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TABLED BY:	HON. DWEN BATA, MP (DEPUTY LEADER OF MAJORITY)
CLERK-AT THE-TABLE:	VIVIXH WAMBUI

THE AUDITOR-GENERAL

ON

**KENYA YOUTH EMPLOYMENT AND
OPPORTUNITIES PROJECT
(CREDIT NO. IDA 5812-KE)**

**FOR THE YEAR ENDED
30 JUNE, 2024**

**MICRO AND SMALL ENTERPRISES
AUTHORITY**



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

17 OCT 2024

RECEIVED



PROJECT NAME:
KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES PROJECT (KYEOP)

IMPLEMENTING ENTITY:
MICRO AND SMALL ENTERPRISES AUTHORITY (MSEA)

PROJECT CREDIT NUMBER: 5812 -KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

Kenya Youth Employment and Opportunities Project (KYEOP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Kenya Youth Employment and Opportunities Project (KYEOP)
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1. Acronyms and Glossary of Terms

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

2. Project Information and Overall Performance

2.1 Name and registered office

Name: The Project official name is Kenya Youth Employment and Opportunities Project (KYEOP). The Micro and Small Enterprises Authority is implementing Component two (2) on job creation

Objective: The key objective of the project is to increase employment and earning opportunities for targeted youth.

Address: The project headquarters offices are in Nairobi County, Kenya
Authority's Headquarters
P.O. Box 48823-00100
Nairobi, Kenya
10th Floor Utalii House,
Utalii Lane/ Uhuru Highway
Nairobi, Kenya

Contacts: The Authority's contacts
Office of the Chief Executive Officer
Telephone: (254)020-3340006/0700-666000
E-mail: info@msea.go.ke / mseakenya@gmail.com
Website: www.mseauthority.go.ke

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2.2 Project Information

Project Start Date:	The project effective date 1 st September, 2016
Project End Date:	The project end date is 31 st December, 2021
Revised End Date	The project revised end date is 31 st August, 2023
Project Co-ordinator:	The Project Co-ordinator is Ms. Caroline Kioko
Project Sponsor:	The Project Sponsor is World Bank (IDA)

2.3 Project Overview

Line Ministry/State Department of the project	The Project is under the supervision of the Ministry of Industry, Trade and Enterprise Development. In his inaugural speech, His Excellency the President established a Ministry of Cooperatives and SME Development mandated to ensure that every small business has secure property rights, access to finance and a supportive regulatory framework. The Implementing Partners are the World Bank Group, Micro and Small Enterprises Authority (MSEA), Ministry of ICT, Innovation and Youth Affairs, National Industrial and Training Authority and Ministry of Labour and Social Protection
Project number	5812- KE
Strategic goals of the project	The objective of the Project is to increase employment and earnings opportunities for targeted youths by: <ul style="list-style-type: none"> i) Improving Youth Employability ii) Support for Job Creation iii) Improving Labour Market Information iv) Strengthening Youth Policy Development and Project Management
Achievement of strategic goals	The specific goals of component two (2) on job creation are: <ul style="list-style-type: none"> (i) To provide seed funding for youth led start ups (ii) To increase access to Business Development Services (BDS) for young self-employed entrepreneurs iii) To support innovative interventions to create jobs for targeted youths iv) To expand economic opportunities to youth who are hard to serve

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Other important background information of the project	<p>The project is funded by the International Development Association (IDA) arm of World Bank. The Project total cost is 106.5 million SDR (US\$ 150 million) and is to be implemented over five (5) years</p> <p>Project categories The Overall project has eight categories as per the financing agreement:</p> <p>Category 1: Goods, Non-Consulting services, Consultant Services, Training and Incremental Operating Costs; a) Part A.1 (a) A.2 (a) to implemented by MIIYA total cost SDR 26,963,000 b) Part A.1 (b) A.2 (b) to implemented by NITA total cost SDR 20,277,000</p> <p>Category 2: Goods, Non-Consulting services, Consultant Services, Training and Incremental Operating Costs under part B of the Project (Excluding business start-up grants and Business Plan Competition Awards and Innovation Awards); a) MSEA (Part B.1, B.2 (a) and B.3) total cost SDR 9,370,000 b) MIIYA (Part B.2 (a) and B.2 (b) total cost SDR 783,000</p> <p>Category 3: Business start-up grants under part B.1 of the project to be implemented by MSEA at a total cost of SDR 19,653,528</p> <p>Category 4: Business Plan Competition Awards under Part B.2(a) of the project to be implemented by MIIYA at a total cost of SDR 9,940,000</p> <p>Category 5: Innovation Awards under part B.2(b) of the project to be implemented by MIIYA at a total cost of SDR 852,000</p> <p>Category 6: Goods, Non-Consulting services, Consultant Services, Training and Incremental Operating Costs under part C of the Project to be implemented by MLSP at a total cost of SDR 6,020,000</p> <p>Category 7: Goods, Non-Consulting services, Consultant Services, Training and Incremental Operating Costs under part D of the Project to be implemented by MIIYA at a total cost of SDR 12,640,000</p> <p>Category 8: Refund of preparation at a total cost of SDR 1,472</p>
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> (i) Unemployment among the youth in the country (ii) Marginalisation of youth in some counties (iii) Lack of equity in Job opportunities for youth in the country
Project duration	<p>The project started on 1st September, 2016 and is expected to run until 31st August, 2023</p>

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2.4 Bankers

Kenya Commercial Bank
P.O Box 30012 - 00100
Kipande House
Nairobi, Kenya

2.5 Independent Auditors

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

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2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Henry Rithaa	Director General/ Chief Executive Officer	MBA (Strategic Management), Master of Arts in Regional Integration and Bachelor's Degree in Finance	Overall program leadership and direction.
Caroline Kioko	Project Coordinator	Master's Degree in Entrepreneurship, Bachelor's degree in Environmental Studies and Community Development	Oversee the coordination of all project activities and outputs of Component II
John Masha	Project Manager	Master of Business Administration, Bachelor of Commerce, Postgraduate Diploma in Systems Management.	Support the MSEA PIU project coordinator with the day-to-day management of all project activities and outputs and Establish systems to ensure effective and efficient delivery of all operational outputs for Component II targets
Christine Kirui	Grants Coordinator	Bsc. in International Business Administration (Finance and Entrepreneurship)	Support coordination of grants beneficiary selection activities and disbursement.
Elsie Thambu	Program Finance & Accounting	MBA (Finance), BBM (Finance & Banking) and CPA(K)	Oversee all aspect of program financing and financial reporting.
Raphael Koome	Business Plan Competition (BPC) and Monitoring and Evaluation Coordinator)	Master of Business Administration, Bachelor of Arts in Economics and Communications	Design and develop measures of monitoring the performance of Component 2 activities in meeting their objectives. Update the program key performance indicators (inputs, outputs, outcomes) for monitoring the project, their target values and specify the timing and format of reporting
Magdalene Mbithi	BDS Officer	B.A in Sociology	Coordinating business development services of the project
Silas Kiome	Program Procurement and Supply Chain	Msc. In Procurement & Contract Management, Bcom (Procurement & Supplies Management)	Coordinate procurement and supply chain activities of the project

