

REPUBLIC OF KENYA



*Enhancing Accountability*

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**REPORT**

DATE: 06 DEC 2023

DAY:

WED

TABLED  
BY **OF**

Hon Naomi Wago, MP  
Deputy majority whip  
Miriam Mendo

CLERK AT  
THE TABLE:

**THE AUDITOR-GENERAL**

**ON**

**KENYA YOUTH EMPLOYMENT  
OPPORTUNITIES PROJECT - 58120-KE**

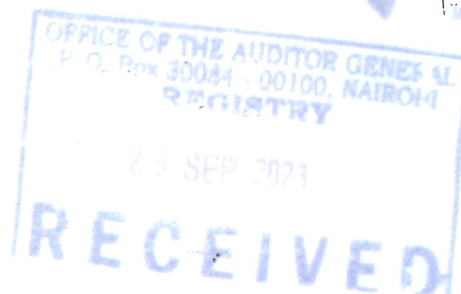
**FOR THE YEAR ENDED  
30 JUNE, 2023**

**STATE DEPARTMENT FOR LABOUR  
AND SKILLS DEVELOPMENT**





IMPROVING LABOUR MARKET INFORMATION



KENYA YOUTH EMPLOYMENT OPPORTUNITIES PROJECT  
MINISTRY OF LABOUR AND SOCIAL PROTECTION  
(STATE DEPARTMENT FOR LABOUR AND SKILLS DEVELOPMENT)  
PROJECT GRANT/CREDIT NUMBER: 58120-KE

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ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

*Kenya Youth Employment Opportunities Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023*

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1. Acronyms and Glossary of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year
KYEOP	Kenya Youth Employment Opportunities Project.

## 2. Project Information and Overall Performance

### 2.1 Name and registered office

#### Name

The project's official name is Kenya Youth Employment and Opportunities Project.

#### Objective

The key objective of the project is to increase employment and earnings opportunities for the targeted youths.

#### Address

The project headquarters offices are:

Ministry of Labour and Social Protection

State Department of Labour

Social Security House

P O Box 40326 -00100,

Block "B", 15th Floor

Nairobi, Kenya.

Email: [ps@labour.go.ke](mailto:ps@labour.go.ke)

Website: <http://www.labour.go.ke/>

The address of its registered office is in Nairobi County, Kenya

The Project does not have other offices/branches

Telephone: 0202729800/EXT4410/4403

E-mail: [ps@labour.go.ke](mailto:ps@labour.go.ke)

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

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Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	The project start date is 20 <sup>th</sup> May 2016
Project End Date:	The project end date is 31 <sup>st</sup> August 2023
Project Manager:	The project manager is Ms. Meldah Angir
Project Sponsor:	The project sponsor is GoK through a credit from World Bank IDA

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the State Department for Labour
Project number	P151831
Strategic goals of the project	The strategic goals of the project are as follows: (i) Enhancing employability through creating jobs and expanding existing ones thus increasing earnings for youth interested in self-employment or wage employment (ii) Enhancing employability of vulnerable youth by providing targeted youth with training and internships in private sector (iii) Enhance access to labour market (iv) Strengthening youth policy development and project management
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Identification of Labour Market Information system users and specify their needs. (ii) Production of LMIS content.

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	(iii) Dissemination of LMIS content and Awareness creation.
Other important background information of the project	<p>The KYEOP is a five-year Safety net project for vulnerable youth funded with a USD150million credit from the World Bank Group and whose development objective (PDO) is “to increase employment and earnings opportunities for targeted youths”. The KYEOP is implemented through four government agencies under four components as follows:</p> <p><b>Component 1: Training and Work Experience</b> – to be jointly implemented by the National Industrial Training Authority (NITA) and the Ministry of Public Service, Youth and Gender Affairs (MPYG) – USD75Million.</p> <ul style="list-style-type: none"> <li>• This component aims to address the issue of skills mismatch by providing targeted youth with trainings and internships in the Private Sector. The objective is to enhance youth employability.</li> <li>• The target is to reach over 70,000 youth</li> </ul> <p><b>Component 2: Job Creation</b> – to be jointly implemented by the Micro and Small Enterprises Authority (MSEA) and the MPYG) – USD41.5 million.</p> <ul style="list-style-type: none"> <li>• This component aims to address the issue of lack of employment opportunities. The objective is to create jobs and expand existing ones thus increasing earnings for youth interested in self-employment or wage employment.</li> <li>• The target is to reach over 30,000 youth</li> </ul> <p><b>Component 3: Improving Labour Market Information</b> – to be implemented by the Ministry of East African Community Affairs, Labour and Social protection (MEACLSP) – USD 13.5 million</p>



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	<ul style="list-style-type: none"> <li>• This component aims to address the issue of lack of labour market information (LMI). The objective is to enhance access to LMI and ensure availability of quality information in a timely manner.</li> </ul> <p>Component 4: Strengthening Youth Policy Development and Project Management – to be implemented by the MPYG – USD 20million.</p> <ul style="list-style-type: none"> <li>• This component aims to enhance the MPYG ‘s capacity for youth policy formulation, development and monitoring and evaluation as well as support the establishment and operationalization of a project coordination unit.</li> </ul> <p>The MPYG is the overall coordinator, even though each implementing agency receives and accounts for funds for the KYEOP part under them separately; with the NITA and MSEA receiving/reporting through their respective line ministries i.e. Ministry of Industry, Trade and Cooperatives and the MEACLSP respectively.</p> <p>The KYEOP is at the stage of implementation readiness where each implementing agency is in the process of setting up systems and capacity building the implementing teams.</p>
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> <li>(i) Unemployment amongst out-of-school youth</li> <li>(ii) Lack of quality and up-to-date labour market information</li> <li>(iii) Inadequate Institutional Capacity for Youth Policy Planning, Implementation and Monitoring and Evaluation</li> </ul>
<p>Project duration</p>	<p>Eight (8) Years</p>

**Project Information and Overall Performance (Continued)**

**2.4 Bankers**

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

**2.5 Independent Auditor**

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

**2.6 Roles and Responsibilities**

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

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Ms Meldah Angir	- KYEOP Coordinator - Project Officer Domestication and Revision of Standards	- Assistant Director - Labour Market Research & Analysis Department	- Project manager - In charge of KNOCS update and occupation classification standards
Mr Peter Angonga	Project Officer LMI content	Assistant Director Labour Market Research & Analysis (LMR&A) Department	Head of Market Observatory
CPA James W. Agolla	Assistant Accountant General	Accountant	In Charge of Project Account

