

REPORT

OF

THE AUDITOR-GENERAL

ON

**MULTIPLE INDICATOR CLUSTER
SURVEY PROJECT - UNICEF**

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

**KENYA NATIONAL BUREAU OF
STATISTICS**

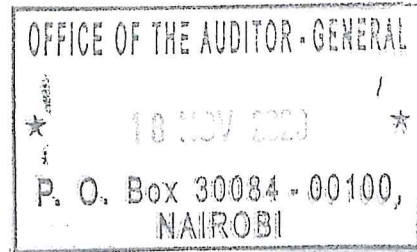
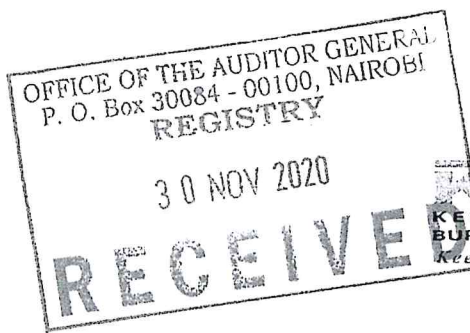
THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 18 FEB 2021

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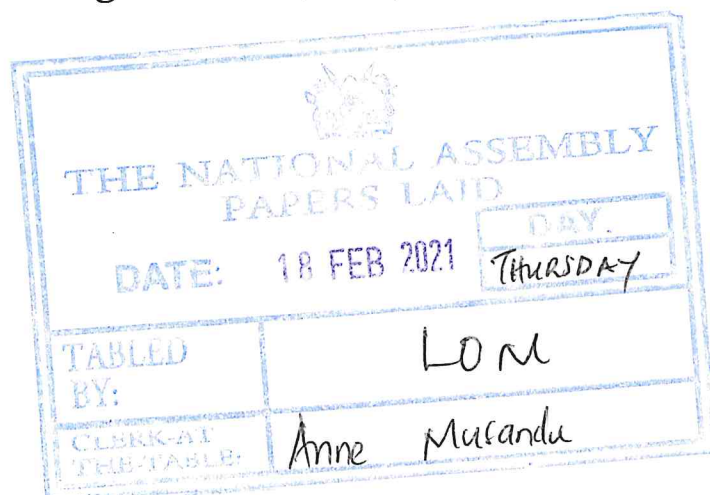
KENYA NATIONAL BUREAU OF STATISTICS

MULTIPLE INDICATOR CLUSTER SURVEY (MICS) PROJECT (UNICEF)

PROJECT FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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



MULTIPLE INDICATOR CLUSTER SURVEY (MICS) PROJECT (UNICEF)

Reports and Financial Statements For the financial year ended June 30, 2020

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1. Project Information and Performance

1.1 Name and registered office

Name: The project's official name is Round 5 of Multiple Indicator Cluster Survey (MICS 5)

Objective: The key objective of the project is to provide up-to-date information for assessing the situation of children and women in Kenya.

Address: The project headquarters offices are:

Real Towers, Upper Hill
P. O. Box 30266 – 00100
Nairobi, Kenya

Contacts: The following are the project contacts

Telephone: (254) 020 3317586 / 8

E-mail: directorgeneral@knbs.or.ke

Website: www.knbs.or.ke

1.2 Project Information

Project Start Date:	The project start date was 24-10-2013
Project End Date:	Continuing
Project Manager:	The project manager is Mr. MacDonald Obudho
Project Sponsor:	The project sponsor is UNICEF

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Devolution and Planning. The project was undertaken by University of Nairobi in Collaboration with KNBS. Specifically, the role of KNBS was sampling and updating of the sampling frame.
Project number	
Strategic goals of the project	The strategic goals of the project are as follows: (i) To furnish data needed for monitoring progress toward goals established at the World Summit for Children. (ii) To produce statistically sound and internationally comparable

MULTIPLE INDICATOR CLUSTER SURVEY (MICS) PROJECT (UNICEF)

