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REPORT

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THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT AFFIRMATIVE
ACTION FUND**

**FOR THE YEAR ENDED
30 JUNE, 2020**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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MINISTRY OF PUBLIC SERVICE AND GENDER

STATE DEPARTMENT FOR GENDER

NATIONAL GOVERNMENT AFFIRMATIVE ACTION FUND

REVISED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2020

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Affirmative Action Fund (NGAAF), successor to the Affirmative Action Social Development Fund (AASDF) is a Semi-Autonomous Government Agency (SAGA) in the Ministry of Public Service and Gender (Revised Executive Order No 1 of 2020) was enacted through a Legal Notice No. 24 of the Public Finance Management act, 2012 and Published on 13th February 2015.

The Fund is governed by the Public Finance Management Act, 2012, the Public Finance Management (National Government Affirmative Action Development Fund), Regulation, 2016. At the National level, the Fund is managed by Board of Directors who are supported by a Secretariat headed by the Chief Executive Officer while at the County level, it has offices in all the forty seven Counties (47) managed by County Coordinators.

(b) Principal Activities

Provision of grant funds for socio-economic empowerment of affirmative action groups; Women, Youth and Persons with Disability, needy children at the counties in line with the Vision 2030 through the following activities;

- i. Support to women economic empowerment initiatives through provision of funds for table banking, savings and credit cooperative organizations (SACCOS);
- ii. Provision of bursary and scholarships for access of education opportunities among vulnerable groups; school going orphaned, child-headed house-holds and special needs children, out of school vulnerable youth for skill training;
- iii. Support of value addition initiatives in agribusiness, cottage industries owned by affirmative action groups
- iv. Promotion of talent development among the youth involved in arts, music and sports;
- v. Support to programmes on access to services on gender-based violence through establishment of rescue and counselling centres and support to survivors of Gender based violence
- vi. Sensitization of communities on gender-based violence including, female genital mutilation, child marriages or forced marriages
- vii. Establishment of drugs and substance abuse rehabilitation and counselling centres in conjunction with the relevant Government agencies;

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

- viii. Enterprise training and financial start-ups support to rehabilitated individuals;
- ix. Conducting civic education and community sensitization on National Government affirmative action programmes and policies;

(c) Key Management

The National Government Affirmative Action Fund is management under the following key organs:

- i. The Principal Secretary, State Department for Gender, Ministry of Public Service and Gender
- ii. The Board of Directors
- iii. A Secretariat headed by the Chief Executive Officer

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

1	Chief Executive Officer	Titus Lotee
2	Director Finance & Administration	Magdaline Kipkenei
3	Head of Finance	Serah M. Muchunga
4	Head of Procurement	Jane N. Kyengo
5	Head of Human Resource	Stephen K. Irungu
6	Head of Programmes	Jackson Kayaga
7	Monitoring and Evaluation Officer	Jesse Njoroge

(e) Fiduciary Oversight Arrangements

1. Finance and Administration Committee

The Finance and Administration Sub-Committee is responsible to the Board of Directors for the following:

- i. Reviewing annual budgets schedules prepared by Accounts in line with the PFM Act, 2012(NGAAF), Regulations, 2016;
- ii. Advise on budget appropriation;
- iii. Reviewing the secretariat annual procurement plan;
- iv. To oversee preparation of financial reports and ensure that reports are accurate and timely;
- v. Ensure compliance with PFM Act, 2012;
- vi. Ensure prudent utilization of disbursed Funds;

- vii. Resource mobilization/fundraising initiatives

2. Audit Committee

The Audit Committee's responsibilities include the following:

- i. Provide oversight of the Fund internal audit function;
- ii. Evaluate internal and external audit reports and make appropriate recommendations;
- iii. Review the levels of compliance with relevant legislative and regulatory requirements;
- iv. Conducting periodic internal checks on key processes to ensure compliance with the established procedures, and report to the Board on the findings and recommendations for improvements;
- v. To analyse and address the risks associated with the key processes;
- vi. To report to the Board of any financial concerns and irregularities;
- vii. Overseeing response to audit queries;

(f) Entity Headquarters

P.O. Box 48274- 00100
ABSA Plaza, 16th floor
Loita Street
Nairobi, KENYA

(g) Entity Contacts

Telephone: 020 23000796
E-mail: ceo@ngaaf.go.ke
Website: ngaaf.go.ke

(h) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Co-operative Bank
Parliament Road Branch
P.O. Box 5772
City Square 00200
Nairobi, Kenya
3. Equity Bank of Kenya
Upper Hill
P.O. Box 75104 - 00200
Nairobi, Kenya

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4. Kenya Commercial Bank
Moi Avenue
P.O. Box 48400
GPO 00100
Nairobi, Kenya

5. National Bank of Kenya
Harambee Avenue
P.O. Box 72866
City Square 00200
Nairobi, Kenya


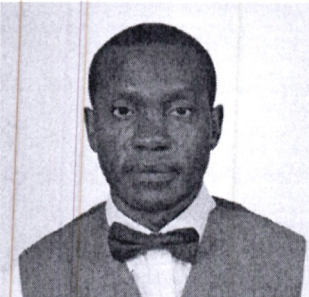

(i) Independent Auditors

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

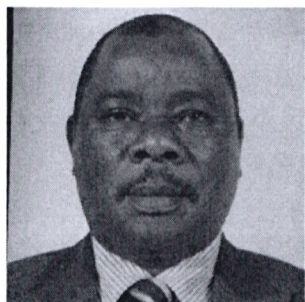
(j) Principal Legal Adviser

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

2. THE BOARD OF DIRECTORS

 <p>Prof. Wanjiku Kabira, CBS Chairperson</p>	<p>Experience: Born in 1948. Professor of literature at University of Nairobi and Director of the African Women Studies Centre. She has taught at UON for over 38 years. She has been a Gender advisor in IGAD, a policy analyst, an expert in Eastern Africa and West African Literature and has published extensively on Women and Gender issues. Was a Commissioner and Vice Chair of CKRC. She was part of the architects of the drafting of the Constitution of Kenya (2012). Independent Director and was the Chairperson of Strategy and Programmes Committee until 13th March, 2020 when she was appointed as the Chairperson of the Board through Gazette notice No. 2168 of 13th March, 2020 replacing Hon. Regina Ndambuki</p> <p>Qualifications: PHD, MA</p>
 <p>Robert Oduor</p>	<p>Experience: Born 1980. Over 15 years' experience in the Finance. Senior Treasury at Eastern and Southern African Trade and Development Bank. He is an Independent Director. He is the Chairperson of Finance & Administration Committee and a member of Audit & Risk Management Committee.</p> <p>Qualifications: Masters of Business Administration, BSC in Actuarial Science.</p>
 <p>Charles Kimutai Chirchir</p>	<p>Experience: Born 1979. Seven (7) years' experience as Procurement Officer at JKUAT. An Independent Director representing Persons With Disabilities. The Chairperson of the Conflict, Dispute Resolution & HR, and a member Strategy & Programs Committee.</p> <p>Qualifications: Bachelors Purchasing and Supplies Management from JKUAT.</p>

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Protus Ouma Onyango

Experience: Born 1962. Over 32 years' experience in the Public Service in Gender and Social Development. Represents the Principal Secretary-Gender. A member of Conflict, Dispute & Resolution Committee and Audit & Audit Risk Management Committee.

Qualifications: Masters in Gender Studies



Linda Gacheri Kinyua

Experience: Born in 1992. Over 4 years' experience in the Public Sector Parastatals. An Independent Director representing Youth. The Chairperson of Strategy & Programmes Committee and a member of HR & Conflict Resolution.

Qualifications: Masters in Commerce from Strathmore University, B.Com from Nairobi University.



Florence Kalekye Kiriinya

Experience: Born in 1959. Over 35 years' experience in the Office of Auditor General (formerly KENAO) serving in different capacities including audit of various Government Ministries and Departments, managing the Capacity building function of KENAO, Served as Director spearheading Strategy and operational Planning, monitoring and Evaluation functions of OAG, and as Director of the Internal Audit among other responsibilities. Worked with the IDI a body corporate of the International Organization of Supreme Audit Institutions (INTOSAI) as a Programme Manager in Norway (2012-2014), charged with a responsibility of developing capacity building audit programmes aimed at improving quality audits and service delivery within the African English Speaking Supreme Audit Institutions (AFROSAI-E). Managed the Knowledge Sharing Committee (KSC) of African Organisation of Supreme Audit Institutions (AFROSAI) (2015-2019). An Independent Director and Chairperson of Audit & Audit Risk Management Committee

Qualifications: MSC (Audit Management and Consultancy, University of Central England in Birmingham, UK

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Benson K. Kimani

Experience: Born in 1965. Over 30 years' experience in Public Service in development planning. Represent the Principal Secretary State Department for Planning. He is currently the Director Economic Development Coordination Directorate, State Department for Planning, the National Treasury and Planning where he is responsible for spearheading intergovernmental development planning and other development initiatives. A member of Finance & Administration Committee and Audit & Risk Management Committee. He replaced Dr. C.T Muchiri

Qualifications: Master of Arts degree in Economic Policy Management at Makerere University, Bachelor of Arts degree (Economics) the University of Nairobi, Certified Project Management Professional (PMP).



Robert Osudi

Experience: Born 1982. Over 11 years' experience in the Public Service in Finance. Representing the Principal Secretary in the National Treasury. A member of Finance & Administration Committee and Audit & Risk Management Committee.

Qualifications: Masters of Arts – Economics.



Joyce Mugure

Experience: Born in 1984. Over 10 years of experience in the Public Service in Social Development. Representing the Principal Secretary, State Department for Social Protection. A member of the Strategy & Programmes Committee and Finance Committee.

Qualification: Masters in Rural Sociology and Community Development(Finalist); Bachelor of Arts (Economics and Sociology)

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Titus Lotee
Chief Executive Officer


Experience: Born in 1974. Has over 21 years of career experience; 12 of which are at the Non-Governmental and Private Sector Organizations, both within and outside the country. 8 years in the Public Sector.

Qualifications: A PHD finalist in Leadership and Governance and a Master of Arts in coexistence and Conflict from Brandeis University USA. BA (Economics) Moi University.

3. MANAGEMENT TEAM

 <p>Titus Lotee</p>	<p>Responsibility: Chief Executive Officer</p> <p>Qualifications: A PHD finalist in Leadership and Governance and a Master of Arts in coexistence and Conflict from Brandeis University USA. BA (Economics) Moi University.</p>
 <p>Magdaline Kipkenei</p>	<p>Responsibility: Director Finance and Administration</p> <p>Qualifications: MA Sociology (Community Development & Project Management).</p>
 <p>Jackson Kayaga</p>	<p>Responsibility: Head of Programmes</p> <p>Qualifications: MA in Development Studies, B.Ed (Hons) and CPA finalist.</p>
 <p>Jesse Njuguna</p>	<p>Responsibility: Head of Monitoring & Evaluation</p> <p>Qualification: Masters in Environmental Planning and Management, Bachelor of Environmental Studies.</p>

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 <p>Serah Muchunga</p>	<p>Responsibility: Head of Finance & Accounts</p> <p>Qualifications: MBA in Finance & Accounting, BBM (Accounting) and CPA (K).</p>
 <p>Jane K. Kyengo</p>	<p>Responsibility: Head of Procurement</p> <p>Qualifications: B.com in Marketing, Professional Diploma in Purchasing and Supplies, Diploma in Business Administration.</p>
 <p>Stephen K. Irungu</p>	<p>Responsibility: Head Human Resource and Development</p> <p>Qualifications: Master in Business Administration (Human Resource Management) and Higher National Diploma (HRM). A member of IHRM</p>

4. CHAIRPERSON'S STATEMENT

Introduction

It is my pleasure to present to you the 2019/2020 Financial Statements. It' is worth noting that the Board has laid down structures and systems in place to assist in the day to day running of the Fund.

Overall performance

The Fund disbursed the first, second, third and fourth Quarter allocation of 2019/2020 FY to the counties to finance community projects and programmes.

Key Activities and Achievements

1. Disbursement of the 1st, 2nd, 3rd and 4th Quarters allocation
2. Disbursed emergency funds of Kshs. 522,734 to each of the 47 counties to assist in the Covid-19 response strategies
3. Review of access to funds guidelines finalized
4. Launch of the Strategic Plan

The Fund supports the following activities;

1. Promotion of economic empowerment activities through support to Women, Youth and PWDs Groups, table banking, and Women owned SACCOs.
2. Provision of Bursary/Scholarships to vulnerable students, trainees in vocational institutions and children with special needs.
3. Civic education of community leaders and the public on Government programmes and policies.
4. Support to Gender Based Violence prevention through establishment of rescue and counselling centres and provision of legal aid and sensitization programmes.
5. Value additional initiatives; support to market shades for women in business, agribusiness, home industries, enterprise training and development, support to eco-friendly innovations in energy, housing and appropriate technology etc.
6. Nurturing of talent among the youth in music, art, sports.
7. Prevention of substance abuse through rehabilitation programmes.
8. Emergency Response 2% of the funds are set aside to support emergencies during floods, famine, disease outbreak, fire break outs and destruction of basic infrastructure.

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Successes

During financial year 2019-2020, the Fund disbursed Ksh2.415b to Counties and achieved the following;

- i. Supported several vulnerable students through bursary
- ii. Sensitized community from 47 counties through Civic Education
- iii. Several groups benefitted from economic empowerment category and value addition income generating initiatives
- iv. Completion of Meru rescue resource centre in Meru, Nyangweso ywaya Wagusu market in Siaya, 10 market stalls in Kutulo, Mandera and drilling of 8 boreholes in Kakamega were completed.
- v. Launch of the Strategic Plan 2019-2023
- vi. Several youth benefitted with sports gear and sports uniforms
- vii. Distributed 1502 water tanks to various schools and communities
- viii. Over 20,000 school going children benefitted from sanitary pads.

Challenges

During FY 2019-2020 the Fund has experienced a number of challenges;

1. Inadequate funds to support administrative functions.
2. Delay in release of funds by The National Treasury that affected implementation of projects and programmes
3. Inadequate staffing both at the Secretariat and in the counties
4. Inadequate office space and equipment at the County offices.
5. Covid-19 pandemic affected implementation of various projects towards the end of FY 2019/2020.

Future Prospects and Strategy

The Fund's strategy as outlined in the 2019-2023 Strategic Plan is to ensure long term sustainability challenge the management team of the Fund. The Board has the right balance of skills, experience and backgrounds to support and.



.....
**Prof. Wanjiku Kabira, CBS
Chairperson**

Date: 15/2/2021.....

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

I take delight to present to you highlights of the National Government Affirmative Action Fund's performance and operations for 2019/2020 Financial Year.

In the financial year 2019/2020, the Fund received exchequer release amounting to Kshs. 2,130,000,000. The Board disbursed Kshs. 2,645,156,243 to the 47 Counties and various activities to support affirmative action groups (youth, Women and PWDs) for social economic empowerment at county level.

	Expenditure	Amount (Kshs.)
1	Counties: To finance economic empowerment activities for Affirmative Action Groups	2,415,732,807
2	Secretariat / Administrative	106,600,000
3	Emergency Interventions	50,825,648
4	Gratuity	5,618,281
5	Monitoring and Evaluation	66,379,506
	TOTAL	2,645,156,243

The funds were utilised in achieving the following;

From the total of Ksh2.415b disbursed, the Fund achieved the following;

- i. 32,853 vulnerable students supported through bursary both in secondary schools and vocational institutions
- ii. 97,413 members of the community from 47 counties reached through Civic Education
- iii. 4,981 groups benefitted from economic empowerment category
- iv. 634 groups financed to up-scale their value addition income generating initiatives
- v. Completion of the Meru rescue and resource centre: Administration block, one dormitory, perimeter fence multipurpose hall is complete. Certificate of completion issued.
- vi. Completion of Nyangweso ywaya Wagusu markets in Siaya. This has not been commissioned because of Covid-19.
- vii. Completion of 10 market stalls in Kutulo Market in Mandera
- viii. Drilling of 8 boreholes in Kakamega
- ix. Launch of the Strategic plan 2019-2023
- x. Over 5803 beneficiaries who received different types of sports gear and attended tournaments.
- xi. Sports Uniforms for 298 soccer teams purchased and distributed
- xii. Over 1502 water tanks ranging between 100 litres, 5000 litres and 10,000 litres were distributed to various schools and communities.

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xiii. 5247 cartons of sanitary pads were distributed to over 20,000 beneficiaries of school going children.

Challenges

During FY 2019-2020 the Fund has experienced a number of challenges;

i. Inadequate funds

Inadequate funds for administrative functions these including; salaries, inadequate staff, motor vehicle maintenance and fuel and other office operations.

ii. Delay in release of funds by The National Treasury

The Fund's first half and second half allocations were released on 20th October, 2019 and 30th March, 2020 respectively. This affected implementation of projects and programmes and operational activities at the County level.

iii. Inadequate staffing

The Fund has inadequate staff both at the Secretariat and in the counties due to inadequate funding. The Board intends to address the challenges through requesting for more funding from The National Treasury and seeking for support from development partners and other stakeholders.

iv. Inadequate office space and equipment

The National Secretariat is currently housed in Absa Plaza 16th floor while most County officers are currently accommodated at the County Commissioners' offices which are not fully equipped while a few are hosted in the Women Representatives' offices

v. Covid-19 pandemic

The Pandemic affected implementation of various projects especially in the third and fourth Quarters of FY 2019/2020.



.....
Chief Executive Officer

Date: 15-2-2024

6. REVIEW OF NATIONAL GOVERNMENT AFFIRMATIVE ACTION FUND
PERFORMANCE FOR FINANCIAL YEAR 2019/2020

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

The National Government Affirmative Action Fund has 5 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Economic Empowerment
- Pillar 2: Socio-Cultural Development
- Pillar 3: Institutional & Capacity Development
- Pillar 4: Resource Mobilization
- Pillar 5: Tracking & Reporting on Implementation of NGAAF programmes

NGAAF develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Organization achieved its performance targets set for the FY 2019/2020 period for its five strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Activities	Key Performance Indicators	Achievements
Pillar 1: Economic Empowerment	To Increase income for Affirmative Action Groups	Support table banking activities for AAG	Amount disbursed. Number of groups funded	Disbursed: Ksh : 267,228,185.03 PC Target: Ksh 368,277,000.00 Groups Funded: 4,981 PC Targeted groups: 3,000
		Support SACCOs	Number of Saccos Supported	Sacco's supported in the following counties; Kitui, Kakamega (2), Kisii, Embu, Bomet, Homa Bay, Lamu
		Strengthen capacity of AAGs and PWDs for ease of access to funds and other services		Ensure that GBV centres, Rescue and Rehabilitation canthers, IT centres e.g in Migori and all other construction by NGAAF are friendly to PWDs. This includes construction of ramp. Partners with various government & Non-governmental take holders.
		Promote Value Addition Initiatives	Number of Groups supported for value addition supported	PC targeted: 94 groups Number of groups: 634 F: 37,054 M: 10,772 PWD: 2,191
		To improve uptake of Government programmes and policies	Civic Education & Community Sensitization	Number of people reached during civic education programmes
Pillar 2: Socio-Cultural Development	To Promote Social Rights for Affirmative Action Groups	Provide advocacy on social rights & participation of AAGs	Number of persons sensitized	Reached out through civic education forums
		Support Elderly Persons as per the fund access guidelines	Number of Elderly reached out	Blankets bought for elderly persons in Embu County

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	To enhance access to services for survivors of GBV, FGM, child or forced marriages	Increase number of GBV & Recovery centres & make them operational	To ensure that the Bungoma GBV center in & West Pokot GBV & rescue centre is at least 50% operational To Ensure that the Meru Mwangaza Resource & Rescue Centre and the Kajiado Disability Empowerment centre constructed	Both Bungoma & West Pokot centres were 40% operational Both centres in Meru and Kajiado were 50% complete
		Facilitate victims to access services		Working with various stakeholders' especial chiefs and sub chiefs to sensitize the community about the centres for ease of accessibility by the victims.
	To enhance access to services for the control of drugs & substance abuse	Establish rehabilitation & Counselling centres and make them operational	Construction & of Alcohol & Drug abuse rehabilitation centre in Nandi, Operationalize of the rehabilitation & counselling centre in Turkana Mombasa-acquisition of land from Ministry of land (10%) Operationalize the centre (20%)	Targets: Nandi (30%) construction. Achieved was 30% Turkana Target to operationalize Turkana rehabilitation drug & Substance centre to at least 20%. Achieved. Operationalized 10% Target to acquire land for Mombasa drug & rehabilitation centre is at least 20%. Achieved: 10% Target to operationalize the Mombasa Drug & rehabilitation centre was 10% Achieved 0%
		Facilitate addicts to access rehabilitation & Counselling services		Kiambu NGAAF office partnered with Mamacare CBO to run the Kiambu Alcohol & Rehabilitation centre and assist addict to access the services
	To identify and develop talents among affirmative action groups	Provision of sporting equipment		Kiambu spent, Kes.237,000 for purchase of purchase of full sports uniform, balls, t-shirts, caps Elgeyo Marakwet: Purchase of Purchase of sporting equipment, balls, uniforms, trophies- Bungoma: Printing of t-shirts
		Supporting Tournaments		Embu: 405,000 spent Bungoma: Kshs. 1,400,000 spent on talent search and sports tournament Elgeyo Marakwet Amount of Kshs.1,021,000 was spent on football tournament with a remainder of Kshs.2,029,000
		Establish linkages with talent development institutions		Laikipia: Talent show and business exhibitions amounting to Kes.980, 931
	To increase access to education	Provision of bursaries and scholarships	17,000 needy students	32,853 benefited

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	opportunities for affirmative action groups		targeted		
Pillar 3: Institutional & Capacity Development	To strengthen Internal Corporate governance systems	Ensure compliance with laws, regulations, national values and principles of good governance	Induction report	Coordinators inducted in December 2019	
		Develop a corporate communication strategy	Responding to queries raised via the email contacts provided for at the NGAAF website	Use of twitter account	
		Develop & implement (Standard operating Procedures. SOPs)		Standard Operating Procedures developed	
	Strengthen Human Capital	Formulate Human Resource Policies		Human Resource Policies updated from those of the parent Ministry of Gender and Public Service	
		Ensure Optimal Human Resource		Requested for the posting of more staff at NGAAF	
		Enhance Staff Training & Development		-Carried out induction in December 2019 -Allowed staff to proceed with training to enhance service delivery: e.g SMC	
	Strengthen Internal Financial Management Systems	Develop a Finance & Procedure Manual		The Board approved for Development of Integrated Financial Management System which is at its initial stage	
	Pillar 4: Resource Mobilization	To supplement the share of Revenue	Establish partnerships, Engagements & Linkages with development partners and the private sector	Partnership agreement	Developed a partnership with equity bank and Cooperative bank
	Pillar 5 : Tracking & Reporting on Implementation of NGAAF programmes	Strengthen tracking of Implementation of policies, plans & Budgets.	Establish, a monitoring evaluation & Reporting system	M&E Report	Elaborate M& E undertaken in 4 counties. – Kisumu, Nandi, Bomet & Kericho (shortage of staff hindered more counties being included)
			Provide timely and reliable information for evidence based decision making		
Build capacity of NGAAF Staff on M& E skills				Inducted coordinators in Naivasha in 2019	

7. CORPORATE GOVERNANCE STATEMENT

The Board of National Government Affirmative Action Fund is committed to ensuring that the Fund operates with professionalism and integrity and maintains high standards of Corporate Governance in carrying out its mandate. The Board embarks on ensuring that the Fund complies with the guidelines on Corporate Governance practices as it is a requirement for Public officers.

During this period, the Fund continued to ensure adherence to the following principles:

- i) Timely preparation of accurate financial statements and project reports both performance and financial reports
- ii) Effective processes and systems of risk management and internal controls are in place
- iii) Maintains an effective and efficient system of internal controls
- iv) Procurement process is cost effective and delivers the value for money
- v) Ensures that books of accounts are prepared on timely basis
- vi) Delegates to management the responsibility to implement risk management plan
- vii) Delegates to management the responsibility of designing, implementing and monitoring effectiveness of internal control systems
- viii) Ensures that the chairperson of audit committee is an independent Board member
- ix) Ensures that at least one member of the audit committee has relevant qualifications and expertise in audit, financial management or accounting.
- x) Ensures that the internal audit function reports to the Audit committee on regular basis

Board of Management

The Board is responsible for overall management and long term strategy of the Fund, ensures compliance with statutory requirements and fulfilling the Funds' responsibilities to stakeholders. The role of the Board is to approve disbursement of funds to the counties, receive, review and approve projects proposals for funding from counties, oversee the management of the Fund, receive, review and approve reports of the Fund.

The Board of Management as stipulated in the NGAFF Regulations, 2016 consists of five (5) independent members and four (4) alternate members representing Principal Secretary responsible for matters relating to Gender Affairs, Social Security Services, and National Treasury and Planning. They are appointed as per guidelines provided in the Legal notice No.52 of 2016.

The roles of the Chairperson and the Chief Executive Officer are clearly separated as set out in Mwongozo. The Chairperson provide overall leadership to the Board, leads in setting the agenda for Board meetings, guide Board's decision making process and encourage Board members to participate fully in Boards deliberations. Monitor the performance of the CEO and maintain close, but independent working relationship with the CEO while ensuring

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appropriate balance of power between the CEO and the Board. The Chairperson is the spokesperson for the Board and is the principal contact for the CEO.

The day to day management of the business and implementation of policy decisions approved by the Board is the responsibility of the Chief Executive Officer who is also the secretary to the Board and is in charge of the Secretariat.

The Board members are provided with complete and timely information to allow them ample time for appropriate review for discussions in meetings, thereby discharging their responsibilities effectively and efficiently. The Board members are encouraged to develop knowledge of the operations of the Fund by taking part in various activities organized including field visits, monitoring and evaluation and regular trainings.

In order to discharge its mandate and responsibilities effectively, the Board has established and delegated certain tasks to its committees with specific terms of reference. The Board has appointed the committees of the Board with requisite skills and competencies to discharge allocated responsibilities. There are four standing committees of the Board each with clear terms of reference. These are:

1. Strategy and Programs
2. Finance and Administration
3. Conflict Resolution and Human Resource
4. Audit and Risk Management Committee

The Board and its sub-committees meetings are held as per Board calendar and as dictated by other emerging urgent agenda. During the year the Board held Eight (8) meeting, Finance and Administration committee held four (4) meeting, Strategy and Programs committee held nine (9) meetings, Audit and Risk Management committee four (4) meeting while Conflict Resolution and Human Resource committee held four (4) meeting. In addition, the Board held four (4) Special Board meetings, two (2) retreats and two (2) ad hoc committees. The Board meetings were necessitated by the recruitment of the County Coordinators, review of the audit reports, focus group discussions for the Social Economic Impact Assessment report in the counties and disbursement of funds through proposal approvals, Emergency interventions, among other important activities. This enabled smooth operations of the management and discharge of the Funds Mandate. The Committees of the Board also held meetings to deliberate on Audit reports, Resolutions of complaints and Conflict in the Counties.

However, the Board remains collectively responsible for the decisions and actions taken by any committee. A committee only performs the task delegated to it by the Board and should not exceed the authority or powers of the Board.

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Board expenses

The board expenses are as disclosed in the Financial Statements. The allowances paid are sitting allowances, accommodation/daily subsistence and transport allowances for attending Board meeting and on official duties, per diem on domestic/local travel and lunch allowance where it is not provided while on official duties in line with Government Circulars and net of tax where applicable. The terms of employment of the Chief Executive Officer are clearly defined in the employment contract.

Accountability, audit and stakeholder relations

The Board recognizes its responsibility to present a balanced and understandable assessment of the Fund's financial position and prospects. The Funds financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Public Finance Management Act- 2012 and audited in accordance with International Auditing Standards (IAS). The Board members recognize and have confirmed their responsibility over the Financial Statements and have provided information in this report that they consider useful to stakeholders.

Communication with Stakeholders

The Fund disbursed allocation for financial year 2019/2020 FY to all counties. It has been maintaining a website, www.ngaaf.go.ke which gives general information about the Fund and various activities undertaken. It has been updated accordingly to provide information to the public. The Fund has a twitter handle **@NGAAF_KE** and a Facebook account **ngaafkenya** whose intention is to capture the participation of the youth thorough the social media platforms.

The Fund actively participates in Huduma Mashinani, a joint establishment with other Funds and departments within the Ministry and Huduma Centre, to further its mandate to different communities in a more defined and organized platform. In addition, the Fund actively participates in County activities like value addition initiatives, civic education, Bursaries and scholarships. Further, requests for information through other quarters are considered and acted upon as they are received and appropriate disclosure provided.

Board Charter

Good corporate governance is regarded as critical to the success of the business of the Board. The Board is unreservedly committed to applying the fundamental principles of good governance including but not limited to; Integrity, Equity and Fairness, Innovativeness, Gender Equality, Transparency and Accountability, Integrity, Dignity and Self-reliance.

This charter is anchored on *Mwongozo*; the code of governance for state corporations issued by the State Corporations Advisory Committee.

The main objective of the charter is;

- i. To define the governance parameters within which the Board shall operate;

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- ii. To set out specific responsibilities to be discharged by the Board members collectively;
- iii. To ascertain roles and responsibilities incumbent upon Board members as individuals;
- iv. To facilitate the full and free exercise of Board members' abilities and enhance effectiveness in their contributions that is consistent with standards of independent judgement, ethics and integrity expected of them.

Conflict of interest

Board members are required to maintain integrity and declare any conflict of interest on any matter relating to the Fund. A disclosure of an interest made shall be recorded in the minutes of the meeting at which the disclosure is made.

Boards Induction and Skills Development

The Board members undertook comprehensive induction training tailored towards skills development to ensure effective and efficient contribution in implementation of the Funds activities. However, the new Board members are yet to be inducted and the plans are under way.

All Board members are expected to receive continuous skills development to enhance and refresh their knowledge and skills, which will add to their credibility and effectiveness in the discharge of their responsibilities. The Board shall provide the necessary resources for implementing these training programmes in the Financial Year, 2020/2021.

Board Members' Remuneration

Board members were paid sitting allowances, accommodation/daily subsistence and transport allowances for attending Board meeting and on official duties, per diem on domestic/local travel and lunch allowance where lunch in kind was not provided while on official duties in line with Government Circulars while the Chairperson was paid monthly honoraria in line with Government Circulars.

Board Performance

The Board is expected to perform an annual evaluation to appraise its performance. This evaluation is carried out in accordance with Board evaluation tools. This provides an opportunity to identify strengths collective skills gaps and individual areas of improvement. Performance of each committee is also reviewed against agreed terms of reference. The Board also evaluates the performance of the Chairperson and the CEO.

Board and Management Succession

The term of the 3rd Board is expected to expire in September, 2021. However, this is not expected to hamper the operations of the Fund. Further, the term of the Chief Executive Officer is expected to end in March, 2021. The Board is expected to prepare for succession strategies.

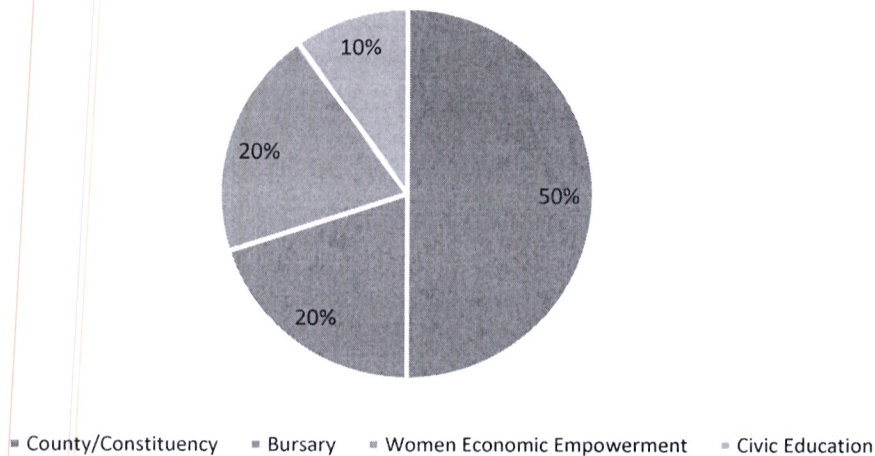
8. MANAGEMENT DISCUSSION AND ANALYSIS

The Mandate of the Fund;

1. Enhancement of access to financial facilities for affirmative action groups and the amount allocated to this objective shall not exceed twenty (20%) of the total Fund receipts;
2. Support of value addition initiatives by the affirmative action groups;
3. Socio-cultural development and nurturing of talent for the affirmative action groups including promotion of the arts, music and sports;
4. Enhanced access to services for survivors of gender based violence, female genital mutilation, child marriages or forced marriages through the establishment of rescue centers and legal aid centers and other similar facilities;
5. Support of affirmative action groups through bursaries and scholarships to access education opportunities. The amount allocated to this objective shall not exceed twenty (20%) of the annual total allocations of the Fund;
6. Establishment of drug and substance abuse rehabilitation and counseling centers in conjunction with the relevant Government agencies;
7. Conducting civic education and community sensitization on National Government Affirmative Action programmes and policies such as the 30% procurement reservation for women, youth and persons with disabilities, existence of other social economic empowerment opportunities such as Uwezo Fund and Youth Enterprise Development Fund and Women Enterprise Development Fund. The amount allocated to this objective shall not exceed ten (10%) of the annual allocation of the Fund.

S/No.	Category	%	Amount (Kshs.)
1	County/Constituency	50	920,692,500.00
2	Bursary	20	368,277,000.00
2	Women Economic Empowerment	20	368,277,000.00
4	Civic Education	10	184,138,500.00

%age distribution of disbursement



On Institutional Strengthening the following was achieved;

- i. M & E visit timetable was developed and approved and the Secretariat managed to undertake visit in 4 counties namely; Bomet, Kericho, Kisumu and Nandi. The secretariat findings were shared with the Board.
- ii. Finalization of Access to Funds guidelines development was achieved
- iii. Special Audit in two Counties was performed by Internal Auditors from Gender
- iv. Launch of the Strategic plan for the year 2019-2023
- v. Secretariat staff were sponsored for regular short courses
- vi. Enhancement of corporate image by adoption of corporate colours and rebranding
- vii. Enhancement of internal controls and systems in procurement and finance departments
- viii. Enhancement of performance management
- ix. Improved working conditions

Major Risks Facing the Fund

This entails undertaking mitigation measures through compliance to mitigate threats and involving people to follow the set procedures and use of relevant tools in order to ensure conformity with risk management policies. To ensure the organization is cushioned against risks, the following risks and strategies have been identified:

1. Development of Strategic Plan and a Work Plan to ensure that there is proper coordination of NGAAF activities both at national and county level.
2. Political interference that encourages deviation from the NGAAF Strategic Plan and approved work plans.

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3. Negative cultural and social beliefs that hinder some communities from accessing the funds. This is mostly experienced in Muslim dominated counties. The Fund has enhanced civic education.
4. Competition from other government departments and funds undertaking similar mandate. The fund has established proper partnership with other departments and funds through organizing joint forums and programs to ensure that the fund compliment the other funds.
5. The possibility of repealing of the NGAAF Regulations, 2016 which created the Fund. The Fund needs to lobby the government of the day for continuity.
6. High rate of staff turnover. There is need for the Board to secure its already existing workforce by ensuring better terms of employment.
7. The Bulk of the Coordinators will have their terms of contract expiring in 2021 beginning from the month of February 2021. The board will need to put strategies in place to address this eventuality

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENTS/SUSTAINABILITY REPORT

The National Government Affirmative Action Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 5 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile

The Government of Kenya is committed to the attainment of the United Nations Sustainable Developments Goals (SDGs) as agreed upon by the International community in September, 2015. SDGs are universal and they address the economic, social and environmental dimensions of sustainable development in a comprehensive and integrated manner. The SDGs incorporate experience gained from the Millennium Development Goals (MDGs) and include additional dimensions on sustainability. The mandate of NGAAF has a corresponding relationship with all the sustainable development goals. In its strategy implementation, NGAAF has put in place activities which make the Fund a significant player in implementing all the 17 SDGs

2. Environmental performance

Environmental policy as outlined in the strategic plan is captured under the social pillar which focuses on Environmental conservation and management activities. It also lays emphasis on emerging environmental challenges such a climate change and e waste. This comes along with it the preference for green products and services. This in terms leads to the importance of increasing public private partnership as a strategic response.

NGAAF sees this as potential business opportunity for affirmative groups. In this context, the AAGs are sensitized on the opportunities e.g carbon credit trading through afforestation activities, and also provides such groups with appropriate capacity and facilities.

Further NGAAF has engaged in planting of tress in a number of counties within the FY 2019/2020. This included the planting of different types of trees in 88 schools in 11 sub counties of Nakuru County. The counties included: Molo Naivasha, Gilgil, Kuresoi South, Nakuru North, Nakuru East, Nakuru West, Njoro, Rongai, Subukia and Bahati. The specific types of trees planted included 4000 avocado trees and 2500 trees of other types.

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Above: Nakuru County Coordinator initiating the planting of trees in Nakuru County. August 2019

In Lamu County within the months of July and August in 2019, 2500 cashew nut trees, and mango and moringa trees were planted. Trees planted in Witu Mjini, Faza ward, Kizingitini in Lamu West.



Hon Captain Ruweida the Lamu County Women Rep Initiating the exercise. Note the many seedlings in the background

In Taita Taveta County, in the months of October and November 2019, various trees were planted. The trees included indigenous, medicinal and fruit trees. Specifically, the trees were: Gravilia, Casuarina, and Acacia, Medicinal trees planted were: Moringa and Muarubaini while the fruit trees planted were passion fruits. These trees were planted in public grounds



Taita Taveta County Coordinator coordinating the exercise

3. Employee Welfare

The Public Service Commission policies of hiring staff are taken into account based on the core values of tenets of equity, gender equality, dignity, integrity, innovativeness self-reliance. NGAAF is guided by its strategic plan where it has captured issues of staff welfare. In particular the following have been encapsulated in staff welfare. Defined career progression, healthy, safe and secure working environment, Training and development opportunities for staff, welfare and Equity as well as fair remuneration. NGAAF has endeavoured to ensure that all staff operate from Government premises whose safety meet the thresholds required by the Occupational Safety & Health Act (OSHA of 2007). Further as a response measure to combating Covid-19 menace, the organization has provided sanitization points and the Head office and also masks

4. Market place practices

The Organization channels National Government Support to affirmative groups for free. The beneficiary groups are not expected to pay any fee or inducements in order to receive such support. No staff is expected to receive rewards from the beneficiary groups for executing his/her mandate. The support is based on the constituencies where each constituency receives a similar allocation across the country without discrimination. The organization cooperates with other agencies working towards empowerment of affirmative groups. These include: Women Enterprise Fund, Youth Enterprise Development Fund and Uwezo Fund. There is a harmonious working relationship as we don't work as competitors but our work is mainly complimentary. Unlike the other funds where funds ought to be repaid, at NGAAF the support is a grant which doesn't need repayment

The organization has a supply Chain Management Officer who handles issues of procurement. Further, NGAAF executes procurement according to the guidelines and policies on implementation of the Public Procurement and Asset Disposal Act (2015), Regulations and other Statutes. It undertakes inventory management, oversees the

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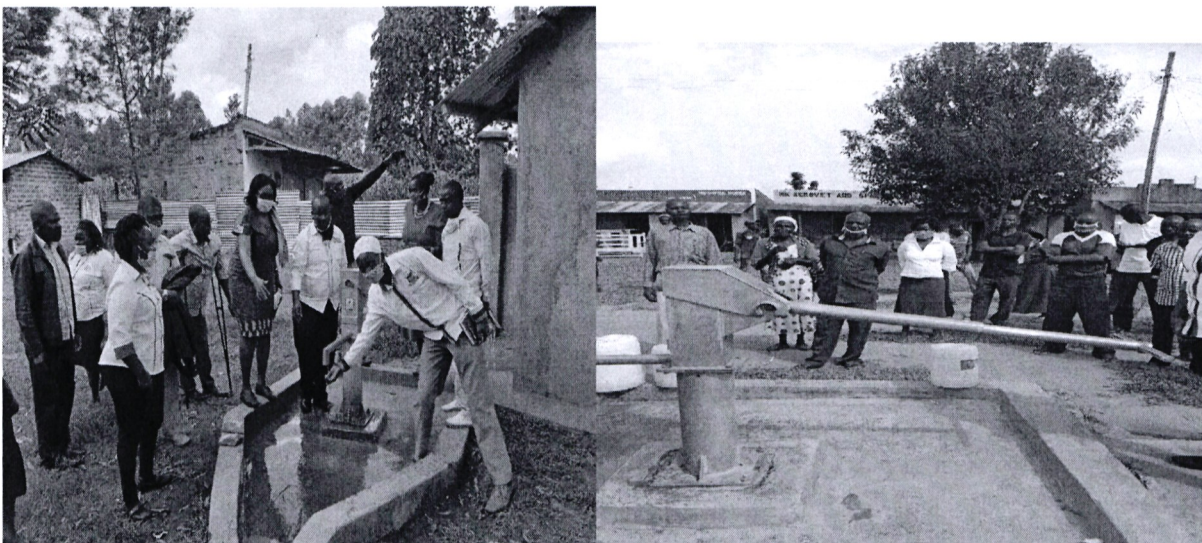
implementation of e-procurement and participates in negotiations on framework agreements and consortium buying. It also follows govern policy on reserving 30% of all its procurement for entities owned by women, PWDs and youths. In addition, the organization has set aside 40 % of its procurement budget to promote local content. All procurement is conducted in a manner to safeguard the consumer rights both for internal and external customers.

5. Community Engagements

The organization engages with the community through its nature of mandate. The Affirmative Action Fund was established to provide financial support to affirmative action groups for socio-economic development through legal notice No. 52 of the Public Finance Management Act (No.18 of 2012) led to the birth of NGAAF Regulations,

It provides bursaries/scholarships to needy students across all the counties in each quarterly disbursement. It also provides communities with opportunities for nurturing youth talents and sports. The organization has also undertaken a lot of initiatives providing sanitary pads to school going girls. Further, it has engaged in planting of trees in partnership with other stakeholders.

Borehole Drilling in Kakamega County where over 45 boreholes have been drilled with the target being one borehole per ward. This is meant to address the challenges of accessing water among the community



Left: Tumbeni Secondary School borehole **Right:** Shikutse Market Borehole **Above:** Drilling of boreholes in Kakamega county

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Above: Distribution of food items as part of corporate social responsibility in Embu County

This was done in partnership with the office of Women Representative Embu and Wanjuki Foundation, Feliciano sisters and Diamond trust Bank distributed assorted food items to over 5000 households in Embu county between March and June 2020

10. REPORT OF THE DIRECTORS

The Directors submitted their report together with audited financial statements for the year ended June, 2020 which show the state of the National Government Affirmative Action Fund affairs.

Principal activities

The principal activity of the National Government Affirmative Action Fund is to enhance access to financial facilities for Affirmative Action Groups (AAG's) through support to:

- a) Women Economic Empowerment;
- b) Value Addition Initiatives by AAGs;
- c) Socio-cultural development and nurturing of talent for AAGs including promotion of arts music and sports;
- d) Survivors of gender based violence, female genital mutilation, child marriages or forced marriages through establishment of rescue centres, legal aid centers and other similar facilities;
- e) Provision of bursaries and scholarships to access training and educational opportunities;
- f) Rehabilitation and rescue, counseling centres in conjunction with the relevant government agencies to address drug and substance abuse and
- g) Civic education and community sanitization on National Government Affirmative Action Programmes and policies.

Results

The results of the entity for the year ended June 30, 2020 are set out on page 1

Directors

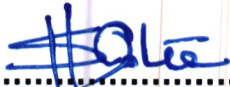
The members of the Board of Directors who served during the year are shown on page vi and ix. During the year 2019/2020 the Chairperson Hon. Regina Ndambuki was replaced by Prof. Wanjiku Mukabi. While two Directors representing the Principal Secretary State for Planning and Principal Secretary State Department of Social Protection were replaced by Mr Benson Kimani and Ms Joyce Mugure respectively.

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Auditors

The Auditor General is responsible for the statutory audit of the National Government Affirmative Action Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....
Titus Lotee

Chief Executive Officer

Date: 15-2-2021

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81(1) of the Public Finance Management Act, 2012 requires that, at the end of the financial year, the accounting officer for a national government entity shall prepare financial statements in respect of that entity which give a true and fair view of the state of affairs of the entity at the end of financial year and the operating results of the entity for the year. The Directors are also required to ensure that National Government Affirmative Action Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The Directors are also responsible for safeguarding the assets of the National Government Affirmative Action Fund.

Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Directors are responsible for the preparation and presentation of the National Government Affirmative Action Fund (NGAAF) financial statements, which give a true and fair view of the state of affairs of NGAAF for the year ended on June 30, 2020.

This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the National Government Affirmative Action Fund;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accepts responsibility for the NGAAF's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Directors are of the opinion that the NGAAF's financial statements give a true and fair view of the state of NGAAF's transactions during the financial year ended June 30, 2020 and of the NGAAF's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the NGAAF, which have been relied upon in the preparation of the NGAAF financial statements as well as the adequacy of the systems of internal financial control.