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2.7 Funding summary

The Project is for duration of 6 years and 3 months from 2016 to 2023 with an approved budget of US\$ 8.5 million equivalent to Kshs. 901,000,000 as highlighted in the table below:

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Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 <sup>th</sup> June 2023)		Undrawn balance to date	
	Donor currency (A)	Kshs (A')	Donor currency Kshs (B)	Kshs (B')	Donor currency Kshs (A)-(B)	Kshs (A')-(B')
(i) Loan						
World Bank	8.5 Million	901 Billion	8.137 Million	862.5 Billion	0.36 Million	38.47 Billion
<b>Total</b>	<b>8.5 Million</b>	<b>901 Billion</b>	<b>8.137 Million</b>	<b>862.5 Billion</b>	<b>0.36 Million</b>	<b>38.47 Billion</b>

*[Delete the non-applicable source of funds from the table above. The amounts received to date should tie/agree to what is captured in the Statement of Receipts and Payments as applicable.]*

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Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 <sup>th</sup> June 2023)		Cumulative amount paid to date – (30 <sup>th</sup> June 2023)	Unutilised balance to date (30 <sup>th</sup> June 2023)	
	Donor currency (A)	Kshs (A')		Donor currency (A)-(B)	Kshs (A')-(B')
(i) Loan					
World Bank	8.137 Million	862.5 Billion	44,465.6 Million	0.363 Million	818,034,391.15
<b>Total</b>	<b>8.137 Million</b>	<b>862.5 Billion</b>	<b>44,465.6 Million</b>	<b>0.363 Million</b>	<b>818,034,391.15</b>

Note:

- An exchequer of USD 683,39927 equivalent of KShs. 99,366,253.85 was recorded after the closure of FY 2022/23.
- An Exchequer of USD 221,099.88 equivalent of KShs 26,030,088.85 was swept back to National Treasury Exchequer Department and has no been released back to project account.

Project information and overall performance (continued)

**2.8 Summary of Overall Project Performance:**

- i. Budget performance against actual amounts for current year and for cumulative to date, see Annex 5(vi)
- ii. The Kenya Labour Market Information System has been reengineered as planned and one of the two Standards, The International Standard Industry Classification has been domesticated and launched for official use whereby stakeholders have started using a single harmonized coding system. Two surveys have successfully been undertaken with one dataset already providing information being used to develop and disseminate labour market (LMI) indicators as planned.
- iii. The project has always gone for goods and services that ensure value for money as evidenced by audits clearing expenses incurred.  
*June 2017- 100%, June 2018 – 40%, June 2019 124%, June 2020 – 33%, June 2021 17.50%, June 2022 – 70%. June 2023 67% - see Annex 5(vi)*
- iv. The project has been affected by the late commencement after the signing of the Financing Agreement as well as late approvals both external and internal. The containment measures during the Covid-19 Pandemic affected this particular component of the project as it required meeting people in the field, having workshops/retreats and engaging stakeholders.

**2.9 Summary of Project Compliance:**

- a. The project has not been cited for any non-compliance with the applicable laws and regulations as well as essential external financing agreements/covenants.
- b. The project has not suffered any consequences on account of non-compliance.
- c. No mitigation measures have been taken or planned to be taken to alleviate adverse effects of actual or potential consequences of non-compliance as this does not apply.

### **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. Improve provision of labour market information

This component aims to address the issue of lack of labour market information (LMI). The objective is to enhance access to LMI and ensure availability of quality information in a timely manner.

#### **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:

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Below we provide the progress on attaining the stated objectives:

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Kenya Youth Employment and Opportunities Project	Improving Labour Market Information	Proper Classification of business activities for purposes of registration and taxation.	Domestication of International Standard of Industrial Classifications (ISIC) Review of the Kenya National Occupational Classification Standard	During the period under review domestication of the International Standard for Industrial Classification (ISIC) was finalized and copies of the Domesticated Version named Kenya Standard for Industrial Classification KeSIC) and the Conversion Tables Detailing the process of domestication were printed and are awaiting official launch.
		Availability of information on career choices among students and training	Review of the National Occupational Classification Standard	During the period under review, the revision of the Kenya National Occupational Classification Standard (KNOCS 2000) was finalized and a revised Standards Kenya Standard Classification of Occupation (KESCO



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			<p>Increased access of labour information by various labour market actors</p> <p>Enhanced access to Information about skills and jobs in the labour market thus reducing frictional unemployment.</p> <p>Enhanced access to LMI and availability of timely quality information.</p>	<p>Establishment based survey</p> <p>Labour Information System</p> <p>Market Information System</p>	<p>2000) Manual and Code structured was produced published and launched.</p> <p>During the period under review. Data Analysis on the Employer Skills and Occupations Survey was finalized and a report with information on skills, occupations and earning in the formal sector was published and launched.</p> <p>During the period under review, the Labour Market Observatory team developed a number of products that were reviewed and shared on the KLMIS platform.</p> <p>1. Report on information on employable skills in the labour market Information on</p>
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				<p>ESOS findings on Employment and Earnings.</p> <p>2. Analysis of continuous Household Survey Programme</p> <p>a) Kenya Employment Outlook – General</p> <p>b) Kenya Youth Employment Outlook</p> <p>c) Informality Vs Formality analysis in employment</p> <p>d) Analysis of data on Collective Bargaining Agreements (CBAs)</p>
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*(Customize as per the project objectives)*

#### **4. Environmental and Sustainability reporting**

##### **1. Sustainability strategy and profile**

KYEOP is a project under the State Department of Labour which has put up measures and strategies to ensure its programmes and projects are sustainable. Key among this measure are development of: -

- The National Policy on Labour Migration submitted and approved by National Development Implementation Committee (NDITC) awaiting approval by the National Development Implementation and Communication Committee (NDICC).
- Labour Migration Management Bill and submitted it to the Attorney General's office for drafting and Amended Section 29 of the Employment Act, 2007 to include maternity leave for parents adopting children.

