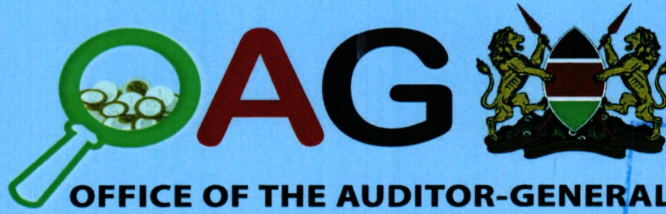


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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REPORT

OF

THE AUDITOR-GENERAL

ON

**GOK/UNICEF EDUCATION
FOR YOUNG PEOPLE PROGRAMME**

**FOR THE YEAR ENDED
30 JUNE, 2021**

THE NATIONAL ASSEMBLY
PAPERS LATD

DATE: 10 FEB 2022

TABLED BY: LOM

CLERK-AT-THE-TABLE: B. Inzofu

DAY: Thurs





OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

22 DEC 2021

RECEIVED

Project Name: GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME

Implementing Entity: MINISTRY OF EDUCATION

STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2021**

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

GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME.
Reports and Financial Statements
For the year ended 30 June 2021

CONTENTS	PAGE
1. PROJECT INFORMATION AND OVERALL PERFORMANCE	ii
2. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES	viii
3. REPORT OF THE INDEPENDENT AUDITORS ON THE GOK/UNICEF PROJECT	ix
4. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2021	1
5. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2021	2
6. STATEMENT OF CASHFLOWS FOR THE YEAR 30 JUNE 2021	3
7. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	4
8. NOTES TO THE FINANCIAL STATEMENTS	5
9. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	14

GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME.
Reports and Financial Statements
For the year ended 30 June 2021

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is Early Childhood Development and Education (ECDE) Policy Framework

Objective: The key objective of the project is to develop evidence based National Early Childhood Development and Education policy to facilitate the implementation of ECDE mainstreaming and provision of quality and accessible ECDE services

Address: The project headquarters offices are in Nairobi, Nairobi County, Kenya.

The address of its registered office is:

Early Childhood Development and Education Project
Ministry of Education
Jogoo House 'B'
Harambee Avenue
P.O. Box 30040 -00100 Nairobi

Contacts: The following are the project contacts

Telephone: Nairobi 3318581
E-mail: ps@education.go.ke
Website: www. education. go.ke

1.2 Project Information

Project Start Date:	The program start date is 22/09/2006
Project End Date:	The project is on going
Project Manager:	The focal person is the Director projects Coordination and Delivery
Project Sponsor:	The program sponsors are the Government of Kenya (GOK), which will contribute 10% and provide technical staff and UNICEF Kenya which contributes 90%.

GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME
Reports and Financial Statements
For the financial year ended 30 June 2021

1.3 Project Overview

Line Ministry	The project is under the supervision of the Ministry. Of Education, State Department for Basic Education
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <ul style="list-style-type: none"> (i) To expand Early Childhood Development and Education services (ii) To improve Early Childhood Development and Education especially for the most vulnerable and the disadvantaged children.
Achievement strategic goals	<p>of</p> <p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> (i) Consultative meetings with County Governments and other ECDE service providers on the development of the ECDE Policy (ii) Hold stakeholders forum to disseminate the draft National ECDE Policy (iii) Printing and Policy implementation <p>As at the reporting date, consultative meetings were held with County Governments and other education stakeholders. County forums were conducted from 14th to 21st March, 2016 targeting 470 County representatives (10 from each County) as part of consultation to uphold the spirit of the Constitution and in line with the Ministry's core values. 56% of the participants attended the forums. Regional Forums were conducted from 31st July to 6th August 2016 in 9 regions namely Mombasa, Garissa, Machakos, Nakuru, Nyeri, Embu, Kisumu, Eldoret and Kakamega to disseminate the policy and there was 100% attendance reaching 667 stakeholders. Service Standard Guidelines to operationalize the ECDE Policy were developed in April 2017.</p>

GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME
Reports and Financial Statements
For the financial year ended 30 June 2021

