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OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

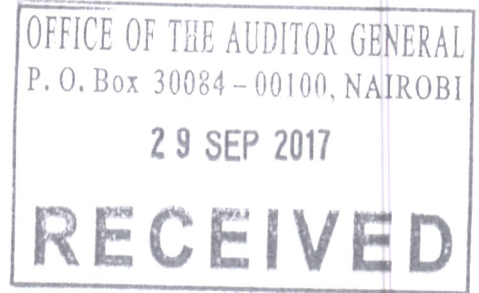
*Paper Laid on the  
Table of the House  
by the Leader of the  
Majority Party on  
Tuesday 16<sup>th</sup> October 2018.*

**THE FINANCIAL STATEMENTS OF  
REGIONAL PASTORAL LIVELIHOOD  
RESILIENCE PROJECT  
(IDA CREDIT NO. KE 5388)**

**FOR THE YEAR ENDED  
30 JUNE 2017**

**STATE DEPARTMENT OF LIVESTOCK**

Revised Template 30/6/2017



**Regional Pastoral Livelihoods Resilience Project**

**Ministry of Agriculture Livestock and Fisheries**

**PROJECT GRANT/CREDIT NUMBER 53880**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2017**

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

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## 1. PROJECT INFORMATION AND OVERALL PERFORMANCE

### 1.1 Name and registered office

**Name:** The project's official name is Regional Pastoral Livelihoods Resilience Project,

**Objective:** The key objective of the project is provision of resilience to pastoral communities through alternative livelihoods,

**Address:** The project headquarters offices are Nairobi (city), Nairobi County, Kenya.

The address of its registered office is:

34188 – 00100, Nairobi

The project also has offices/branches as follows:

- Mandera
- Wajir
- Garissa
- Lamu
- Tana River
- Kajiado
- Narok
- Baringo
- West Pokot
- Samburu
- Laikipi
- Isiolo
- Marsabit
- Turkana

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

Telephone: (254) :**(254) 202099167**

E-mail: [pslivestock@kenya.go.ke](mailto:pslivestock@kenya.go.ke) ; [ptl.resilience@gmail.com](mailto:ptl.resilience@gmail.com)

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

### 1.2 Project Information

Project Start Date:	The project start date is 15 – 12 - 14
Project End Date:	The project end date is 15 – 12 - 19
Project Manager:	The project manager is Mr James K. Tendwa
Project Sponsor:	The project sponsor is The World Bank and GOK

### 1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Agriculture Livestock and Fisheries/ State department of Livestock.
Project number	P129408
Strategic goals of the project	To contribute to ending drought emergencies in the horn of Africa
Achievement strategic goals of	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> <li>Reduce the percentage death rate of livestock (cattle, camel, goat &amp; sheep) kept by pastoral and agro-pastoral households targeted by the Project</li> <li>Increase the number of animals (cattle, goat and sheep) traded in selected Project markets</li> <li>Increase the value of animals (cattle, goat and sheep) traded in selected Project markets</li> <li>Reduce the time lapse between early warning information and response reduced</li> <li>Increase the number of direct project beneficiaries (number) of which (percentage) female</li> </ul>
Other important background information of the project	The Project is being implemented in Kenya, Uganda and Ethiopia under the coordination of IGAD. The Kenya RPLRP has the national Project coordinating unit at the Project headquarters and 14 county Project coordination units in the 14 Project counties. The Project will achieve its objectives by facilitating relevant line ministries and state departments to implement Project activities.
Current situation that the project was formed to intervene	<p>The Project was formed to intervene in the following 5 areas:</p> <ul style="list-style-type: none"> <li>Component one - natural resources management</li> <li>Component two -market access and trade</li> <li>Component three - livelihood support</li> <li>Component four - pastoral risk management</li> <li>Component five – Project management and institutional support</li> </ul>
Project duration	The project started on 15 <sup>th</sup> December 2014 and is expected to run until 15 <sup>th</sup> December 2019

### 1.4 Bankers

*Regional Pastoral Livelihoods Resilience Project  
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The following are the bankers for the current year:

- i) Central Bank of Kenya (DA Account) Loan A/C No. 1000241292
- ii) Central Bank Of Kenya Operational Account (Shilling Account) Loan A/C No. 1000216395

### 1.5 Auditors

The project is audited by the Kenya National Auditors Office (KENAO)

