

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

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DATE: Tue 20 JUL 2019 **OF THE AUDITOR-GENERAL**

TABLED BY: Leader of Majority  
CLERK OF THE TABLE: Frans Onda **ON**

**NATIONAL AGRICULTURAL AND RURAL  
INCLUSIVE GROWTH PROJECT  
(IDA CREDIT NO. 5900-KE)**

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

**MINISTRY OF AGRICULTURE, LIVESTOCK &  
FISHERIES**



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

24 MAR 2020

**RECEIVED**

**Project Name: NATIONAL AGRICULTURAL AND RURAL  
INCLUSIVE GROWTH PROJECT  
(NARIGP)**

**Implementing Entity: MINISTRY OF AGRICULTURE,  
LIVESTOCK AND FISHERIES**

**PROJECT CREDIT NUMBER. 5900 KE**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

*National Agricultural and Rural Inclusive Growth Project (NARIGP)*  
*Annual Financial Report*  
*For the Year ended June 30, 2019*

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**LEGAL BACKDROP**

As set out in Section 83 of the Public Finance Management Act, 2012, an Accounting Officer is required to prepare quarterly reports for national government entity as follows;

- (1) An accounting officer for a national government entity shall prepare a report for each quarter of the financial year in respect of the entity.
- (2) In preparing a quarterly report for a national government entity, the accounting officer shall ensure that the report—
  - (a) Contains information on the financial and non-financial performance of the entity; and
  - (b) Is in a form that complies with the standards prescribed and published by the accounting standards board from time to time.
- (3) Not later than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the cabinet secretary responsible for the entity and the national treasury.

*National Agricultural and Rural Inclusive Growth Project (NARIGP)*  
*Annual Financial Report*  
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## 1. PROJECT INFORMATION AND OVERALL PERFORMANCE

### 1.1 Name and Registered Office

**Name:** The project's official name is National Agricultural and Rural Inclusive Growth Project (NARIGP)

**Objective:** The key objective of the project is *“to increase agricultural productivity and profitability of targeted rural communities in selected Counties, and in the event of an Eligible Crisis or Emergency, to provide immediate and effective response.”*

**Address:** The project headquarters offices are in Capitol Hill Towers 7<sup>th</sup> Floor

The address of its registered office is: Capitol Hill Towers 5<sup>th</sup> Floor, Cathedral Road Next to Kilimo House.

Post office address: Box 8073 00200,  
Nairobi - Kenya

The project also has offices in 21 participating Counties as follows:

#### Selected 21 NARIGP participating Counties

	Arid Areas		Semi-Arid Areas		Medium to High Rainfall Areas
1	Turkana	1	Makueni	1	Kirinyaga
2	Samburu	2	Meru	2	Kiambu
		3	Kitui	3	Muranga`a
		4	Embu	4	Nakuru
		5	Kilifi	5	Bungoma
		6	Kwale	6	Trans Nzoia
		7	Narok	7	Nandi
				8	Vihiga
				9	Kisii
				10	Nyamira
				11	Migori
				12	Homa Bay

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

Telephone: (254) 020 2715466

E-mail: [narigp@kilimo.go.ke](mailto:narigp@kilimo.go.ke)

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

**National Agricultural and Rural Inclusive Growth Project (NARIGP)**  
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**1.2 Project Information**

Project Start Date:	The project start date is 23-Aug-2016
Project End Date:	The project end date is 30-Nov-2021
Project Manager:	The project manager is Mr. John Kimani
Project Sponsor:	The project sponsor is World Bank - IDA

**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the State Department for Crops Development and Agriculture Research, Ministry of Agriculture, Livestock and Fisheries
Project umber	5900KE
Strategic goal of the project	The strategic goal of the project is as follows: <i>NARIGP's project development objective (PDO) is "to increase agricultural productivity and profitability of targeted rural communities in selected Counties, and in the event of an Eligible Crisis or Emergency, to provide immediate and effective response."</i>
Achievement of strategic goals	The project will contribute to GoK's high-level objective, which aims at transforming smallholder subsistence agriculture into an innovative, commercially oriented, and modern sector by: (i) increasing the productivity, commercialization, and competitiveness of selected agricultural commodities; and (ii) developing and managing key factors of production, (iii) particularly land, water, and rural finance
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: Through the increased adoption of new technologies and improved practices and by federating into POs and other forms of rural institutions like SACCOs (Savings and Credit Cooperatives), rural smallholder farmers will be able to increase their productivity, incomes, and profitability.
Project duration	The project started on 23 August 2016 and is expected to run until 30 November 2021
Project Implementation	Although the project start date is indicated as 23 August 2016 actual implementation activities started in 2018. The delay in actual implementation was due to the delayed transfer of the project from Ministry of Devolution and Planning to Ministry of Agriculture, Livestock and Fisheries.