##### **2. Environmental performance**

The Ministry of Labour has effectively contributed to the management and conservation of the environment for the current and future generations, the following measures have been put in place; implementing the presidential directive on achieving 10% forest cover through planting trees in its public institutions such as National Industrial Training Authority (NITA). National Social Security Fund as well participates in tree planting exercise.

##### **3. Employee welfare**

The State Department has put in place measures to improve welfare of employees. During the year under review, the state department analyzed 114 Collective Bargaining Agreements (CBAs) and forwarded them to the Employment and Labour Relations Court (ELRC) for registration. It also prepared Economic Position Papers to advise the Cabinet Secretary in Wages determination and the Wages Councils.

The State Department also implements the Occupational Safety and Health Act of 2007, clearly making the exit areas in case of emergencies and placing fire extinguishers.

**4. Market place practices-**

**a) Responsible Supply chain and supplier relations-**

Adoption of online platform for procurement of goods and services guided by the PFM, Act 2012 and PPAD Act 2015.

**b) Responsible ethical practices**

The State Department has honoured its obligations through timely payment to its suppliers.

5. Statement of Project Management responsibilities

The Principal Secretary for State Department for Labour and Skills Development and the Project Coordinator for Kenya Youth Employment and Opportunities project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 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 State Department for Labour and Skills Development and the Project Coordinator for Kenya Youth Employment and Opportunities 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 Labour and Skills Development and the Project Coordinator for Kenya Youth Employment and Opportunities project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2023, and of the Project's financial position as at that date. The Principal Secretary for Labour and Skills Development and the Project Coordinator for Kenya Youth employment and Opportunities project further confirm the completeness of the accounting records maintained for the

*Kenya Youth Employment Opportunities Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023*

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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.

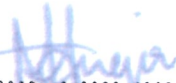
The Principal Secretary for the State Department for Labour and Skills Development and the Project Coordinator for Kenya Youth Employment and Opportunities project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that 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 Labour and Skills Development and the Project Coordinator for KYEOP on 22<sup>nd</sup> SEPTEMBER 2023 and signed by:



.....  
Geoffrey E. Kaituko  
Principal Secretary



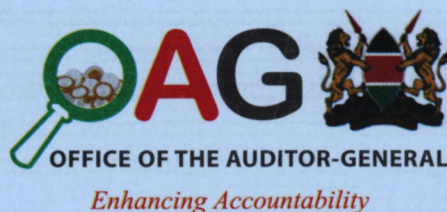
.....  
Ms. Meldah Angir  
Project Coordinator



.....  
James Agolla  
Project Accountant  
ICPAK Member No:18593

# 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 KENYA YOUTH EMPLOYMENT OPPORTUNITIES PROJECT - 58120-KE FOR THE YEAR ENDED 30 JUNE, 2023 – STATE DEPARTMENT FOR LABOUR AND SKILLS DEVELOPMENT

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### 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 intended purpose; and,
- 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

#### Opinion

I have audited the accompanying financial statements of Kenya Youth Employment Opportunities Project - 58120-KE-State Department for Labour and Skills Development, set out on pages 1 to 19, which comprise of the statement of financial assets as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows,

statement of comparison of 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 Kenya Youth Employment Opportunities Project 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 Credit No. 58120 dated 4 July, 2016 between the International Development Association (IDA) and the Government of the Republic of Kenya.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Youth Employment Opportunities Project Management in accordance with ISSAI 130 on the 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects a final receipts budget and actual amounts on comparable basis of Kshs.217,180,000 and Kshs.124,152,544 respectively resulting to an under funding of Kshs.93,027,456 or 43% of the budget. Similarly, the statement reflects a final expenditure budget amount of Kshs.217,180,000 against actual expenditure of Kshs.135,871,106 resulting in an under expenditure of Kshs.81,308,894 or 37% of the budget.

The underfunding and under expenditure may have negatively impacted on service delivery to the public.

#### **2. Unresolved Prior Year's Audit Issues**

In the audit of the previous year, 3 (Three) issues were raised under the Report on the Financial Statements. However, the issues remained unresolved as Parliament has not deliberated on the same. Further, the issues were not included in the financial statements under prior year Auditor General's recommendations as provided by the Public Sector Accounting Standards Board templates.



## 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, I confirm that nothing 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 the International Standards for Supreme Audit Institutions (ISSAIs) 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.

### **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 Financing Agreement between the International Development Association (IDA) and the Government of 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 project, so far as appears from the examination off those records, and,

- iii. The project's financial statements are in agreement with accounting records and returns.

### **Responsibilities of the 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 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 governance.

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

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

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

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

10 November, 2023

*Kenya Youth Employment Opportunities Project  
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.