Other important background information of the project	<p>The Program shall achieve the above strategic goals :</p> <p>Globally over the last decade, there is increased consensus on investing in the early years of life. Early childhood years, which starts prenatally through to 8 years, are the most important for a child’s survival, growth and development. During the formative years, the children’s emotional, intellectual, social and physical development are well established and it is at this period when the brain develops rapidly.</p> <p>The Constitution of Kenya, 2010 safeguards the rights of every child. The Bill of Rights prescribes the entitlements of everybody including the child. Article 53 of the Constitution highlights key fundamental rights of the child including right to: a name and nationality from birth; free and compulsory basic education; basic nutrition, shelter and health care; and to protection from abuse, neglect, harmful cultural practices, and all forms of violence.</p> <p>Once printed, disseminated and effectively implemented, the ECDE Policy will ensure all girls and boys have access to equitable and inclusive quality early childhood development, care and pre-primary education so that they are ready for school.</p>
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <p>(i) To align the Early Childhood Development care and pre-primary education to the Constitution of Kenya, 2010 in the context of a devolved system of governance.</p> <p>(ii) To ensure uniformity in the provision of ECDE services across the 47 Counties</p>
Project duration	The program started on 22 nd September 2015 and is on going.

1.4 Bankers

The following are the bankers for the current year:

Kenya Commercial Bank
K.I.C.C Branch
A/C NO. 1102291331
P.O BOX 46950-00100
Nairobi, Kenya.

1.5 Auditors

Auditor-General
Anniversary towers, University Way.
P.O Box 30084 -00100
Nairobi, Kenya.

1.6 Project Governance

The Project's governance framework requires the stakeholders to uphold the highest professional, ethical, moral and legal standards. This is achieved through effective segregation of duties with clear checks and balances as articulated in the Project Loan/Credit Agreement, the PFM Act, 2012, the Project Design Report, the Implementation Manual and the Finance and Procurement Manuals.

i. The Project Steering Committee (PSC)

This Committee is responsible for overseeing the implementation of the Project, approving the annual work plan and budget, and ensuring that the activities are in compliance with the donor and government policies.

ii. GOK/UNICEF

These are the project sponsors. They are responsible for reviewing and approving the project's withdrawal applications, expenditure justifications, no objection requests, reviewing and approving the annual work plan and budget, expenditure category reallocation request, and participating in implementation support missions.

iii. The Parent Ministry

The parent ministry ensures that the Project's budget is captured in its development projects and disburses the government counterpart funding. The ministry reviews and tracks the Project's annual work plan and budget against the set targets and makes the approvals. The parent ministry also oversees the execution of the project coordinating team.

iv. The Auditor

The Supreme Audit Institution in Kenya, that is, the Office of the Auditor General, is mandated by the Constitution of Kenya Chapter 12, Part 6, Article 229 which establishes the Office of the Auditor General. Chapter 15, Article 248, Section 3 and Article 249, Section 2 (a) and (b) and section 10 of the Public Audit Act, 2015 provide for the independence of the Office of the Auditor General.

The Auditor General is mandated to audit all national government entities, which include government development projects and present these statutory financial statements to the Parliament. This facilitates the submission of the audited report to the project's sponsors by 31 December each year.

GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME
Reports and Financial Statements
For the financial year ended 30 June 2021

v. Project Coordinating Working Team (PCT)

This team is based in Nairobi and is responsible for the project management and coordination functions. The PCT comprises of the Project Coordinator and a team of Technical Officers. The PCT is also supported by other administrative staff.

These key staff, who form the project coordinating team that is involved in the day to day management of the project and its implementation are:

Name and contact details	Title designation	Qualifications	Responsibilities
Elijah Mungai	Director Project coordination and Delivery	Masters Education Planning	Director Projects
Grace Wanjiku 0723316840 gracewanjiku@ymail.com	Project Accountant	CPA(K), BCOM, MSC Finance	Management of the finance functions of the Program.
Hannah Maina 0721 704 45 Hannahmaina@gmail.com	Deputy Director Education	Masters Education Planning	Coordination of ECE Policy Activities.

1.6 Funding summary

The Project has been in operation for a duration of thirteen years from 2006 with a total funding of Kshs. 1,662,735,983 as highlighted in the table below.

Source of funds	Donor Commitment-		Amount received to date (June 30, 2021)		Undrawn balance to date (June 30, 2021)	
	Donor currency	KShs	Donor cur	KShs	Donor currency (Euros)	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
UNICEF GRANT-AIA	-	710,095,979	-	710,095,979		-
UNICEF GRANT-REVENUE	-	952,640,004		952,640,004		-
Total	-	1,662,735,983	-	1,662,735,983		-

1.7 Summary of Overall Project Performance:

During the year under review, the project did not receive any funding from UNICEF.

