

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

DATE: 07 DEC 2023

DAY

OF

Hon Owen Bayo CBS MP
Deputy majority leader
A. Shukko

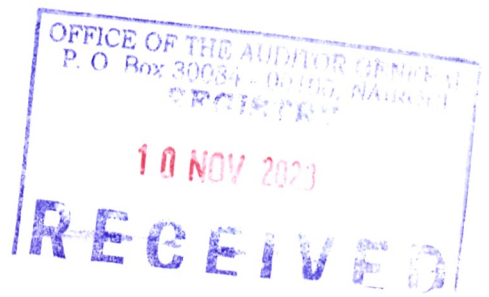
THE AUDITOR-GENERAL

ON

**VIJANA VUKA NA AFYA PROGRAMME
GRANT NO. 201367465**

**FOR THE YEAR ENDED
30 JUNE, 2023**

STATE DEPARTMENT FOR YOUTH AFFAIRS



PROJECT NAME: VIJANA VUKA NA AFYA (VIVA)

IMPLEMENTING ENTITY: STATE DEPARTMENT FOR YOUTH AFFAIRS

PROJECT GRANT/CREDIT NUMBER: 201367465

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30TH, 2023

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

State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023

Table Contents	Page
1. Acronyms and Glossary of Terms	ii
2. Project Information and Overall Performance.....	iii
3. Statement of Performance against Project's Predetermined Objectives	x
4. Environmental and Sustainability reporting	xii
5. Statement of Project Management responsibilities	xiv
6. Report of the Independent Auditor on Financial Statements for Vijana Vuka na Afya (VIVA) Project.....	xvi
7. Statement of Receipts and Payments for the year ended 30th June 2023.....	1
8. Statement of Financial Assets as at 30 th June 2023.....	2
9. Statement of Cashflow for the year ended 30 th June 2023	3
10. Statement of Comparison of Budget and Actual amounts for year ended 30 th June 2023	4
11. Significant Accounting Policies.....	5
12. Notes to the Financial Statements	11
13. Other Important Disclosures.....	16
14. Annexes	17

**State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023**

1. Acronyms and Glossary of Terms

ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
Comparative FY	Financial year preceding the current financial year.
DSW	German Foundation for World Population
KFW	Kreditanstalt Fur Wiederaufbau
VIVA	Vijana Vuka Na Afya

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Vijana Vuka na Afya (VIVA) programme.

Objective

The key objective of the project is to enhance positive health seeking behaviour among the youth.

Address

KENCOM HOUSE, 3rd Floor (NAIROBI),
Nairobi County,
Kenya.

Contacts: The following are the project contacts

P.O. Box: 34303-00100

Telephone: (254) 022251674

E-mail: psy@youth.go.ke

**State Department for Youth Affairs
 Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
 Annual Report and Financial Statements for the financial year ended June 30, 2023**

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	23 rd December 2021
Project End Date:	23 rd December 2024
Project Manager:	Dr Franklin Njue Mbae
Project Sponsor:	Kfw Development Bank

2.3 Project Overview

Line Ministry/State Department of the project	State department for Youth affairs.
Project number	201367465
Strategic goals of the project	The strategic goals of the project are as follows: (i) Increase access to sexual reproductive health services (ii) Enhance access to technical and vocational skills training
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Demand creation for sexual reproductive health services and products through awareness creation (ii) Enhance access to technical and vocational skills training
Other important background information of the project	The project was conceived through the survey conducted in 2014 and 2015 in the informal settlements of Mombasa, Kilifi,

State Department for Youth Affairs

Vijana Vuka na Afya (VIVA) Project Grant No. 201367465

Annual Report and Financial Statements for the financial year ended June 30, 2023

	<p>Kisumu and Nairobi. The survey highlighted the following challenges that youth in age 15 to 24 years face. These were mainly: high poverty levels, high teenage pregnancies and lack of access to quality sexual reproductive health. The Federal Republic of Germany and Kenya Government committed to address the challenges. The German Government committed to provide Euros 6.5 Million and Government of Kenya committed Euro 0.7 Million.</p>
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none">(i) High teenage pregnancies(ii) Lack of adequate youth friendly Sexual Reproductive Health services
<p>Project duration</p>	<p>Three Years</p>

State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

- (i) Central Bank of Kenya,
P.O. BOX 60000,
Nairobi,
Kenya.

2.5 Independent Auditor

The project is audited by the Auditor General of the Republic of Kenya

2.6 Roles and Responsibilities

The following officers are involved in the project:-

Names	Title designation	Key qualification	Responsibilities
Hon. Ababu Terrah Namwamba, EGH	Cabinet Secretary	Master Degree in Laws (LLM)	Overall policy direction on the Project.
Mr. Ismail Maalim Madey	Principal Secretary	Master Degree in Global Business Management	Accounting Officer for the Project.
Dr. Franklin Mbae	National Project Coordinator	PhD in Business Administration	Coordination of the overall project implementation
Ms. Sarah Kerandi	Head of Finance Unit	Masters Degree	Expenditure processing and Control
Mr. Robert Asumani	Head of Accounts Unit	Masters Degree	Expenditure processing and Control
Dr. Annah Yegon	Deputy Project Coordinator	PhD in Education Management	Coordination of the overall project implementation
Fedelis Evalyn Samba-DSW	Director DSW-consultant for component A	Masters Degree	Create demand for Sexual Reproductive Health services and product Create awareness for on Sexual reproductive services
Richard Matkaya d- triggerise	Consultant for component B	Masters Degree	Use ITH system to deliver on the project objectives
Caroline Gacheri Muchena	Project Accountant	Bachelor's Degree	In charge of finance and accounts of the project

Project information and overall performance (continued)

State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023

2.7 Funding summary

The Project is for duration of 3 years from 2021 to 2023 with an approved budget of Euros 7.2 Million equivalent to Kshs.914.4 Million as highlighted in the table below:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 th June 2023)		Undrawn balance to date	
	Donor currency (EURO)	Kshs	Donor currency (EURO)	Kshs	Donor currency (EURO)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
KFW	6,500,000	825,500,000	1,605,186	203,858,658	4,894,814	621,641,342
(ii) Counterpart funds						
Government of Kenya	700,000	88,900,000	376,442	47,808,108	323,558	41,091,892
Total	7,200,000	914,400,000	1,981,628	251,666,766	5,218,372	662,733,234

**State Department For Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023
Project information and overall performance (continued)**

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2023)		Cumulative amount paid to date – (30 th June 2023)		Unutilised balance to date (30 th June 2023)	
	Donor currency (EURO) (A)	Kshs (A')	Donor currency (B)	Kshs (B')	Donor currency (EURO) (A)-(B)	Kshs (A')-(B')
Grant						
KFW	1,605,186	203,858,658	1,605,186	203,858,658	-	-
Counterpart funds						
Government of Kenya	376,442	47,808,108	373,370	47,417,990	3,072	390,118
Total	1,981,628	251,666,766	1,978,556	251,276,648	3,072	390,118

State Department For Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

FY	Amount received (KSHs)	Amount utilized in (KSHs)	Percentage
2022/2023	104,883,766.00	104,493,648.00	99.6%
Total	104,883,766.00	104,493,648.00	99.6%

Physical Progress based on outputs, outcomes and impact since project commencement

6,100 youths trained on sexual reproductive health services, 150 youth peer educators trained, procured 45 public health facilities for delivery of health services, finalized contracting master craft-persons, finalized service level agreement with counties, on boarding of peer educators and health facilities and staff.

Value for money achievements

There was value for money for the activities carried out during this period

Implementation challenges and way forward

Delayed conclusion of service level agreement partly due to period of electioneering, there was also delay in finalization of service level agreement with county government for health facility to offer Sexual Reproductive Health services.

2.9 Summary of Project Compliance:

There were no cases of non-compliance with applicable laws and regulations and essential external financing agreement/covenants. Hence non-consequences were suffered or likely to be suffered on account of non-compliance.

3. 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 objectives of the project's agreement/ plan are to:

- a) Reach 60,000 youths in Sexual Reproductive Health products and services
- b) 3,019 youths empowered with knowledge and skills to improve social economic well-being.
- c) Strengthen the capacity to deliver essential services
- d) Engage 19,000 youths in sporting and physical activities
- e) Train 4,500 youths on entrepreneurship
- f) Train 300 youth leaders on leadership skills

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.

**State Department For Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023**

Below we provide the progress on attaining the stated objective:

Project aim	Objective	Outcome	Indicator	Performance
Improve youth knowledge, agency and motivation to use sexual reproductive health services	Reach 60,000 youth with age appropriate Sexual Reproductive Health services	Create awareness and improve access to Sexual Reproductive Health services	3%	30, 350 youths trained through peer-to-peer learning
	Train 150 peer educators	150 peer educators to conduct age-appropriate sexual education sessions	100%	150 peer educators reached
Strengthen capacity to deliver Sexual Reproductive Health expand access to subsidized youth friendly sexual and reproductive health services	Training service providers in delivering services	134 health facilities trained	100%	134 health professionals were trained
	45,000 youth to access subsidized sexual reproductive health products and services	12,650 youth accesses subsidized health services	28%	Services accessed from the 40 contracted public facilities
Promote meaningful engagement in sports and physical activities	Engage 19,100 youth in sport and physical activities	8,200 youth engaged in sporting and physical activities	42%	8,200 youth engaged through sport such as football, basketball, marshal art through community clubs- 88 youth clubs participated
Improve access to skills and funding opportunities	Reach 3,000 youth with skills	1,000 reached	33%	Youth identified for skills training, 300 youth trained on entrepreneurship

4. Environmental and Sustainability reporting

Vijana Vuka na Afya (VIVA) project exist to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

1. Sustainability strategy and profile

Activities that fall in elections period will be distributed across safe months to avoid being affected negatively. Beneficiaries will also be involved in planning.

On pandemic, project activities will be delivered in total compliance with government protocols.

2. Environmental performance

The project shall ensure that the implementors comply with the applicable laws and regulation on environmental policies and standards including sexual exploitation under International Labour Organization treaties.

3. Employee welfare

The consultant complies with all applicable laws, rules, regulations and provisions of relevant legal systems relating to the performance of the contract or failure to comply would impair the ability to perform its obligations hereunder as not to enter into or continue any business relationship with Kenyan nationals or entities.

Consultants shall treat employees fairly and train employees on new areas of competence.

Responsible ethical practices

Unethical practices are sanctionable under the financing agreement and contract entered hereafter and explicitly started in the evaluation conditions of each contract.

a) Regulatory impact assessment

The project will conduct the assessment for compliance to risk mitigation measures and implementation of recommendations arising thereof and make a report.

4. Community Engagements

DSW, one of the consultants has equipped three (3) Youth Empowerment Centers and has been training and paying youth peer educators.

Additionally, the project will do community soccer to support development of youth talent.

State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023

5. Statement of Project Management responsibilities

The Principal Secretary for the State Department for Youth Affairs and the Project Coordinator for Vijana Vuka na Afya (VIVA) 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, 2023.

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 State Department for Youth Affairs and the Project Coordinator for Vijana Vuka na Afya (VIVA) 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 Youth Affairs and the Project Coordinator for Vijana Vuka na Afya (VIVA) 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, 2023, and of the Project's financial position as at that date. The Principal Secretary for the State Department for Youth Affairs and the Project Coordinator for Vijana Vuka na Afya (VIVA) 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 Youth Affairs and the Project Coordinator for Vijana Vuka na Afya (VIVA) 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 under audit were used for the eligible purposes for which they were intended and were properly accounted for.

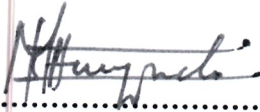
State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023

Approval of the Project Financial Statements

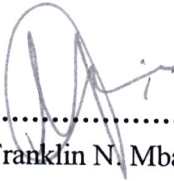
The Project financial statements were approved by the Principal Secretary for the State Department for Youth Affairs and the Project Coordinator for Vijana Vuka na Afya (VIVA) on

9/11/2023

2023 and signed by:



.....
Ismail Maalim Madey
Principal Secretary



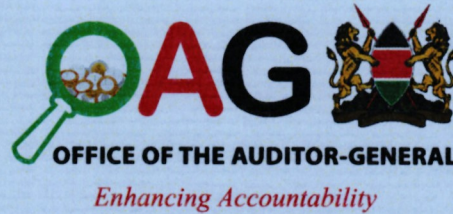
.....
Dr. Franklin N. Mbae
Project Coordinator



.....
CPA Caroline Muchena
Project Accountant
ICPAK Member No: 14674

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON VIJANA VUKA NA AFYA PROGRAMME GRANT NO. 201367465 FOR THE YEAR ENDED 30 JUNE, 2023 - STATE DEPARTMENT FOR YOUTH AFFAIRS

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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and 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 controls, risk management, and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Vijana Vuka Na Afya Programme - State Department for Youth Affairs set out on pages 1 to 17, which comprise of the statement of financial assets as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

Report of the Auditor-General on Vijana Vuka Na Afya Programme Grant No. 201367465 for the year ended 30 June, 2023 - State Department For Youth Affairs

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of matter described in the Basis for Qualified Opinion Section of my report, the financial statements present fairly, in all material respects, the financial position of the Vijana Vuka Na Afya Programme as at 30 June, 2023, 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 Public Finance Management Act, 2012 and the Financing Agreement No.201367465 dated 22 November, 2016 amended on 30 March, 2021 between the KfW Development Bank and the Republic of Kenya.

Basis for Qualified Opinion

Unsupported Expenditure

The statement of receipts and payments and Note 3 to the financial statements reflects purchase of goods and services of Kshs.101,525,788. Included in the balance is an amount of Kshs.85,155,966 in respect of other operating payments made by third parties. Management has explained that the payments were paid directly by the donor to the consultancy service providers in three tranches of Kshs.28,837,091, Kshs.28,837,091 and Kshs.27,481,784. However, the payments were not supported with contract agreements. In addition, Management did not provide record of results of applications for expression of interest using the evaluation criteria in the request for proposal inviting expression of interest as required by Section 118, (1) and (2) of the Public Procurement and Assets Disposal Act, 2015, Revised Edition 2022.

In the circumstances, the accuracy, completeness and regularity of expenditure of Kshs.85,525,788 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted receipts and actual on comparable basis amounting to Kshs.262,609,865 and Kshs.104,883,766 respectively resulting in a revenue shortfall of Kshs.157,726,099 or 60% of the budget. Similarly, the Project expended Kshs.104,493,648 against an approved budget of Kshs.262,609,865 resulting to an under expenditure of Kshs.158,116,217 (60%). Management has attributed the under absorption to delay by the consultants in submission on invoices and supportive evidence as per the milestones in the contract.

The under-funding and under-expenditure implies that some of the planned activities were not implemented which could impact negatively on the achievement of the overall Programme's goals and objectives.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matter described in the Basis for Qualified Opinion, 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

Failure to Adhere to Approved Financial Reporting Template

The amended financial statements submitted on 6 November, 2023 were partially signed since the Accounting Officer did not sign the financial statements to prove ownership as required by the approved financial reporting template vide National Treasury Circular reference number AG. 4/16/3 Vol. III of 6 July, 2023.

In the circumstances, Management was in breach of the regulations.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 governance were not effective.

Report of the Auditor-General on Vijana Vuka Na Afya Programme Grant No. 201367465 for the year ended 30 June, 2023 - State Department For Youth Affairs

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 the provisions of the Financing Agreement No.201367465 dated 22 November, 2016 and amended on 30 March, 2021 between the KfW Development Bank and the Republic of Kenya, I report based on my audit, that:

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the Programme, so far as appears from the examination of those records; and,
- iii. The Programme's financial statements agree with the accounting records and returns.

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 controls 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 controls, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the Programme's financial reporting process, reviewing the effectiveness of how Management 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

Report of the Auditor-General on Vijana Vuka Na Afya Programme Grant No. 201367465 for the year ended 30 June, 2023 - State Department For Youth Affairs

to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls 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 controls 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 controls 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 controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Programme's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Programme to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Programme to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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

15 November, 2023

**State Department For Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023**

7. Statement of Receipts and Payments for the year ended 30th June 2023.

Note	Receipts and payments controlled by the entity		Payments made by third parties		Total	Receipts and payment controlled by the entity		Payments made by third parties		Total	Cumulative to-date (From inception)
	2022-2023	2021-2022	2022-2023	2021-2022		2021-2022	2021-2022				
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts											
Transfer from Government entities	1	19,727,800	-	28,080,308	19,727,800	28,080,308	-	28,080,308	47,808,108		
Proceeds from domestic and foreign grants	2	-	85,155,966	-	85,155,966	-	118,702,692	118,702,692	203,858,658		
Total receipts		19,727,800	85,155,966	28,080,308	104,883,766	28,080,308	118,702,692	146,783,000	251,666,766		
Payments											
Purchase of goods and services	3	16,369,822	85,155,966	22,917,803	101,525,788	118,702,692	141,620,495	243,146,283			
Acquisition of non-financial assets	4	2,967,860	-	5,162,505	2,967,860	-	5,162,505	8,130,365			
Total payments		19,337,682	85,155,966	28,080,308	104,493,648	118,702,692	146,783,000	251,276,648			
Surplus/ (deficit)		390,118	-	-	390,118	-	-	-	390,118		

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


.....
Ismail Maalim Madey
Principal Secretary


.....
Dr. Franklin N. Mbae
Project Coordinator

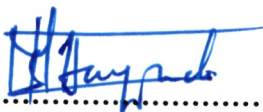

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CPA Caroline Muchena
Project Accountant
ICPAK Member No:14674

State Department For Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023

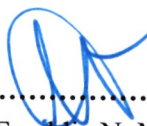
8. Statement of Financial Assets as at 30th June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	5A	390,118	-
Cash Balances	5B	-	-
Total Cash and Cash equivalents		390,118	-
Net Assets		390,118	-
Represented By			
Fund Balance B/fwd.	6	-	-
Surplus/(Deficit) for the Year		390,118	-
Net Financial Position		390,118	-

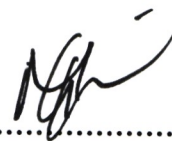
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 9/11/2023 2023 and signed by:



.....
Ismail Maalim Madey
Principal Secretary



.....
Dr. Franklin N. Mbae
Project Coordinator



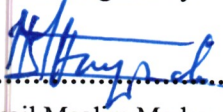
.....
CPA Caroline Muchena
Project Accountant
ICPAK Member No: 14674

State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023

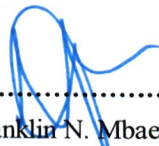
9. Statement of Cashflow for the year ended 30th June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from government entities	1	19,727,800	28,080,308
Proceeds from domestic and foreign grants	2	85,155,966	118,702,692
Total receipts		104,883,766	146,783,000
Payments			
Purchase of goods and services	3	101,525,788	141,620,495
Total Payments		101,525,788	141,620,495
Net receipts/(payments)		3,357,978	5,162,505
Cashflow from investing activities			
Acquisition of non-financial assets	4	(2,967,860)	(5,162,505)
Net cash flows from investing activities		(2,967,860)	(5,162,505)
Net increase in cash and cash equivalents		390,118	-
Cash and cash equivalent at beginning of the year	5	-	-
Cash and cash equivalent at end of the year	5	390,118	-

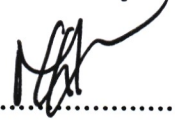
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 9/11/2023 and signed by:



 Ismail Maalim Madey
 Principal Secretary



 Dr. Franklin N. Mbae
 Project Coordinator



 CPA Caroline Muchena
 Project Accountant
 ICPAK Member No:14674

**State Department For Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023**

10. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2023

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Transfer from Government entities	29,700,510	(12,080,645)	82,609,865	19,727,800	62,882,065	112%
Proceeds from domestic and foreign grants	264,990,000	(20,000,000)	180,000,000	85,155,966	94,844,034	35%
Total Receipts	294,690,510	(32,080,645)	262,609,865	104,883,766	157,726,099	40%
Payments						
Purchase of goods and services	275,714,935	(14,945,370)	260,769,565	101,525,788	159,243,777	39%
Acquisition of non-financial assets	18,975,575	(17,135,275)	1,840,300	2,967,860	(1,127,560)	161%
Total Payments	294,690,510	(32,080,645)	262,609,865	104,493,648	158,116,217	40%
Surplus or Deficit				390,118	(390,118)	

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.

.....

Ismail Maalim Madey
Principal Secretary

.....

Dr. Franklin N. Mbae
Project Coordinator

.....

CPA Caroline Muchena
Project Accountant
ICPAK Member No:14674

11. Significant Accounting Policies

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

a) 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.

b) Reporting entity

The financial statements are for VijanaVuka na Afya (VIVA) project under the State Department of Youth affairs. The financial statements are for the VijanaVuka na Afya (VIVA) project as required by Section 81 of the PFM Act,2012.

c) 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.

d) Recognition of receipts

Vijana Vuka na Afya (VIVA) project recognises all receipts from the various sources when the event occurs, and the related cash has been received by the government.

i) Transfers from the Exchequer

Transfer from Exchequer is 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.

Significant Accounting Policies (continued)

ii) External Assistance

External assistance is monies 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 at the time associated cash is received.

iv) 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.

v) Proceeds from borrowing.

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

vi) 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.

Significant Accounting Policies (continued)

e) Recognition of payments

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

i) Compensation to 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.

iii) Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incur 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.

Significant Accounting Policies (continued)

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.

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.

h) 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.

i) Imprests and Advances

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

Significant Accounting Policies (Continued)

imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

j) 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' 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.

k) 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 annex2 to these financial statements*.

l) Third party payments

Included in the receipts and payments, are payments made on its behalf by 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.

Significant Accounting Policies (Continued)

m) 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.

n) Comparative figures

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

o) 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, 2023.

p) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s).

State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023

Notes to the Financial Statements

1. Transfers from Government entities

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

Description	2022-2023	2021-2022	Cumulative to-date (from inception)
	Kshs	Kshs	Kshs
Counterpart funding through State department for Youth Affairs			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	5,836,800	-	5,836,800
Counterpart funds Quarter 4	13,891,000	28,080,308	41,971,308
Total (See Annex 3)	19,727,800	28,080,308	47,808,108

**State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023**

Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2023, we received grants from donors as detailed in the table below:

Name of Donor	2022-2023						2021-2022		Cumulative to date
	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	Total Amount	Kshs	
Grants Received from Bilateral Donors (Foreign Governments)	June, 2023	670,519	-	85,155,966	-	85,155,966	118,702,692	203,858,658	
Kfw (German Government)									
Total		670,519	-	85,155,966	-	85,155,966	118,702,692	203,858,658	

State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023

Notes to the Financial Statements (Continued)

3. Purchase of Goods and Services

Description	2022-2023			2021-2022		Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Communication, supplies and services	860,190	-	860,190	705,200	1,565,390	
Domestic travel and subsistence	8,370,545	-	8,370,545	22,600,761	30,971,306	
Printing, advertising, and information supplies	406,800	-	406,800	9,526,517	9,933,317	
Training payments	-	-	-	43,925,075	43,925,075	
Hospitality supplies and services	5,181,412	-	5,181,412	4,804,976	9,986,388	
Office and general supplies and services	126,947	-	126,947	7,119,807	7,246,754	
Fuel and other Lubricants	1,269,000	-	1,269,000	1,269,470	2,538,470	
Other operating payments	-	85,155,966	85,155,966	50,000,000	135,155,966	
Routine maintenance – vehicles and other transport equipment	154,928	-	154,928	1,159,689	1,314,617	
Routine maintenance- other assets	-	-	-	509,000	509,000	
Total	<u>16,369,822</u>	<u>85,155,966</u>	<u>101,525,788</u>	<u>141,620,495</u>	<u>243,146,283</u>	

**State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023**

Notes to the Financial Statements (Continued)

4. Acquisition of Non-Financial Assets

Description	2022-2023			2021-2022		Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments		
	Kshs.	Kshs.	Kshs	Kshs	Kshs	Kshs
Purchase of office furniture & general equipment	1,174,760	-	1,174,760	1,667,125		2,841,885
Research, studies, project preparation, design & supervision	1,793,100	-	1,793,100	3,495,380		5,288,480
Total	<u>2,967,860</u>	=	<u>2,967,860</u>	<u>5,162,505</u>		<u>8,130,365</u>

State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023

Notes to the Financial Statements (Continued)

5. Cash And Cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank accounts (Note 5A)	390,118	-
Cash in hand (Note 5B)	-	-
Total	<u>390,118</u>	=

Vijana Vuka na Afya (VIVA) Project has one project account spread within the project implementation area and Zero foreign currency designated accounts managed by the National Treasury as listed below:

5.A Bank Accounts

Project Bank Accounts

Details	2022-2023	2021-2022
	Kshs	Kshs
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No1000504021]	390,118	-
Total bank account balances	<u>390,118</u>	=

6. Fund Balance Brought Forward

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank accounts	-	-
Cash in hand	-	-
Outstanding imprests and advances	-	-
Deposits and retention	-	-
Total	-	-

State Department for Youth Affairs
 Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
 Annual Report and Financial Statements for the financial year ended June 30, 2023

12. Other Important Disclosures

1. External Assistance

	2022-2023	2021-2022
Description	Kshs	Kshs
External assistance received as grants	85,155,966	118,702,692
Total	85,155,966	118,702,692

a). External assistance relating loans and grants

	2022-2023	2021-2022
Description	Kshs	Kshs
External assistance received as grants	85,155,966	118,702,692
Total	85,155,966	118,702,692

b) Undrawn external assistance

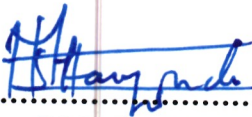
	Purpose for which the undrawn external assistance may be used	2022-2023	2021-2022
Description		Kshs	Kshs
Undrawn external assistance - grants	Youth Empowerment	621,641,342	706,797,308
Total		621,641,342	706,797,308

State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023

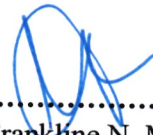
13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference on the external audit Report	No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Paragraph	1745	Unsupported expenditure	Budget properly classified	Not resolved	31 st October 2023
Paragraph	1746	Budgetary Control Performance	Monitoring and Evaluation done	Not resolved	31 st October 2023



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Ismail Maalim Madey
Principal Secretary



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Dr. Frankline N. Mbae
Project Coordinator

State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023

Annex 2: Variance explanations - Comparative Budget and Actual amounts for Current FY

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	82,609,865	19,727,800	62,882,065	24%	
Proceeds from domestic and foreign grants	180,000,000	85,155,966	94,844,034	47%	
Total Receipts	262,609,865	104,883,766	157,726,099	40%	
Payments					
Purchase of goods and services	260,769,565	101,525,788	159,243,777	39%	
Acquisition of non-financial assets	1,840,300	2,967,860	(1,127,560)	161%	
Total payments	262,609,865	104,493,648	158,116,217	40%	

Note: (i) The under expenditure was caused by late submission of invoices by the suppliers.

(ii) The over expenditure was caused by Supplementary Budget cuts effected after payments had been done.

State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023


Annex 3: Reconciliation of inter-entity transfers

Project Name: Vijana Vuka na Afya (VIVA)		Break down of transfers from the State Department for Youth Affairs		
A. Government Counterpart funding	Bank Statement Date	Amount (Kshs)	Financial Year to which the amounts relate	
National Treasury - Exchequer	05-Jan-23	1,500,000	2022/2023	
National Treasury - Exchequer	11-Jan-23	836,800	2022/2023	
National Treasury - Exchequer	26-Jan-23	3,500,000	2022/2023	
National Treasury - Exchequer	18-Apr-23	4,881,000	2022/2023	
National Treasury - Exchequer	27-Jun-23	8,400,000	2022/2023	
National Treasury - Exchequer	28-Jun-23	400,000	2022/2023	
National Treasury - Exchequer	29-Jun-23	210,000	2022/2023	
Total		19,727,800	2022/2023	
B. Direct payments	Bank Statement Date	Amount (Kshs)	Financial Year to which the amounts relate	
Kfw	15-Jun-23	28,837,091	2022/2023	
Kfw	15-Jun-23	28,837,091	2022/2023	
Kfw	26-Jun-23	27,481,784	2022/2023	
Total		85,155,966		
Total (A+B)		104,883,766		

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department for Youth Affairs.

**State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023**

Dr. Franklin N. Mbae
Project Coordinator
Vijana Vuka na Afya (VIVA) Project



Sign -----

CPA. Robert Asumani
Head of Accounting Unit
State Department for Youth Affairs & the Arts



Sign-----

**State Department for Youth Affairs
Vijana Vuka na Afya (VIVA) Project Grant No. 201367465
Annual Report and Financial Statements for the financial year ended June 30, 2023**

Annex 4: Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2021/22	Donations in form of assets (KShs) 2022/23	*Purchases/ Additions in the Year (KShs) 2022/23	**Disposals in the Year (KShs) 2022/23	Transfers in/(out) Kshs 2022/23	Closing Cost (KShs) 2023
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-d)
ICT Equipment,	1,667,125	-	1,174,760	-	-	2,841,885
Total	1,667,125	-	1,174,760	-	-	2,841,885

Annex 5: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2023
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance