

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY	
DATE: 01 SEP 2021	
DAY:	WEB
REPORT BY:	LOMP
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REPORT

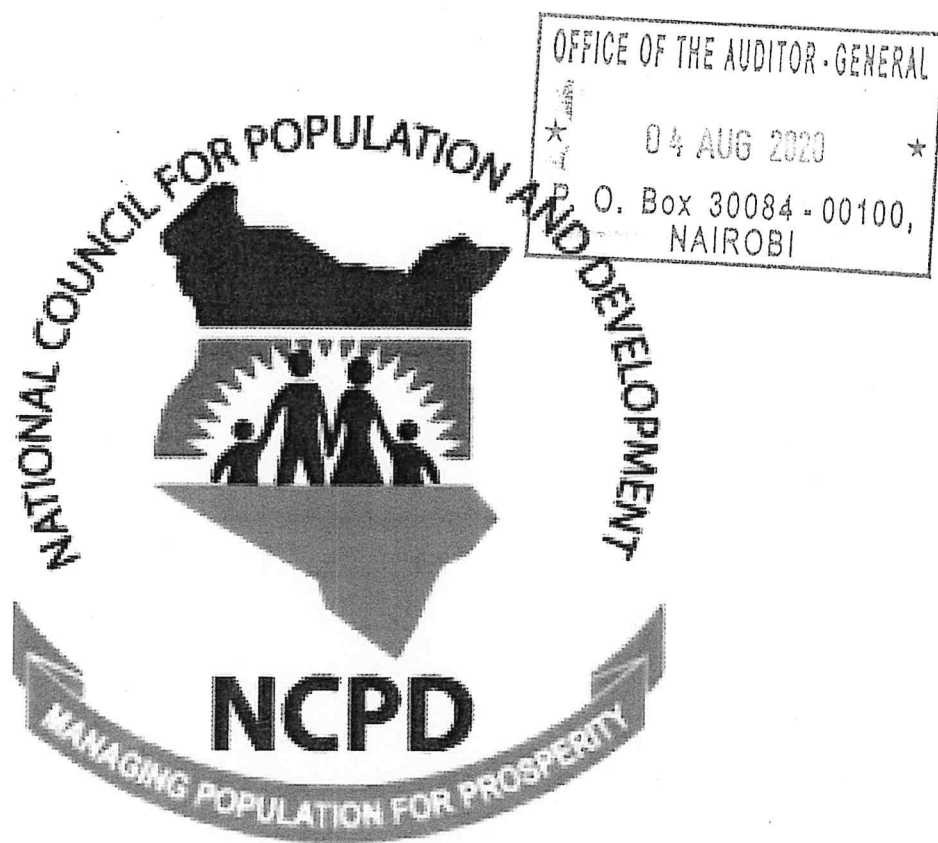
OF

THE AUDITOR-GENERAL

ON

**NATIONAL COUNCIL FOR POPULATION
AND DEVELOPMENT**

**FOR THE YEAR ENDED
30 JUNE, 2019**



NATIONAL COUNCIL FOR POPULATION AND DEVELOPMENT

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The National Council for Population and Development was established as a State Corporation on 29th October, 2004 through the legal Notice No. 120 contained in the Kenya Gazette Supplement No. 68. At Cabinet level, the NCPD is represented by the Cabinet Secretary for Devolution and Planning who is responsible for the general policy and strategic direction. The NCPD is governed by the Board of Directors who are responsible for the general policy and strategic direction of the Council.

(b) Principal Activities

The principal activity/mission/mandate of the National Council for Population and Development is to:

- Analyse population issues and develop policies related to population
- Provide leadership and mobilize support for population programmes including coordinating population programmes implemented by different organizations
- Assess the impact of population programmes and make recommendations arising from such assessments
- Assist other organizations in dealing with population issues
- Identify and advise on population issues that may not be adequately or appropriately dealt with by the Government
- Advocate for political and other support to address population issues.

“Population issues” mean:

- a) Issues that relate to, arise from, or influence mortality, reproduction or migration; and
- b) Other issues that relate to population; “Population Programmes” means programmes addressing population issues.

The Council has a Board whose membership is drawn from key Government Ministries handling population related issues, civil society and private sector organizations. A Chairman, who is appointed by the President for a period of three (3), years, heads the Board. The Director General, who is appointed by the Board, is the Chief Executive Officer of the Council and the secretary to the Board.

