwa  
Sospeter, CBS

  
\_\_\_\_\_  
Project Coordinator  
John Gachigi

  
\_\_\_\_\_  
Project Accountant:  
Moses O. Muga

ICPAK Member Number:  
**14266**

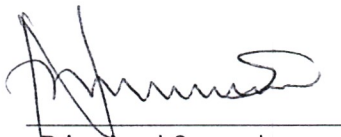


**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**

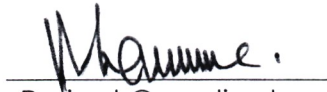
**STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Proceeds from domestic and foreign grants	1,467,528,000	(986,880,000)	480,648,000	392,537,200	88,110,800	82%
<b>Total Receipts</b>	<b>1,467,528,000</b>	<b>(986,880,000)</b>	<b>480,648,000</b>	<b>392,537,200</b>	<b>88,110,800</b>	
<b>Payments</b>						
Compensation of employees	194,600,000	(91,800,000)	102,800,000	95,316,476	7,483,525	93%
Purchase of goods and services	1,160,687,800	(848,835,181)	311,852,619	148,982,480	162,870,139	48%
Acquisition of non-financial assets	112,240,200	(46,244,819)	65,995,381	65,995,381	-	100%
Other grants and transfers	-	-	-	-	-	-
<b>Total Payments</b>	<b>1,467,528,000</b>	<b>(986,880,000)</b>	<b>480,648,000</b>	<b>310,294,336</b>	<b>135,257,975</b>	

The significance deviation on budget utilization was due to closure of the project midway the financial year and budget transfer to grant through supplementary budget.



Principal Secretary  
Nelson Marwa  
Sospeter, CBS



Project Coordinator  
John Gachigi



Project Accountant:  
Moses O. Muga

ICPAK Member Number:  
**14266**



## **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 xxx 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**

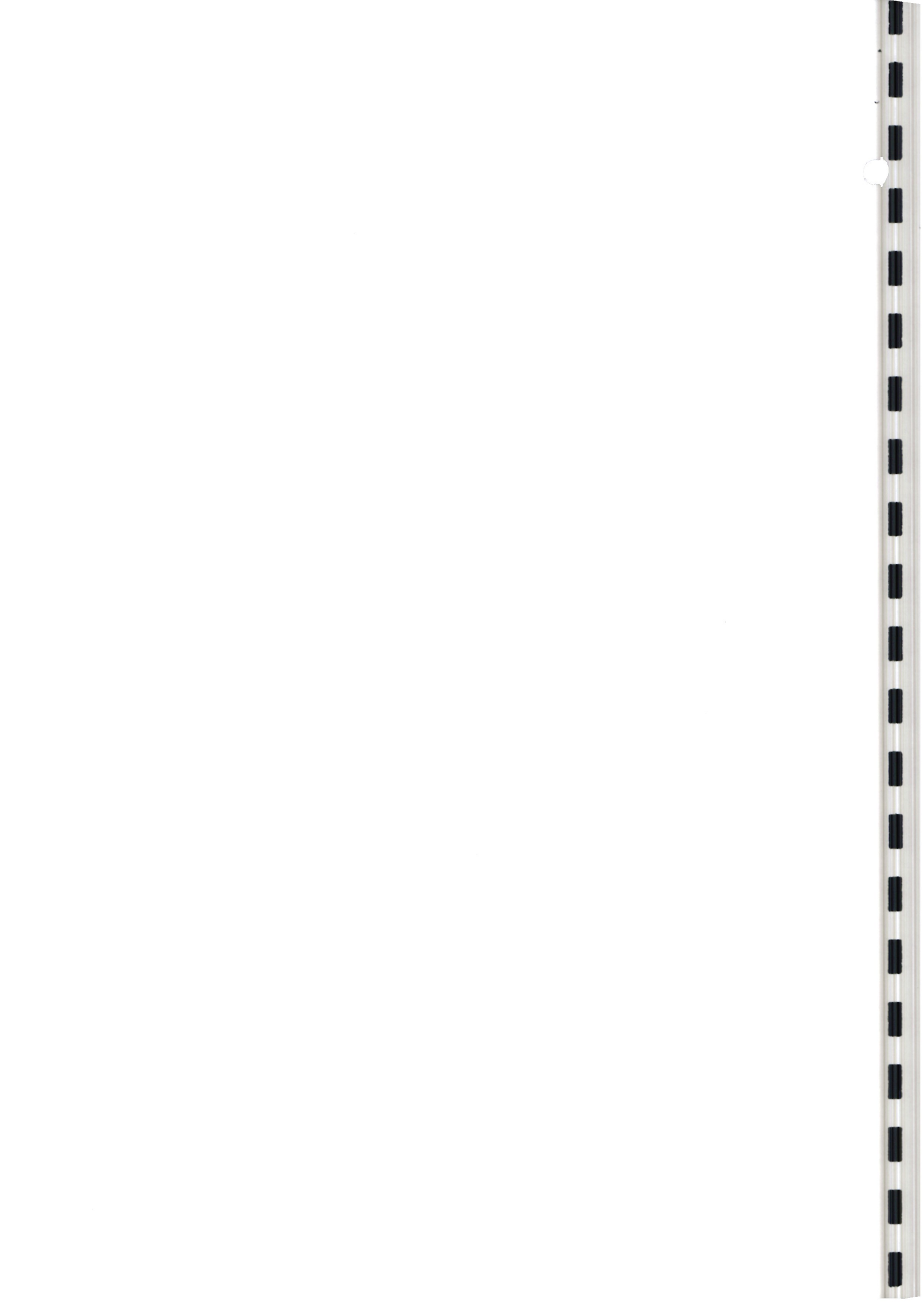
### **a) Recognition of receipts**

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**



***Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018***

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

**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 recognized in the financial statements the time associated cash is received.