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Nothing has come to the attention of the Directors to indicate that the National Government Affirmative Action Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The National Government Affirmative Action Fund's financial statements were approved by the Board on 15/2/2021 and signed on its behalf by:

Wanjiku Kabira

**Prof. Wanjiku Kabira, CBS
Chairperson of the Board**

Date: 15/2/2021

Titus Lotee

**Titus Lotee
Chief Executive Officer**

Date: 15-2-2021

**12. REPORT OF THE INDEPENDENT AUDITORS ON THE NATIONAL GOVERNMENT
AFFIRMATIVE ACTION FUND**

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT AFFIRMATIVE ACTION FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Affirmative Action Fund set out on pages 1 to 25, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, the statement of changes in net assets, the statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Affirmative Action Fund as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies of the Financial Statements

1.1. Unexplained Adjustments to the Financial Statements

The financial statements for the year ended 30 June, 2020 were submitted within the statutory deadline of 30 September, 2020 and were subsequently amended and revised. However, the adjustments processed between the first set of financial statements and the final revised set of financial statements were not supported with relevant journal vouchers and other supporting documents.

Item	Initial Financial Statements (Kshs.)	Revised Financial Statements (Kshs.)	Unsupported Change (Kshs.)
Use of Goods and Service - Others	774,159	685,259	88,900
Staff costs - Travel, M/Car, Accommodation	8,895,330	9,150,930	(255,600)
M&E Expenses - Secretariat Field activities	4,205,500	3,166,400	1,036,100
Provision for Gratuity - Liability	21,091,469	29,087,210	7,995,741

Under the circumstances, the accuracy of the financial statements for the year ended 30 June, 2020 could not be confirmed.

1.2. Unexplained Restatement of the Financial Statements

The comparative figures in financial statements have been indicated as restated. However, the explanations for the restatement of the balances as detailed below were not availed for audit verification.

Description	Balance Per Audited Financial Statements (Kshs.)	Balance Per Current Financial Statements (Kshs.)	Variance (Kshs.)
Statement of Financial Performance			
Transfers to Counties – Counties Expenditure	1,969,632,174	1,967,868,415	1,763,759
Staff Cost	97,543,299	97,636,899	(93,600)
General Expenses/ Use of Goods & Services	45,438,110	43,347,509	2,090,601
Statement of Cash Flow			
Cash and Cash Equivalent at 01 July, 2019	708,173,717	715,320,150	(7,146,433)
Cash and Cash Equivalents at 30 June, 2019	955,911,652	951,792,041	4,119,611
Statement of Financial Position			
Accumulated Surplus	926,245,345	1,027,129,353	(100,884,008)
Capital Fund	178,305,138	0	178,305,138
Statement of Changes in Net Assets			
Balance b/f as at July 1, 2018 (Accumulated Surplus)	782,807,989	801,356,052	(18,548,063)

Under the circumstances the accuracy of the comparative balances in financial statements as at 30 June, 2020 could not be confirmed.

2. Unsupported Transfers to Other Government Units

The statement of the financial performance and as disclosed under Note 9 to the financial statements reflects transfers to other government units of Kshs.1,945,772,973. The amount relates to expenditures purportedly incurred in the forty-seven counties. However, the amounts were not supported by way of County Committees' expenditures returns. Further, copies of the relevant bank statements, cash books, board of survey reports and bank reconciliation statements for the year under review for all the forty-seven counties were not availed for audit review. The amounts reported have been derived from adjusting the opening cash balances of Kshs.4,997,725, adding the disbursements of Kshs.2,415,765,435 in the year and subtracting the reported unspent county cash balances of Kshs.474,990,187 as at year end which is not supported.

In addition, records held by the Fund indicate that four counties namely; Kilifi, Turkana Nyamira and Nairobi did not acknowledge receipt of funds amounting to Kshs.160,895,470 indicated as having been disbursed by the Fund Secretariat for the year under review.

In the circumstances, the accuracy of the reported transfers to Counties of Kshs.1,945,772,973 and the unspent fund balances held at the Counties of Kshs.474,990,187 as at 30 June, 2020 could not be confirmed.

3. Accuracy of Reported Loss on Disposal

The statement of the financial performance and as disclosed under Note 17 to the financial statements discloses disposal loss of Kshs.7,265,000. The loss was arrived at after deducting the sale proceeds of Kshs.1,585,000 from the cost value of Kshs.8,850,000 in respect of two (2) motor vehicles disposed during the year. However, the disposed assets have not been adjusted for depreciation charge for the duration of usage.

Consequently, the accuracy of the reported loss on disposal of Kshs.7,265,000 for the year ended 30 June, 2020 could not be confirmed.

4. Inaccuracies in Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.907,396,510 and as disclosed under Note 19(a) to the financial statements. Included in the balances is cash held by forty (40) Counties amounting to Kshs.474,990,187. Management did not provide the supporting information and documents by way of bank reconciliation statements and the respective cash books. Further, the balance excludes cash balances in seven (7) Counties that had received disbursements totalling to Kshs.349,996,936 during the year.

Consequently, the accuracy and fair statement of the reported cash and cash equivalents balance of Kshs.907,396,510 as at 30 June, 2020 could not be confirmed.

5. Irregular Payment of Board Allowances

The statement of financial performance and as disclosed under Note 12 of the financial statements reflects remuneration of Directors' expenses amount of Kshs.12,016,791. This includes an amount of Kshs.283,400 paid to the former Chairperson of the Board in the form of sitting, accommodation and lunch allowances without evidence of discharge of Board functions.

Consequently, the validity of the remuneration of Directors expenses amount of Kshs.12,016,791 could not be confirmed.

6. Property, Plant and Equipment

6.1. Non-compliance with International Public Sector Accounting Standards (IPSAS)

The statement of financial position reflects Property, Plant and Equipment balance of Kshs.208,983,468 and as disclosed under Note 21 to the financial statements. However, the Property, Plant and Equipment have not been prepared in accordance with International Public Sector Accounting Standards (IPSAS) No. 17 which requires an entity

to discloses for each class of asset recognized in the statements; the measurement bases for determining the carrying amounts, depreciation methods used, useful lives or depreciation rates used, accumulated depreciation at the beginning and end of the period, additions, reconciliation of the amount at the beginning and end of the period showing additions and disposals, revaluations, impairments, depreciation and net book values.

6.2. Written-off Motor Vehicle

Included in the Property, Plant and Equipment balance of Kshs.208,983,468 is a motor vehicle with a historical cost of Kshs.14,500,000 which was involved in a road accident in the financial year 2018/2019. However, the carrying value has not been written down to reflect the salvage value realizable as it has been confirmed as uneconomical to repair.

Consequently, the accuracy and fair statement of the reported Property, Plant and Equipment balance of Kshs.208,983,468 as at 30 June, 2020 could not be confirmed.

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

Unauthorized Expenditure Charge to Monitoring and Evaluation Reserves

The statement of comparison of budget and actual amounts under explanatory Note (a) reflects that the Fund brought forward balances of Kshs.26,604,647 were approved for utilization at the beginning of the financial year. However, evidence of authorization to charge none monitoring and evaluation expenditure items to the reserves comprising of; fuel and lubricants of Kshs.1,000,000, training and skill development of Kshs.7,341,940, renovation-Barclays Plaza of Kshs.26,210,630, reallocated staff cost of Kshs.10,681,845 and NHIF lumpsum payment of Kshs.7,516,667 all totalling to Kshs.52,751,082 was not provided for audit review.

Consequently, the validity of the authorization and the proper charge of the resultant expenditure could not be confirmed.

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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Operations of the National Government Affirmative Action Fund County Committees

1.1. Kisumu County-Irregular Procurement

The Kisumu County Committee undertook the construction of a market project at a cost of Kshs.11,711,047. The project was proposed by Akado Market Traders Group in January 2019 and tabled in the Board during the second quarter of financial year 2018/2019. The following gaps were however noted:

- (i) Although the construction was approved by Kisumu County Government's department of business energy and industry vide letter referenced CGK/BEI/PM/9/Vol. II / (26) dated 06 February, 2019, the land ownership documents to confirm the Group's rightful ownership to the land parcel were not provided for audit review;
- (ii) The County Committee did not have a memorandum of understanding with the Group indicating their commitment to the project as required under National Government Affirmative Action Fund Access Guidelines, 2017, Section IV;
- (iii) The tender notice advertisement through the Government Advertising Agency and the dailies listed several mandatory requirements for an eligible bidder to be presented as proof of compliance. Scrutiny of documents availed revealed that the contractor awarded, had not availed as required; (1) Audited accounts for the last three years, (2) Bank accounts in the name of the company with six months bank statement, and (3) Proof of work of similar magnitude and complexity undertaken by the firm in the last three years.

1.2. Homabay County-Irregular Procurement

A project was proposed by Rangwe business community vide letter dated 07 February, 2020 for the erection of market sheds and pit latrines at Rangwe market at a cost of Kshs.15,525,530. The procurement was done by the Homabay County service delivery coordinating unit by way of request for quotation using Homabay County Government 2019/2020 prequalified contractors. However, this was irregular as the cost of the project exceeded the stipulated threshold of Kshs.4,000,000 in the Public Procurement and Disposal (Amendment) Regulations, of 2013 on use of request for quotations method of procurement.

Consequently, Management was in breach of law in implementing the projects.

1.3. Kwale County

1.3.1. Ineligible Groups

In Kwale County twenty-eight (28) groups were funded at Kshs.9,596,000 that was disbursed to various groups in the year under review. However, the groups did not qualify for funding as they did not meet the threshold of a minimum 100 membership, operating revolving bank accounts with minimum group funding of at least three hundred thousand shillings (Kshs.300,000) and the groups existence for a period exceeding at least six months as provided for in the regulations and the guidelines.

Further, neither the resolutions of proper constituted meetings and resolutions nor the agreements between the County Committee, on behalf of the Fund, and the identified beneficiary groups on the terms of revolving the fund prior to release of funds in the prescribed form were provided for audit review.

1.3.2. Lack of Public Participation in Projects Identification

The County undertook projects valued at Kshs.14,066,189; County Wide/Constituency Projects – Kshs.4,347,659, Women Economic Empowerment - Kshs.5,622,123 and Value Addition – Kshs.4,096,407. However, there is no evidence of public participation in the identification process at the constituency and ward levels by the County Committee.

1.3.3. Ineligible Projects

Projects worth Kshs.4,196,000 funded under value addition category, did not qualify as provided by the National Government Affirmative Action Fund Access Guidelines, 2017, Section 2.0 (ii), Project Proposal Evaluation Guidelines, which identifies six projects classification to be funded. Under the category of projects to be funded, are those that are involved in processing of farming and livestock products, green energy innovations and any other economic activity involving value addition.

1.3.4. Irregular Procurement

i) Tender Opening and Evaluation by the Same Committee Members

During the year under review, NGAAF - Kwale County undertook tender opening for various procurements worth Kshs.4,261,940. However, the opening of the bids, evaluation and award was done contrary to Section 78 of the Public Procurement and Asset Disposal Act, which requires at least one of the members not to be directly involved in the processing or evaluation of the tenders. By using the same members for both tender opening and evaluation, the Management was in breach of the Act. Further, the committee was paid allowances of Kshs.50,000 and Kshs.39,000 for undertaking opening and evaluating of the tenders respectively.

ii) Irregular Procurement of Motor Vehicle Repair Services

National Government Affirmative Action Fund (NGAAF) - Kwale County paid a garage Kshs.127,252 vide payment voucher No. 4112/56 dated 29 June, 2020 and invoice No. 4980 of 30 June, 2020 for repair services of vehicle registration No. GKB 494M. It also paid another garage vide payment voucher No. 4111/55 dated 29 June, 2020 and invoice

No. 28 of 30 June, 2020 an amount of Kshs.138,000 for repairs of the same vehicle. However, the pre-inspection report for the repairs of the car vide report Ref: KWL/MECH/INSP/VOL.IV/37 dated on 18 December, 2019 issued by the Ministry of Transport and Infrastructure, Kwale County Mechanical Officer had been used to support the two different payments. Further perusal of the two invoices from the two service providers both dated 30 June, 2020 indicates that the same nature of services were carried out on the vehicle.

No explanations have been rendered for the anomalies. There was also no post repairs inspection report from the Ministry of Transport and Infrastructure, Kwale County for services done by the second service provider.

1.3.5. Bank Reconciliation Statement

The bank reconciliation statement for National Government Affirmative Action Fund (NGAAF) Kwale County reflects payments in cash book but not recorded in bank statement amounting to Kshs.8,038,931. Included herein are six (6) cheques amounting to Kshs.3,848,000 dated between 29 and 30 June, 2020 and drawn in the name of the Fund Coordinator. The amounts were set aside for Civic Education exercise and Bursaries which were not conducted or issued due to Ministry of Health COVID-19 protocols on public gatherings. However, no explanations were rendered on why the payments had not been cancelled and the balances written back into the cash book.

Consequently, Management was in breach of law.

1.4. Embu County

1.4.1. Non-Utilization of Funds

Records held by the Fund indicated that Embu Roadmap Savings and Credit Cooperative Society Limited was registered on 8 February, 2018, with the aim of encouraging groups to borrow money at an interest of 5% had been awarded funds under the Women Economic Empowerment over the years. However, the SACCO which should have commenced operations in 2018 had not begun to extend loans to groups. The SACCO's bank statement reflected a balance of Kshs.11, 946,193 as at 30 June, 2020. The purpose and objective of the funds advanced to the Sacco is therefore not being met. No explanations were provided on why the intended groups were not accessing the funding.

1.4.2. Unsupported Bursary Funds

Examination of documents at the Embu County National Government Affirmative Action Fund (NGAAF) office revealed that the office awarded and paid bursaries for approximately 600 students in various institutions in the County totalling to Kshs.4,524,000. No evidence in form of reports or minutes of the participatory process undertaken to identify and award the students was provided. In addition, out of the disbursement, beneficiaries of bursaries amounting to Kshs.2,168,000 had not acknowledged receipt.

It was, therefore, not possible to ascertain whether the award was merit-based as per the set guidelines and whether the bursary funds were for the beneficial use of the intended institutions and individuals.

1.4.3. Irregular Procurements

Examination of documents availed for audit indicated that the Embu County Coordinator incurred expenditure of Kshs.390,000 on COVID - 19 emergencies. However, it was observed that direct method of procurement through cash was applied in the procurement of the items despite the value exceeding the low value threshold for procurement.

The County National Government Affirmative Action Fund (NGAAF) paid Kshs.1,200,000 for training and NTSA registration of two hundred (200) boda boda riders under Bursary and Scholarship Project. The services were procured through request for quotations issued to three service providers. However, it was noted that;

- i. all the service providers requested to quote were not included in the list of the County's registered suppliers,
- ii. there was no formal request from the Fund to use the County register of suppliers as required,
- iii. the request for quotations did not indicate the details of the requirements for the service provider and,
- iv. the quotations evaluation report was not prepared.

In absence of the information it was not possible to confirm how the service providers were identified and whether the service provider was qualified and had the capacity to provide the services required.