(c) Key Management

The National Council for Population and Development's day-to-day management is under the following key organs:

- Director General (CEO)
- Senior Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

NO	Designation	Name
1	Director General (CEO)	Dr. Josephine Kibaru- Mbae
2	Director Technical Services	Peter Arisi Nyakwara
3	Director Corporate Services	Margaret Muthoni Mwangi
4	Deputy Director CAPE	Charles Nyasura Oisebe
5	Deputy Director Policy & Research	Catherine Wanjiru Ndei
6	Deputy Director Programmes, Coordination & monitoring	Hosea Nzomo Mulatya
7	Deputy Director Finance & Accounting	Taslim Mueni Wason
8	Deputy Director HR & Administration	Dorothy Adhiambo Oliech
9	Chief Internal Auditor	Susan Njeri Meshack
10	Deputy Director Planning, Budgeting, Monitoring and evaluation and Resource Mobilization	Shelmith Mugo
11	Chief Public Relations Officer	Francis Mwongela

(e) Fiduciary Oversight Arrangements

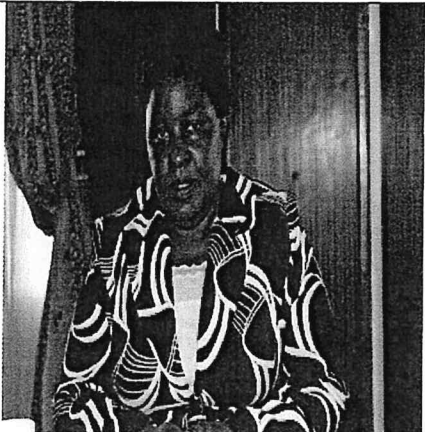
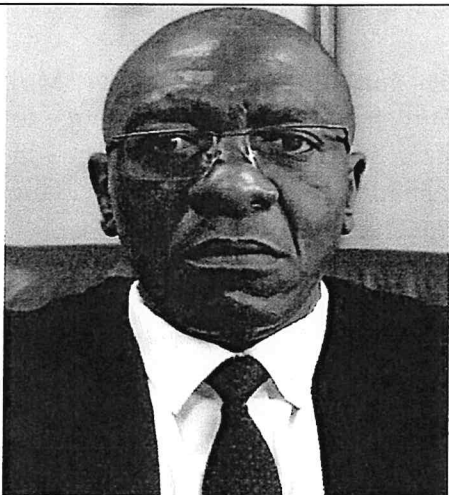
The Board of the National Council for Population & Development has the overall fiduciary responsibility of providing oversight and policy direction and ensuring that all activities are in the best interest of the Council. They have a fiduciary duty of due care skill and diligence.

The Board has appointed the Audit and Risk Committee which meet quarterly. The Audit committee is charged with oversight of financial reporting and disclosure. Committee members are drawn from members of the company's Board of Directors, with a chairperson selected from among the committee members




The committee is responsible for oversight of the financial reporting process, and receipt of audit results both internal and external. The committee assists the Board of Directors fulfil its

(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

		<p>She is currently Programme Manager Education and Health at the National Council of Churches of Kenya (NCCCK).</p> <p>She brings to the Board experience in project implementation, design and co-ordination.</p>	
 <p>Mrs. Margaret Masibo</p>	Board Member	<p>She is an experienced human resource management and corporate governance practitioner with additional competencies in fundraising, community-based project design development, monitoring and evaluation.</p> <p>She holds a Master's of Business Administration (HR) from Kenyatta University. She currently serves as the Head of Human Resources at Kenya Conference of Catholic Bishops – (KCCB).</p> <p>She brings to the Board experience in human resource management and corporate governance.</p>	Oversight
Teresa Omondi-Adeitan	Board Member	She is the Executive director FIDA Kenya	Oversight
 <p>Mr. Fredrick Mujumba</p>	Board Member	<p>He is an accomplished, capable and result driven Educationist with 14 years' experience as a technical teacher.</p> <p>He holds a Post Graduate Diploma in Leadership Development in ICT and Knowledge Society, Master of Business Administration degree (Finance) and Bachelor's Degree in Technology Education (Electrical) .</p> <p>He currently serves at the Ministry of Education in the General, Early learning and Basic Education department.</p> <p>He brings to the Board a wealth of experience in leadership development and ICT.</p>	Oversight

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		at the national level, the formulation and development of national health policies, plans and programmes.	
 <p>Ms. Beatrice Manyonge</p>	Board Member	<p>She works in Ministry of Devolution & Planning and represents the Principal Secretary. She is an Economist by training</p>	Oversight
 <p>Ms. Isabel Ndolo</p>	Board Member	<p>She works with Maendeleo Ya Wanawake Organization (MYWO) and represents the National Chairperson in the Board</p> <p>She has 18 years progressive experience in Community Development and Gender Programming work. Majoring on Wealth of experience in Projects and Programme management, capacity building, leadership and management, partnership building and networking, resource mobilization and grant management</p> <p>Isabel possesses a Bachelor's degree in Leadership and Management from St. Paul's University and an ongoing Masters of Arts, Gender and Development Studies, Kenyatta University.</p>	Oversight
 <p>Dr. Josephine Kibaru-Mbae, OGW</p>	Director General	<p>She is a medical doctor, consultant Gynecologist and Obstetrician she currently is providing leadership at the National Council for Population and Development (NCPD) as the Director General. She has over 20 years' experience in leadership positions in the public sector, having risen up the ranks starting at the district level to national and regional levels.</p>	Director General

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Catherine Wanjeri Ndei		
 Hosea Nzomo Mulatya	Masters in Demography	Programmes & County Coordination
 Taslim Mueni Wason	MBA - Finance	Finance and Accounting
 Dorothy A. Oliech	BA – Human Resource & Higher Dip in HRM	Human Resources & Administration
 Susan Njeri Meshack	MBA – Finance	Internal Auditor
 William O. Ochola	Post. Grad. Dip in Procure, BA Economics	Supply Chain Management
Shelmith Mugo	Masters of Arts - Economics	Planning, Budgeting, M&E and Resource Mobilization
Francis Mwongela	Masters of Arts – Communication Studies	Chief Public Relations Officer

REPORT OF THE DIRECTOR GENERAL

The National Council for Population and Development, a semi-autonomous agency in The Treasury and Planning provides leadership in implementation of population and development policy and programmes. In order to meet both policy and management obligations, the Council maintained a team of officers assigned on different duties and responsibilities. There were also appointments of new technical and administrative staff to fill existing vacant positions.

During the year NCPD carried out a major review of Kenya's national population and development programme under the auspices of International Conference on Population and Development (ICPD 2014), and participated in the United Nations and Africa Union conferences on these themes in New York and Addis Ababa respectively. Other activities included finalized the Demographic Dividend Roadmap, this document is critical to assisting the country harness the potential of the Kenya's youthful population which comprises over 60% of the population. The Council also undertook a national survey known *the Service Delivery indicators/Kenya Health Facility Assessment* to access the state of the health facilities in all the 47 Counties. An agreement was also reached with a new development partner to support the Council's *programmes* in the Counties. This led to convening of meetings in 18 Counties with Members of the County Assembly and other county leaders to advocate for support of population and reproductive health programmes and activities.

With the available resources, the Council carried out other important activities during the year such advocacy with parliamentarians, and other leaders. The Council also undertook public education activities through different media. Family Planning messages were disseminated on both radio and TV, through the support of a number of development partners. NCPD staff and collaborating partners were trained on data management and communication.

Financial Statements

This Financial Statement is NCPD's record of financial transactions, obligations and value of assets. The accounts are submitted having been discussed and approved by the Board. During the 2018/2019 Financial Year, the Council received a government grant of Kshs 466,601,685 for its operations. It also received additional resources of Kshs 21,927,070 from Development partners for scheduled development activities. The Board was fully briefed and updated on the financial implications of the programmed activities of the Council and appraised on any constraints.

MANAGEMENT DISCUSSION AND ANALYSIS

The entity's operational and financial performance

The Council Received Kshs 466,601,685 from the Government of Kenya and Kshs21, 927,070 from Development Partners to fulfil its mandate. A major Survey was carried out in the 47 Counties called the Service Delivery indicators/Kenya Health Facility Assessment that was funded jointly by GOK, World Bank, UNFPA, and JICA. The survey was on preparedness of Health Facilities to provide Quality Services to the Kenyans.

The Council justified its case of budget deficit and was awarded Kshs 65,000,000 to implement the recommendations of the Salaries and Remuneration Commission in the year 2017/2018. However, the funds were not released by the State Department of Planning and Statistics.

The Councils Past performance may not reflect the future as the problem of underfunding was addressed and the Council's recurrent budget enhanced.

A parliamentary network on population is now functional to advocate for matters pertaining to Population with a view of ensuring that Population growth matches the available resources. A draft bill is being finalized to guide population matters.

The major challenge to the Council has been inadequate funding and inadequate technical staff.

Entity's compliance with statutory requirements

The National Council for Population and Development complied with the statutory requirements and there no major non-compliance that may expose the entity to potential contingent liabilities. Ongoing or potential court cases and defaults should be summarized here clearly indicating the total exposure).

Key projects and investment decisions the entity is planning/implementing

The major project being implemented by the council is Formulation, Coordination, Monitoring & Evaluation of Population & Development Policies and Programs. The project covers a number of activities that are planned to achieve the stated objective. These will be conducted through strengthening policy implementation including advocacy for population issues, coordination, monitoring and evaluation. The broad activities supported include (i) Coordinating population programmes by all stakeholders, Conducting relevant surveys on topic issues, preparation of State of Kenya Population Report. (ii) M & E of projects, (iii) Advocacy for population issues including Reproductive, Maternal New born, Child Adolescent and Health (RMNCAH) in six counties (Lamu, Marsabit, Isiolo, Mandera, Wajir and Migori) (iv) updating of population policy related instruments and, (v) implementation of interventions for realization of Demographic Dividend roadmap for Kenya including research, modeling and knowledge sharing.

The project is expected to achieve the following social economic benefits:

- Increased uptake of Maternal, Child health and Family planning services
- Harnessing of economic, health and education opportunities for youth (Demographic Dividend) in 47 counties
- sustainable population that matches available resources
- Reduction in maternal and infant mortality especially in six counties (Lamu, Marsabit, Isiolo, Mandera, Wajir and Migori)

Improved quality of life

The project is financed through grants from UNFPA, World Bank, USAID, Bill and Melinda Gates and JAICA

Major risks facing the entity

CORPORATE GOVERNANCE STATEMENT

Separation of Duties

The independence of the Board from the Council's management is ensured by the separation of the functions of the Chairman and Director General and a clear definition of their responsibilities. This helps the Council achieve an appropriate balance of power, increased accountability and improved decision making.

Responsibilities of Directors

Ultimately, the Board determines the Council's strategic objectives, values, key policies and procedures in accordance with best practice. It is responsible for establishing and maintaining the overall internal controls of financial, operations and compliance functions as well as monitoring performance of the executive management.

The Board has delegated the authority for day to day management of the Council to the Director General. However, it retains overall responsibility for the Council's financial performance, compliance with laws and regulations, and monitoring of its operations as well as ensuring competent management of the Council's business.

The Board sets the strategic intent of the Council, its objectives and values. It ensures that procedures and policies are in place to protect the Council's assets and reputation. The Board reviews the strategic direction and adopts business plans proposed by Management

Board Composition

The Board of directors comprise the non-executive chairman who is an independent director, two other independent directors, whose membership is drawn from key Government Ministries handling population related issues, civil society and private sector organizations. A Chairman, who is appointed by the President for a period of three (3), years, heads the Board. The Director General, who is appointed by the Board, is the Chief Executive Officer of the Council and the secretary to the Board.

The directors have a wide range of skills and experience and each contributes independent judgment and knowledge to Board discussions.

The members of the Board were:

- | | | | |
|-------|---------------------|---|----------|
| i. | Mr. Samuel Kona | - | Chairman |
| ii. | Amb. M. A. Mahat | - | Member |
| iii. | Mr. Charles Lange | - | Member |
| iv. | Ms. Margaret Masibo | - | Member |
| v. | Ms. Imelda Namayi | - | Member |
| vi. | Dr. Musa Arusei | - | Member |
| vii. | Mujumba Obwonyere | - | Member |
| viii. | Beatrice Manyonge | - | Member |
| ix. | Isabela Ndolo | - | Member |

Committees of the Board

The board has three committees: Audit and Risk Committee, Finance and human resource administration Committee and Technical Committee which have specific and detailed terms of reference as summarized below:

1. Audit, Risk and Compliance Committee

The Audit Committee meets at least four times a year, with authority to convene additional meetings, as circumstances require. Its primary responsibilities are to assist the Board in ensuring integrity of the Council's Financial Statements, review the Council's internal control systems, monitor and review the effectiveness of the internal audit function, and ensuring the Council's compliance with legal and regulatory requirements. The Audit Committee has authority to conduct or authorize investigations into any matter within its scope of responsibility.

The Audit committee develops and implements a risk management framework, policies, procedures and standards. It also monitors the Council's compliance with the relevant laws and regulations and reviews management's implementation and maintenance of appropriate systems, procedures and Codes of Conduct in accordance with the Council's policy guidelines regarding identification, analysis, mitigation and control of risks.

The Audit Committee regularly reports to the Board about committee activities and issues that arise with respect to the quality or integrity of the Council's internal control, compliance with legal requirements, performance and independence of the Council's independent auditors, and the performance of the internal audit function. The Council's Chief Internal Auditor acts as the secretary of the committee and senior management regularly attend the committee meetings.

The members of the Audit, Risk and Compliance Committee were:

- | | | |
|---------------------------|---|--------------------|
| i) Imelda Namayi | - | NCKK - Chairperson |
| ii) Teresa Omondi-Adeitan | - | FIDA |
| iii) De. Patrick Amoth | - | MOH |
| iv) Isabela Ndolo | - | MYWO |
| v) Chief Internal Auditor | | |

2. Finance and Human Resource Administration Committee

The Finance Committee meets at least four times a year or at such other times as the Chairman of the Committee shall require. Its primary purpose is to determine the Council's finance, accounting and human resource administration policies and strategies and to consider the proposed strategies. It also maintains an interactive strategic planning, implementation and monitoring process with management.

The members of the Finance, Strategy and Business Development Committee were:

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, The National Council for Population and Development carries out CSR. In year 2018-19 NCPD organized and participated in a tree planting exercise at State House Mombasa where over 300 seedlings were planted. The exercise was spearheaded by the Mombasa County Commissioner, Mr. Evans Achoki and the Coast Population Coordinator, Mr. Stephen Mulinge.

Besides improving forest cover – (Kenya is yet to achieve the 10 per cent internationally recommended cover) – and showcasing the Coastal Area's indigenous tree species, the activity also aimed at protecting the indigenous tree species.

The Mvule and Bambakofi trees are valued trees at the Kenyan Coast. They are slow growing but provide excellent hard wood valued for furniture, carving and other uses. The trees are currently facing extinction calling for great need of conservation.

The seedlings were provided by the Kenya Forestry Services in Malindi, Kilifi County and the Base Titanium Company in Kwale County. The two organizations also participated in the tree planting activity. Others were staff from State House Mombasa, Security personnel and NCPD Headquarter staff.



Mr. Evans Achoki, the Mombasa County Commissioner plants a tree at the State House, Mombasa

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 require the Directors to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Directors are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial Position of the *entity*. The Directors are also responsible for safeguarding the assets of the *entity*.

The Directors are responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements 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 *entity*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *entity's* 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. The Directors are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2019, and of the *entity's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* 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 *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

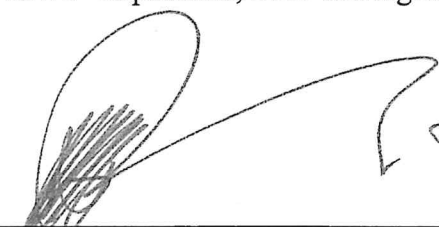
Approval of the financial statements

The *entity's* financial statements were approved by the Board on 30th September, 2019 and signed on its behalf by:



Mr. Samuel Kona
Board Chairman
Nairobi

Date: 04.08.2020

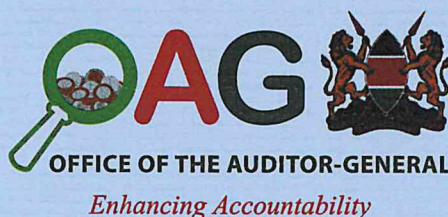


Dr. Mohamed A. Sheikh
Director General
Nairobi

Date: 4/08/2020

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL COUNCIL FOR POPULATION AND DEVELOPMENT FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Council for Population and Development set out on pages 1 to 22, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, the statement of changes in net assets, the 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 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 Council for Population and Development as at 30 June, 2019, 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 Legal Notice No.120 dated 29 October, 2004.

Basis for Qualified Opinion

1. Unsupported Expenditure

1.1 Other Income

The statement of financial performance reflects other income totalling Kshs.3,545,779, as further disclosed in Note 9 to the financial statements. However, payments totalling Kshs.503,304 included in the balance were not supported with primary records and therefore their occurrence and validity could not be confirmed. The payments are listed in the Appendix attached to this report.

Consequently, the accuracy of other income of Kshs.503,304 for the year ended 30 June, 2019 could not be confirmed.

2.1 Fuel Expenses

The statement of financial performance and Note 15 to the financial statements reflects general expenses totalling Kshs.168,378,618 out of which Kshs.1,036,350 was spent on fuel and lubricants paid through Government of Kenya (GoK) funding. However, documents presented for audit were for GoK fuel and lubricants expenditure totalling Kshs.2,421,000 resulting to an unexplained difference of Kshs.1,384,650.

2.2 Receivables from Exchange Transactions

The statement of financial position as at 30 June, 2019 and Note 19 to the financial statements reflect Kshs.34,797,511 as receivables from exchange transactions. Included in the balance are long outstanding imprests totalling Kshs.10,082,462 out of which imprests totalling Kshs.4,394,907 are not supported with proper records.

As a result, the accuracy of the receivables from exchange transactions balance totalling Kshs.34,797,511 as at 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Council for Population and Development 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.

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

1.0 Unauthorized Reallocation of Project Funds

The statement of financial performance and Note 14 to the financial statements reflect project expenses totalling Kshs.21,927,070 which includes Kshs.10,061,865 under a project named PRB. During its 46th Meeting held on 25 April, the Board approved payment of a basic salary for an additional (13th) month to each staff member in the Council's payroll as at 30 June, 2018. The payments totalled Kshs.7,573,741 and were financed from what Management indicated were savings generated from the PRB project

over its lifetime. However, the respective project agreement had not granted the Council authority to spend project funds on staff salaries. Further there was no documented undertaking by Management to staff that rewards shall be paid out of the project's expenditure savings.

Consequently, the regularity of the payments totalling Kshs.7,573,741 paid as bonus salaries is doubtful.

2.0 Irregular Deposits to Air Travel Service Providers

Examination of records indicated that advance payments totalling Kshs.4,300,000 were during the year under review made to several air travel service providers. However, Management did not explain the reasons for making the payments and further, there were no records on requisitions for air tickets, or use of those supplied, if any.

In the circumstance, it was not possible to confirm the validity and occurrence of the payments totalling Kshs.4,300,000 made to air travel service providers.

3.0 Overpayment to Consultant

Examination of procurement records indicated that a consultant entered into contract with the Council on 22 May, 2018 for provision of consultancy services on skills and competency needs analysis at a cost of Kshs.800,000.

Expenditure records indicated that the consultant was, paid Kshs.240,000 equivalent to 30% of the contract price on 21 January, 2019 after having submitted the draft report. Thereafter, the consultant on 01 March, 2019, submitted the final report and raised an invoice of Kshs.480,000 equivalent to 60% of the contract sum. However, Management paid the consultant Kshs.960,000 on 30 May, 2019 and as a result, payments made under the contract rose to Kshs.1,200,000 or Kshs.400,000 more than the contract sum amounting to Kshs.800,000

In the circumstance, the overpayment of Kshs.400,000 was irregular and may have denoted wasteful use of public funds.

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

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 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 Council's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to dissolve the Council or to cease operations.

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Council 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 Council 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 Council to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

20 August, 2021

Appendix:**Unsupported Expenditure**

Source	Description	Amount (Kshs.)
AFIDEP PPND	Fuel support from AFIDEP for a meeting held at ENASHIPAI in Naivasha	20,000
Afidep Fuel	Fuel support from AFIDEP for a meeting held at ENASHIPAI in Naivasha	20,000
UNFPA- DEV	UNFPA support towards women leaders' advocacy meetings	310,000
UNFPA	Support from UNFPA for the DG's travel to New York for ICPD	80,842
AFIDEP	Support from UNFPA for the DG's travel to New York for ICPD	72,462
Total		503,304

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Donor Income	6	21,927,070	249,261,677
Transfers from Ministry	7	466,601,685	355,754,270
		488,528,755	605,015,947
Revenue from exchange transactions			
Finance income	8	8,270	7,566
Other income	9	3,545,779	5,868,079
Total revenue		492,082,804	610,891,592
Expenses			
Employee costs	10	167,797,822	153,657,575
Remuneration of directors	11	3,948,000	2,822,581
Depreciation and amortization expense	12	27,097,474	21,634,610
Repairs and maintenance	13	8,994,651	3,630,414
Project Expenses	14	21,927,070	249,261,677
General expenses	15	168,738,618	134,114,950
Finance costs	16	1,235,520	1,042,371
Total expenses		399,739,154	566,164,177
Other gains/(losses)			
Gain on sale of assets	17	156,000	-
Net Surplus for the year		92,499,649	44,727,415

The notes set out on pages 5 to 24 form an integral part of these Financial Statements

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019**

	Capital Fund	Accumulated Reserves	Total
At July 1, 2017	47,438,087	42,972,272	90,410,359
Surplus for the year	-	44,727,415	44,727,415
Additions for the year			
At June 30, 2018	47,438,087	87,699,687	135,137,774
Prior year adjustment		1,013,504	1,013,504
Restated at June 30, 2018	47,438,087	88,713,191	136,151,278
At July 1, 2018	47,438,087	88,713,191	136,151,278
Surplus for the year	-	92,499,649	92,499,649
Additions for the year			
At June 30, 2019	47,438,087	181,212,841	228,650,928

(Capital fund relates to the assets which were donated by Ministry when the state corporation was starting its autonomous operations)

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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2019**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Public contributions and donations			-	21,927,070	(21,927,070)
Government grants and subsidies	473,479,000	(6,877,315)	466,601,685	466,601,685	-
Finance Income			-	8,270	(8,270)
Other Income			-	4,293,083	(4,293,083)
Total income	473,479,000	(6,877,315)	466,601,685	492,830,108	(26,228,423)
Expenses					
Compensation of employees	198,486,000		198,486,000	167,797,822	30,688,178
Goods and services	169,940,651		169,940,651	12,942,651	156,998,001
Finance cost			-	1,235,520	(1,235,520)
Other payments	27,367,349		27,367,349	169,729,922	(142,362,573)
Grants and subsidies paid	79,500,000		79,500,000	21,927,070	57,572,930
Depreciation & Amortization			-	27,097,474	
Total expenditure	475,294,000	-	475,294,000	400,730,459	101,661,016
Surplus for the period	(1,815,000)	(6,877,315)	(8,692,315)	92,099,649	(127,889,439)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

- iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2018.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

- i) Revenue from non-exchange transactions – IPSAS 23

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on approval by parliament through the appropriation and the supplementary bill upon printing of the printed estimates and supplementary estimates.

Grants from Donor

Grants received for specific purposes are treated as deferred income and are only credited to statement of financial performance when activities for which they were provided have been undertaken.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment - IPSAS 17 (continued...)

for nil or nominal consideration the asset is initially measured at its fair value. Full year's depreciation is recognized in the year of purchase.

The rate of depreciation is as follows:

Furniture and Fittings	12.50%
Computers and Accessories	30%
Office equipment	12.50%
Motor Vehicles	25%

d) Intangible assets - IPSAS 31

The council entered into a consultancy to install an ERP system of Kshs 8,417,331.00. As at June 2017, the process of installation was not complete. The cost of work in progress was Kshs 6,329,131. When the ERP is commissioned, it will be recognised as an intangible asset and amortized for three years.

e) 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.

f) Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

g) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. The capital reserves were created when the council become a SAGA and assets transferred to it.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the 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 imp rests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

m) Comparative figures

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

n) Subsequent events – IPSAS 14

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, 2018.

o) Financial Risk Management – IPSAS 30

Currently, the Entity does not face any financial risk in terms of credit risk, Liquidity risk and market risk

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, 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. State all judgements, estimates and assumptions made: e.g.

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 Entity 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 the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 OTHER INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Disposal of assets	115,900	-
Gain /loss on conversion	-	-
Miscellaneous Receipts	3,429,879	5,868,079
Support by Partners for GOK Activities	-	-
Total Other Income	3,545,779	5,868,079

10 EMPLOYEE COSTS

Description	2018-2019	2017-2018
	KShs	KShs
Salary and wages	103,483,543	91,358,200
Temporary staff wages	1,417,755	2,515,500
House Benefit and Allowances	45,451,091	31,361,937
Travel, motor car, accommodation, subsistence and other allowances	3,161,893	10,250,170
Gratuity & Pensions	10,162,100	15,408,636
Leave allowance	3,687,398	2,171,728
Stipend for interns	434,042	591,404
Employee costs	167,797,822	153,657,575

(Temporary staff wages represents the salary paid to an M&E officer who was employed on contract / temporary basis)

11 REMUNERATION OF DIRECTORS

Description	2018-2019	2017-2018
	KShs	KShs
Chairman's Honoraria	160,000	-
Directors emoluments	3,788,000	2,822,581
Total director emoluments	3,948,000	5,365,696

12 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018-2019	2017-2018
	Kshs	Kshs
Property, plant and equipment	25,881,688	21,402,610
Intangible assets	1,215,786	232,000
Total depreciation and amortization	27,097,474	21,634,610

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 FINANCE COSTS

Description	2018-2019	2017-2018
	KShs	KShs
PRB (US\$)	2,263	1,133
PRB khs	24,456	33,138
KUHRI-Kshs	69,286	-
UNFPA	12,033	57,740
UNICEF	-	83
Recurrent	472,631	361,443
Development	274,927	228,651
miscellaneous	279,367	17,403
World Bank	176,662	252,824
Forex loss/gain	(76,103)	89,957
Total finance costs	1,235,520	1,042,371

17 GAIN ON SALE OF ASSETS

Description	2018-2019	2017-2018
	KShs	KShs
Profit on disposal of Motor vehicles	156,000	-
Total gain on disposal	156,000	-
Summary		
Cost/ Valuation	300,000	
Accumulated Depreciation		
NBV	300,000	
sold at	456,000	
Gain on disposal	156,000	

18 CASH AND CASH EQUIVALENTS

Description	2018-2019	2017-2018
	Kshs	Kshs
Current account	117,362,721	51,892,833
Total cash and cash equivalents	117,362,721	51,892,833

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Computers	Office Equipment	Furniture fittings	Total
FY2018/2019	25%	30%	12.50%	12.50%	
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2018	147,578,844	22,454,358	13,859,877	18,630,750	202,523,829
Additions	19,810,000	14,185,159	-	3,178,092	37,173,251
Disposal	(300,000)	-	-	-	(300,000)
As at 30th June 2019	167,088,844	36,639,517	13,859,877	21,808,842	239,397,080
DEPRECIATION					
At 1 July 2018	96,586,031	17,104,963	9,028,743	8,675,027	131,394,764
Charge for the year	17,775,703	5,860,366	603,892	1,641,727	25,881,688
Disposal					-
As at 30th June 2019	114,361,734	22,965,329	9,632,635	10,316,754	157,276,452
NET BOOK VALUE					-
At 30th June 2019	52,727,110	13,674,188	4,227,242	11,492,088	82,120,628

FY 2017/2018

At 1 July 2017	118,544,444	19,629,862	13,859,877	15,462,750	167,496,933
Additions	29,034,400	2,824,496	-	3,168,000	35,026,896
Disposal	-	-	-	-	-
As at 30th June 2018	147,578,844	22,454,358	13,859,877	18,630,750	202,523,829
DEPRECIATION					
At 1 July 2017	79,588,427	14,812,365	8,338,581	7,252,781	109,992,154
Charge for the year	16,997,604	2,292,598	690,162	1,422,246	21,402,610
Disposal					-
As at 30th June 2018	96,586,031	17,104,963	9,028,743	8,675,027	131,394,764
NET BOOK VALUE					-
At 30th June 2018	50,992,813	5,349,395	4,831,134	9,955,723	71,129,065

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 UNEXPENDED GRANTS

Donor	USAID - PRB USD	USAID - PRB Kshs	USAID - MACRO	UNFPA	Unicef	World Bank	Bill & Melida gates - Kuhri Kshs	Bill & Melida gates - Kuhri US\$	USAID Demographic Dividend LQAS	Total
As at 1 July 2017	7,026,437	1,935,990	1,139,823	24,052,415	117,298	-	522,842	1,651,096	394,826	36,840,727
Funds Received from Development Partners	4,871,178			2,735,855		216,271,280	4,472,800			228,351,113
Project funds transfer	(5,050,800)	5,050,800								0
Total Project Expenditure		(5,051,806)		(25,096,417)	(61,400)	(214,800,114)	(4,251,940)			(249,261,677)
Forex gain/(loss)	(218,533)		(30,900)					(44,760)	(10,703)	(304,896)
As at 30 June 2018	6,628,282	1,934,984	1,108,923	1,691,853	55,898	1,471,166	743,702	1,606,336	384,123	15,625,267
Adjustments					41,091		(1,054,595)			(1,013,504)
Restated as at 30 June 2018	6,628,282	1,934,984	1,108,923	1,691,853	96,989	1,471,166	(310,893)	1,606,336	384,123	14,611,763
As at 1 July 2018	6,628,282	1,934,984	1,108,923	1,691,853	96,989	1,471,166	(310,893)	1,606,336	384,123	14,611,763
Funds Received from Development Partners	2,905,374			240,000		9,486,500				12,631,874
Project funds transfer	(8,460,000)	8,460,000					3,805,800			3,805,800
Total Project Expenditure		(10,061,865)		(131,600)	-	(10,269,060)	(1,464,545)			(21,927,070)
Forex gain/(loss)	(137,392)		15,384					22,285	5,329	(94,393)
As at 30 June 2019	936,264	333,119	1,124,307	1,800,253	96,989	688,606	2,030,362	1,628,622	389,452	9,027,974

**Unexpended grant
Recognized**

FY 2018-2019	-	10,061,865	-	131,600	-	10,269,060	1,464,545	-	-	21,927,070
FY 2017-2018	-	5,051,806	-	25,096,417	61,400	214,800,114	4,251,940	-	-	249,261,677

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Property Plant and equipment excluded value of un determined land	<ul style="list-style-type: none"> • The council has been following up with the Commissioner of Lands and NLC for allocation of alternative land • The process of obtaining title of Murang'a land is at an advanced stage • The process for Kisii land is at negotiation stage with the Ministry of Lands at both Headquarters and county 	Dr. Josephine Kibaru Mbae- Director General	Unresolved	This is a Policy Matter involving other Public Institutions and it's very difficult to have a time frame.
	Receivables	Other imprests were surrendered and a provision has been made for 3,767,697. The matter is in court	Director General	Unresolved	The court to determine

NB: All other issues were resolved

Guidance Notes:

- Use the same reference numbers as contained in the external audit report;
- Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

APPENDIX II: INTER-ENTITY TRANSFERS

	ENTITY NAME:	NATIONAL COUNCIL FOR POPULATION AND DEVELOPMENT		
	Break down of Transfers from the State Department of Planning and Development			
	FY 18/19			
a.	Recurrent Grants			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	Ministry of Planning and Development	24.8.18	26,156,605	FY 2018/2019
	Ministry of Planning and Development	7.9.18	26,156,605	FY 2018/2019
	Ministry of Planning and Development	25.10.18	26,156,605	FY 2018/2019
	Ministry of Planning and Development	20.11.18	26,156,605	FY 2018/2019
	Ministry of Planning and Development	10.01.19	25371908	FY 2018/2019
	Ministry of Planning and Development	10.1.19	22,233,117	FY 2018/2019
	Ministry of Planning and Development	24.1.19	26,156,606	FY 2018/2019
	Ministry of Planning and Development	21.3.19	26,156,606	FY 2018/2019
	Ministry of Planning and Development	6.2.19	26,156,606	FY 2018/2019
	Ministry of Planning and Development	21.5.19	26,156,606	FY 2018/2019
	Ministry of Planning and Development	21.5.19	26,156,606	FY 2018/2019
	Ministry of Planning and Development	21.5.19	24,587,209	FY 2018/2019
	Ministry of Planning and Development	19.6.19	26,156,606	FY 2018/2019
		Total	307,601,685	
b.	Development Grants			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	Ministry of Planning and Development	23.10.18	39,750,000	FY 2017/2018
	Ministry of Planning and Development	12.4.19	39,750,000	
	Ministry of Planning and Development	25.4.19	39,750,000	

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	Ministry of Planning and Development	17.6.19	39,750,000	
		Total	159,000,000	

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

Chief Accountant
National Council for Population and Development

Sign -----