### 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.

Names	Title Designation	Key Qualification	Responsibilities
Mr. James K. Tendwa	Assistant Director of Livestock Production		Project Team leader PIU- Nairobi
Dr. Charles Toroitich Kisa	Assistant Director Veterinary Services	MSc Epid., BVM	Project Pastoral Livestock Health Officer PIU- Nairobi
Dr. Wycliff Murekefu	Assistant Director Veterinary Services	BVM	Project Pastoral Risk Management Officer PIU- Nairobi
Ms. Elizabeth Mutisya	Senior Assistant Director Livestock Production	MSc Project Planning,, Bsc Agric,	Project Social Safeguards Officer PIU- Nairobi
Ms. Jane Gakure	Assistant Director Livestock Production	MSc. , BSc Range Mgt	Project Natural Resources Management Office PIU- Nairobi
Ms Judy Gachora	Principal Livestock Production Officer	BSc Agric,	Project Livelihoods Support Officer PIU- Nairobi
Mr. Johnson Ndolo	Principal Livestock Production Officer	MSc, (Ent.) BSc. Animal. Prod.	Project Environmental Safeguards Officer PIU- Nairobi
Mr. Rajab Ouko Obama	Principal Livestock Production Officer	BSc Range Mgt	Project M & E Officer PIU- Nairobi
Mr. Pancras Tumna Ngati	Principal Livestock Production Officer	MSc Project Planning, BSc. Range. mgt	Project Knowledge Management Officer PIU- Nairobi
Mr. Maurice Ouma			Project Market Access and Trade Officer

*Regional Pastoral Livelihoods Resilience Project  
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<b>Names</b>	<b>Title Designation</b>	<b>Key Qualification</b>	<b>Responsibilities</b>
Mr. Daniel Pariken Sakuda	Human Resource Officer	BA Business Administration , Higher Diploma HRM	Project Human Resource & Logistic Officer PIU-Nairobi
Mr. Mugambi Ginthinji	Chief ICT Officer		Project ICT Officer
Mr. Dickson Lugonzo	Chief Procurement Officer	Msc Procurement	Project Procurement Officer PIU- Nairobi
Ms. Irene Kagendo	Procurement Assistant	Dipl. Procurement, BSC Purchasing and supplies (ongoing)	Project Procurement Assistant PIU- Nairobi
Mr. Matayo Sikunyi Wangalwa	Senior Accountant	BCOM(Fin) , CPA (K), DBM, MBA(Cont.)	Project Assistant Financial Accountant PIU- Nairobi
Ms. Betty Jemutai ottoo	Certified Accountant	CPA,(K)	Project Assistant Financial Accountant PIU-Nairobi
Ms. Esther Nduta	Administrative Assistant	Dip in Secretarial Studies	Project Administrative Assistant PIU- Nairobi

*Regional Pastoral Livelihoods Resilience Project  
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**1.7 Funding summary**

The Project is for duration of five years from 2014 to 2019 with an approved budget of US\$ 770,000 (use donor currency) equivalent to KShs. 6,500,000,000 from IDA and USD 21,000,000 equivalent to Kshs. 1,830,000,000 from Government of Kenya as highlighted in the table below:

Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date – (30 <sup>th</sup> June 2017)		Undrawn balance to date (30 <sup>th</sup> June 2017)	
	Donor currency	KShs	Donor currency	KShs	Donor currency	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>) Grant</b>						
Insert name of donor	-	-	-	-	-	-
Insert name of donor	-	-	-	-	-	-
<b>i) Loan</b>						
International Development Association IDA	77,000,000	6,500,000,000	22,717,105	1,821,851,268	54,282,895	4,678,148,732
Government of Kenya	21,000,000	1,830,000,000	2,445,425	246,349,973	18,554,575	1,583,650,027
<b>ii) Counterpart funds</b>						
Government of Kenya	-	-	-	-	-	-
<b>Total</b>	<b>98,000,000</b>	<b>8,330,000,000</b>	<b>25,162,530</b>	<b>2,068,201,241</b>	<b>72,837,470</b>	<b>6,261,798,759</b>

**1.8 Summary of Overall Project Performance:**

- Budget performance against actual amounts for current year and for cumulative to-date,
- Physical progress based on outputs, outcomes and impacts since project commencement,
- Comment on value-for-money achievements,
- List the implementation challenges and recommended way forward.

**1.9 Summary of Project Compliance:**

- Include significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants,
- Include consequences suffered on account of non-compliance or likely to be suffered
- Indicate mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance

## 2. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the Ministry of Agriculture Livestock and Fisheries and the *Project Coordinator* for Regional Pastoral Livelihood Resilience 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, 2017. 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.

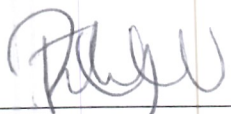
The *Principal Secretary* for the Ministry of Agriculture Livestock and Fisheries and the *Project Coordinator* for Regional Pastoral Livelihood Resilience project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using 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 Regional Pastoral Livelihood Resilience 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, 2017, and of the Project's financial position as at that date. The *Principal Secretary* for Agriculture Livestock and Fisheries and the *Project Coordinator* for Regional Pastoral Livelihood Resilience 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 Regional Pastoral Livelihood Resilience 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.

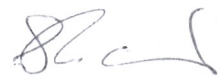
### Approval of the Project financial statements

The Project financial statements were approved by the *Principal Secretary* for the Ministry of Agriculture Livestock and Fisheries and the *Project Coordinator* for Regional Pastoral Livelihood Resilience project on \_\_\_\_\_ 2017 and signed by them.



Principal Secretary  
Name

29917



Project Coordinator

Name J. K. Tendura



Project Accountant:

Name: CPAN Matayo S. Mangalwa  
ICPAK Member Number: 4936

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON REGIONAL PASTORAL LIVELIHOOD RESILIENCE PROJECT (IDA CREDIT NO. KE 5388) FOR THE YEAR ENDED 30 JUNE 2017 – STATE DEPARTMENT OF LIVESTOCK

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Regional Pastoral Livelihood Resilience Project set out on pages 1 to 35, which comprise the statement of financial assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya, Section 35 of the Public Audit Act, 2015 and Schedule 2 Section II B of the Financing Agreement No. KE 5388 between International Development Association (IDA) and the Republic of Kenya dated 19 May 2014. 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 matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Regional Pastoral Livelihood Resilience Project as at 30 June 2017, 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 Financing Agreement and Public Finance Management Act, 2012.

In addition, the special account statement presents fairly, transactions for the year, and the closing balance has been reconciled with the books of account.

Further, as required by Article 229(6) of the Constitution, I confirm that except for the matters described in the Basis for Qualified Opinion section of my report, public money has been applied lawfully and in an effective way.

#### Basis for Qualified Opinion

##### 1. Cash and Cash Equivalents

The statement of financial assets and liabilities reflects a cash and cash equivalents balance of Kshs.63,768,674 as at 30 June, 2017. The balance has, however, not been supported with a cash book, bank reconciliation statement, bank statements, and a board of survey report. Further, the balance of Kshs.63,768,674 also differs by an amount of Kshs.39,200 from the balance of Kshs.63,807,874 shown under Notes 8.13

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*Report of the Auditor-General on Regional Pastoral Livelihood Resilience Project (IDA CREDIT NO. KE 5388) for the year ended 30 June 2017 – State Department of Livestock*

and 8.13 A to the financial statements. As a result, the completeness and accuracy of the balance cannot be confirmed.

## **2. Account Receivables**

The statement of financial assets and liabilities also reflects a balance of Kshs.273,105 under accounts receivables – imprest and advances, which has however not been supported with a schedule and analysis. The validity and accuracy of the balance cannot therefore be confirmed.

## **3. Misallocation of Expenditure**

The statement of receipts and payments for the year ended 30 June,2017 reflects expenditure totalling Kshs.670,947,488 under acquisition of non-financial assets, which erroneously include an expenditure of Kshs.19,938,517 incurred on insurance of motor vehicles. The expenditure on motor vehicles insurance ought to have been charged to purchase of goods and services. No satisfactory explanation has been provided for this anomaly.

## **4. Unsupported Expenditure**

### **4.1. Transfers to Other Government Entities**

The statement of receipts and payments reflects an expenditure of Kshs. 3,396,000 in respect of transfers to other government entities which, as disclosed under Note 8.11 to the financial statements represents funds transferred to East African Agricultural Productivity Project. However, no documentary evidence has been provided to support the transfer. Consequently, the validity of the transfer cannot be confirmed.

### **4.2. Purchase of Goods and Services**

The statement of receipts and payments reflects total expenditure of Kshs.614,647,264 relating to purchase of goods and services and as itemised under Note 8.8 to the financial statement. However, expenditure on the following items was not supported with detailed schedules and verifiable documents:

<b>Item of Expenditure</b>	<b>Amount Kshs</b>
Communication Supplies and Services	24,162,517
Printing, Advertising and Information Supplies and Services	26,933,910
Training Expenses	19,308,260
Specialized Materials and Services	<u>1,159,345</u>
<b>Total</b>	<b><u>71,564,032</u></b>

As a result, the propriety of expenditure totalling Kshs.71,564,032 cannot be ascertained.

## **5. Receipts from the Development Partner**

The statement of receipts and payments reflects loan receipts from the development partner (IDA) totalling Kshs.1,197,045,712 received during the year under review. As disclosed under Note 8.5 to the financial statements, the amount includes loans totalling Kshs.667,472,937 received in cash which balance however, differs with the amount of

Kshs.785,166,526 (USD 7,675,666.98) reflected in the special account statement as having been withdrawn during the year under review. The difference of Kshs.117,693,589 between the two records has not been reconciled or explained.

### **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. There were no Key Audit matters to report in the year under review.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Project's ability to continue sustaining services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to terminate the project or have no alternative than to do so.

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

Those charged with governance are responsible for overseeing the Project's financial reporting process.

### **Auditor-General's Responsibilities for the Audit of the Financial Statements**

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 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.

