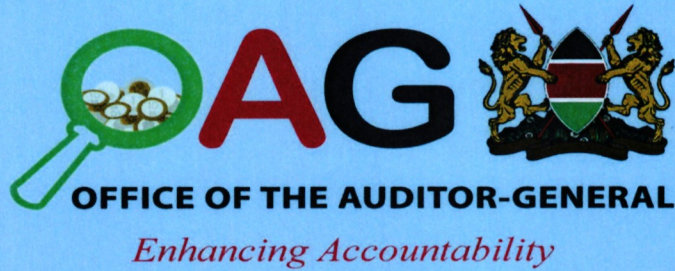


REPUBLIC OF KENYA



**REPORT**

PARLIAMENT  
OF KENYA  
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**OF**

THE NATIONAL ASSEMBLY  
PAPERS LAID

**THE AUDITOR-GENERAL**

DATE: 08 OCT 2020 *Tuesday*

TABLED  
BY:

*Leader of Majority Daily*  
*Evans .O.* ON

**ENABLE YOUTH KENYA PROGRAM – (ADF  
LOAN NO. 2100150038895)**

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

**STATE DEPARTMENT FOR CROP  
DEVELOPMENT**



**ENABLE YOUTH KENYA PROGRAM**  
**STATE DEPARTMENT FOR CROP DEVELOPMENT**  
**PROJECT NUMBER... P-KE-AAZ-014**

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**REVISED 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)**

*Enable Youth Kenya Program*  
*Reports and Financial Statements For the financial year ended June 30, 2019*

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*Enable Youth Kenya Program  
Reports and Financial Statements For the financial year ended June 30, 2019*

**1. Project Information and Overall Performance**

**1.1 Name and registered office**

**Name:** ENABLE Youth Kenya Program

**Objective:** To Support growth of sustainable commercial viable small and medium agribusiness enterprises through development of well-structured agribusiness projects providing financial products market access and networking

**Address:**

The project headquarters offices are:  
Kilimo House, Cathedral Road,  
P.O Box 30028-00100,  
NAIROBI

**Contacts:**

**Telephone:** (020) 2718870/9  
**E-mail:** psagriculture@kilimo.go.ke  
**Website:** www.agriculture.go.ke

**1.2 Project Information**

Project Start Date: 01-January-2018  
Project End Date: 30-June -2023  
Project Manager: Mr Benson Nyariaro  
Project Sponsor: African Development Bank

*ENABLE Youth Kenya Program  
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 State Department for Crop Development and Agricultural Research in the Ministry of Agriculture, Livestock and Fisheries.
Project number	P-KE-AAZ-014
Strategic goals of the project	To contribute to job creation, food security and nutrition, income generation and improved low carbon climate resilient livelihoods for youths in both urban and rural areas
Achievement of strategic goals	The ENABLE Youth Kenya Program targets to engage partners to create an enabling environment for youth engagement in agribusiness, incubate and train the youth on bankable business ideas and finance their businesses in a sustainable manner. Climate-smart technologies and their adoption will also be incorporated in the incubation process.
Other important background information of the project	The Program aims to encourage growth of sustainable commercially viable agribusiness small and medium scale agricultural enterprises (SMAEs) by supporting the development of well-structured agribusiness projects, and providing commercial loans and other financial products/services available for investment in a range of agribusiness ventures, market access, capacity development, risk management, and networking support.
Current situation that the project was formed to intervene	The project was formed to intervene on the increasing trend of youth unemployment, particularly recent graduates from universities, colleges and other tertiary institutions. This is a major concern for the Government since nearly 500,000 youth graduates from tertiary institutions and are ready to enter the job market every year
Project duration	The project started on 1st January 2018 and is expected to run until 31st December 2022.

**ENABLE Youth Kenya Program**

**Reports and Financial Statements for the financial year ended June 30, 2019**

**1.4 Banker:** Central Bank of Kenya-Account no.1000407875

**1.5 Auditors: Office of the Auditor General**

**Anniversary Towers, University Way  
P.O. BOX 30084, GPO 00100**

**Nairobi, Kenya.**

**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.

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Benson Nyariaro	Principal Agricultural Officer	Msc. Agriculture & Rural Development	Project Co-ordinator
Alice W. Kinyua	Principal Agricultural Officer	Msc. Agriculture & Rural Development	Agribusiness Officer
Mary Joan Kobe	Principal Agricultural Officer	Msc. Agricultural Information & Communication Management	Gender & Social Inclusion Officer
Frankline Mwiti	Knowledge Management/ICT Officer		Knowledge Management/ICT Officer
John Muteti Kisuna	Principal Agricultural Officer		Investment Officer
Wambua Muthui	Principal Agricultural Officer	BSc. Agriculture	Monitoring and Evaluation
Mercy Gitu	Senior Accountant	CPAK, MBA	Program Accountant
Joseph Okelo	Supply Chain Officer		Procurement Officer
Zurah Ali Shaffi	Office Assistant		Office Manager
Joseph Okelo	Support Staff		Support Staff