***National Agricultural and Rural Inclusive Growth Project (NARIGP)***  
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***For the Year ended June 30, 2019***

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**1.4 Bankers**

The following are the bankers for the current year:

- (i) Central Bank of Kenya

**1.5 Auditors**

The project is audited by the Office of the Auditor General (OAG)

**1.6 Roles and Responsibilities**

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

<b>Names</b>	<b>Title / Designation</b>	<b>Responsibilities</b>
John Kimani	National Project Coordinator	Overall Coordination of the Project
Mary Maingi	Component 1 Leader	Responsible for Supporting Community-Driven Development
Annastacia Kivuva	Component 2 Leader	Responsible for Strengthening Producer Organizations and Value Chain Development
James Njuki	Component 3 Leader	Responsible for Supporting County Community-Led Development
Cosmas Omolo	Monitoring & Evaluation Officer	Oversee the Development and Implementation of the NARIGP planning, monitoring and evaluation system
Peter N. Gitau	Finance Officer	Responsible for managing project finances in accordance with the requirements of the Financing Agreement and related Project documents
Rehema Deri	Procurement Officer	Responsible for overseeing the preparation and execution of the project procurement plans to effectively support project operations, ensuring strict adherence to World Bank and GoK procurement guidelines.
Stanley Maina	Project Internal Auditor	Responsible of ensuring effective internal controls system is in place and effective procurement and financial management of the project.

**National Agricultural and Rural Inclusive Growth Project (NARIGP)**  
**Annual Financial Report**  
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**1.7 Funding summary**

The Project is for a duration of 5 years from 2016 to 2021 with a total project cost of US\$ 219 million, of which the International Development Association (IDA) will finance US\$200 million under an Investment Project Financing (IPF) instrument. The estimated project cost takes into account GoK counterpart funds (US\$2 million equivalent), County governments' co-financing (US\$7 million equivalent), and beneficiary contributions (US\$10 million equivalent) amounting to US\$19 million equivalent as detailed in the table below: -

Project Components	Project Cost (US\$ million)	IDA Financing (US\$ million)	IDA Financing (%)	Counterpart Contribution (US\$ million)	Counterpart Contribution (%)
1. Supporting Community-Driven Development	80	75	94%	5	6%
2. Strengthening Producer Organizations and Value Chain Development	50	45	90%	5	10%
3. Supporting County Community- Led Development	72	65	90%	7	10%
4. Project Coordination and Management	17	15	88%	2	12%
<b>Total Project Costs</b>	<b>219</b>	<b>200</b>	<b>91%</b>	<b>19</b>	<b>9%</b>

Below is the disbursement summary as at 30 June 2019:

Source of funds	Donor Commitment-		Amount received to date – 30 June 2019		Undrawn balance to date 30 June 2019	
	Donor currency	Kes	Donor currency	Kes	Donor currency	Kes
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
		Kes Million		Kes Million		Kes Million
Credit	\$Million	Kes Million	\$Million	Kes Million	\$ Million	Kes Million
World Bank	200	20,258	58	5,923	142	14,335
<b>Total</b>	<b>200</b>	<b>20,258</b>	<b>58</b>	<b>5,923</b>	<b>142</b>	<b>14,335</b>

**2. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The *Principal Secretary* for the Ministry of Agriculture, Livestock and Fisheries and the *Project Coordinator* for *NARIGP project* are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* for the Ministry of Agriculture, Livestock and Fisheries and the *Project Coordinator* for *NARIGP project* accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* for the Ministry of Agriculture, Livestock and Fisheries and the *Project Coordinator* for *NARIGP project* are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2019, and of the Project's financial position as at that date. The *Principal Secretary* for Ministry of Agriculture, Livestock and Fisheries and the *Project Coordinator* for *NARIGP project* further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the Project financial statements**

The Project financial statements were approved by the *Principal Secretary* for the Ministry of Agriculture, Livestock and Fisheries and the *Project Coordinator* for *NARIGP* on 30/09/19 2019 and signed by them.

