

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

|                                      |            |
|--------------------------------------|------------|
| THE NATIONAL ASSEMBLY<br>PAPERS LAID |            |
| DATE: 22 MAR 2023                    | DAY: Wed   |
| TABLED BY:                           | Deputy LOM |
| OF                                   | modo       |

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL YOUTH SERVICE –  
MECHANICAL AND TRANSPORT FUND**

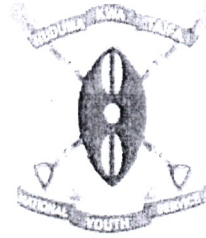
**FOR THE YEAR ENDED  
30 JUNE, 2022**

NATIONAL YOUTH SERVICE  
(Mechanical and Transport Branch)  
Annual Report and Financial Statements for the year Ending June 30, 2022

---

KENYA

2030



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

20 JAN 2023

RECEIVED

NATIONAL YOUTH SERVICE

(MECHANICAL AND TRANSPORT FUND)

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR  
ENDED JUNE 30, 2022**

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

## TABLE OF CONTENTS

|   |                                 |
|---|---------------------------------|
| 1. KEY ENTITY INFORMATION AND MANAGEMENT.....   | iii                             |
| 2. THE BOARD OF DIRECTORS.....  | viii                            |
| 3. MANAGEMENT TEAM.....   | xiii                            |
| 4. THE CHAIRMAN'S STATEMENT.....  | xv                              |
| 5. REPORT OF THE CHIEF EXECUTIVE OFFICER.....   | xvi                             |
| 6. STATEMENT OF THE NATIONAL YOUTH SERVICE (MECHANICAL AND<br>TRANSPORT FUND) PERFORMANCE AGAINST PREDETERMINED OBJECTIVES<br>FOR FY 2021/2022..... | xvii                            |
| 7. CORPORATE GOVERNANCE STATEMENT.....  | xx                              |
| 8. MANAGEMENT DISCUSSION AND ANALYSIS.....  | xxviii                          |
| 9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....  | xxviii                          |
| 10. REPORT OF THE DIRECTOR.....   | xxix                            |
| 11. STATEMENT OF DIRECTORS' RESPONSIBILITIES.....   | xxxi                            |
| 12. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL<br>STATEMENTS OF THE NATIONAL YOUTH SERVICE(MTF).....                                       | Error! Bookmark not<br>defined. |
| 13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE ENDED JUNE<br>30, 2022   |                                 |
| 14. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022.....  | 2                               |
| 15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED<br>30TH JUNE 2022.....  | 3                               |
| 16. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2022...   |                                 |
| 17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE<br>YEAR ENDED 30TH JUNE, 2022.....   | 6                               |
| NOTES TO THE FINANCIAL STATEMENTS – PART 1.....   | 7                               |
| NOTES TO THE FINANCIAL STATEMENTS – PART 2.....   | 14                              |
| 1. INCOME.....  | 14                              |
| a) Hire of Buses.....   | 14                              |
| b) Hire of machines.....  | 14                              |
| c) Borehole Drilling.....   | 14                              |
| d) Other Services.....  | Error! Bookmark not defined.    |

NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022

|     |  |    |
|-----|--|----|
| 2.  | FINANCE COSTS/BANK CHARGES.....  | 15 |
| 3.  | FUEL AND LUBRICANTS.....   | 15 |
| 4.  | REPAIR, MAINTENANCE & SERVICING .....  | 16 |
| 5.  | COST OF TYRES AND BATTERIES.....   | 16 |
| 6.  | EXPENSES FOR WELDING, SPRAYING AND WORKSHOP MATERIALS.....                       | 16 |
| 7.  | STATIONERY.....  | 18 |
| 8.  | DRILLING EXPENSES.....   | 18 |
| 9.  | OFFICE EXPENSES.....   | 18 |
| 10. | PERSONNEL ALLOWANCE .....  | 19 |
|     | 11.SUPPLY OF FABRICATION MATERIALS FOR WORKSHOP USE Error! Bookmark not defined. |    |
|     | 12. SUPPLY OF FIREFIGHTING AND DISASTER RESPONSE MATERIALS.....1                 |    |
|     | 13. EXPENSES ON NAMBA KAPIYO ROAD PROJECT, KISUMU COUNTY GOVERNMENT .....        | 19 |
|     | 14. EXPENSES ON AJIJO CHUMVI ROAD, LIAKIPIA COUNTY.....                          | 21 |
|     | 15. EXPENSES ON LENANA SCHOOL GOLF PROJECT, NAIROBI COUNTY .....                 | 21 |
|     | 16. STATUTORY REMITANCES TO KENYA REVENUE AUTHORITY – VAT ARREARS.....           | 21 |
|     | 17. DEPRECIATION OF NON-CURRENT ASSETS.....                                      | 22 |
|     | 18. CASH AND CASH EQUIVALENT .....   | 22 |
|     | 19. RECEIVABLES FROM SERVICES .....  | 22 |
|     | 20. RECEIVABLE FROM EXTERNAL OPERATION .....                                     | 20 |
|     | 21. INVENTORIES.....   | 24 |
|     | 22. VALUE OF PROPERTY, PLANT AND EQUIPMENT .....                                 | 25 |
|     | 23. TRADE PAYABLES (Paid as First Charge) .....                                  | 28 |
|     | 24. PREPAYMENTS .....  | 28 |
|     | 25. SUNDRY CREDITORS.....  | 29 |
|     | 26. FUND BALANCE.....  | 29 |
|     | 27. ULTIMATE AND HOLDING ENTITY.....   | 29 |
|     | 28. CURRENCY .....   | 29 |

## 1. KEY ENTITY INFORMATION AND MANAGEMENT

### a) Background

The National Youth Service, Mechanical and Transport Fund (MTF) was established in August, 1965 to maintain transport vehicles, equipment and machinery for efficient movement of service personnel, goods and services at NYS.

The National Youth Service Transport Funding Scheme was started in the year 1971 with support, i.e., a grant of 3.5 million USD worth of equipment from the United States Agency for International Development (USAID) through Kenya Government.

With a vision of sustainably equipping the Service beyond the donor funding, NYS transport funding scheme was established under the Government Financial Management Act (No. 5 of 2004) (NYS- Mechanical and Transport Fund) Regulations in the year 2011.

MTB's strategic objectives are therefore outlined as:

- i. To provide transport facilities to National Youth Service Units while undertaking their Programmes.
- ii. To provide transport facilities for undertaking national projects and hire to other users for generation of revenue to the fund for purposes of maintenance and renewal of vehicles, machinery and equipment.
- iii. To strengthen institutional capacity through training of youth and staff and establishing of critical structures that ensure effective service delivery.

### b) Principal Activities

The key activities of the NYS Mechanical and Transport Fund include:

- i. Provision of transport services, plant machineries and equipment to the National Youth Service to facilitate its operations in Agricultural Farms, internal infrastructure development works, supervision of general operations, general transport, and transport

staff and Servicemen and women while on national service programmes. The Fund maintains all these to enable smooth running of the activities of the Service.

- ii. The Fund also hires transport, plant machineries and equipment to other Government Agencies and the general public at Government rates in order to generate revenue for funding maintenance and renewal of vehicles, machinery and equipment.
- iii. Under the new mandate of the Service (Section 7 1 (d) of the NYS Act, 2018), MTF undertakes construction works as commercial projects to support additional revenue generation for the Service.
- iv. Provision of training services for NYS service men and women and other Agencies at the NYS Driving School.
- v. Provision of disaster response services to the Service and the general public.

**c) Key Management**

While the Minister for the parent Ministry authorizes expenditure on the Fund, the day-to-day management and control of MTF and the Fund is under the direction of the officer administering the Fund i.e. the Accounting Officer of the Service.

The officer administering the Fund appoints a Committee to advice on general management and operations of the fund.

The management committee comprises -

- a) The Deputy Director-General, Corporate Service - Chairperson
- b) Officer In-Charge MTF - Secretary
- c) Director Finance and Accounts
- d) Director, Commercial Enterprises and Marketing
- e) Head of Procurement
- f) Head of Accounting Unit
- g) Accountant MTF
- h) Supply Chain Officer MTF
- i) Officer in Charge of Workshop, MTF

NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022

---

**d) Fiduciary Management**

The key Management staff who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

| S/No | Name                         | Designation                                       | Responsibility                     |
|------|------------------------------|---|------------------------------------|
| 1.   | Matilda Sakwa (Ms.),<br>EBS  | Fund Administer (DG/CEO, NYS)                     | Officer Administering the<br>MTF   |
| 2.   | Mr. James K. Tembur,<br>MBS  | Deputy Director-General, Corporate<br>Services    | Management Committee,<br>Chairman  |
| 3.   | Mr. Peter Juma<br>Nyawira    | Senior Deputy Director/ Officer in<br>Charge      | Management Committee,<br>Secretary |
| 4.   | Mr. Francis Ngigi<br>Ndegwa  | Director, Finance and Accounts                    | Management Committee,<br>Member    |
| 5.   | Dr. James K. Kairu           | Director, SCMS                                    | Management Committee,<br>Member    |
| 6.   | Mr. Daniel K.<br>Kipchumba   | Director, Commercial Enterprises and<br>Marketing | Management Committee,<br>Member    |
| 7.   | Mr. Elias Kimani<br>Macharia | Head of Accounts Unit                             | Management Committee,<br>Member    |
| 8.   | Mr. Harrison M.<br>Rioba     | Accountant in – Charge, MTF                       | Management Committee,<br>Member    |
| 9.   | Ms. Linda Vike               | Head, SCM – MTF                                   | Management Committee,<br>Member    |
| 10.  | Mr. Sila Katwa               | Workshop in-Charge, MTF                           | Management Committee,<br>Member    |

**e) Fiduciary Oversight Arrangement**

The National Youth Service Council provides the overall internal oversight over the Fund. The following Committees assist the Council:

- i. The Council Committee on Finance and Enterprise Development;
- ii. The Council Committee on Audit and Risk Management; and

iii. The Fund Management Committee.

The Cabinet Secretary for the Ministry of Public Service and Gender, the relevant Parliamentary Committees and the Auditor General oversight of the Fund externally.

**f) Entity Headquarters**

Mechanical and Transport Fund  
P.O. Box 59432-00200  
**NAIROBI**

**g) Entity Contacts**

Telephone :( +254)8560319  
Email: nysmtbhire@gmail.com

**h) Entity Bankers**

Kenya commercial Bank Ltd  
P.O. Box 30081-00100  
Kencom House, Moi Avenue  
**NAIROBI**

**i) Bank Details**

Bank: Kenya Commercial Bank  
Branch: Moi Avenue  
Account Name: NYS Mechanical Fund  
Account No. 1128674548  
Account Type: Current

**j) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way



P.O. Box 30084

**NAIROBI.**

**k) Principal Legal Advisor**

The Attorney General (State Law Office)

Harambee Avenue

P.O. Box 40112-00200

**NAIROBI**

## 2. THE BOARD OF DIRECTORS



Lt Gen (Rtd) Njuki Mwaniki, MGH, CBS, OGW, ndc (K) -  
Chairman (Re-Appointed on 7<sup>th</sup> February, 2022)

An ardent infantry retired military Three-Star-General, Njuki Mwaniki holds a Masters of Arts in War in the Modern World (Distinction) from The King's College, London. He holds a Diploma in International Studies from the University of Nairobi, Diploma in Military strategy from the National defence University, Beijing and a Certificate in Scriptualizing from Harvard University Divinity School. He brings on board a wealth of experience in Management and Leadership of disciplined services spanning over 40 years.



Matilda P. Sakwa (Ms.), EBS – Director General/Chief Executive  
Officer/Secretary (App. 1<sup>st</sup> June, 2019)

Ms. Sakwa holds a Masters in Development Studies from the International Institute of Social Studies at The Hague, The Netherlands and a Bachelor of Arts from the University of Nairobi. She is an accomplished public servant with over thirty (30) years of diligent Service in the Public Service. She was a key player in setting up project delivery teams in a number of line ministries under the social pillar of the Vision 2030. She was a member of the inaugural team that conceptualized and established structures for the National Aids Control Council in Kenya and a member of the National Steering Committee that developed the National Action Plan on UNSCR 1325 on Women, Peace and Security.

NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)

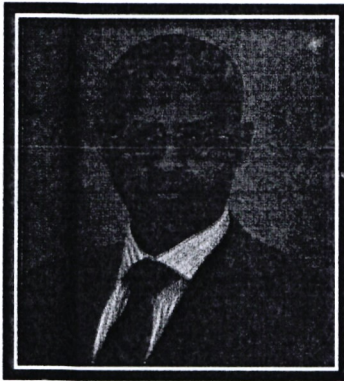
Annual Report and Financial Statements for the year Ended 30th June 2022

---



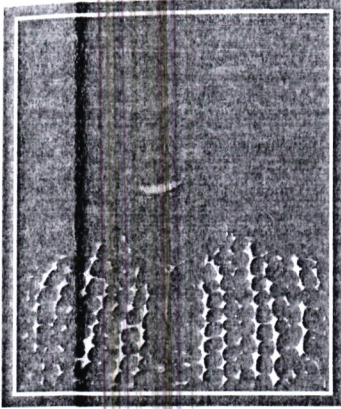
Mr. Elijah K. Wachira – Independent Member (App. on January 13, 2020)

Mr. Wachira holds an MBA in Management Information Systems and a BSc in Meteorology from the University of Nairobi and a Postgraduate Diploma in Systems Analysis and Design from Edinburgh Napier University. He is the Managing Consultant of Peak Line Consultants Limited, Nairobi. He has a wide exposure and experience in Training and Capacity Building; Performance Management Systems; and Strategic Management. Mr. Wachira has hands-on experience in corporate governance of State-owned Enterprises (GOEs) through successful formulation and implementation of corporate policies, strategy and performance management systems at the Kenya School of Government.



Mr. Ali Sahal Idris – Independent Member (Re-appointed on 7<sup>th</sup> February, 2022)

Mr. Idris holds a Master of Business Administration Degree from United States International University-Africa (USIU) and a Bachelor of Commerce in Finance from the University of Nairobi. He is also an alumnus of the Harvard University Kennedy School Executive Education Program and a Fellow of the Association of Chartered Certified Accountants in UK (FCCA). He is a Finance and Management Consultant with over 15 years' experience in finance and business management. He has worked with PricewaterhouseCoopers (PwC) in Kenya, Hass Petroleum Group, Dahabshiil Bank (renamed East Africa Bank) and Dahabshiil FZCO based in Dubai, UAE. Mr. Idris is a finance and business management advisor to a number of companies and sits on the boards of various private companies.



Dr. Nkatha Linda Gichuyia – Independent Member (Re-appointed on 7<sup>th</sup> February, 2022)

Dr. Nkatha holds a PhD in Architecture and an MPhil in Environmental Design, both from the University of Cambridge in the UK. She is currently a Lecturer at the Architecture and Building Science Department of the University of Nairobi. Recently, was got appointed as a visiting assistant professor to the University College Dublin's School of Architecture, Planning and Environmental policy for a period of 3 years beginning 1<sup>st</sup> September 2020. Dr. Nkatha is deeply involved as well in drawing both National Government and International Policy Frameworks, in her other various capacities as a knowledge broker, Gates Cambridge Scholar, practicing Architect, and as an independent researcher and urbandevelopment consultant.



Ms. Christine Achieng Odera – Independent Member (appointed on 7<sup>th</sup> February, 2022)

Ms. Odera holds an Executive Masters in Development Policy and Practice (DPP) and a Bachelors of Arts in International Relations (Peace and Conflict Studies). She is the Program Manager, School for International Training (SIT) and the current Pan-Commonwealth Coordinator/Commonwealth Youth Peace Ambassador (CYPAN). She has over 7-year wealth of experience in youth advocacy and policy development and programs.



Mr. Richard Kakunga Wambua – Independent Member (Appointed on 7<sup>th</sup> February, 2022)

Mr. Wambua holds a Bachelors of Arts in International Relations. He served as European Development Days Young Leader, CEO of MeForest Initiative, and a former Board Director at the Youth Agenda and a current Advisory Board Member of the Youth Sounding Board (Royal Danish Embassy to Kenya). He has a wealth of experience in advocacy for climate change mitigation innovations as well as youth and

NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)

Annual Report and Financial Statements for the year Ended 30th June 2022

women empowerment. From his role as Ambassador, brings a lot of experience on youth and women empowerment in multilateral affairs in the Council and Service.



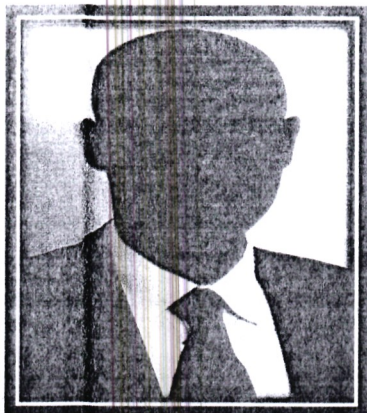
Ms. Anita Jerotich Chepseba – Alternate Member, the Attorney General

Ms. Chepseba has over 15-year experience in legal practice, including over 10 years in Public Service. She holds a Bachelor of Laws Degree (LLB) from Moi University and a Diploma in Law from Kenya School of Law.



Dr. Florence N. Muinde – Alternate Member, PS, Public Service.

Dr. Muinde holds PhD in Information Systems from the Victoria University of Wellington, New Zealand and a Masters and Bachelors in Education. She has served in various capacities in the Public Service for over thirty-one (31) years, as an educationist; Deputy Director of Programmes in the Civil Service Reforms Programme; Director, Youth Development; Director, Management Consultancy Service in charge of the Public Service Delivery Innovation and is currently the Director, Human Resource Development, State Department for Public Service. She is an active member of the following professional associations: Institute of Human Resource management (IHRM (K)); Kenya Institute of Management (KIM); Kenya Association of Public Administration Management (KAPAM); Association of Africa Public Administration (AAPAM) and the Globethics Advisory Board.



Mr. Michael Jasper Obonyo - Alternate Member, PS, National Treasury.

Mr. Obonyo holds a Masters of Arts in Communication studies (UoN, 2011) and brings on board a wealth of professional experience in public communications spanning over 27 years. He is currently the Head, Public Communications at the Pensions Department, National Treasury.



Brig. Bernard Kiprotich Jerry Korir - Alternate Member, CDF

Brig. Korir holds a Bachelors of Commerce and 2 Diplomas in Defence and Security Studies as well as Strategic Studies. He is a career military Officer with over 32 years of experience in military command, staffing and training. He served in peace and security operations with the UNPROFOR in the former Yugoslavia and in MONUC DRC. He is the current Chief of Training Development, Establishment and Equipment Tables in the Kenya Defence Forces.



Mr. Thomas Edward Saka - Alternate Member, PS, Interior

Mr. Sakah holds a Masters in Business Administration (Strategic Management) and Bachelor of Arts in Public Administration and Philosophy. He brings on the Board a wealth of over 30 years' experience in public administration.

NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)

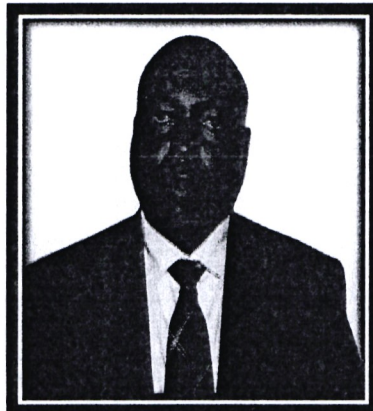
Annual Report and Financial Statements for the year Ended 30th June 2022

3. MANAGEMENT TEAM



Matilda P. Sakwa (Ms.), EBS  
Director-General/CEO  
MA. (Development Studies)

Mr. James K. Tembur, MBS  
DDG, CS&C  
MSc. Entrepreneurship



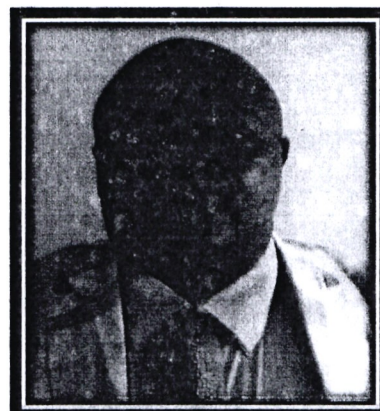
CPA. Francis Ngigi Ndegwa  
Director, Finance and Accounts  
MBA Fin. & Accounts



James Kairu  
Head: SCM  
MBA. (Strategic Mgmt.), KISM



CPA. Daniel Kipchumba Kendagor  
Director, Commercial Enterprises  
MBA (Finance)



CPA. Elias Kimani Macharia  
Head of Accounts  
MBA (Finance)



CPA. Harrison M. Rioba  
Accountant In-Charge, MTF  
BBM

#### 4. THE CHAIRMAN'S STATEMENT

The National Youth Service (NYS) was established as a State Corporation following the enactment of the NYS Act, 2018 vide a Kenya Gazette Supplement No. 160 (Acts No. 17).

The NYS (Mechanical And Transport Fund) is a critical institution to the attainment of the mandate of the National Youth Service as outlined in Section 7 of the NYS Act, 2018. The Institution has facilitated the operations of the Service with its massive transport equipment and other machineries in undertaking of capital projects and provision of essential facilities. The Council has noted with concern the ageing plant, machinery and equipment after completing their productive life. The valuation process was commissioned for purposes of advising transition of these assets as well as guiding on those that are obsolete and disposable. Depreciation of all these machines on straight line basis leads to negative financial performance of the Fund. Going forward, only plant, machinery and equipment that is usefull will be depreciated once the valuation report is finalized and filed, and assets register updated accordingly.

It is also worth mentioning that the Legal Notice that established the Fund which support the operations of MTF expired. The process of review of the Fund therefore commenced in FY 2020/2021. The review aims to restructure the MTF and enhance the Fund so as to support all commercail and enterprise activities of the Service. The management of the transport services for NYS may be seperated to allow specialization and division of labor.

I am, therefore, pleased to present the NYS (MTF) Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2022 which refelects the fair performance of the facility as per its mandate and on financially.

As per the Act that established the Fund, all accrued, earned and surplus funds shall be retained and used for the mandate of the Fund.

I am also grateful to the Government for continued support to the NYS, Mechanical and Transport Fund. Going forward, therefore, I am confident that the Service has the potential to discharge its mandate more effectively.



**LT GEN (RTD) NJUKI MWANIKI**  
**CHAIRMAN, NYS COUNCIL**





SDD, Peter Juma Nyawira  
Commanding officer  
MTF

## 5. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am pleased to present the third (3<sup>rd</sup>) Annual Report and Financial Statement for NYS, Mechanical and Transport Fund since the Service assumed a State Corporation status. During the year under review, MTF realized revenue amounting to **Ksh 452,980,465** against a target of **Ksh 695M** and reported a huge debt of **Kshs 788,211,304**. Some of the debt stretches far back to FY 1990/1991. The debt is a big threat to the productivity and sustainability of MTB. Management, therefore, has put in place an office for management and collection of debt. In the current reporting period a total of **Kshs 134,523,171** was collected from debts in the previous periods.

It is also worth noting that the Kenya Revenue Authority reviewed NYS' remittances to the agency and found the Service to be in arrears of **Kshs 217,332,932** worth of unremitted taxes in the FYs 2015/16 – 2019/20. **Kshs 144,523,171** of the arrears related to transactions at MTF. This has therefore been taken up as a contingency liability and **Ksh 10,000,000** paid during the reporting period, balance will be cleared in FY 2022/23.

In order to ensure accuracy, the Service conducted an assets valuation. The valuation of plant, machinery and vehicles as well as land and building were successfully completed in the current reporting period. The final reports are being prepared by the Ministries responsible but the preliminary results were factored in the current Financial Statements. This has therefore informed fair depreciation of assets and net book values for non-current assets and updating the Assets Register. Disposal of idle and unserviceable assets will be done in FY 2022/2023 with the submission of the final valuation reports.

Finally, the NYS Council and Management are seriously concerned with the underperformance of MTF and therefore commissioned a Restructuring Committee to review its structures and operations and recommend options that would transform MTF into an efficient and productive commercial entity for the Service.



**MATILDA P. SAKWA**

**CHIEF EXECUTIVE OFFICER**

**STATEMENT OF THE NATIONAL YOUTH SERVICE (MECHANICAL AND TRANSPORT FUND) PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022**

The NYS (MTF) planned to undertake its programmes during the FY 2021/2022 under the following three (3) result areas derived from its strategic objectives:

1. Provision of transport services to the National Youth Service;
2. Undertaking of national projects and hire of transport, machinery and equipment to other users for generation of revenue; and
3. Strengthening institutional capacity through training and building of dependable structures.

**NATIONAL YOUTH SERVICE**  
**(Mechanical and Transport Fund)**  
**Annual Report and Financial Statements for the year Ended 30th June 2022**

| S/No | Name                        | Position                      | Remarks   |
|------|-----------------------------|-------------------------------|---|
| 10.  | Dr. Florence Muinde         | Alternate Member,<br>P/S      | Still serving   |
| 11.  | Mr. Benson Mugambi          | Alternate Member,<br>Youth    | Exited on 1 <sup>st</sup> Dec. 2021 on retirement.                                |
| 12.  | Mr. Arthur Chege Nduati     | Alternate Member,<br>TNT      | Exited in September, 2021 on transfer   |
| 13.  | Mr. Richard Kakunga Wambua  | Independent<br>Member         | Appointed on 7 <sup>th</sup> February, 2022                                       |
| 14.  | Ms. Christine Achieng Odera | Independent<br>Member         | Appointed on 7 <sup>th</sup> February, 2022                                       |
| 15.  | Brig. Bernard J. Korir      | Alternate Member,<br>CDF      | Appointed on 28 <sup>th</sup> September, 2021                                     |
| 16.  | Thomas Edward Saka          | Alternate Member,<br>Interior | Appointed on 28 <sup>th</sup> October, 2021                                       |
| 17.  | Mongo Chimwaga              | Alternate Member,<br>Youth    | Appointed on 15 <sup>th</sup> March, 2022 and<br>exited on transfer in June, 2022 |
| 18.  | Matilda P Sakwa (Ms.), EBS  | Director-General<br>/CEO/Sec. | Still serving   |

The board charter and the code of ethics and conduct for the board were in place and all new Directors of the Board inducted and trained on governance matters.

