


REPUBLIC OF KENYA



Enhancing Accountability



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 03 FEB 2022	DAY: <u>THURS</u>
TABLED BY: <u>LOM</u>	OF
CLERK-AT THE-TABLE: <u>L-ed</u>	THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

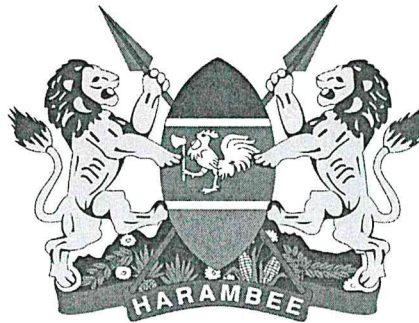
ON

**ENABLE YOUTH KENYA PROGRAM
(AFD LOAN NO.2100150038895)**

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

**STATE DEPARTMENT FOR CROP
DEVELOPMENT AND AGRICULTURAL
RESEARCH**





Enable Youth Kenya Program

State Department for Crop Development and Agricultural Research
Project Credit Number: P-Ke-Aaz-014

Annual Report and Financial Statements
For the Financial Year Ended
June 30, 2021

Prepared in Accordance with The Cash Basis of Accounting Method Under the International Public
Sector Accounting Standards (IPSAS)

Table Contents

1. Project Information and Overall Performance	ii
2. Statement of Performance Against Project's Predetermined Objectives	x
3. Corporate Social Responsibility Statement/Sustainability Reporting	xii
4. Statement of Project Management Responsibilities	xv
5. Report of The Independent Auditor	xvii
6. Statement of Receipts and Payments for The Year Ended 30th June 2021	1
7. Statement of Financial Assets as at 30th June 2021	3
8. Statement of Cash Flows for The Period 30th June 2021	4
9. Statement of Comparative Budget and Actual Amounts	5
10. Significant Accounting Policies	6
11. Notes to The Financial Statements	16
12. Other Important Disclosures	21
13. Progress On Follow Up of Prior Year Auditor's Recommendations	22
14. Annexes	23
15. Appendices	26

1. Project Information and Overall Performance

1.1 Name and registered office

Name

The project's official name is **ENABLE Youth Kenya Program**

Objective

To support growth of sustainable commercial viable small and medium agribusiness enterprises through development of well-structured agribusiness projects providing financial products market access and networking.

Address

The project headquarters offices are:
Kilimo House, Cathedral Road,
P.O Box 30028-00100,
NAIROBI

Contacts: The following are the project contacts

Telephone: (254) (020)271887/09

E-mail: psagriculture@kilimo.go.ke

Website: www.agriculture.go.ke

1.2 Project Information

Project Start Date:	The project start date is 01-January-2018
Project End Date:	The project end date is 30-June -2023
Project Manager:	The project manager is Mrs Jacinta Ngwiri
Project Sponsor:	The project sponsor is African Development Bank

1.3 Project Overview

Line Ministry and State Department of the project	Ministry of Agriculture, Livestock, Fisheries and Cooperatives
Project number	P-KE-AAZ-014
Strategic goals of the project	To contribute to job creation, food security and nutrition, income generation and improved low carbon climate resilient livelihoods for youths in both urban and rural areas
Achievement of strategic goals	The ENABLE Youth Kenya Program targets to engage partners to create an enabling environment for youth engagement in agribusiness, incubate and train the youth on bankable business ideas and finance their businesses in a sustainable manner. Climate-smart technologies and their

	adoption will also be incorporated in the incubation process.
Other important background information of the project	The Program aims to encourage growth of sustainable commercially viable agribusiness small and medium scale agricultural enterprises (SMAEs) by supporting the development of well-structured agribusiness projects, and providing commercial loans and other financial products/services available for investment in a range of agribusiness ventures, market access, capacity development, risk management, and networking support.
Current situation that the project was formed to intervene	The project was formed to intervene on the increasing trend of youth unemployment, particularly recent graduates from universities, colleges and other tertiary institutions. This is a major concern for the Government since nearly 500,000 youth graduates from tertiary institutions and are ready to enter the job market every year.
Project duration	The project started on 1st January 2018 and is expected to run until 31st December 2022.