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2.7 Funding summary

The Project is for initial duration of five years from 2016 to 2021 with an approved budget of US\$ 25.2 M for component two (2) equivalents to Kshs 2.58 Billion as highlighted in the table below. The project ending timeline was revised to December 31, 2022 through project restructuring dated August 9, 2021 with additional reallocation of financing proceeds amounting to \$ 15.9 M (equivalent Kshs 1.5 billion). On July 28, 2022 the project was granted a further extension to August, 31st 2023

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment	Donor Commitment	Amount received to date – (30th June, 2024)	Amount received to date – (30th June, 2024)	Undrawn balance to date (30th June, 2024)	
	Donor currency(\$)	KShs	Donor currency	KShs	Donor currency	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
IDA MITC	42,846,582	4,836,666,602	42,846,582	4,836,666,602	-	-
Total	42,846,582	4,836,666,602	42,846,582	4,836,666,602	-	-

As per the financing agreement SDR 17,890,000(USD 25,197,183) was allocated to KYEOP under MSEA. The initial donor commitment in Kenya Shillings has increased over time as a result of the rising US Dollar rate to Kenya Shilling.

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Project information and overall performance (Continued)

B. Application of Funds

Application of funds	Amount received to date – (30th June 2024)	Amount received to date – (30th June 2024)	Cumulative Amount paid to date – (30th June 2024)	Unutilised balance to date – (30th June 2024)	
	Donor currency	Kshs	Kshs	Donor currency	Kshs
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
Grant	-	-	-	-	-
Loan					
IDA	42,846,582	4,836,666,602	4,836,650,019	135	16,582.5
Counterpart funds					
Total	42,846,582	4,836,666,602	4,836,650,019	135	16,583

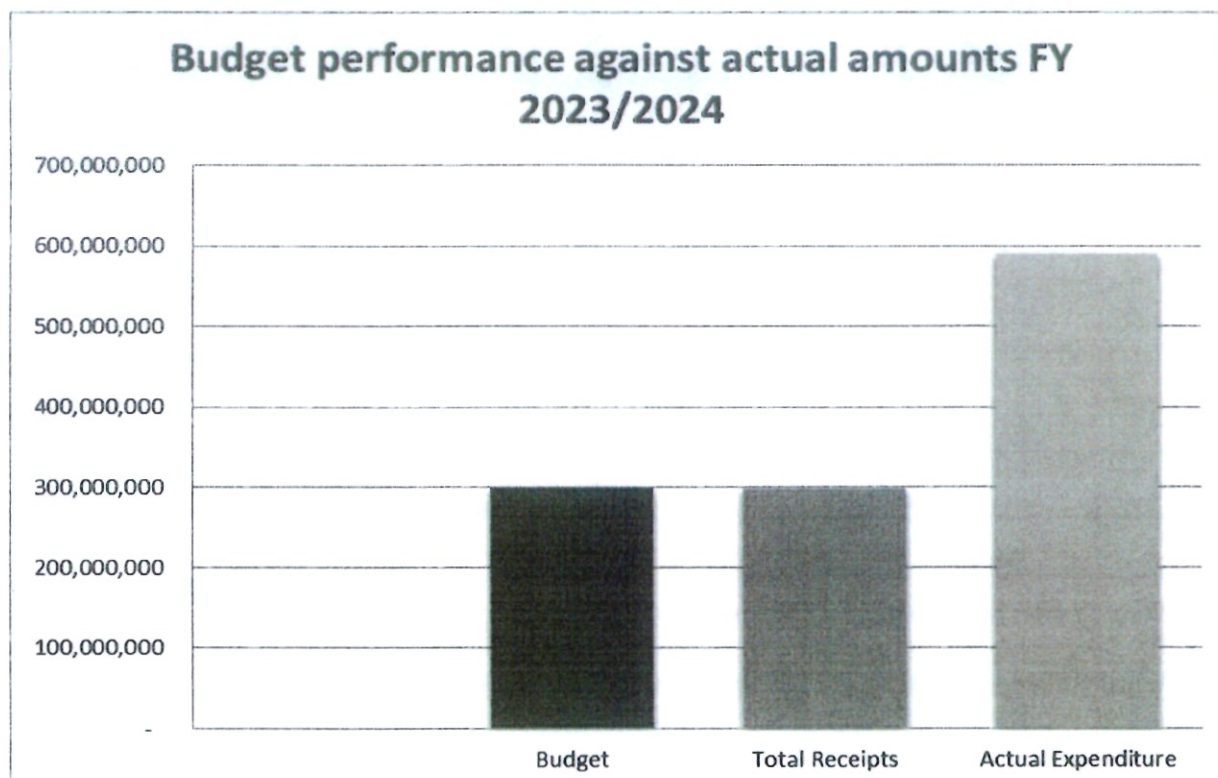
2.8 Summary of Overall Project Performance:

i) Budget performance against actual amounts for current year and for cumulative to-date.

The Authority was allocated a budget of Kshs 590,843,588 during the 2023/24 financial year, having a total actual expenditure of Kshs 589,487,005. The Project had a rollover balance of Kshs. 290,843,588 from FY 2022/2023. Total receipts during the financial year amounted to Kshs 298,660,000.

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Cumulatively, the project has received Kshs 4,836,666,602 against an actual expenditure of Kshs 4,836,650,019.

ii) Physical progress based on outputs, outcomes and impacts since project commencement.

The project commenced in September 2016 and was negatively impacted by the political environment in the country such that little activities were undertaken until beginning of April 2018 when the project issued grants to 1,000 youths in selected five counties. As at the end of the reporting period, the project had cumulatively disbursed Kshs 3.5 billion to beneficiaries in form of grants.

Start-up grants beneficiaries				
Cycle	Orientation 1	Orientation 2	Total	Amount disbursed
Pilot	29	24	53	1,060,000
1	1,040	752	1,792	35,840,000
2	2,485	2,272	4,757	95,140,000
3	4,029	3,518	7,547	150,940,000
4	6,413	6,413	12,826	256,520,000
5	12,016	12,014	24,030	480,600,000
6	11,599	11,592	23,191	463,820,000
7a	15,717	15,591	31,308	626,160,000
7b	16,317	16,237	32,554	651,080,000
8a	7,202	7,189	14,391	287,820,000
8b	3,606	3,604	7,210	144,200,000
8c	6388		6388	127,760,000
8d	10579		10579	210,040,000
Total	97,420	79,206	176,626	3,530,980,000



KYEOP Orientation training session



KYEOP Orientation training session

Comment on value-for-money achievements,

In line with best practices, a strong Monitoring and Evaluation (M&E) system and framework to gather relevant data is in place. M&E is critical to the successful implementation of the various components by providing timely insights and lessons for efficient roll out of various activities. MSEA

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monitors every activity from intake, randomization & selection, mobilization, the grants orientation and disbursement. After each disbursement of the first tranche MSEA conducts follow up to assess the progress made by the youth in starting businesses and implementing their orientation plans. The M&E efforts ensures that value for money is realised.

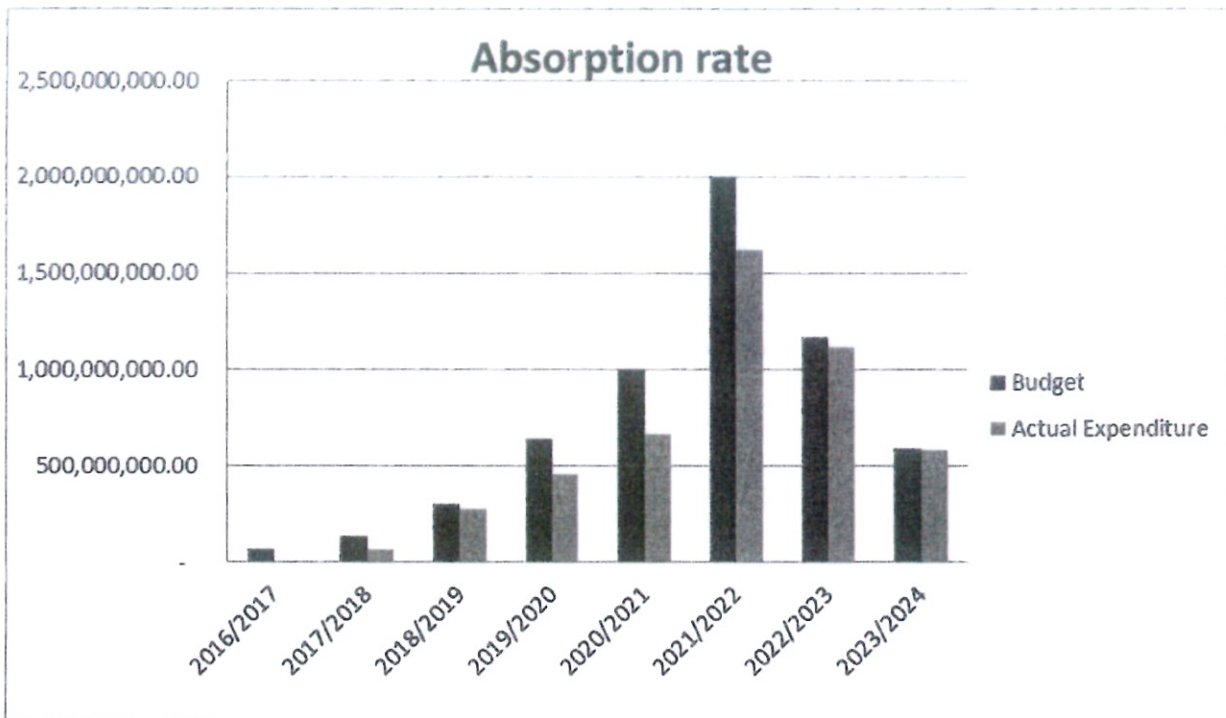
iii) Indicate the absorption rate for each year since the commencement of the project.

During the 2016/17 financial year, out of the allocated budget of Kshs 70 million, the Authority received only Kshs 11,491,000 leaving unreceived balance of Kshs 58,509,000. The actual expenditure for the 2016/17 financial year amounted to Kshs 5,825,416 giving an absorption rate of about 8%. In the 2017/18 financial year, total expenditure was Kshs 65,077,283 against a budget of Kshs 140,000,000. This translates to absorption rate of 58.9%. During FY 2018/2019, the total budget as per the revised estimates was Kshs 304,000,000. Against this budget, the expenditure for the period amounted to Kshs 278,538,403 translating to an absorption of 92%. During the financial year 2019/2020, the total budget was Kshs 644,340,209. Against this budget, the expenditure for the period amounted to Kshs 460,610,959 translating to an absorption of 70%. During the financial year 2020/2021, the total budget as per the revised estimates was Kshs 1,007,000,000. Against this budget, the expenditure for the period amounted to Kshs 668,688,108 translating to an absorption of 66%.

During the financial year 2021/2022, the total budget as per the revised estimates was Kshs 2,000,000,000. Against this budget, the expenditure for the period amounted to Kshs 1,624,484,970 translating to an absorption of 81%.

During the financial year 2022/2023, the total budget was Kshs. 1,170,100,000. Against this budget, the expenditure for the period amounted to Kshs 1,122,460,613 translating to an absorption of 96%.

During the year under review (FY 2023/2024), the total budget was Kshs. 590,843,588. Against this budget, the expenditure for the period amounted to Kshs 589,487,005 translating to an absorption of 100%. The Project had a rollover balance of Kshs. 290,843,588 from FY 2022/2023



iv) List the implementation challenges and recommended next steps.

The major challenge witnessed so far is the low absorption rate for the funds allocated under the project. This was majorly witnessed during the beginning of the project around September 2016 when the political environment was so unfavorable for the project implementation. The procurement process has also been a bit slow due to the required World Bank and government public procurement and disposal guidelines and procedures to be adhered to. The COVID-19 situation in Kenya that led to the halting of many government activities, including KYEOP outlined activities for FY2020/2021 contributed greatly to the low absorption of funds.

Still during the implementation of the work plan, the Government issued a moratorium to MSEA on procurement due to the planned merger of MSEA with the other funds to form Biashara Bank. This negatively affected the project until when the merger was uplifted.

2.9 Summary of Project Compliance:

The project has adhered to the procedures as per the World Bank Financial Management requirements, Government of Kenya Financial Regulations, Fiduciary framework and accountability.

i) Include significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants

There were no cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants.

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ii) Include consequences suffered on account of non-compliance or likely to be suffered
There were no consequences suffered on account of non-compliance or likely to be suffered.

iii) Indicate mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance.
There were no adverse effects of actual or potential consequences of non-compliance.

3. Statement of Performance Against Project’s Predetermined Objectives

Introduction

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

The key development objective of the project’s 2016-2021 plan is to increase employment and earnings opportunities for targeted youths.

Progress on attainment of Strategic development objectives

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

Project	Objective	Outcome	Indicator	Performance
Kenya Youth Employment and Opportunities Project	To increase employment and earning opportunities for targeted youths	Increased employment and earning opportunities for targeted youths	Number of grants issued and business development services conducted	In FY 2023/24 we issued grants and conducted business development services to 23,433 youth

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4. Environmental and Sustainability Reporting

The project did not directly engage in environmental and sustainability activities in line with the approved annual work plan during the period under review.

5. Statement of Project Management Responsibilities

The *Accounting Officer* and the *Program Co-ordinator* of KYEOP Project are responsible for the preparation and presentation of the Program's financial statements, which give a true and fair view of the state of affairs of the Program for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Program; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Program; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The *Accounting Officer* and the *Program Co-ordinator* of KYEOP Project accept responsibility for the Program's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Accounting Officer* and the *Program Co-ordinator* of KYEOP Project are of the opinion that the Program's financial statements give a true and fair view of the state of Program's transactions during the financial year/period ended June 30, 2024, and of the Program's financial position as at that date. The *Accounting Officer* and the *Program Co-ordinator* of KYEOP Project further confirm the completeness of the accounting records maintained for the Program, which have been relied upon in the preparation of the Program financial statements as well as the adequacy of the systems of internal financial control.

The *Accounting Officer* and the *Program Co-ordinator* of KYEOP Project confirm that the Program has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Program funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Program financial statements

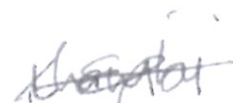
The Program financial statements were approved by Board on 22/09/24 2024 and signed on its behalf by;



Henry M. Rithaa
Accounting Officer



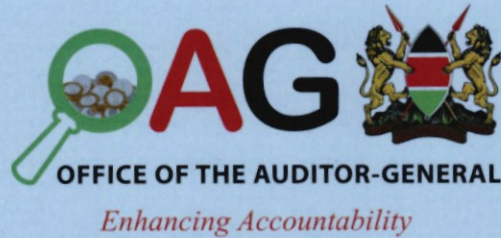
Caroline Kioko
Program Co-ordinator



CPA Elsie Thambu
Head of Finance
ICPAK No. 16628

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES PROJECT (CREDIT NO. IDA 5812-KE) FOR THE YEAR ENDED 30 JUNE, 2024 – MICRO AND SMALL ENTERPRISES AUTHORITY (MSEA)

PREAMBLE

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

- A. Report on the Financial Statements which considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations which 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 Control, 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, is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Youth Employment and Opportunities Project - MSEA set out on pages 1 to 18, which comprise of the statement

of financial assets as at 30 June, 2024, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya, 2010 and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Youth Employment and Opportunities Project as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and complies with the Public Finance Management Act, 2012 and the Financing Agreement Credit No.5812-KE between the International Development Association (IDA) and the Republic of Kenya dated 4 July, 2016.

In addition, the special account statement presents fairly the special account transactions and the closing balance has been reconciled with the books of account.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters which, 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 Information

Conclusion

The Management is responsible for the other information set out on page v to xix which comprise of Project Information and Overall Performance, Statement of Performance against Project's Predetermined Objectives, Environment and Sustainability reporting and Statement of Project Management responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on the Kenya Youth Employment and Opportunities Project financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial

statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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 ISSAIs 3000 and 4000. The standards 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 which 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 governance were not effective.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT

As required by International Development Agency Credit Agreement No.5812 dated 4 July, 2016, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and

- iii. The Project's financial statements agree with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

29 October, 2024

Kenya Youth Employment and Opportunities Project (KYEOP)
Annual Report and Financial Statements for the financial year ended June 30, 2024


7. Statement of Receipts and Payments for the year ended 30th June 2024

		Receipts and Payment controlled by the entity	Payments made by third parties	Total	Receipts and Payment controlled by the entity	Payments made by third parties	Total	Cumulative to date (From inception)
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
	Note	FY 2023/2024			FY 2022/2023			
Receipts								
Transfer from Government of Kenya	1	-	-	-	-	-	-	-
Proceeds from domestic and foreign grants	2	-	-	-	-	-	-	-
Loan from external development partners	3	298,660,000	-	298,660,000	763,589,176	-	763,589,176	4,836,666,602
Miscellaneous receipts	4	-	-	-	-	-	-	-
Total receipts		298,660,000	-	298,660,000	763,589,176	-	763,589,176	4,836,666,602
Payments								
Compensation of employees	5	6,849,655	-	6,849,655	24,429,113	-	24,429,113	109,153,835
Purchase of goods and services	6	83,919,030	-	83,919,030	160,536,701	-	160,536,701	1,109,615,738
Social security benefits	7	58,320	-	58,320	174,800	-	174,800	287,520
Grants to beneficiaries	8	498,660,000	-	498,660,000	937,320,000	-	937,320,000	3,530,980,000
Acquisition of non-financial assets	9	-	-	-	-	-	-	86,612,926
Transfers to other government entities	10	-	-	-	-	-	-	-
Other grants and transfers and payments	11	-	-	-	-	-	-	-
Total Payments		589,487,005	-	589,487,005	1,122,460,613	-	1,122,460,613	4,836,650,019
Surplus/ (Deficit)		(290,827,005)	-	(290,827,005)	(358,871,437)	-	(358,871,437)	16,583

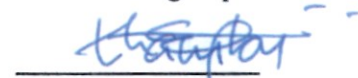
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



Henry M. Rithaa
Accounting Officer



Caroline Kioko
Program Co-ordinator




CPA Elsie Thambu
Head of Finance
ICPAK No.16628

Kenya Youth Employment and Opportunities Project (KYEOP)
Annual Report and Financial Statements for the financial year ended June 30, 2024


8. Statement of Financial Assets as at 30th June 2024

	Notes	FY 2023/2024	FY 2022/2023
Financial Assets		Kshs	Kshs
Cash and Cash Equivalents			
Bank Balances	12.A	16,583	290,843,588
Cash Balances	12.B	-	-
Cash Equivalents (short-term deposits)	12.C	-	-
Total Cash and Cash Equivalents		16,583	290,843,588
Imprests and Advances	13		-
Total Financial Assets		16,583	290,843,588
Financial Liabilities			
Third Party Deposits and Retentions	14	-	-
Net Assets		16,583	290,843,588
Represented By:			
Fund balance b/fwd	15	290,843,588	649,715,025
Prior year adjustments	16	-	-
Surplus/(Deficit) for the year		(290,827,005)	(358,871,437)
Net Financial Position		16,583	290,843,588

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved by the Board on 27/09/2024 and signed by:


Henry Rithaa
 Accounting Officer


Caroline Kioko
 Program Co-ordinator


CPA Elsie Thambu
 Head of Finance
 ICPAK No.16628


Kenya Youth Employment and Opportunities Project (KYEOP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

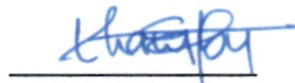
9. Statement of Cashflow for The Period Ended 30th June 2024

		FY 2023/2024	FY 2022/2023
	Notes	Ksh	Kshs
Cashflow From Operating Activities			
Receipts			
Transfer from government entities	1	-	-
Proceeds from domestic and foreign grants	2	-	-
Miscellaneous receipts	4	-	-
Total Receipts		-	-
Payments			
Compensation of employees	5	(6,849,655)	(24,429,113)
Purchase of goods and services	6	(83,919,030)	(160,536,701)
Social security benefits	7	(58,320)	(174,800)
Grants to beneficiaries	8	(498,660,000)	(937,320,000)
Transfers to other government entities	10	-	-
Other grants and transfers and payments	11	-	-
Total Payments		(589,487,005)	(1,122,460,613)
Net receipts/(payments)		(589,487,005)	(1,122,460,613)
Adjustments during the year			
Prior Year Adjustments	16	-	-
Decrease/ (Increase) in Accounts Receivable	17	-	-
Increase/ (Decrease) in Accounts Payable	18	-	-
Net cash flow from operating activities		-	-
Cashflow From Investing Activities			
Acquisition of Non-Financial Assets	9	-	-
Net cash flows from Investing Activities		-	-
Cashflow From Borrowing Activities			
Loan from external development partners	3	298,660,000	763,589,176
Net cash flow from financing activities		298,660,000	763,589,176
Net Increase in Cash and Cash Equivalent		(290,827,005)	(358,871,437)
Cash and Cash Equivalent at Beginning of The Year		290,843,588	649,715,025
Cash and Cash Equivalent at End Of The Year		16,583	290,843,588

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The project financial statements were approved by the Board on ... 27/09/24 ... 2024 and signed by:


Henry M. Rithaa
 Accounting Officer


Caroline Kioko
 Program Co-ordinator



CPA Elsie Thambu
 Head of Finance
 ICPAK No.16628


Kenya Youth Employment and Opportunities Project (KYEOP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

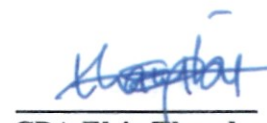
10. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30th June 2024

Receipts/ Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	-		-	-	-	0%
Proceeds from domestic and foreign grants	-	-	-	-	-	0%
Loan from external development partners	300,000,000	-	300,000,000	298,660,000	1,340,000	100%
Balance brought forward from last F/Y	290,843,588	-	290,843,588	290,843,588	-	100%
Miscellaneous receipts	-		-	-	-	0%
Total Receipts	590,843,588	-	590,843,588	589,503,588	1,340,000	100%
Payments						
Compensation of employees	6,900,000	-	6,900,000	6,849,655	50,345	99%
Purchase of goods and services	84,385,088	-	84,385,088	83,919,030	466,058	99%
Social security benefits	58,500	-	58,500	58,320	180	100%
Grants to beneficiaries	499,500,000	-	499,500,000	498,660,000	840,000	100%
Acquisition of non-financial assets	-	-	-	-	-	0%
Transfers to other government entities	-	-	-	-	-	0%
Other grants and transfers and payments	-	-	-	-	-	0%
Total Payments	590,843,588	-	590,843,588	589,487,005	1,356,583	100%

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


Henry M. Rithaa
 Accounting Officer


Caroline Kioko
 Program Co-ordinator


CPA Elsie Thambu
 Head of Finance
 ICPAK No. 16628

11. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

b) Reporting entity

The financial statements are for the Kenya Youth Employment and Opportunities Project under the Micro and Small Enterprise Authority. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

c) Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

d) Recognition of receipts

The Project recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government.

i) Transfers from the Exchequer

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

ii) External Assistance

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

iii) Other receipts

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

iv) Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

Kenya Youth Employment and Opportunities Project (KYEOP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

v) Proceeds from borrowing

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

vi) Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary

e) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

f) In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

h) Restriction on cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

i) Imprests and Advances

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

j) Contingent Liabilities

There were no contingent liabilities during the year under review.

k) Contingent Assets

There were no contingent assets during the year under review.

l) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

m) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation.

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

n) Third party payments

There were no third party transactions during the year under review.

o) Exchange rate differences

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

p) Comparative figures

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

q) Subsequent events

There was a non-adjusting event after the end of reporting period where the Project end date was revised to December 31, 2022 through project restructuring dated August 9, 2021 with additional reallocation of financing proceeds amounting to \$ 15.9 (equivalent Kshs 1.5 billion). On July 28, 2022 the project was granted a further extension to August, 31st 2023. Other than that, there was no other events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

r) Prior period adjustments

There were no prior period adjustments.

s) Going concern note

The project ended on 31st August 2023. However, there will be upgrade of the project to NYOTA (National Youth Opportunities Towards Advancement) from 2024.

Kenya Youth Employment and Opportunities Project (KYEOP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

12. Notes to the Financial Statements

1. Transfer from Government Entities

During the period under review the project did not receive any transfer from government entities.

2. Proceeds From Domestic And Foreign Grants

During the period under review the project did not receive any domestic and foreign grants.

3. Loan from External Development Partners

During the financial period to 30 June 2024, we received funding from development partners in form of loans negotiated by the National Treasury and Planning as detailed in the table below:

Description	FY 2023/2024					FY 2022/2023	Cumulative to date
	Name of Donor	Date received	Amount in loan currency	Loans Received in actual amount	Loans received as direct payment	Total amount in KShs	
		USD	KShs	KShs	KShs	KShs	KShs
Loans Received from Bilateral Donors (Foreign Governments)							
World Bank	16-11-23	2,000,000	298,660,000	-	298,660,000	763,589,176	4,836,666,602
Total		2,000,000	298,660,000	-	298,660,000	763,589,176	4,836,666,602

4. Miscellaneous Receipts

There were no miscellaneous receipts during the year under review.

Kenya Youth Employment and Opportunities Project (KYEOP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

5. Compensation of Employees

Description	FY 2023/2024			FY 2022/23	Cumulative to date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	
Personnel Emoluments-Basic	3,315,962		3,315,962	18,611,053	82,917,208
Other Remunerative allowance	576,855		576,855		576,855
Nita Levy	2,700		2,700		2,700
Housing Levy	59,988		59,988		59,988
Airtime	42,000		42,000	234,774	3,704,163
Leave Allowance	-		-	76,000	270,000
Transfer	64,500		64,500	-	522,455
Baggage Allowance	32,100		32,100		32,100
National Social Security Fund	-		-	-	120,380
Gratuity	2,755,550		2,755,550	3,605,341	13,406,524
Staff Medical Cover	-		-	1,901,944	7,541,462
TOTAL	6,849,655		6,849,655	24,429,113	109,153,835

6. Purchase of Goods and Services

Description	2023/2024			2022/23	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Communication Supplies and Services	11,899,430	-	11,899,430	22,998,002	75,358,891
Domestic Travel, Subsistence	21,085,296	-	21,085,296	37,928,112	226,836,579
Foreign Travel, Subsistence	-	-	-	1,114,915	9,239,014
Printing, Advertising and information	32,490	-	32,490	2,716,640	22,999,183
Rent and Rates- Non-Residential	675,000	-	675,000	3,375,000	11,145,927
Training Expenses-Staff	-	-	-	14,744,208	36,202,294
Hospitality Supplies and Services	1,284,555	-	1,284,555	3,629,439	42,002,570
Office General Supplies and Services	8,857,535	-	8,857,535	16,014,934	54,059,101
Routine Maintenance of Vehicles	9,126,971	-	9,126,971	6,747,682	31,880,250
Refined Fuels and Lubricants	1,619,000	-	1,619,000	5,789,317	13,501,305
Operating/Admin Expenses	39,450	-	39,450	3,430,000	3,469,450
Supplies and Access. for Comps. and Printers	4,987,889	-	4,987,889	8,800,279	19,603,418
Bank Charges	3,763,889	-	3,763,889	7,325,418	24,476,392

Kenya Youth Employment and Opportunities Project (KYEOP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Consultancy Service	19,876,694	-	19,876,694	23,613,189	530,845,255
Board Allowances	-	-	-	72,800	2,539,274
Internet Connectivity	670,831	-	670,831	2,236,766	5,456,836
Sub-Total	83,919,030		83,919,030	160,536,701	1,109,615,738

Explanatory notes:

- **Communication Supplies and Services:** These are expenses incurred for various communication related materials. This include provision of bulk SMS services to youth during grants orientation, supply of brochures and airtime for follow up and grants orientation.
- **Domestic Travel, Subsistence:** This include daily subsistence allowance and transport for officers conducting grants orientation and follow ups across the 17 counties.
- **Printing, Advertising and information:** These are expenses related to printing and provision of tonners.
- **Rent and Rates- Non-Residential:** This related to parking expenses at MSEA headquarters.
- **Hospitality Supplies and Services:** This includes provision of conference facilities during KYEOP grants orientation in different counties.
- **Office General Supplies and Services:** This is related to supply of stationery.
- **Routine Maintenance of Vehicles:** Expenses related to motor vehicle repairs for vehicles used in various KYEOP activities.
- **Refined Fuels and Lubricants:** This includes provision of fuel used for KYEOP activities.
- **Operating/Admin Expenses:** Expenses related to office cleaning services and office fumigation.
- **Supplies and Access. for Comps. and Printers:** Includes expenses relating firewall license, provision of antivirus, and supply of Microsoft SQL software.
- **Bank Charges:** Fees charged by the bank for various transactions especially disbursement of grants to various youth.
- **Consultancy Service:** This includes provision of digital business EAT aptitude test, business plan competition final report, Business plan competition MIS platform configuration and provision of business development services EAT.
- **Internet Connectivity:** Provision of internet services.

Kenya Youth Employment and Opportunities Project (KYEOP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

7. Social Security Benefits

	2023/2024			FY 2022/23	
Description	Payments made by the Entity in Cash	Total Payments	Total Payments	Total Payments	Cumulative to date
	KShs	KShs	KShs	KShs	KShs
Employer social benefits- NSSF	58,320	-	58,320	174,800	287,520
Total	58,320		58,320	174,800	287,520

8. Grants to Beneficiaries

	2023/2024			FY 2022/23	
Description	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to date
	Kshs	Kshs	Kshs	Kshs	Kshs
Grants to Beneficiaries	498,660,000	-	498,660,000	937,320,000	3,530,980,000
Sub-Total	498,660,000	-	498,660,000	937,320,000	3,530,980,000

10. Acquisition of Non-Financial Assets

	2023/24			2022/23	
Description	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to- date
	Kshs	Kshs	Kshs	Kshs	Kshs
Purchase of ICT Equipment and Software	-	-	-	-	37,970,877
Purchase of other office Equipment	-	-	-	-	10,520,463
Purchase of Motor vehicles	-	-	-	-	38,121,586
Sub-Total	-	-	-	1,800,000	86,612,926

11. Transfers to Other Government Entities

There were no transfers to other government entities during the year.

11. Other Grants and Transfers and Payments

There were no grant transfers and payments during the year.

12. Cash and Cash Equivalents

	2023/24	2022/23
	Kshs	Kshs
Bank accounts (Note 12 A)	16,583	290,843,588
Cash in hand (Note 12 B)	-	-
Cash equivalents (Note 12 C)	-	-
Total	16,583	290,843,588

12. A. Bank Accounts

Project Bank Accounts

	2023/24	2022/23
	Kshs	Kshs
Foreign Currency Accounts	-	-
Local Currency Accounts		
Kenya Commercial Bank (A/c No. 1201006155)	16,583	290,843,588
Total local currency balances	16,583	290,843,588
Total bank account balances	16,583	290,843,588

The project operates only one bank account with no cash-in-hand operations.

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2024 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Kenya Youth Employment and Opportunities Project (KYEOP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

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

Special Deposit Accounts Movement Schedule

Description	2023/24	2022/23
	Kshs.	Kshs.
i) Credit No. IDA LOAN No. CREDIT No.58120-KE DA BB Bank Account No.: 1000308664 Held with CENTRAL BANK OF KENYA		
Opening Balance	-	
Total Amount deposited in the account	343,673,172	724,179,929
Total amount withdrawn (as per statement of receipts & Payments)	296,660,000	699,561,000
Closing balance (as per SDA bank reconciliation attached)	45,013,172	24,618,929
ii) Credit No. IDA LOAN No. CREDIT No.58120-KE DA BB Bank Account No.: 1000308664 Held with CENTRAL BANK OF KENYA		
Opening Balance(as per the SDA reconciliation)	-	-
Total Amount deposited in the account	343,673,172	724,179,929
Total amount withdrawn (as per statement of receipts & Payments)	296,660,000	699,561,000
Closing balance (as per SDA bank reconciliation attached)	45,013,172	24,618,929

12. B Cash in Hand

The project does not have cash-in-hand operations.

12. C Cash equivalents (short-term deposits)

The project does not have short-term deposits.

13. Imprests and Advances

	2023/24	2022/23
Description	Kshs	Kshs
Government imprests	-	-
Total	-	-

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13. B Breakdown of Imprests and Advances

There was no outstanding imprests and advances as per the schedule below.

Name of Officer	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2023/2024	Balance 2022/2023
Total	-		-	-	-

14. Deposits and Retention Monies

The pending accounts payable are disclosed in Annex 2 of this report.

15. Fund Balance Brought Forward

	2023/24	2022/23
	KShs	KShs
Bank Accounts	290,843,588	649,715,025
Cash in hand	-	-
Cash equivalents	-	-
Outstanding Imprest and advances	-	-
Deposits and retention	-	-
Total	290,843,588	649,715,025

16. Prior Year Adjustment

There was no prior year adjustment during the year.

17. Changes in Imprests and Advances

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Opening Receivables as at 1st July 2023	-	-
Closing account receivables as at 30th June 2024	-	-
Changes in Receivables	-	-

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18. Changes in Accounts Deposits and Retention

There were no changes in accounts payable during the year.

Kenya Youth Employment and Opportunities Project (KYEOP)
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Other Important Disclosures

1. Pending Accounts Payable (See Annex 4)

Description	Balance b/f FY 2022/23 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2023/24 Kshs
Supply of goods	-	-	-	-
Supply of services	76,402,736	-	76,402,736	-
Total	76,402,736	-	76,402,736	-


Kenya Youth Employment and Opportunities Project (KYEOP)
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13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/KYEOP/MSEA- /2022/2023/(8)	Budgetary Control and Performance	This query arises out of delays in exchequer release from the National Treasury	Not Resolved	-


Henry M. Rithaa
 Accounting Officer


Caroline Kioko
 Program Co-ordinator

Annex 2 – Variance Explanation on Comparative Budget and Actual Amounts

The variance of 81% on payment for expenditure was largely influenced by the COVID-19 pandemic which slowed down the project’s planned activities for 2021/22 financial year. Also, part of the domestic and foreign grants were disbursed during quarter 4 of the 2021/2022 financial year. This greatly affected the project’s absorption rate as compared to approved budget with substantial amount of disbursement to beneficiaries scheduled for quarter one of the next financial year.

Table On Itemised Variance Analysis

	Final Budget	Actual on Comparable basis	Budget Utilization	% of Utilization	Comments on variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts			-		
Transfer from Government entities	-		-		No variance
Proceeds from domestic and foreign grants	300,000,000	298,660,000	1,340,000	100%	No variance
Proceeds from borrowings	-	-	-	0%	
Balance brought forward from last FY	290,843,588	290,843,588		100%	
Miscellaneous receipts	-	-	-	0%	
Total Receipts	590,843,588	589,503,588	1,340,000	100%	No variance
Payments			-		
Compensation of employees	6,900,000	6,849,655	50,345	99%	No variance
Social security benefits	58,500	58,320	180	100%	No variance
Purchase of goods and services	84,385,088	83,919,030	466,058	99%	No variance
Grants to beneficiaries	499,500,000	498,660,000	840,000	100%	No variance
Acquisition of non-financial assets	-	-	-	0%	No variance
Total Payments	590,843,588	589,487,005	1,356,583	100%	No variance


Note:

- There was a budget rollover from financial 2022/2023 of Ksh. 290,843,588.

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Annex 3: Reconciliation of inter-entity transfers

KYEOP				
Break down of transfers from the State Department of Trade				
A.	Government Counterpart funding			
		Bank Statement Date	Amount (Kshs)	FY to which the amounts relate
			-	-
		Total	-	-
B.	Direct payments			
		Bank Statement Date	Amount (Kshs)	FY to which the amounts relate
		16-11-23	298,660,000	2023/2024
		Total	298,660,000	
C.	Others			
		Bank Statement Date	Amount (Kshs)	FY to which the amounts relate
			-	
		Total	-	
		Total (A+B+C)	298,660,000	


Henry M. Rithaa
 Accounting Officer


Caroline Kioko
 Program Co-ordinator

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Annex 4 - Analysis of Pending Bills Cleared as at 29th February 2024

NO	SUPPLIER OF GOODS OR SERVICES	DATE CONTRACTED/INVOICES	ORIGINAL AMOUNT	AMOUNT PAID TO DATE	OUSTANDING BALANCE 2023/24	OUSTANDING BALANCE 2022/23	COMMENTS	DATE PAID
		b	a	c	d=a-c			
1	Surestep	01/07/2020	6,666,700	6,666,700	-	2,319,997.90	Paid	28/02/2024
2	Crown Motors	29/06/2023	51,785.00	51,785.00	-	51,785.00	Paid	03/07/2023
3	Rani Agencies	23/05/2023	3,660,000.00	3,660,000.00	-	3,660,000.00	Paid	11/07/2023
4	Kilifi Primary School	24/05/2023	24,800.00	24,800.00	-	24,800.00	Paid	18/07/2023
5	Flag Forty Two	23/06/2023	8,241,750.00	8,241,750.00	-	8,241,750.00	Paid	06/07/2023
6	Multi-Line Motors Kenya	07/06/2023	46,867.00	46,867.00	-	46,867.00	Paid	28/07/2023
7	Benmaks Services Limited	19/06/2023	160,000.00	160,000.00	-	160,000.00	Paid	25/07/2023
8	Aghipo Solutions Limited	21/06/2023	2,317,888.00	2,317,888.00	-	2,317,888.00	Paid	01/08/2023
9	Kitui Multipurpose	30/06/2023	21,000.00	21,000.00	-	21,000.00	Paid	04/07/2023
10	Kisii County Government	30/06/2023	40,000.00	40,000.00	-	40,000.00	Paid	04/07/2023
11	Kisii Natonal Polytechnic	30/06/2023	24,000.00	24,000.00	-	24,000.00	Paid	04/07/2023
12	Champion Travels Ltd	30/06/2023	438,550.00	438,550.00	-	438,550.00	Paid	18/07/2023
13	Champion Travels Ltd	19/06/2023	129,900.00	129,900.00	-	129,900.00	Paid	18/07/2023
14	Ziwani Youth Polytechnic	30/06/2023	41,760.00	41,760.00	-	41,760.00	Paid	18/09/2023
15	Kenya Forestry Research Institute	30/06/2023	24,000.00	24,000.00	-	24,000.00	Paid	30/08/2023
16	Mandera South Disable Organization	27/06/2023	37,120.00	37,120.00	-	37,120.00	Paid	29/08/2023
17	Kisii County Government	30/06/2023	40,000.00	40,000.00	-	40,000.00	Paid	29/08/2023
18	Hotel Waterbuck	23/06/2023	168,000.00	168,000.00	-	168,000.00	Paid	03/08/2023

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19	Kilifi Primary School	27/06/2023	40,000.00	40,000.00	-	40,000.00	Paid	01/08/2023
20	Mama Grace Onyango Social Hall	30/06/2023	32,000.00	32,000.00	-	32,000.00	Paid	01/08/2023
21	Bishop Hannington Institute	30/06/2023	40,000.00	40,000.00	-	40,000.00	Paid	01/08/2023
22	Worldclass Express Events and Catering Limited	30/06/2023	34,800.00	34,800.00	-	34,800.00	Paid	28/07/2023
23	Kitui Multipurpose	30/06/2023	28,000.00	28,000.00	-	28,000.00	Paid	28/07/2023
24	Wajir Youth Polytechnic	30/06/2023	27,840.00	27,840.00	-	27,840.00	Paid	28/07/2023
25	Worldclass Express Events and Catering Limited	23/05/2023	34,800.00	34,800.00	-	34,800.00	Paid	26/07/2023
26	Almubarak Traders Self Help Group	30/06/2023	27,840.00	27,840.00	-	27,840.00	Paid	26/07/2023
27	Kenya Industrial Estate Limited	30/06/2023	20,000.00	20,000.00	-	20,000.00	Paid	26/07/2023
28	Kenya Industrial Estate Limited	30/06/2023	15,000.00	15,000.00	-	15,000.00	Paid	26/07/2023
29	Mandera South Disable Organization	30/06/2023	27,840.00	27,840.00	-	27,840.00	Paid	26/07/2023
30	St. Pauls Kibabii Diplomat Ttc	30/06/2023	20,000.00	20,000.00	-	20,000.00	Paid	24/07/2023
31	Kakamega Multipurpose	30/06/2023	27,200.00	27,200.00	-	27,200.00	Paid	18/07/2023
32	Cosmopolitan Youth Group	30/06/2023	40,000.00	40,000.00	-	40,000.00	Paid	18/07/2023
33	Grants to Youth	30/06/2023	58,200,000.00	58,200,000.00	-	58,200,000.00	Paid	
	TOTAL		80,749,440	80,749,440	-	76,402,738		

Kenya Youth Employment and Opportunities Project (KYEOP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 5 – Summary of Fixed Assets Register

Asset Class	Opening Cost (Kshs) 2023/24	Donations in form assets (Kshs) 2023/24	Purchases/ Additions in the Year (Kshs) 2023/24	Disposals in the Year (Kshs) 2023/24	Transfers in/ (Out) Kshs 2023/24	Closing Cost (Kshs) 2022/23
	a	b	c	d	d	e=a+b+c-d+(-)d
ICT Equipment	37,970,877	-	-	-	-	37,970,877
Other Office Equipment	10,520,463	-	-	-	-	10,520,463
Motor Vehicle	38,121,586	-	-	-	-	38,121,586
Total	86,612,926	-	-	-	-	86,612,926

Kenya Youth Employment and Opportunities Project (KYEOP)
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APPENDICES

SPECIAL DESIGNATED ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2024

Credit No.: IDA LOAN No. CREDIT NO.58120-KE (DA-BB)
 Bank Account No.: 1000308664 Held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by IDA		42,846,582.12
	Less:		
2	Total amount documented		42,846,582.12
3	Outstanding amount to be documented		-
	Represented by:		
4	Ending Special account Balance as as 30 June 2024		-
5	Amounts claimed but not credited as at 30 June 2024		-
6	Amounts withdrawn and not claimed		-
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2024		-

Discrepancy between total appearing on line 3 and 9 _____ -

Notes:

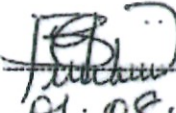
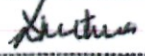
- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures

The amount appearing on line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs


 AUTHORISED REPRESENTATIVE
 RESOURCE MOBILISATION DEPARTMENT
 THE NATIONAL TREASURY

DATE: 02-08-2024

Kenya Youth Employment and Opportunities Project (KYEOP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

SPECIAL ACCOUNT STATEMENT	
For period ending	30th JUNE, 2024
Account No.	1000308664
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	Y.E.O.P-MIN OF INDUSTRY 5812-KE B
Credit Agreement	
Currency	USD
<u>Part A - Account Activity</u>	
Beginning balance of 1st July, 2023 as per C.B.K. Ledger Account	200,594.22
Add:	
Total Amount deposited by World Bank	2,100,840.00
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	2,301,434.22
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June,2024	0.00
AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA	SIGNATURE: 
	DATE: 01-08-2024
AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY	SIGNATURE: 
	DATE: 02-08-2024

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June,2024 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Kenya Youth Employment and Opportunities Project (KYEOP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Results 1 - 3 of 5

Run Date: 09/07/2024 Run Time: 15:46:15
CENTRAL BANK OF KENYA
BANKI KUU YA KENYA
P.O.BOX 60000-0200
NAIROBI
 STATEMENT PERIOD: From 01/07/2023 To 30/06/2024

STATEMENT OF ACCOUNT

PAGE NO : 1

ACCOUNT NUMBER : 1000308864

ACCOUNT TITLE : Y.E.O.P-MIN OF INDUSTRY 5813-KE B

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
OPENING BAL :			200,594.22		
NO.	Value Date	Reference.No	Details	Debit	Credit
1	04/09/2023	FT23247WCDCJ	FUNDING	0.00	2,100,840.00
2	17/10/2023	FT23290FFV46	PA131639	-2,000,000.00	0.00
3	17/10/2023	FT23290FFV46	PA131639	0.00	2,000,000.00
4	17/10/2023	FT23290Y736R	PA131639	-2,000,000.00	0.00
5	30/06/2024	FT24121CYDQ6	PA133127	-301,434.22	0.00
				CLOSING BALANCE : 0	

END OF ACCOUNT STATEMENT

Favourites TAME.STMT.OF.ACCT.EPRM

Account equals 1000308864

Statement From equals 20230701

Statement To equals 20240630

TAME.STMT.OF.ACCT.EPRM


CENTRAL BANK OF KENYA
 11 JUL 2024
 Confirmed:.....

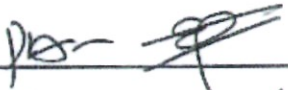
BANK RECONCILIATION

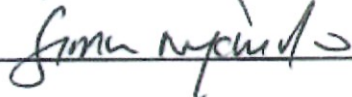
**MICRO AND SMALL ENTERPRISES AUTHORITY
 KYEOP PROJECT ACCOUNT BANK RECONCILIATION
 KENYA COMMERCIAL BANK - KIPANDE BRANCH
 ACC. NO.1201006155
 AS AT 30TH JUNE, 2024**

Summary

1	Balance As Per Bank Statement			16,582.50
	Less:			
2	Payments in Cashbook not in Bank statement		-	-
3	Receipts in Bank Statement not in cashbook		-	-
4	(1-2-3)			16,582.50
	Add:			
5	Payments in Bank statement not in Cash book		-	-
6	Receipts in Cashbook not in Bank statement		-	-
7	(4+5+6)			16,582.50
8	Balance as per Cashbook balance			16,582.50
				(0.00)

Prepared By: Francis Ovelo  Date: 11/7/2024

Checked By:  Date: 08/07/24

Approved By:  Date: 8/27/2024