Reports and Financial Statements

For the financial year ended June 30, 2020

	estimates of a range of indicators
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Provision of information at lower levels of administration (ii) Regional dissemination of findings up to the county level
Other important background information of the project	The MICS was originally developed in response to the World Summit for Children to measure progress towards an internationally agreed set of mid-decade goals. The first round of MICS was conducted around 1995 in more than 60 countries. A second round of surveys was conducted in 2000 (around 65 surveys), and resulted in an increasing wealth of data to monitor the situation of children and women. For the first time it was possible to monitor trends in many indicators and set baselines for other indicators.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: Monitoring the situation of children and women in the areas of (i) Health (ii) Education (iii) Child protection (iv) HIV/AIDS
Project duration	The project started on 24 th October 2013 and is ongoing

1.4 Bankers

The following are the bankers for the current year:

Co-operative Bank of Kenya,
Kimathi Street Branch
P.O. Box 48231 – 00100, Nairobi.
Account No: 01120081528600 (MICS)

1.5 Auditors

The project is audited by the:

Auditor General,
Kenya National Audit Office (KENAO),
Anniversary Towers, 12th floor,
Nairobi, Kenya

Reports and Financial Statements

For the financial year ended June 30, 2020

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
Zachary Mwangi	Overall Project Coordinator	Mr Zachary Mwangi Chege has over 24 years' experience in the public service. He holds a Bachelor of Arts (First Class Honors) from University of Nairobi and a Masters of Arts in Economic Policy Management, Makerere University, Uganda. He has been in charge of the project since 1 st November, 2014
M. G. Obudho	Technical Coordinator	Macdonald George Obudho has worked in Kenya National Bureau of Statistics since 1995 to date. He holds a Bachelor of Science degree in Mathematics and Computer Science (Second class honours - Upper Division) from Jomo Kenyatta University of Agriculture and Technology and a Master of Science degree in Statistics from the same university. He has been in the project since 1 st January 2009.

MULTIPLE INDICATOR CLUSTER SURVEY (MICS) PROJECT (UNICEF)

Reports and Financial Statements
For the financial year ended June 30, 2020

1.7 Funding summary

The Project is continuing.

Below is the funding summary:

Source of funds	Donor Commitment-	Amount received to date – (30.06.2020)			Undrawn balance to date (30 06 2020)	
		<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
		(A')	(B)	(B')	(A)-(B)	(A')-(B')
UNICEF	86,392,917			86,392,917	0	0
Total	86,392,917			86,392,917	0	0

Reports and Financial Statements

For the financial year ended June 30, 2020

2. Statement of Project Management Responsibilities

The Director General (Kenya National Bureau of Statistics) and the Project Coordinator are responsible for preparing the project's financial statements, which give a true and fair view of the state of affairs of the project as at the end of the accounting period. This responsibility includes maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the project. Also designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and ensuring that they are free from material misstatements, whether due to fraud or error, safeguarding the assets of the project, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

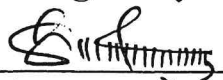
The Director General and the Project Coordinator accept responsibility for the project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, as guided by the financial agreement with the donor.

The Director General and the Project Coordinator are of the opinion that the financial statements give a true and fair view of the state of the project financial position as at June 30, 2020. The Director General and the Project Coordinator further confirm the completeness of the accounting records maintained for the Project which have been relied upon in the preparation of the Financial Statements as well as on the adequacy of the internal control systems.


The Director General and the Project Coordinator confirm that the project has complied fully with the terms and conditions of the Financing Covenants in accordance with the Legal Agreement and the applicable Government Regulations, and that the project funds received during the period under audit were used for the eligible purposes for which they were intended and were properly accounted.

Approval of the Project financial statements

The Project financial statements were approved by the Board of Directors for the Bureau and the Project Coordinator for MICS project on 24th September, 2020 and signed by them.