1.4 Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

1.5 Auditors

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

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
Jacinta Ngwiri	Principal Agricultural Officer	Msc. Agriculture & Rural Development	Project Co-ordinator
Alice W. Kinyua	Principal Agricultural Officer	Msc. Agriculture & Rural Development	Agribusiness Officer
Frankline Mwiti	Knowledge Management/ICT Officer	BSc. I.T	Knowledge Management/ICT Officer
John Muteti Kisuna	Principal Agricultural Officer	BSc. Agriculture	Investment Officer
Wambua Muthui	Principal Agricultural Officer	BSc. Agriculture	Monitoring and Evaluation
Mercy Gitu	Senior Accountant	CPAK, MBA	Program Accountant
Joseph Okelo	Supply Chain Officer	Diploma Procurement	Procurement Officer
Alice Machua	Office Assistant	Secretarial Course	Office Manager
Joseph Kabera	Support Staff	C.P.E	Support Staff

1.7 Funding summary

The Project is for duration of 5 years from 2018 to 2023 with an approved budget of US\$ 36,330,000 equivalent to KShs 3,751,072,500 as highlighted in the table below:

ENABLE Youth Kenya Project
 Reports and Financial Statements For the financial year ended June 30, 2021

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 th June 2021)		Undrawn balance to date	
	Donor currency (A)	KShs (A')	Donor currency USD (B)	KShs (B')	Donor currency KShs USD (A)-(B)	KShs A'-B'
Loan						
AFDB	30,000,000	3,097,500,000	895,002	92,408,936	29,104,998	3,005,091,064
Counterpart funds						
Government of Kenya	3,330,000	343,822,500	254,119	26,237,834	3,075,881	317,584,666
AFC	3,000,000	309,750,000	-	-	3,000,000	309,750,000
Total	36,330,000	3,751,072,500	1,149,121	118,646,770	35,180,879	3,632,425,730

ENABLE Youth Kenya Project
 Reports and Financial Statements For the financial year ended June 30, 2021

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2021)		Cumulative Amount paid to date – (30 th June 2021)		Unutilized balance to date 30 Jun 2021	
	Donor currency	Kshs	Kshs	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
Loan						
AFDB	895,002	92,408,936	799,777	82,577,010	95,224	9,831,926
Counterpart funds						
Government of Kenya	254,119	26,237,834	254,119	26,237,834	0	0
Total	1,149,121	118,646,770	1,053,897	108,814,844	95,224	9,831,926

1.8 Summary of Overall Project Performance:

- i) All Entry into Force covenants were finalised (Signing of the financing agreement- 6 months after Board approval; Program declared effective within 6 months after signing of the financing agreement; and the preparation of a 6-month budget, Annual Work plan & 18-month Procurement Plan- 3 months after the signing of the financing agreement). Conditions for 1st disbursement were fulfilled albeit late due to delayed mapping of Program onto IFMIS (Preparation of a 6-month budget, Annual Work plan & 18-month Procurement Plan- 3 months after the signing of the financing agreement; and 1st loan disbursement within 3 months after the Program is declared effective). Covenants on Undertaking have significantly delayed due to delayed approvals and delays in acquiring the RSFM consultant (AFC and MoALFC signing MoU within 6 months after Program effectiveness; and SLAs between TNT and AFC 6 months after program is declared effective)
- ii) Further delay in Program implementation due to the unfulfilled covenants has been averted. The MoU between the Ministry and AFC was fast-tracked and signed within the fiscal year whereas the Office of the AG approved two SLAs (governing Interest-free and Soft loan facilities), which has relieved the Program to proceed and disburse loans to its beneficiaries while awaiting the on-boarding of the RSFM consultant to effect the third SLA (on the Risk Guarantee Fund loan facility)
- iii) Mitigation measures taken to alleviate the adverse effects of potential consequences of non-compliance are as outlined in (ii) above.

1.9 Summary of Project Compliance:

- iv) Include significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants,
- v) Include consequences suffered on account of non-compliance or likely to be suffered.
- vi) 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 Performance Against Project's Predetermined Objectives

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objective of the *Program's agreement/plan* is to create business opportunities and decent employment for female and male youth along priority agricultural value chains in Kenya through the provision of entrepreneurship skills, funding and business linkages.

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

4. Statement of Project Management Responsibilities

The Principal Secretary for the state Department for crop Development and Agricultural Research, and the Project Coordinator for Enable Youth Kenya Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2021.

This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the project; (v) Selecting and applying appropriate accounting policies; and (v) Making accounting estimates that are reasonable in the circumstances.