  
\_\_\_\_\_  
Principal Secretary

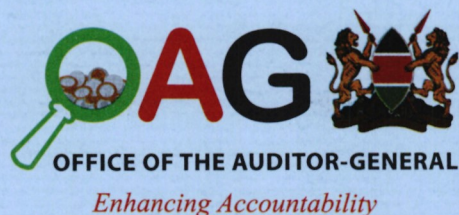
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Project Coordinator

30/09/2019  
\_\_\_\_\_  
Date

# REPUBLIC OF KENYA

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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 NATIONAL AGRICULTURAL AND RURAL INCLUSIVE GROWTH PROJECT (IDA CREDIT NO. 5900-KE) FOR THE YEAR ENDED 30 JUNE, 2019 – MINISTRY OF AGRICULTURE, LIVESTOCK & FISHERIES**

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Agricultural and Rural Inclusive Growth Project set out on pages 6 to 20, which comprise the statement of financial assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act and Schedule 2, Section II Part B(3) of the Financing Agreement No.5900-KE between the International Development Association (IDA) and the Republic of Kenya dated 14 October, 2016. 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 National Agricultural and Rural Inclusive Growth Project as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement.

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

##### **Omissions in the Statement of Comparative Budget and Actual Amounts**

The statement of receipts and payments for the year ended 30 June, 2019 reflects transfers from government entities totaling Kshs.108,225,830, and payments totalling Kshs.63,589,766 incurred on acquisition of office furniture and general equipment and refurbishment of buildings. However, these receipts and payments are not reflected in the statement of comparative budget and actual amounts under actual receipts and actual expenditures respectively.

In view of the omissions, the completeness and accuracy of the statement of comparative budget and actual amounts for the year ended 30 June, 2019 cannot be confirmed.

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

### **Emphasis of Matter**

#### **Unreconciled Loan Receipts**

The statement of receipts and payments for the year ended 30 June, 2019 reflects loan receipts totaling Kshs.1,495,897,389 received from external development partners during the year. However, the special account statement as at 30 June 2019 shows external loan receipts totaling Kshs.1,497,481,602 as having been deposited in two accounts namely Account No.1000317857-Kshs.1,052,751,555 (US\$10,400,000) and Account No.1000263962 – Kshs.444,730,047 (US\$ 4,388,896) during the year under review. The difference amounting to Kshs.1,584,213 between the two sets of records had not been reconciled at the time of the audit.

My Opinion is not qualified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

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

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

#### **Basis for Conclusion**

##### **1. Undisbursed GoK Counterpart Funds**

Schedule 2, Section IV Part A (2) of the Financing Agreement specifies the categories of eligible expenditures that may be funded out of the proceeds of the Financing Agreement.

It also prescribes the allocation of the amounts of financing to each project category and the ratio of expenditure to be financed for eligible expenditure in each category. The GOK portion has been set as 9% of the cost of each year's activities. However, examination of records revealed that the Government of Kenya (GOK) did not deposit the required counterpart funds in the Project's bank account during the year under review.

Under-funding of the Project's activities is likely to constrain its capacity to fulfill its objectives.

## **2. Failure by Some Counties to Contribute to the Project**

Schedule 2, Section I Part C(1) of the Financing Agreement requires the Project to enter into a participation agreement with each eligible county government, detailing mutual responsibilities for the implementation of the program and other terms and conditions as may be approved by the Association. Further, Section V(6) of the Agreement states that the participating County Governments shall provide the remaining 10% funding for specified elements of the Project.

However, audit of records in respect to transfers from other government entities during the year under review revealed that Makeni, Trans-Nzoia, Kiambu, Turkana, Samburu, Nandi, Murang'a, Nakuru, Homa Bay, Migori, Nyamira, and Kirinyaga Counties did not remit the agreed annual sum amounting to Kshs.6,500,000. In the absence of the expected funding, the Project's objectives in these counties are unlikely to be realized.