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

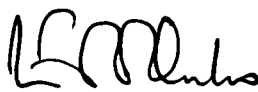
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern assumption and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue 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 of the entities or business activities to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances

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

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



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

**Nairobi**

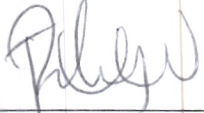
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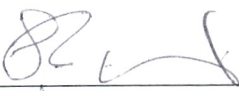
*Regional Pastoral Livelihoods Resilience Project  
Reports and Financial Statements  
For the financial year ended June 30, 2017*


**4. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2017**

	Note	2016/17		2015/16		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
<b>RECEIPTS</b>						
Transfer from Government entities	8.3	111,986,077	-	81,586,990	-	246,349,973
Proceeds from domestic and foreign grants	8.4	-	-	-	-	-
Loan from external development partners	8.5	1,197,045,712	-	493,440,882	-	1,821,851,268
Miscellaneous receipts	8.6	-	-	-	-	-
<b>TOTAL RECEIPTS</b>		<b>1,309,031,789</b>	<b>-</b>	<b>575,027,872</b>	<b>-</b>	<b>2,068,201,241</b>
<b>PAYMENTS</b>						
Compensation of employees	8.7	49,268,767	-	43,061,954	-	96,205,500
Purchase of goods and services	8.8	614,647,264	-	301,360,103	-	911,459,640
Social security benefits	8.9	-	-	-	-	-
Acquisition of non-financial assets	8.10	670,947,488	-	137,381,306	-	911,459,640
Transfers to other government entities	8.11	3,396,000	-	-	-	22,695,996
Other grants and transfers and payments	8.12	-	-	-	-	-
<b>TOTAL PAYMENTS</b>		<b>1,338,259,519</b>	<b>-</b>	<b>481,758,363</b>	<b>-</b>	<b>2,004,159,462</b>
<b>SURPLUS/DEFICIT</b>		<b>- 29,227,730</b>	<b>-</b>	<b>93,269,509</b>	<b>-</b>	<b>64,041,779</b>

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

  
Principal Secretary  
Name: 24.7.17

  
Project Coordinator  
Name: 28-5-17  
J.K. Tendura

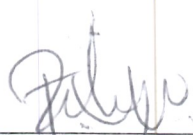
  
Project Accountant  
Name: CPAMatayo S. Wangalwa  
ICPAK Member Number: 4936

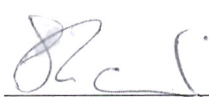
*Regional Pastoral Livelihoods Resilience Project  
Reports and Financial Statements  
For the financial year ended June 30, 2017*


**5. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2017**

	Note	2016/17 KShs	2015/16 KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8.13.A	63,768,674	93,763,376
Cash Balances	8.13.B	-	-
<b>Total Cash and Cash Equivalents</b>	<b>8.13.C</b>	<b>63,8768,674</b>	<b>93,763,376</b>
Accounts receivables – Imprest and Advances	8.14	273,105	2,929,300
<b>TOTAL FINANCIAL ASSETS</b>		<b>64,041,779</b>	<b>96,692,676</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	8.15	93,269,509	3,423,167
Prior year adjustments	8.16	-	-
Surplus/Deficit for the year		-29,227,730	93,269,509
<b>NET FINANCIAL POSITION</b>		<b>64,041,779</b>	<b>96,692,676</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 \_\_\_\_\_ 2017 and signed by:

  
Principal Secretary  
Date 29/9/17

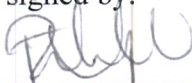
  
Project Coordinator  
Date 28-9-17

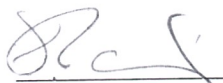
  
Project Accountant  
Date 28/09/2017  
ICPAK Member Number:4936

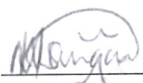
**6. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2017**

	Note	2016/17 KShs	2015/16 KShs
<b>Receipts for operating activities</b>			
Transfer from Government entities	8.3	111,986,077	81,586,990
Proceeds from domestic and foreign grants	8.4	-	-
Miscellaneous receipts	8.6	-	-
<b>Payments for operating activities</b>			
Compensation of employees	8.7	- 49,268,767	- 43,016,954
Purchase of goods and services	8.8	- 608,341,371	- 301,360,103
Social security benefits	8.9	-	-
Transfers to other government entities	8.11	- 3,396,000	-
Other grants and transfers	8.12	-	-
Adjustments during the year	8.16	- 2,656,195	- 2,929,300
<b>Net cash flow from operating activities</b>		<b>-552,669,759</b>	<b>- 26,719,367</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	8.10	- 670,947,488	- 137,381,306
<b>Net cash flows from Investing Activities</b>		<b>(670,947,488)</b>	<b>(137,381,306)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	8.5	1,197,045,712	493,440,882
<b>Net cash flow from financing activities</b>		<b>1,197,045,712</b>	<b>493,440,882</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>26,571,535</b>	<b>90,340,209</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>90,340,290</b>	<b>-</b>
<b>Cash and cash equivalent at END of the year</b>		<b>63,768,674</b>	<b>93,763,376</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 \_\_\_\_\_ 20xx and signed by:

  
Principal Secretary  
Date 29.9.17

  
Project Coordinator  
Date 28-9-17

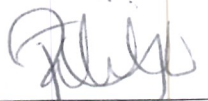
  
Project Accountant  
Date 28/09/2017  
ICPAK Member No.4936

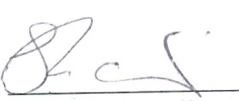
*Regional Pastoral Livelihoods Resilience Project  
Reports and Financial Statements  
For the financial year ended June 30, 2017*