The Principal Secretary for the Department for crop Development and Agricultural Research and the Project Coordinator for Enable Youth Kenya 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 State Department for Crop Development and Agricultural Research and the Project Coordinator for Enable youth Kenya Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2021, and of the Project's financial position as at that date. The Principal Secretary for Department for crop Development and Agricultural Research and the Project Coordinator for

ENABLE Youth Kenya Project
Reports and Financial Statements For the financial year ended June 30, 2021

Enable Youth Kenya 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 State Department for Crop Development and Agricultural Research and the Project Coordinator for Enable Youth Kenya 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 State Department for crop Development and Agricultural Research and the Project Coordinator for Enable Youth Kenya project on 1/12 2021 and signed by them.



Prof. Hamadi Iddi Boga
Principal Secretary



Jacinta Ngwiri
Project Coordinator

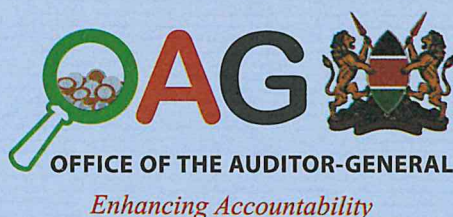


Mercy Gitu
Project Accountant
ICPAK No. 20360

5. Report of the Independent Auditor

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 ENABLE YOUTH KENYA PROGRAM (AFD LOAN NO.2100150038895) FOR THE YEAR ENDED 30 JUNE, 2021 - STATE DEPARTMENT FOR CROP DEVELOPMENT AND AGRICULTURAL RESEARCH

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Enable Youth Kenya Program set out on pages 1 to 25, which comprise the statement of financial assets as at

30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 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 Enable Youth Kenya Program as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and the Public Finance Management Act, 2012 and comply with the Loan Agreement No.2100150038895 dated 23 May, 2018 between the Republic of Kenya and the African Development Fund.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.198,340,396 and Kshs.81,893,355, respectively resulting in an under-funding of Kshs.116,447,041 or about 59% of the budget.

Similarly, the Project expended Kshs.76,283,644 against an approved budget of Kshs.198,340,396 resulting in an under-expenditure of Kshs.122,056,752 or about 62% of the budget.

The under-funding and under-expenditure may affect the planned activities and impact negatively on service delivery to the intended beneficiaries.

2. Delay in Execution of Scheduled Program Activities

Audit examination of the Program's Annual Work Plans (AWP) revealed critical activities relating to Youth Agribusiness Incubation Centers (YABICs) that were budgeted for in

2019/2020 financial year and scheduled for completion by December, 2019 as per the Program Implementation Manual (PIM), were instead carried forward to the annual work plan for financial year 2020/2021. Further, audit and physical inspection revealed that the scheduled activities had not been executed by 30 June, 2021 as tabulated below:

Key Activities	Outputs	Target	Completion Period as per PIM	Completion Period as per Work Plan 2020/2021	Total Budget Amount Kshs.
Rehabilitate and upgrade YABICs	YABICs rehabilitated, upgraded	Eight (8) YABICs	December, 2019	July, 2020 to December, 2020	90,000,000
Procure for and equip YABICs	YABICs fully equipped for incubation and training of youth agripreneurs	Eight (8) YABICs	December, 2019	July, 2020 to December, 2020	50,000,000
Establish measures in YABICs to ensure retention such as child care support, disability access and boarding rooms	YABICs upgraded, equipped and operationalized.	Eight (8) YABICs	December, 2019	October, 2020 to June, 2021	1,000,000
Total					141,000,000

No satisfactory explanation was provided for delay and failure to execute the activities as scheduled in the Program Implementation Manual and the Annual Work Plans.

Other Information

The Management is responsible for the other information, which comprises project information and overall performance, statement of performance against project's predetermined objectives, statement of corporate social responsibility/sustainability reporting and statement of Project management responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

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, 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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Internal Audit Report

Review of the approved Internal Audit Work-plan for financial Year 2020/2021 for the State Department for Crops Development and Agricultural Research revealed that Internal Audit Unit had planned an internal audit exercise for Enable Youth Kenya Program. However, no audit report was provided for audit review. Management explained that scheduled audit exercise by the Internal Audit Unit could not be carried out due to contraction of Covid-19 by some staff.

Consequently, it could not be confirmed whether or not the Program Management complied with Annex B.4 of Enable Youth Kenya Project Appraisal Report, on Financial Management and Disbursement Arrangements which states that the Ministry's Internal Audit Unit will cover the Program.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by African Development Fund, I report based on my audit, that:

- i. The Program's funds have been used in accordance with the conditions of the Loan Agreement with due attention to economy, efficiency and effectiveness, and for the purposes for which they were provided;
- ii. Counterpart funds have been provided and used in accordance with the conditions of the Loan Agreement;
- iii. Goods and services financed have been procured in accordance with the Loan Agreement and the Fund's rules and procedures;
- iv. Necessary supporting documents, records and accounts have been kept in respect of all Program activities; and
- v. Adequate internal control to monitor expenditure and other financial transactions and ensure safe custody of assets exists.