The Board members were paid sitting allowances for all Full Council and Council Committee meetings attended as well as daily subsistence allowances for activities attended. The Chairman was further paid a monthly honorarium and airtime as per the Guidelines on terms and conditions of service for Chairpersons, Directors and CEOs for State Corporations.

During the period under review, the Council held six (6) meetings, including a meeting for its self-evaluation. There was no conflict of interest registered during all the meetings.

Table 2 below summarizes Members' attendance of board meetings during the reporting period.

**Table 2: Summary of members' attendance of NYS Full Board Meetings held during FY 2021/2022**

## 6. CORPORATE GOVERNANCE STATEMENT

The Council is responsible for policy formulation, strategic oversight and supervision of the Service and is accountable to stakeholders thus ensuring that NYS complies with the law and the highest standards of best practice on corporate governance and quality of service delivery.

The Council has delegated authority to the CEO to conduct the day-to-day business of the Service.

The Council, nonetheless, retains the responsibility for establishing and ensuring overall policy direction, internal controls, operational and compliance issues, as well as implementing the strategies for the success of the Service.

### Council Business

During the period under review, the NYS Council comprised of 13 members (two members were replaced mid-way), thus:

| S/No. | Name   | Position                      | Remarks  |
|-------|--|-------------------------------|--|
| 1.    | Lt. Gen (Rtd) Njuki Mwaniki,<br>MGH, CBS, OGW, ndc (K) | Chairman                      | 1 <sup>st</sup> term expired on 7 <sup>th</sup> Feb. 2022 and re-appointed on 13 <sup>th</sup> May, 2022 |
| 2.    | Mr. Adhan Nuri Berhe                                   | Independent<br>Member         | Exited on 7 <sup>th</sup> Feb. 2022  |
| 3.    | Mr. Ali Sahal Idris                                    | Independent<br>Member         | Serving 2 <sup>nd</sup> Term, re-appointed on 7 <sup>th</sup> Feb. 2022                                  |
| 4.    | Dr. Nkatha Linda Gichuyia                              | Independent<br>Member         | Serving 2 <sup>nd</sup> Term, re-appointed on 7 <sup>th</sup> Feb. 2022                                  |
| 5.    | Mr. Elijah Kimotho Wachira                             | Independent<br>Member         | Still serving 1 <sup>st</sup> Term   |
| 6.    | Mr. Vincent Ochieng Ombaka                             | Independent<br>Member         | Exited on 7 <sup>th</sup> Feb. 2022  |
| 7.    | Maj Gen Fatuma Ahmed                                   | Alternate Member,<br>CDF      | Exited in September, 2021  |
| 8.    | Ms. Anita J. Chepseba                                  | Alternate Member,<br>AG       | Still serving  |
| 9.    | Mr. Moffat Kangi                                       | Alternate Member,<br>Interior | Exited in September, 2021  |

NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)

Annual Report and Financial Statements for the year Ended 30th June 2022

| S/No. | Board member                  | Position              | 27 <sup>th</sup><br>July<br>2021 | 24 <sup>th</sup><br>Aug.<br>2021 | 14 <sup>th</sup><br>Sept.<br>2021 | 14 <sup>th</sup><br>Dec.<br>2021 | 30 <sup>th</sup><br>March,<br>2022 | 13 <sup>th</sup><br>April,<br>2022 | Att.<br>Rate<br>(%) |
|-------|-------------------------------|-----------------------|----------------------------------|----------------------------------|-----------------------------------|----------------------------------|------------------------------------|------------------------------------|---------------------|
| 1.    | Lt Gen (Rtd)<br>Njuki Mwaniki | Chairman              | P                                | 0                                | P                                 | P                                | N/A                                | N/A                                | 75                  |
| 2.    | Elijah K.<br>Wachira          | Independent<br>Member | P                                | P                                | P                                 | P                                | P                                  | P                                  | 100                 |
| 3.    | Ali Sahal Idris               | Independent<br>Member | P                                | P                                | P                                 | P                                | P                                  | P                                  | 100                 |
| 4.    | Dr. Nkatha<br>Linda Gichuyia  | Independent<br>Member | P                                | P                                | P                                 | P                                | P                                  | P                                  | 100                 |
| 5.    | Adhan Berhe                   | Independent<br>Member | P                                | P                                | P                                 | P                                | N/A                                | N/A                                | 100                 |
| 6.    | Vincent Ombaka                | Independent<br>Member | P                                | P                                | P                                 | P                                | N/A                                | N/A                                | 100                 |
| 7.    | Arthur Nduati                 |                       | 0                                | P                                | P                                 | N/A                              | N/A                                | N/A                                | 67                  |
| 8.    | Richard<br>Kakunga<br>Wambua  | Independent<br>Member | N/A                              | N/A                              | N/A                               | N/A                              | P                                  | P                                  | 100                 |
| 9.    | Christine<br>Achieng Odera    | Independent<br>Member | N/A                              | N/A                              | N/A                               | N/A                              | P                                  | P                                  | 100                 |
| 10.   | Maj Gen Fatuma<br>Ahmed       | Alternate<br>Member   | P                                | 0                                | P                                 | N/A                              | N/A                                | N/A                                | 67                  |
| 11.   | Moffat Kangi                  | Alternate<br>Member   | P                                | 0                                | 0                                 | N/A                              | N/A                                | N/A                                | 33                  |
| 12.   | Brig. Bernard<br>Korir        | Alternate<br>Member   | N/A                              | N/A                              | N/A                               | 0                                | 0                                  | P                                  | 33                  |
| 13.   | Anita J.<br>Chepseba          | Alternate<br>Member   | 0                                | P                                | 0                                 | P                                | 0                                  | P                                  | 50                  |
| 14.   | Benson Ndiira<br>Mugambi      | Alternate<br>Member   | P                                | P                                | P                                 | N/A                              | N/A                                | N/A                                | 100                 |
| 15.   | Thomas Edward<br>Saka         | Alternate<br>Member   | N/A                              | N/A                              | N/A                               | N/A                              | P                                  | P                                  | 100                 |
| 16.   | Mongo<br>Chimwaga             | Alternate<br>Member   | N/A                              | N/A                              | N/A                               | N/A                              | P                                  | 0                                  | 50                  |
| 17.   | Dr. Florence<br>Muinde        | Alternate<br>Member   | 0                                | P                                | P                                 | P                                | P                                  | 0                                  | 67                  |
| 18.   | Matilda Sakwa                 | DG/CEO                | P                                | P                                | P                                 | P                                | P                                  | P                                  | 100                 |

**NATIONAL YOUTH SERVICE**  
(Mechanical and Transport Fund)

Annual Report and Financial Statements for the year Ended 30th June 2022

| S/No                               | Board member | Position | 27 <sup>th</sup><br>July<br>2021 | 24 <sup>th</sup><br>Aug.<br>2021 | 14 <sup>th</sup><br>Sept.<br>2021 | 14 <sup>th</sup><br>Dec.<br>2021 | 30 <sup>th</sup><br>March,<br>2022 | 13 <sup>th</sup><br>April,<br>2022 | Att.<br>Rate<br>(%) |
|------------------------------------|--------------|----------|----------------------------------|----------------------------------|-----------------------------------|----------------------------------|------------------------------------|------------------------------------|---------------------|
| Rate of Attendance per Meeting (%) |              |          | 77                               | 77                               | 85                                | 90                               | 82                                 | 90                                 | 80                  |

**KEY**

|            |                   |
|------------|-------------------|
| <b>P</b>   | Present           |
| <b>0</b>   | Absent            |
| <b>N/A</b> | Not a member then |

**Committees of the Council**

The Council has four (4) committees, which meet regularly under the terms of reference set by the Council.

The Committees include:

- a) Audit and Risk Management Committee;
- b) Finance and Enterprise Development Committee;
- c) Human Resource and Administration Committee; and
- d) Operations, Training and Programmes Committee.

In compliance with section nine (9) of the State Corporations Act, Cap 446 and the Code of Governance for State Corporations (Mwongozo) the membership to the NYS Council Committees was rotated effective 15<sup>th</sup> October, 2020.

The business and members' attendance of the Council Committees during the reporting period were as follow:

**Audit and Risk Management Committee**

The Audit and Risk Management Committee meets four times a year or as necessary. It is responsible for supporting the Council and the CEO in carrying out the oversight responsibility by reviewing risk, control, performance and governance processes of the Service.

The Head of NYS Internal Audit Unit is the Secretary to the committee.

**NATIONAL YOUTH SERVICE**  
(Mechanical and Transport Fund)

Annual Report and Financial Statements for the year Ended 30th June 2022

| S/No.                        | Board member        | Position | 23 <sup>rd</sup> July,<br>2021 | 31 <sup>st</sup> August,<br>2021 | 6 <sup>th</sup> Dec.<br>2021 | 11 <sup>th</sup> April,<br>2022 | Mem. Att.<br>Rate (%) |
|------------------------------|---------------------|----------|--------------------------------|----------------------------------|------------------------------|---------------------------------|-----------------------|
| 4.                           | Dr. Nkatha Gichuyia | Member   | P                              | P                                | P                            | N/A                             | 100                   |
| 5.                           | Benson Mugambi      | Member   | P                              | P                                | P                            | N/A                             | 100                   |
| 6.                           | Thomas Saka         | Member   | N/A                            | N/A                              | N/A                          | P                               | 100                   |
| 7.                           | Christine A. Odera  | Member   | N/A                            | N/A                              | N/A                          | P                               | 100                   |
| 8.                           | Mongo Chimwaga      | Member   | N/A                            | N/A                              | N/A                          | P                               | 100                   |
| <b>Meeting Att. Rate (%)</b> |                     |          | <b>60</b>                      | <b>100</b>                       | <b>100</b>                   | <b>100</b>                      | <b>90</b>             |

**KEY**

|            |                   |
|------------|-------------------|
| <b>P</b>   | Present           |
| <b>0</b>   | Absent            |
| <b>N/A</b> | Not a member then |

**Human Resource and Administration Committee**

The primary responsibility of the Human Resource and Administration Committee is to oversight, review and recommend appropriate and effective human resource policies, strategies, procedures and practices in the Service.

During the period under review, the Human Resource and Administration Committee held six (6) meetings, attended as follows:

| S/No. | Board Member        | Position            | 19th<br>Jul.<br>2021 | 17th<br>Aug.<br>2021 | 30 <sup>th</sup><br>Aug.<br>2021 | 2 <sup>nd</sup><br>Sept.<br>2021 | 3 <sup>rd</sup><br>Nov.<br>2021 | 9 <sup>th</sup><br>Dec.<br>2021 | 6 <sup>th</sup><br>Apr.<br>2022 | 26 <sup>th</sup><br>Apr.<br>2022 | 28 <sup>th</sup><br>Jun.<br>2022 | Att.<br>Rate<br>(%) |
|-------|---------------------|---------------------|----------------------|----------------------|----------------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------|----------------------------------|---------------------|
| 1.    | Vincent Ombaka      | Chairman            | P                    | P                    | P                                | P                                | P                               | P                               | N/A                             | N/A                              | N/A                              | 100                 |
| 2.    | Anita Chepseba      | Member              | 0                    | P                    | P                                | P                                | 0                               | P                               | N/A                             | N/A                              | N/A                              | 67                  |
| 3.    | Dr. Nkatha Gichuyia | Member/<br>Chairman | P                    | P                    | 0                                | P                                | P                               | P                               | P                               | P                                | P                                | 100                 |
| 4.    | Dr. Florence Muinde | Member              | P                    | 0                    | P                                | P                                | P                               | 0                               | P                               | P                                | P                                | 78                  |
| 5.    | Moffat Kangi        | Member              | 0                    | 0                    | 0                                | 0                                | N/A                             | N/A                             | N/A                             | N/A                              | N/A                              | 00                  |



NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)

Annual Report and Financial Statements for the year Ended 30th June 2022

During the period under review, the Audit and Risk Management Committee held four (4) meetings, attended as follows:

| S/No.                        | Board member            | Position | 14 <sup>th</sup> July,<br>2021 | 8 <sup>th</sup> Sept.<br>2021 | 8 <sup>th</sup> Dec.<br>2021 | 7 <sup>th</sup> April,<br>2022 | 22nd June,<br>2022 | Member. Att.<br>Rate (%) |
|------------------------------|-------------------------|----------|--------------------------------|-------------------------------|------------------------------|--------------------------------|--------------------|--------------------------|
| 1.                           | Ali Sahal Idris         | Chairman | P                              | P                             | P                            | P                              | P                  | 100                      |
| 2.                           | Anita Chepseba          | Member   | 0                              | P                             | P                            | P                              | P                  | 80                       |
| 3.                           | Arthur C. Nduati        | Member   | P                              | P                             | N/A                          | N/A                            | N/A                | 100                      |
| 4.                           | Adhan Berhe             | Member   | P                              | P                             | P                            | N/A                            | N/A                | 100                      |
| 5.                           | Maj Gen Fatuma<br>Ahmed | Member   | 0                              | 0                             | N/A                          | N/A                            | N/A                | 0                        |
| 6.                           | Brig. Bernard<br>Korir  | Member   | N/A                            | N/A                           | 0                            | N/A                            | N/A                | 0                        |
| 7.                           | Richard K.<br>Wambua    | Member   | N/A                            | N/A                           | N/A                          | P                              | P                  | 100                      |
| <b>Meeting Att. Rate (%)</b> |                         |          | <b>60</b>                      | <b>80</b>                     | <b>75</b>                    | <b>100</b>                     | <b>100</b>         | <b>69</b>                |

**KEY**

|            |                   |
|------------|-------------------|
| <b>P</b>   | Present           |
| <b>0</b>   | Absent            |
| <b>N/A</b> | Not a member then |

**Finance and Enterprise Development Committee**

The Finance and Enterprise Development Committee oversees, determines and advises on all matters relating to the finances, enterprise, assets and liabilities (financial) of the Service.