1.5. Tharaka Nithi County

1.5.1. Irregular Diversions of Funds

Mitheru Plot 10 Self Help Group registered on 16 March, 2017, requested for a grant of Kshs.150,000 to purchase an incubator for hatching chicks. The funding of Kshs.165,000 was recommended for approval by the County Committee and approved for funding by the Board. However, the group diverted the funds and bought a motor bike costing Kshs.106,000 and shared amongst the members the balance of Kshs.59,000.

Further, Mutindwa Sub Location Persons living with Disabilities registered on 4 November, 2014, submitted a proposal in the year under review seeking Kshs.236,000 to purchase an incubator for hatching chicks for sale. Out of the amount applied for, Kshs.189,000 was approved for funding. However, the funds were diverted and each of the sixteen (16) group members received Kshs.10,000 and the balance of Kshs.29,000 used for table banking.

No explanations were provided for the irregular diversions.

1.5.2. Unsupported Bursary Payments

Tharaka County National Government Affirmative Action Fund (NGAAF) awarded and paid bursaries for six hundred (600) students amounting to Kshs.3,784,286 to various institutions. However; the beneficiary institutions did not acknowledged the receipt of the bursaries amounting to Kshs.3,304,286. Consequently, it was not possible to ascertain

whether the funds were put to the beneficial use of the intended institutions and individuals.

1.6. Meru County

1.6.1. Gender Based Violence (GBV) Rescue and Rehabilitation Center

Meru County National Government Affirmative Action Fund (NGAAF) constructed Mwangaza GBV rescue and rehabilitation center in Tigania West at a cost of Kshs.38,536,394. However, no evidence was availed to confirm that the following funding conditions were met;

- i. the facility co-exists and is attached to an existing functional facility with a related mandate,
- ii. the Community Based Organization or Group is registered with relevant Government department, is operating in the Constituency, has a bank account and up to date financial records and,
- iii. there are arrangements in place on how the facility daily operating costs will be met.

In absence of this information, the propriety of the expenditure and the project viability could not be ascertained.

1.6.2. Unsupported Bursaries

The National Government Affirmative Action Fund (NGAAF) Office awarded and paid bursaries for six hundred (600) County students in various institutions amounting to Kshs.8,335,000. However, evidence of the participatory process applied for identification of the needy students, applications vetting reports, the qualifying beneficiaries and the beneficiary learning institutions receipts acknowledgements were not provided for review.

In absence of the information it was not possible to confirm the validity of the expenditures.

1.7. Nyandarua County - Bursary/Scholarship Program

On 27 February, 2020, the Fund, on 27 February, 2020, incurred an expenditure of Kshs.3,174,500 on bursaries for 291 needy students. However, the bursaries were granted to University students contrary to the funding guidelines.

Examination of the payment voucher no. 067 of Kshs.3,175,102 dated 29 June, 2020 in respect of bursaries and scholarships for needy students revealed that the payment was fully processed on 30 June, 2020 but the amount was not released to the beneficiaries as required. Further, the bank reconciliation statement as at 30 June, 2020 indicated the payment as unrepresented while the cheque was still in the custody of the Sub-county Treasury.

1.8. Nyeri County-Bank Reconciliation Statement

The bank reconciliation statement reflects payments in cash book but not recorded in bank statement amounting to Kshs.18,753,585. Included in this amount are stale cheques totaling to Kshs.3,260,985 with some dating back to 1 July, 2017. No explanation has been rendered for failure to write back the stale cheques.

The bank reconciliation statement also reflects payments in bank statement but not recorded in cash book amounting to Kshs.324,553. The amounts relate to bank charges dating back to March 2018. No explanation has been rendered for failure to resolve the reconciling items on a timely basis.

1.9. Kirinyaga County-Diversion of Funds

Kamiriji Progressive Youth Group received Kshs.100,000 from the National Government Affirmative Action Fund (NGAAF) Kirinyaga County for chicken rearing project. However, the group diverted the funding into table banking project without the approval of the Fund and the Board. There were also no records in support of the operation of the table banking project.

1.10. Kilifi County-Direct Procurements

The National Government Affirmative Action Fund (NGAAF) Kilifi County incurred expenditure amounting to Kshs.5,711,090 through direct cash procurements. However, review of the supporting records revealed that the procurements did not qualify for direct procurement.

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 Effectiveness of Internal Controls, Risk Management and Governance section of my report, 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

1. Board Membership

The Fund Board of Directors membership as governed by Section 8(3) of the Public Finance Management (National Government Affirmative Action Fund) Regulations, 2016 should consist of: -

- i. Chairman - Appointed by the Cabinet Secretary,
- ii. Principal Secretary - Gender,
- iii. Principal Secretary -National Treasury,
- iv. Principal Secretary -Social Security Services,
- v. One person representing Persons Living with Disabilities (PLWD) appointed by the CS,
- vi. One person representing Youth appointed by the Cabinet Secretary,
- vii. Three other persons appointed by the Cabinet Secretary for their knowledge or expertise in affirmative action and,
- viii. The Chief Executive Officer who shall be the Secretary to the Board.

An amendment of Section 8(3) through Legal Notice No. 104 of 12 July, 2019 introduced sub-section (d)(a) which introduced the Principal Secretary - Planning as an additional member of the Board, deleted subsections (e) and (f) and substituted the two with (e) which requires one person to represent the youth or PLWD and also removed the Chief Executive Officer as a Secretary to the Board without a replacement.

Arising from the changes brought about by the legal notice, the following anomalies were noted;

- i. The removal of the CEO as the Secretary contravened the provisions of Section 1.1(4) of Mwongozo Code of Governance for State Corporations which requires that the CEO be a Board Member with no voting rights.
- ii. When the Chief Executive Officer wrote to both the Principal Secretary and Cabinet Secretariat highlighting the anomalies noted in the amendments, the guidance given was that the persons representing the Youth and the PLWD should both remain in the Board as further consultations are done. The amendments required one person to represent the youth or persons living with disabilities and not two representations. The Cabinet Secretary guidance that the two should remain in the Board as the Legal Notice did not constitute a legal instrument. The Board as currently constituted is not consistent with the amendments contained in the Legal Notice No 104.

Consequently, the Board is operating illegally.

2. Board Meetings Held Without Quorum

During the year under audit, the Board of Directors held three meetings without the requisite statutory quorum. In particular, it was noted that the Board had planned for a meeting on 4 October, 2019 and the requisite notice were circulated to Members of the Board on time. However, the Members who attended the meeting did not form a quorum. The Members present un-procedurally constituted an ad hoc Committee of the full Board chaired by the Chairperson of the Board contrary to the State Corporations Advisory Council (SCAC) guidelines and Mwongozo requirements. The ad hoc committee

discussed the agenda items as earlier circulated to the Members, an indication that the Committee did not have its own clear terms of reference.

In the absence of quorum as provided for in Mwongozo Code of Conduct for State Corporations, it was not possible to confirm the validity of the decisions made by the Board in the above three meetings.

3. Appointment of County NGAAF Committee

The Meru County NGAAF Committee held several meetings during the year under review. However, the Gazette notices for the appointment of the Committee Members were not provided for audit verification. The Committee also did not maintain a meeting attendance register and therefore it was not possible to confirm the attendance or otherwise of the members or their representatives. Further, three constituencies, Igembe North, Imenti South and Igembe South, out of the nine Meru County Constituencies were not represented in the County Committee as required of the NGAAF Regulations. No explanation was given for the anomaly.

It was, therefore, not possible to verify their appointments and operation of the committee.

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

Responsibilities of Management and those charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue 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 Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

27 May, 2021

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019/2020	2018/2019
			Restated
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Receipt – Counties	6	-	352,596,443
Transfers from the National Government – State Department for Gender	7	2,130,000,000	2,075,000,000
Revenue from exchange transactions			
Other receipt	8	19,000	-
Total revenue		2,130,019,000	2,427,596,443
Expenses			
Transfer to Other Government units - Counties Expenditure	9	1,945,772,973	1,967,868,415
Use of goods & services	10	28,694,304	43,347,509
Staff Costs	11	82,609,836	97,636,899
Board/Remuneration of directors	12	12,016,791	16,826,925
Repairs and maintenance	13	2,560,609	5,458,875
M & E	14 (a)	3,166,400	1,545,200
Emergencies to Counties	15 (a)	50,825,648	49,760,986
Provision for Gratuity	16 (b)	7,792,514	27,639,317
Total expenses		2,133,439,075	2,210,084,128
Surplus for the year		3,420,075	217,512,316
Gain/Loss on disposal	17	(7,265,000)	-
Net Surplus/Deficit for the year		(10,685,075)	217,512,316


The notes set out on pages 6 to 23 form an integral part of these Financial Statements


National Government Affirmative Action Fund
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14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2019/2020	2018/2019
			Restated
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19(a)	907,396,510	951,792,041
Receivables	20	830,511	218,200
Total Current Assets		908,227,021	952,010,241
Non-current assets			
Property, plant and equipment	21	208,983,468	178,305,138
Total Non-current Assets		208,983,468	178,305,138
Total assets		1,117,210,489	1,130,315,379
Liabilities			
Current liabilities			
Provisions for Gratuity	16 (b)	29,087,210	26,912,978
Payables	18	2,479,353	7,073,400
Total Current Liabilities		31,566,563	33,986,378
Total Non-current liabilities		-	-
Total liabilities		31,566,563	33,986,378
Capital and Reserves			
Emergency Reserves		60,974,000	69,199,648
Accumulated surplus		1,024,669,926	1,027,129,353
Total Capital and Reserves		1,085,643,926	1,096,329,001
Total Liabilities and Capital & Reserves		1,117,210,489	1,130,315,378

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:


Titus Lotee
Chief Executive Officer


CPA Serah Muchunga
ICPAK No. 9059
Head of Finance


Prof. Wanjiku Kabira, CBS
Chairperson of the Board

Date: 15/2/2021

Date: 13/2/2021

Date: 15/2/2021

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

	Emergency Reserves	Accumulated Surplus	Total
		Restated	
Balance b/f at July 1, 2018	77,460,634	801,356,052	878,816,686
Add: Emergency Reserves	41,500,000	(41,500,000)	-
Less: Expenditure on Emergency	(49,760,986)	49,760,986	-
Surplus for the period - 2018/2019	-	217,512,316	217,512,316
Balance c/d as at June 30, 2019	69,199,648	1,027,129,354	1,096,329,001
Balance b/f as at July 1, 2019	69,199,648	1,027,129,354	1,096,329,001
Add: Emergency Reserve	42,600,000	(42,600,000)	-
Less: Emergencies to Counties	(50,825,648)	50,825,648	-
Accumulated Surplus	-	(10,685,075)	(10,685,075)
Balance c/d as at June 30, 2020	60,974,000	1,024,669,926	1,085,643,926

✓ Restatement of changes in net assets was necessitated after reconciliation since 2018-2019 financials had not reconciled.

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16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019/2020	2018/2019
			Restated
	Note	Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Counties Returns		-	352,596,443
Transfers from other Government - State Department for Gender		2,130,000,000	2,075,000,000
Other receipts		19,000	
Total Receipts		2,130,019,000	2,427,596,443
Payments			
Transfers to Other Government Units - Counties Expenditure		1,945,772,973	1,967,868,415
Use of goods & services		36,487,715	36,274,109
Staff Cost		82,185,362	97,855,099
Board Expenses		12,016,791	16,826,925
Repairs & Maintenance		2,560,609	5,458,875
Monitoring and Evaluation		3,166,400	1,545,200
Emergencies Funds		50,825,648	49,760,986
Gratuity		5,618,282	726,340
Total Payments		2,138,633,780	2,176,315,950
Net cash flows from operating activities		(8,614,780)	251,280,493
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(37,270,750)	(14,808,602)
Sales of Assets		1,490,000	-
Net cash flows used in investing activities		(35,780,750)	(14,808,602)
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(44,395,530)	236,471,891
Cash and cash equivalents at 1 July 2019		951,792,041	715,320,150
Cash and cash equivalents at 30 June 2019	19(a)	907,396,510	951,792,041

NB: Net amount under purchase of property, plant, equipment and intangible assets does not include an amount of Kshs. 2,257,579 which was still payable at the end of the year

National Government Affirmative Action Fund
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**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Receipts from Counties	0	278,918,023	278,918,023	278,918,023	-
Transfers from other Govt entities (State Department of Gender)	2,130,000,000	-	2,130,000,000	2,130,000,000	-
Other Income	-	19,000	19,000	19,000	-
Total income	2,130,000,000	278,937,023	2,408,937,023	2,408,937,023	-
Expenses					
Transfer to other Government Units - Counties Expenditures	1,938,300,000	278,918,023	2,217,218,023	1,945,772,973	271,445,050
Use of goods and services	21,690,000	15,888,607	37,578,607	28,694,304	8,884,303
Staff/Employee costs	70,200,000	14,281,845	84,481,845	82,609,836	1,872,009
Board/Remuneration of Directors	9,300,000	3,200,000	12,500,000	12,016,791	483,209
Repairs and Maintenance	2,610,000	270,000	2,880,000	2,560,609	319,391
M & E	42,600,000	(25,540,452)	17,059,548	3,166,400	13,890,148
Emergencies to Counties	42,600,000	-	42,600,000	50,825,648	(8,225,648)
Provision for Gratuity	26,912,978	-	26,912,978	7,792,514	19,120,463
Total expenditure	2,154,212,978	287,018,023	2,441,231,001	2,133,439,075	307,791,925,
Surplus for the period	(24,212,978)	(8,081,000)	(32,293,978)	275,497,948	(307,791,925)

- N/B:** (a) The Fund had prior year balances that were approved for utilization at the beginning of the year.
(b) The underutilization under M & E is as result of the rescheduling of planned activities after outbreak of COVID - 19.
(c) Over utilization of Emergency was additional from Emergency reserve by the Board to all 47 Counties.

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

National Government Affirmative Action Fund is established by and derives its authority and accountability from Public Finance Management Act (No. of 2012). National Government Affirmative Action Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. National Government Affirmative Action Fund's principal activity is financial support to the affirmative groups.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies.