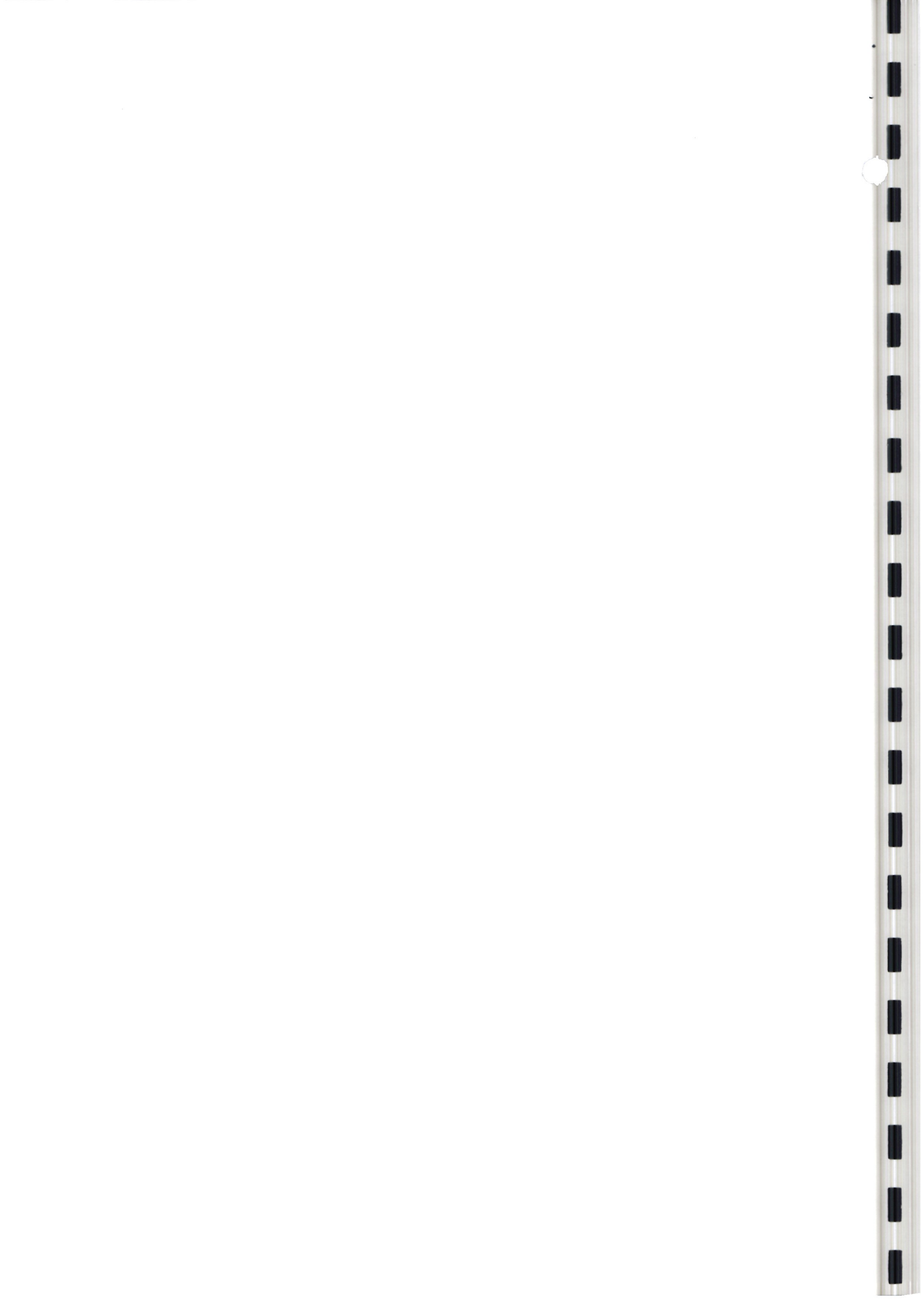
**b) Recognition of payments**

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**



**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**

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**

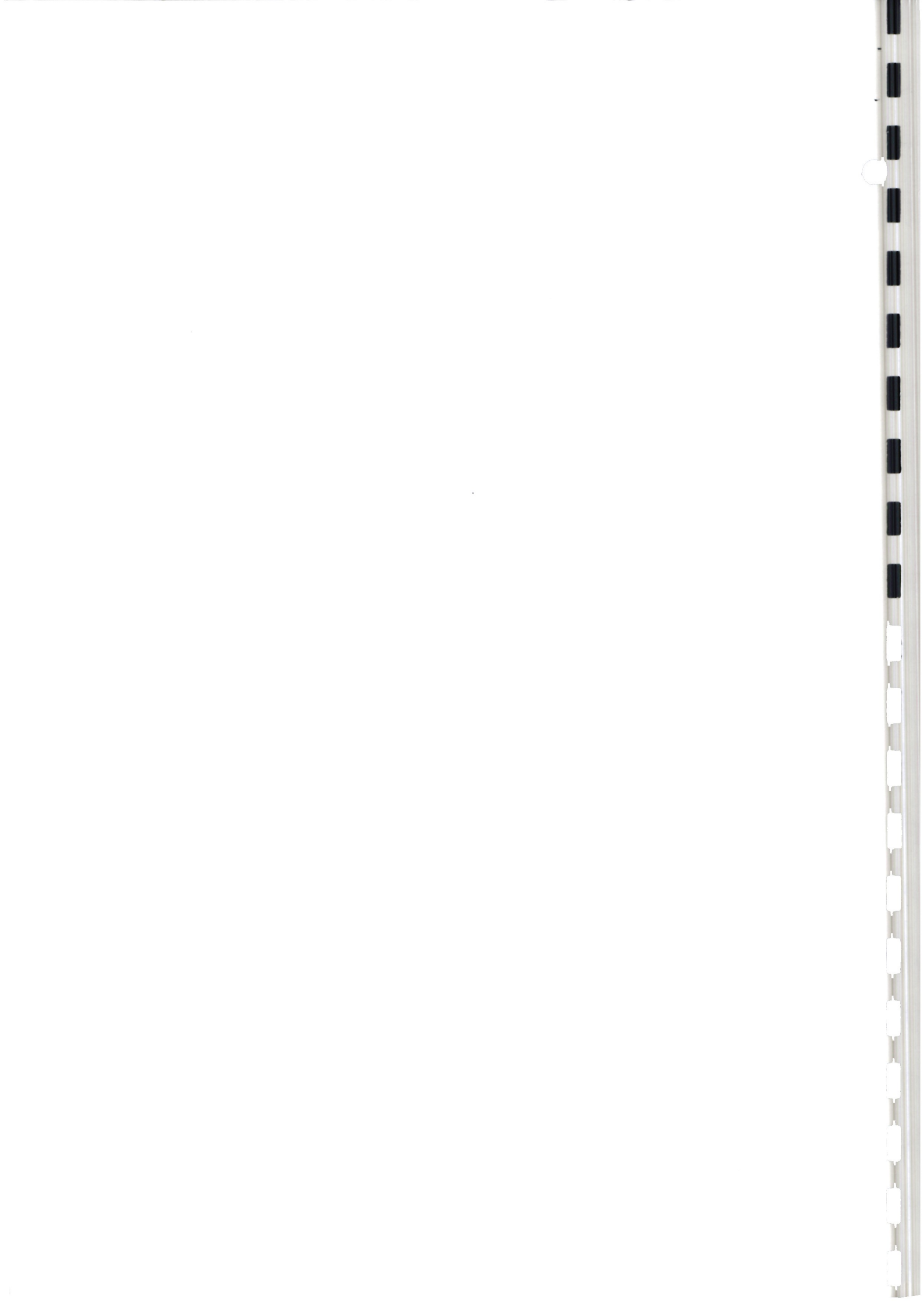
Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

- **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.



***Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018***

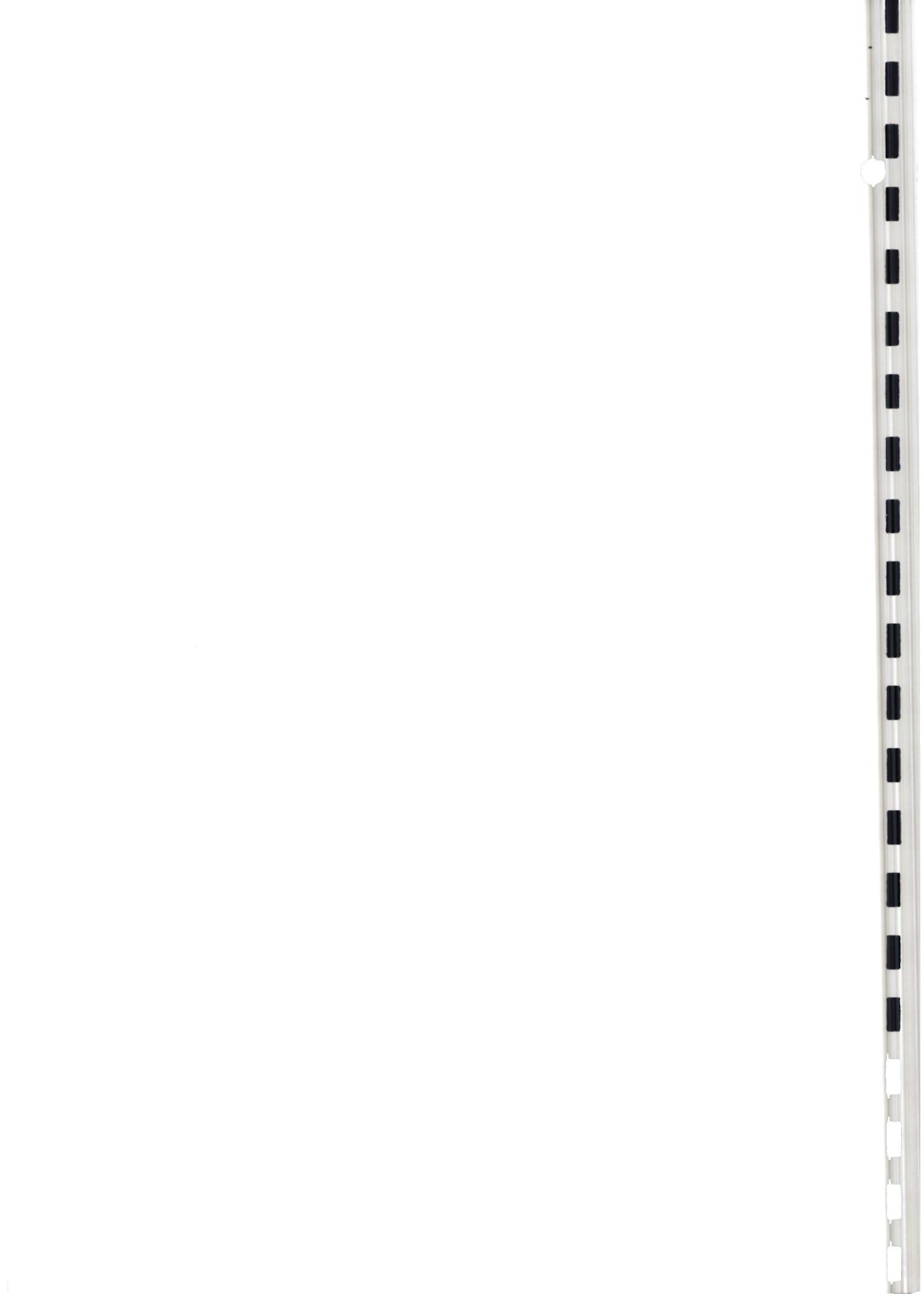
A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

**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



***Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018***

financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized 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

**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.

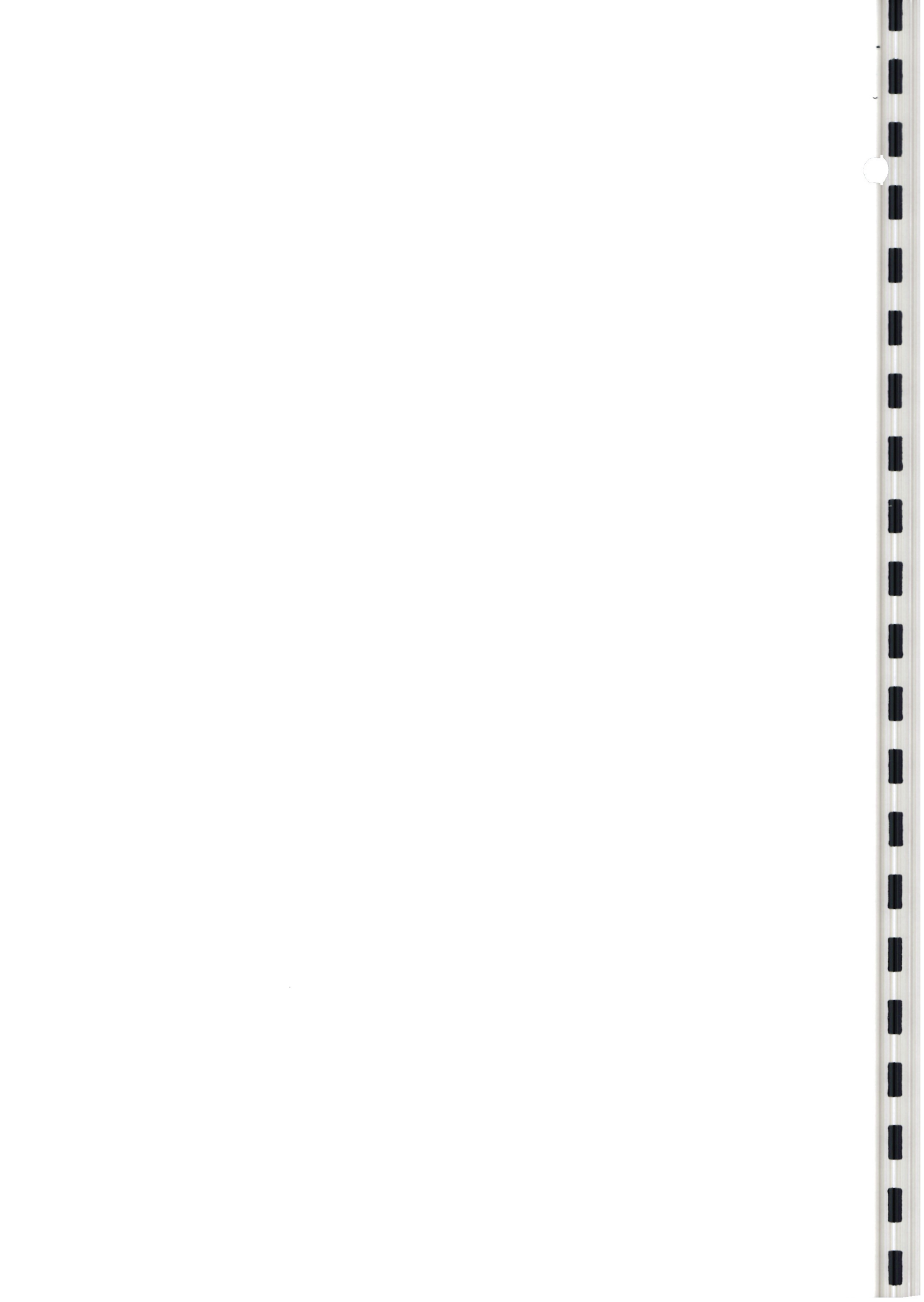


**f) Pending bills**

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



***Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018***

them separately. These transfers are recognized as inter-entity transfers and are eliminated upon consolidation.