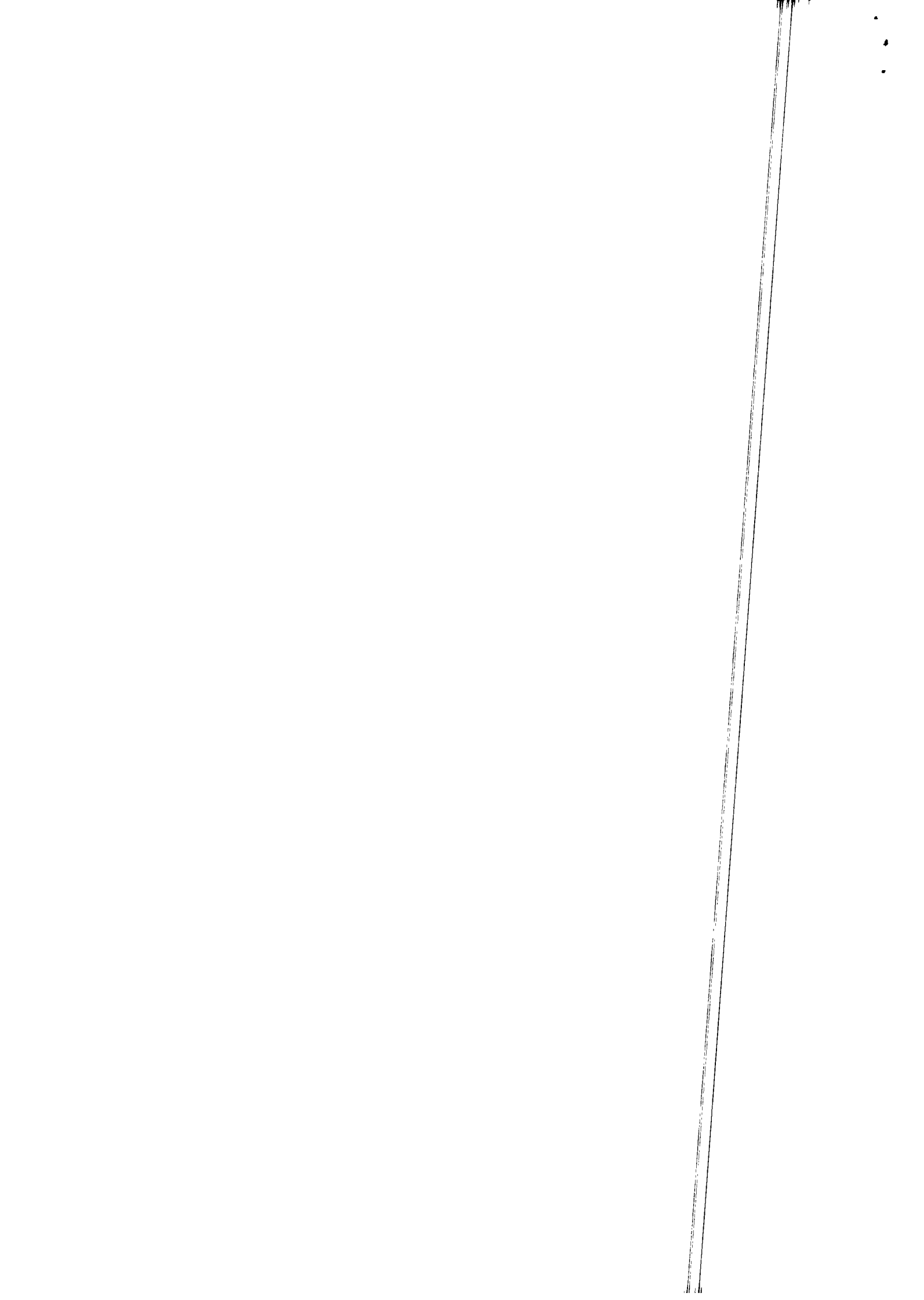
Note	Receipts and payments controlled by the entity		Payments made by third parties		Receipts and payment controlled by the entity		Payments made by third parties		Cumulative to-date (From inception)
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	2022-2023		2021-2022						
<b>Receipts</b>									
Loan from external development partners (World Bank)	1	124,152,544		124,152,544	96,943,087	96,943,087		96,943,087	746,376,666
<b>Total receipts</b>		<b>124,152,544</b>		<b>124,152,544</b>	<b>96,943,087</b>	<b>96,943,087</b>		<b>96,943,087</b>	<b>746,376,666</b>
<b>Payments</b>									
Purchase of goods and services	2	123,940,914		123,940,914	147,554,486	147,554,486		147,554,486	656,222,536
Acquisition of non-financial assets	3	11,930,192		11,930,192	36,459,640	36,459,640		36,459,640	74,621,245
<b>Total payments</b>		<b>135,871,106</b>		<b>135,871,106</b>	<b>184,014,126</b>	<b>184,014,126</b>		<b>184,014,126</b>	<b>730,843,781</b>
<b>Surplus/ (deficit)</b>		<b>(11,718,562)</b>		<b>(11,718,562)</b>	<b>(87,071,039)</b>	<b>(87,071,039)</b>		<b>(87,071,039)</b>	<b>15,532,885</b>

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

.....  
Geoffrey E. Kaituko  
Principal Secretary

.....  
Ms. Meldah Angir  
Project Coordinator

.....  
James Agolla  
Project Accountant  
ICPAK Member No:18593





*Kenya Youth Employment Opportunities Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023*


8. Statement of Financial Assets as at 30<sup>th</sup> June 2023

Description	Note	2022-2023 Kshs	2021-2022 Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	4	15,532,886	27,251,447
Total Cash and Cash equivalents		15,532,886	27,251,447
Total Financial Assets		15,532,886	27,251,447
Financial Liabilities			
Net Assets		15,532,886	27,251,447
Represented By			
Fund Balance B/fwd.	5	27,251,447	114,322,486
Surplus/(Deficit) for the Year		(11,718,562)	(87,071,039)
Net Financial Position		15,532,886	27,251,447

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 26/07/2023 and signed by:

  
.....  
Geoffrey E. Kaituko  
Principal Secretary

  
.....  
Ms. Meldah Angir  
Project Coordinator

  
.....  
James Agolla  
Project Accountant  
ICPAK Member No:18593

*Kenya Youth Employment Opportunities Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023*

9. Statement of Cashflow for the year ended 30<sup>th</sup> June 2023

Description	Notes	2022-2023 Kshs	2021-2022 Kshs
Cashflow from operating activities			
Receipts			
Total receipts		-	-
Payments			
Purchase of goods and services	2	123,940,914	147,354,486
Total Payments		123,940,914	147,554,486
Adjustments during the year			
Net cash flow from operating activities		(123,940,914)	(147,554,486)
Cashflow from investing activities			
Acquisition of non-financial assets	3	11,930,192	36,459,640
Net cash flows from investing activities		(11,930,192)	(36,459,640)
Cash flow from financing activities			
Proceeds from foreign borrowings	1	124,152,544	96,943,087
Net cash flow from financing activities		124,152,544	96,943,087
Net increase in cash and cash equivalents		(11,718,562)	(87,071,039)
Cash and cash equivalent at beginning of the year	4	27,251,437	114,322,476
Cash and cash equivalent at end of the year		15,532,875	27,251,437

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 26/07 2023 and signed by:

.....  
Geoffrey E. Kaituko  
Principal Secretary

.....  
Ms. Meldah Angir  
Project Coordinator

.....  
James Agolla  
Project Accountant  
ICPAK Member No:18593



**Kenya Youth Employment Opportunities Project  
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 30<sup>th</sup> June 2023**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual or Comparative Base	Budget Utilization Difference	% of Utilization
<b>Receipts</b>						
Transfer from Government entities						
Proceeds from domestic and fore (Loan World Bank)	217,180,000	-	217,180,000	124,152,544	93,027,456	57%
Proceeds from borrowings						
Miscellaneous receipts						
Total Receipts	217,180,000	-	217,180,000	124,152,544	93,027,456	
<b>Payments</b>						
Compensation to employees						
Purchase of goods and services	209,880,000	(7,000,000)	202,880,000	123,940,914	78,939,086	61%
Social security benefits						
Acquisition of non-financial asse	7,300,000	7,000,000	14,300,000	11,930,192	2,369,809	83%
Transfers to other government entities						
Other grants and transfers						
Total Payments	217,180,000	-	217,180,000	135,871,106	81,308,894	
Surplus or Deficit	-	-	-	(11,718,562)	11,718,562	-

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

.....  
Geoffrey E. Kaituko  
Principal Secretary

.....  
Ms. Meldah Angir  
Project Coordinator

.....  
James Agolla  
Project Accountant  
ICPAK Member No:18593

## **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 KYEOP under the State Department of Labour and Skill Development. The financial statements are for the reporting entity KYEOP 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**

KYEOP recognises all receipts from the various sources when the event occurs, and the related cash has been received.

#### **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.

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

**Significant Accounting Policies (continued)**

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 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.

**Significant Accounting Policies (continued)**

**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.

**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.

**Significant Accounting Policies (Continued)**

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

**j) 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 6 of this financial statement is a register of the contingent liabilities in the year.

**Significant Accounting Policies (Continued)**

**k) Contingent Assets**

KYEOP 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 State Department of Labour and Skill Development 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.

**l) 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.

**m) 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

**Significant Accounting Policies (Continued)**

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*.

**n) 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.

**o) 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.

**p) 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.

**q) 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.

**r) Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented *in note xx of these financial statements*.



*Kenya Youth Employment Opportunities Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023*

12. Notes to the Financial Statements

1. Loan from External Development Partners

During the financial period to 30 June 2023, we received funding from development partners in form of loans negotiated by the National Treasury 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 in Kshs	Column 1
		USD	Kshs	Kshs	2022-2023	2021-2022
IDA Credit World Bank	07-Dec-22	1,014,816		124,152,544	124,152,544	96,943,087
Total	-	1,014,816	-	124,152,544	124,152,544	96,943,087

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Notes to the Financial Statements (Continued)

2. Purchase of Goods and Services

	2022/2023			2021/2022	Cumulative to- date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Communication, supplies and services	-	-	-	876,750	2,876,750
Domestic travel and subsistence	74,377,964		74,377,964	95,524,840	423,704,080
Foreign travel and subsistence	-	-	-	89,135	19,437,699
Printing, advertising, and information supplies	6,233,956	-	6,233,956	11,819,280	23,762,362
Training payments	7,677,257	-	7,677,257	7,537,080	36,096,294
Hospitality supplies and services	14,136,455	-	14,136,455	10,576,947	57,722,100
Office General Supplies & Services	6,182,052	-	6,182,052	10,459,940	34,986,618
Fuel, Oil & Lubricants	4,814,878	-	4,814,878	5,011,600	16,711,098
Other operating payments	9,846,800	-	9,846,800	3,352,450	33,190,186
Routine maintenance – vehicles and other transport equipment	671,553	-	671,553	517,020	1,810,556
Routine maintenance- other assets	-	-	-	1,789,444	5,924,794
<b>Total</b>	<b>123,940,914</b>		<b>123,940,914</b>	<b>147,554,486</b>	<b>656,222,537</b>

*[Provide explanation as necessary]*

*Kenya Youth Employment Opportunities Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

3. Acquisition of Non-Financial Assets

	2022/2023			2021/2022	Cumulative to- date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Purchase of vehicles & other transport equipment	4,975,000	-	4,975,000	30,836,345	41,121,345
Purchase of office furniture & general equipment	4,413,110	-	4,413,110	3,677,100	11,360,268
Purchase of specialized plant, equipment and machinery	2,542,081.50	-	2,542,082	-	2,542,082
Rehabilitation & renovation of plant, equipment & machinery- Purchase of ICT Equipment	-	-	-	1,946,195	19,597,550
<b>Total</b>	<b>11,930,192</b>		<b>11,930,192</b>	<b>36,459,640</b>	<b>74,621,245</b>

[Provide explanation as necessary]

*Kenya Youth Employment Opportunities Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

4. Cash And Cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank accounts	15,532,886	27,251,447
<b>Total</b>	<b>15,532,886</b>	<b>27,251,447</b>

KYEOP has one (1) number of project accounts spread within the project implementation area and one (1) number of foreign currency designated accounts managed by the National Treasury as listed below:

11. A Bank Accounts

Project Bank Accounts

Details	2022-2023	2021-2022
	USD	USD
<b><u>Foreign Currency Accounts</u></b>		
Central Bank of Kenya A/c No1000308656	0.00	744,151.63
Total Foreign Currency balances	<u>0.00</u>	<b>744,151.63</b>
<b><u>Local Currency Accounts</u></b>	<b>Ksh</b>	<b>Ksh</b>
Central Bank of Kenya [A/c No 1000320467	15,532,886	27,251,447
Total local currency balances	<b>15,532,886</b>	<b>27,251,447</b>

5. Fund Balance Brought Forward

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank accounts	27,251,447	114,522,486
<b>Total</b>	<b>27,251,447</b>	<b>114,522,486</b>

*Kenya Youth Employment Opportunities Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

Other Important Disclosures

1. External Assistance

	FY 22/23	FY 21/22
Description	Kshs	Kshs
External assistance received as loans	124,152,544	96,943,087
<b>Total</b>	<b>124,152,544</b>	<b>96,943,087</b>

*a). External assistance relating loans and grants*

	FY 22/23	FY 21/22
Description	Kshs	Kshs
External assistance received as loans	124,152,544	96,943,087
<b>Total</b>	<b>124,152,544</b>	<b>96,943,087</b>

*b) Undrawn external assistance*

	Purpose for which the undrawn external assistance may be used	Insert Current FY 22/23	Insert Comparative FY 21/22
Description		Kshs	Kshs
Undrawn external assistance - loans		15,532,885	27,251,447
<b>Total</b>		<b>15,532,885</b>	<b>27,251,447</b>