The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared in accordance with the PFM Act, State Corporation Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
<p>IPSAS 33: First time adoption of Accrual Basis IPSAS</p>	<p>(Effective for annual periods beginning on or January 1, 2019) In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the</p>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Standard	Impact
	<p>transition period.</p> <p>The entity adopted IPSAS in the year ended 30 June 2016 and therefore provisions of first time adoption of accrual basis does not apply to the entity.</p>

<p>IPSAS 34: Separate Financial Statements</p>	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p> <p>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>
<p>IPSAS 35: Consolidated Financial Statements</p>	<p>Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. It requires an entity that controls one or more other entities to assess control over those entities based on the following:</p> <ul style="list-style-type: none"> - Its power over the other entity - Its exposure or rights to variable benefits from involvement with the other entity - Its ability to control the nature, timing and amount of benefits from the other entity. <p>Once control is assessed the controlling entity is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35. The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>

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<p>IPSAS 36: Investments in Associates and Joint Ventures</p>	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.</p> <p>The entity does not have investments in associates or joint ventures.</p>
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<p>IPSAS 37: Joint Arrangements</p>	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.</p> <p>The entity does not have an interest in a joint arrangement and therefore the standard does not apply.</p>
<p>IPSAS 38: Disclosure of Interests in Other Entities</p>	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows.</p> <p>The entity does not have interests in other entities and therefore the standard does not apply.</p>

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020**

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1 st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.
IPSAS 40: Public Sector Combinations	Applicable: 1 st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

iii. **Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2020.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

b) Budget information

The original budget for FY 2019-2020 was approved by the National Assembly. No subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The National Government Affirmative Action Fund budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. National Government Affirmative Action Fund has already initiated the process of developing a depreciation policy document to allow the entity calculate useful life of property, plant and equipment. The entity launched its Strategic Plan in February 2020, this policy was among the documents to be developed and implemented during the year. Further, the entity shall recognize individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost shall be recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value under review. However, due to pandemic that hit the world, the Fund was not in a position to finalize this document. The document is still at the draft level and once this is in place, necessary action shall be undertaken on all Fund's assets.

d) Nature and purpose of reserves

The National Government Affirmative Action Fund creates and maintains reserves in terms of Emergency reserves and accumulated surplus.

e) Changes in accounting policies and estimates

The National Government Affirmative Action Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

f) Related parties

The National Government Affirmative Action Fund regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

g) 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 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.

h) Comparative figures

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

i) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

5. Significant Judgements and sources of estimation uncertainty

The preparation of the National Government Affirmative Action Fund's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses,

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The National Government Affirmative Action Fund based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

6 Receipts from Counties

Details	2019-2020	2018-2019
	Amount (Kshs.)	Amount (Kshs.)
Bal. b/f	-	352,596,443
Total	-	352,956,443

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Transfer from State Department for Gender Affairs
(Exchequer Receipts)

Transfers from National Government Ministries (State Department for Gender	2019-2020	2018-2019
	KShs.	KShs.
First Quarter	-	-
Second Quarter - 31 st October, 2019	1,065,000,000	668,750,000
Third Quarter - 20 th March, 2020	1,065,000,000	668,750,000
Fourth Quarter	-	737,500,000
Total	2,130,000,000	2,075,000,000

During the financial year 2019-2020, the Fund received full allocation. This was received in twofold; 1st exchequer on 31st October, 2019 and 2nd exchequer on 20th March, 2020.

8 Other Incomes

	2019-2020	2018-2019
	KShs	KShs
Sale of Tenders	19,000	-
Total	19,000	-

During the period, the Fund received Kshs. 19,000 on sales of tender documents

9 Transfers to other government Units – Counties Expenditures

S/NO.	COUNTY	2019-2020	2019-2020	2018-2019
		Disbursements To Counties	Expenditure	Restated
		Kshs.	Kshs.	Kshs.
1	Baringo County	38,653,576.70	36,794,577.92	38,215,010
2	Bomet County	40,134,166.95	38,964,005.95	32,242,231
3	Bungoma County	85,793,921.60	57,980,613.75	47,863,501
4	Busia County	63,460,723.00	47,874,680.30	42,284,960
5	Elgeyo Marakwet County	29,140,327.41	22,630,856.01	24,757,259
6	Embu County	43,070,032.20	17,615,538.57	35,633,950
7	Garissa County	49,558,810.45	47,584,476.45	36,435,336
8	Homa Bay County	56,324,796.15	56,433,149.19	63,708,645
9	Isiolo County	14,415,718.70	13,885,108.95	15,238,074
10	Kajiado County	40,937,700.05	34,865,294.65	35,760,015
11	Kakamega County	100,733,417.00	77,423,511.90	124,415,163
12	Kericho County	49,438,477.40	49,438,935.05	39,216,675
13	Kiambu County	90,413,590.00	83,259,222.00	95,893,520
14	Kilifi County	57,440,220.45	57,440,220.45	52,111,436

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15	Kirinyaga County	26,821,014.25	23,828,550.00	34,268,002
16	Kisii County	78,009,991.15	30,209,813.20	58,906,445
17	Kisumu County	26,706,388.60	14,953,932.90	62,576,547
18	Kitui County	65,189,022.10	34,834,236.95	64,846,222
19	Kwale County	35,502,950.55	24,826,491.10	31,776,799
20	Laikipia County	18,304,025.95	18,256,738.95	24,387,537
21	Lamu County	17,095,688.20	16,228,531.10	12,798,537
22	Machakos County	90,698,161.50	22,606,761.00	28,994,669
23	Makueni County	47,467,493.45	45,999,320.35	40,594,068
24	Mandera	48,605,864.55	38,759,531.25	41,602,030
25	Marsabit County	29,035,697.20	29,035,697.20	26,160,059
26	Meru County	56,467,572.75	55,022,625.15	77,089,876
27	Migori County	81,901,622.35	55,020,335.20	41,147,558
28	Mombasa County	31,699,514.95	31,687,140.20	31,102,673
29	Muranga County	36,698,127.10	31,306,820.85	45,466,566
30	Nairobi County	230,954,550.85	146,932,061.06	93,481,829
31	Nakuru County	88,659,015.45	88,659,015.45	74,598,300
32	Nandi County	47,045,184.10	46,145,184.10	38,809,022
33	Narok County	51,616,190.10	48,842,451.40	32,907,290
34	Nyamira County	33,221,963.55	33,142,817.90	26,160,526
35	Nyandarua County	31,174,032.35	31,173,762.00	40,925,385
36	Nyeri County	47,190,247.45	27,337,938.16	39,790,465
37	Samburu County	20,215,811.05	19,969,259.65	24,563,370
38	Siaya County	69,698,496.20	56,608,933.45	33,361,251
39	Taita Taveta County	29,098,603.30	28,727,258.65	20,238,512
40	Tana River	29,088,641.65	23,026,156.15	14,596,690
41	Tharaka Nithi County	25,012,479.10	25,012,479.10	22,723,535
42	Trans Nzoia County	34,328,199.45	34,090,830.02	32,325,135
43	Turkana County	57,791,386.00	57,791,386.00	29,431,758
44	Uasin Gishu County	50,689,477.50	47,838,716.95	40,638,904
45	Vihiga County	42,619,660.15	42,619,660.15	30,881,382
46	Wajir County	42,678,938.30	38,136,386.35	40,257,099
47	West Pokot County	34,963,945.40	34,951,960.40	26,684,601
	Total	2,415,765,434.66	1,945,772,973.48	1,967,868,415

The above table shows total expenditure for Counties. This disbursement includes prior year balances and unspent cash returned to headquarters after the closure of the financial year as stipulated in NGAAF regulations. The funds were not fully utilized as planned due to COVID -19 outbreak.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 Use of Goods & Services

Use of Goods & Services	2019-2020	2018-2019
		Restated
	Kshs.	Kshs.
Advertising	2,758,888	7,239,994
Conferences and delegations	1,562,469	2,712,040
Consulting fees	-	7,073,400
Electricity	94,035	-
Fuel and oil	2,294,101	2,000,000
Insurance	7,516,667	8,119,022
Postage	36,400	816,840
Printing and stationery	774,401	3,333,250
Publicity	1,525,180	3,772,620
Rent expenses	8,859,939	4,938,700
Telecommunication	647,085	453,608
Training expenses	1,939,880	-
Others	685,259	2,888,035
Total	28,694,304	43,347,509

The above expenses were previously referred to as general expenses while the current reporting template from National Treasury classifies it under Use of Goods and Services. The nil cost on electricity and training is because the Fund was previously accommodated by State Department for Planning and, induction of Coordinators and new staff respectively during the year as compared to the comparative year. Total expenditure reduced significantly compared to comparative year and payment to KSG was expensed in FY 2018/2019.

11 Staff Cost

Staff/Employee Costs	2019-2020	2018-2019
		Restated
	Kshs.	Kshs.
Salaries and wages	67,406,368	66,824,882
Employee related costs	3,653,764	93,600
Travel, motor car, accommodation, subsistence and other allowances	9,150,930	28,433,012
Extraneous allowance	2,398,774	2,285,405
Total Employee costs	82,609,836	97,636,899

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Staff cost includes staff salaries, travel expenses and subsistence allowance. Further, the comparative figure under employees related has a nil balance as this cost (Lap Fund) was introduced in 1st July, 2019. During the financial year, staff cost expenditure dropped significantly due to reduced activities after the outbreak of COVID-19 in March, 2020.

12 Remuneration of Directors

Remuneration of Directors	2019-2020	2018-2019
	Kshs.	Kshs.
Chairman's Honoraria	696,774	636,774
Directors emoluments	4,722,500	13,328,990
Other allowances	6,597,517	2,861,161
Total director emoluments	12,016,791	16,826,925

The Board expenditure reduced significantly during the financial year compared to comparative financial year. This was guided by the adherence of the Board almanac as well as the approved budget.

13 Repair and Maintenance

Repairs and Maintenance	2019-2020	2018-2019
	Kshs.	Kshs.
Property	-	-
Equipment and machinery	-	-
Vehicles	1,258,167	2,874,505
Furniture and fittings	48,732	-
Computers and accessories	1,253,710	2,584,370
Total Repairs and Maintenance	2,560,609	5,458,875

The reduction in the total expenditure under Repairs and maintenance was as a result of restriction of activities due to COVID – 19 and the available budget.

14 (a) M & E Expenses

M & E Expenses	2019-2020	2018-2019
	Kshs.	Kshs.
Donation for Tree planting	-	350,000.00
Sub-totals	-	350,000.00
Secretariat – Field activities	3,166,400	1,545,200
Sub-total	3,166,400	1,545,200
Board Expense		
Travel expense for board members	-	1,737,520
Insurance for Board Members	-	352,905
Sub-totals	-	2,090,425

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Assets		
Purchase of Motor Vehicle	-	14,500,000
Sub-totals	-	14,500,000
Staff Insurance		
NHIF for Staff	-	8,119,022
Sub-totals	-	8,119,022
Total Expenditure under M & E	3,166,400	26,604,647

The above expenditure indicates the total amount spent under M & E field activities. N/B. The comparative expenditure for M & E indicated an under cast of Kshs. 350,000 though it was already charged. The closing balance of that vote was correctly carried forward.

14 (b) M & E Movement

M & E	2019-2020	2018-2019
	Kshs.	Kshs.
Balance b/f	73,454,803	58,559,450
Add:		
2% 2019-2020 Allocation	42,600,000	41,500,000
Total	116,054,803	100,059,450
Less:		
M & E activities	3,166,400	
Fuel & Lubricants	1,000,000	
Kenya School of Government	7,073,400	
Renovation - Barclays Plaza	36,210,630	
Reallocation - Staff Cost	10,681,845	
NHIF - Lump sum	7,516,667	
Skill Development	268,540	
Total Expenditure	65,917,481	26,604,647
Balance C/d	50,137,322	73,454,803

The above table shows movement of M & E allocation to various expenditures. These expenditures are reflected in their respective cost line items.

15 (a) Emergency to Counties (Annex I)

Emergency Funds	2019-2020	2018-2019
	KShs.	KShs.
Counties disbursement	50,825,648	49,760,986
Total Emergency	50,825,648	49,760,986

The above table indicates total emergency disbursement to Counties in the financial year 2019-2020.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 (b) Emergency Reserves

	2019-2020	2018-2019
	Kshs.	Kshs.
Balance b/forward	69,199,647.60	77,460,633.60
Add:		
2% 2019-2020 allocation	42,600,000.00	41,500,000.00
Total Available	111,799,647.60	118,960,633.60
Less:		
Emergency disbursement to Counties (Annex I)	50,825,648.00	49,760,986.00
Balance c/forward	60,973,999.60	69,199,647.60

The above table shows the Emergency reserves as at the end of the reporting period.

16 (a) Gratuity

Description	2019-2020	2018-2020
	KShs.	KShs.
DANIEL AMOKO ONYANGO	285,982	
DANIEL GACHIRU NJUKI	290,809	
EDGAR MAMAI MATSEKHE	321,259	
NANCY WAMBUI GACHOKA	251,859	
JARED OGECHA ONGIRE	251,859	
RAPHAEL CHARO	255,029	
Tax in arrears	3,961,484	
Total Expenditure	5,618,282	5,730,377

The above cost relates to gratuity paid during the year and prior year tax gratuity liability that was still outstanding as at 30th June, 2019 due to challenges in KRA filing system.

16 (b) Provision for Gratuity

Description	2019-2020	2018-2019
Bal. b/forward	26,912,978	
Add: Provision for FY 2019-2020	7,792,514	
Less:		
Payment during the year	5,618,282	5,730,377
Provision at the end of the year	29,087,210	26,912,978

The Fund created additional provision for gratuity for staff on Contract.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Gain/Loss on Disposal

Description	2019-2020	2018-2019
	KShs.	KShs
Disposal of motor vehicles in Kirinyaga & Trans Nzoia – at cost	8,850,000	-
Proceeds from sale	1,585,000	-
Proceeds from disposal	(7,265,000)	-

The two vehicles were disposed at salvage value.

18 Payables

	2019-2020	2018-2019
Details	KShs.	KShs
Bal b/forward	7,073,400	7,073,400
Less:		
Kenya School of Government	(7,073,400)	-
Bal. c/forward	-	-
Retention		
Dalton Investment	2,257,579	-
Staff Cost	221,774	
Balance c/f	2,479,353	7,073,400

The above payment relating to Kenya School of Government was cleared during the financial year. While liability to Dalton Investment relates to retention and staff cost relates to extraneous allowances that had not been processed.

19 (a) Cash and Cash Equivalents

Banks	2019-2020	2018-2019
	Kshs.	Kshs.
Current account	14,308,503	14,583,071
Central Bank a/c	418,097,821	653,293,221
Others- NGAAF Counties accounts	474,990,187	283,915,750
Total cash and cash equivalents	907,396,510	951,792,041

19 (b) Detailed Cash and Cash Equivalent

Detailed Cash & Cash Analysis	2019/2020	2018/2019
	Kshs.	Kshs.
Current account	14,308,503	14,583,071
Central Bank a/c		
Emergency Reserves	60,974,000	69,199,648

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Monitoring & Evaluation	50,137,322	73,454,803
Gratuity	261,211	5,879,493
Retention – Dalton Enterprises	2,257,579	-
- Consultative meeting between Women Reps, Coordinators & Board	5,895,000	-
Counties Balances	298,572,709	504,758,277
Cash & Cash equivalent bal b/forward	4,997,725.33	0
Cash & Cash equivalent for the year (Annex II)	474,990,187	283,915,750
Total	907,396,510	951,791,041

20. Receivables

	2019/2020	2018/2019
Receivables	Kshs.	Kshs.
Outstanding imprest	15,500	218,200
Disposal of M/vehicle	95,000	-
Prepayment to National Oil Corporation	720,011	
Total	830,511	218,200

The receivable relates to disposal of motor vehicle and unutilized fuel at the end of the financial year 2019-2020

21. Property Plant & Equipment (Annex III)

Details	2019-2020	2018-2019
	Kshs.	Kshs.
Property, plant and equipment		
At 1st July 2019	178,305,138	163,496,536
Additions	39,528,330	14,808,602
Disposals	(8,850,000.00)	
At end of year	208,983,468	178,305,138
Book Values	208,983,468	178,305,138

22. Restatement of Financial Statements for FY 2018/2019

S/No.	Description	Previous Position	Current Position
		Amount (Kshs.)	Amount (Kshs.)
	Statement of financial performance		
i	Transfers to Counties – Counties expenditure	1,969,632,174	1,967,868,415
ii	Staff Cost	97,543,299	97,636,899
iii	General expenses/ Use of Goods & Services	45,438,110	43,347,509

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Total expenses	2,213,844,886	2,210,084,128
	Surplus for the year	213,751,557	217,512,316
	Statement of Cash flow		
i	Transfers to Counties – Counties expenditure	1,969,632,174	1,967,868,415
ii	Staff Cost	97,543,299	97,855,099
iii	General expenses/Use of Goods & Services	38,364,710	36,274,109
iv	Acquisition of Assets	14,808,602	-
v	Net cash flow from Operating activities	232,929,333	251,280,493
vi	Net cash flows from investing activities	14,808,602	(14,808,602)
	Net increase/decrease in cash & cash equivalent	247,737,935	236,471,891
i	Cash and cash equivalent at 1 st July, 2019	708,173,717	715,320,150
	Cash and cash equivalents at 30th June, 2019	955,911,652	951,792,041
	Statement of financial position		
	Capital & Reserves		
i	Emergency Reserves	69,199,648	69,199,648
ii	Accumulated surplus	926,245,345	1,027,129,353
iii	Capital Fund	178,305,138	-
	Total Capital and Reserves	1,173,750,131	1,096,329,001
	Total Liabilities and Capital & Reserves	1,207,736,508	1,130,315,378
	Statement of Changes in Net Assets		
	Balance b/f as at July 1, 2018 (Accumulated Surplus)	782,807,989	801,356,052

The above table shows restatement of the financial statements for the financial year 2018-2019. During the financial year, the Auditor's issued a disclaimer opinion at the draft level (Certificate not yet received) and by the fact that the books of accounts had not reconciled, this necessitated the management to restate the statements so as to reflect a true and fair view of the Entity.