1.8 Summary of Project Compliance

The program has ensured that all its activities carried out are within the laws of the republic of Kenya and that all regulations and procedures have been followed. Among the regulations include the Environmental and Social Impact Assessment (ESIA) for which authority was issued for the implementation of the project. In cases of inconsistency between the GOK Regulations and those of donors, the latter have been applied.

GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME
Reports and Financial Statements
For the financial year ended 30 June 2021

2 STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Principal Secretary for State Department for Basic Education and the Project Coordinator for **GOK/UNICEF** project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on **30 June, 2021**. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Principal Secretary for the State Department for Basic Education and the Project Coordinator for **GOK/UNICEF** project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

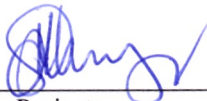
The Principal Secretary for State Department for Basic Education and the Project Coordinator for **GOK/UNICEF** project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended **30 June, 2021** and of the Project's financial position as at that date. The Principal Secretary for the State Department for Early Learning and Basic Education and the Project Coordinator for **GOK/UNICEF** project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


The Principal Secretary for State Department for Basic Education and the Project Coordinator for **GOK/UNICEF** project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Principal Secretary for State Department for Basic Education and the Project Coordinator for **GOK/UNICEF** project 30TH SEPT. 2021 and signed by them.

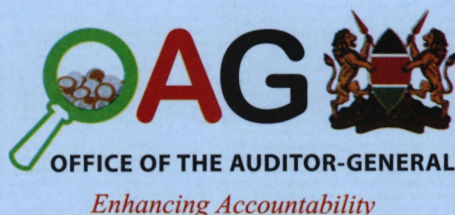

Principal Secretary
Name: **DR JULIUS JWAN**


Director Projects
Name: **ELIJAH MUNGAI**


Project Accountant
Name **GRACE W. NJOKI**
ICPAK Member Number: **8829**

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME FOR THE YEAR ENDED 30 JUNE, 2021

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of GoK/UNICEF Education for Young People Programme set out on pages 1 to 14, which comprise the statement of financial assets as at 30 June, 2021, statement of receipts and payments, statement of cash flows, and the 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 GoK/UNICEF Education for Young People Programme as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the GoK/UNICEF Country Programme Action Plan, 2014 - 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Cash and Cash Equivalents

The statement of financial assets reflects cash and cash equivalents balance of Kshs.1,077,215. However, the bank reconciliation statement as at 30 June, 2021 reflected payments in bank statements not recorded in cash book amounting to Kshs.503,350 in respect of outward payment and whose nature has not been disclosed.

In view of the above, the completeness and accuracy of the cash and cash equivalents of Kshs.1,077,215 reflected in the statement of financial assets as at 30 June, 2021 could not be confirmed.

2. Accumulated Surplus

The statement of receipts and payments reflect an accumulated surplus of Kshs.325,249,171 while the statement of financial assets reflects a net assets balance of Kshs.1,077,215. The two balance should always be equal for the project. No reconciliation has been provided for audit verification to explain the variance

Under the circumstances, the accuracy of the financial statements as at 30 June, 2021 could not be confirmed

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Education for Young People Programme 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

Prior Year Matters

Several issues were raised in the audit report of the previous year. However, Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circulars.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

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 matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Lack of Key Programme Information

As previously reported, Management did not avail the design report, implementation manual, GoK/UNICEF policies, annual work plan and activities report for audit review. In the forgoing, it has not been possible to ascertain if the Programme met the expectations of the citizens as outlined in the GoK/UNICEF Country Programme Action Plan, 2014 - 2016.

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 overall governance were operating effectively, in all material respects. I believe that the audit

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Programme's ability to continue to sustain its 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 Programme or to cease operations.

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

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

Those charged with governance are responsible for overseeing the GoK/UNICEF Education for Young People financial reporting process, reviewing the effectiveness of how the Programme 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 of Kenya. 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 overall 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 GoK/UNICEF Education for Young People 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 Programme'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 Programme 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 Programme 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.


CPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi


09 December, 2021

GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME.
Reports and Financial Statements
For the year ended 30 June 2021


4. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/21		2019/20		Cumulative to-date
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
RECEIPTS						
Receipts from government of Kenya	8.3	-	-	-	-	27,263,873
Proceeds from Domestic and foreign grants	8.4	-	-	-	-	1,662,735,984
TOTAL RECEIPTS		-	-	-	-	1,689,999,857
PAYMENTS						
Purchase of goods and services	8.5	1,065	-	3,569,865	-	1,364,750,686
TOTAL PAYMENTS		1,065	-	3,569,865	-	1,364,750,686
SURPLUS/(DEFICIT)		(1065)	-	(3,569,865)	-	325,249,171

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements. The financial statements were approved on 30th Sept. 2021 and signed by:


 Principal Secretary
 Name: **DR JULIUS JWAN**


 Director Projects
 Name: **ELIJAH MUNGAI**



 Project Accountant
 Name **GRACE W. NJOKI**
 ICPAK Member Number: **8829**

GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME
Reports and Financial Statements
For the financial year ended 30 June 2021


5. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2021

	Note	2020/21	2019/20
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8.6	1,077,215	1,078,280
Cash Balances		-	-
Cash Equivalents (short-term deposits)	-	-	-
Total Cash and Cash Equivalents		1,077,215	1,078,280
Accounts receivables – Imprest and Advances		-	-
TOTAL FINANCIAL ASSETS		1,077,215	1,078,280
REPRESENTED BY			
Fund balance b/fwd	8.7	1,078,280	4,648,145
Prior year adjustments		-	-
Surplus /(deficit) for the year		(1,065)	(3,569,865)
NET FINANCIAL POSITION		1,077,215	1,078,280

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30TH SEPT 2021 and signed by:


 Principal Secretary
 Name: **DR JULIUS JWAN**


 Director Projects
 Name: **ELIJAH MUNGAI**



 Project Accountant
 Name **GRACE W. NJOKI**
 ICPAK Member Number: **8829**

GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME
Reports and Financial Statements
For the financial year ended 30 June 2021


6. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020/21	2019/20
	Note	KShs	KShs
Receipts for operating activities			
Receipts from Government of Kenya	8.3	-	-
Proceeds from domestic and foreign grants	8.4	-	-
		-	-
Payments for operating activities			
Purchase of goods and services	8.5	(1,065)	(3,569,865)
		(1,065)	(3,569,865)
Net cash flow from operating activities		(1,065)	(3,569,865)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets		-	-
Net cash flows from Investing Activities		-	-
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings		-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(1,065)	(3,569,865)
Cash and cash equivalent at BEGINNING of the year	8.6	1,078,280	4,648,145
Cash and cash equivalent at END of the year		1,077,215	1,078,280

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30th SEPT 2021 and signed by:


Principal Secretary
Name: **DR JULIUS JWAN**



Director Projects
Name: **ELIJAH MUNGAI**


Project Accountant
Name **GRACE W. NJOKI**
ICPAK Member Number: **8829**

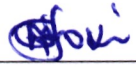
GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME
Reports and Financial Statements
For the financial year ended 30 June 2021

**7. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR
THE YEAR ENDED 30 JUNE 2021**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	B	c=a+b	D	e=c-d	f=d/c %
Receipts						
Proceeds from domestic and foreign grants-Revenue	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-
Payments						
Bank Charges	-	-	-	(1,065)	(1,065)	-
Total payments	-	-	-	(1,065)	(1,065)	-


Principal Secretary
Name: **DR JULIUS JWAN**


Director Projects
Name: **ELIJAH MUNGAI**


Project Accountant
Name **GRACE W. NJOKI**
ICPAK Member Number: **8829**

8. NOTES TO THE FINANCIAL STATEMENTS

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

8.1 Basis of Preparation

8.1.1 Statement of compliance and basis of preparation

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

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

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

8.1.2 Reporting entity

The financial statements are for the **GOK/UNICEF** project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation Public Finance Management (**PFM**) Act 2012 .

8.1.3 Reporting currency

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

8.2 Significant Accounting Policies

a) Recognition of receipts

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

• Transfers from the Exchequer

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

GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME
Reports and Financial Statements
For the financial year ended 30 June 2021

• **External Assistance**

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

Donations and grants

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

Proceeds from borrowing

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

Undrawn external assistance

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

• **Other receipts**

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

b) Recognition of payments

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

• **Compensation of employees**

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

• **Use of goods and services**

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

• **Interest on borrowing**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

• **Acquisition of fixed assets**

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

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

c) In-kind donations

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

d) Cash and cash equivalents

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

Restriction on cash

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Accounts receivable

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

f) Pending bills

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

g) Budget

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

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

h) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties column in the statement of receipts and payments.