*(This is a disclosure of the assistance not yet received as per donor agreements)*

*Kenya Youth Employment Opportunities Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023*

**Other Important Disclosures (Continued)**

*c) Classes of providers of external assistance*

	Insert Current FY 22/23	Insert Comparative FY 21/22
Description	Kshs	Kshs
Multilateral donors – World Bank	124,152,544	96,943,087
<b>Total</b>	<b>124,152,544</b>	<b>96,943,087</b>

*(Provide details of the reasons for external assistance e.g. Economic development or welfare objective, Trading activities etc.)*      *Emergency relief,*

*Kenya Youth Employment Opportunities Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023*

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Other Important Disclosures (Continued)

2. Related Party Disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The comprise of related parties to the Project

- i) Key management personnel including the program director/manager/coordinator
- ii) The implementing entity/ministry/ State Department for Labour and Skills Development

Related party transactions:


	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Compensation to Key Management		
Transfers from related parties		
Transfers from the Ministry/ department		
(Insert any other transfers received)		
Total Transfers from related parties		

*Kenya Youth Employment Opportunities Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023*

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

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)
	Unsupported cash and cash equivalent	Bank reconciliation statement available for audit	Issues Resolved, Awaiting PAC clearance	
	Inaccuracies in statement of cash-flows	Corrected in the FY 2022/ 2023	Issues Resolved, Awaiting PAC clearance	
	Inaccuracies in the statement of comparison of budget and actual amounts and budget control and performance	Explanation attached	Issues Resolved, Awaiting PAC clearance	

  
.....

Ms. Meldah Angir  
Project Coordinator



*Kenya Youth Employment Opportunities Project*

*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 %	
<b>Receipts</b>					
Transfer from Government entities	-	-	-	-	
Proceeds from domestic and foreign grants (World Bank)	217,180,000	124,152,544	93,027,456	57%	Had enough money in the account for utilization
Proceeds from borrowings	-	-	-	-	
Miscellaneous receipts	-	-	-	-	
<b>Total Receipts</b>	<b>217,180,000</b>	<b>124,152,544</b>	<b>93,027,456</b>	<b>-</b>	
<b>Payments</b>					
Compensation of employees	-	-	-	-	
Purchase of goods and services	202,880,000	123,940,914	78,939,086	61%	Delay in procurement process
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	14,300,000	11,930,192	33,525,716	83%	Delay in procurement process
Transfers to other government entities	-	-	-	-	
Other grants and transfers	-	-	-	-	
<b>Total payments</b>	<b>217,180,000</b>	<b>135,871,106</b>	<b>112,464,802</b>	<b>-</b>	

*Kenya Youth Employment Opportunities Project  
Annual Report and Financial Statements for the financial year ended June 30, 2023*

**Annex 4a: Analysis of Pending Bills**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022-2023	Outstanding Balance 2021-2022	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
Sub-Total						
Construction of civil works						
3.						
4.						
Sub-Total						
Supply of goods						
5.						
6.						
Sub-Total						
Supply of services						
7.						
8.						
Sub-Total						
Grand Total						

**NO PENDING BILLS**

*Kenya Youth Employment Opportunities Project*

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

**Annex 5: 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) 2022/23
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Purchase of vehicle & other Transport equipment	36,146,345		4,975,000			41,121,345
Office equipment, furniture and fittings	6,947,158		4,413,110			11,360,268
ICT Equipment,	-		2,542,081.50			2,542,082
Other Machinery and Equipment	19,597,550		-			19,597,550
<b>Total</b>	<b>62,691,053</b>		<b>11,930,192</b>			<b>74,621,245</b>

Notes

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

\*\* The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold. The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the project. 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

*Kenya Youth Employment Opportunities Project  
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**Annex 5: Other Support Documents**

**(i) Trial Balance as at June 30th 2023**

Column1	Column2	DR	CR
2210300 Domestic Travel and Subsistence, and Other Transportation Costs		76,065,964	
2210500 Printing , Advertising and Information Supplies and Services		6,233,956	
2210700 Training Expenses		7,677,257	
2210800 Hospitality Supplies and Servi		14,136,455	
2211100 Office and General Supplies and Services		6,182,052	
2211200 Fuel Oil and Lubricants		4,814,878	
2211300 Other Operating Expenses		8,158,800	
2220100 Routine Maintenance - Vehicles		671,553	
3110700 Purchase of Vehicles and Other Transport Equipment		4,975,000	
3111000 Purchase of Office Furniture and General Equipment		4,413,110	
3111100 Purchase of Specialised Plant, Equipment and Machinery		2,542,082	
Cash		15,532,886	
Opening Balance			27,251,447
Receipts			124,152,544
		151,403,991	151,403,991