23 Financial Risk Management

The entity's activities expose it to a variety of financial risks which is credit and risks. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

National Government Affirmative Action Fund
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

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

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Capital Risk Management

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

The entity capital structure comprises of the following funds:

	2019-2020	2018-2019
	KShs	KShs
Retained earnings/accumulated surplus	1,024,669,926	1,027,129,354

(iii) Related Party Balances

a) Nature of related party relationships

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

National Government Affirmative Action Fund
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The entity is related to

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

b) Related party transactions

	2019-2020	2018-2019
Details		
	KShs	KShs
Transfers from related parties'	2,130,000,000	2,075,000,000
Transfers to related parties	2,415,732,902	2,251,784,164

c) Key management remuneration

	2019-2020	2018-2019
Details		
	KShs.	KShs.
Directors Expenses	12,016,791	16,826,925

(iv) Events after the reporting period

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

(v) Ultimate and Holding Entity

The National Government Affirmative Action Fund is a Semi- Autonomous Government Agency under the Ministry of Public Service and Gender Affairs. Its ultimate parent is the Government of Kenya.

(vi) Currency

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

**National Government Affirmative Action Fund
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For the Period ended 30th June, 2020**

**APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR
RECOMMENDATIONS**

The following is the summary of issues raised in the financial year 2017/2018, 2018/2019 by the external auditor, and management comments provided to the auditor. The Certificate for 2018/2019 was issued on 27th January and the issues have not been resolved. However, the Fund has nominated focal persons to resolve the various issues as shown below with the associated time frame in 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	Status:	Time frame
NGAAF /2017/2018(18)	Presentation of Financial statements	✓ The amount of Kshs. 163,469,536 was incorporated in the Financial Statements for 2018-2019	Serah Muchunga Principal Acct	Already adjusted	-
	Transfers to other Government units	✓ Relevant documents submitted to the Board ✓ List of unspent balances availed for Audit Review	Serah Muchunga Principal Acct	In progress	30 June,2021
	Cash and Cash Equivalent	✓ Kshs. 17,863,576 was transferred to various counties on 29 th June, 2018 for emergency intervention. Amount was posted in the cashbook on 29 th June, 2018 and debited in our bank account on 2 nd July, 2018. The relevant adjustments have been made to capture this expenditure. ✓ The amount disbursed to the secretariat was reflected as Board/Secretariat in the statement of financial performance. ✓ Kshs. 467,371 were bank charges in the Secretariat account and kshs. 12,768,699 were un-presented cheques. ✓ 36 out of 47 Counties Committee bank accounts had unspent balances totalling to Kshs. 352,641,446 ✓ 11 of the 47 Counties had no unspent balances	Serah Muchunga Principal Acct	Compilation in progress	30 June,2021
	Board Expenses	✓ The oversight carried out by the Board had been approved and reports presented in the subsequent meetings.	Serah Muchunga Principal Acct	Compilation in progress	30 June,2021
	Staff Cost	✓ Staff salary had been paid for the full financial year despite the fact that the fourth quarter had not been released	Serah Muchunga Principal Acct	Compilation of documents in progress	30 June,2021
	Secretariat Expenses	✓ Kshs. 6,451,100 in the secretariat expenses pertained to emergency intervention to various counties (Ksh. 3,250,000) and Kshs. 2,999,999.95 purchase of a medium size speed boat for Lamu County. ✓ Kshs. 200,000 was donation by NGAAF to girls Orphanage through the Samburu girls foundation all with the Boards approval ✓ Variance of Kshs. 100,000 was as a result of payment recovery to one county coordinator who had initially been advanced	Serah Muchunga Principal Acct	In progress	30 June,2021
	Emergency Reserves	✓ The amount is included in the funds held in the Central Bank Account	Serah Muchunga Principal Acct	In progress	30 June,2021
	Outstanding and Multiple imprest	✓ All the outstanding imprest had been accounted for at the closure of the financial year ✓ Issue of multiple had been noted though the officers had presented the surrender document and only that they had not been cleared from the imprest register	Serah Muchunga Principal Acct	This has been sorted out	30 June,2021
NGAAF /2018/2019(32)	Presentation of Financial statements	✓ The management has corrective measures in the financial year under review 2019/2020	Serah Muchunga Principal Acct	Already sorted out	30 June,2021

**National Government Affirmative Action Fund
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	Unexplained adjustment to the financial statements					
	Transfer to Other Government Units, Board of Directors, Staff Cost, General Expenses, Emergencies to Counties and Gratuity	✓	The adjustments were submitted. However this will be re-submitted once again in the consolidated response	Serah Muchunga Principal Acct	Compilation in progress	30 June,2021
	Cash & Cash Equivalent	✓	The Cash & Cash equivalent have now been reconciled though stands unresolved	Serah Muchunga Principal Acct	Compilation in progress	30 June,2021
	Staff Cost	✓	The management submitted the journals to support the variance	Serah Muchunga Principal Acct	Compilation in progress	30 June,2021
	Gratuity	✓	The management in consultation to resolve the issue	Serah Muchunga Principal Acct	Compilation in progress	30 June,2021
	Receivables	✓	The outstanding imprest have now been cleared	Serah Muchunga Principal Acct	Compilation in progress	30 June,2021
	Unsupported balances, Unsupported disbursement to Counties	✓	The management is still receiving documents from the counties	Serah Muchunga Principal Acct	Compilation in progress	30 June,2021
	Irregular reallocation of funds	✓	Management is yet to establish the reasons for reallocation	Serah Muchunga Principal Acct	Compilation in progress	30 June,2021
	Receipts from Counties	✓	The management has already developed acknowledgement reporting template	Serah Muchunga Principal Acct	In use	30 June,2021
	Repairs and maintenance	✓	The payment in advance has been noted and corrective measures undertaken	Serah Muchunga Principal Acct	Compilation in progress	30 June,2021
	General expenses - Rent	✓	The management has already received the lease agreement	Serah Muchunga Principal Acc	In use	30 June,2021
	Emergency to Counties	✓	The documents were availed. However, this will be resubmitted in the consolidated responses	Serah Muchunga Principal Acct	Compilation in progress	30 June,2021
	Printing, advertising, information supply and services	✓	The documents were availed. However, this will be resubmitted	Serah Muchunga Principal Acct	Compilation in progress	30 June,2021
	Monitoring & Evaluation Expenditure	✓	The management did respond and this will still be resubmitted	Serah Muchunga Principal Acct	Compilation in progress	30 June,2021
	Emergency Reserves	✓	The board minutes were submitted. However, this will be re-submitted	Serah Muchunga Principal Acct	Compilation in progress	30 June,2021
	Property, Plant and Equipment	✓	The management is finalizing on Asset Register and Disposal Policy	Serah Muchunga Principal Acct	In progress	30 June,2021
	Imprest Management	✓	The Management has put control measures on imprest	Serah Muchunga Principal Acct	Measures in place	30 June,2021
	Unremitted statutory deductions	✓	The management has already remitted	Serah Muchunga Principal Acct	Already remitted	30 June,2021
	Operations of the NGAAF county committee	✓	Management has already put controls in place and several circulars issued	Serah Muchunga Principal Acct	In progress	30 June,2021
	Annual budget	✓	Management already noted this and control in place	Serah Muchunga Principal Acct	In progress	30 June,2021

#Sera
C.E.O

Date: 15/2/2021

National Government Affirmative Action Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

1. Completion of GBV Resource & Rescue Centre in Meru. This involves two (2) Dormitories, Public Washrooms, Five (5) Bedsitters for staff and a Multi-purpose hall. However what is yet to be finalised is Sewerage system, 2 water tank stands and a small kitchen. Additionally the facility has no power connectivity.
2. National Government Affirmative Action Fund initiated and completed the construction of the following three markets in Siaya County; Nyangweso ,ywaya and Wagusu
3. The Fund completed the construction of 10 market stalls in Kutulo in Mandera County
4. The Fund completed the drilling of 8 boreholes in Kakamega County. The boreholes are in use by the local community

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:			
Break down of Transfers from the State Department of Gender Affairs			
FY 2019/2020			
a. Recurrent Grants			
	<u>Bank Statement Date</u>	Amount (KShs.)	<u>Indicate the FY to which the amounts relate</u>
		Nil	
	Total	Nil	
b. Development Grants			
	<u>Bank Statement Date</u>	Amount (KShs.)	2019/2020
State Department for Gender	-	-	
State Department for Gender	31/10/2019	1,065,000,000	
State Department for Gender	20/3/2020	1,065,000,000	
State Department for Gender	-	-	
	Total	2,130,000,000	

The above amounts have been communicated to and reconciled with the parent Ministry

**Head of Finance
 NGAAF**

**Head of Accounting Unit
 State Department for Gender**

Sign: 

Sign: 

EMERGENCY DISBURSEMENTS TO COUNTIES FOR FY 2019/2020							TOTAL EXPENDITURE
S/NO	COUNTY	1ST QUARTER	2ND QUARTER	3RD QUARTER	ALL COUNTIES	4TH QUARTER	TOTAL EXPENDITURE
1	BARINGO COUNTY	-	-	-	522,734.00	500,000.00	1,022,734.00
2	BOMET COUNTY	-	-	-	522,734.00	-	522,734.00
3	BUNGOMA COUNTY	-	-	-	522,734.00	-	522,734.00
4	BUSIA COUNTY	1,000,000.00	-	1,000,000.00	522,734.00	500,000.00	3,022,734.00
5	ELGEYO MARAKWET COL	-	-	1,000,000.00	522,734.00	-	1,522,734.00
6	EMBU COUNTY	-	-	-	522,734.00	-	522,734.00
7	GARISSA COUNTY	-	-	-	522,734.00	-	522,734.00
8	HOMA BAY COUNTY	-	-	1,000,000.00	522,734.00	-	1,522,734.00
9	ISOLO COUNTY	-	-	-	522,734.00	-	522,734.00
10	KAJIADO COUNTY	-	-	-	522,734.00	-	522,734.00
11	KAKAMEGA COUNTY	1,000,000.00	-	1,000,000.00	522,734.00	-	2,522,734.00
12	KERICHO COUNTY	-	-	-	522,734.00	-	522,734.00
13	KIAMBU COUNTY	-	-	1,000,000.00	522,734.00	-	1,522,734.00
14	KILIFI COUNTY	963,000.00	-	-	522,734.00	-	1,485,734.00
15	KIRINYAGA COUNTY	-	251,350.00	-	522,734.00	-	774,084.00
16	KISII COUNTY	-	-	-	522,734.00	-	522,734.00
17	KISUMU COUNTY	-	-	-	522,734.00	-	522,734.00
18	KITUI COUNTY	1,000,000.00	-	1,000,000.00	522,734.00	-	2,522,734.00
19	KWALE COUNTY	1,000,000.00	-	-	522,734.00	-	1,522,734.00
20	LAKEURIA COUNTY	-	-	-	522,734.00	-	522,734.00
21	LAMU COUNTY	-	-	-	522,734.00	500,000.00	1,022,734.00
22	MACHAKOS COUNTY	-	-	-	522,734.00	-	522,734.00
23	MAKUENI COUNTY	-	-	1,000,000.00	522,734.00	-	1,522,734.00
24	MANDERA	-	-	-	522,734.00	-	522,734.00
25	MARSABIT COUNTY	-	-	-	522,734.00	-	522,734.00
26	MERU COUNTY	-	-	-	522,734.00	-	522,734.00
27	MIGORI COUNTY	-	-	-	522,734.00	-	522,734.00
28	MOMBASA COUNTY	-	-	-	522,734.00	-	522,734.00
29	MURANGA COUNTY	-	-	635,800.00	522,734.00	-	1,158,534.00
30	NAIROBI COUNTY	-	1,000,000.00	1,000,000.00	522,734.00	-	2,522,734.00
31	NAKURU COUNTY	-	-	-	522,734.00	-	522,734.00
32	NAUDI COUNTY	-	-	-	522,734.00	-	522,734.00
33	NAROK COUNTY	-	-	-	522,734.00	-	522,734.00
34	NYAMIRA COUNTY	-	-	-	522,734.00	-	522,734.00
35	NYANDARUA COUNTY	909,000.00	-	1,000,000.00	522,734.00	-	2,431,734.00
36	NYERI COUNTY	-	-	-	522,734.00	-	522,734.00
37	SAMBURU COUNTY	-	1,000,000.00	-	522,734.00	-	1,522,734.00
38	SIAYA COUNTY	1,000,000.00	-	1,000,000.00	522,734.00	-	2,522,734.00
39	TAITA TAVETA COUNTY	-	-	-	522,734.00	-	522,734.00

40	TANA RIVER	-	-	-	-	522,734.00	-	522,734.00
41	THARAKA NITHI COUNTY	1,000,000.00	-	-	1,000,000.00	522,734.00	-	2,522,734.00
42	TRANS NZOIA COUNTY	-	-	-	998,000.00	522,734.00	-	1,520,734.00
43	TURKANA COUNTY	-	-	-	1,000,000.00	522,734.00	-	1,522,734.00
44	UASIN GISHU COUNTY	-	-	-	-	522,734.00	-	522,734.00
45	VIHIGA COUNTY	-	-	-	-	522,734.00	-	522,734.00
46	WAJIR COUNTY	-	-	-	-	522,734.00	-	522,734.00
47	WEST POKOT COUNTY	-	-	1,000,000.00	-	522,734.00	-	1,522,734.00
	TOTAL	7,872,000.00	3,251,350.00	13,633,800.00	24,568,498.00	1,500,000.00	50,825,648.00	