**ENABLE Youth Kenya Program**

**Reports and Financial Statements for the financial year ended June 30, 2019**

**1.7 Funding summary**

The Project is for duration of five years from 1<sup>st</sup> January 2018 to 30th June 2023 with an approved budget of US\$ 36,330,000 equivalents to Kshs.3,751,072,500 as highlighted in the table below.

Below is the funding summary:

Source of funds	Donor/GoK Commitment		Amount received to date 30 <sup>th</sup> June, 2019		Undrawn balance to date 30 <sup>th</sup> June 2019	
	<i>Donor currency USD</i>	<i>KShs</i>	<i>Donor currency USD</i>	<i>KShs</i>	<i>Donor currency USD</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>Loan</b>						
AfDB	30,000,000	3,097,500,000	195,659	20,201,745	29,804,341	3,077,298,255
<b>Counterpart funds</b>						
GoK	3,330,000	343,822,500	96,852	8,982,250	3,233,148	333,822,500
AFC	3,000,000	309,750,000			3,000,000	309,750,000
<b>Total</b>	<b>36,330,000</b>	<b>3,751,072,500</b>	<b>292,511</b>	<b>29,183,995</b>	<b>36,037,489</b>	<b>3,720,870,755</b>

**1.8 Summary of Overall Project Performance:**

Challenges encountered were that the funds were released late hence low absorption. Late loading of budget in the Ifmis system.

**1.9 Summary of Project Compliance:**

**2. Statement of Project Management Responsibilities**

The Principal Secretary for the State Department for Crop Development and the Project Coordinator for **ENABLE Youth Kenya Program** 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.

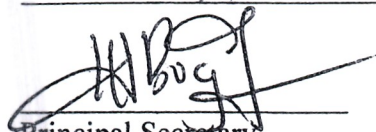
The Principal Secretary for the State Department for Crop Development. and the Project Coordinator for **ENABLE Youth Kenya Program** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

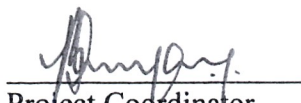
The Principal Secretary for the State Department for Crop Development and the Project Coordinator for **ENABLE Youth Kenya Program** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2019, and of the Project's financial position as at that date The Principal Secretary for the State Department for Crop Development and the Project Coordinator for **Enable Youth Kenya Program** 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.

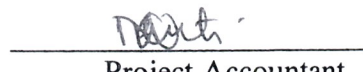
The Principal Secretary for the State Department for Crop Development and the Project Coordinator for **ENABLE Youth Kenya Program** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during 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 State Department for Crop Development and the Project Coordinator for **ENABLE Youth Kenya Program** on 21/11 2019 and signed by them.

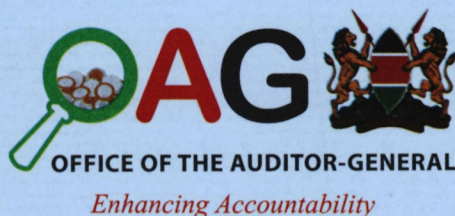
  
Principal Secretary  
Prof. Hamadi Iddi Boga

  
Project Coordinator  
Benson Nyariaro

  
Project Accountant  
Mercy Gitu  
ICPAK No:20360

# 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 ENABLE YOUTH KENYA PROGRAM – (ADF LOAN NO. 2100150038895) FOR THE YEAR ENDED 30 JUNE, 2019 – STATE DEPARTMENT FOR CROP DEVELOPMENT**

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### REPORT ON THE FINANCIAL STATEMENTS

#### **Opinion**

I have audited the accompanying financial statements of the Enable Youth Kenya Program set out on pages 1 to 17, 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, Section 35 of the Public Audit Act, 2015 and Article VII Section 7.02 of the Loan Agreement No.2100150038895 dated 23 May, 2018 between the Republic of Kenya and the African Development Fund. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Enable Youth Kenya Program 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 the Loan Agreement.

#### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Enable Youth Kenya Program in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of Matter**

##### **Unreconciled Special Account Receipts**

The statement of receipts and payments for the year ended 30 June, 2019 reflects a sum of Kshs.20,201,745 as loan receipts received during the year from the African Development Fund. Note 8.4. to the financial statements indicates that the foreign

currency equivalent amount received into the Program's special account during the year totalled US\$ 195,659. However, the actual special account statement as at 30 June, 2019 indicates that loan receipts from the Fund totalled US\$ 178,328 (Kshs.18,098,509) in the year under review. The difference amounting to Kshs.2,103,236 between the two sets of records had not been reconciled at the time of this audit.

My Opinion is not qualified in respect to 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 key audit matters to communicate in my report.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections 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**

#### **Low Absorption of Funds**

A review of the statement of comparative budget and actual amounts for the year ended 30 June, 2019 indicates that actual expenditure totalled Kshs.12,736,890 or 42% of the year's estimate amounting to Kshs.30,201,745. The Program's budget implementation report was not presented for audit review and therefore it is not possible to confirm the extent to which budgeted activities were implemented.

Failure to absorb budgeted funds is likely to hamper the Program from attaining its objectives.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the African Development Fund, I report based on the audit that:

- i. The Program's funds have been used in accordance with the conditions of the Loan Agreement with due attention to economy, efficiency and effectiveness, and for the purposes for which they were provided;
- ii. counterpart funds have been provided and used in accordance with the conditions of the Loan Agreement;
- iii. goods and services financed have been procured in accordance with the Loan Agreement and the Fund's rules and procedures;
- iv. necessary supporting documents, records and accounts have been kept in respect of all Program activities; and
- v. adequate internal control to monitor expenditure and other financial transactions and ensure safe custody of assets exists.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether

due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the ability of the Program to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the appropriate basis of accounting unless Management is aware of the intention to terminate the Program or have its operations cease.

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Program 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 Program 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 Program to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

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

**Nairobi**

**15 September, 2020**

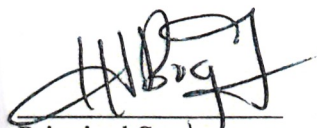
**Enable Youth Kenya Program**

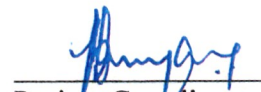
**Reports and Financial Statements For the financial year ended June 30, 2019**

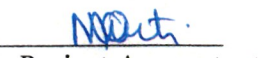
**4. Statement Of Receipts And Payments For The Period Ended 30th June 2019**

	Notes	2018/2019		2017/2018		Cumulative to-date (From inception)
		Receipts and Payment controlled by the Program	Payment made by Third Parties	Receipts and Payments controlled by the entity	Payments made by Third parties	
		KShs	KShs	KShs	KShs	KShs
<b>Receipts</b>						
Transfer From GoK	8.3	0	8,982,250	0	0	8,982,250
Loan From AfDB	8.4	20,201,745	0	0	0	20,201,745
<b>Total Receipts</b>		<b>20,201,745</b>	<b>8,982,250</b>	<b>0</b>	<b>0</b>	<b>29,183,995</b>
<b>Payments</b>						
Use Of Goods & Services	8.5	3,754,640	8,982,250	0	0	12,736,890
<b>Total Payments</b>		<b>3,754,640</b>	<b>8,982,250</b>	<b>0</b>	<b>0</b>	<b>12,736,890</b>
<b>Surplus/(Deficit)</b>		<b>16,447,105</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,447,105</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 21/11 2019 and signed by:

  
 Principal Secretary  
 Prof. Hamadi Iddi Boga

  
 Project Coordinator  
 Benson Nyariaro


  
 Project Accountant  
 Mercy Gitu  
 ICPAK No:20360

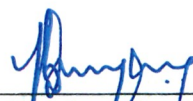
*ENABLE Youth Kenya Program  
Reports and Financial Statements for the financial year ended June 30, 2019*


**5. Statement Of Financial Assets As At 30th June 2019**

	Note	2018-2019	2017-2018
		KShs	KShs
<b>Financial Assets</b>			
<b>Cash And Cash Equivalents</b>			
Bank Balances	8.6	16,447,105	0
<b>Total Cash And Cash Equivalents</b>		16,447,105	0
<b>Total Financial Assets</b>		16,447,105	0
<b>Represented By</b>			
Fund Balance B/Fwd.	8.15	0	0
Surplus For The Year		16,447,105	0
<b>Net Financial Position</b>		16,447,105	0