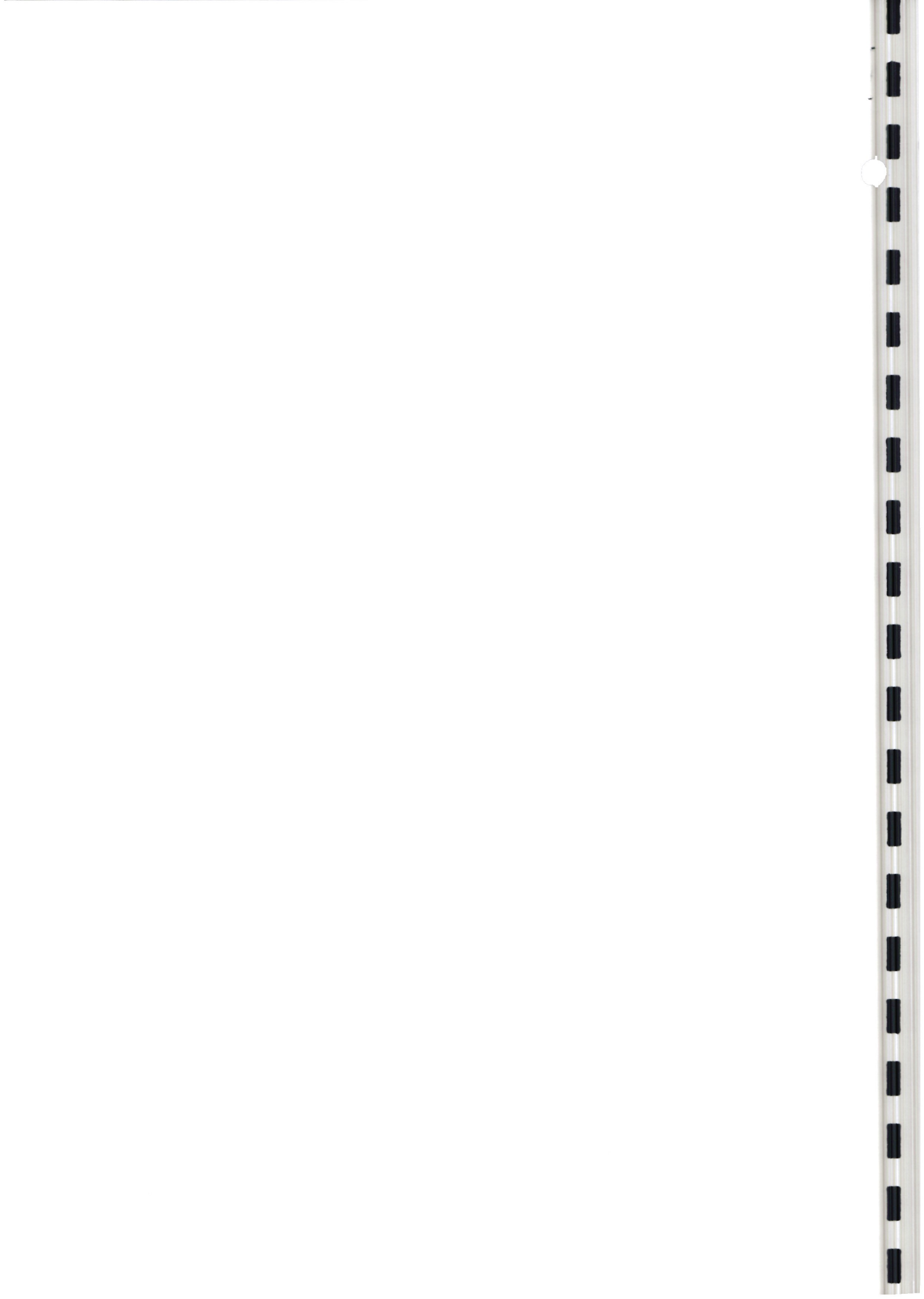
A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

**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.

**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



*Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018*

monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

**j) Comparative figures**

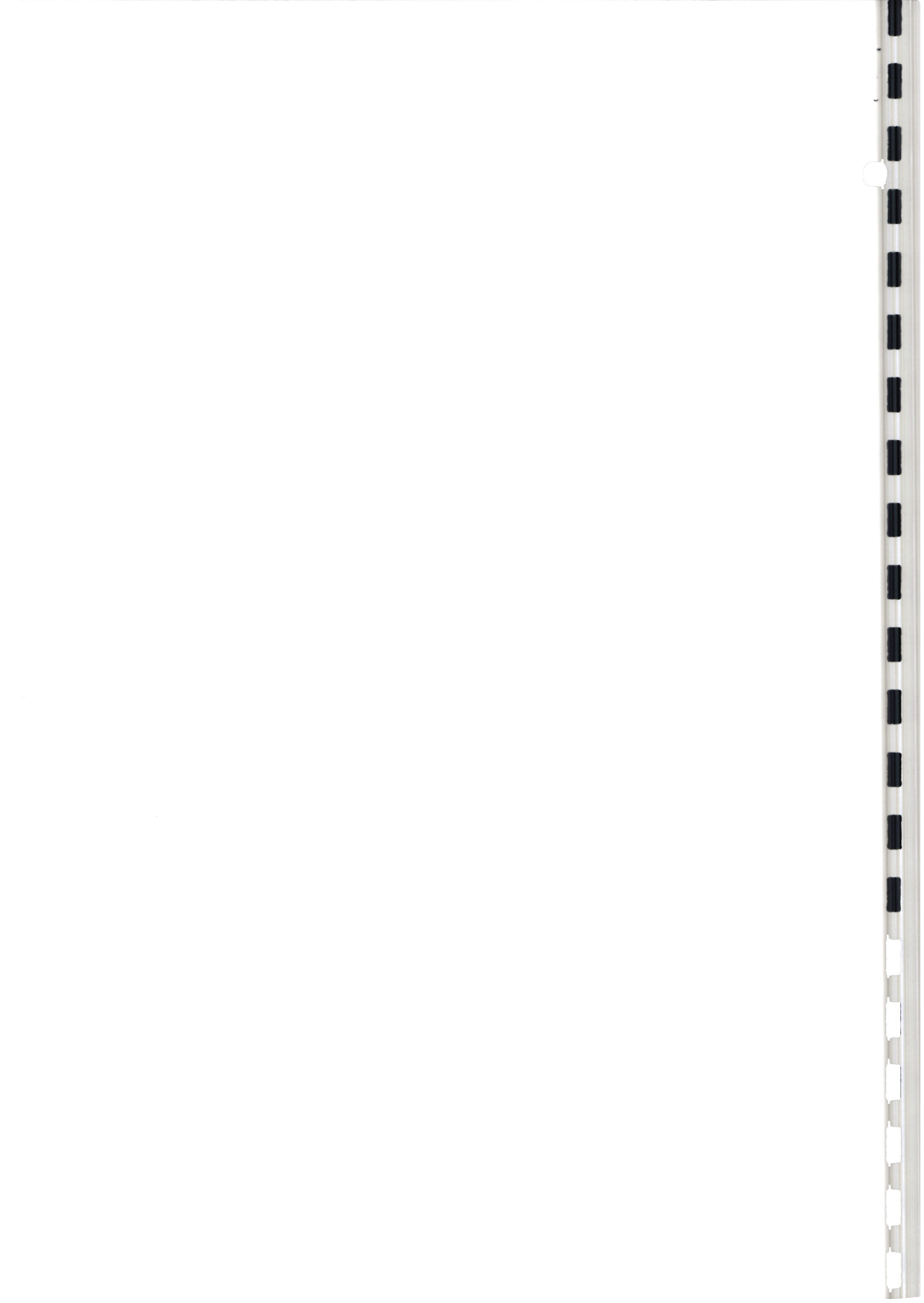
Where necessary comparative figures for the previous financial year/period have been amended or reconfigured to conform to the required changes in financial statement presentation.

**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, 2017.

**l) Errors**

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



**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

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

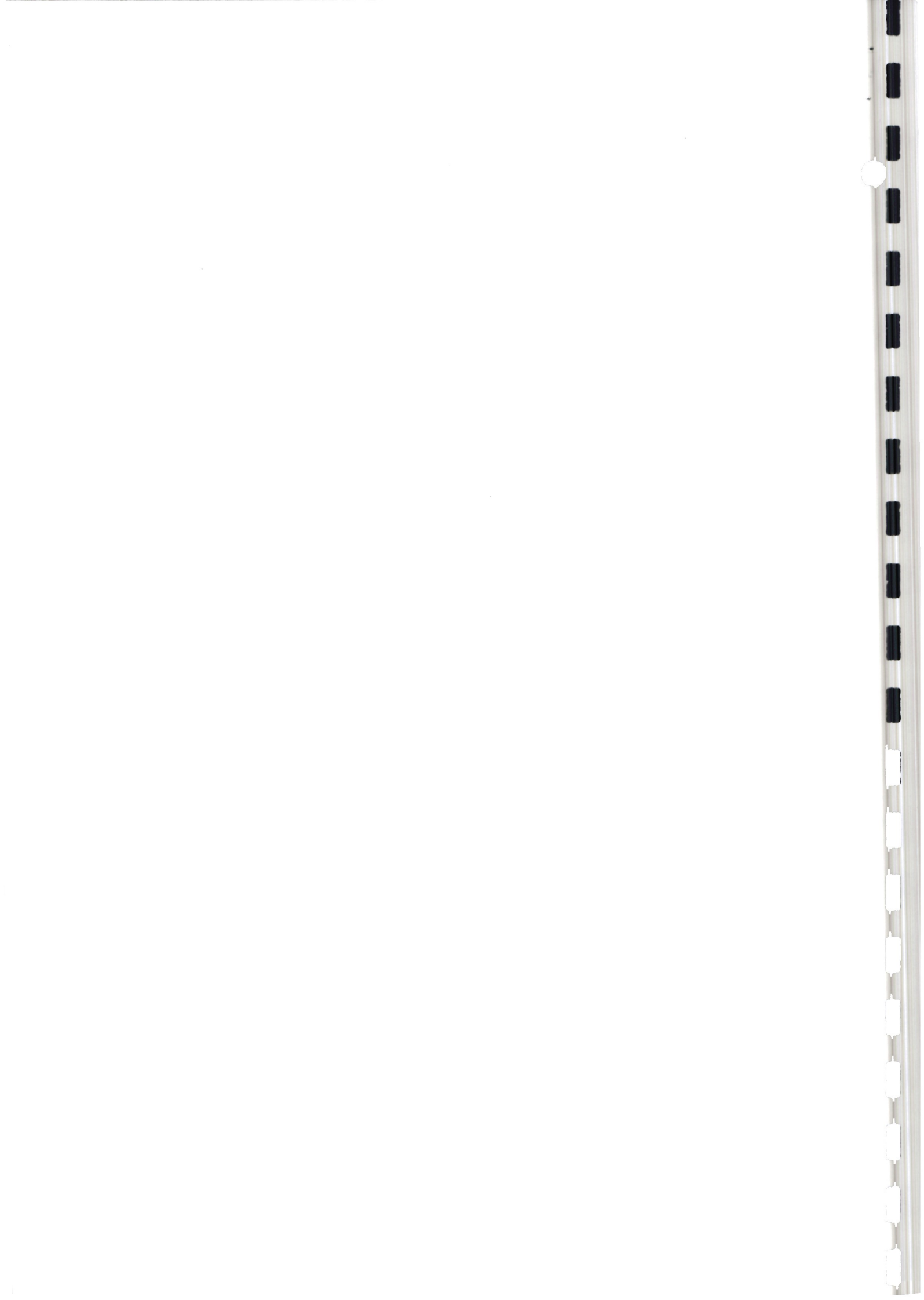
During the 12 months to 30 June 2018 we received grants from donors as detailed in the table below:

Name of Donor	Grants received in cash	Total amount in KShs			
			FY 2017/18	FY 2016/17	Cumulative to- date
		KShs	KShs	KShs	
Grants Received from World Bank					
Grant-World Bank	392,537,200.00	392,537,200.00	838,758,520.00	7,895,889,316.00	
Transfer from IDA			66,969,172.50	66,969,172.50	
<b>Total</b>	<b>392,537,200.00</b>	<b>392,537,200.00</b>	<b>905,727,692.50</b>	<b>7,962,858,488.50</b>	

**2 COMPENSATION OF EMPLOYEES**

	FY 2017/2018			FY 2016/17	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	
Basic wages of temporary employees	95,316,475.50		95,316,475.50	51,493,306.95	178,909,235.45
<b>Total</b>	<b>95,316,475.50</b>		<b>95,316,475.50</b>	<b>51,493,306.95</b>	<b>178,909,235.45</b>

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

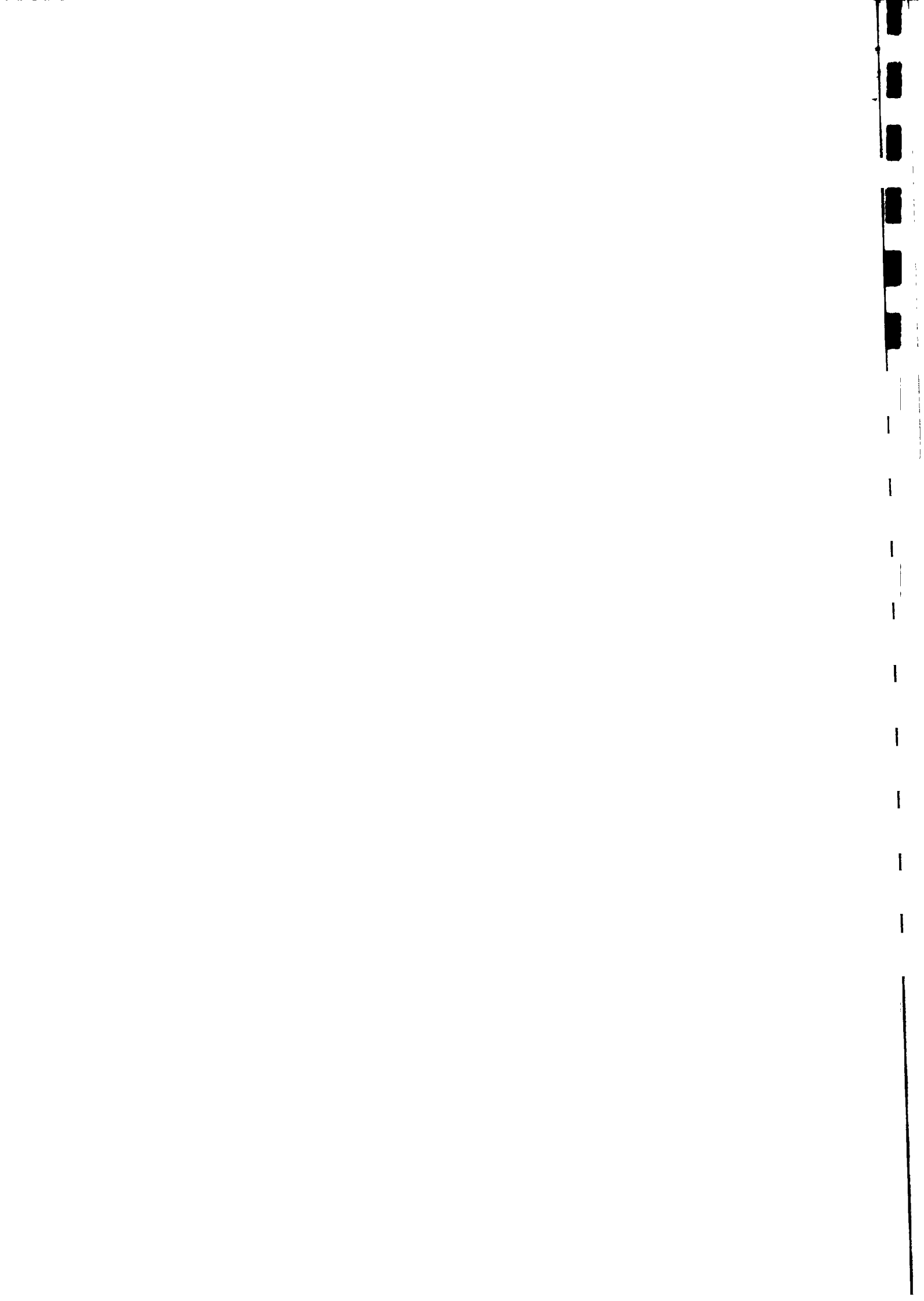


**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**

**3 PURCHASE OF GOODS AND SERVICES**

	FY 2017/18			FY 2016/17	
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	KES	Cumulative to-date
2210100 Utilities, Supplies and Services					
2210200 Communication, Supplies and Services	4,357,217		4,357,217	9,320,735	<b>39,695,605.79</b>
2210300 Domestic Travel and Subsistence, and Other Transportation Costs	32,882,838		32,882,838	66,131,588	<b>299,572,909.60</b>
2210400 Foreign Travel and Subsistence, and other transportation costs	1,183,284		1,183,284	7,074,759	<b>10,780,086.28</b>
2210500 Printing , Advertising and Information Supplies and Services	13,612,920		13,612,920	25,803,888	<b>124,017,946.76</b>
Courier & Postal Services				262,149	<b>262,149.00</b>
2210600 Rentals of Produced Assets	7,021,480		7,021,480		<b>63,967,872.64</b>
2210700 Training Expenses	7,763,462		7,763,462	43,349,101	<b>70,727,560.07</b>
2210800 Hospitality Supplies and Servi	6,757,300		6,757,300	17,500,087	<b>61,561,110.45</b>
2211000 Specialised Materials and Supp	420,000		420,000		<b>3,826,330.99</b>
2211100 Office and General Supplies and Services	10,127,540		10,127,540	25,138,104	<b>92,265,047.95</b>
2211200 Fuel Oil and Lubricants	1,274,900		1,274,900	12,449,884	<b>11,614,736.61</b>
2211300 Other Operating Expenses	63,271,040		63,271,040	95,343,755	<b>576,418,907.22</b>
2220100 Routine Maintenance - Vehicles	310,499		310,499	2,396,107	<b>2,566,593.73</b>
2220200 Routine Maintenance - Other Assets					
	<b>148,982,480</b>		<b>148,982,480</b>	<b>304,770,157.00</b>	<b>1,357,276,857.10</b>