2023

Annex II

SUMMARY OF NGAAF COUNTY CASH & CASH EQUIVALENT						
S/NO	COUNTY	ACCOUNT NAME	ACCOUNT NUMBER	BANK&BRANCH	AMOUNT(KSHS.)	
1	BARINGO	BARINGO COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1390265012167	EQUITY BANK KABARNET BRANCH	1,858,998.78	
2	BOMET	BOMET COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1220265004028	EQUITY BANK BOMET BRANCH	1,170,161.00	
3	BUNGOMA	BUNGOMA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0114166887190	CO-OPERATIVE BANK BUNGOMA BRANCH	27,823,894.85	
4	BUSIA	BUSIA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0780264690342	EQUITY BANK BUSIA BRANCH	15,980,660.70	
5	ELGEYO MARAKWET	ELGEYO MARAKWET COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1530264985396	EQUITY BANK ITEN BRANCH	6,509,471.40	
6	EMBU	EMBU COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0190265035825	EQUITY BANK EMBU BRANCH	25,618,030.90	
7	GARISSA	GARISSA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	01141376091400	CO-OPERATIVE BANK GARISSA BRANCH	1,974,334.00	
8	HOMA BAY	HOMA BAY COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0980265090593	EQUITY BANK HOMA BAY BRANCH	581,313.00	
9	ISIOLO	ISIOLO COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1141437464600	CO-OPERATIVE BANK ISIOLO BRANCH	530,609.75	
10	KAJIADO	KAJIADO COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0860264663730	EQUITY BANK KAJIADO BRANCH	6,072,405.40	
11	KAKAMEGA	KAKAMEGA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	01141499392500	CO-OPERATIVE BANK MUMIAS BRANCH	23,309,905.10	
12	KERICHO	KERICHO COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0280264850363	EQUITY BANK KERICHO BRANCH	-	
13	KIAMBU	KIAMBU COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1174787597	KCB BANK KIAMBU BRANCH	7,154,368.00	
14	KILIFI	KILIFI COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1060264992250	EQUITY BANK KILIFI BRANCH	-	
15	KIRINYIGA	KIRINYIGA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1174744413	KCB MWEA BRANCH	2,992,464.25	
16	KISII	KISII COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	01141477819600	CO-OPERATIVE BANK KISII EAST BRANCH	47,800,177.95	

17	KISUMU	KISUMU COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1184142319	KCB BANK UNITED MALL BRANCH	11,752,455.70
18	KITUJ	KITUJ COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1175603821	KCB BANK KITUJ BRANCH	30,354,785.15
19	KWALE	KWALE COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1580265128124	EQUITY BANK KWALE BRANCH	10,676,459.45
20	LAIKIPIA	LAIKIPIA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	01141367557300	CO-OPERATIVE BANK NANYUKI BRANCH	47,287.00
21	LAMU	LAMU COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1590265004851	EQUITY BANK LAMU BRANCH	867,157.10
22	MACHAKOS	MACHAKOS COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1173170537	KCB BANK MACHAKOS BRANCH	68,091,400.50
23	MAKUENI	MAKUENI COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0670265000090	EQUITY BANK WOTE BRANCH	1,468,173.10
24	MANDERA	MANDERA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	00121001445701	NATIONAL BANK MANDERA BRANCH	9,846,333.30
25	MARSABIT	MARSABIT COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1010265012964	EQUITY BANK MARSABIT BRANCH	-
26	MERU	MERU COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0140264986066	EQUITY BANK MERU BRANCH	1,444,947.60
27	MIGORI	MIGORI COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0114148273220	CO-OPERATIVE BANK MIGORI BRANCH	26,884,287.15
28	MOMBASA	MOMBASA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1560265100361	EQUITY BANK MOMBASA SUPREME CENTRE	12,374.75
29	MURANGA	MURANGA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0890265012321	EQUITY BANK KENOL/MAKUTANO BRANCH	5,391,306.25
30	NAIROBI	NAIROBI COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	01141201980100	CO-OPERATIVE BANK PARLIAMENT ROAD BRANCH	84,022,489.79
31	NAKURU	NAKURU COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0130265014227	EQUITY BANK WEST SIDE MALL	-
32	NANDI	NANDI COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0490264982696	EQUITY BANK KAPSABET BRANCH	900,000.00
33	NAROK	NAROK COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0360265127769	EQUITY BANK NAROK BRANCH	6,428,657.60
34	NYAMIRA	NYAMIRA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1174734140	KCB NYAMIRA BRANCH	79,145.65
35	NYANDARUA	NYANDARUA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0620265004136	EQUITY BANK OLKALOU BRANCH	270.35

36	NYERI	NYERI COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0110265000038	EQUITY BANK NYERI BRANCH	19,852,309.29
37	SAMBURU	SAMBURU COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	110026474404	EQUITYBANK MARARAL BRANCH	246,551.40
38	SIAYA	SIAYA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0970264392174	EQUITY BANK SIAYA BRANCH	13,089,562.75
39	TAITA TAVETA	TAITA TAVETA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	0790265112714	EQUITY BANK VOI BRANCH	371,344.65
40	TANA RIVER	TANA RIVER COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1210265013411	EQUITY BANK HOLA BRANCH	6,070,000.00
41	THARAKA NITHI	THARAKA NITHI COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	01141571373500	CO-OPERATIVE BANK CHUKA BRANCH	-
42	TRANS NZOIA	TRANS NZOIA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	01141694280500	CO-OPERATIVE BANK KITALE BRANCH	310,795.40
43	TURKANA	TURKANA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	01141592086700	CO-OPERATIVE BANK LODWAR BRANCH	-
44	UASIN GISHU	UASIN GISHU COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	01141685424200	CO-OPERATIVE BANK ELDORET- WEST BRANCH	2,850,760.55
45	VIHIGA	VIHIGA COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1174729511	KCB BANK MBALE BRANCH	-
46	WAJIR	WAJIR COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	01001083954000	NATIONAL WAJIR BRANCH	4,542,551.95
47	WEST POKOT	WEST POKOT COUNTY AFFIRMATIVE SOCIAL DEVELOPMENT FUND	1070264794932	EQUITY BANK KAPENGURIA BRANCH	11,985.00
		TOTAL			474,990,186.51

Counties Expenditure as at 30th June, 2019

S/No	County	Bal. C/forward from Cash book at the counties	Cash & Cash Equivalent
1	BARINGO COUNTY	-	1,858,999
2	BOMET COUNTY	-	1,170,161
3	BUNGOMA COUNTY	10,587.00	27,823,895
4	BUSIA COUNTY	394,618.00	15,980,661
5	ELGEYO MARAKWET COUNTY	-	6,509,471
6	EMBU COUNTY	163,537.27	25,618,031
7	GARISSA COUNTY		1,974,334
8	HOMA BAY COUNTY	689,666.04	581,313
9	ISIOLO COUNTY	-	530,610
10	KAJIADO COUNTY	-	6,072,405
11	KAKAMEGA COUNTY	-	23,309,905
12	KERICHO COUNTY	457.65	-
13	KIAMBU COUNTY	-	7,154,368
14	KILIFI COUNTY	-	-
15	KIRINYAGA COUNTY	-	2,992,464
16	KISII COUNTY	-	47,800,178
17	KISUMU COUNTY	-	11,752,456
18	KITUI COUNTY	-	30,354,785
19	KWALE COUNTY	-	10,676,459
20	LAIKIPIA COUNTY	-	47,287
21	LAMU COUNTY	-	867,157
22	MACHAKOS COUNTY	-	68,091,401
23	MAKUENI COUNTY	-	1,468,173
24	MANDERA	-	9,846,333
25	MARSABIT COUNTY	-	-
26	MERU COUNTY	-	1,444,948
27	MIGORI COUNTY	3,000.00	26,884,287
28	MOMBASA COUNTY	-	12,375
29	MURANGA COUNTY	-	5,391,306
30	NAIROBI COUNTY	-	84,022,490
31	NAKURU COUNTY	-	-
32	NANDI COUNTY	-	900,000
33	NAROK COUNTY	3,654,918.90	6,428,658
34	NYAMIRA COUNTY	-	79,146
35	NYANDARUA COUNTY	-	270
36	NYERI COUNTY	-	19,852,309
37	SAMBURU COUNTY	-	246,551
38	SIAYA COUNTY	-	13,089,563

39	TAITA TAVETA COUNTY	-	371,345
40	TANA RIVER	7,514.50	6,070,000
41	THARAKA NITHI COUNTY	-	-
42	TRANS NZOIA COUNTY	73,425.97	310,795
43	TURKANA COUNTY	-	-
44	UASIN GISHU COUNTY	-	2,850,761
45	VIHIGA COUNTY	-	-
46	WAJIR COUNTY	-	4,542,552
47	WEST POKOT COUNTY	-	11,985
	Total	4,997,725.33	474,990,187

CENTRAL BANK A/C - BANK RECONCILIATION

as at **30th June 2020**

Station: National Govt Affirmative Action Fund (NGAAF)

Nairobi Hqs

	Shs. cts	Shs Cts	Shs cts
Balance as per Bank Certificate			426,956,077.50
Less: 1 Payments in Cash Book not yet recorded in Bank Statement		8,863,757.00	
Receipts in Bank Statement not yet recorded in Cash Book		-	
Add: Payments in Bank Statement not yet recorded in Cash Book		5,500.00	
Receipts in Cash Book not yet Recorded in Bank Statement.....		-	5,500.00
Balance as per Cash Book			418,097,820.50

I certify that I have verified the Bank Balance in the Cash Book with the Bank Statement and that the and reconciliation is correct.

.....
Signature

.....
Designation

.....
Date

**PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT
(UNPRESENTED CHEQUES)**

Date	No.	DETAILS	AMOUNT Kshs.
30/6/2020	540	KSG	171,100.00
30/6/2020	464	KSG	97,440.00
30/6/2020	551	Facilitation Schedule	62,300.00
30/6/2020	543	Jane Kyengo	146,000.00
30/6/2020	542	Vivienne simwa	134,400.00
30/6/2020	546	Jesse Njuguna	118,800.00
30/6/2020	545	Magdaline Kipkenei	280,250.00
30/6/2020	544	Lydia nyaga	142,800.00
30/6/2020	560	NHIF	7,516,667.00
30/6/2020	563	Gray Oak	194,000.00
Totals		Total	8,863,757.00

PAYMENTS IN BANK STATEMENT NOT IN CASH BOOK

DATE	P.V NO	DETAILS	AMOUNT Kshs.
26/6/2020	108	JOHN MUTULI	5,500.00
		Total	5,500.00

REPUBLIC OF KENYA

SECRETARIAT ACCOUNT A/C - BANK RECONCILIATION

as at 30th June 2020

Station: National Govt Affirmative Action Fund (NGAAF)

Nairobi Hqs

	Shs. cts	Shs Cts	Shs cts
Balance as per Bank Certificate			18,876,368.42
Less: 1 Payments in Cash Book not yet recorded in Bank Statement		4,650,665.40	
Receipts in Bank Statement not yet recorded in Cash Book		-	
Add: Payments in Bank Statement not yet recorded in Cash Book		-	
Receipts in Cash Book not yet Recorded in Bank Statement.....		82,800.00	82,800.00
Balance as per			14,308,503.02

I certify that I have verified the Bank Balance in the Cash Book with the Bank Statement and that the and reconciliation is Correct.


Signature


Designation


Date

PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT
(UNPRESENTED CHEQUES)

CHQ.NO.	DATE	CHEQUE NO	DETAILS	AMOUNT Kshs.
003765	10/6/2020	003765	Florence Kiriinya	48,810.00
003814	26/6/2020	003814	Hazina Sacco	3,346.20
003815	26/6/2020	003815	Ukulima Sacco	28,937.15
003816	26/6/2020	003816	Jamii Sacco	49,546.85
003817	26/6/2020	003817	Kitui Teachers Sacco	2,980.00
003818	26/6/2020	003818	Metropolitan Teachers Sacco	3,230.00
003819	26/6/2020	003819	Transnation sacco Ltd	5,264.00
003820	26/6/2020	003820	Madison Life Ass Kenya Ltd	7,614.50
003821	26/6/2020	003821	Kenya Commercial Bank	14,063.00
003822	26/6/2020	003822	Equity Bank Ltd	97,765.00
003823	26/6/2020	003823	Select Mgt services	7,941.00
003824	26/6/2020	003824	Kenya Women Finance trust L	515,774.00
003825	26/6/2020	003825	Izwe Loans Kenya Ltd	9,898.00
003846	30/6/2020	003846	NHIF	109,150.00
003842	30/6/2020	003842	NSSF	28,120.00

003784	18/6/2020	003784	Feisal Mohamed	100,000.00
003787	18/6/2020	003787	Ayub Gitonga Ali	100,000.00
003794	18/6/2020	003794	Mercy Gakii Muthuuri	100,000.00
003790	18/6/2020	003790	Easterly Winds Ltd	100,000.00
003791	18/6/2020	003791	Wilson Kagundu Gaconi	100,000.00
003807	18/6/2020	003807	Toyota Kenya Ltd	112,000.00
003851	18/6/2020	003780	Internet Solutions Kenya Ltd	155,480.00
003811	18/6/2020	003811	Abdi Yunis Gulite	100,000.00
003833	30/6/2020	003833	Iceline Travel Agency Ltd	58,790.00
003834	30/6/2020	003834	Kimutai Chirchir	7,500.00
003847	30/6/2020	003847	Lap Fund	291,023.85
003848	30/6/2020	003848	Prof. Wanjiku Kabira	62,000.00
003849	30/6/2020	003849	State Dept for Broadcasting	98,793.25
003850	30/6/2020	003850	Regina K. Bundi	25,600.00
003852	30/6/2020	003852	Titus Lotee	50,400.00
003853	30/6/2020	003853	Paul Olando	33,600.00
003854	30/6/2020	003844	Wellington Kibuchi	19,600.00
003855	30/6/2020	003855	Thomas Lomeri	19,600.00
003856	30/6/2020	003856	Anthony Kalemum	19,600.00
003837	30/6/2020	003837	Comm of VAT	7,586.00
003835	30/6/2020	003835	Francis Mungai Enterprises	24,300.00
003836	30/6/2020	003836	Garden Hotel	12,641.60
003838	30/6/2020	003838	Hazina Sacco	38,531.60
003839	30/6/2020	003839	KCB	63,240.00
003840	30/6/2020	003840	Metropolitan Teachers Sacco	154,989.00
003841	30/6/2020	003841	Nation Media Group	91,640.00
003843	30/6/2020	003843	Hazina Sacco	11,603.40
003844	30/6/2020	003844	Institute of Certified Public Sec of	60,000.00
003846	30/6/2020	003845	NSSF	53,280.00
003857	30/6/2020	003857	PAYE	1,478,485.00
003827	30/6/2020	003827	Comm of VAT	16,244.00
003828	30/6/2020	003828	Comm of VAT	9,621.00
003829	30/6/2020	003829	Comm of VAT	114,900.00
003830	30/6/2020	003830	Comm of VAT	27,177.00
		003765	Total	4,650,665.40

RECEIPTS IN CASH BOOK NOT IN BANK STATEMENT			
CHQ. NO.	DATE	DETAILS	AMOUNT Kshs.
	30/6/2020	Kitui County PA	82,800.00
TOTAL			82,800.00