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 21/11 2019 and signed by:

  
Principal Secretary  
Prof. Hamadi Iddi Boga

  
Project Coordinator  
Benson Nyariaro

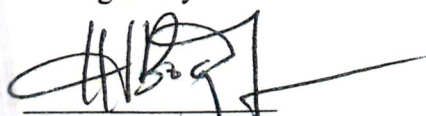
  
Project Accountant  
Mercy Gitu  
ICPAK No:20360


**ENABLE Youth Kenya Program**  
**Reports and Financial Statements for the financial year ended June 30, 2019**

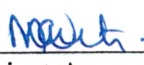
**6. Statement Of Cash flows For The Period 30th June 2019**

		2018-2019	2017-2018
	Note	Kshs	Kshs
<b>Receipts For Operating Activities</b>			
Loan From AfDB	8.4	20,201,745	0
Transfer from G.o.K	8.3	8,982,250	
<b>Payments For Operating Activities</b>			
Purchase Of Goods And Services	8.5	3,754,640	0
Payment made by G.o.K	8.5	8,982,250	
<b>Net Cash Flow From Operating Activities</b>		<b>16,447,105</b>	
<b>Cash flow From Investing Activities</b>			
Acquisition Of Assets		0	0
<b>Net Cash Flows From Investing Activities</b>		<b>0</b>	<b>0</b>
<b>Cash flow From Borrowing Activities</b>			
Proceeds From Foreign Borrowings		0	0
<b>Net Cash Flow From Financing Activities</b>		<b>0</b>	<b>0</b>
Net Increase In Cash And Cash Equivalent	8.6	16,447,105	0
Cash And Cash Equivalent At the Start Of The Year		0	0
<b>Cash And Cash Equivalent At End Of The Year</b>	<b>8.13</b>	<b>16,447,105</b>	<b>0</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 21/11 2019 and signed by:

  
 Principal Secretary  
 Prof. Hamadi Iddi Boga

  
 Project Coordinator  
 Benson Nyariaro

  
 Project Accountant  
 Mercy Gitu  
 ICPAK No:20360

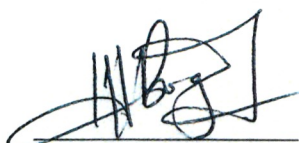
**ENABLE Youth Kenya Program**  
**Reports and Financial Statements for the financial year ended June 30, 2019**

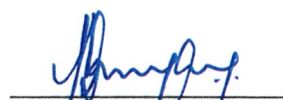
**7. Statement Of Comparative Budget And Actual Amounts**


Receipts/Payments	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 GoK	10,000,000	0	10,000,000	8,982,250	1,017,750	89.8%
Loan from AfDB	20,201,745	0	20,201,745	20,201,745	0	100%
<b>Total Receipts</b>	<b>30,201,745</b>	<b>0</b>	<b>30,201,745</b>	<b>29,183,995</b>	<b>1,017,750</b>	<b>96.6%</b>
<b>Payments</b>						
Use goods & services	30,201,745	0	30,201,745	12,736,890	17,464,855	42.2%
<b>Total Payments</b>	<b>30,201,745</b>	<b>0</b>	<b>30,201,745</b>	<b>12,736,890</b>	<b>17,464,855</b>	<b>42.2%</b>

The significant budget utilisation/performance differences in the last column are explained in below:

- a) The 42% budget utilisation was occasioned by the project taking off late and the first disbursement was in late April leaving only two months for utilisation hence the low absorption .

  
 Principal Secretary  
 Prof. Hamadi Iddi Boga

  
 Project Coordinator  
 Benson Nyariaro

  
 Project Accountant  
 Mercy Gitu  
 ICPAK No:20360

## **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 *ENABLE Youth Kenya Program* 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 party's column in the statement of receipts and payments.

During the year Kshs 8,982,250 being Gok grants 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.