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 Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and overall governance were operating

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

### **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 the 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 ability of the Project to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Project or have its operations cease. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities,

financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 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 directors.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Project to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project not to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

**Nairobi**

**18 September, 2020**

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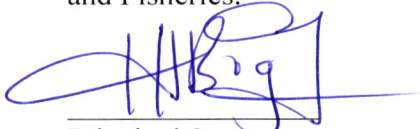
**3. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2018/19		2017/18 Re stated		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	
		Kes	Kes	Kes	Kes	Kes
<b>RECEIPTS</b>						
Transfer from Government entities	7.3	108,225,830	0	80,513,664	0	188,739,494
Loan from External Development Partners	7.4	1,495,897,389	0	1,239,463,270	0	2,735,360,659
<b>TOTAL RECEIPTS</b>		<b>1,604,123,219</b>	<b>0</b>	<b>1,319,976,934</b>	<b>0</b>	<b>2,924,100,153</b>
<b>PAYMENTS</b>						
Purchase of goods and services	7.5	265,193,643	0	82,194,553	0	347,388,196
Acquisition of non-financial assets	7.6	63,589,765	0			63,589,765
Transfers to other government entities	7.7	1,134,557,582		1,143,320,627		2,277,878,209
<b>TOTAL PAYMENTS</b>		<b>1,463,340,990</b>	<b>0</b>	<b>1,225,515,180</b>	<b>0</b>	<b>2,688,856,170</b>
<b>SURPLUS/DEFICIT</b>		<b>140,782,229</b>	<b>0</b>	<b>94,461,754</b>	<b>0</b>	<b>235,243,983</b>

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

**Note:**

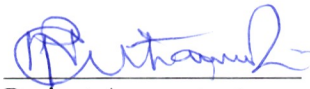
Included in the transfer from government entities figure of Kes 108,225,830 is Kes 25,316,248 from Ministry of Planning and Devolution (MoDP). The Project was initially being implemented by MoDP. This was the remaining balance of the IDA Project Preparation Advance (PPA) that was with the MoDP when the project was transferred to the Ministry of Agriculture, Livestock and Fisheries.



Principal Secretary  
Name:



Project Coordinator  
Name: JOHN KIMANI



Project Accountant  
Name: PETER N. GITHAU  
ICPAK Member Number:  
10338

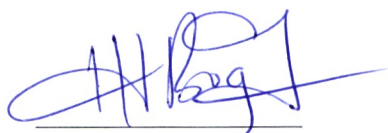
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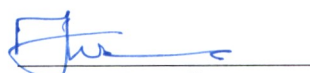
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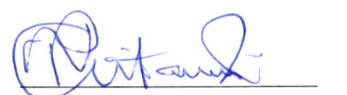
**4. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 JUNE 2019**

	Note	2018/19	2017/18 Re stated
		Kes	Kes
<b>FINANCIAL ASSETS</b>			
Cash Balances	7.8	217,756	439,706
Bank Balances	7.9	202,355,397	74,217,948
Outstanding Imprests and Advances	7.10	32,670,830	19,804,100
<b>Total Cash and Cash Equivalents</b>		<b>235,243,983</b>	<b>94,461,754</b>
<b>TOTAL FINANCIAL ASSETS</b>			
		<b>235,243,983</b>	<b>94,461,754</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd		94,461,754	-
Surplus/Deficit for the year		140,782,229	1,237,782,381
Prior year adjustments	7.7 & 7.11		(1,143,320,627)
<b>NET FINANCIAL POSITION</b>		<b>235,243,983</b>	<b>94,461,754</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30/9/19 2019 and signed by:

  
 Principal Secretary  
 Date

  
 Project Coordinator  
 Date 30/09/2019

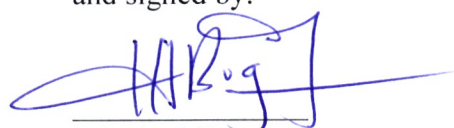
  
 Project Accountant  
 Date 30/9/19  
 ICPAK Member Number:  
 10338


**National Agricultural and Rural Inclusive Growth Project (NARIGP)**  
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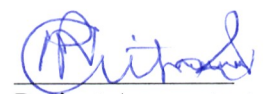
**5. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2019**

		2018/19	2017/18 Re stated
	Note	Kes	Kes
<b>Receipts for operating activities</b>			
Transfer from Government entities	7.3	82,909,582	80,513,664
Loan from External Development Partners	7.4	1,521,213,637	1,239,463,270
<b>Payments for operating activities</b>			
Purchase of goods and services	7.5	328,783,408	82,194,553
Transfers to other government entities	7.7	1,134,557,582	1,143,320,627
<b>Adjustments during the year (change in receivables)</b>		-12,866,730	-19,804,100
<b>Net cash flow from operating activities</b>		<b>127,915,499</b>	<b>74,657,654</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Net cash flows from Investing Activities		-	-
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings			-
Net cash flow from financing activities		-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>127,915,499</b>	<b>74,657,654</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>74,657,654</b>	-
<b>Cash and cash equivalent at END of the year</b>		<b>202,573,153</b>	<b>74,657,654</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/9/2019 2019 and signed by:

  
Principal Secretary  
Date

  
Project Coordinator  
Date 30/09/2019

  
Project Accountant  
Date 30/9/19  
ICPAK Member No.  
10338

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**6. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

<b>Receipts/Payments Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>
	<b>a</b>	<b>b</b>	<b>c = a+b</b>	<b>d</b>	<b>e = c-d</b>	<b>f = d/c %</b>
<b>Receipts</b>						
Transfer from Government entities	49,000,000	-	49,000,000		49,000,000	0%
Loan from External Development Partners	3,530,477,423	(1,239,649,116)	2,290,828,307	1,495,897,389	794,930,918	65%
<b>Total Receipts</b>	<b>3,579,477,423</b>	<b>(1,239,649,116)</b>	<b>2,339,828,307</b>	<b>1,495,897,389</b>	<b>843,930,918</b>	<b>64%</b>
<b>Payments</b>						
Purchase of goods and services	630,339,000		630,339,000	265,193,643	365,145,357	42%
<b>Transfers to Government entities</b>	<b>2,949,138,423</b>	<b>-</b>	<b>2,949,138,423</b>	<b>1,134,557,582</b>	<b>1,814,580,841</b>	<b>38%</b>

Note: The significant budget utilisation/performance differences in the last column are explained in note 9 to these financial statements.

## **7. NOTES TO THE FINANCIAL STATEMENTS**

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

### **7.1 Basis of Preparation**

#### **7.1.1 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.

#### **7.1.2 Reporting entity**

The financial statements are for the NARIG Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

#### **7.1.3 Reporting currency**

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

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

##### **• External Assistance**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donations and grants**

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

**Proceeds from borrowing**

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

**Undrawn external assistance**

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

• **Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are 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 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 are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**g) Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are 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 no disbursements were received in form of direct payments from third parties.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Exchange rate differences**

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

**j) Comparative figures**

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

**k) Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2019.

**l) Errors**

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

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

**7.3 TRANSFER FROM GOVERNMENT ENTITIES**

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

	2018/19	2017/18	Cumulative
<i>Transfers from Government Entities</i>			
Kwale	11,500,000		11,500,000
Kilifi	6,500,000	5,000,000	11,500,000
Meru	6,500,000	5,000,000	11,500,000
Embu	6,500,000	5,000,000	11,500,000
Kitui	6,500,000	5,000,000	11,500,000
Makueni	-	5,000,000	5,000,000
Kirinyaga	5,902,842	5,000,000	10,902,842
Muranga	5,000,000		5,000,000
Kiambu	500	5,000,000	5,000,500
Turkana	-	5,013,664	5,013,664
Samburu	-	5,000,000	5,000,000
Trans Nzoia	5,006,240		5,006,240
Nandi	5,000,000		5,000,000
Nakuru	5,000,000		5,000,000
Narok	-	5,500,000	5,500,000
Vihiga	6,500,000	5,000,000	11,500,000
Bungoma	6,500,000	5,000,000	11,500,000
Homa Bay	-	5,000,000	5,000,000
Migori	-	5,000,000	5,000,000
Kisii	6,500,000	5,000,000	11,500,000
Nyamira	-	5,000,000	5,000,000
Transfer to the Project by NT from MoDP	25,316,248	-	25,316,248
<b>Total</b>	<b>108,225,830</b>	<b>80,513,664</b>	<b>188,739,494</b>

All the 21 participating Counties were required to deposit to the project account Kes. 6,500,000 counterpart contribution for the FY 2018-19. However, only Kwale, Kilifi, Meru, Embu, Kitui, Vihiga, Bungoma and Kisii counties had deposited their counterpart contribution to the project account.

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**7.4 LOAN FROM EXTERNAL DEVELOPMENT PARTNERS**

During the year ended 30 June 2019 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Amount received in donor currency	Credits received in cash	Total amount in Kes	
			FY 2018/19	FY 2017/18
	USD	Kes	Kes	Kes
Loan/Credit Received from World Bank	12,130,069	2,735,360,659	1,495,897,389	1,239,463,270
<b>Total</b>		<b>2,735,360,659</b>	<b>1,495,897,389</b>	<b>1,239,463,270</b>

These relates to funds received from development partners in form of loans negotiated by the National Treasury with donors as detailed in the table above.