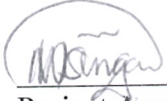
**7. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Transfer from Government entities	200,000,000	50,000,000	150,000,000	111,986,077	38,013,923	75%
Proceeds from domestic and foreign grants						
Proceeds from borrowings	1,856,000,000	258,000,000	1,598,000,000	1,197,045,712	400,954,288	75%
Miscellaneous receipts	-	-	-	-	-	-
<b>Total Receipts</b>	<b>2,056,000,000</b>	<b>308,000,000</b>	<b>1,748,000,000</b>	<b>1,309,031,789</b>	<b>438,968,211</b>	<b>75%</b>
<b>Payments</b>						
Compensation of employees	61,680,000		61,680,000	49,268,767	12,411,233	80%
Purchase of goods and services	719,600,000	60,000,000	659,600,000	614,647,264	44,952,736	93%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	1,274,720,000	248,000,000	1,026,720,000	670,974,488	355,772,512	65%
Transfers to other government entities	-	-	-	3,396,000	-3,396,000	
Other grants and transfers	-	-	-	-	-	-
<b>Total Payments</b>	<b>2,056,000,000</b>	<b>308,000,000</b>	<b>1,748,000,000</b>	<b>1,338,259,519</b>	<b>409,740,481</b>	<b>77%</b>

Note: The significant budget utilisation/performance differences in the last column are explained in **Annex 1** to these financial statements.

  
Principal Secretary  
Date 29.9.17

  
Project Coordinator  
Date 28-9-17

  
Project Accountant  
Date 28/09/2017  
ICPAK Member No.4936

## **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 Project xxx under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

#### **8.1.3. Reporting currency**

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

### **8.2. Significant Accounting Policies**

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

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

- **Transfers from the Exchequer**

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

- **External Assistance**

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

## **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Donations and grants**

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

### **Proceeds from borrowing**

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

### **Undrawn external assistance**

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

#### **• Other receipts**

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

#### **b) Recognition of payments**

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

#### **• Compensation of employees**

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

#### **• Use of goods and services**

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

#### **• Interest on borrowing**

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

## **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

- **Acquisition of fixed assets**

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

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

### **c) In-kind donations**

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

### **d) Cash and cash equivalents**

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

#### **Restriction on cash**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Accounts receivable**

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

**f) Pending bills**

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

**g) Budget**

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

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

**h) Third party payments**

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties column in the statement of receipts and payments. During the year Kshs xxx billion being loan 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, 2017.

**l) Errors**

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

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

**8.3. RECEIPTS FROM GOVERNMENT OF KENYA**

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

	2016/17 KShs	2015/16 KShs	Cumulative to-date
<b><i>Counterpart funding through Ministry xxx</i></b>			
Counterpart funds Quarter 1	-	-	1,296,199
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
<b><i>Other transfers from government entities</i></b>			
Ministry MALF (SDL)	111,986,077	81,586,990	245,053,774
Ministry	-	-	-
Project	-	-	-
Agency	-	-	-
Appropriations-in-Aid	-	-	-
	<b><u>111,986,077</u></b>	<b><u>81,586,990</u></b>	<b><u>246,349,973</u></b>

*[Provide explanation as necessary]*

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

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

During the 12 months to 30 June 2017 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment *	Grants received in kind	Total amount in KShs	
						FY 2016/17	FY 2015/16
			KShs	KShs	KShs	KShs	KShs
<b>Grants Received from Bilateral Donors (Foreign Governments)</b>							
Insert name of foreign Government	xxx					-	-
<b>Grants Received from Multilateral Donors (International Organisations)</b>							
Insert name of international organization	xxx					-	-
<b>Grants Received from Local Individuals and organisations</b>							
Insert name of individual or local organisation	xxx					-	-
<b>Total</b>						-	-

\*. The direct payment grants represent payments for goods and services done directly by the donor on behalf of the project. Projects should ensure that the adequate documents and support document is requested from the donors to support this grant.

[Provide explanation as necessary]

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

**8.7. COMPENSATION OF EMPLOYEES**

	FY 2016/17			FY 2015/16	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	49,268,767	-	49,268,767	43,016,954	96,205,500
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
<b>Total</b>	<b><u>49,268,767</u></b>	<b><u>=</u></b>	<b><u>49,268,767</u></b>	<b><u>43,016,954</u></b>	<b><u>96,205,500</u></b>

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

**8.8. PURCHASE OF GOODS AND SERVICES**

	FY 2016/17			FY 2015/16	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	756,223	-	756,233	-	756,233
Communication, supplies and services	24,162,517	-	24,162,517	12,733,127	41,287,878
Domestic travel and subsistence	437,451,481	-	437,451,481	213,881,620	680,702,766
Foreign travel and subsistence	3,687,968	-	3,687,968	6,552,134	12,358,751
Printing, advertising and – information supplies & services	26,933,910	-	26,933,910	23,735,670	53,190,779
Rentals of produced assets	-	-	-	-	-
Training payments	19,308,260	-	19,308,260	7,844,368	31,921,419
Hospitality supplies and services	4,868,284	-	4,868,284	3,878,811	13,836,022
Insurance costs	981,812	-	981,812	-	981,812
Specialised materials and services	1,159,345	-	1,159,345	-	1,159,345
Office and general supplies and services	-	-	-	-	1,899,487
Consultancy services: – Technical and professional services	55,342,862	-	55,342,862	10,950,905	66,293,767
Routine maintenance – vehicles and other transport equipment	39,986,572	-	39,986,572	21,232,981	68,479,130
Routine maintenance- – other assets	8,030	-	8,030	750,487	930,947
Exchange rate losses/gains (net)	-	-	-	-	-
<b>Total</b>	<b><u>614,647,264</u></b>	<b>=</b>	<b><u>614,647,264</u></b>	<b><u>301,360,103</u></b>	<b><u>973,798,326</u></b>

*[Provide explanation as necessary]*

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

**8.9. SOCIAL SECURITY BENEFITS**

	FY 2016/17			FY 2015/16	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
<b>Total</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>

*[Provide explanation as necessary]*

**8.10. ACQUISITION OF NON-FINANCIAL ASSETS**

	FY 2016/17			FY 2015/16	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	39,870,432	39,870,432
Construction of roads	-	-	-	-	-
Construction of civil works	38,490,079	-	38,490,079	25,945,717	64,435,795
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	357,290,500	-	357,290,500	-	374,171,860
Overhaul of vehicles & other transport equipment	-	-	-	-	-

**Regional Pastoral Livelihoods Resilience Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2017**

Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	860,250	-	860,250	10,868,345	19,236,545
Purchase of specialised plant, equipment and machinery	264,092,490	-	264,092,490	21,558,950	287,096,320
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	10,205,169	-	10,205,169	234,820	10,439,898
Research, studies, project preparation, design & supervision	-	-	-	-	66,310,898
Rehabilitation of civil works	-	-	-	38,903,052	49,897,802
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
<b>Total</b>	<b>670,947,488</b>	<b>=</b>	<b>670,947,488</b>	<b>137,381,306</b>	<b>911,459,640</b>

*[Provide explanation as necessary]*

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

**8.11. TRANSFERS TO OTHER GOVERNMENT ENTITIES**

During the 12 months to 30 June 2017, we transferred funds to reporting government entities as shown below:

	FY 2016/17			FY 2015/16	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
<b>Transfers to National Government entities</b>					
MALF - SDL- Ngong Vet Farm	-	-	-	-	3,000,000
MALF - SDL- LIC Mogotio and Sheep and Goat station Kimose	-				16,299,996
MALF-SDA- EAAPP project	3,396,000	-	3,396,000	-	3,396,000
	<b><u>3,396,000</u></b>	<b><u>-</u></b>	<b><u>3,396,000</u></b>	<b><u>-</u></b>	<b><u>22,695,996</u></b>
<b>Transfers to County Government</b>					
County ABC	-	-	-	-	-
County XYZ	-	-	-	-	-
	-	-	-	-	-
					-
<b>TOTAL</b>	<b><u>3,396,000</u></b>	<b><u>=</u></b>	<b><u>3,396,000</u></b>	<b><u>=</u></b>	<b><u>22,695,996</u></b>

We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix to the financial statements.

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

**8.12. OTHER GRANTS AND TRANSFERS AND PAYMENTS**

	FY 2016/17			FY 2015/16	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
<b>Total</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>-</b>

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

**8.13. CASH AND CASH EQUIVALENTS CARRIED FORWARD**

	2016/17	2015/16
	KShs	KShs
Bank accounts (Note 8.13A)	63,807,874	93,763,376
Cash in hand (Note 8. 13B)	-	-
Cash equivalents (short-term deposits) (Note 8.13C)	-	-
<b>Total</b>	<b><u>63,807,874</u></b>	<b><u>93,763,376</u></b>

The project has 30 number of project accounts spread within the project implementation area and 1 number of foreign currency designated accounts managed by the National Treasury as listed below:

**8.13. A Bank Accounts**

**Project Bank Accounts**

	2016/17	2015/16
	KShs	KShs
<b><u>Foreign Currency Accounts</u></b>		
Central Bank of Kenya [A/c No1000241292]	61,082,131	33,631
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others ( <i>specify</i> )	-	-
<b>Total Foreign Currency balances</b>	<b><u>61,082,131</u></b>	<b><u>33,631</u></b>
<b><u>Local Currency Accounts</u></b>		
Central Bank of Kenya [A/c No1000216395]	1,747,137	90,048,866
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Equity Bank (Various County Project Bank Accounts)	939,406	3,680,879
<b>Total local currency balances</b>	<b><u>2,725,743</u></b>	<b><u>93,729,745</u></b>
<b>Total bank account balances</b>	<b><u>63,807,874</u></b>	<b><u>93,763,376</u></b>

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

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30<sup>th</sup> June 2017 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