During the period under review, the Finance and Enterprise Development Committee held six (6) meetings, attended as follows:

| S/No. | Board member      | Position | 23 <sup>rd</sup> July,<br>2021 | 31 <sup>st</sup> August,<br>2021 | 6 <sup>th</sup> Dec.<br>2021 | 11 <sup>th</sup> April,<br>2022 | Mem. Att.<br>Rate (%) |
|-------|-------------------|----------|--------------------------------|----------------------------------|------------------------------|---------------------------------|-----------------------|
| 1.    | Elijah K. Wachira | Chairman | P                              | P                                | P                            | P                               | 100                   |
| 2.    | Vincent Ombaka    | Member   | 0                              | P                                | P                            | N/A                             | 67                    |
| 3.    | Arthur C. Nduati  | Member   | 0                              | P                                | N/A                          | N/A                             | 50                    |

**NATIONAL YOUTH SERVICE**  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022

|                              |                   |        |           |           |           |           |           |           |            |            |            |           |
|------------------------------|-------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|-----------|
| 6.                           | Thomas Saka       | Member | N/A       | N/A       | N/A       | N/A       | N/A       | P         | N/A        | N/A        | N/A        | 100       |
| 7.                           | Mongo Chimwaga    | Member | N/A       | N/A       | N/A       | N/A       | N/A       | N/A       | P          | N/A        | N/A        | 100       |
| 8.                           | Richard K. Wambua | Member | N/A       | N/A       | N/A       | N/A       | N/A       | N/A       | P          | P          | P          | 100       |
| <b>Meeting Att. Rate (%)</b> |                   |        | <b>67</b> | <b>71</b> | <b>71</b> | <b>80</b> | <b>83</b> | <b>83</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>81</b> |

**KEY**

|            |                   |
|------------|-------------------|
| <b>P</b>   | Present           |
| <b>-</b>   | Absent            |
| <b>N/A</b> | Not a member then |

**Operations, Training and Programmes Committee**

The Operations, Training and Programmes Committee is responsible for oversight on the core mandate of the National Youth Service (NYS) which is youth empowerment. The committee, therefore, oversees all matters relating to paramilitary training and service regimentation, national service programmes and vocational training of the service men and women. The committee oversees formulation and implementation of policies and strategies on all technical programmes and projects in the Service. During the period under review, the Operations, Training and Programmes Committee held three (3) meetings, attended as follows:

| S/No. | Board Member         | Position | 21 <sup>st</sup> July, 2021 | 14 <sup>th</sup> Oct. 2021 | 13 <sup>th</sup> Jan. 2022 | 8 <sup>th</sup> April, 2022 | Member. Att. Rate (%) |
|-------|----------------------|----------|-----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------|
| 1.    | Adhan Berhe          | Chairman | P                           | P                          | P                          | N/A                         | 100                   |
| 2.    | Maj Gen Fatuma Ahmed | Members  | P                           | N/A                        | N/A                        | N/A                         | 100                   |
| 3.    | Ali Sahal Idris      | Member   | P                           | P                          | P                          | N/A                         | 100                   |
| 4.    | Elijah Wachira       | Member   | P                           | P                          | P                          | P                           | 100                   |
| 5.    | Benson Mugambi       | Member   | P                           | P                          | N/A                        | N/A                         | 100                   |
| 6.    | Moffat Kangi         | Member   | 0                           | 0                          | N/A                        | N/A                         | 00                    |
| 7.    | Dr. Nkatha Gichuyia  | Member   | N/A                         | N/A                        | N/A                        | P                           | 100                   |
| 8.    | Thomas Saka          | Member   | N/A                         | N/A                        | P                          | N/A                         | 100                   |
| 9.    | Brig. Bernard Korir  | Member   | N/A                         | N/A                        | 0                          | P                           | 50                    |

**NATIONAL YOUTH SERVICE**  
(Mechanical and Transport Fund)

Annual Report and Financial Statements for the year Ended 30th June 2022

| S/No.                        | Board Member       | Position | 21 <sup>st</sup> July,<br>2021 | 14 <sup>th</sup> Oct.<br>2021 | 13 <sup>th</sup> Jan.<br>2022 | 8 <sup>th</sup> April,<br>2022 | Member. Att.<br>Rate (%) |
|------------------------------|--------------------|----------|--------------------------------|-------------------------------|-------------------------------|--------------------------------|--------------------------|
| 10.                          | Christine A. Odera | Chairman | N/A                            | N/A                           | N/A                           | P                              | 100                      |
| 11.                          | Anita J. Chepseba  | Member   | N/A                            | N/A                           | N/A                           | P                              | 100                      |
| <b>Meeting Att. Rate (%)</b> |                    |          | <b>83</b>                      | <b>80</b>                     | <b>80</b>                     | <b>100</b>                     | <b>86</b>                |

**KEY**

|            |                   |
|------------|-------------------|
| <b>P</b>   | Present           |
| <b>0</b>   | Absent            |
| <b>N/A</b> | Not a member then |

## 7. MANAGEMENT DISCUSSION AND ANALYSIS

The general operational and financial performance of the NYS Mechanical and Transport Fund has been fair. The Covid-19 pandemic was a challenge for MTF just as it did to the entire Service and the entire economy domestically and internationally. However, we remain hopeful that the pandemic will be contained earliest enough to set the stage for serious recovery of the economy.

## 8. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

MTF was established to offer transport to the National Youth Service and other users on hire as well as training services for youth. This is the driving force behind all programmes. Currently, there are legislative, policy and strategy gaps. The National Youth Service Council and Management have therefore embarked on the process of ensuring MTF is restructured, strengthened and sustainable.

### **i) Sustainability strategy and profile**

The MTF Legislations expired in December, 2021 and the process of review to enhance its operations and financial strength. The Commercial and enterprise targets will be made sharper and be the focus of the new Fund. The Fund may be renamed to take care of the interests of NYS' mandate of commercializing its assets and resources as a whole.

### **ii) Environmental performance**

There has been accrual of debts at the NYS Mechanical and Transport Fund, some stretching back to the '90s. The Service is going to put in place a credit policy and structures that will ensure debt is managed at its minimal and a health customer environment maintained.

### **iii) Employee welfare**

Appropriate employee welfare schemes and practices were put in place to ensure that they remain motivated, skilled and productive.

- iv) **Responsible competition practice.**
- v) The Service put mechanisms in place measures to ensure competitive pricing and relevance in the market. Being a public agency, the costs of all products and services of MTF will be affordable by all and sundry.
- vi) **Responsible Supply chain and supplier relations**

Good relations with suppliers was ensured and the public procurement guidelines were followed to the letter.

## 9. REPORT OF THE DIRECTOR

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the *NYS – Mechanical and Transport Fund (MTF)* affairs.

### i) **Principal activities**

The principal activities of the NYS, Mechanical and Transport Fund are provision of transport services to NYS and other users on hire, provision of training services and undertaking commercial activities for purposes of maintenance and renewal of machinery and equipment.

### ii) **Results**

The results of the entity for the year ended June 30, 2022, are set out on page xvii.

### iii) **Directors**

The members of the Board of Directors who served during the year are shown on page 19 and 20. During the year the first term of the inaugural NYS Council expired on 7<sup>th</sup> February, 2022 save for one member (Mr. Wachira) whose 1<sup>st</sup> term will expire in January, 2023. The Chairman and two (2) other members (Dr. Nkatha and Mr. Ali Idris) were therefore reappointed to serve a second term on the dates indicated in the table on page 19. Two new members, Mr. Wambua and Ms. Odera, were appointed as independent members representing youth (male and female). There were replacements for alternate members representing State Departments for the National Treasury, Interior and Youth Affairs during the reporting period.

**10. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

These Financial Statements have been prepared in accordance to section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act. The Statements give a true and fair view of the state of affairs of the National Youth Service (Mechanical and Transport Fund) as at 30<sup>th</sup> June, 2022 as well as its operating results for the FY 2022/2023.

The Council, throughout the period ensured that MTF kept proper accounting records. The same have disclosed with reasonable accuracy the financial position of the National Youth Service. The assets of MTF have been secured.

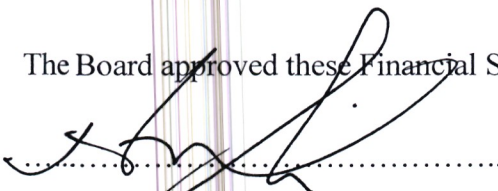
The Statements here prepared and presented by the Directors of the National Youth Service Council, give a true and fair view of the state of affairs of NYS (Mechanical and Transport Fund) for and as at the end of the financial year ended on June 30, 2022.

The Directors therefore are fully responsible for these Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the MTB's financial statements give a true and fair view of the state of the transactions of NYS during the financial year ended June 30, 2022, and of the financial position of MTF as at the stated date. The Directors further confirm the completeness of the accounting records maintained for the NYS which have been relied upon in the preparation of these financial statements as well as the adequacy of the systems of internal financial control.

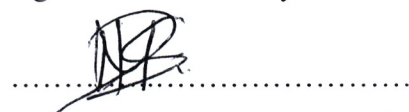
Nothing has come to the attention of the Directors to indicate that the National Youth Service will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Board approved these Financial Statements on ..., 2022, and signed on its behalf by:



**Chairperson of the Council**



**Accounting Officer/CEO**

iv) **Surplus remission**

In accordance with Regulation 7 of the Government Financial Management (National Youth Service Mechanical and Transport Fund) Regulations, the Fund retained all receipts, earnings and accruals to the Fund, and the balance of the Fund at the close of the financial year for use by Fund for the purpose of which it is established.

v) **Auditors**

The Auditor General is responsible for the statutory audit of the National Youth Service in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

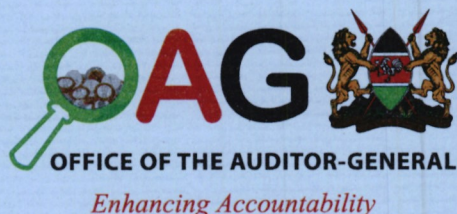
By Order of the Board

Name Manida Seku ..... Signature  ..... Date 16/01/2023

**Secretary to the Board**

# 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 NATIONAL YOUTH SERVICE - MECHANICAL AND TRANSPORT FUND FOR THE YEAR ENDED 30 JUNE, 2022**

---

### **PREAMBLE**

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal 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 National Youth Service - Mechanical and Transport Fund set out on pages 1 to 32, which comprise of the statement



of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Youth Service - Mechanical and Transport Fund as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Receivables**

The statement of financial position reflects receivables from National Youth Service (NYS) Units and receivables from external operations balances of Kshs.1,151,440,547 and Kshs.788,211,304 respectively as disclosed in Note 19 and Note 20 to the financial statements. Included in the receivables from external operations balance of Kshs.788,211,304 is an amount of Kshs.641,736,869 brought forward from 2020/2021 financial year and prior years whose ageing analysis was not provided for audit verification. Further, although the recoverability of the total receivables totaling to Kshs.1,939,651,851 is doubtful, provisions for bad and doubtful debts were not made for the receivables to recognize possible impairment of the debts.

In the circumstances, the accuracy, completeness and recoverability of the receivables totaling Kshs.1,939,651,851 as at 30 June, 2022 could not be confirmed.

#### **2. Unsupported Sundry Creditors**

The statement of financial position and as disclosed in Note 25 to the financial statements, reflects sundry creditors totaling Kshs.8,579,233. However, the supporting schedules were not provided for audit verification. Although the balance has been outstanding for a long time, the Management did not provide reasons to justify the delayed payments.

In the circumstances, the accuracy and completeness of the sundry creditors of Kshs.8,579,233 as at 30 June, 2022 could not be confirmed.

#### **3. Unconfirmed Small Vehicles, Commercial Trucks, and Plant and Machinery Balance**

The statement of financial position and as disclosed in Note 22 to the financial statements reflects total small vehicles, commercial trucks, and plant and machinery balance of Kshs.3,631,036,963. However, as previously reported, the Management had not valued the assets for financial reporting purposes since inception and the depreciation policy has

not been approved by Council. Further, furniture and fittings such as executive tables, chairs and cabinets have not been tagged with unique identification numbers.

In the circumstances, the accuracy and completeness of small vehicles, commercial trucks, and plant and machinery balance of Kshs.3,631,036,963 as at 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National youth Service - Mechanical and Transport Fund 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**

#### **1. Grounded Motor Vehicles, Plant and Equipment**

Review of the Fund's assets register revealed that one hundred and thirty (130) motor vehicles plant, machinery and equipment have been grounded for a long time due to various mechanical reasons. Management has not made any efforts to repair or to seek approval for the disposal of the assets.

In the circumstances, the assets continue to deteriorate and any salvage value that could have been realized may be lost.

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

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to resolve the issues.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed. I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing as applicable matters related to sustainability of services and using the applicable basis of accounting, unless Management is aware of the intention to terminate the Fund 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, 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 Fund'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 to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 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 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 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 Fund'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 Fund 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 Fund 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**

**01 February, 2023**

(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022

**12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2022**

| Revenue from Hiring Charges                             |    |                     |                     |
|---|----|---------------------|---------------------|
| Hire of buses   | 1a | 53,502,536          | 30,032,093          |
| Hire of water rigs, road construction, garbage & others | 1b | 251,435,021         | 560,376,392         |
| Domestic hire   | 1c | 147,922,883         | 173,742,428         |
| Other income  | 1d | 120,024             | 259,500             |
| <b>Total Revenue</b>                                    |    | <b>452,980,464</b>  | <b>764,410,413</b>  |
| Expenses  |    |                     |                     |
| Finance costs   | 2  | 271,017             | 98,742              |
| Fuel and lubricants                                     | 3  | 137,810,565         | 199,972,082         |
| Repairs, maintenances and servicing expenses            | 4  | 154,699,949         | 164,602,843         |
| Tyres and batteries                                     | 5  | 19,923,595          | 64,693,402          |
| Welding expenses  | 6  | 2,626,079           | 2,182,004           |
| Stationery  | 7  | 3,399,313           | 10,317,889          |
| Drilling expenses                                       | 8  | 11,221,575          | 20,675,113          |
| Office expenses   | 9  | 2,581,045           | 2,149,390           |
| Personnel allowance                                     | 10 | 7,360,500           | 29,988,380          |
| Supply of fabrication materials for workshop use        | 11 | 2,885,725           | 1,073,700           |
| Supply of firefighting/disaster materials               | 12 | -                   | 2,620,000           |
| Namba Kapiyo Lolwe Road, Kisumu County                  | 13 | 106,885,647         | -                   |
| Qijo – Chumvi Road, Laikipia County                     | 14 | 10,808,534          | -                   |
| Lenana Golf Course Project, Nairobi County              | 15 | 4,224,350           | -                   |
| Withholding tax in arrears                              | 16 | 144,648,988         | -                   |
| <b>Total expenses</b>                                   |    | <b>609,346,881</b>  | <b>498,373,545</b>  |
| <b>Profit/Loss before depreciation and taxes</b>        |    | <b>-156,366,417</b> | <b>266,036,868</b>  |
| Depreciation and amortization expense                   | 17 | -476,992,835        | -501,685,792        |
| Profit/loss after depreciation before taxes             |    | -633,359,250        | -235,648,924        |
| <b>Profit/loss after taxes</b>                          |    | <b>-633,359,250</b> | <b>-235,648,924</b> |

**11. STATEMENT OF FINANCIAL POSITION FOR YEAR ENDED JUNE 30, 2022**

|  | Notes | FY 2021/2022         | FY 2020/2021         |
|--|-------|----------------------|----------------------|
| Assets   |       | Kshs                 | Kshs                 |
| <b>Current Assets</b>                                    |       |                      |                      |
| Cash and cash equivalents                                | 18    | 41,961,647           | 296,178,048          |
| Receivables from NYS units                               | 19    | 1,151,440,547        | 1,003,517,664        |
| Receivables from external operations                     | 20    | 788,211,304          | 641,736,869          |
| Inventories  | 21    | 624,317,606          | 605,387,280          |
| <b>Total Current Assets A</b>                            |       | <b>2,605,931,104</b> | <b>2,546,819,860</b> |
| <b>Non-Current Assets</b>                                |       |                      |                      |
| Small vehicles, Commercial trucks, & plant and machinery | 22    | 3,631,036,963        | 4,059,317,242        |
| <b>Total Non-Current Assets B</b>                        |       | <b>3,631,036,963</b> | <b>4,059,317,242</b> |
| <b>Total assets (A+B)</b>                                |       | <b>6,236,968,067</b> | <b>6,606,137,102</b> |
| <b>Current Liabilities</b>                               |       |                      |                      |
| Trade and other payables                                 | 23    | 368,462,080          | 152,185,041          |
| Prepayments  | 24    | 13,785,756           | 13,785,756           |
| Sundry creditors   | 25    | 8,579,233            | 8,579,233            |
| <b>Total Current Liabilities C</b>                       |       | <b>390,827,069</b>   | <b>174,550,030</b>   |
| <b>Fund Balance D</b>                                    | 26    | <b>5,846,140,998</b> | <b>6,431,587,072</b> |
| <b>Total fund and liabilities(C+D)</b>                   |       | <b>6,236,968,067</b> | <b>6,606,137,102</b> |

Sign  .....

Name: Matilda P. Sakwa

DG/Fund Administrator

Date 16/01/2023

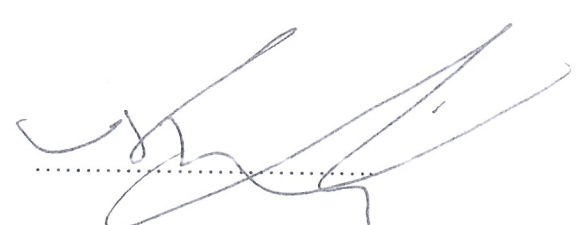
 .....

Name: Harrison Rioba

Accountant MTF

ICPAK No: 17655

Date 16/01/2023

 .....

Name: Lt. Gen (Rtd) Njuki Mwaniki

Chairman of the Board

Date 16/01/2023

NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022

**14. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH  
JUNE 2022**

|   | <b>Fund balance</b>  | <b>Retained Earnings</b> | <b>Acquisitions / Disposal</b> | <b>Prior Year Adjustment</b> | <b>Total</b>         |
|---|----------------------|--------------------------|--------------------------------|------------------------------|----------------------|
|   | <b>Kshs</b>          | <b>Kshs</b>              | <b>Kshs</b>                    | <b>Kshs</b>                  | <b>Kshs</b>          |
| <b>Balance Bought Forward As at 1st July 2020</b> | 6,665,864,508        | -                        | -                              | -                            | 6,665,864,508        |
| Loss for the year ended 30th June 2021            | -                    | -235,648,924             | -                              | -                            | -235,648,924         |
| Purchase of motor vehicle FY 2020/2021            | -                    | -                        | 17,790,585                     | 0                            | 17,790,585           |
| Prior year Adjustment                             | -                    | -                        | 0                              | -<br>16,419,097.00           | -16,419,097          |
| <b>Closing balance As at June 30th June 2021</b>  | <b>6,665,864,508</b> | <b>-235,554,924</b>      | <b>17,790,585</b>              | <b>-<br/>16,513,036.67</b>   | <b>6,431,587,072</b> |
|   |                      |                          |                                |                              |                      |
| Balance Bought Forward As at 1st July 2021        | 6,431,587,072.       | -                        | -                              | -                            | 6,431,587,072        |
| Loss for the year ended 30th June 2022            | -                    | -<br>633,359,251         | -                              | -                            | -633,359,251         |



NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022

|  |               |             |            |            |               |
|--|---------------|-------------|------------|------------|---------------|
| Prior year Adjustment  | -             | -           | -          | -1,581,470 | -1,581,470    |
| Purchase of property plant and equipment the year ended 30 June 2022 | -             | -           | 49,494,646 | -          | 49,494,646    |
| Closing balance As at June 30 <sup>th</sup> June 2022                | 6,431,587,072 | -           | 49,494,646 | -1,581,470 | 5,846,140,998 |
|  |               | 633,359,251 |            |            |               |

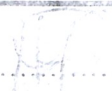
**15. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED JUNE 30, 2022**

|  | 2021/2022           | 2020/2021           |
|--|---------------------|---------------------|
|  | Kshs                | Kshs                |
| <b>Cash flows from operating activities</b>            |                     |                     |
| Surplus/loss for the year                              | -633,359,251        | -235,648,924        |
| Depreciation   | 476,992,835         | 501,685,792         |
| Increase/decrease in stock                             | -19,209,706         | -29,908,794         |
| Increase /decrease in domestic debt                    | -147,922,883        | -173,742,428        |
| Increase /decrease in external debt                    | -146,474,393        | -466,649,627        |
| Increase/decrease in prepayment                        | -                   | 4,082,798           |
| Increase/decrease in trade creditors                   | 215,757,039         | 108,461,286         |
| Increase/ decrease in difference                       | -                   | -6,754,130          |
| <b>Net cash flows from operating activities</b>        | <b>-254,216,359</b> | <b>-298,474,027</b> |
| <b>Cash flows from investing activities</b>            |                     |                     |
| Purchase of small motor vehicles                       | -                   | -17,790,585         |
| Net cash flows used in investing activities            | -                   | -                   |
| <b>Cash flows from financing activities</b>            |                     | <b>-17,790,585</b>  |
| Net increase/(decrease) in cash and cash equivalents   | -254,216,359        | -316,264,612        |
| Cash and cash equivalents at 1 <sup>st</sup> July 2021 | 296,178,006         | 612,442,618         |
| <b>Cash and Cash Equivalents at 30th June 2022</b>     | <b>41,961,647</b>   | <b>296,178,006</b>  |

NATIONAL YOUTH SERVICE

(Mechanical and Transport Fund)

Annual Report and Financial Statements for the year Ended 31st June 2023

Sign:  .....

Name: Matilda P. Sakwa

DG/Fund Administrator

Date: 16/01/2023

Sign:  .....

Name: Harrison Bioba

Accountant MTF

ICPAK No: 17655  
Date: 16/01/2023

Sign:  .....

Name: F. Geo (Tito) Nyiro

Chairman of the Board  
Date: 16/01/2023

NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2023

---

Signed here below are the Financial Statements set out on pages 1 to 5 on behalf of the NYS Council by:

Sign...............

**Name:** Matilda P. Sakwa  
DG/Fund Administrator

**Name:** Harrison Rioba  
Accountant MTF  
ICPAK No: 17655

**Name:** Lt. Gen (Rtd) Njuki Mwaniki  
Chairman of the Board

Date 16/01/2023 Date 16/01/2023 Date 16/01/2023

## NOTES TO THE FINANCIAL STATEMENTS

### a) GENERAL INFORMATION

Mechanical and Transport fund is established under legal notice No 15<sup>th</sup> of 30<sup>th</sup> January, 2011. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide mechanical and transport services, these include provision of equipment for development and maintenance of infrastructure and wide range of mechanical and technical services to both the public and private sector.

### b) STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *NYS-MTF* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022

**16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR  
ENDED 30TH JUNE, 2022**

| Details   | Original Budget<br>FY 2021/22 | Adjustment FY<br>2021/22 | Final Budget FY<br>2021/22 | Actual on<br>Comp. Basis FY<br>2021/22 |
|---|-------------------------------|--------------------------|----------------------------|--|
| Revenue   | Kshs                          | Kshs                     | Kshs                       | Kshs                                   |
| Hire of buses   | 20,000,000                    | -                        | 20,000,000                 | 53,502,537                             |
| Hire of water rig   | 20,000,000                    | 3,821,952                | 23,821,952                 | 9,931,640                              |
| Net commercial project<br>revenue (road<br>construction, garbage &<br>others)                   | 235,000,000                   | -                        | 235,000,000                | 241,503,381                            |
| Other incomes   | -                             | -                        | -                          | 120,024                                |
| Domestic hire   | 120,000,000                   | -                        | 120,000,000                | 147,922,883                            |
| Gains on disposal (A.I.A)   | 5,000,000                     | -5,000,000               | -                          | -                                      |
| <b>Total income (A)</b>   | <b>400,000,000</b>            | <b>-1,178,047</b>        | <b>398,821,952</b>         | <b>452,980,465.</b>                    |
| <b>Expenses</b>   |                               |                          |                            |  |
| Repairs, maintenance of<br>vehicles & machines and<br>equipment                                 | 200,000,000                   | -                        | 200,000,000                | 154,699,949                            |
| Fuel, oil and lubricants  | 150,000,000                   | 50,000,000               | 200,000,000                | 179,670,470                            |
| Operation expenses  | 12,500,000                    | -                        | 12,500,000                 | 5,466,770                              |
| Water drilling & geo<br>survey  | 15,000,000                    | -                        | 15,000,000                 | 10,878,575                             |
| Purchase of motor<br>vehicle & furniture &<br>computer  | 269,500,000                   | -88,551,600              | 180,948,400                | 49,494,646                             |
| Purchase of tyres   | 30,000,000                    | -                        | 30,000,000                 | 18,385,240                             |
| Purchase of batteries   | 10,000,000                    | -                        | 10,000,000                 | 5,096,306                              |
| Monitoring and evaluation   | 15,000,000                    | -                        | 15,000,000                 | 15,109,950                             |
| <b>Total expenditure (B)</b>  | <b>-702,000,000</b>           | <b>-38,551,600</b>       | <b>-663,448,400</b>        | <b>438,801,906.</b>                    |
| Surplus/Deficit for the<br>Period C=(A-B)   | <b>-302,000,000</b>           | <b>33,551,600</b>        | <b>-268,448,400</b>        | <b>14,178,559.00</b>                   |
| Previous year cash and<br>cash equivalent brought<br>forward D                                  | 296,178,048                   | -                        | 296,178,048                | 296,178,048.00                         |
| <b>Period after add<br/>previous cash &amp; cash<br/>equivalent brought<br/>forward E=(C+D)</b> | <b>5,821,952</b>              | <b>33,551,600</b>        | <b>-27,279,648</b>         | <b>310,356,607.00</b>                  |

NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022

**16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR  
ENDED 30TH JUNE, 2022**

| Details   | Original Budget<br>FY 2021/22 | Adjustments FY<br>2021/22 | Final Budget FY<br>2021/22 | Actual on<br>Comp. Basis FY<br>2021/22 |
|---|-------------------------------|---------------------------|----------------------------|--|
| Revenue   | Kshs                          | Kshs                      | Kshs                       | Kshs                                   |
| Hire of buses   | 20,000,000                    | -                         | 20,000,000                 | 53,502,537                             |
| Hire of water rig   | 20,000,000                    | 3,821,952                 | 23,821,952                 | 9,931,640                              |
| Net commercial project<br>revenue (road<br>construction, garbage &<br>others)                   | 235,000,000                   | -                         | 235,000,000                | 241,503,381                            |
| Other incomes   | -                             | -                         | -                          | 120,024                                |
| Domestic hire   | 120,000,000                   | -                         | 120,000,000                | 147,922,883                            |
| Gains on disposal (A.I.A)   | 5,000,000                     | -5,000,000                | -                          | -                                      |
| <b>Total income (A)</b>   | <b>400,000,000</b>            | <b>-1,178,047</b>         | <b>398,821,952</b>         | <b>452,980,465.</b>                    |
| <b>Expenses</b>   |                               |                           |                            |  |
| Repairs, maintenance of<br>vehicles & machines and<br>equipment                                 | 200,000,000                   |                           | 200,000,000                | 154,699,949                            |
| Fuel, oil and lubricants  | 150,000,000                   | 50,000,000                | 200,000,000                | 179,670,470                            |
| Operation expenses  | 12,500,000                    | -                         | 12,500,000                 | 5,466,770                              |
| Water drilling & geo<br>survey  | 15,000,000                    | -                         | 15,000,000                 | 10,878,575                             |
| Purchase of motor<br>vehicle & furniture &<br>computer  | 269,500,000                   | -88,551,600               | 180,948,400                | 49,494,646                             |
| Purchase of tyres   | 30,000,000                    | -                         | 30,000,000                 | 18,385,240                             |
| Purchase of batteries   | 10,000,000                    | -                         | 10,000,000                 | 5,096,306                              |
| Monitoring and evaluation   | 15,000,000                    | -                         | 15,000,000                 | 15,109,950                             |
| <b>Total expenditure (B)</b>  | <b>-702,000,000</b>           | <b>-38,551,600</b>        | <b>-663,448,400</b>        | <b>438,801,906.</b>                    |
| Surplus/Deficit for the<br>Period C=(A-B)   | <b>-302,000,000</b>           | <b>33,551,600</b>         | <b>-268,448,400</b>        | <b>14,178,559.00</b>                   |
| Previous year cash and<br>cash equivalent brought<br>forward D                                  | 296,178,048                   | -                         | 296,178,048                | 296,178,048.00                         |
| <b>Period after add<br/>previous cash &amp; cash<br/>equivalent brought<br/>forward E=(C+D)</b> | <b>5,821,952</b>              | <b>33,551,600</b>         | <b>-27,229,648</b>         | <b>310,356,607.00</b>                  |

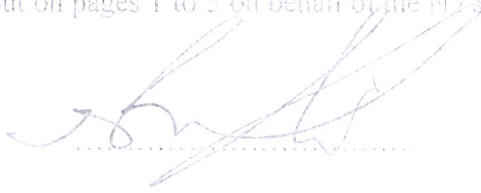
NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2023

---

Signed here below are the Financial Statements set out on pages 1 to 5 on behalf of the NYS Council by:

Sign.....





**Name:** Matilda P. Sakwa  
DG/Fund Administrator

**Name:** Harrison Rioba  
Accountant MTF  
ICPAK No: 17655

**Name:** Lt. Gen (Rtd) Njuki Mwaniki  
Chairman of the Board

Date 16/01/2023

Date 16/01/2023

Date 16/01/2023

## NOTES TO THE FINANCIAL STATEMENTS

### a) GENERAL INFORMATION

Mechanical and Transport fund is established under legal notice No 15<sup>th</sup> of 30<sup>th</sup> January, 2011. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide mechanical and transport services, these include provision of equipment for development and maintenance of infrastructure and wide range of mechanical and technical services to both the public and private sector.

### b) STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *NYS-MTF* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *MTF*.

The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**c) ADOPTION OF NEW AND REVISED STANDARDS**

Relevant new standards and amendments to published standards effective for the year ended June 30, 2018.

New and amended standards and interpretations in issue but not yet effective in the year ended June 30, 2018.

| Standard                                      | Effective Date and Impact:  |
|---|---|
| <b>IPSAS 41:</b><br><br>Financial Instruments | <b>Applicable: January 1, 2022:</b><br><br>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> <li>a) Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>b) Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>c) Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> |

NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022

| Standard                    | Effective Date and Impact:  |
|-----------------------------|---|
| Other Improvements to IPSAS | <p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>c) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>d) Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p> |

**i. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2020.

**ii. Revenue recognition**

The Mechanical and Transport Fund recognizes revenues from hiring of buses, hire of small vehicles, Lorries, equipment and heavy machines. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

The income to the fund therefore is through Commercial hire of vehicles, plant, machinery and equipment. The rate applicable for hire of equipment is contained in the Exchequer and Audit Act (cap 4-12, Mechanical and Transport Fund Regulation, 2003 (Legal Notice No .53-part B). Commercial hire comprises of hire of equipment at various public, private



institutions or individual owned projects.

All motor vehicles, plant, machinery and equipment are valued at cost, less accumulated depreciation, fully depreciated and impairment losses. The cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of motor vehicles, plants and equipment's require replacement at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, the cost of a major inspection is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

### iii. Depreciation of Non-Current Assets

The following are the classifications of MTF Assets and the Applicable Depreciations Rates

| Heavy machinery             | Distributor, Wide Loader, Vibrating Roller, Motor Grader, Excavator, Farm Machines and Roller etc.  | 5    | 20 years           |
|-----------------------------|---|------|--------------------|
| Commercial Trucks and Buses | Buses and Minibus, Dongfeng, Recovery, workshop Steyr and shacman truck, Vibrating Roller, Motor Grader, Excavator, Farm Machines and Roller etc. | 7    | 14 years, 3 months |
| Small vehicles              | Pickups, Prado land cruiser, Nissan, Peugeot and Mercedes etc.  | 10   | 10 years           |
| Furniture & fitting         | Executive table, chairs, cabinet  | 12.5 | 8 years            |
| Computer accessories        | Computers, printer laptop copiers   | 33.3 | 3 years            |

### iv. Inventories

Stock and assets are in form of spares parts and serviceable parts that are consumed in the servicing, repairs and maintenance of heavy machinery, commercial trucks and buses and

small vehicles. The value of stock indicated in the accounts relate to China phases I and II which constitutes 70% of the stock and the rest (30%) are purchased locally spare parts. The spare parts are valued at cost. The cost of inventory is its fair value.

**v. Budget information**

The National Youth Service Council and Cabinet Secretary, Ministry of Public Service and Gender approved the original budget for FY 2021-2022.

MTB's budget is prepared on the basis of the actual income and expenditure disclosed in the financial statements while the financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance.

Whereas the budget is prepared on a cash basis, the amounts in the financial statements are recast on accrual basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget is then presented in the statement of comparison of budget and actual amounts.

In addition to the basis differences, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

**vi. Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**vii. Contingent liabilities**

The Mechanical and Transport Fund 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.

**viii. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank at 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**ix. Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**x. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30<sup>th</sup> 2022.

**d) SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION  
UNCERTAINTY**

The preparation of the financial statements for the National Youth Service (MECHANICAL AND TRANSPORT FUND) is in conformity with IPSAS. In preparing the Statements, Management made judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates

could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**i. Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The National Youth Service (MECHANICAL AND TRANSPORT FUND) based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of MTB. Such changes are reflected in the assumptions when they occur.

**ii. Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a. The condition of the asset based on the assessment of experts employed by the MTB;
- b. The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- c. The nature of the processes in which the asset is deployed;
- d. Availability of funding to replace the asset; and
- e. Changes in the market in relation to the asset.

NOTES TO THE FINANCIAL STATEMENTS

1. INCOME

|   |   |                    |                    |
|---|---|--------------------|--------------------|
| <b>a) Hire of Buses</b>                                       |   |                    |                    |
| 1   | Kenya Power PLC – Meter Reading Project                         | 45,248,164         | -                  |
| 2   | KENHA HQs – Security of Government Installations                | 2,513,670          | -                  |
| 3   | KNEC – Security services during National Examinations           | 485,106            | -                  |
| 4   | Others (KMTC, KICC, KAA) – Security of Government Installations | 5,255,596          | -                  |
| <b>Total (Kshs) Hire of Buses</b>                             |   | <b>53,502,536</b>  | <b>30,032,093</b>  |
| <b>b) Hire of machines</b>                                    |   |                    |                    |
| 5   | Kisumu county – Namba Kapiyo Road Project                       | 75,045,912         | -                  |
| 6   | Laikipia county – Chumvi Road project                           | 17,114,662         | -                  |
| 7   | Hire tippers and machines by KeRRA – Meru County                | 11,621,900         | -                  |
| 8   | Lenana School – Construction of Golf Course                     | 6,375,580          | -                  |
| 9   | Hire of tippers for garbage collection – NMS                    | 18,101,283         | -                  |
| 10  | Hire tippers and machines to Lunar Park                         | 3,623,790          | -                  |
| 11  | Hire of tippers and machines for road construction – NMS        | 80,172,712         | -                  |
| 12  | Hire of tippers to Kenya Railways Corporation                   | 5,327,626          | -                  |
| 13  | <b>Hire of fire engines by Nyandarua County Government</b>      | <b>2,058,190</b>   | -                  |
| 14  | Hire of machines and equipment to commercial clients            | 22,061,725         | -                  |
| <b>Total Revenue (Ksh) Hire of machines</b>                   |   | <b>241,503,380</b> | <b>546,618,702</b> |
| <b>Borehole Drilling</b>                                      |   |                    |                    |
| 15  | Hola NYS Camp   | 2,512,136          | -                  |
| 16  | Mwatate NYS Field Unit/ Camp                                    | 3,417,881          | -                  |
| 17  | Fadhili Estate  | 547,800            | -                  |
| 18  | KMTC – Teso North   | 1,642,258          | -                  |
| 19  | GSM – Teso North  | 1,285,215          | -                  |
| 20  | Mr. Evans Matindira Nyandarua County Government                 | 1,926,350          | -                  |
| <b>Total (Kshs) Borehole Drilling</b>                         |   | <b>9,931,640</b>   | <b>13,757,690</b>  |
| <b>Hire of machines revenue add Borehole Drilling revenue</b> |   | <b>251,435,021</b> | <b>560,376,392</b> |

**NATIONAL YOUTH SERVICE**  
**(Mechanical and Transport Fund)**  
**Annual Report and Financial Statements for the year Ended 30th June 2022**

|    |  |                    |                    |
|----|--|--------------------|--------------------|
| c) | Operations of NYS (Reimbursements)           | 147,922,883        | 173,742,428        |
| d) | Drivers' Training Services                   | 120,024            | 259,500            |
|    | <b>Venue FY 2021/2022 Grand Total (Kshs)</b> | <b>452,980,464</b> | <b>764,410,413</b> |

\* The contract cost of the ongoing Namba Kapiyo road project is **Kshs 222M**. Therefore revenue earned during the reporting period is only part payment for the project.

\*\* The revenue for the period drastically decreased by **Kshs 276,524,781** due to stoppage of engagements with NMS for non-payments in the previous periods and the completion of services rendered to Kenya Railways and Ministry of Infrastructure.

### 2. FINANCE COSTS/BANK CHARGES

|                                   |                |               |
|-----------------------------------|----------------|---------------|
| Bank charges                      | 271,017        | 98,742        |
| <b>Total Finance Costs (Kshs)</b> | <b>271,017</b> | <b>98,742</b> |

The charges for the period went up due to payments of pending bills for the previous reporting period as first charge.

### 3. FUEL AND LUBRICANTS

|                     |                    |                    |
|---------------------|--------------------|--------------------|
| Lubricants          | 13,582,624         | 19,972,082         |
| Fuel                | 124,227,940        | 180,000,000        |
| <b>Total (Kshs)</b> | <b>137,810,565</b> | <b>199,972,082</b> |

The decrease in expenditure on these items was occasioned by availability of stocks carried forward from the previous reporting period as well as decrease in engagements in the current

period.

#### 4. REPAIR, MAINTENANCE & SERVICING

|  |                    |                    |
|--|--------------------|--------------------|
|  |                    |                    |
| Spare parts issued from China stock              | 229,162            | 34,684,529         |
| Spares bought locally and used during the period | 132,985,807        | 90,906,901         |
| Services expenses                                | 21,484,979         | 39,011,413         |
| <b>Total (Kshs)</b>                              | <b>154,699,948</b> | <b>164,602,843</b> |

The decrease in decrease in expenditure on these items was occasioned by availability of stocks carried forward from the previous reporting period as well as decrease in engagements in the current period.

#### 5. COST OF TYRES AND BATTERIES

|                                |                         |                   |                   |
|--------------------------------|-------------------------|-------------------|-------------------|
|                                |                         |                   |                   |
| Cost of                        | Light Vehicle           | 1,030,950         | -                 |
|                                | Batteries Heavy Vehicle | 3,936,380         | -                 |
| <b>Total Cost (Kshs)</b>       |                         | <b>4,967,330</b>  | <b>4,119,990</b>  |
| Cost of                        | Light Vehicle           | 3,660,105         | -                 |
|                                | Tyres Heavy Vehicle     | 11,296,160        | -                 |
| <b>Total Cost (Kshs)</b>       |                         | <b>14,956,265</b> | <b>60,793,402</b> |
| <b>Grand Total Cost (Kshs)</b> |                         | <b>19,923,595</b> | <b>64,693,402</b> |

The decrease in decrease in expenditure on these items was occasioned by availability of stocks carried forward from the previous reporting period as well as decrease in engagements in the current period.

#### 6. EXPENSES FOR WELDING, SPRAYING AND WORKSHOP MATERIALS

|                               |           |           |
|-------------------------------|-----------|-----------|
|                               |           |           |
| Welding and Spraying Expenses | 59,219    | 2,182,004 |
| Workshop Materials            | 2,566,860 | -         |

**NATIONAL YOUTH SERVICE**  
**(Mechanical and Transport Fund)**  
**Annual Report and Financial Statements for the year Ended 30th June 2022**

---

|                            |                  |                  |
|----------------------------|------------------|------------------|
| <b>Total Amount (Kshs)</b> | <b>2,626,079</b> | <b>2,182,004</b> |
|----------------------------|------------------|------------------|

The decrease in decrease in expenditure on these items was occasioned by availability of stocks carried forward from the previous reporting period as well as decrease in engagements in the current period.



#### 7. STATIONERY

|                                 |                  |                   |
|---------------------------------|------------------|-------------------|
|                                 |                  |                   |
| Printing papers                 | 1,133,104        | 10,317,889        |
| Toners                          | 1,699,656        | -                 |
| Office assorted items           | 566,553          | -                 |
| <b>Total Cost of Stationery</b> | <b>3,399,313</b> | <b>10,317,889</b> |

The decrease in decrease in expenditure on these items was occasioned by availability of stocks carried forward from the previous reporting period as well as decrease in engagements in the current period.

#### 8. DRILLING EXPENSES

|  |                   |                   |
|--|-------------------|-------------------|
|  |                   |                   |
| Materials and fitting equipment on all project sites | 10,878,575        | 6,191,959         |
| Purchase of three (3) new water pumps                | 343,000           | 14,483,154        |
| <b>Total Drilling Expenses (Kshs)</b>                | <b>11,221,575</b> | <b>20,675,113</b> |

The decrease in decrease in expenditure on these items was occasioned by availability of stocks carried forward from the previous reporting period as well as decrease in engagements in the current period.

#### 9. OFFICE EXPENSES

|                        |                  |                  |
|------------------------|------------------|------------------|
|                        |                  |                  |
| General administration | 1,720,697        | 2,149,390        |
| Hospitality            | 860,348          | -                |
| <b>Total (Kshs)</b>    | <b>2,581,045</b> | <b>2,149,390</b> |

**NATIONAL YOUTH SERVICE**  
**(Mechanical and Transport Fund)**  
**Annual Report and Financial Statements for the year Ended 30th June 2022**

**10. PERSONNEL ALLOWANCE**

|                           |                  |                   |
|---------------------------|------------------|-------------------|
| Daily Subsistence         | 3,454,850        | 16,665,280        |
| Extraneous Allowances     | 2,879,042        | -                 |
| Meal and Lunch Allowances | 575,808          | 6,467,400         |
| Monitoring and evaluation | 450,800          | 6,885,700         |
| <b>Total Amount Kshs</b>  | <b>7,360,500</b> | <b>29,988,380</b> |

**11. SUPPLY OF FABRICATION MATERIALS FOR WORKSHOP USE**

|                                     |                  |      |                  |
|-------------------------------------|------------------|------|------------------|
| Supply of curtains to eight offices | 2,885,725        | 0.00 | 1,073,700        |
| <b>Total (Kshs)</b>                 | <b>2,885,725</b> |      | <b>1,073,700</b> |

Being cost for curtains, R/tape, sheers hooks rods and ties to eight offices. (Adjutants office, company commanders, funding scheme, accounts, procurement co office and deputy co offices.

**12. SUPPLY OF FIREFIGHTING/DISASTER MATERAIL**

|  |          |                  |
|--|----------|------------------|
| Purchase and maintenance of firefighting and disaster responses machinery, materials and equipment | -        | 2,620,000        |
| <b>Total (Kshs)</b>  | <b>-</b> | <b>2,620,000</b> |

During the current financial year there were no purchases of firefighting and disaster responses machinery, materials and equipment.

**13. EXPENSES ON NAMBA KAPIYO ROAD PROJECT, KISUMU COUNTY GOVERNMENT**

**NATIONAL YOUTH SERVICE**  
**(Mechanical and Transport Fund)**  
**Annual Report and Financial Statements for the year Ended 30th June 2022**

---

| Road construction materials | 81,388,247         | -        |
|-----------------------------|--------------------|----------|
| Fuel                        | 19,614,800         | -        |
| Labor                       | 5,882,600          | -        |
| <b>Total Cost (Kshs)</b>    | <b>106,885,647</b> | <b>-</b> |

NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022

**14. EXPENSES ON AJIJO CHUMVI ROAD, LIAKIPIA COUNTY**

|   |                   |          |
|---|-------------------|----------|
| Cost of material order as at 30 <sup>th</sup> June 2022 | 4,812,034.        | -        |
| Cost of fuel as at 30 <sup>th</sup> June 2022           | 4,105,400         | -        |
| Cost of labor as at 30 <sup>th</sup> June 2022          | 1,891,100         | -        |
| <b>Total (Kshs)</b>                                     | <b>10,808,534</b> | <b>-</b> |

**15. EXPENSES ON LENANA SCHOOL GOLF PROJECT, NAIROBI COUNTY**

|  |                  |          |
|--|------------------|----------|
| Cost of fuel as at 30 <sup>th</sup> June 2022  | 3,224,350        | -        |
| Cost of labor as at 30 <sup>th</sup> June 2022 | 1,000,000        | -        |
| <b>Total Cost (Kshs)</b>                       | <b>4,224,350</b> | <b>-</b> |

**16. STATUTORY REMITANCES TO KENYA REVENUE AUTHORITY – VAT  
ARREARS**

|                     | Kshs               | Kshs             | Kshs              | Kshs               |
|---------------------|--------------------|------------------|-------------------|--------------------|
| <b>2015/16</b>      | 1,044,600.00       | 52,230           | 626,760           | 1,723,590          |
| 2016/17             | 9,992,948.00       | 499,647          | 4,796,615         | 15,289,210         |
| 2017/18             | 12,120,251.00      | 606,013          | 3,636,075         | 16,362,339         |
| 2018/19             | 27,928,374         | 1,396,419        | 5,027,107         | 34,351,900         |
| 2019/20             | 69,299,053         | 3,464,953        | 4,157,943         | 76,921,949         |
| <b>TOTAL (Kshs)</b> | <b>120,385,226</b> | <b>6,019,261</b> | <b>18,244,501</b> | <b>144,648,988</b> |

**17. DEPRECIATION OF NON-CURRENT ASSETS**

|                             |                       |                    |
|-----------------------------|-----------------------|--------------------|
| Heavy Machinery             | 245,465,788           | 246,520,659        |
| Commercial Trucks and Buses | 194,424,524           | 206,000,400        |
| Small Vehicles              | 35,427,052            | 48,266,361         |
| Computer accessories        | 1,161,646.00          | 779,747.00         |
| Furniture & fitting         | 513,826.00            | 118,625.00         |
| <b>Total depreciation</b>   | <b>476,992,836.00</b> | <b>501,685,792</b> |

**18. CASH AND CASH EQUIVALENT**

|                                       |                   |                    |
|---------------------------------------|-------------------|--------------------|
| Cash book bank balance                | 41,961,647        | 296,178,048        |
| Cash at hand                          | -                 | -                  |
| <b>Total cash and cash equivalent</b> | <b>41,961,647</b> | <b>296,178,048</b> |

**19. RECEIVABLES FROM NYS UNITS**

|   |                      |                      |
|---|----------------------|----------------------|
| <b>Balance B/forward</b>                        | <b>1,003,517,664</b> | <b>829,775,236</b>   |
| Add: Receivable for the period                  | 147,922,883          | 173,742,428          |
| <b>Total Receivables from operations of NYS</b> | <b>1,151,440,547</b> | <b>1,003,517,664</b> |
| Less: Reimbursements during the period          | -                    | -                    |
| <b>Closing Balance C/D</b>                      | <b>1,151,440,547</b> | <b>1,003,517,664</b> |

**NATIONAL YOUTH SERVICE**  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022

**10. RECEIVABLE FROM COMMERCIAL CLIENTS**

|  |                       |                    |
|--|-----------------------|--------------------|
| <b>Balance B/F</b>                         | <b>641,736,869.00</b> | <b>175,087,253</b> |
| Nairobi Metropolitan Services current year | 102,821,170.40        | 334,378,450        |
| Sundry Costs (to be reimbursed by NMS)     | -                     | 9,917,482          |
| Kenya Railways Corporation current year    | 5,327,626             | 115,149,853        |
| Ministry of Housing                        | -                     | 73,028,747         |
| Kenya Power -Meter reading project         | 45,248,165            | -                  |
| KeRRA Meru                                 | 11,621,900            | -                  |
| Kisumu County – Namba Kapiyo Rd            | 75,045,912            | -                  |
| Laikipia                                   | 17,114,662            | -                  |
| Lenana                                     | 6,375,580             | -                  |
| Others                                     | 17,442,590            | 52,423,650         |
| <b>Total Receivables (Kshs)</b>            | <b>922,734,475</b>    | <b>764,891,109</b> |
| Sundry Receivable                          | -                     | 6,248,671          |
| Payments made during the period            | -134,523,171          | -129,402,912       |
| <b>Total commercial receivable (Kshs)</b>  | <b>788,211,300</b>    | <b>641,736,869</b> |

Additional details on the receivables is further tabulated below:

|                                     |             |             |             |            |             |                   |
|-------------------------------------|-------------|-------------|-------------|------------|-------------|-------------------|
| Nairobi Metropolitan Services (NMS) | 344,704,777 | 102,821,170 | 447,525,948 | 15,362,417 | 432,163,530 | Project stopped   |
| Meteorological Department           | 75,985,418  | -           | 75,985,418  | -          | 75,985,418  | Project completed |
| Ministry of Lands                   | 2,985,268   | -           | -           | -          | 2,985,268   | Completed         |
| KNEC                                | 11,209,037  | 00          | 11,209,037  | 11,209,037 | 00          | On going          |

**NATIONAL YOUTH SERVICE**  
**(Mechanical and Transport Fund)**  
**Annual Report and Financial Statements for the year Ended 30th June 2022**

|   |                    |                    |                    |                    |                    |           |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|-----------|
| Kenya Power<br>-Meter<br>reading<br>project | 00                 | 45,248,165         | 45,248,165         | 36,408,932         | 8,839,233          | On going  |
| Kenya<br>Railways                           | 168,275,627        | -                  | 168,275,627        | -                  | 168,275,627        | Completed |
| KeRRA<br>Meru                               | -                  | 11,621,900         | 11,621,900         | 5,886,100          | 5,735,800          | Completed |
| Nimba<br>Kapiyo Rd                          | -                  | 75,045,912         | 75,045,912         | 6,952,783          | 63,892,628         | On going  |
| Likipia                                     | -                  | 17,114,662         | 17,114,662         | 7,500,000          | 9,614,662          | Completed |
| Anamak                                      | 7,144,998          | 9,108,017          | 13,811,055         | 3,000,000          | 10,811,055         | Stopped   |
| Lenana Golf<br>Course                       | -                  | 5,442,732          | 5,442,732          | -                  | 5,442,732          | On going  |
| Nyandarua<br>County Gov.                    | -                  | 2,023,390          | 2,023,390          | -                  | 2,023,390          | On going  |
| Other small<br>client                       | 31,431,744         | -                  | -                  | 31,431,744         | -                  | On going  |
| Adawa<br>investments<br>Co. Ltd             | -                  | 4,316,288          | 4,316,288          | 1,874,328          | 2,441,960          | On going  |
| <b>TOTAL<br/>AMOUNT</b>                     | <b>641,736,869</b> | <b>169,921,066</b> | <b>880,062,093</b> | <b>119,625,341</b> | <b>788,211,304</b> |           |

**21 . INVENTORIES**

|  |                    |                      |
|--|--------------------|----------------------|
| <b>China Phase 1&amp;11 and Local Stocks B/F</b> | <b>605,387,280</b> | <b>575,478,485</b>   |
| Add: Purchases of Spare Parts                    | 173,630,275        | 442,537,681          |
| <b>Total China Stocks (Kshs)</b>                 | <b>779,017,554</b> | <b>1,018,016,166</b> |
| Less: Stocks issued during the period            | -154,699,949       | -412,628,886         |
| <b>Total Inventories (Kshs)</b>                  | <b>624,317,605</b> | <b>-605,387,280</b>  |

**NATIONAL YOUTH SERVICE**  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022

---

**22. VALUE OF PROPERTY, PLANT AND EQUIPMENT**

|   | Plant & Machinery (5%) | Trucks Commercial (7%) | Motor vehicles (10%) | Computers (33.3%) | Furniture (12.5%) | Total              |
|---|------------------------|------------------------|----------------------|-------------------|-------------------|--------------------|
| Value as at 1 <sup>st</sup> July, 2020                      | Kshs 4,951,510,586     | Kshs 3,142,820,107     | Kshs 607,155,304     | Kshs -            | Kshs -            | Kshs 8,701,485,997 |
| Additions   | -                      | -                      | 14,500,000           | 2,341,585         | 949,000           | 17,790,585         |
| Disposals   | -                      | -                      | -                    | -                 | -                 | -                  |
| Less: Fully Depreciated / Adjustments                       | 21,097,412             | 199,957,257            | 138,991,691          | -                 | -                 | 360,046,360        |
| Value as at 30 <sup>th</sup> June, 2021 before Depreciation | 4,930,413,174          | 2,942,862,850          | 482,663,613          | 2,341,585         | 949,000           | 8,359,230,222      |



**NATIONAL YOUTH SERVICE**  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022

|   |                |                |              |           |           |                |
|---|----------------|----------------|--------------|-----------|-----------|----------------|
| Accumulated Depreciation and impairment as at 1 <sup>st</sup> July 2020             | -1,963,155,738 | -1,623,340,470 | -211,730,980 | -         | -         | -3,798,227,188 |
| Depreciation as at 30th June 2021   | -246,520,659   | -206,000,400   | -48,266,361  | -779,748  | -118,625  | -501,685,792   |
| Accumulated Depreciation as 30th June, 2021   | -2,209,676,397 | -1,629,383,613 | -121,005,650 | -779,748  | -118,625  | -3,960,964,032 |
| Net Book Value as at 30 <sup>th</sup> June, 2021                                    | 2,720,736,777  | 1,113,521,981  | 222,666,272  | 1,561,837 | 830,375   | 4,059,317,242  |
| Value of assets as at 1 <sup>st</sup> July 2021 before Accumulated Depreciation (A) | 4,930,413,174  | 2,942,862,850  | 482,663,613  | 2,341,585 | 949,000   | 8,359,230,222  |
| Additions   | 0              | 34,587,600     | 10,598,600   | 1,146,840 | 3,161,606 | 49,494,646     |

**NATIONAL YOUTH SERVICE**  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022

|   |               |                  |                |              |              |                  |   |
|---|---------------|------------------|----------------|--------------|--------------|------------------|---|
| Disposals   | -             | -                | -              | -            | -            | -                | - |
| Less: Fully Depreciated / Adjustments             | -21,097,412   | -199,957,257     | -138,991,691   | -            | -            | -360,046,360     |   |
| Total Value of assets as at 30th June 2022        | 4,909,315,762 | 2,777,493,193.00 | 354,270,522.00 | 3,488,425.00 | 4,110,606.00 | 8,048,678,508.00 |   |
| Accumulated Depreciation as 1st July, 2021        | 2,209,676,397 | 1,829,340,870    | 259,997,341    | 1,561,837    | 118,625      | 4,300,695,070    |   |
| Less: Fully Depreciated / Adjustments             | -21,097,412   | -199,957,257     | -138,991,691   | -            | -            | -360,046,360     |   |
| Depreciation and impairment as at 30th June, 2022 | 245,465,788   | 194,424,524      | 35,427,052     | 1,161,646    | 513,826      | 476,992,835      |   |
| Accumulated Depreciation as at 30th June 2022     | 2,434,044,773 | 1,823,808,136    | 156,432,703    | 2,723,483    | 632,451      | 4,417,641,545    |   |
| Net Book Value as at 30th June 2022               | 2,475,270,989 | 953,685,057      | 197,837,820    | 764,942      | 3,478,155    | 3,631,036,963    |   |

NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022

**23. TRADE PAYABLES (Paid as First Charge)**

| 17. Trade Accounts Payable for supply of spare parts, oils and lubricants and service parts    |                    |                    |
|--|--------------------|--------------------|
| Kenya Revenue Authority – VAT Arrears for the periods FY 2015/16 – FY 2019/20                  | 134,648,988        | -                  |
| Suppliers on the Namba Kapiyo Lolwe Road Project, Kisumu County                                | 98,574,541         | -                  |
| Suppliers on the Lenana Golf Course Project, Nairobi County                                    | 8,445,035          | -                  |
| Isuzu Kenya Ltd – Purchase of six (6) new motor vehicles [4 troop carries and 2 double cabins] | 45,186,200         | -                  |
| Suppliers on the Ojijo-Chumvi Road Project, Laikipia County                                    | 4,806,000          | -                  |
| Suppliers for tires  | 17,497,340         | -                  |
| Suppliers for lubricants   | 7,795,569          | -                  |
| Suppliers for assorted spare parts   | 42,857,352         | 147,153,779        |
| Suppliers for stationeries   | 3,340,230          | -                  |
| Suppliers for drilling materials   | 2,425,100          | -                  |
| Suppliers for office accessories and maintenance materials                                     | 2,885,725          | -                  |
| <b>18. Allowances for personnel (unpaid per diem)</b>  | <b>0</b>           | <b>5,031,262</b>   |
| <b>Total Trade Payable</b>   | <b>368,462,080</b> | <b>152,185,041</b> |

**24. PREPAYMENTS**

|   |                   |                   |
|---|-------------------|-------------------|
| KERRA-Marakwet Road Project                                       | 10,966,488        | 10,966,488        |
| Frontier engineering  | 1,017,018         | 1,017,018         |
| Demolition of unwanted structures by the Ministry of Public works | 909,264           | 909,263           |
| Embu county government  | 57,127            | 57,126            |
| Ruiru prison for Irrigation project                               | 726,660           | 726,660           |
| KeNHA   | 109,200           | 109,200           |
| <b>Total trade and other payables</b>                             | <b>13,785,756</b> | <b>13,785,756</b> |

**NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)**

Annual Report and Financial Statements for the year Ended 30th June 2022

**25. SUNDRY CREDITORS**

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| National Cereal Board          | 696,150          | 696,150          |
| Roll fast Africa               | 47,480           | 47,480           |
| MAH Engineering                | 170,314          | 170,314          |
| Fore crest                     | 4297             | 4,297            |
| Ministry of information        | 5,879,376        | 5,879,376        |
| Lamu Port                      | 116,341          | 116,341          |
| Tseikuru airport               | 1,523            | 1,523            |
| Mansa Guda                     | 1,162,000        | 1,162,000        |
| Ministry of special programmes | 501,742          | 501,742          |
| <b>Total Amount (Kshs)</b>     | <b>8,579,223</b> | <b>8,579,233</b> |

Note: IPSAS requires the presentation of sundry creditors as current liabilities (short term liabilities and do not accrue interest on their outstanding balances).

**26. FUND BALANCE**

|  |                      |                      |
|--|----------------------|----------------------|
| Balance B/F  | 6,431,587,072        | 6,665,864,508        |
| Add: Purchase of motor vehicles                      | 49,494,646           | 17,790,585           |
| Profit/Loss for the Year                             | -633,359,250         | -235,648,924         |
| Prior year adjustment                                | -1,581,470           | -16,419,097          |
| <b>Closing Fund Balance after Adjustments (Kshs)</b> | <b>5,846,140,998</b> | <b>6,431,587,072</b> |

**27. ULTIMATE AND HOLDING ENTITY**

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Public Service and Gender. Its ultimate parent is the Government of Kenya.

**28. CURRENCY**

The financial statements are presented in Kenya Shillings (Kshs).

**APPENDICES**

**APPENDIX 1: PROGRESS ON FOLLOW UP OF THE AUDITOR-GENERAL'S RECOMMENDATIONS.**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor

| <b>Reference No on External Audit Report of Financial Year 2020/2021.</b> | <b>Issue/Observation from Auditor</b>   | <b>Management Comments</b>   | <b>Focal Point Person to Resolve the Issue (Name and Designation)</b> | <b>STATUS (Resolved/ Not Resolved)</b> | <b>Timeframe: Put Date When Expected the Issue to Be Resolved</b> |
|---|---|--|---|--|---|
| <b>Inaccuracy of Non-Current Assets</b>                                   | The statement of financial position as at 30 <sup>th</sup> June, 2021 reflects total non-current assets balance of Kshs 4,056,925,029, however the management had not valued the assets for financial reporting purposes since inception.   | The service had engaged public works to undertake valuation of vehicle, plant, machines and equipment. They are in final stage. Once there are through, any variance will be treated and adjusted according as guided by the IPSAS accrual on prior year adjustment. | Fund Management   | Not resolved - Ongoing                 | Before the end of 30 <sup>th</sup> June 2023                      |
| <b>Unsupported receivables</b>  | The statement of financial position reflects receivable from the national youth service units balance of Kshs 1,003,517,664 and receivable from external operations of Kshs 641,736,870 all totalling Kshs 1,645,254,533. However, supporting schedules were not provided for audit | The fund management has provided supporting schedules of NYS units Kshs 1,003,517,664 and receivable from external operations of Kshs 641,736,870.<br>a. The fund management acknowledge that previously the   | Fund Management   | Not resolved - Ongoing                 | Before the end of 30 <sup>th</sup> June 2023                      |

**NATIONAL YOUTH SERVICE**  
**(Mechanical and Transport Fund)**  
**Annual Report and Financial Statements for the year Ended 30th June 2022**

|   |   |  |                 |                        |                                  |
|---|---|--|-----------------|------------------------|----------------------------------|
|   | verification. In additional, provision for bad and doubtful debts were not made for the receivable to recognize possible impairment of the debt   | service did not have a policy on provision for bad and doubtful debt. However, the service has commissioned a committee which has developed a credit policy constituting provision of bad and doubtful debts. The recommendations are waiting for council approval and immediately adoption.   |                 |                        |                                  |
| <b>Unsupported overpayment for supplies</b> | The statement of financial performance and as disclosed in note 13 to the financial statement, reflect supply of firefighting/ disaster material totalling Kshs 2,620,000 which includes an amount of Kshs 1,220,000. paid to a supplier during the year under review. Records indicate that the supplier was issued with an undated local purchase order for the supply and delivery of various items at a cost of Kshs 1,220,000. However, the supplier was only able to supply materials worth Kshs 720,000, resulting in an unexplained overpayment of Kshs 500,000 .in addition, it has not been disclosed | a. During the financial ended as at 30 <sup>th</sup> June 2021, the fund management had issued an LPO number 3777073 to M/S Banime for the supply of firefighting / disaster material worthy Kshs 1,220,000. The merchant was able to deliver goods amounting to Kshs 720,000 as at the closure of the financial year ended as at 30 <sup>th</sup> June 2020. Due to importation logistic, the merchant was unable to supply | Fund Management | Not resolved - Ongoing | Before the end of 30th June 2023 |

**NATIONAL YOUTH SERVICE**  
**(Mechanical and Transport Fund)**  
**Annual Report and Financial Statements for the year Ended 30th June 2022**

|                                |   |   |                 |                        |                                  |
|--------------------------------|---|---|-----------------|------------------------|----------------------------------|
|                                | <p>whether due diligence was carried out to evaluate the firm's capacity to supply the items. in the circumstances, the validity and completeness if the expenditure totalling to Kshs 500,000 could not be confirmed.</p>  | <p>the remaining order hence he issued a credit note for Kshs 500,000.</p> <p>b. The fund management realized that when preparing financial report, the expenditure and trade payable amount was wrongly capture has Kshs 1,220,000 instead of Kshs 720,000 journals were passed and correction done in the statement of financial performance and position respectively.</p> |                 |                        |                                  |
| <b>Grounded Motor Vehicles</b> | <p>Review of the Fund's assets revealed that seven (7) Motor vehicles have been grounded for a long time due to various mechanical reasons. Management has not made any efforts to repair or to seek for approval for disposal of the vehicles. In the circumstances, the assets continued to deteriorate any salvage value that could have been realized may be lost</p> | <p>A letter was received from Mavoloni field units requesting for spare parts. The fund management has initiated the procurement process for the purchase of the spare parts to repair the mentioned vehicles</p>   | Fund Management | Not resolved - Ongoing | Before the end of 30th June 2023 |

**NATIONAL YOUTH SERVICE  
(Mechanical and Transport Fund)  
Annual Report and Financial Statements for the year Ended 30th June 2022**

---

**APPENDIX 2: INTER-ENTITY TRANSFERS**

|                     |   |                      |
|---------------------|---|----------------------|
| <b>ENTITY NAME:</b> | <b>NATIONAL YOUTH SERVICE (MECHANICAL AND TRANSPORT FUND)</b> |                      |
|                     |   | <b>F/Y 2021-2022</b> |
| <b>Recurrent</b>    | N/A   | <b>NIL</b>           |
|                     |   |                      |
| <b>Development</b>  | N/A   | <b>NIL</b>           |
|                     | <b>Bank Statement Date</b>                                    | <b>NIL</b>           |

**APPENDIX 3: PROJECTS IMPLEMENTED BY THE ENTITY**

| <b>S/NO</b> | <b>CLIENT</b>                         | <b>PROJECT</b>    | <b>STATUS</b> |
|-------------|---------------------------------------|-------------------|---------------|
| 1.          | Namba Kapiyo lolwe Road,Kisumu County | Road construction | On going      |
| 2.          | Ojijo -Chumvi Road,Laikipia County    | Road construction | On going      |