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 governance.

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Program monitors compliance with

relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 Enable Youth Kenya Program 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 Program'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 Program to cease to sustaining 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 Program to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 December, 2021

ENABLE Youth Kenya Project
Reports and Financial Statements For the financial year ended June 30, 2021

6. Statement of Receipts and Payments for the Year Ended 30th June 2021.

Receipts	Note	FY2020-21		FY2019-20		Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		KShs	KShs	KShs	KShs					
Transfer from Government Entities	1		9,686,204		8,301,820	9,686,204		8,301,820	8,301,820	26,970,274
Loan from External Development Partners	2	14,487,891	57,719,300			72,207,191				92,408,936
Total Receipts		14,487,891	67,405,504			81,893,395		8,301,820	8,301,820	119,379,210
Payments										
Purchase of Goods & Services	3	8,878,140	49,305,154			58,183,294	12,224,930	8,301,820	20,526,750	91,446,934
Acquisition of non-financial Assets	4		18,100,350			18,100,350				18,100,350
Total Payments		8,878,140	67,405,504			76,283,644	12,224,930	8,301,820	20,526,750	109,547,284
Surplus/Deficit		5,609,751	-			5,609,751	(12,224,930)	-	(12,224,930)	9,831,926


.....
Prof. Hamadi Iddi Boga

Principal Secretary


.....
Jacinta Ngwiri

Project Coordinator


.....
Mercy Gitu

Project Accountant
ICPAK No. 20360

**ENABLE Youth Kenya Project
Reports and Financial Statements For the financial year ended June 30, 2021**

(IPSAS 1.3.24 requires an entity to separately disclose third party payments separately on the statement of receipts and payments. These are payments made by development partners directly on behalf of the entity. In recognising these transactions, the receipts must be equal to the payments made and therefore there is no surplus or deficit.)

7. Statement of Financial Assets as at 30th June 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
Financial Assets			
Cash and Cash Equivalents			
Bank Balances	5A	9,831,926	4,222,175
Total Cash and Cash Equivalents	5	9,831,926	4,222,175
Total Financial Assets		9,831,926	4,222,175
Represented By			
Fund Balance B/Fwd	6	4,222,175	16,447,105
Surplus/(Deficit) For the Year		5,609,751	(12,224,930)
Net Financial Position		9,831,926	4,222,175

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 11/2 2021 and signed by:



 Prof. Hamadi Iddi Boga
 Principal Secretary



 Jacinta Ngwiri
 Project Coordinator



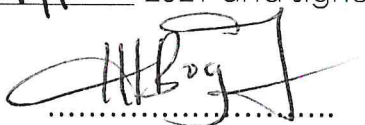
 Mercy Gitu
 Project Accountant
 ICPAK No. 20360

8. Statement of Cashflow for the Period 30th June 2021

	Note	2020 -2021 KShs	2019- 2020 KShs
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from Operating Activities			
Transfer from Government entities	1	9,686,204	8,301,820
Proceeds from domestic and foreign grants		0	
Payments from Operating Activities			
Purchase of Goods and Services	3	58,183,294	20,526,750
Net Cash Flow from Operating Activities		23,710,101	(12,224,930)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Assets	4	(18,100,350)	-
Net Cash Flows from Investing Activities		(18,100,350)	-
CASHFLOWS FROM BORROWING ACTIVITIES			
Loan from external development partners	2	72,207,191	-
Net Cash Flow from Financing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,609,751	(12,224,930)
Cash and Cash Equivalent at beginning of the year	6	4,222,175	16,447,105
Cash and Cash Equivalent at end of the year	5	9,831,926	4,222,175

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

1/12 2021 and signed by:



Prof. Hamadi Iddi Boga
Principal Secretary



Jacinta Ngwiri
Project Coordinator



Mercy Gitu
Project Accountant
ICPAK No. 20360


ENABLE Youth Kenya Project
Reports and Financial Statements For the financial year ended June 30, 2021


9. Statement of Comparative Budget and Actual Amounts

Receipts/Payments Item	Original Budget KShs	Adjustments KShs	Final Budget KShs	Actual on Comparable Basis KShs	Budget Utilization Difference KShs	% of Utilization KShs
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	30,000,000	-19,659,604	10,340,396	9,686,204	654,192	94%
Loan from external development partners	500,000,000	-312,000,000	188,000,000	72,207,191	115,792,809	38%
Miscellaneous receipts						
Total Receipts	530,000,000	-331,659,604	198,340,396	81,893,395	116,447,001	41%
Payments						
Compensation of employees						
Purchase of goods and services	197,000,000	-132,456,204	64,543,796	58,183,294	6,360,502	90%
Social security benefits						
Acquisition of non-financial assets	333,000,000	-199,203,400	133,796,600	18,100,350	115,696,250	14%
Other grants and transfers						
Total Payments	530,000,000	-331,659,604	198,340,396	76,283,644	122,056,752	38%
Surplus				5,609,751		

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


Prof. Hamadi Iddi Boga
Principal Secretary


Jacinta Ngwiri
Project Coordinator


Mercy Gitu
Project Accountant
ICPAK No. 20360

10. Significant Accounting Policies

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

10.1 Basis of Preparation

10.2 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.

10.3 Reporting entity

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

10.3.1 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.

10.4 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.

i) 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.

ii) External Assistance

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

iii) Other receipts

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

b) 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.

Significant Accounting Policies (Continued)

c) 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.

d) 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

e) Recognition of payments

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

i) Compensation of employees

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

ii) 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.

Significant Accounting Policies (Continued)

iii) Interest on borrowing

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

iv) 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.

v) 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.

f) 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.

Significant Accounting Policies (Continued)

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank

account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents 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.

h) 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.

Significant Accounting Policies (Continued)

i)Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 5 of this financial statement is a register of the contingent liabilities in the year.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans.

j) Contingent Assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Significant Accounting Policies (Continued)

k) 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.

l) 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.

m) 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 57,719,300 million being loan disbursements were received in form of direct payments from third parties.

Significant Accounting Policies (Continued)

n) Exchange rate differences

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

denominated in foreign currencies are recognised in the statements of receipts and payments.

o) 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.

p) 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, 2021.

q) 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.

11. Notes to The Financial Statements

1. Receipts from Government Of Kenya

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

	2020/21	2019/20	
	KShs	KShs	Cumulative to-date
Counterpart funding - Ministry of Agriculture State Department for Crop Development and Agricultural Research	9,686,204	8,301,820	26,970,234
Total	9,686,204	8,301,820	26,970,234
Appropriations-in-Aid	-	-	
Total	9,686,204	8,301,820	26,970,234

2. Loan From External Development Partners

During the 12 months to 30 June 2021 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount	
					KShs	KShs
Loans from:		Euro	KShs	KShs	KShs	KShs
AFDB	22/03/2021	110,803	14,487,891	57,719,300	72,207,191	20,201,745
Total		110,803	14,487,891	57,719,300	72,207,191	20,201,745

3. Purchase of Goods and Services

	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to- date
	KShs	KShs	KShs	KShs	KShs
	2020/21			2019/20	
Utilities, supplies and services		5,376,750	5,376,750	625,851	6,094,994
Communication, supplies	110,000	500,000	610,000	-	610,000
Domestic travel and subsistence	6,126,920	7,030,240	13,157,160	16,729,344	40,643,914
Training payments	2,362,120	1,628,550	3,990,670	845,745	4,836,415
Hospitality supplies and services	122,100	255,464	377,564	1,955,850	3,871,404
Specialized materials & services	-	34,242,200	34,242,200	-	34,242,200
Routine maintenance – vehicles	157,000	271,950	428,950	370,000	1,148,007
Total	8,878,140	49,305,114	58,183,294	20,526,790	91,446,934

4. Acquisition of Non-Financial Assets

	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to- date
	Kshs	Kshs	Kshs	Kshs	Kshs
	2020/21			2019/20	
Refurbishment of buildings	-	810,000	810,000	-	810,000
Purchase of vehicles	-	14,796,600	14,796,600	-	14,796,600
Purchase general equipment	-	2,493,750	2,493,750	-	2,493,750
Total	-	18,100,350	18,100,350	-	18,100,350

5. Cash and Cash Equivalents

	2020/21	2019/20
	KShs	KShs
Bank accounts	9,831,926	4,222,175
Total	9,831,926	4,222,175