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

**8.3. RECEIPTS FROM GOVERNMENT OF KENYA (3<sup>RD</sup> PARTY PAYMENTS)**

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

	2018/19	2017/18	Cumulative
Counterpart funding through State Department for Crop Development	KShs	KShs	to-date(from inception)
Counterpart funds Quarter 1	0	0	0
Counterpart funds Quarter 2	0	0	0
Counterpart funds Quarter 3	0	0	0
Counterpart funds Quarter 4	8,982,250	0	8,982,250
<b>Total</b>	<b>8,982,250</b>	<b>0</b>	<b>8,982,250</b>

The above expenditures were paid directly by the State department for Crop development as counterpart funding. They are third party payments

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

**8.4. LOAN 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	
					USD	KShs
Loan from AfDB	09May19	195,659	20,201,745		20,201,745	0
Total		195,659	20,201,745		20,201,745	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.5. PURCHASE OF GOODS AND SERVICES

	2018-2019			2017-2018	Cumulative to-date
	Payments made by the Entity in	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	28,893.00	63,500.00	92,393.00	-	92,393.00
Domestic travel and subsistence	3,173,700.00	7,583,750.00	10,757,450.00	-	10,757,450.00
Training payments				-	
Hospitality supplies and	490,990.00	1,047,000.00	1,537,990.00	-	1,537,990.00
Routine maintenance –	61,057.00	288,000.00	349,057.00	-	349,057.00
<b>Total</b>	<b>3,754,640.00</b>	<b>8,982,250.00</b>	<b>12,736,890.00</b>	<b>-</b>	<b>12,736,890.00</b>

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

**8.6. 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)	16,447,105	0
<b>Total</b>	<b><u>16,447,105</u></b>	<b><u>0</u></b>

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

**A Bank Accounts**

**Project Bank Accounts**

	<b>2018/19</b>	<b>2017/18</b>
	<b>KShs</b>	<b>KShs</b>
Central Bank of Kenya [A/c No 1000407875]	16,447,105	0
<b>Total Local Currency Balances</b>	<b>16,447,105</b>	<b><u>0</u></b>

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

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30<sup>th</sup> June 2019 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

**Special Deposit Accounts Movement Schedule**

	2018/19	2017/18
	EURO	KShs
<b>(i) A/C Name [A/c No.1000395982]</b>		
Opening balance	0	0
Total amount deposited in the account	178,328	0
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>178,328</u>	<u>0</u>
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<u>0</u>	<u>0</u>
<b>(ii) A/c Name [A/c No1000395982]</b>		
Opening balance (as per the SDA reconciliation)	0	0
Total amount deposited in the account	178,328	0
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>178,328</u>	<u>0</u>
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<u>0</u>	<u>0</u>

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as *Appendix xx* support these closing balances

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

**8.7. 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>
	0		0		0
			0		
<b>Total</b>	<b>0</b>		<b>0</b>		<b>0</b>

**8.8. FUND BALANCE BROUGHT FORWARD**

	<b>2018/19</b>	<b>2017/18</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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9. Other Important Disclosures

9.1 PENDING ACCOUNTS PAYABLE

	Balance b/f FY 2017/2018	Additions for the period	Paid during the year	Balance c/f FY 2018/2019
Description	Kshs	Kshs	Kshs	Kshs
	0		0	
<b>Total</b>	0		0	

9.2 PENDING STAFF PAYABLES

	Balance b/f FY 2017/2018	Additions for the period	Paid during the year	Balance c/f FY 2018/2019
Description	Kshs	Kshs	Kshs	Kshs
-	0		0	0
<b>Total</b>	0		0	0

9.3 OTHER PENDING PAYABLES

	Balance b/f FY 2017/2018	Additions for the period	Paid during the year	Balance c/f FY 2018/2019
Description	Kshs	Kshs	Kshs	Kshs
-	0		0	0
<b>Total</b>	0		0	0

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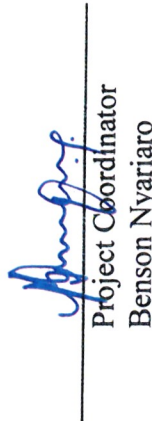
**10. Progress On Follow Up Of Auditor Recommendations**

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

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)
0	0	0	0	0	0

  
Principal Secretary

Prof. Hamadi Iddi Boga

  
Project Coordinator  
Benson Nyariaro

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**Annex 1 – Summary Of Fixed Asset Register**

Asset class	Opening Cost (KShs) 2018/19 (a)	Additions in the Year (KShs) 2018/19 (b)	**Disposals in the Year (KShs) 2018/19 (c)	Transfers in/(out) Kshs 2018/19 (d)	Closing Cost (KShs) 2018/19 (e)= (a)+ (b)-(c)+(-)d
Office equipment, furniture and fittings	0		0		0
ICT Equipment,					
Other Machinery and Equipment					
<b>Total</b>	0		0		0

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**Appendices**

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