**7.5 PURCHASE OF GOODS AND SERVICES**

PURCHASE OF GOODS AND SERVICES	Total in Kes	
	FY 2018/19	FY 2017/18
Training expenses	241,208,133	79,089,884
Printing, advertising and - information supplies & services	3,467,080	170,800
Specialized materials and services	1,120,000	-
Other operating expenses	19,398,429	2,933,869
<b>Total</b>	<b>265,193,643</b>	<b>82,194,553</b>

**ACQUISITION OF NON FINANCIAL ASSETS**

ACQUISITION OF NON FINANCIAL ASSETS	FY 2018/19			FY 2017/18	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	Kes	Kes	Kes	Kes	Kes
Overhaul & refurbishment of construction and civil works	12,332,181		12,332,181		12,332,181
Purchase of office furniture & general equipment	51,257,585		51,257,585		51,257,585
<b>Total</b>	<b>63,589,765</b>	<b>0</b>	<b>63,589,765</b>	<b>0</b>	<b>63,589,765</b>

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**7.7 TRANSFER TO OTHER GOVERNMENT ENTITIES**

Countries	Summary of County Expenditures - FY 2018/19										Unaccounted balances by the counties	Cumulative Expenditure	Combined Balances - IDA and GOK
	Disbursements					Expenditures							
	Donor	FY 2017-18	2018-19	Total	FY 2017-18	Sep-18	Dec-18	Mar-19	Jun-19	Total FY 2018-19			
Kwale	IDA	50,609,855	50,078,476	100,688,331	-	-	8,120,436	2,766,721	22,397,406	33,284,563	67,403,768		
	GOK	-	11,500,000	11,500,000	-	-	849,437	288,933	1,902,896	3,041,266	8,458,734	75,862,502	
Kiifi	IDA	50,609,855	50,078,476	100,688,331	-	658,941	-	6,666,478	19,675,272	27,000,691	73,687,640		
	GOK	5,000,000	6,500,000	11,500,000	-	84,309	-	639,513	1,706,491	2,430,313	9,069,687	82,757,327	
Meru	IDA	50,609,855	50,078,476	100,688,331	-	-	287,725	3,622,206	7,891,670	11,801,600	88,886,731		
	GOK	5,000,000	6,500,000	11,500,000	-	-	39,235	441,910	686,180	1,167,326	10,332,674	99,219,405	
Embu	IDA	50,609,855	50,078,476	100,688,331	-	834,650	53,298	11,980,629	13,324,051	26,192,628	74,495,703		
	GOK	5,000,000	6,500,000	11,500,000	-	54,850	3,402	764,721	1,121,485	1,944,458	9,555,542	84,051,245	
Kitui	IDA	50,609,855	50,078,476	100,688,331	5,256,586	7,512,608	796,713	15,399,740	40,068,561	63,777,622	31,654,124		
	GOK	5,000,000	6,500,000	11,500,000	606,174	528,308	70,137	1,194,213	3,394,426	5,187,083	5,706,742	37,360,866	
Makueni	IDA	50,609,855	50,078,476	100,688,331	51,422	9,282,981	17,654,438	11,483,972	6,646,885	45,068,276	55,568,634		
	GOK	5,000,000	-	5,000,000	6,868	803,319	1,363,693	1,070,456	729,080	3,966,548	1,026,584	56,595,218	
Kirinyaga	IDA	50,609,855	50,078,476	100,688,331	-	811,679	6,886,766	2,622,395	4,547,745	14,868,584	85,819,747		
	GOK	5,000,000	5,902,842	10,902,842	-	101,873	532,763	244,791	369,389	1,248,816	9,654,026	95,473,773	
Muranga	IDA	50,609,855	50,078,476	100,688,331	-	-	13,816,088	3,944,993	10,254,025	28,015,106	72,673,225		
	GOK	-	5,000,000	5,000,000	-	-	1,112,387	337,867	791,335	2,241,589	2,758,411	75,431,636	
Kiambu	IDA	50,609,855	50,078,476	100,688,331	-	-	6,142,505	11,632,553	18,511,824	36,286,882	64,401,450		
	GOK	5,000,000	500	5,000,500	-	-	548,645	942,367	1,496,740	2,987,752	36,286,882	66,414,198	
Turkana	IDA	50,609,855	50,078,476	100,688,331	9,254,996	10,041,372	9,569,158	12,723,262	7,598,162	39,931,955	51,501,381		
	GOK	5,013,664	-	5,013,664	1,089,418	1,013,834	715,674	1,492,808	890,647	4,112,963	(188,717)	51,312,664	
Samburu	IDA	50,609,855	50,078,476	100,688,331	4,211,055	3,546,759	11,848,997	5,488,422	8,171,334	29,055,512	67,421,764		
	GOK	5,000,000	-	5,000,000	467,895	279,436	993,797	386,404	4,465,106	6,124,743	(1,592,638)	65,829,126	
Trans Nzoia	IDA	50,609,855	50,078,476	100,688,331	-	-	9,414,300	13,517,437	19,522,591	42,454,328	58,234,003		
	GOK	-	5,006,240	5,006,240	-	-	762,370	1,291,208	1,992,337	4,045,916	960,324	59,194,328	