**Special Deposit Accounts Movement Schedule**

	<b>2016/17</b>	<b>2015/16</b>
	<b>KShs</b>	<b>KShs</b>
<b>(i) A/c Name [A/c No.....]</b>		
Opening balance	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>==</b>	<b>=</b>
<b>(ii) A/c Name [A/c No.....]</b>		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>=</b>	<b>=</b>

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

**8.13. B Cash In Hand**

	<b>2016/17</b>	<b>2015/16</b>
	<b>KShs</b>	<b>KShs</b>
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations ( <i>specify</i> )	-	-
<b>Total cash balances</b>	<b>=</b>	<b>=</b>

[Provide a cash count certificate for each location above]

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

**8.13. C Cash equivalents (short-term deposits)**

	2016/17	2015/16
	KShs	KShs
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	<b>=</b>	<b>=</b>

*[Provide short appropriate explanations as necessary]*

**8.14. OUTSTANDING IMPRESTS AND ADVANCES**

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2017</i>	<i>Balance 2016</i>
DR WYCLIFF MUREKEFU					1,199,000
ELIZABETH MUTISYA					682,900
GARISSA					20,000
JUDY GACHORA					859,400
MOSES MWANGI					168,000
CPIU	273,105			273,105	
<b>Total</b>	<b><u>273,105</u></b>	<b>=</b>	<b>=</b>	<b><u>273,105</u></b>	<b><u>2,929,300</u></b>

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**8.15. FUND BALANCE BROUGHT FORWARD**

	<b>2016/17</b>	<b>2015/16</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	63,768,674	93,763,376
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	273,105	2,929,300
<b>Total</b>	<b>64,041,779</b>	<b>96,692,676</b>

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

**8.16. PRIOR YEAR ADJUSTMENT**

	<b>2016/17</b>	<b>2015/16</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	-	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Receivables - Outstanding Imprests	-	-
	-	-
<b>Total</b>	<b>≡</b>	<b>≡</b>

*[Provide short appropriate explanations as necessary]*

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**9. OTHER IMPORTANT DISCLOSURES**

**9.1 PENDING ACCOUNTS PAYABLE (See Annex 2A)**

	<b>2016/17</b>	<b>2015/16</b>
	<b>KShs</b>	<b>KShs</b>
Construction of buildings	244,735	-
Construction of civil works	-	-
Supply of goods	2,227,150	-
Supply of services	21,423,508	3,651,786
	<b>23,895,393</b>	<b>3,651,787</b>

**9.2 PENDING STAFF PAYABLES (See Annex 2B)**

	<b>2016/17</b>	<b>2015/16</b>
	<b>KShs</b>	<b>KShs</b>
Permanent employees - management	4,467,378	3,020,000
Permanent employees - others	-	-
Temporary employees	-	-
Others ( <i>specify</i> )	-	-
	<b>4,467,378</b>	<b>3,020,000</b>

**9.3 OTHER PENDING PAYABLES (See Annex 2C)**

	<b>2016/17</b>	<b>2015/16</b>
	<b>KShs</b>	<b>KShs</b>
Amounts due to National Government entities	-	-
Amounts due to County Government entities	-	-
Amounts due to third parties	-	-
Others ( <i>specify</i> )	-	-
	-	-

## 10. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

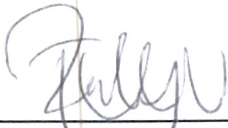
<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1(i)	Cash and Cash Equivalents	Boards of survey for the DA account worth KES. 33,631 and Operational account worth KES. 3,680,895 were availed	Matayo Wangalwa – Senior Accountant	Resolved	N/A
1(i)	Cash and Cash Equivalents	An amount of 4,532,574.05 not in the cash book were GOK activities that had been paid by IDA funds and were to be refunded.	Matayo Wangalwa – Senior Accountant	Resolved	N/A
2	Imprests and Advances	The list of Imprest worth KES. 2,929,300 was availed and subsequently surrendered	Matayo Wangalwa – Senior Accountant	Resolved	N/A
3	Project Bank Account	The HAU explained that it was The National Treasury policy to open one development account in the spending unit and that only accountants were authorized to operate the internet banking portal	Charles Liyayi	Resolved	N/A

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***Guidance Notes:***

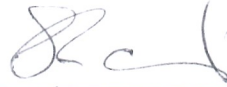
- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



**Principal Secretary**

29/9/17

**Date**



**Project Coordinator**

28-9-17

**Date**

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

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Transfer from Government entities	150,000,000	111,986,077	38,013,923	75%	Lack of exchequer
Proceeds from domestic and foreign grants	-	-	-	-	
Proceeds from borrowings	1,598,000,000	1,197,045,712	400,954,288	75%	Late upload of the budget in IFMIS
Miscellaneous receipts	-	-	-	-	
<b>Total Receipts</b>	<b>1,748,000,000</b>	<b>1,309,031,789</b>	<b>438,968,211</b>	<b>75%</b>	
<b>Payments</b>					
Compensation of employees	61,680,000	49,268,767	12,411,233	80%	Some employees budgeted for were absorbed midway
Purchase of goods and services	659,600,000	614,647,264	44,952,736	93%	
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	1,026,720,000	670,947,488	355,772,512	65%	Most of the work was in progress
Transfers to other government entities	-	3,396,000	-3,396,000	0%	
Other grants and transfers	-	-	-	-	
<b>Total payments</b>	<b>xxx</b>	<b>1,338,259,519</b>	<b>409,740,481</b>	<b>77%</b>	

Explain all variance below 90% and above 100%

- (i) Lack of exchequer
- (ii) Late upload of the budget in IFMIS
- (iii) Some employees budgeted for were absorbed midway
- (iv) Most of work was in progress

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**ANNEX 2A - ANALYSIS OF PENDING BILLS**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	a	b	c	d=a-c		
<b>Construction of buildings</b>						
1.BENTA ENTERPRISES LIMITED	244,735			244,735		
2.						
3.						
<b>Sub-Total</b>	<b>244,735</b>			<b>244,735</b>		
<b>Construction of civil works</b>						
3.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
1.ELMARKS ENTERPRISES	1,143,100			1,143,100		
2.ELSA OLAF ENTERPRISES LIMITED	1,084,050			1,084,050		
3.						
<b>Sub-Total</b>	<b>2,227,150</b>			<b>2,227,150</b>		
<b>Supply of services</b>						
Vision Institute					70,000	
KENYA AGRIC & LIVESTOCK RESEARCH ORG					95,000	
KENYA SCH OF GOVT					129,400	
TITO KODIAGA-FEB					800,345	
BLAISE P OKONYI					21,000	
DR NICHOLAS O. AYORE					315,690	
RICHARD LANGAT					12,600	
SHABAAN KIPKOECH					12,600	

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
LISPER BOSIBORI					164,853	
JACQUELINE ALUORA					10,692	
ANDREW KENYUTI					17,122	
MAURICE OUMA					66,000	
DIDACUS ITYENG					16,800	
KWS						
SUSAN A. MC'LIGEYO					25,900	
ESTHER NDUITA					18,900	
PANCRAS NGATI					28,000	
RAJAB OBAMA					28,000	
DIDACUS ITYENG					34,500	
MICHAEL WAMBUU					27,817	
EPHANTUS NJERU					25,200	
KENYA SCHOOL OF GOVERNMENT					943,080	
KENYA SCH OF GOVT					140,360.00	
SALLY CHEPKOI					25,000.00	
BLAISE P OKONYI					21,020.00	
MILDRED NGANGA					39,400.00	
TOYOTA KENYA LIMITED					57,508.00	
VARIOUS					505,000.00	
SATCOM NETWORKS	1,980,000			1,980,000		
ACACIA CONSULTANTS	6,899,984			6,899,984		
KENYA CAMEL ASSOCIATION	6,509,824			6,509,824		
TECH TRAINING						

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	1,785,000			1,785,000		
TECH TRAINING	3,570,000			3,570,000		
HARRISON MUGO	67,500			67,500		
DAIRY TRAINING INSTITUTE	124,000			124,000		
DAIRY TRAINING INSTITUTE	95,000			95,000		
DR. WYCLIFFE MUREKEFU	205,800			205,800		
KENYA AGRICULTURAL RESEARCH INSTITUTE	186,400			186,400		
<b>Sub-Total</b>	<b>21,423,508</b>			<b>21,423,508</b>	<b>3,651,787</b>	
<b>Grand Total</b>	<b>23,895,393</b>			<b>23,895,393</b>	<b>3,651,787</b>	

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**ANNEX 2B - ANALYSIS OF PENDING STAFF BILLS**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	a	b	c	d=a-c			
<b>Permanent Employees - Management</b>							
Various- May						1,510,000	
Various- June						1,510,000	
Various - June		1,535,000			1,535,000		
Various- June		158,808			158,808		
Various - June		2,773,570			2,773,570		
<b>Sub-Total</b>		<b>4,467,378</b>			<b>4,467,378</b>	<b>3,020,000</b>	
<b>Permanent Employees - Others</b>							
<b>Sub-Total</b>							
<b>Temporary employees</b>							
<b>Sub-Total</b>							
<b>Others (specify)</b>							

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Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
<b>Sub-Total</b>							
<b>Grand Total</b>		4,467,378			4,467,378	3,020,000	

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**ANNEX 2C - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 20xx	Outstanding Balance 20xx	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
<b>Sub-Total</b>							
Amounts due to County Govt Entities							
<b>Sub-Total</b>							
Amounts due to Third Parties							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
<b>Sub-Total</b>							
<b>Grand Total</b>							

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost (KShs) 20xx/xx (a)	*Purchases/Additions in the Year (KShs) 20xx/xx (b)	** Disposals in the Year (KShs) 20xx/xx (c)	Closing Cost (KShs) 20xx (d)= (a)+ (b)-(c)
Land				
Buildings and structures				
Transport equipment				
Office equipment, furniture and fittings				
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
<b>Total</b>				

Notes

\* Purchases/Additions in the year reconciled to the amount in Statement of Receipts and Payments

\*\* The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold.

**APPENDICES**

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

10-12<sup>h</sup>