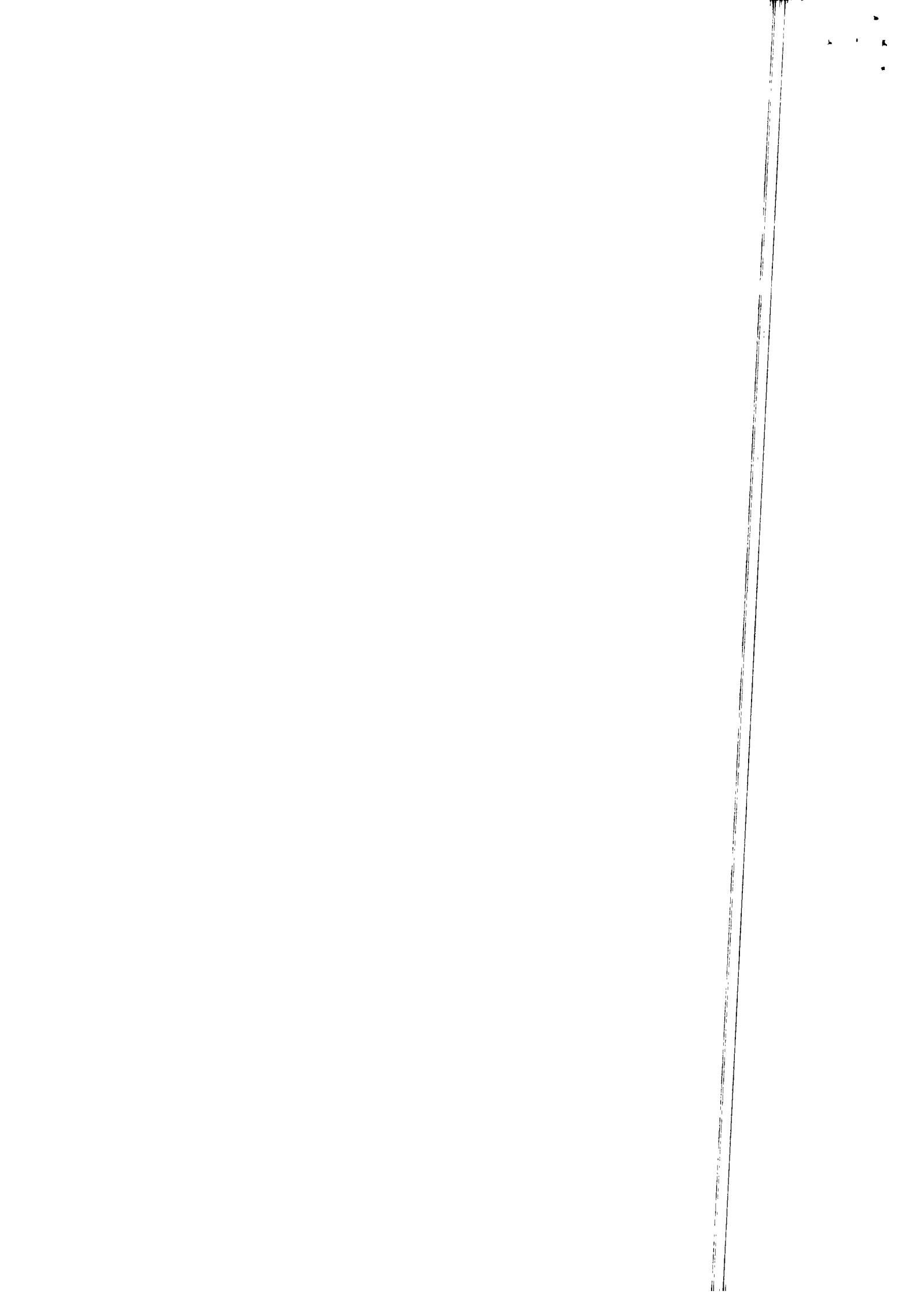
*Kenya Youth Employment Opportunities Project*

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

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**Annex 9: Other Support Documents**

- i. Bank Reconciliations statement as at 30<sup>th</sup> June 2023
- ii. Board of Survey Report
- iii. Special Deposit Account(s) reconciliation statement(s)
- iv. GOK IFMIS comparison Trial Balance (*Where applicable*)



REPUBLIC OF KENYA				F.O. 30	
STATE DEPARTMENT FOR LABOUR					
KENYA YOUTH EMPLOYMENT & OPPORTUNITIES PROJECT					
PROJECT 1184-BANK RECONCILIATION REPORT AS AT 30TH JUNE 2023					
		KSH.		CTS	
		KSH.		CTS	
BANK BALANCE AS PER BANK STATEMENT				51,366,599.35	
Less 1&2					
1 Payment in cashbook not in bank.		(35,833,713.85)			
2 Receipts in bank not in Cashbook					
<i>Sub-total</i>					
Add: 3 & 4					
3 Payment in Bank not in Cashbook					
4 Receipts in Cashbook not in bank					
<i>Sub-total</i>					
BANK BALANCE AS PER CASHBOOK				15,532,885.50	

"I certify that I have verified the Bank Balance in the cash book with the bank statement and that the above reconciliation is correct".

Signature 

Designation AAG

Date 30<sup>th</sup> Jun 20





## REPUBLIC OF KENYA

## KYEOP- (CASH BOOK)

Report of the Board of Survey on the Cash and bank Balances of State Department for Labour

as at the close of Business on 30<sup>th</sup> June, 2023 the board, consisting

of..... assembled at the office of  
the..... at 10.00 a.m. on the

24<sup>th</sup> July 2023 and the following cash was produced: -

Notes ... .. Sh. ....

Silver ... .. Sh. ....

Copper ... .. Sh. ....

Cheques (as per details on reverse) ..... Sh. ....

It was observed that cheques amounting to Sh. ....Cts.....

Had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on  
the.....

Cash on Hand ... .. Sh.

Bank Balance 51,366,599.33 Sh.

The Bank Certificate of Balance showed a sum of Shs

(Shs.....Cts.....)

Standing to the credit of the account on 30<sup>th</sup> June, 2023.

The difference between this figure and the Bank Balance as shown by the Cash Book is  
accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

Tesesa Gitau ..... Chairman

Fridah Maina ..... Secretary

Cornelius Kipgetich ..... Member

Bernard Yegon ..... Member

Date 7<sup>th</sup> July, 2023



1000303166  
1000303174  
1000303198  
1000303204  
1000320467

Kenya Commercial Bank  
P.O. Box 50000 - 00100 Nairobi, Kenya  
Telephone: 25420001, Fax: 254200122

July 10, 2023

## CERTIFICATE OF BALANCES

Customer : 131180

STATE DEPT FOR  
LABOUR

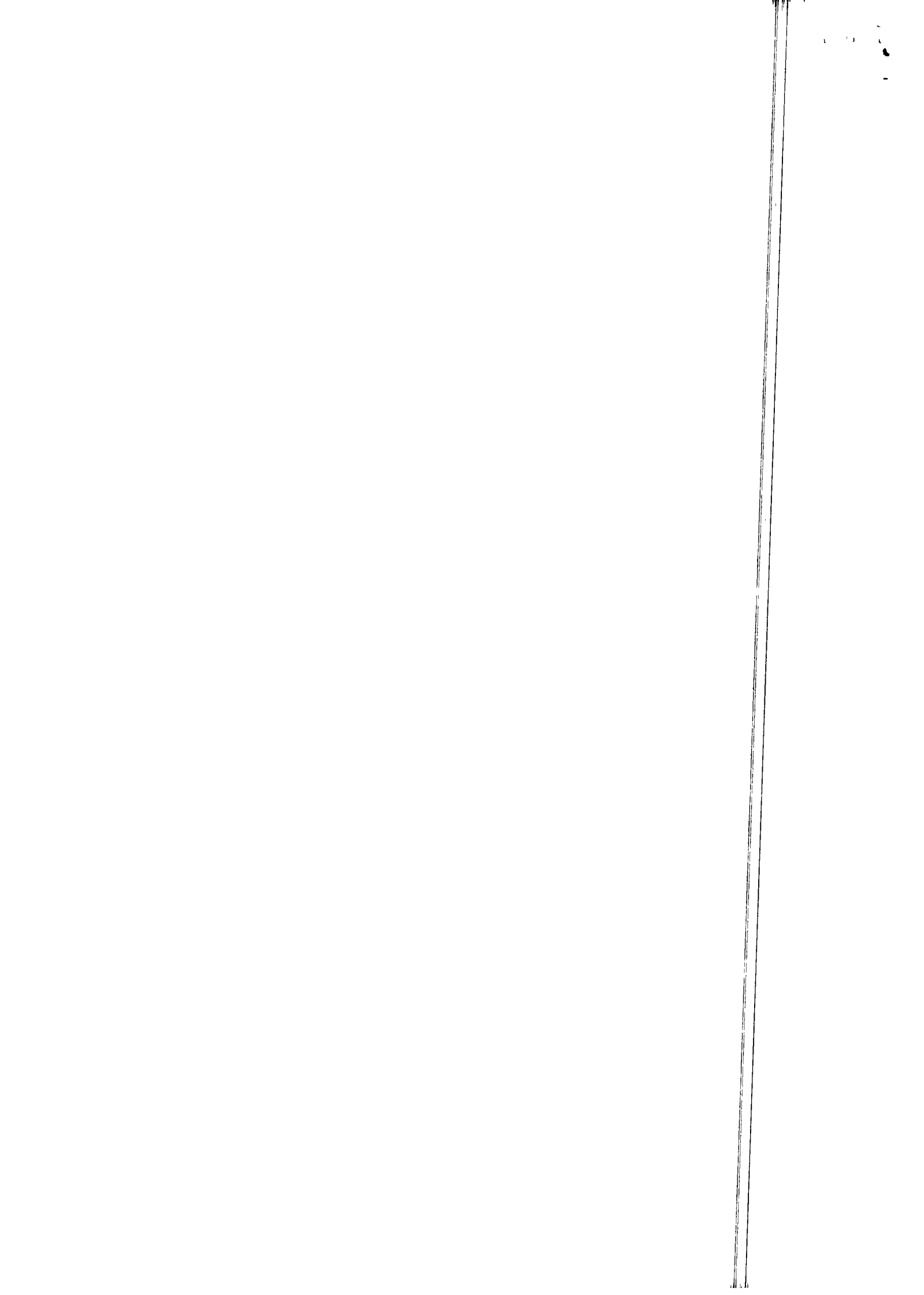
Balance

Date: 30-Jun-23

Account No	Account Name	Currency	Balance
1000303166	REC-STATE DEPT FOR LABOUR	KES	248,626,070.85
1000303174	DEV-STATE DEPT FOR LABOUR	KES	0.95
1000303198	DEP-STATE DEPT FOR LABOUR	KES	56,886,817.45
1000303204	CBK165-STATE DEPT FOR LABOUR	KES	0.00
1000320467	KENYA YOUTH EMP OPP PROJ ACCOUNT A	KES	51,366,599.35

Priscilla Keitany (Mrs)  
Authorised Signatory  
Banking Services Division

Joyce Nasieku  
Authorised Signatory  
Banking Services Division



Run Date: Run Time:  
 CENTRAL BANK OF KENYA  
 BANKI KUU YA KENYA  
 P.O. BOX 60000-0200  
 NAIROBI

STATEMENT OF ACCOUNT  
 ACCOUNT NUMBER :

PAGE NO : 1

STATEMENT PERIOD: From 01/01/2023 To 30/06/2023  
 ACCOUNT TITLE : Y.E.O.P-MIN OF LABOUR CR 5812-KE A

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
			OPENING BAL :	744,151.63	
			Value Date Reference.No Details Debit Credit		Balance
			11/01/2023 FT23011N1D9H PA129591 -744,151.63 0.00		0

CLOSING BALANCE : 0

END OF ACCOUNT STATEMENT

Favourites

TAMLE.STMT.OF.ACCT.EPRM

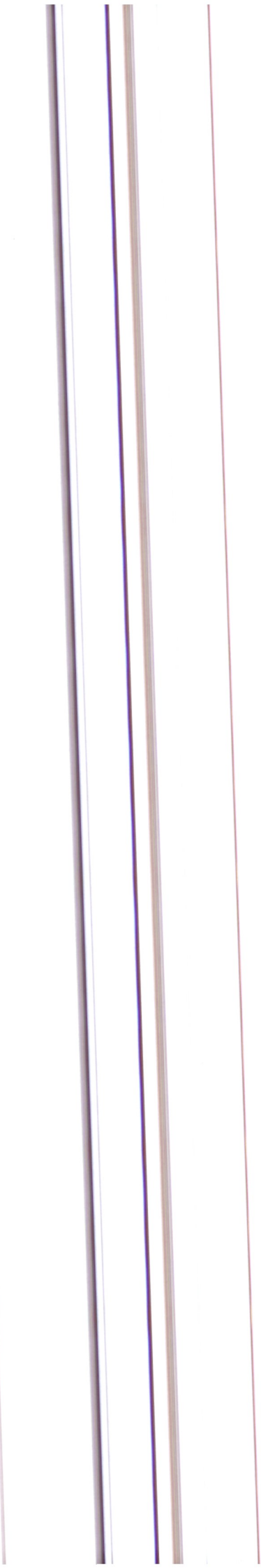
Account equals  More Options Find  
 Clear Selection

Statement From equals

Statement To equals

TAMLE.STMT.OF.ACCT.EPRM





Ministry of Labour and Social Protection  
State Department for Labour and Skills Development  
Department of National Human Resource Planning and Development  
Social Security House, Eastern Wing Block "A"  
P.O BOX 40326-00100, Nairobi  
[www.labour.go.ke](http://www.labour.go.ke)