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Nandi	IDA	50,609,855	50,078,476	100,688,331	-	-	13,544,405	6,985,030	14,050,071	34,579,505	34,579,505	66,108,826
	GoK	-	5,000,000	5,000,000	-	-	1,004,295	598,545	1,584,375	3,187,215	3,187,215	1,812,785
Nakuru	IDA	50,609,855	50,078,476	100,688,331	985,690	5,818,533	1,958,920	6,380,534	18,314,783	32,472,770	33,458,460	67,229,871
	GoK	-	5,000,000	5,000,000	118,660	393,417	227,376	563,275	1,980,717	3,164,785	3,283,445	1,716,555
Narok	IDA	50,609,855	50,078,476	100,688,331	-	11,464,238	13,522,228	9,408,965	13,143,665	47,539,096	47,539,096	53,149,236
	GoK	5,000,000	-	5,000,000	-	1,123,949	1,177,947	721,546	1,359,125	4,382,567	4,382,567	1,117,433
Vihiga	IDA	50,609,855	50,078,480	100,688,335	-	668,152	4,903,830	7,599,708	7,423,223	20,594,913	20,594,913	80,093,422
	GoK	5,000,000	6,500,000	11,500,000	-	42,648	544,870	691,897	755,991	2,035,406	2,035,406	9,464,594
Bungoma	IDA	50,609,855	50,078,476	100,688,331	2,054,563	11,108,544	966,849	5,284,145	10,960,307	28,319,945	30,374,408	70,313,923
	GoK	5,000,000	6,500,000	11,500,000	235,577	1,095,756	110,782	418,363	1,262,958	2,887,869	3,123,446	8,376,554
Homabay	IDA	50,609,855	50,078,476	100,688,331	-	-	7,037,229	5,720,071	6,072,915	18,830,215	18,830,215	81,858,116
	GoK	5,000,000	-	5,000,000	-	-	845,359	614,533	634,965	2,094,857	2,094,857	2,905,143
Migori	IDA	50,609,855	50,078,476	100,688,331	-	10,760,418	9,009,366	7,650,338	10,528,907	37,949,029	37,949,029	62,739,302
	GoK	5,000,000	-	5,000,000	-	-	719,670	621,613	1,167,676	3,497,148	3,497,148	1,502,852
Kisii	IDA	50,609,855	50,078,476	100,688,331	-	5,407,470	5,797,440	2,437,420	23,671,293	37,313,623	37,313,623	63,374,708
	GoK	5,000,000	6,500,000	11,500,000	-	396,030	687,060	155,580	2,087,313	3,325,983	3,325,983	8,174,017
Nyamira	IDA	50,609,855	50,078,476	100,688,331	-	3,099,328	16,877,731	1,666,016	14,038,760	35,681,835	35,681,835	65,006,496
	GoK	5,000,000	-	5,000,000	-	285,977	1,686,839	158,184	1,477,680	3,608,680	3,608,680	1,391,320
<b>Total GoK</b>		<b>1,062,806,963</b>	<b>1,051,648,000</b>	<b>2,114,454,963</b>	<b>2,524,592</b>	<b>7,191,894</b>	<b>13,995,747</b>	<b>13,638,727</b>	<b>31,856,912</b>	<b>66,683,279</b>	<b>69,207,871</b>	<b>1,495,837,446</b>
<b>Total IDA</b>		<b>80,513,664</b>	<b>82,909,582</b>	<b>163,423,246</b>	<b>21,814,312</b>	<b>81,015,673</b>	<b>158,208,422</b>	<b>154,981,036</b>	<b>296,813,449</b>	<b>691,018,581</b>	<b>712,832,893</b>	<b>1,401,622,071</b>
<b>Grand Total</b>		<b>1,143,320,627</b>	<b>1,134,557,582</b>	<b>2,277,878,209</b>	<b>24,338,904</b>	<b>88,207,567</b>	<b>172,204,169</b>	<b>168,619,763</b>	<b>328,670,361</b>	<b>757,701,860</b>	<b>782,040,764</b>	<b>1,495,837,446</b>