Director General



Project Coordinator

18/11/2020

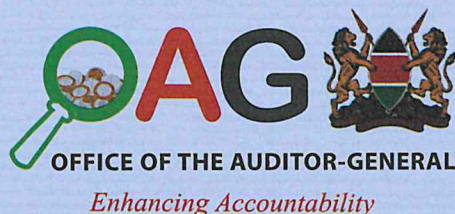
Date

18/11/2020

Date

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MULTIPLE INDICATOR CLUSTER SURVEY PROJECT - UNICEF FOR THE YEAR ENDED 30 JUNE, 2020 - KENYA NATIONAL BUREAU OF STATISTICS

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Multiple Indicator Cluster Survey Project - UNICEF set out on pages 7 to 12, which comprise the statement of financial assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the 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, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Multiple Indicator Cluster Survey Project - UNICEF as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Report of the Auditor-General on Multiple Indicator Cluster Survey Project - UNICEF for the year ended 30 June, 2020 - Kenya National Bureau of Statistics

Othe Matter

Status of Project Activites

The financial statements indicate that that the Project did not receive any funds from UNICEF or the Government of Kenya during the year under review. In addition, no project activities were carried out in the year and the only expense incurred amounting to Kshs.4,320 related to bank charges for the Project account. Management has previously indicated the intention to close the Project Bank account to avoid the bank charges but is yet to do so.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in use of Public Resources section of my report, I confirm that, nothing 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

Undisclosed Financing Conditions

As in the previous financial year, the Project financing agreement signed between the the Government of Kenya and UNICEF was not availed for audit review. Management has explained that no agreement was signed in respect to the Project as funding from UNICEF was based on workplans for various activities. However, Management has not disclosed the terms and conditons attached to the workplans. As a result, the validity of the cumulative receipts and payments amounting to Kshs.86,392,917 and Kshs.86,335,300 respectively transacted during the years ended 30 June, 2020 has not been confirmed.

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, I confirm that, nothing has come to my attention to cause me

to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and Those Charged with Governance

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

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public 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 overall governance and risk management are in place, 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 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 Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the 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 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 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

30 December, 2020


MULTIPLE INDICATOR CLUSTER SURVEY (MICS) PROJECT (UNICEF)

Reports and Financial Statements
For the financial year ended June 30, 2020

3. Statement of Receipts and Payments
For the Period Ended 30th June, 2020

ITEM	Notes	Actual Exp. Current Year 2019 / 2020 Kshs	Actual Exp. Current Year 2018 / 2019 Kshs	Cumulative Exp. to date since inception Kshs
RECEIPTS				
Grants	8	-	6,911,720	86,392,917
TOTAL		-	6,911,720	86,392,917
PAYMENTS				
Purchase of Goods & Services	9	4,320	8,940,966	86,330,980
Refunds to UNICEF		-	420,211	
		4,320	9,361,177	86,335,300
Surplus / (Deficit)		(4,320)	(2,449,457)	57,618

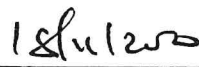
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



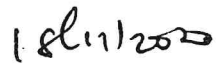
Director General



Project Coordinator



Date



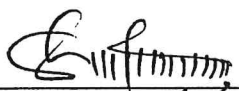
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Reports and Financial Statements
For the financial year ended June 30, 2020

4. Statement of Financial Assets and Liabilities
As at 30th June 2020

ASSETS	Notes	2019 / 2020 Kshs.	2018 / 2019 Kshs.
Financial Assets			
Cash in Project Account	10	57,618	61,938
Total Financial Assets		57,618	61,938
REPRESENTED BY:			
Cash b/f		61,938	2,511,405
Surplus / (Deficit) for the Year		(4,320)	(2,449,467)
Total Net Assets		57,618	61,938

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 24th September 2020 and signed by:



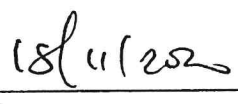
Director General



Project Coordinator



Date 



Date

MULTIPLE INDICATOR CLUSTER SURVEY (MICS) PROJECT (UNICEF)

Reports and Financial Statements

For the financial year ended June 30, 2020

5. Statement of Cashflows

For the Period ended 30th June 2020

		2019 / 2020	2018 / 2019
	Notes	Kshs.	Kshs.
Receipts			
Grants	8		6,491,499
Purchase of goods and services	9	(4,320)	(8,940,966)
Net Cashflows from operating activities		(4,320)	(2,449,467)
Net increase /(decrease) in cash and cash equivalents		(4,320)	(2,449,467)
Cash and cash equivalents at beginning of period		61,938	2,511,405
Cash and cash equivalents at end of period	10	57,618	61,938

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 24th September 2020 and signed by:



Director General

18/11/2020

Date



Project Coordinator

18/11/2020

Date

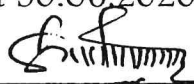
Reports and Financial Statements

For the financial year ended June 30, 2020

6. Statement of Comparative Budget and Actual Amounts

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis
	a	b	c=a+b	d
Receipts				
Cash Balance b/f	61,938	-	61,938	61,938
Miscellaneous receipts	-		-	-
Total Receipts	61,938	-	61,938	61,938
Payments				
Other payments	(4,320)	-	(4,320)	(4,320)
Total Payments	(4,320)	-	(4,320)	(4,320)
Balances	57,618	-	57,618	57,618

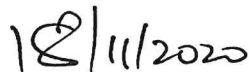
The variance balance of Sh.57,618 represents the unutilised funds in the bank as at 30.06.2020



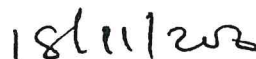
Director General



Project Coordinator



Date



Date

Reports and Financial Statements
For the financial year ended June 30, 2020

7. Notes to the Financial Statements

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

Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Project and all values are rounded to the nearest one Shilling. The accounting policies adopted have been consistently applied to all of the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid out by the Project.

- i. **Recognition of revenue and expenses**
The Project recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the Project. In addition, the Project recognises all expenses when the event occurs and the related cash has actually been paid out by the Project.
- ii. **Cash and cash equivalents**
Cash and cash equivalents comprise cash at bank and unutilized cash.
- iii. **Budget**
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements.
- iv. **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.
- v. **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, 2020.

Reports and Financial Statements
For the financial year ended June 30, 2020

8. Grants

These represent funding receipts from the Government of Kenya as follows:

	2019 / 2020	2018 / 2019
	Kshs.	Kshs.
Funding through MODP		
Quarter 1	-	-
Quarter 2	-	8,000,000
Quarter 3	-	-
Quarter 3- UNICEF Refunds	-	-
Quarter 4 -UNICEF Refunds	-	(1,088,280)
	-	6,911,720

The project did not receive funds during the period.

9. Purchase of Goods and Services

The details of expenses are as follows:

ITEM	Actual Exp. Current Year 2019 / 2020 Kshs	Actual Exp. Current Year 2018 / 2019 Kshs	Cumulative Exp. to date since inception Kshs
Child Poverty			77,390,014
Report Writing	-	-	
Enumeration Area maps verification			
Training Venues		453,200	
Transport - field work		1,568,002	
SUBTOTAL	-	2,021,202	
Transport	-	1,260,000	
Training Venues	-	-	
Government Admin Officers		2,727,295	
Personnel payments		2,565,400	
Fuel - Transport		359,025	
SUBTOTAL	-	6,911,720	
Incremental operating cost	4,320	8,044	8,945,286
Total	4,320	8,940,966	86,335,300

10. Cash and Cash Equivalents

This was the amount in the bank as shown below:

	2019/20 Ksh.	2018/2019 Kshs.
Bank accounts – Coop Bank of Kenya	57,618	61,938
Total	57,618	61,398