During the year ended 30 June, 2021 there were no third party payments.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Exchange rate differences

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

j) Comparative figures

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

k) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended 30 June 2021.

l) Errors

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

GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME
Reports and Financial Statements
For the financial year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.3 RECEIPTS FROM GOVERNMENT OF KENYA

Receipts from the government are either counterpart funding or other transfers. Counterpart funding represents the Government's share of contribution towards the implementation of the Project. These amounts are disbursed by the Parent Ministry in line with the budget.

Other transfers from government entities represent support received by the Project from other government entities including the State Departments and Projects listed above for the implementation of its activities.

	2020/21	2019/20	Cumulative to Date
	KShs	KShs	KShs
<i>Counterpart funding through State Department for Education</i>			
Counterpart funds Quarter 1			-
Counterpart funds Quarter 2			-
Counterpart funds Quarter 3			-
Counterpart funds Quarter 4			27,263,873
TOTAL			27,263,873

GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME
Reports and Financial Statements
For the financial year ended 30 June 2021

8.4 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

These are grants received from development partners directly through the Exchequer and through ministries and departments. During the financial year ended June 30, 2021, the project did not receive any funding from development partners.

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payments	Grants received in kind	Total Amount Received	
						KShs	KShs
						FY 2020/21	FY 2019/2020
Grants Received from Multilateral Donors (International Organisations)							
UNICEF			-	-	-	-	3,808,950
Total			-	-	-	-	3,808,950

8.5. PURCHASE OF GOODS AND SERVICES

Payment items	Payments made by the entity in cash	Payments made by third parties	Total Payments		Cumulative to date
			FY 2020/21	FY 2019/20	
	KShs	KShs	KShs	KShs	
Early childhood development	-		-	-	340,996,522
Nomadic Education	-		-		120,476,812
Child friendly schools	-		-		479,728,109
Peace Education	-		-		344,865,997
Education in Emergencies	-		-		75,112,316
Bank charges/ Refund			1,065	3,569,865	3,570,930
Total Payments			1,065	3,569,865	1,364,750,686

GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME
Reports and Financial Statements
For the financial year ended 30 June 2021

8.6 CASH AND CASH EQUIVALENTS CARRIED FORWARD

	2020/21	2019/20
	KShs	KShs
Bank account KCB A/C NO. 1102291331	1,077,215	1,078,280
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Total	1,077,215	1,078,280

GOK/UNICEF EDUCATION FOR YOUNG PEOPLE PROGRAMME
Reports and Financial Statements
For the financial year ended 30 June 2021

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2021 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

	2020/21	2019/20
	KShs	KShs
(i) A/C Name: GOK / UNICEF A/c No.		
Opening balance	419,777.85	419,777.85
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
Closing balance	<u>419,777.85</u>	<u>419,777.85</u>

8.7 FUND BALANCE BROUGHT FORWARD

	2020/21	2019/20
	KShs	KShs
Bank accounts	1,077,215	1,078,280
Cash in hand	-	-
Cash equivalents (short-term deposits)		
Total	1,077,215	1,078,280

9. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

s/no	Issue	Observation and auditors recommendation	Management comments	Focal point person to resolve the issue	Status	Time frame
1.	Cash and cash equivalents	Validity of cash and cash equivalents could not be confirmed- revise the FS	Necessary adjustments made.	HAU	Resolved(PAC REPORT 2017/18)	30 th June 2019
2.	Unsupported Cumulative Expenditure	No supporting documents for direct payments	Accounting officer to engage UNICEF in developing implementation guidelines.	HAU	Not Resolved	30 th June 2020
3.	Unapproved Excess expenditure	No Evidence of Approval of excess expenditure by the National Treasury	UNICEF overspent on direct payments	HAU	Resolved (PAC REPORT 2017/18)	30 th June 2020
4.	Non Availability of Key Project Information	Key project documents not availed for Audit	UNICEF programs coordinated at the NT and change from time to time	HAU	Resolved (PAC REPORT 2017/18)	30 th June 2020
5.	Programme Progress Reports	Progress reports not Availed for Audit Review	UNICEF supports most of its programmes directly and do not avail report on program progress	HAU	Resolved (PAC REPORT 2017/18)	30 th June 2020