Summary Per component											
Component	Component	FY 2018-2019						Total FY 2018-19	Accumulated Expenditures		
		Sep-18	Dec-18	Mar-19	Jun-19	FY 2018-19					
Component 1	Supporting Community-Driven Development	1,108,200	91,421,351	93,320,692	146,407,093	382,279,299	382,279,299	383,387,499			
Component 2	Strengthening Producer Organizations and Value Chain Development	4,846,960	12,953,973	11,986,385	36,686,492	64,689,431	64,689,431	69,536,391			
Component 3	Supporting County Community-Led Development	11,632,269	22,640,433	29,756,430	68,254,484	133,849,034	133,849,034	145,481,303			
Component 4	Project Coordination and Management	6,751,475	45,188,411	33,556,257	77,322,292	176,884,096	176,884,096	183,635,571			
<b>Total</b>	<b>Total</b>	<b>24,338,904</b>	<b>172,204,169</b>	<b>168,619,763</b>	<b>328,670,361</b>	<b>757,701,860</b>	<b>757,701,860</b>	<b>782,040,764</b>			

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During the year there was direct exchequer transfer of Kes 50,078,476 to each of the 21 participating counties translating to Kes 1,051,648,000 (One Billion Fifty-One Million Six Hundred and Forty-Eight Thousand Shillings Only). Eight out of the 21 participating counties honoured their counterpart contribution of Kes 6,500,000.00 as a requirement for the financial year ending 30 June 2019.

**7.8 CASH BALANCES**

	2018/19	2017/18
	Kes	Kes
Cash in hand	217,756	439,706
<b>Total</b>	<b>217,756</b>	<b>439,706</b>

The project has one project account and two foreign currency designated accounts managed by the National Treasury as listed below:

**7.9 BANK BALANCES**

Local Currency Accounts	Kes	
	2018/19	2017/18
Central Bank of Kenya [A/c No. 1000387653] - NPCU	202,355,397	74,217,948
<b>Total local currency balances</b>	<b>202,355,397</b>	<b>74,217,948</b>

**7.10 OUTSTANDING IMPRESTS AND ADVANCES - NPCU**

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	June 30 2018
Janet Macharia	10,091,500.00		-	10,091,500
Harrison Mathagu	3,999,000.00		-	3,999,000
Ephraim Murithi	18,223,000.00		-	18,223,000
Lilian Kerubo	273,330.00			273,330
Harrison Mwaniki	84,000.00			84,000
<b>Total</b>	<b>32,670,830</b>	<b>-</b>	<b>-</b>	<b>32,670,830</b>

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**7.11 PRIOR YEAR ADJUSTMENT**

<b>PRIOR YEAR ADJUSTMENT</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>Kes</b>	<b>Kes</b>
Bank accounts		
Cash in hand	-	
Cash equivalents (short-term deposits)	-	-
Receivables - Outstanding Imprest		(1,143,320,627)
<b>Total</b>	-	<b>(1,143,320,627)</b>

Included in the opening balance of receivables was Kes 1,143,320,627 which should have been treated as transfer to County Governments. This has now been corrected in the current reporting period by debiting transfer to County Governments and crediting the Receivables.

**8. OTHER IMPORTANT DISCLOSURES**

**9. VARIANCE EXPLANTIONS – Comparative Budget and Actual Amounts**

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance</b>
	<b>a</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>	
<b>Receipts</b>					
Transfer from Government entities	49,000,000	-	49,000,000	0%	There was no counterpart contribution from the National Government
Proceeds from borrowings	2,290,828,307	1,495,897,389	794,930,918	65%	IFMIS downtime
<b>Total Receipts</b>	<b>2,339,828,307</b>	<b>1,495,897,389</b>	<b>843,930,918</b>	<b>64%</b>	
<b>Payments</b>					
Purchase of goods and services	2,339,828,307	265,193,643	2,074,634,664	11%	Delayed Procurement process
<b>Total payments</b>	<b>2,339,828,307</b>	<b>265,193,643</b>	<b>2,074,634,664</b>	<b>11%</b>	