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



**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**

**4 ACQUISITION OF NON-FINANCIAL ASSETS**

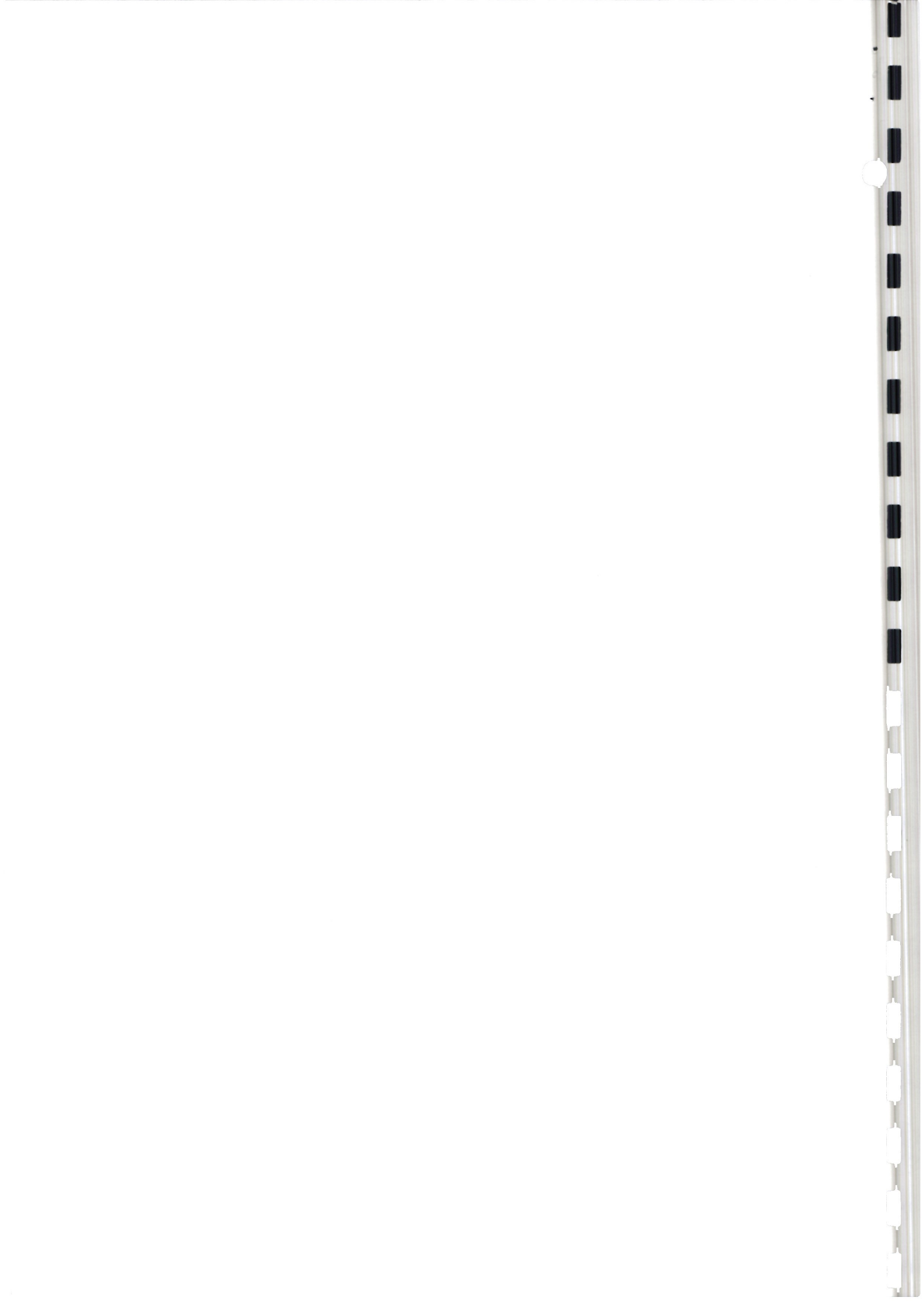
	FY 2017/18		Total Payments	FY 2016/17	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties		KES	
3110200 Construction of Building	4,823,850.00		4,823,850.00		4,823,850.00
3110300 Refurbishment of Buildings				8,552,678	8,552,678.00
Purchase of MV	39,176,700.90		39,176,700.90		39,176,700.90
3111000 Purchase of Office Furniture and General Equipment	21,994,829.85		21,994,829.85	65,818,776	87,813,605.85
3111111 Purchase of ICT Equipment's				52,334,533	52,334,533.00
	<b>65,995,380.75</b>		<b>65,995,380.75</b>	<b>126,705,987</b>	<b>192,701,367.75</b>

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

**5 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	Total Payments	
	KShs	KShs	KShs	KShs	
Grants to Individuals	0		0	958,470,574	6,131,448,295
<b>Total</b>	<b>0</b>		<b>0</b>	<b>958,470,574</b>	<b>6,131,448,295</b>

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



**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**

**6 CASH AND CASH EQUIVALENTS CARRIED FORWARD**

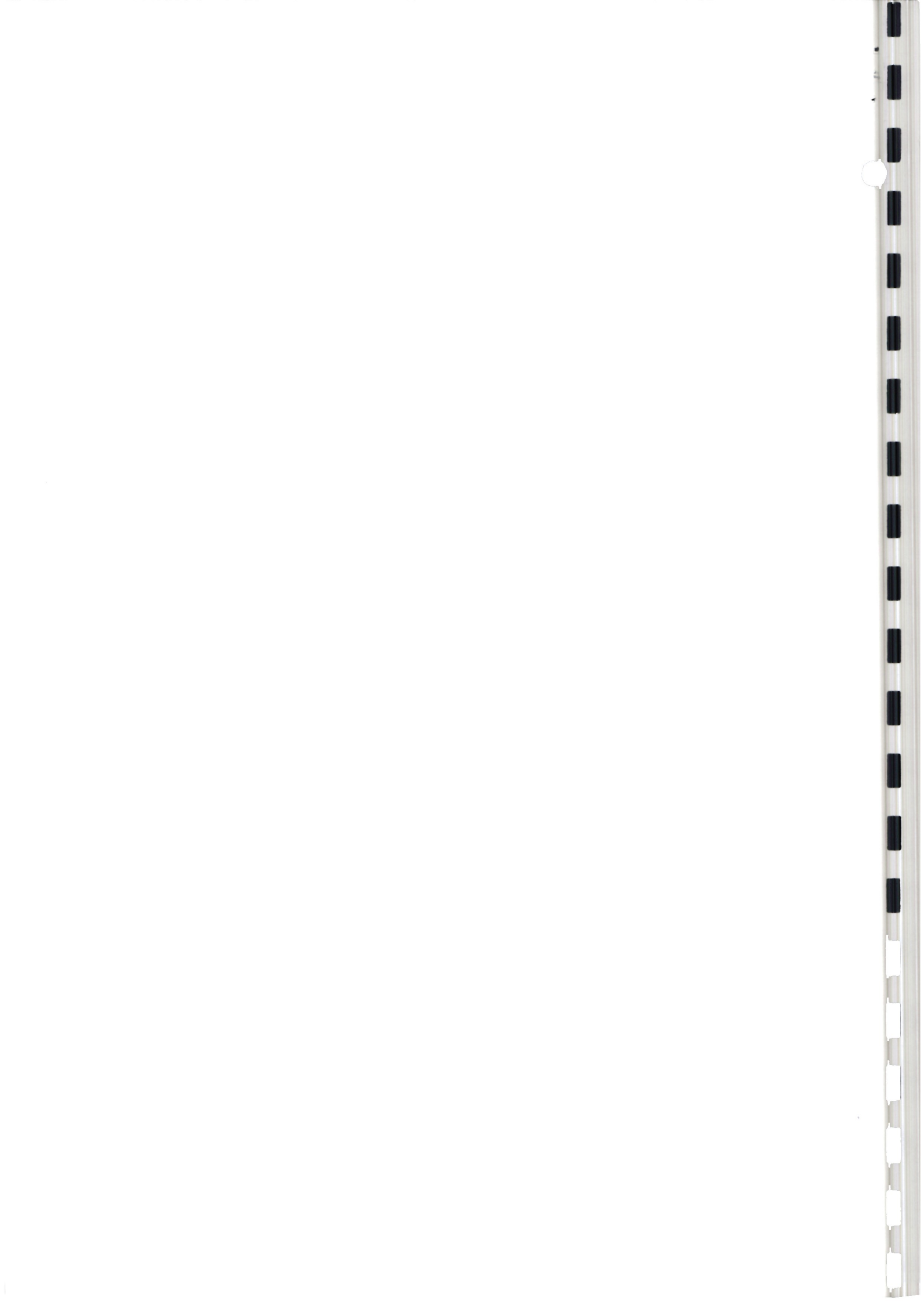
	<b>2017/18</b>	<b>2016/17</b>
	<b>KShs</b>	<b>KShs</b>
Cash equivalents	102,522,733.30	20,266,420.00
<b>Total</b>	<b><u>102,522,733.30</u></b>	<b><u>20,266,420.00</u></b>

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

**6.1 A Bank Accounts**

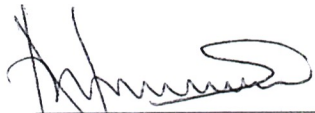
**Project Bank Accounts**

	<b>2017/18</b>	<b>2016/17</b>
	<b>usd</b>	<b>KShs</b>
<b><u>Foreign Currency Accounts</u></b>		
Co-operative Bank of Kenya [02120134198100]	0	
<b>Total Foreign Currency balances</b>	<b><u>0</u></b>	
<b><u>Local Currency Accounts</u></b>		
	<b>KES</b>	<b>KES</b>
Central Bank of Kenya [1000311304]	182,120,369.65	27,781,500
<b>Total Local Currency balances</b>	<b><u>182,120,369.65</u></b>	<b><u>27,781,500</u></b>

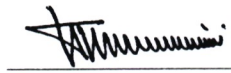


**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme  
Financial Statements for the period ended June 30, 2018**

PRIO YEAR AUDIT ISSUES			
ISSUE RAISED	MANAGEMENT RESPONSE	ASSIGNED TO	STATUS
Unverified Sub County Treasury Expenditure	The Auditors could not verify the expenditures in the District Treasuries where the physical vouchers are kept due to limited audit time frame. The auditors proposed a program to enable them visit the field offices and verify the expenditures in the su	AOG	Resolved

  
Principal Secretary  
Nelson Marwa  
Sospeter, **CBS**

  
Project Coordinator  
John Gachigi

  
Project Accountant:  
Moses O. Muga  
  
ICPAK Member Number:  
**14266**



**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme Financial Statements for the period ended  
June 30, 2018**

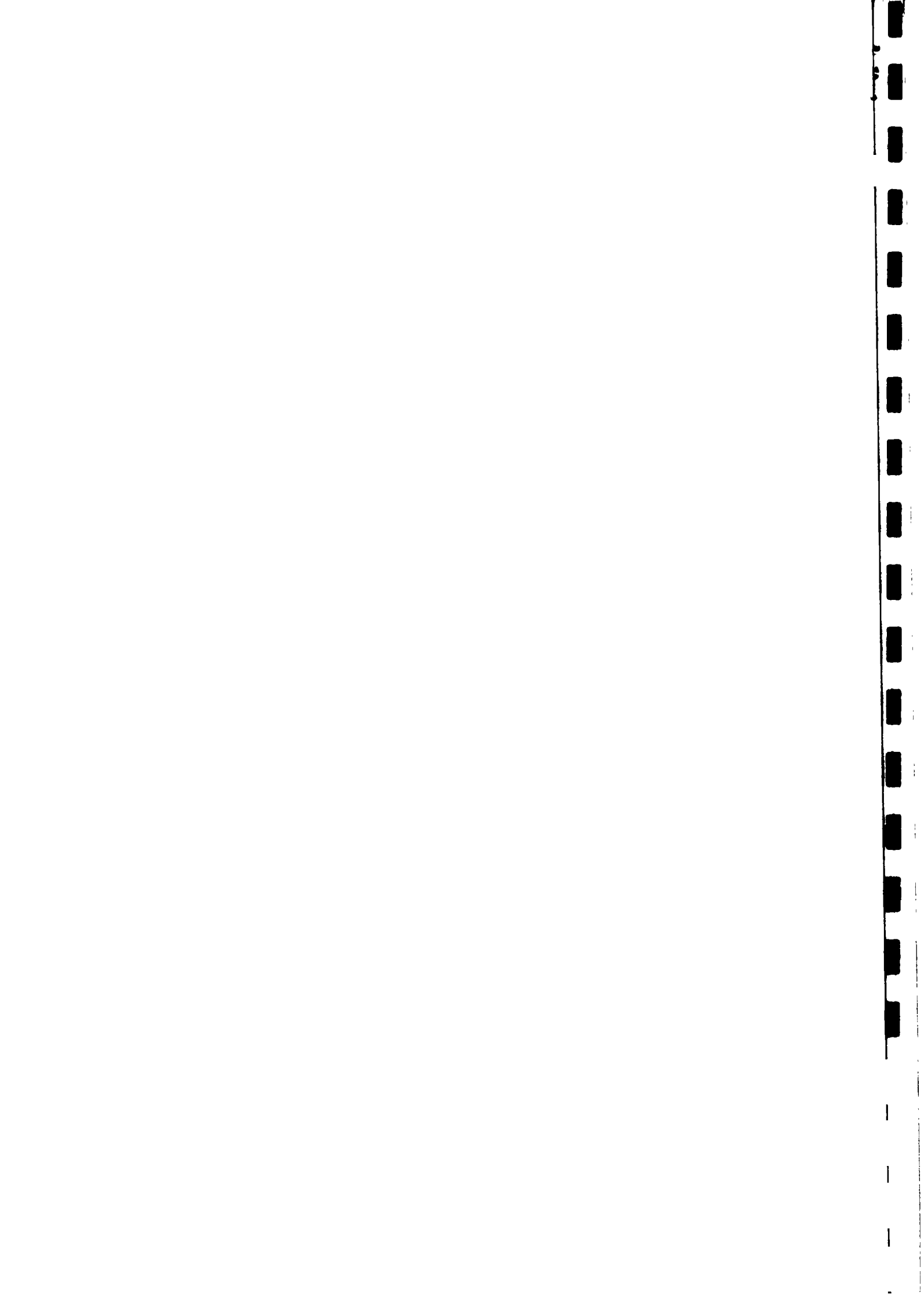
**ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a+b	d	e=c-d	f=d/c %	
<b>Receipts</b>							
Proceeds from domestic and foreign grants	1,467,528,000	-986,880,000	480,648,000	392,537,200	88,110,800	82%	This majorly relates to contract services which was to end and paid for upon completion of the project, the application and full disbursement has so far been done in the following financial year.
<b>Total Receipts</b>	<b>1,467,528,000</b>	<b>-986,880,000</b>	<b>480,648,000</b>	<b>392,537,200</b>	<b>88,110,800</b>		
<b>Payments</b>							
Compensation of employees	194,600,000	-91,800,000	102,800,000	95,316,476	7,483,525	93%	The variance is insignificant as per IPSAS



**Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme Financial Statements for the period ended  
June 30, 2018**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a+b	d	e=c-d	f=d/c %	
Purchase of goods and services	1,160,687,800	-848,835,181	311,852,619	148,982,480	162,870,139	48%	The budget included contract for services which is deemed to end with the project and is payable in the following financial year.
Acquisition of non-financial assets	112,240,200	-46,244,819	65,995,381	65,995,381	-	100%	The variance is insignificant as per IPSAS
Other grants and transfers		-	-	-	-		
<b>Total Payments</b>	<b>1,467,528,000</b>	<b>-986,880,000</b>	<b>480,648,000</b>	<b>310,294,336</b>	<b>135,257,975</b>		



*Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Programme Financial Statements for the period ended  
June 30, 2018*

1997-1998

1998-1999