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

5. A Bank Accounts

Project Bank Accounts

	2020/21	2019/20
	KShs	KShs
Foreign Currency Accounts		
Central Bank of Kenya [A/c No.....]	-	-
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others (<i>specify</i>)	-	-
Total Foreign Currency balances	=	=
Local Currency Accounts		
Central Bank of Kenya [A/c No.....]	9,831,926	4,222,175
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others (<i>specify</i>)	-	-
Total local currency balances	9,831,926	4,222,175
Total bank account balances	9,831,926	4,222,175

Special Deposit Accounts

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

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

Special Deposit Accounts Movement Schedule

	2020/21		2019/20
	Kshs		KShs
(i) A/C Name [A/c NO 100395982]			
Opening balance		0	0
Total amount deposited in the account			0
	16,056,934.30		
Total amount withdrawn (as per Statement of Receipts & Payments)		14,487,891.10	0
Closing balance (as per SDA bank account reconciliation attached)		1,569,043.24	0
(ii) A/c Name [A/c No.....]			
Opening balance (as per the SDA reconciliation)		0	0
Total amount deposited in the account		0	0
Total amount withdrawn (as per Statement of Receipts & Payments)		0	0
Closing balance (as per SDA bank account reconciliation attached)		0	0

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

6. Fund Balance Brought Forward

	2019/20	2018/19
	KShs	KShs
Bank accounts	4,222,175	16,447,105
Total	4,222,175	16,447,105

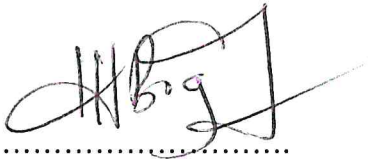
12. Other Important Disclosures

There was no important disclosure in the year under review.

13. Progress on Follow Up of Prior Year Auditor’s 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	N/A	N/A	N/A	N/AGV



Prof. Hamadi Iddi Boga
Principal Secretary



Jacinta Ngwiri
Project Coordinator



Mercy Gitu
Project Accountant
ICPAK No. 20360

ENABLE Youth Kenya Project
Reports and Financial Statements For the financial year ended June 30, 2021

14. Annexes

Annex1 - Variance Explanations - Comparative Budget and Actual Amounts

Receipts/Payments Item	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %	Comments on Variance(below 90% and over 100%
Receipts					
Transfer from Government entities	10,340,396	9,686,204	654,232	94%	
Loans from External Development partners.	188,000,000	72,207,191	115,792,809	38%	Direct payments affected by procurement process.
Miscellaneous receipts					
Total Receipts	198,340,396	81,893,355	116,447,041	41%	
Payments					
Compensation of employees					
Purchase of goods and services	64,543,796	58,183,294	6,360,542	90%	
Social security benefits					
Acquisition of non-financial assets	133,796,600	18,100,350	115,696,250	14%	Lengthy procurement process
Other grants and transfers					
Total Payments	198,340,396	76,283,604	122,056,792	38%	Lengthy procurement process
Surplus		5,609,751			

Budget Notes: Program implementation was impeded by the Ministry of Health Restrictions and lockdowns occasioned by the COVID-19 pandemic.

**ENABLE Youth Kenya Project
Reports and Financial Statements For the financial year ended June 30, 2021**

Annex 2: Reconciliation of Inter-Entity Transfers

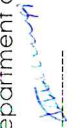
PROJECT NAME:			
Break down of Transfers from the State Department of Crop Development and Agricultural Research			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
a. Government Counterpart Funding		-	
	Total	-	
b. Direct Payments			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		-	
		-	
		-	
	Total	-	
c. Others			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		-	
	Total	-	
	TOTAL(a+b+c)	-	

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

Project Coordinator
Enable Youth Project

Head of Accounting Unit
State Department of Crop Development and Agricultural Research

Sign 

Sign 

ENABLE Youth Kenya Project
Reports and Financial Statements For the financial year ended June 30, 2021

Annex 4 – Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2020/21	Donations in form of assets (KShs) 2020/21	*Purchases/ Additions in the Year (KShs) 2020/21	**Disposals in the Year (KShs) 2020/21	Transfers in/(out) KShs 2020/21	Closing Cost (KShs) 2021
	(a)	(b)	(c)	(d)	(d)	(e) = (a) + (b) + c - (d) + (-) d
Buildings and structures	0	0	0	0	0	0
Transport equipment (vehicles)	0	0	14,796,600	0	0	14,796,600
Office equipment, furniture and fittings	0	0	1,138,750	0	0	1,138,750
ICT Equipment,	0	0	1,355,000	0	0	1,355,000
Other Machinery and Equipment						
Total			17,290,350			17,290,350

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. The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets. Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No. 23/2020 of The National Treasury

15. Appendices

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2021
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance